

THE HIGH COURT**COMMERCIAL****2011 2925 P****Between:****McCambridge Limited****Plaintiff****And****Joseph Brennan Bakeries****Defendant****Judgment of Mr Justice Michael Peart delivered on the 25th day of November 2011**

1. When customers visit a large grocery store or supermarket in any part of the country, they are presented with a staggering variety of food produce from which choices must be made. Even within each food category there may be many different brands to choose from, some being more established and well-known than others - the former guarding jealously their established, perhaps even dominant, position in the market, and those others all the while trying overtly or covertly, by fair means and sometimes foul, to ensure that the often unwary shopper will purchase their product rather than that of their competitor, or at least hoping that he/she does so. That is the nature of the competitive market place in which businesses either thrive or fail.

2. A particular type of bread – wholewheat brown bread – is the commodity relevant to these proceedings, or perhaps more precisely, the packaging in which the plaintiff and the defendant each sell it.

3. Bread has been a convenient, relatively cheap and easily produced source of nourishment for the human race for thousands of years. Its composition, shape, taste and texture are as various as those who consume it. It can be white or brown, sliced or unsliced, processed or natural, home-made or mass-produced. It can be round, oval, square, rectangular or even tubular in lengths up to three feet, as with the French baguette! It may even come flavoured with seeds, fruit, herbs or spices of many varieties. It is truly versatile.

4. But for the purposes of consumption, the world is agreed on one thing, namely that whatever its colour, shape, taste, texture or length, it must be fresh. This requirement can be a challenge to the producer since bread by its nature has a very short shelf life, having to be consumed within a day or two of manufacture. It follows that from the moment it emerges from the oven, it must be available for purchase in the shops and supermarkets of the country within hours. The typical household will buy bread every day or every two days. The inexpensive nature of the product and the frequency of its purchase means that not much time is given to the choice being made. It is a fast and regular purchase, which limits the opportunity for the manufacturer to influence the customer's decision.

5. Bread is the product manufactured by the parties to this action. While the defendant company ("Brennans") is one of the largest and well-known manufacturers of a wide range of different bread products in Ireland, it has not until quite recently competed with the plaintiff company ("McCambridge") in the segment of the bread market in which the latter has been dominant for about 50 years, namely wholewheat brown bread. It was not until 2011 when Brennans introduced a new packaging for its product that the plaintiff had any reason to consider that the packaging of the Brennans wholewheat bread resembled their own packaging to such an extent that its customers intending to purchase McCambridge wholewheat bread could be confused into buying the Brennans wholewheat bread in error.

6. In 2008, McCambridge had changed its packaging so that thenceforth it was sold in a plastic re-sealable bag with distinctive graphic elements thereon such as a sheaf of wheat and the McCambridge name, as well as distinctive colouring, the most significant being a dark green panel, appearing on the front of the bag. There is no doubt from the evidence which I have heard that because of the very dominant position which McCambridge wholewheat bread has occupied in the Irish bread market over many years, the public associates wholewheat bread with packaging of the shape, type and colouring used by McCambridge. That is not to say that McCambridge have any proprietary rights as such over that type of re-sealable bag, its shape or indeed the shape and size of the loaf of bread inside. It is accepted that they do not. Nevertheless, Brennans might, albeit unintentionally, present its product to the purchasing public in packaging so similar to that of the plaintiff as to cause a average and reasonably alert and careful purchaser to buy its product in error, in the belief that it was that of the plaintiff.

7. As I have said, the packaging used by Brennans for their wholewheat bread product gave McCambridge no cause for concern until 2011, even though each loaf was almost exactly the same size, shape and colour. Prior to 2011 the packaging of each had been very different and no confusion could possibly have been considered to arise.

