

## THE HIGH COURT

[2010 No. 11125 P.]

BETWEEN

BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT

PLAINTIFF

AND

EDWARD RONAYNE (T/A BMW CARE)

DEFENDANT

Judgment of Mr. Justice Ryan delivered on the 8th April, 2014

**1. Background and Issues**

In a judgment I delivered on the 19th December, 2013, I held that the plaintiff was entitled to injunctions restraining the defendant from using the plaintiff's name or incorporating the name in connection with his business. The plaintiff now seeks damages, including aggravated damages, and costs in addition to injunctive relief arising out of the decision of the Court. This decision should be read with the previous judgment on infringement of patents and passing off.

In the main action, the Court heard evidence of the network of BMW dealers and authorised service agents operating in Ireland and the rules under which they must operate in using the plaintiff's marks. The company assiduously protects its marks, brand and reputation and these precautions are put in place to ensure that BMW is represented properly and portrayed in the right way in line with their policies.

BMW has not alleged any loss or diminution in its trade. It did not claim that it had to change its business model to compete with the defendant or as a result of his affected by the work being carried out by the defendant at his premises in Cloonfad. While the plaintiff did change the branding of its 'Original BMW Care Products Natural Care' range, there was no allegation that this was done as a result of any commercial activity involving the defendant. Despite the use of the trading name 'BMW CARE' by the defendant there is no evidence which suggests that there was any consumer confusion.

**2. Submissions**

The plaintiff submits that the court should take the following facts into consideration when estimating damages:-

- (i) That the defendant 'piggy backed' on the plaintiff's trademarks;
- (ii) The defendant interfered with the plaintiff's right to control its intellectual property rights in Ireland;
- (iii) The defendant's business benefited from the plaintiff's branding and the association with its trademarks;
- (iv) The defendant cannot plead a defence of ignorance because proof of the infringement alone entitles the plaintiff to damages;
- (v) The duration of the infringement should be taken into account.

In *Flogas Ireland Ltd v. Tru-Gas Ltd & Anor* (Unreported, High Court, 16 1h May 2013), Cooke J. awarded €75,000 in general damages on the basis that the infringing activities continued for almost a year and, in the joined case involving *Langan Fuels Limited*, Cooke J. awarded €25,000 as the damage was more localised and short lived.

In claiming damages for infringement, it is unnecessary to show that the infringement occurred fraudulently. In *Draper v. Trist and others* [1939] All E.R. 513, Sir Wilfred Greene M.R. said at p. 518:-

"The defendant in a passing-off action has, in the normal case, the simple case, sold a quantity of deceptive goods. That is the very gist of passing off."

Greene M.R. went on to note that it would be an impossible task when assessing the quantum of damages to expect the plaintiff to be able to provide evidence that each individual consumer was deceived by the passing-off actions of the defendant. Likewise, it would be equally difficult for a defendant to prove that each consumer was not in fact deceived by his product. He said, at p. 519:-

"The real problem is when all the facts are considered and all the considerations on either side are given fair weight, the proper sum at which to estimate the plaintiff's damage."

Goddard L.J. in the same case likened damages in passing off to libel and referred to the case of *Leather Cloth Co. v. Hirschfield* L.R. 1 Eq. 299 where, despite a claim for damages, no award was made, not even for nominal damages, and said that this decision was:-

"...[C]ontrary to the decisions at law, which say that, if passing off is established, some damages must at any rate be given."

The plaintiff also seeks aggravated damages, submitting that where a court has found infringement of a mark with a reputation pursuant to s. 14(3) of the Trade Marks Act 1996 and Article 9(1)(c) of the Community Trade Mark Regulation, an additional assessment should be considered and an additional compensatory sum awarded to allow for damages caused by confusion in the marketplace. Counsel further submits that the defendant continued to abuse the plaintiff's trademarks and did not accept that he was infringing their intellectual property for a prolonged period of time. In this regard, they rely on the decision of Finlay C.J. in *Conway v. INTO* [1991] 2 I.R. 305, where he stated at p. 317:-

"Aggravated damages, being compensatory damages increased by reason of

- (a) the manner in which the wrong was committed, involving such elements as oppressiveness, arrogance or outrage, or
- (b) the conduct of the wrongdoer after the commission of the wrong, such as a refusal to apologise or to ameliorate the harm done or the making of threats to repeat the wrong, or
- (c) conduct of the wrongdoer and/or his representatives in the defence of the claim of the wronged plaintiff, up to and including the trial of the action.

