

COMMONWEALTH OF THE BAHAMAS

IN THE SUPREME COURT

COMMON LAW AND EQUITY DIVISION

2020/CLE/gen/00363

BETWEEN

JAMES ALEXANDER DARLING

Plaintiff

AND

THE ATTORNEY GENERAL

Defendant

Before: The Honourable Madam Justice Tara Cooper Burnside (Ag)

Appearances: Richette Percentie for the Plaintiff

Kenria Smith for the Defendant

Hearing Date: 21 December 2020

Civil Practice – Summons to Strike-out Writ – Order 18 Rule 19(1)(a) of the Rules of the Supreme Court – No reasonable cause of action – Whether action is statute-barred against the Defendant – Accrual of cause of action for copyright infringement claims

RULING

[1] This is an application by the Defendant under Order 18, rule 19(1)(a) and the inherent jurisdiction of the Court for an Order that the Plaintiff's Writ of Summons be struck out and the action dismissed on the grounds that the Plaintiff's claim discloses no reasonable

cause of action as the action is statute-barred pursuant to the Limitation Act, 1995 and the Copyright Act.

Procedural background

[2] The Plaintiff commenced these proceedings on 10 March 2010 by a Writ of Summons generally endorsed as follows:

“The Plaintiff’s claim is against the Defendant for infringement of the Plaintiff’s right as owner of the design copyright/registered design called “FUN IN THE BAHAMAS” listed as Deposit list No. 105 and obtained by the Plaintiff on 25th July, 1964 and renewed on 25th July, 1988. The said design copyright/registered design is and has been used by the Defendant as the National Flag of the Commonwealth of the Bahamas since 1973 or before.

AND THE PLAINTIFF CLAIMS:

- (1) An Injunction to restrain the Defendant, the Government of The Bahamas by themselves or their respective servants or agents or otherwise from using the aforesaid design without the licence of the Plaintiff of the said design or any production of the said copyright and from authorizing any of the acts aforesaid;
- (2) An inquiry as to damages or at the Claimant’s option an account of profits and an order for payment of all sums found due upon the making of such inquiry or taking of such account;
- (3) Damages;
- (4) Interests as aforesaid;
- (5) Such further and other Relief as the Court deems just;
- (6) Costs.”

[3] An appearance was entered on behalf of the Defendant on 19 June 2020 and shortly thereafter, on 9 July 2009, the Defendant took out a Summons (the “**Summons**”) to strike out the Writ. At this time and up to the date of the hearing of the Summons, the Plaintiff had yet to file his Statement of Claim

Order 18, rule 19(1)(a)

[4] Under Order 18, rule 19(1)(a) the Court may “at any stage” of the proceedings order to be struck out any pleading or the indorsement of any writ on the ground that it discloses no reasonable cause of action. On the hearing of an application under this rule, no evidence is permitted to be adduced and the Court must make a determination based on the four corners of the pleading alone. Order 18, rule 19, insofar as it is relevant, states as follows:

“19.(1) The Court may at any stage of the proceedings order to be struck out or amended any pleading or the indorsement of any writ in the action, or anything in any pleading or in the indorsement, on the ground that –

(a) it discloses no reasonable cause of action or defence, as the case may be; or

...

and may order the action to be stayed or dismissed or judgment to be entered accordingly, as the case may be.

(2) No evidence shall be admissible on an application under paragraph 1(a).”

[5] I am not prepared to strike out the Writ on the basis of Order 18 rule 19(1)(a). In my view, the Defendant’s application in this regard is misconceived. As a general principle, an application under this rule is only appropriate when, on the face of the pleading complained of, it is clear that facts stated do not give rise to a triable issue or defence. However, so long as a valid cause of action or defence has been raised, a strike out order will not be warranted, even if the case is not strong.

[6] Pursuant to section 41 of the Copyright Act, an infringement of copyright shall be actionable at the suit of the copyright owner and subject to the provision of section 41, in any action for such infringement relief by way of damages, injunctions, accounts or otherwise, shall be available to the plaintiff as is available in respect of the infringement of other proprietary rights. In this case, it is clear on the face of the Writ that the action is one for infringement of copyright.