8. However, when Brennans decided to change its packaging for this type of bread in 2011, it put its brief out to three different design firms, who came up with a range of designs from which the defendant could choose. Eventually, Brennans decided to work with the design of one particular form, MESH, and following various discussions and design suggestions and changes, Brennans decided upon a packaging design which adopted the same re-sealable type of plastic bag as that used by McCambridge, on which there also appears a green panel on the front of the bag, which, though not identical to that used by McCambridge either in terms of the shade of green or the size and shape of the panel, is nevertheless a green panel.

9. McCambridge points also to other similarities such as the type of overhanging script used on the Brennans packaging and graphics. Brennans on the other hand say that the two packages are markedly different in a number of respects, particularly since its own widely known brand colours which they use on all their breads and which the public readily identify with Brennans bread, namely yellow and red, appear not only across the length of the re-sealable strip at the top of the packaging, but also on a logo which

appears prominently on the front of their packaging and in which the word "Brennans" appears. Brennans are of the view that because their own identifiable colouring (red and yellow) appears prominently on the front of the package and, lest there be any doubt, its name appears clearly and prominently on the front of the package, any risk that a member of the public who wishes to purchase McCambridge bread may purchase the Brennans product by mistake is non-existent.

10. McCambridge complain, however, that whatever may be the actual distinctions on a close examination between the appearance of the new Brennans bag and the established McCambridge bag, and even though it is accepted by McCambridge that it has no proprietary right to the style of re-sealable bag, the shape and colour or ingredients of the bread, nevertheless its shape and overall appearance or 'get-up, as it is referred to, particularly when placed beside or near the McCambridge product on the shop shelf, is so similar in overall appearance, that the ordinary member of the public who wishes to buy the McCambridge product may easily in error pick up and purchase the Brennan product. In this regard, the plaintiff refers to a passage from the judgment of Clarke J. in *Jacobs Fruitfield Food Group Ltd v. United Biscuits (UK) Ltd* (see below) when he stated:

"There is not, in my view, any one magic formula by reference to which the court can or should assess the aspects of a product's presentation to the public, in which its goodwill or reputation may rest. True it is to state that in many of the cases cited in argument the court was, on the facts of the individual case under consideration, particularly impressed by one or, perhaps, two features. But that is not to say that such a feature has, necessarily, any greater status, on the facts of a different case, from any other aspect of the overall "package".

In Mitchelstown Cooperative Agricultural Society Ltd the Golden Vale Products Ltd (Unreported, High Court, Costello J, 12th December 1985) the distinctive terms in which butter substitute had been sold for a period of 10 months prior to the arrival of the competing product was sufficient to enable Costello J. to be satisfied that a sufficient reputation in that singular aspect of the get up in question had been established so as to give rise to a fair question to be tried. The fact that a combination of different matters may give rise to the distinctive "get up" was noted by Budd J. In Polycell Products Ltd v. O'Carroll and Others t/a Dillon O'Carroll [1959] I.R. Jur 34 at 38. It seems to me to be clear from that judgment that even though a party might not be able to claim a monopoly on each of the individual elements like which the product concerned might be presented, it may, nonetheless, be able to sustain a reputation in the combination of elements sufficient to meet the first test."

11. The plaintiff points to the fact that a purchase of bread is not something that the average shopper will spend too much time considering, and that in such circumstances confusion is likely since the product will typically not be closely examined before it is lifted off the shelf and placed in the shopping basket.

12. McCambridge believe that when Brennans went about the redesign of its packaging for its wholewheat bread, it deliberately tried to copy the McCambridge packaging as closely as it could get away with, in order to improve its own market share for wholewheat bread. Brennans have stated that when it put the re-design out to tender to three design agencies, one of the stated objectives in the brief was that the packaging should clearly differentiate its product from that of its competitors. Brennans say that they have achieved that objective, while McCambridge, having through discovery had access to the various designs proposed to Brennans by the design firms, submit that the design ultimately chosen by Brennans is the one which least of all the others serves to differentiate its product from the McCambridge product.

