

THE HIGH COURT

1999 No. 2494 P.

BETWEEN

TOMMY HILFIGER EUROPE INC. AND
TOMMY HILFIGER EURO BV

PLAINTIFFS

AND
DEREK McGARRY t/A
'LIFEJACKET', GOODSTOCK LIMITED AND
LIFEJACKET LIMITED(THE SECOND AND THIRD NAMED DEFENDANTS JOINED BY ORDER OF THE HIGH COURT MADE ON 25TH MARCH, 1999)
DEFENDANTS**Judgment of Carroll J. delivered the 8th day of March, 2005.**

1. 'Tommy Hilfiger' is a well known trademark for young people's casual wear. The mark is a flag in red, white and navy. The owners of the trademark were preparing to launch the product in Ireland in December, 1999. Their choice of outlets were Brown Thomas and some selected up-market outfitters in Galway, Cashel, Tullamore and Mullingar.
2. The agent for Tommy Hilfiger, Mr. Shah, heard rumours in February, 1999 that there were counterfeit garments on the market. An outlet in Galway owned by Mr. Joe Hanley received from the defendant Derek McGarry a carton of goods (about 3 dozen) which were sports tops with "Tommy Sports" on them. They were of inferior quality to Tommy Hilfiger garments. Mr. Hanley believed they were by Tommy Hilfiger and would not sell them in competition with the genuine article. He informed Mr. Shah and couriered a garment to him.
3. A major fashion fair, Futura Fair, was due to be held at the RDS between 28th February and 2nd March, 1999. Mr. Shah went to the McGarry stand on Friday 28th and saw copies of four original Tommy Hilfiger garments together with other "Tommy Sports" garments. He then got his solicitors, Messrs. A. & L. Goodbody, to bring an application on Friday afternoon for an order made under s. 20 of the Trademark Act, 1996, which was granted by Judge Macken. The effect of this order was for the delivery up of garments which were unauthorised copies of the plaintiffs' garments. He also visited Mr. McGarry's place of business at Grand Canal Street and was told he was not operating out of there.
4. Caroline Plunkett, a solicitor with A. & L. Goodbody attended with an apprentice at the Futura Fair on Monday at 12.30 p.m. She produced a letter to Mr. McGarry setting out the effect of the s. 20 order and explained it to him. She advised him to consult his own solicitor. The perfected order was served later on that day.
5. Mr. McGarry said he had bought the garments in England and was entitled to sell them. He was told that there was no Tommy Hilfiger manufacturer in England. Initially he refused to co-operate but after a considerable time Mr. McGarry surrendered 47 garments when the show was closing, having received advice from his solicitor.
6. There was a conflict of evidence that Caroline Plunkett indicated which garments she required and Mr. McGarry gave them. She denied this. As she understood the order the defendant had to surrender the garments. If he refused she could not seize the garments. I accept her evidence that she did not point out or choose any garments and that they were handed over voluntarily by Mr. McGarry.
7. On 4th March there were a further 170 garments shown to the plaintiffs at the defendants' solicitors, Messrs. L.K. Shields.
8. An interlocutory application was heard on 25th March, 1999 and the court granted certain relief. There could be a permitted sale of certain garments listed in schedule 1 but detailed accounts were to be kept of the sales.
9. There was to be no sale of garments listed in schedule 2.
10. The plaintiffs claim that the garments are inferior in quality and undermine the standard of the Tommy Hilfiger product. They debase the mark by a cheap imitation.
11. The position about "Tommy Sports" is that the manufacturer in England who used that label subsequently assigned his rights to the plaintiffs.
12. Mr. McGarry went to inspect the register of trademarks on 5th March, 1999. He discovered that there was no trademark registered in this country for "Tommy Sports". He applied to register it. The application was still pending at the time of trial, following opposition filed by the plaintiffs.
13. Insofar as the history of his trading companies are concerned, Lifejacket Ltd., the third defendant, ceased trading in December, 1998 with debts. There is no evidence that Lifejacket traded in Tommy Hilfiger goods. Goodstock Ltd., the second defendant, ceased trading in 2002 with debts of €140,000. On 15th March, 1999 Mr. McGarry formed another company, Tommy Sports Clothing Ltd. It started trading in 2001 and still trades. He also formed ODC Enterprises Ltd. on 25th October, 2001. This is the company which is applying for the trademark.
14. Mr. McGarry claims the execution of the order was oppressive and that goods were seized which were not infringing any trademark. I do not accept this as no goods were seized but were handed over voluntarily.
15. Before the Futura Fair the defendants sold 2,500 garments which were a mixture of Tommy Hilfiger, Tommy Sports and others. After the fair and after an interval of one to one and a half years Mr. McGarry commenced manufacturing under the label Tommy Sports. He sold 1,400/1,500 garments, being a mixture of branded goods including Tommy Sports.
16. The profit in Tommy Sports Clothing Ltd. was:
 - to November '01 gross profit €400,000 net profit 30%
 - November '02 gross profit €700,000 net profit 30%

17. As far as the initial infringement of copyright was concerned, where copies of Tommy Hilfiger garments were exhibited for sale, this is no longer contested and the defendants are liable for infringement of copyright.

18. The next question relates to the garments included in the schedules. The defendants submitted that Mr. Justice Kearns made a permanent order when he created schedule 1 and schedule 2. In my opinion the interlocutory order divided the garments into those which were so similar to the Tommy Hilfiger originals as to warrant a prohibition on sale. The prohibition was subject to the undertaking as to damages. The similarity of the garments in the other schedule (schedule 1) was not such as to require a ban on sale. Sale was allowed provided accounts were kept.