[7] The Defendant says that the Writ discloses no reasonable cause of action because, regardless of how one looks at it, the Plaintiff’s claim is statute barred. While this might be so, it has no bearing on the question of whether a reasonable cause of action has been disclosed. If an action is statute barred, it is the remedy not the cause which is precluded. This point was made by the English Court of Appeal in *Ronex Properties Ltd v John Laing Ltd* [1982] 3 All ER 961. In that case, the court considered whether a claim could be struck out as disclosing no reasonable cause of action where it would seem to be statute barred. The court held that it could not. The possible existence of a limitation defence did not by itself prevent there being a cause of action. Therefore, the action could not be struck out for failing to disclose one. Lord Donaldson MR, in delivering the lead judgment of the court said (at pages 965-966):

“Authority apart, I would have thought that it was absurd to contend that a writ or third party notice could be struck out as disclosing no cause of action merely because the defendant may have a defence under the Limitation Acts. Whilst it is possible to have a contractual provision whereby the effluxion of time eliminates a cause of action and there are some provisions of foreign law

which can have that effect, it is trite law that the English Limitation Acts bar the remedy and not the right, and furthermore that they do not even have this effect unless and until pleaded...Concealed fraud has, we are told, been pleaded by the plaintiffs in this case as against the defendants, but whether the personal representatives will or can adopt a similar attitude vis-à-vis the third parties can only really emerge if ever they get to the stage of delivering a reply in the third party proceedings. Accordingly, authority apart, I would have unhesitatingly dismissed the application to strike out on this ground. The answer might well have been different if the third parties had relied on any ground other than failure to disclose a reasonable cause of action, but in that event all concerned could have adduced evidence and we would have been able to explore the factual basis on which it is said the Limitation Acts do, or as the case may be do not, apply.

...Of the cases referred to, it seems that only in *Dismore v Milton* [1938] 3 All ER 762 was an attempt made to strike out solely on the grounds that the Limitation Acts applied and accordingly no cause of action was disclosed. Greer and Slesser LJ held that such an application must fail for the reasons which I have already indicated and contrasted the effect of the statute of limitations with that of the real property limitation Acts. That being a two-judge court, we are not strictly bound by its decision, but I have no doubt that it was right. **Where it is thought to be clear that there is a defence under the Limitation Act, the defendant can either plead that defence and seek the trial of a preliminary issue or, in a very clear case, he can seek to strike out the claim on the ground that it is frivolous, vexatious and an abuse of the process of the court and support his application with evidence. But in no circumstances can he seek to strike out on the ground that no cause of action is disclosed.**

(my emphasis)

[8] Stephenson LJ added (at page 968):

“I agree and desire only to add a few observations on the limitation point. There are many cases in which the expiry of the limitation period makes it a waste of time and money to let a Plaintiff go on with his action. But in those cases it may be impossible to say that he has no reasonable cause of action. The right course is therefore for a defendant to apply to strike out [the plaintiffs'] claim as frivolous and vexatious and an abuse of the process of the court, on the ground that it is statute-barred. Then the plaintiff and the court know that the statute of limitation will be pleaded, the Defendant can, if necessary, file evidence to that effect, the plaintiff can file evidence of an acknowledgment or concealed fraud or any matter which may show the court that his claim is not vexatious or an abuse of process; and the court will be

able to do in, I suspect most cases what was done in *Riches v DPP* [1973] 1 WLR 1019, strike out the claim and dismiss the action.”

[9] I decline to exercise my jurisdiction under Order 18 rule 19(1)(a) in the circumstances.

Inherent jurisdiction of the Court

[10] But this does not end the matter. As indicated in paragraph 1 above, the Summons also invokes the inherent jurisdiction of the Court.

[11] It is well established that, in addition to its powers under Order 18, rule 19, the Court enjoys inherent power to prevent its process from being obstructed or abused and to stay or dismiss any proceedings which it regards as frivolous, vexatious or an abuse of its process. It goes without saying but I reiterate that the Court’s strike out power is a draconian power which should be exercised cautiously and only in clear cases; for once it is exercised, the party affected is deprived of a hearing of his case on the merits. Nevertheless, if there is a proper case for making such an order, the power should be exercised unhesitatingly.

[12] In *Riches v DPP* [1973] 2 All ER 935, Stephenson LJ stated at (page 941):

“I think that it would be absurd for the court, faced with an application such as this to strike out, under its inherent jurisdiction or under the rules, a claim as an abuse of the process of the court, to shut its eyes to the fact that there is going to be raised an apparently unanswerable plea of the Limitation Act 1939. That was the view of this court in *Wenlock v Shimwell*, to which Davies LJ has referred, and was clearly the view of Lord Denning MR in *Hanratty's* case in the passage which Davies LJ has also cited. Why should such a claim not be an abuse of the process of the court? Why should not the court exercise its inherent jurisdiction to stay or to dismiss an action which must fail? In my judgment, justice required that no further time or money should be wasted by either party on litigation which can only end with the failure of the plaintiff’s claim.”