Such a list of the circumstances which may aggravate compensatory damages until they can properly be classified as aggravated damages is not intended to be in any way finite or complete. Furthermore, the circumstances which may properly form an aggravating feature in the measurement of compensatory damages must, in many instances, be in part a recognition of the added hurt or insult to a plaintiff who has been wronged, and in part also a recognition of the cavalier or outrageous conduct of the defendant."

The plaintiffs submissions also refer to *32Red plc v. WHG (International) & Ors* [2013] EWHC 815, in which Newey J. recalled the dictum of Lord Shaw of Dunfermline in *Watson, Laidlaw & Co Ltd v Pott, Cassels & Williamson* [1914] S.C. HL at pp. 29-30, where he noted that the assessing of damages sometimes required "sound imagination and the practice of the broad axe". They further cite the decision of Murphy J. in *Falcon Ltd v Owners Abroad plc* [1991] 1 I.R. 175, where he said at p. 183:-

"The sum to be awarded would be of necessity a rough estimate of the general loss suffered and to be suffered by the plaintiff as a result of the defendant's wrongdoing."

In response, the defendant submits that the plaintiff has not established an entitlement to special, general or aggravated damages because:-

- (i) The defendant operated a small garage which was not even registered for VAT;
- (ii) BMW gave evidence that their profits increased during the contentious period;
- (iii) The plaintiff produced no evidence to show they had suffered any loss; and
- (iv) The plaintiff did not adduce any evidence of the cost of licensing its trademark outside a franchising or dealership arrangement.

In *Tommy Hilfiger Europe Inc and another v. McGarry (t/a Lifejacket)* [2008] IESC 36, Finnegan J. outlined the basis upon which damages should be awarded for infringement of a registered Trade Mark and passing off. At p. 11 he said:-

"The position is the same in respect of each of the causes of action. The object of an award of damages is to give to the plaintiff compensation for the damage or loss which he has suffered. Damage is divisible into pecuniary and non pecuniary loss. The former comprises all financial loss such as loss of business profits or expenses incurred in a case such as the present. The latter in a case such as the present would include damage to reputation or goodwill and can be described as monetary compensation or reparation and takes the form of general as opposed to special damages as they do not admit of mathematical calculation. The assessment of damages for infringement and passing off follow the same lines and both claims are frequently taken together with a single award being made ..."

Finnegan J. noted that the witness for the respondents made no reference to specific damage and had seemingly not suffered any loss of business. He was unable to say whether anyone had purchased goods from the appellant under the impression that they were associated with the respondent and said at p. 17:-

"The award of damages in these cases is intended to be compensatory, that is to give the plaintiff compensation for the damage, loss or injury which he has suffered. Thus in *General Tire and Rubber Company v. Firestone Tyre and Rubber Company* [1975] 1 W.L.R. 819, a patent case, Lord Wilberforce stated that as in any other tort the general rule in relation to economic torts is that the measure of damages is to be, as far as possible, that sum of money which will put the injured party in the same position as he would have been if he had not sustained the wrong".

He then went on to quote Lord Wilberforce in *General Tire* at p. 823 where he said:-

"There are two essential principles in valuing that claim: first, that the plaintiffs had the burden of proving their loss; second, that, the defendants being wrongdoers damages should be liberally assessed but that the object is to compensate the plaintiffs and not to punish the defendants..."

In *Retail Systems Technology v. McGuire* [2008] 1 I.R. 541, Kelly J. at p. 553 cited another statement from Lord Wilberforce; that it was for the plaintiff to adduce evidence to guide the court in assessing damages. In *Retail Systems*, the plaintiff's financial director gave evidence as to the monetary damage directly caused by the defendant's actions. Similarly, in *Tommy Hilfiger Europe Inc and another v. McGarry (t/a Lifejacket)* [2008] IESC 36, evidence of the defendant's profitable gain from using the plaintiffs trade marks was submitted. No evidence on either loss or gain was adduced in this case.