19. This meant that if at the hearing of the action it was considered that the garments listed in schedule 1 should not have been sold, details of the profits made by the defendants are available to the court in relation to the assessment of damages. If sale of the garments listed in schedule 2 should not have been prohibited, the undertaking as to damages is available to the defendants.

20. As far as schedule 2 garments are concerned the sale of which was prohibited, in my opinion the Tommy Sports flag on those garments is a close copy of the Tommy Jeans and Tommy Hilfiger flags which are protected as trademarks.

21. The garments numbered 34, 15, 30, 23, 31, 19, 12, 11, 13, 14, 6, 10, 3, 4, 7, 33, 21, 20, 26 and 29 all had this Tommy Sports flag. In addition number 17 which was not in either schedule could have been included in schedule 2. It too had a Tommy Sports flag.

22. The other numbers in the schedule were not exhibited. In my opinion the prohibition on sale was completely justified.

23. Other garments which in my opinion had the Tommy Sports flag which copied the Tommy Hilfiger flag were four exhibits D4 (a)(b) (c) and (d) exhibited in Mr. McGarry's affidavit sworn on 12th March, 1999.

24. The garments listed in the first schedule (the sale of which was allowed) and which were exhibited in court were f(xiv), f(xii), e(vii), e(viii), e(i) and numbers 42, 43, 2, 39 and 36 and an item labelled knitwear. The other garments listed were not exhibited.

25. Garment f(xiv) has an American flag and the words "Tommy Sport classic jeans" embroidered on the chest. Garment f(xii) has an American flag and the words "Tommy designs classic jeans" embroidered on the chest. The garments e(vii) and e(i) and 42 and 43 have a small rectangular patch embroidered on the chest with a diagonal red and white and a navy surround in contrast to the Tommy Hilfiger patch which is rectangular with a red and white rectangle and a navy surround. The word "Tommy" does not appear on these. In the knitwear item the large words "Tommy Sport" are knitted into the design. In garment number 2 the label is USA and there is a US flag embroidered on the chest and the words "Tommy Designs Classic Jeans".

26. On numbers 39 and 36 "Tommy Sports" is embroidered on the chest and a label "USA". Garment e(viii) has the words "TS Tommy Sport" embroidered on the chest.

27. In my opinion the mention of Tommy classic jeans infringed the trademark "Tommy Jeans". While the other garments listed in schedule 1 are not such an obvious copy of the Tommy Hilfiger garments the question arises whether the defendants benefited from the association of this category of garments with the Tommy Hilfiger garments and those in schedule 2. The defendant's garments are inferior in quality so the question is whether the close association of the different garments on the stand could amount to passing off. In my opinion the use of the word "Tommy" and "Tommy Sports" was sufficient to allow these garments to benefit from the association on the stand, and in my opinion amounted to passing off.

28. The next question is whether the garments manufactured as "Tommy Sports" after an interval of time could be the subject matter of passing off. The first defendant has applied to the registrar of trademarks for registration as the owner of a trademark "Tommy Sports". If it is granted, I do not see how he could be accused of passing off after he had applied. He would be entitled to manufacture goods with that trademark. The plaintiffs claim that they are entitled to goodwill in the name "Tommy" and point to various products, e.g. Tommy Girl, Tommy Hilfiger, Tommy Jeans, Tommy Fragrance and Tommy Girl Fragrance.

29. If the registrar refuses to grant a trademark and the objection is upheld then it appears to me that the use of the word "Tommy" by the defendants in connection with garments would, in my opinion, amount to passing off. In my view it would amount to an effort by the defendants to create the impression that the defendants were associated with Tommy Hilfiger.

30. The defendants criticise the plaintiff for having applied for and obtained a s. 20 order, and advances arguments as to why it should not have been granted. In my opinion it is not open to the defendants to attack the order. If dissatisfied, the remedy was to appeal the order.

31. The defendants point out that no order under s. 23 has been sought in the pleadings. But this section is enabling and provides that an application may be made. It may be necessary to amend the pleadings to include an order under s. 23 in order to deal with the goods which were handed over in obedience to the s. 20 order.

32. I have no hesitation in making an order personally against the first defendant on the principle explained in *MCA records Inc. & Ors. v. Charly Records Limited*, [2003] 2 BCLC 93 per Chadwick L.J. at para. 50:

"Second there is no reason why a person who happens to be a director or controlling shareholder of a company should not be liable with the company as a joint tortfeasor if he is not exercising control through the constitutional organs of the company and the circumstances are such that he would be so liable if he were not a director or a controlling shareholder. In other words, if, in relation to the wrongful acts which are the subject of complaint, the liability of the individual as a joint tortfeasor with the company arises from his participation or involvement in ways which go beyond the exercise of constitutional control, then there is no reason why the individual should escape liability because he could have procured those same acts through the exercise of constitutional control ..."

33. Mr. McGarry both procured and directed the wrongful acts and carried them out.

34. The plaintiffs are entitled to an order restraining the first and third defendants from infringing any of the plaintiffs' trademarks and an order restraining those defendants from passing off their clothing or that of a third party as those of the plaintiffs.

35. The plaintiffs are also entitled to damages for infringement of copyright and passing off.

36. Since the important thing for the plaintiffs was to protect their trademarks, and they moved swiftly when the garments were

being launched, I do not think substantial damages are called for. I measure the damages at €5,000 for infringement and for passing off.

37. However, if the Registrar of Trademarks has not granted a trademark in "Tommy Sports" to the defendants' company I measure the damages post 5th March, 1999 at €10,000.