Evidence

[13] While no evidence is permitted to be adduced for the purposes of an application under Order 18, rule 19(1)(a), affidavit evidence is always admissible upon an application made under the inherent jurisdiction of the court.

[14] On behalf of the Defendant, Kingsley Smith swore an affidavit in support of the Summons which was filed on 9 July 2020. In summary, the affidavit states that if the Plaintiff felt his copyright was being infringed in 1973, he had six years from 1973 to bring his claim or 12 months on the basis that the action is brought against the Crown or its agents.

[15] In opposition to the Summons, the Plaintiff swore an affidavit which was filed on 29 October 2020 and states, *inter alia*, as follows:

- “5. That I am owner of the design copyright called “FUN IN THE BAHAMAS” (“the design copyright”) having been granted a Certificate of Deposit No 105 obtained from the Registrar General’s Department.
6. That when I was only 10 years old I designed and completed the design copyright. As I was minor at the time, my oldest sister Carolyn Storr (now deceased) wrote a letter, dated 6th January, 1964 to the Registrar General’s Department. That letter was written on my behalf and was accompanied by supporting documents which sought to protect my design copyright. There is now produced and attached hereto a copy of the said letter with its accompanying documentation marked as Exhibit **JAD.1-2**.
7. That the then Registrar on 3rd February , 1964 responded in writing to my sister’s letter acknowledging receipt of the letter and giving permission for the preservation of the design copyright. There is now produced and attached hereto a copy of that letter marked as Exhibit **JAD.3**.
8. That as a result I was awarded both Copyright and Patent for the design copyright. The flag of the Bahamas is the exact design as my design copyright and is painted the exact colors as the colors in my design.
9. That despite me being awarded the design copyright, sometime in 1973 the design copyright was used as the flag of the Commonwealth of the Bahamas and without my authority or permission.”

[16] The Plaintiff’s affidavit also states that various former Registrars General and a former Prime Minister have acknowledged the Plaintiff’s copyright, and that his design was used for the flag of The Bahamas. And despite this, his design copyright is being used by the Government on a daily basis without his consent.

[17] The facts alleged in this case are most unusual. Undoubtedly, the particulars of the Plaintiff’s claim and the surrounding circumstances will be [better] ascertained when the Plaintiff files his statement of claim.

Is the Plaintiff’s claim statute-barred and therefore frivolous, vexatious and/or an abuse of the process of the Court?

[18] Each side agrees that infringement of copyright is a tort in respect of which section 5 of the Limitation Act, 1995 generally applies. That section provides that actions shall not be brought after the expiry of 6 years from the date on which the cause of action accrued.

The issue that divides the parties is the question of when the Plaintiff's cause of action accrued.

- [19] On behalf of the Defendant, Ms Smith contends that the Plaintiff's cause of action accrued when he had knowledge of the infringement, as opposed to the date when the alleged infringement *occurred* – the position advanced by Ms Percentie.
- [20] To support her position, Ms Smith referred the Court to a passage in *Capita ATL v Sedgwick Financial Services Ltd and others* [2016] EWHC 214 where the English High Court considered a limitation plea raised by the second defendant. In delivering the judgment of the court, Proudman J stated that it was “crucial” for him to decide the date on which the Trustees first had the knowledge required for bringing the action against the second defendant. Additionally, Ms Smith referred the Court to an article in the Washington University Law Review by Bart A. Starr, “Fixing Copyright’s Three-Year Limitations Clock: The Accrual of an Infringement Claim under 17 U.S.C. 507(b)” 28 WASH. U.L.Q. 623 (2000).
- [21] Having read *Capita ATL v Sedgwick* and the article by Bart A. Starr, I do not find them helpful to the Defendant’s case. Firstly, *Capita ATL v Sedgwick* concerned a claim of professional negligence and the construction of section 14(A)(5) of the English Limitation Act 1980. That section provides a special limitation period for actions in negligence where the facts relevant to the cause of action are not known at the date of accrual. Section 14(A)(5) of the English Limitation Act 1980 is equivalent to section 13 of the Limitation Act, 1995 of The Bahamas and both are irrelevant to this matter.
- [22] Similarly, the article by Bart. A. Starr does not establish that an infringement of copyright accrues on the date that the plaintiff has knowledge of the infringement. Essentially, the article amounts to an argumentative essay on 17 U.S.C. §507(b), a provision in the United States Code on Limitations. 17 U.S.C. §507(b) provides that “no civil [copyright] action shall be maintained unless it is commenced within three years after the date the claim accrued”. According to Mr Starr, the prevailing view of courts in the United States is that 17 U.S.C. §507(b) bars recovery on any damage claim that accrued over three years prior to the filing of the case; and the time the claim accrued is the time when the infringement upon which case is based occurred. Starr argues that 17 U.S.C. §507(b) is inequitable because it drastically limits monetary awards to reasonably diligent copyright owners; he therefore proposes in his article that (i) 17 U.S.C. §507(b) should be amended to provide that no civil [copyright] action shall be maintained unless it is commenced within three years “after the claim on which the action is based is discovered or, by the exercise of reasonable diligence, should have been discovered”.
- [23] While the arguments set forth in Mr Starr’s article may be interesting, they do not persuade me to accept Ms Smith’s point of view. To the contrary, the only impression it produces on my mind is that the prevailing view of the courts in the United States appears consistent with the application of section 5 of the Limitation Act, 1995 of The Bahamas as