13. Indeed, in support of its contention that Brennans have deliberately adopted a design and get-up which closely resembles that of McCambridge, the plaintiff has referred to an email dated 19th November 2010 from MESH to Brennans in which MESH actually make a comment that a suggested alteration brings "it closer to McCambridges". That email was put to the defendant's witness, and I am satisfied that while the comment was made, it should not be taken at face value as evidence of a deliberate intention on the part of the defendant to adopt a design for the purpose of imitating or resembling that of McCambridge in a deliberate effort to deceive or confuse the purchasing public. In fact, I can say now that having heard the evidence, I am satisfied that, whatever similarities which do exist between the two competing packagings, the defendant has not intentionally adopted its new packaging design for that purpose.

14. But, this case will not be decided on the basis of whether or not the defendants had such a deliberate intention when adopting its new packaging. Intention is not necessary. The Court must decide whether, objectively speaking, a reasonable member of the public wishing to purchase a loaf of McCambridge wholewheat bread is likely to be confused into buying the Brennans wholewheat loaf in error believing it to be McCambridge because it so closely resembles same in its general get-up.

15. At the end of the day, the Court must observe the two competing products in their packaging adjacent to each other, and reach its conclusions in this regard. The Court has been provided with such an opportunity by a display of various breads on shelving in the courtroom, intended to represent a typical shop display, if there is such a thing at all, since shops and their shelving will inevitably vary greatly. But the Court must nevertheless do its best to put itself in the shoes of an average shopper wishing to purchase a loaf of McCambridge wholewheat bread in shop or supermarket. That shopper will not be unduly rushed in the shop or unduly slow. Inevitably a shopper who is in a great hurry may easily pick one bread rather than another because reasonable care was not taken to ensure that he/she takes off the shelf the bread intended to be bought, just as he/she might in the same circumstances of haste pick one tin of baked beans rather than another simply because the dominant colour on the two leading brands of baked beans look remarkably similar.

16. It is relevant that there has been some evidence that in at least some shops where these competing products are sold, they are displayed in close proximity to each other, and in some cases immediately adjacent. I have no reason to suppose that this is not typical of all or most of the retail outlets in which both products are sold. I say that because the Court must be wary of confining its consideration of the competing packaging to its observation and consideration of the two packagings to the manner in which they appear on close examination in the courtroom, which is of course not in any way typical of how they appear to the customer on the shop shelf. This is a point made by Lord Oliver in *Reckitt & Coleman Products Ltd v. Borden Inc. and others* (see below) when in that case he stated:

"... it has to be borne in mind that, as the evidence at the trial established, the primary retail outlets for these products are supermarkets. They are not displayed in the supermarket in the way in which they have been shown to your Lordships. In the ordinary way, supermarkets do not carry a selection of different brands of preserved lemon juice, but would be likely to stock only one brand plus possibly one other sold under its own brand name or get-up. So that the goods are not ordinarily offered for sale in the artificial conditions in which they have been displayed in the course run or in the Committee Room of your Lordships' House, and the purchasing member of the public is reliant upon his own perception or recollection, and assisted by the opportunity of side-by-side comparison."

17. Even accepting the distinction in the present case that often the competing breads are sold in close proximity, the above observation seems wise and sensible.

18. The average and reasonable shopper buying bread must also be seen as one who will be aware that there are a number of different bread manufacturers who make and sell wholewheat bread. Some shoppers will not mind which brand of wholewheat bread they purchase, provided it is a wholewheat bread. Such a purchaser may be the indifferent as to the identity of the baker. Such a shopper may well buy Brennans or McCambridge, or indeed another brand, because the general shape and size of the loaves on offer are at least similar, and what he/she associates with a wholewheat loaf, as opposed to, for example, the classic white sliced pan. Such confusion, if it be such at all, is not the type of confusion which could be claimed to give rise to passing-off.

