

DUPLICATE

SET 2

File

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IN THE HIGH COURT OF NEW ZEALAND  
BLLENHEIM REGISTRY

M 29/88

IN THE MATTER of EDWIN FOX CONDOMINIUMS  
LIMITED

A N D

IN THE MATTER of an appeal pursuant to  
Section 9B Companies Act  
1955 against the  
decision of the  
Registrar of Companies  
dated the 29th day of  
April 1988

BETWEEN EDWIN FOX CONDOMINIUMS  
LIMITED

Appellant

A N D

REGISTRAR OF COMPANIES

Respondent

UNIVERSITY OF OTAGO  
2 MAR 1989  
LAW LIBRARY

Hearing: 16 November 1988  
*28 November 1988*  
Counsel: M.B.T. Turner for the Appellant  
J. Pike for the Respondent  
M. Hardy-Jones for the Edwin Fox Restoration Society

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JUDGMENT OF ELLIS J

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The "Edwin Fox" is the sole surviving Eastindiaman. She was built in India 135 years ago and in her heyday she plied the world trade routes. In particular, she took convicts to Australia and early European settlers to New Zealand. She is a veteran of the Crimean War. She first came to Picton on 12 January 1887, over 90 years ago. She has been in Picton since then.

She was used as a freezer base and generally as a storage hulk. At one stage she was converted to a wharf and landing stage and provided accommodation for freezing workers. In more recent memory, she lay beached on her side on the sand in Shakespeare Bay, next to Picton Harbour.

Interest in her restoration and preservation has increased over the years. The Edwin Fox Restoration Society was incorporated on 12 May 1965 with the purpose of reclaiming and restoring the ship. The task was very substantial indeed. It was not until 1986 that the Society was able to arrange for the refloating of the Edwin Fox and her relocation in Picton Harbour moored close in shore, and to make a full assessment of the possibilities for restoration and its cost. The ship was in fact relocated on 4 December 1986. On 15 December 1986 the Council of the Society resolved to obtain protection of the name Edwin Fox as a trademark or trade name, but it was not until 23 June 1988 that the application for a trademark was actually made. I shall refer to this again later.

On 12 December 1986, five local businessmen applied to the Registrar of Companies for approval of the name "Edwin Fox Condominiums Limited" for a company they proposed to form. The company was to purchase a piece of land adjacent to the Picton marina. It was intended to build thirteen condominiums on the site and an artist's impression of the development was produced to the Court.

Some of those forming the company had in mind acquiring one of the units for themselves, but otherwise the units would be available to the public for purchase and I was told by Mr Pickering, one of the directors, that the present intention was to sell the units on unit title and that the company was intended as a single purpose company to buy the land initially and eventually to sell it. The developers intend to call the condominiums the Edwin Fox Condominiums and this would be, at least as far as the directors are concerned, a permanent name.

Apparently the Registrar approved the company name, but received an objection from the Society. He received written submissions from the solicitors for the Society and for the company, and in a written decision dated 29 April 1988, he advised the solicitors for the company that in his opinion, the company name was undesirable and that accordingly he required it to be changed.

The company has appealed to this Court against that decision. The Registrar's file was lodged in this Court and Mr Pike appeared at the hearing before me and moved to join the Society as a party to the appeal. I made an order accordingly by consent. Mr Pike then sought leave to withdraw from participation in the appeal. The Registrar had provided all the necessary material, including the reasons for his decision, and I accordingly granted Mr Pike leave. The appeal then proceeded as a contest between the company and the Society.

In accordance with the Court of Appeal's decision in Vicom New Zealand Limited v. Vicomm Systems Limited (CA47/85, decision 17 November 1987) the appeal was treated as a fresh consideration of the matter and I heard evidence from the company and from the Society and submissions from counsel. I am therefore in possession of more detailed information than was the Registrar, but I do not consider that any material matters have changed from the time when the Registrar made his decision.

The Registrar proceeded under s.32(2) of the Companies Act 1955, which provides:

"Subject to this Act, if, through inadvertence or otherwise a company on its first registration, or on its registration by a new name, is registered by a name by which the company could not be registered without contravention of section 31(1), (2) or (7) of this Act, and if the Registrar so directs, the company shall change its name within 6 weeks after the date of the direction, or such longer period as the Registrar allows."