In *Porsche AG v. Porsche Specialist Van Den Berg Apeldoorn BV* [2013] 334946/HA ZA 09-1190, the Dutch Court prohibited the defendant from using the name "Porsche Specialist Van Den Berg" as a trade name or mark and from using the website domain "www.porschespecialist.nl". The plaintiff invoked this authority at the liability hearing and the defendant now calls it in aid in relation to damages. The court held that the plaintiff failed to provide evidence to allow it to estimate damages and had failed to show that the action of the defendant had directly caused it a loss in profits. The court ordered that the defendant be liable to pay a penalty of €1,000 per time or, at the discretion of the plaintiff, €5,000 per day, including a half day, if the defendant breached the prohibition, with a maximum penalty set at €100,000.

Aggravated damages are only awarded in exceptional cases to compensate for additional harm suffered by a plaintiff. There are no features of the present case that would justify such an award. In *Retail Systems Technology v. McGuire* [2008] 1 I.R. 541, the defendants had delayed proceedings on more than one occasion and the award of aggravated damages was made to illustrate the court's disapproval of their behaviour. In this case, the defendant submits that his misapprehension of the law does not amount to

behaviour which would warrant the court awarding aggravated damages and that he acted without malice at all times.

### 3. Discussion

It was important for the plaintiff to establish the principle of infringement and the breach by the defendant but it was not a case concerning losses arising from the defendant's unauthorised use of the brands. The action was about the defendant's claim that he was entitled to use the plaintiffs name and devices in his own business. He maintained that the judgment of the European Court of Justice in *BMW v. Deenik Case C-63/97* [1999] ECR I-00905, sanctioned his adoption of the plaintiffs marks for the purpose of his business. I held that such use was unlawful and should be enjoined. The defendant had misunderstood the Court's jurisprudence.

Although I held that the defendant's business idea was not permissible, I did not find that he had intentionally or maliciously infringed the plaintiff's intellectual property rights. It does not follow, of course, that the plaintiff is disentitled to damages for that reason.

In regard to the legal principles to be applied, the cases cited in submissions show the courts endeavouring to measure the plaintiffs' losses. In each of the *Flogas* cases, the plaintiff had suffered actual and proven loss and the court's awards of general damages were assessed in respect of other actual but not precisely calculable losses. In *Falcon Ltd v Owners Abroad plc* [1991] 1 I.R. 175, it was a rough estimate of the general loss suffered by the plaintiff. Greene M.R. in *Draper v. Trist and others* [1939] All E.R. 513, spoke of the damage to goodwill resulting from "deceptive trading of a considerable volume" and how a jury might make a rough estimate.

The approach to damages is guided by the following principles derived from the cases:

- a) Damages are compensatory of the plaintiff, not punitive of the defendant;
- b) The measure is the plaintiffs loss - the defendant's wrongful gain may represent the whole, or part of that, or may be additional;
- c) Precise calculation of loss may be impossible so the broad axe may be employed by way of rough estimate; and
- d) The principle remains that it is compensation.

It follows if this summary is correct that if there is actually no loss, there cannot be an award of compensation. An arbitrary figure chosen to reflect neither loss nor illicit gain but disapprobation is different from a notional estimate of incalculable losses and offends these canons.

BMW has not proved actual loss, neither was there evidence of illicit gains made by Mr. Ronayne. I think that it is very likely that the defendant did not make any money out of his use of the plaintiff's marks. His business idea was quite different but he had not put it into effect. The repair and service facility he operates is a very modest affair in unprepossessing premises in a small West of Ireland village. He did also have his website but overall the business takings appear to be extremely small, not enough in most years to require him to be registered for VAT. The plaintiff's case nevertheless is that some damage may and ought legitimately to be presumed and that should give rise to an award and that the findings in the case disclose circumstances that warrant aggravated damages.

Since the plaintiff has not suffered financial loss and the defendant did not make gain, I am left with the concept of some general loss of reputation that BMW may have sustained by being associated with the defendant's commercial activities. It is impossible to measure any such actual or potential loss. Any award is necessarily arbitrary and artificial and is difficult to relate to the actual circumstances of the case. It seems to me that the justice of the situation is met by giving judgment for a sum to reflect the element of presumed injury to the plaintiff's property rights and I accordingly award €10,000.

I do not think aggravated damages are appropriate in this case in light of my findings as to the conduct of the defendant and the circumstances of the case generally.