19. In conducting the present exercise the Court must put itself in the shoes of the reasonably prudent shopper, who is not in any particular hurry and who neither is overly scrupulous and dilatory, and who enters the shop with the wish to purchase a loaf of McCambridge wholewheat bread. Is such a purchaser reasonably likely, because of the similarity in the get-up of the Brennans product to the McCambridge product, to exit the shop with the Brennans loaf, having intended to purchase the McCambridge loaf? That seems to me to be the essential question which emerges from the authorities to which I was referred.

20. The authorities which have been the most helpful in identifying the Court's task and the applicable legal principles are *Reckitt & Coleman Products Ltd v. Borden Inc. and others* [1990] 1 WLR 491, and *Jacobs Fruitfield Food Group Ltd v. United Biscuits (UK) Ltd* [2007] IEHC 368.

21. In his speech in *Reckitt & Coleman Products Ltd v. Borden Inc. and others*, Lord Oliver of Aylmerton stated:

"... the law of passing off can be summarised in one short general proposition, no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number. First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name.

Thirdly, he must demonstrate that he suffers or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff."

22. This so-called triple test is one which has found favour in this jurisdiction, as stated by Mr Justice Clarke in his judgment in *Jacobs Fruitfield Food Group Ltd v. United Biscuits (UK) Ltd* (supra).

23. In the present case there is no room for doubt that the plaintiff enjoys a reputation and goodwill in its product including by reason of the manner in which its product has been packaged over a number of years. That is not seriously disputed by the defendant, and in my view the first test is easily satisfied. As for the third test, the likelihood of damage to the plaintiff, it is appropriate in the present case to view the case as more in the nature of a quia timet action as far as damages are concerned, given the recent introduction by the defendant of its new packaging. I heard some evidence of losses said to result from the introduction of this new packaging, but there could easily be, on the evidence, other reasons for any losses which have been alleged by the plaintiff. I am satisfied that should the plaintiff succeed in satisfying the second test, then it would be reasonable and correct to grant an injunction, even though the plaintiff may have fallen short in being able at this stage to establish actual loss resulting. If there be actionable confusion, it is reasonable to conclude that this in all likelihood will result in customers purchasing the defendant's product in error, believing that he or she has purchased that of the plaintiff. Loss is therefore an inevitable foreseeable consequence.

24. Clarke J. considered also the extent to which the Court should view its consideration of the likelihood of confusion by reference to the careless or indifferent customer. In that regard, Clarke J. stated:

"It has been noted that a claimant is entitled to protection even in respect of a segment of its customers who may not exercise a very high degree of care in selecting the product concerned. That point should, in my view, however, not be exaggerated. There will be certain customers who may be, for all practical purposes, almost indifferent to which product of a particular type they may buy. At that level it is hard to see how a claimant has any entitlement to the continued allegiance of such customers. It is only where the customer concerned cares sufficiently about the precise product which he or she intends to purchase that a goodwill in that product can, realistically, be said to exist. It is hard to see how there is any goodwill attaching to a product by reference to an utterly careless purchaser. Nonetheless it remains clear that a claimant retains an entitlement not to have improper interference with any goodwill which it may have built up in customers who retain a wish to purchase the claimants' product but who may not exercise a very high standard of care in making their choices. In the words of the authorities the claimant retains a goodwill in those customers as well. It is, therefore, clear that the standard by reference to which the existence of goodwill needs to be judged (and, it follows, by reference to which the risk of confusion also needs to be determined) is that applied by any significant number of potential customers for the products concerned. It is also clear that those matters need to be judged by reference to the circumstances in which such customers will, typically, purchase the product concerned."

