

MITCHELSTOWN

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THE HIGH COURT

1985 No. 9460P

BETWEEN

MITCHELSTOWN CO-OPERATIVE AGRICULTURAL
SOCIETY LTD.

PLAINTIFFS

AND

GOLDENVALE FOOD PRODUCTS LTD.

DEFENDANT

Judgment of Mr. Justice Costello delivered the 12th day of
December 1985

Mary P. Donoghue
Reg.

This is an application for an interlocutory injunction in a passing-off action. It arises in the following way.

The plaintiffs manufacture and market dairy products both for the home and export markets. Like other producers they have been concerned about the declining trend in the sales of butter and they decided to investigate the possibility of developing a new dairy product as a substitute. They commenced research and development work in the early months of 1983 and eventually decided that a new product could be produced based on the blending of fresh cream and a suitable vegetable oil, using the butter churning system to produce it. They decided to call their new butter substitute "Dairygold" and have applied to register this word as a trade mark. They presented "Dairygold" to the trade in January, 1985 and on the 19th February officially launched it on the Irish market. It has been extensively advertised on television and on poster sites throughout the country, the total amount spent on advertising by the end of November amounting to more than a quarter of a million pounds.

At the same time as they were developing the product the plaintiffs were endeavouring to find the most suitable way of packaging it and of presenting it to the public, particular attention being given to the shape, dimension, design, colour and printing on the container in which the product would be marketed. It was eventually decided to use a specially designed tub which could be convenient in use in that it could go straight from the fridge to the table in the purchaser's home. They decided to use a gold coloured tub with five colours printed on gold, and to use the name "Dairygold" in association with the symbol of a yellow flower. It was not easy to get a manufacturer who could meet with all their requirements and after contacting

approximately 30 possible suppliers they eventually located one in Germany.

Since its launch, the plaintiffs product has been sold in this specially designed gold tub. On its lid appears the word "Dairygold" under a large yellow flower. The word "Mitchelstown" appears on a blue ground, the words "Easy Spread" on a red ground, and in black type the following, "A blend of Mitchelstown fresh cream and soya oil that spreads straight from the fridge". Two sides carry the name "Dairygold" in prominent type, the third has a list of ingredients and all four sides carry the plaintiffs name (on one in small type its corporate name).

Before 1985 butter substitutes had been successfully launched on the English market, one of them being marketed by Bord Baine under the trade name "Meadowcup", in a tub similar to but not identical with that used by the plaintiffs. Significantly, "Meadowcup" has been manufactured by the plaintiffs for Bord Baine, but it has not been marketed in this country. So, when launched at the beginning of this year, "Dairygold" was a new product on the Irish market, an attempt by another producer to supply a butter substitute being short-lived and unsuccessful. Since its launch it has been sold through all major distribution outlets in this country which have cold food display cabinets and whilst the plaintiffs have been understandably reticent about disclosing actual figures of their sales their description that these have been "highly" and "enormously" successful has not been challenged by the defendants. Up to the 21st October of this year they sold this new product in its special gold tub throughout Ireland without competition from any rival product. On that day the defendants butter substitute appeared, bearing

the name "Easigold".

The defendants eschewed the use of a gold foil paper (in which most high grade butter is sold) and decided instead to market their product in a tub. They choose a gold-coloured one of a shade similar to but not quite identical with that of the plaintiffs. But its size, shape and dimensions are exactly the same as the plaintiffs and indeed it was manufactured for them by the same German manufacturer as the plaintiffs employ. It carries the word "Easigold" in large type on its lid, and in smaller type on its sides. The symbol of a yellow flower also appears prominently on the lid (and less prominently on two of its sides), but it is not the same type of flower as that on the plaintiff's packaging. The colour scheme on the lid is similar to that of the plaintiffs, except that there is no blue or red employed on it. In black type in a specially prominent position are the following words, "Spreads straight from the fridge - a blend of Golden Vale fresh cream and vegetable oil". The plaintiffs take no exception to the defendants advice to their customers that their product can be spread straight from the fridge, but they assert (and this has not been denied in any replying affidavits or in submissions made on their behalf) that the defendant's claim that their product is made from "fresh cream and vegetable oil" is a false one and that the product is made from butter and not fresh cream and is thus an entirely different product to that sold by the plaintiffs. This point is relevant, it is said, on two separate issues; firstly, as to whether the defendants deliberately copied the plaintiffs get-up, and secondly on the damage which the defendant's method of trading could have on the reputation of the plaintiffs product.

The plaintiffs objection is not confined to the false trade description employed by the defendants to market their product. They make no claim to a monopoly in the use of a tub for marketing a dairy spread, but they strongly object to another product sold in a tub whose general colour scheme, strength, shape dimensions and overall printing corresponds to theirs and which moreover prominently uses the symbol of a yellow flower. Their case is that the get-up of their product had by October of this year become distinctive of goods emanating from them and that the deceptive similarity of the defendant's get-up will cause confusion and damage to the plaintiffs.

The affidavits which have been filed raise a number of contentious issues which it will be for the trial Judge, and not for me on this motion, to determine; in particular, I do not think that I am required to express any view on the considerable amount of evidence relating to the contention that the defendant's deliberately copied the plaintiffs packaging. My function is to decide in accordance with well established principles (that in those enunciated by Lord Diplock in American Cyanamid .v. Ethicon Ltd (1975) A.C. 396 and approved in the Supreme Court in Campus Oil .v. Minister for Industry (1983) I.R. 88) whether the plaintiffs are entitled to an injunction until the trial of the action to stop the defendants selling their product in the disputed get-up.

