IN THE HIGH COURT OF NEW ZEALAND
AUCKLAND REGISTRY COMMERCIAL LIST

CL 18/98

BETWEEN J.H. WHITTAKER & SONS LTD

Plaintiff

AND WHITMAN'S OF NEW ZEALAND INC

Defendant

Hearing: 4 September 1998

Counsel: K.W. McLeod for Plaintiff
G.D. MacDonad for Defendant

Judgment: 4 September 1998

JUDGMENT OF FISHER J

Solicitors:

A.J. Park & Son., P.O. Box 949, Wellington for Plaintiff
Jordan Smith & Davies, P.O. Box 1479, Auckland for Defendant

These are proceedings between competing chocolate manufacturers and distributors, the plaintiff alleging breach of trademarks, passing off and breach of the Fair Trading Act on the part of the defendant. Today the defendant applies to have the proceedings placed on the Commercial List notwithstanding the original issue of the proceedings in Wellington.

The background is that the plaintiff manufactures its products in the Wellington region and distributes them on a national basis from there. It has been in business since 1896. The defendant has also been manufacturing chocolate for a very long period, namely from 1842, but until recently its business operations have not extended to New Zealand. It is a United States based company. It was a recent entrant to the New Zealand market in 1997. Its New Zealand subsidiary is based in Auckland and its operations in New Zealand are controlled from Auckland.

Upon arrival into the New Zealand business community the defendant immediately set about a major promotional campaign. When this came to the notice of the plaintiff, it issued a letter before action and, in the absence of any response, then issued these proceedings on 26 February 1998. The proceedings were served on 3 March 1998 but there was a procedural hiatus until 25 June 1998 when the defendant filed its statement of defence. The delay is largely explainable on the basis that, within approximately three weeks of the service of the proceedings, the defendant commenced negotiations with the plaintiff which expressly advised that the defendant could defer filing a statement of defence until notified by the plaintiff.

Without entering into further detail, I take the view that there could be no substantial criticism of the defendant on the grounds of delay until 2 June 1998 when the plaintiff did call for a statement of defence to be filed. The statement of defence having been filed by 25 June 1998, it could not be said that the reaction from the defendant was speedy but, on the other hand, in the scheme of things a delay of 23 days in appreciating that a statement of defence was required and preparing and filing one could not be regarded as significant delay. The defendant endorsed on the statement of defence a Commercial List requirement.

Following a brief hearing before Justice Williams, a timetable was directed that the defendant file a formal application to transfer the Wellington proceedings into the Commercial List with appropriate provision for exchange of affidavits. I do not consider that there could be any criticism of the defendant in the period which has led to this defended hearing before me this morning.

A number of matters are common ground. The first is that the plaintiff appropriately issued the proceedings in Wellington in terms of the Rules. Despite the fact that the defendant has its registered office in Auckland and conducts its operations from there, the plaintiff was able to issue the proceedings in Wellington on the basis that it purchased one of the defendant's products in a shop there. The creation of a material part of the cause of action in the Wellington area in that way was somewhat contrived but, nevertheless, well within the Rules.

Secondly, it is common ground that the proceedings are eligible for entry on the Commercial List. As intellectual property litigation, it is of course squarely within those matters of a commercial flavour customarily found in the Commercial List. In those circumstances it is common ground that there is a general discretion to determine where the matter can now best be dealt with, having regard to the competing interests of the parties to the litigation and broader aspects of impact upon witnesses and different Court registries.