25. Concluding this part of his judgment as to the manner in which the Court should go about its task, the learned judge stated:

"Firstly I should have regard to the circumstances in which the products are likely to be purchased, the sort of customers who are likely to purchase them, and the amount of attention which, at least the less careful of those purchasers, are likely to apply to their considerations. The competing get ups should be judged as a matter of first impression but also by reference to the type of features which, in all the circumstances of the case, are likely to attract the attention of a purchaser in those circumstances. While it is true to state that distinguishing brand or trade names need to be carefully considered, that aspect of the case also needs to be seen in context by reference to the extent

which those features are likely, in all the circumstances, to have an effect on actual purchasers. I do not consider that either Fisons or Adidas establish any special rule to be applied in cases where brand or trade names are present. Those cases merely state the obvious. That in many, perhaps most, cases where there is a clear presence of a brand or trade name it is likely that purchasers will identify the differences in the product by reference to it. There may, however, be cases where, in all the circumstances of the case, and notwithstanding such a distinguishing feature, a risk of confusion nonetheless continues."

26. I respectively agree with that conclusion.

27. Competition has to be permitted. But any competitor must avoid mimicking, intentionally or unintentionally, the packaging of another producer to the extent that the average and reasonably careful customer is not confused into buying its product instead of that of its competitor. Each case will have to be decided on its own particular facts, and in particular by an observation of the two competing packages in as close to a typical retail situation as reasonably possible, and from the point of view of the average shopper. It is the first overall impression which is crucial, and not an over reliance on particular differences which can be identified on closer scrutiny. Such closer scrutiny which inevitable occurs during the course of a trial may easily serve to distract from that essential first overall impression which is what is gained by the customer in the shop.

28. In the present case I am satisfied that the competing loaves of bread are presented to the public in shops and supermarkets for the most part on open shelves of varying designs at or near eye level. Some of those shelves are flat, but some are sloped upwards at angles of varying degrees. On occasion these loaves are presented upright on a shelf. But there has been evidence also to the effect that throughout the day loaves may get tossed around on the shelf, even though when first placed there they were placed in an orderly and tidy way. Therefore any distinguishing features appearing on the front panel, though visible when the product is in an upright position, may not be so easily seen later in the day when they may be disturbed from that upright position, and be lying flat.

29. The result is that even a reasonably careful and observant customer may not read or notice in particular the front panel of the package until it is in his or her hand, because only the end or side of the package is visible on the shelf. For the average shopper, therefore, the competing brand name and indeed the distinctive red and yellow brand colours on the Brennans product or other distinguishing features may not be readily and clearly visible when the product is on the shelf. Each product looks almost identical from that angle and vantage point, being of the same general shape and size.

30. There is little doubt, however, that if the same customer was to look at and examine the product when in the hand, or indeed again when it is in the shopping basket or trolley, or indeed later again at the check out area, the brand name and distinctive brand colouring of the Brennans product would be observed, and any such customer who wanted the McCambridge product would be able to return the Brennans product to the shelf and replace it with the McCambridge loaf if it was available on the shelf. However, I have heard evidence from a small number of customers called by the defendant, some of whom have stated that it was not until they got home that they noticed that they had purchased the Brennans product rather than the McCambridge loaf which they had intended to purchase. I do not doubt the sincerity of the evidence which those witnesses have given.

31. As I have said, bread, including these loaves, is purchased regularly by customers, and it is not something to which typically much time will be devoted. Bread will be picked off the shelf quite quickly and placed in the basket or trolley without too much, if any, careful scrutiny. That is not the behaviour of a careless or indifferent shopper. It is in my view the normal and reasonable behaviour of the average shopper. This is something which must be borne in mind when considering the likelihood of confusion between the packaging of the Brennans product and that of McCambridge. For this reason, the Court must have regard to the first impression of the product on the customer when it is on the shelf, and to attach less importance to the later opportunities which the customer may have to notice that the wrong product has been placed in the basket or trolley before leaving the shop.

32. As I have said already, I am satisfied that there has been no deliberate attempt on the part of the defendant to imitate or copy the McCambridge packaging for the purpose of gaining market share or confusing the purchasing public. I believe that the defendant and its advisers genuinely believed that the placing of the Brennans name and logo using its distinctive red and yellow colours on the front panel of the packaging, and the use of the same distinctive colours along the top re-sealable strip, as well as by the use of a slightly different shade of green on the front panel, avoided any likelihood of confusion between its product and that of the plaintiff, even though each product has the same shape, size and overall appearance.