When this action comes to trial the plaintiffs will firstly have to establish that the get-up of their product had become by user distinctive so that the use of the get-up in relation to any product of the kind dealt with by the plaintiffs would be understood by the public as meaning that the products were

the plaintiffs products. Secondly, they will have to show that the get-up of the defendants products is likely to lead buyers of the defendants product to the belief that they are the plaintiff (see, Polycell Products Ltd. .v. O'Carroll and others (1959) IR. Jur. Reports, 34; and for a recent example of the need to prove both (a) reputation and (b) the likelihood of confusion in a passing-off action see Jarman and Platt .v. Barger Ltd. (1977) Fleet Street Patent Law Reports, 260). On this motion I do not have to decide whether it is probable or likely that these two issues will be resolved in the plaintiffs favour. My task is a different one. I must firstly decide whether the plaintiffs have been able to satisfy me that their claim is not a frivolous or vexatious one, that is that on both these issues there is a serious question to be tried. If they have failed to do this then I must refuse the relief they now claim.

On the first issue (that is, that of reputation) it is true, as has been submitted on the defendants behalf, that there is no direct evidence from a member of the public that he or she would associate the get-up in which "Dairygold" is sold with the plaintiffs and that the evidence from members of the public has been principally directed to the issue of confusion. The plaintiffs, however, have shown that theirs was the first product of its kind on the Irish market, that since its introduction sales have been very substantial, that for ten months before the arrival of the defendants "Easigold" it was sold in the gold tub whose characteristics I have already described, and that it was widely and extensively advertised. Taking all the evidence into account it seems to me that I cannot regard the plaintiff contention that by October of this year they had established

a sufficient reputation on which to ground a passing-off action as a frivolous one, and I am satisfied on all the evidence that has been filed that a serious question has been raised on this point.

It has also been urged on the defendants behalf that the affidavit evidence which has been filed should not satisfy me that a substantial number of persons are likely to be confused if the plaintiffs and the defendants products are sold side-by-side in their presently designed gold tubs. But, again, I must emphasise that I am required today merely to enquire as to whether the plaintiffs have raised a serious question on this issue. Without in any way making a final adjudication on the point, it seems to me that bearing in mind the manner in which these rival products will, in the main, be sold (that is, side-by-side in cold food display cabinets in supermarkets), the customers who will buy them and the length of time they are likely to spend in considering them, and the undoubted similarity which exists in the get-up of the rival products, the plaintiffs have been able to show that theirs is not a frivolous case on this issue and that a serious point has been raised for determination by the trial Judge.

That brings me to consider the next principle on which the court must base its decision when adjudicating on a claim for injunctive relief pending the trial of an action, namely whether the balance of convenience lies in favour of granting or refusing relief at this stage of the proceedings. If I do not grant an injunction and if the plaintiff should succeed at the trial in establishing that the defendants have been passing off their goods as the plaintiffs would damages adequately compensate the plaintiffs for the loss they would have suffered between

now and the trial? It is axiomatic that in most passing-off actions damages are an inadequate remedy for a successful plaintiff and I think that it is clear that plaintiffs must suffer some disadvantage which could not be compensated for in damages if an injunction is now refused. But in this case there is an additional factor of considerable importance when assessing the extent of the uncompensatable damage which the plaintiff could suffer from now until the trial of the action. The dispute in this action centres on a product new on the Irish market - a butter substitute. This product was introduced on to the Irish market by the plaintiffs. They have informed the public that it is made from fresh cream and vegetable oil. The defendants product is made from butter and vegetable oil and although this is a different product they have falsely claimed that it is the same as the plaintiffs. It is quite impossible to calculate what damage this might do to the reputation of the plaintiffs product and obviously this is a serious matter to take into consideration in deciding whether or not an injunction should now be granted.

I turn now to look at the case from the defendants point of view. If an injunction is now granted and they ultimately succeed in having the plaintiffs claim dismissed what will have happened in the meantime? I cannot accept the suggestion that an injunction will exclude the defendants from the market between now and the trial, as the evidence shows that an alternative form of packaging can be obtained in eight to ten weeks. It is no part of the plaintiffs case that the defendants cannot use their "Easigold" trade mark, so time need not be spent, as the defendants have apprehended, in searching for an alternative

acceptable brand name. Advertising material may have to be changed but this would hardly take more than eight to ten weeks to achieve. If the plaintiffs claim is ultimately dismissed the defendants will be recouped all the costs they will have incurred in obeying the interlocutory order as well as the profits they would have lost during the period they were deprived of sales when complying with it. I accept, however, that the resulting delay may have some effect on the defendants ability successfully to enter the market for butter substitutes and that it may cause some disadvantage to them in respect of which damages would be an inadequate remedy. But this disadvantage would not be very great and its extent would be less than that which the plaintiffs would suffer should I refuse the injunction and should they ultimately prove successful in these proceedings. And so it seems to me that the balance of convenience lies in favour of granting rather than in refusing an interlocutory injunction and I will therefore make an order in the terms of the first three paragraphs of the plaintiffs notice of motion.

Approved
JC
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