In that regard I am indebted to Mr McLeod for the decision in ***Natural Gas Corporation v Horowhenua Energy*** (1994) 7 PRNZ 559. The overriding point is that each case has to be considered on its own particular facts to determine where the case should be most conveniently and justly dealt with, bearing in mind, however, the special statutory force behind the Commercial List whose objective is to deal with commercial litigation in an expeditious fashion tailored to what one hopes are the needs of commercial litigants. In ***Natural Gas*** Barker J was moved to point out that the Commercial List was not to be seen as a parochial arrangement for the benefit of Auckland only and that some of the considerations to be taken into account were that

no timetable orders had yet been made in that particular case; that no judge had been appointed to supervise the interlocutory stages of the proceeding elsewhere; that potential difficulties stemming from the need for parties to deal with the case at a distance from Auckland are specifically provided for under the authority of R 446L, bearing in mind such matters as telephone conferences, and the ultimate direction that the trial in appropriate cases return to the original venue. There is also Barker J's point that extra travelling costs forced on the plaintiff and its counsel can in appropriate cases be addressed at the right occasion.

I turn then to the specifics of this case. For reasons already outlined, I do not consider that the defendant's application is disqualified by significant delay on the part of the defendant. I accept the position of both parties that this is a case which does call for expedition for all the normal commercial reasons and particularly where the defendant is in the process of a major promotional drive which could ultimately prove to be fruitless and where, if the plaintiff's case prevails, the defendant's commercial activities could produce substantial and mounting damages or an account for profits. Given then that expedition is required, and that the Commercial List is specifically designed to produce expedition for commercial litigants, it could be no reflection upon the processes of any other High Court Registry to say that there is something to be said for allowing the case on to the Commercial List.

Mr McLeod has advanced a number of points to the contrary. One is that the proceeding was appropriately commenced in Wellington. While that is true, the fact remains that the proceedings were commenced in Wellington only on the entirely arbitrary basis that the plaintiff chose to purchase one of the defendant's products there. Prima facie a defendant is entitled to have the proceedings issued where the defendant resides and there is no strong case for the alternative that the centre of gravity of the issues involved is to be found in some other region in this particular case.

Mr McLeod has drawn attention to the various ways in which the Wellington Registry produces efficiencies in the conduct of its business. I certainly do not intend to embark upon any process of comparing the Wellington Registry with the Auckland

Registry. There is statutory force behind the notion that the Commercial List is specifically designed to deal with litigation of this sort.

Mr McLeod strongly made the point that the defendant's application may well be motivated by a desire to have the proceedings close to its own professional advisers more than a desire for expedition in the Commercial List which could not be achieved in Wellington. There may be some element of truth in that, particularly if one considers the defendant's affidavits. But, on the other hand, it is not at all irrelevant that the defendant itself has its registered office in Auckland, as well as that being the location of its current advisers. The alleged convenience to the defendant of having the proceedings dealt with in Auckland is not, however, the principal point.

The principal point, as I see it, is the aim of providing specialised expedition for commercial litigants pursuant to the legislation in that regard. There is evidence and submission on the convenience of witnesses. That is ultimately a matter which affects the venue of the trial and could be revisited at a later stage. At the moment it does not seem to me that on a witness convenience basis there is a stronger case for Wellington than Auckland, bearing in mind the principal location of the two competing parties and the need to produce witnesses from either Auckland or Wellington or those defendant's witnesses from the United States.

Mr McLeod referred to parallel trademark disputes in the Intellectual Property Office in Wellington. However, they seem to me to be running to a very different timetable and to be in all respects discrete from the present proceedings.

Weighing up all of these matters, I consider that the fundamental point prevails, namely that this is a commercial dispute entirely suitable for the Commercial List and that there are no particular reasons for having it anywhere other than Auckland. In those circumstances the defendant's application to transfer to the Commercial List in Auckland is granted.

The costs of today's hearing are reserved (hearing time one and a half hours including decision).

The parties are now to observe the following timetable:

(a) Statement of issues and reply to statement of defence to be filed and served by plaintiff by 18 September 1998.

(b) Document lists by all parties to be filed and served by 16 October 1998.

(c) Inspection of documents by all parties by 30 October 1998.

(d) Any further interlocutory applications to be filed and served by 13 November 1998.

(e) Adjourned to 20 November 1998 for next mention.

RL Fisher J