33. I accept that the Brennans packaging is somewhat different in the literal sense. The top re-sealable strip is distinctively coloured in red and yellow. The green panel on the front of the package is different in tone and size, though not greatly so. The script used on the front panel is different too. The Brennans name appears also, which though not very prominent is clearly visible.

34. I am concerned with the overall appearance on a first impression, and in particular that appearance as it is viewed by the average and reasonably observant customer when viewed from his or her vantage point on the shop shelf, and in the circumstances in which the product is purchased as outlined already.

35. As I have said, it is accepted that the plaintiff enjoys no monopoly in the shape and size of their wholewheat loaf, or in the type of packaging which they use such as a re-sealable strip, even though they have enjoyed a dominant position in the market for this product for many years, and indeed despite the fact that the public in general may identify McCambridge with this particular type of bread product.

36. Nevertheless, it would take more care and attention than I believe it is reasonable to attribute to the average shopper for him or her not to avoid confusion between the two packages when observed on the shelf, especially when these are placed adjacently or even proximately so. The positioning of the identifiable Brennans colours and logo, and the other distinguishing features on which evidence has been given, do not in my view overcome this risk, as such distinguishing features as exist may not be clearly visible prior to purchase, and in any event do not stand out clearly.

37. In my view, the Court should therefore grant appropriate injunctive relief to bring that situation that probability of confusion to an end.

38. As to damages, it has been agreed that this issue will not be dealt with until I have decided if an injunction should be granted, and accordingly I will say no more about that pending a further hearing on that question, if necessary.

Consumer Protection Act, 2007:

39. The plaintiff also seeks an order under section 71 of the Consumer Protection Act, 2007 ("2007 Act"). The Consumer Protection Agency, as required by the Act, was put on notice of these proceedings in view of the plaintiff's claim for relief under that section,

and at the commencement of the hearing before me, Counsel for the Consumer Agency appeared and indicated that it was adopting a neutral position in the dispute, and would maintain a watching brief only.

40. Section 71 (2) of the Act of 2007 provides that:

*"(2) Any person, including the Agency or any other public body that is prescribed for the purposes of this subsection, may apply to the Circuit Court or High Court for an order prohibiting a trader or person from committing or engaging in **a prohibited act or practice**". (emphasis added)*

41. Section 67 provides that "prohibited act or practice" means, inter alia, "(a) any unfair, **misleading** or aggressive commercial practice under Part 3".(emphasis added)

42. In Part 3 of the Act, section 43(2) provides that:

*"(2) A commercial practice is **misleading** if it would be likely to cause the average consumer to be deceived or misled in relation to any matter set out in subsection (3) and to make a transactional decision that the average consumer would not otherwise make." (emphasis added)*

43. Section 42 (3) then sets out a long list of matters for the purposes of section 43 (1) and (2), none of which are applicable in the present case.

44. Section 44 provides:

"44. – (1) A commercial practice involving marketing or advertising is misleading if it would be likely to cause the average consumer --

(a) to confuse –

(i) a competitor's product with the trader's product, or

(ii) a competitor's trade name, trade mark or some other distinguishing feature or mark with that of the trader,

and

(b) to make a transactional decision that the average consumer would not otherwise make."

45. It seems to me that if the plaintiff is entitled to an injunction under section 71 of the Act of 2007, it would have to be because what the defendant is found to have done in relation to the design of its packaging is a commercial practice "involving marketing or advertising", thereby coming within the definition of a "prohibited act or practice" for the purpose of section 71 of that Act. I do not consider that to be the case, in view of the nature of the findings which I have made, and therefore do not consider that the plaintiff should obtain an injunction under that section.

46. I will hear the parties as to the precise terms in which an injunction should be granted in order to meet the needs of the case, and reflect my conclusions.