Accordingly, the provisions of s.31 are to be applied and in particular, the first sub-paragraph of subsection (1):

"31. Company names - (1) Subject to this section, except with the approval of the Governor-General by Order in Council, no company (including an overseas company) shall be registered by a name which -  
(a) In the opinion of the Registrar is undesirable; ..."

The approach to what is plainly a wide discretion reposed in the Registrar and so too in this Court pursuant to an appeal under s.9B was summarised by McGregor J in S.P.A.N.Z. v. Registrar of Companies [1964] NZLR 1 at page 5 in the following words:

"For the above reasons I am prepared to hold that the proposed name requested by the Plaintiff may be calculated to deceive. But if I am wrong in this aspect I would still hold that the name is undesirable. In my view this provision gives to the Registrar the widest discretion, and it would n 'undesirable' to endeavour to define the limits of the discretion. What might be undesirable would include the prohibited words contained in subs. (2), but the area in my view would be much more extensive. Any name of an obscene nature, it is needless to say, would be undesirable and objectionable. Any name which might give offence to a friendly State would be undesirable. The expression "undesirable" would seem to embrace any name or names which would offend public policy or might give offence to any particular section of the community, or any particular region. Each name must be considered by the Registrar in the light of its own merits or demerits, but it is clear that any name that might mislead the public or a recognised section of the public in any particular locality, or would be likely to cause confusion, is undesirable, irrespective of the intentions or the motives or purposes of the applicant."

McGregor J was considering the more elaborate provisions of the predecessor to the present s.31, but his observations are equally applicable to the present situation and have been expressly approved by the Court of Appeal in the Vicom case at page 11 of the unreported decision.

In this particular case, the Society is concerned that any other organisation using the name Edwin Fox as part of its title will detract from its own competence and ability to raise funds for its project. In particular, it submits that the Company's name will indicate to members of the public some possible connection and this could not be to the Society's advantage. There is no doubt that most, if not all, of the cases decided under s.31 have proceeded on an analysis of the likelihood of confusion and this in turn has involved an analysis of the commercial environment in which the two

The facts of the present case are however of a special nature. The purpose for which the Society was incorporated is a charitable one and although there is no doubt that it will compete for funds by all proper means, including no doubt enterprises with some commercial overtones, there is no doubt that its object is in the public interest and for the public good. On the other hand, the Company is incorporated as a private enterprise for private profit and advantage. It has chosen to incorporate Edwin Fox in its name as commercially desirable and as part of the presentation of the condominium units for sale to the public. While this Court is in no way critical of such motives, it is obvious that the use of the name Edwin Fox by the Company is for private advantage and that this stems from the importance and favourable position in the public view of the old sailing ship and the project to restore her. In my view, this is particularly so because of the compact nature of the Picton township, its small size and the situation of the condominium relatively close to the mooring of the Edwin Fox. Indeed Mr Pickering told me that the ship would probably be able to be seen from the units themselves.

It was also suggested for the Society that the operations of the Company brought the Company into some conflict with local authorities and this would develop an undesirable animus on the part of the local authorities and the public who heard of the matter and that this would be to the disadvantage of the Society. Again, it is not a matter of criticism of the Company that it should be in a situation of actual or potential conflict, as this would be in the ordinary

However, it seems to me that there is a real possibility that the Company's enterprise will create some adverse reactions in certain quarters and against this reaction is to be viewed not only as an impact on the Picton community, but also as flow-on comments that may reach the ears of donors or contributors to the Society's funds.