I understand it, viz:- for the present purposes, the Plaintiff's claim accrued on the date the alleged infringement of copyright occurred.

[24] In the informative text, *Limitation Periods*, 3rd Edition (London: Sweet & Maxwell, 1998), A. McGhee discusses when a cause of action in tort accrues. I agree with him when he says that torts may generally be divided into three categories as follows:

- (i) Torts actionable per se: cause of action accrues on commission of wrong;
- (ii) Continuing torts: a fresh cause of action accrues every day but the right to bring an action is restricted to that part of the wrong committed in the past six years;
- (iii) Single torts requiring proof of damage: cause of action accrues when damage happens

[25] Based on the evidence before me, the alleged acts of infringement continue on a daily basis; therefore the alleged infringement falls within the scope of category (ii).

[26] In *Farmers Build Ltd v Carrier Bulk Materials Handling Ltd* [2000] IP & T 49 the English Court of Appeal considered whether the trial judge was correct in refusing an award of damages in a claim under the Copyright, Designs and Patents Act 1988 on the basis that the plaintiff acquiescence in the defendants' continuing infringing conduct. In delivering his judgment, Sir Christopher Slade J said:

“Section 229(1) of the Copyright, Designs and Patents Act 1988 renders an infringement of design right a statutory tort actionable by the design right owner. **Section 2 of the Limitation Act 1980 (the 1980 Act) prescribes for the bringing of an action founded on tort a limitation period expiring six years after the date on which the cause of action accrued. Where the infringement is a continuing one or is repeated, it will give rise to a fresh cause of action so long as it continues or on each repetition.** In the present case it is not suggested that Farmers Build Ltd's claim is statute-barred. Section 36(2) of the 1980 Act, however, provides that nothing in that Act shall affect any equitable jurisdiction to refuse relief on the ground of acquiescence or otherwise. In this context, on this appeal, everything turns on what constitutes acquiescence.

Mr Antony Watson QC candidly conceded that the mere fact that Farmers Build Ltd (Farmers Build) knew that their design rights were being infringed, and with such knowledge took no action to prevent such infringement until 1 February 1996, would not by itself suffice to constitute acquiescence for this purpose. In my judgment this concession was clearly rightly made. **Parliament, in ordaining a specified period of time within which an action to seek a remedy for a specified category of wrong must be brought, has indicated its intention that the injured party shall ordinarily be at liberty to bring his action at any time within that period. To hold that mere knowledge of the**

wrong by itself deprives the injured party of such liberty would frustrate such intention.”

(My emphasis)

- [27] I agree with Slade J. The Plaintiff's knowledge cannot deprive him of the benefit of the limitation period provided by the Limitation Act, 1995. Adopting the approach of Slade J in *Farmers Build Ltd v Carier Bulk Materials Handling Ltd*, I agree with Ms Perentie that, since the alleged tort of the Defendant continued daily, a fresh cause of action accrued on a daily basis. It follows that if section 5 of the Limitation Act applies, the Plaintiff's claim is not statute-barred insofar as it relates to infringing acts committed within 6 years prior to the filing of the Writ. The same would hold true if section 12 of the Limitation Act applies, since infringing acts within 12 months of the filing of the Writ would not be statute-barred.
- [28] For the reasons indicated above, I am not prepared to exercise the inherent jurisdiction of the Court to strike out the action on the basis that the Plaintiff's claim is statute-barred and therefore frivolous, vexatious and/or an abuse of the process of the Court. The Summons is therefore dismissed with costs to the Plaintiff.

DATED this 3rd day of March, 2021



TARA COOPER BURNSIDE
JUSTICE (AG)