The evidence given to me was that as much as \$12 million may be required to achieve the Society's purpose. In any event, a very substantial sum is involved. The Society has retained Mr Duckworth, a financial consultant, to advise it on fundraising and Mr Duckworth gave evidence to the following effect, and I quote from my Notes of Evidence:

"With your experience of fundraising and those who give funds, what is the danger as you see it of a company name such as Edwin Fox Condos? Well if I could put it briefly, we have discussed with three professional fundraisers taking over raising of funds for us on various fee bases, they have stressed there are three items of importance, the project must have merit, it must have a unique and clearly identifiable name or symbol, and if you haven't got one, you must set about donating one and it must be charitable. CT: That is four. The two middle ones together. We see the presence of another large and clearly commercial operation with a similar company or building name as having the potential to create substantial confusion in the minds of donors, whether they are corporate within New Zealand or casual passersby who see the operations close by, for substantial reduction, or significant reduction and donations. But simply the principle of what we don't know, what confusion there will be and we want to remove all possible causes of confusion to give our fundraising the highest chance of success. Is there anything else you would like to cover? Perhaps if I might add, in discussion with these three fundraisers who represent a fair spectrum of those engaged in projects of this size, millions of dollars, they have stressed the need for preservation of identity, and charitable nature, we don't believe that merit has to be the bait in the Edwin Fox restoration.

They stress that we must be how shall I put it, squeaky clean if possible. They sat that we will never know the effect of confusion of adverse publicity of any type in terms of specific dollar values, but we can be sure that any confusion or bad publicity or bad feeling from whatever source will reduce donations to a greater or lesser degree. Are you aware yourself of any elements of confusion that have cropped up between these two entities? Locally and to date, I have had some remarks addressed at me that would lead to confirming my opinion that we must be clearly separated, but the main thrust of my concern will be in the future when we go beyond the limit of fundraising. We have had the limited discussion on the issue which has all been local in Picton to date and we go nationwide and international and really start canvassing donations from public when we have infrastructure in place, I feel then is when we will feel elements of confusion arising in this area."

There is no doubt that the evidence before me establishes that any use of the name Edwin Fox in a commercial sense, otherwise than by the Society, will involve competition for attention in the minds of would-be supporters and contributors.

For the Company, much emphasis was placed on the existing situation created by a restaurant in a local hotel nearby. The name used by the hotel for its restaurant is the Edwin Fox Restaurant. It has been operating for some years and was well established before the Society actually got underway with its project. The Society felt it had to accept the presence of the Restaurant and it has come to a satisfactory arrangement where the Restaurant supports the Society and gives it suitable publicity on its premises. As I assess the evidence before me, the Society would have preferred not to have had the Restaurant using the name, but felt it was unable to deny the Restaurant's established position.



There is no similar approach by the Company to the Society or offer of support. In any event, I do not consider that the operation of the Restaurant assists the Company in its case with the Society.

Submissions for the Company also emphasised the fact that the name Edwin Fox had plainly attached to the ship for a very long time indeed and that its presence and reputation was already part of Picton's history and the use of its name could be considered public property.

In general terms, the Company's submissions accurately describe the situation which has arisen.

However, I do not consider that this precludes the Registrar or this Court from considering whether the Company should be entitled to use the name in competition with the Society.

There is no doubt that the Company's activities are separate and distinct from those of the Society. However, nor is there doubt in my mind that members of the public could mistakenly suppose the Society was in some way connected with the Company and conclude that the Society was engaged in the commercial activity of owners or promoters of the condominium and so using funds that it should, by public opinion, be more properly using for the restoration of the ship.

I now refer to the situation of the trademark. The application is in respect of class 42. This class was created in 1987 (SR 1987/399) for services other than those described in the other 41 classes. This generality makes it difficult to assess the likely outcome of the application. Indeed no submissions were directed to me as to the likelihood of the trademark being eventually accepted, and bearing in mind the general nature of the services to be covered, I do not derive any particular assistance from the existence of the trademark application in deciding this case, except to view it as part of the Society's efforts to secure a monopoly on the use of the name Edwin Fox in a commercial sense to enable it to further its object.

In conclusion therefore, I am of the opinion that there is a real likelihood of members of the public being confused by the existence of the Company's name in its present form and that it is likely that the public would consider there was some actual connection and that this would not be to the advantage of the Society in furthering its objects.

I therefore respectfully agree with the conclusion reached by the Registrar, that the Company's name is undesirable. Accordingly, the appeal is dismissed. I therefore direct under s.9(B)(2) that the Company shall change its name within six weeks after today's date.

The Society will be entitled to costs, which I fix at \$750.00, plus disbursements.

*Call to 28th of November 1988 at 11:20*  
*IC 9/11/88*  
*10/9/88*

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