

## THE HIGH COURT

## COMMERCIAL

[2013 No. 13177 P]

BETWEEN

ALDI STORES (IRELAND) LIMITED AND ALDI GMBH AND CO KG

PLAINTIFFS

AND

DUNNES STORES (No.2)

DEFENDANT

JUDGMENT of Mr. Justice Cregan delivered on the 21st day of July, 2015

## INTRODUCTION

1. In my first judgment in these proceedings, delivered on 9th June 2015, I concluded that Dunnes Stores had infringed the Comparative Advertising Regulations with its comparative advertisements and, in particular, that it had infringed Regulation 4 (2) (d) Regulation 4 (2) (c) and Regulation 4 (2) (b) (and therefore also ss. 43-46 of the Consumer Protection Act 2007). I also concluded that the defendant had infringed the plaintiffs' trade marks. At the end of my judgment, I indicated that I would hear further submissions from the parties about the nature and scope of any potential remedy and the form of the order.

2. There were two issues which subsequently arose. These are:

(i) Whether the plaintiffs are entitled to an injunction against the defendant;

(ii) Whether the plaintiffs are entitled to proceed with the damages module of the trial.

3. I will deal with both of these issues in turn.

## WHETHER AN INJUNCTION SHOULD BE GRANTED IN THIS CASE

4. The plaintiffs submitted that, given the behaviour of the defendant and the terms of the court judgment, they were entitled to an injunction against the defendant. The defendant submitted that it was unnecessary, and indeed inappropriate, to grant an injunction on the facts of this case. Both parties filed detailed legal submissions in respect of this issue.

## (i) Whether an injunction should be granted under the Community Trade Mark Regulation?

5. Article 102 (1) of the Community Trade Mark Regulation 207/2009 (the "CTM Regulation") provides as follows:

*"Where a Community trade mark court finds that the defendant has infringed or threatened to infringe a Community trade mark, it shall, unless there are special reasons for not doing so, issue an order preventing the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. It shall also take such measures in accordance with its national law as are aimed at ensuring that this prohibition is complied with."* (Emphasis added).

6. The High Court has been designated a Community Trade Mark Court by the Trade Marks Act, 1996 (Community Trade Marks) Regulations, 2000 (S.I. No. 229/2000).

7. In reliance on this provision, the plaintiffs submit that they are entitled to an injunction. They submit that a significant property right of theirs – namely their trade marks – has been infringed and has been used to mislead the public. They also submitted that all complaints which they made to Dunnes Stores were ignored and that the defendant maintained its entitlement to use the plaintiffs' trade mark until the Court delivered its judgment. They also argued that the fact that the defendant's campaign had ceased in August 2013 was not a ground on which the Court should refuse an injunction restraining the defendant from infringing the marks.

8. The plaintiffs also relied on *Nokia Corp v. Joacim Wardell* [2006] ECR I- 12083, (Case C-316/05). In that case, the CJEU considered Article 98 of the Community Trade Mark Regulation 40/94 (the predecessor of Article 102 CTM Regulation 207/2009) and stated as follows:

*"21. It follows from the need for uniform application of Community law and from the principle of equality that the terms of a provision of Community law which makes no express reference to the law of the Member States for the purpose of determining its meaning and scope must normally be given an autonomous and uniform interpretation throughout the Community, having regard to the context of the provision and the objective pursued by the legislation in question (see, inter alia, Ekro [1984] ECR 107).*

*22. That applies to the term 'special reasons' in the first sentence of Article 98(1) of the Regulation.*

*26. It is essential, for the purposes of protecting Community trade marks, to enforce the prohibition against infringement of those marks.*

*27. If the condition relating to 'special reasons' were to be interpreted differently in the various Member States, the same circumstances could give rise to prohibitions of further infringement or threatened infringement in some Member States and not in others. Consequently, the protection afforded to Community trade marks would not be uniform throughout the entire area of the Community.*

*28 The term 'special reasons' must therefore be given a uniform interpretation within the Community legal order.*

29 In that regard, it must be noted, firstly, that, in the different language versions, the first sentence of Article 98(1) of the Regulation is drafted in mandatory terms (see, *inter alia*,.... in English, 'shall ... issue an order prohibiting');

30. It follows that, in principle, a Community trade mark court must issue an order prohibiting further infringement or threatened infringement and, therefore, that the condition relating to 'special reasons for not doing so' – which the wording of Article 98(1) clearly shows is an exception to that obligation .....must be interpreted strictly."

31. Secondly, Article 98(1) of the Regulation is an essential provision for the purposes of achieving the objective pursued by the Regulation of protecting Community trade marks within the Community.

32 As Advocate General Sharpston pointed out at point 24 of her Opinion, if the issue of a prohibition against further infringement or threatened infringement of a Community trade mark were conditional on an obvious or not merely limited risk of recurrence of such acts, the applicant would probably be required to furnish evidence of that risk. Such evidence regarding the possible conduct of the defendant in the future would be difficult for the applicant to adduce and risk undermining the exclusive right conferred on him by the Community trade mark.

33. Thirdly, as was pointed out in paragraph 25 of this judgment, the protection of Community trade marks must be uniform throughout the entire area of the Community"

"34. An interpretation according to which the issue of a prohibition against further infringement or threatened infringement of a Community trade mark was conditional on an obvious or not merely limited risk of recurrence of such acts on the part of the defendant would result in the extent of the protection of that mark varying from one court to another, indeed from one action to another, according to the assessment made of that risk.

35. The above considerations obviously do not preclude a Community trade mark court from not issuing such a prohibition were it to find that further infringement or threatened infringement on the part of the defendant was no longer possible. That would apply in particular if, after the commission of the acts in question, an action were brought against the proprietor of the mark infringed which culminated in a revocation of his rights.

36. The answer to the first question must, therefore, be that Article 98(1) of the Regulation is to be interpreted as meaning that the mere fact that the risk of further infringement or threatened infringement of a Community trade mark is not obvious or is otherwise merely limited does not constitute a special reason for a Community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts." (emphasis added).

Finally in the operative part of the ruling at para. 1, the CJEU stated:

"Article 98 (1) of Council Regulation 40/94 on the Community Trade Mark is to be interpreted as meaning that the mere fact that the risk of further infringement or threatened infringement of a Community Trade Mark is not obvious or is otherwise merely limited does not constitute a special reason for a Community Trade Mark Court not to issue an order prohibiting the defendant from proceeding with those acts."

2. Article 98 (1) of Regulation 40/94 is to be interpreted as meaning that the fact that the national law includes a general prohibition of the infringement of Community Trade Marks and provides for the possibility of penalising further infringement or threatened infringement, whether intentional or due to gross negligence, does not constitute a special reason for a Community Trade Mark Court not to issue an order prohibiting the defendant from proceeding with those acts."

9. It is clear therefore, having regard to the provisions of Article 102 (1) of the CTM, that where a Community Trade Mark Court finds that a defendant has infringed a Community trade mark it shall issue an order preventing the defendant from proceeding with the acts which infringed or would infringe the Community trade mark. There is therefore, under the Community trade mark regulation, an obligation on Community Trade Mark Courts to issue an injunction preventing further infringements of Community trade marks in the future, where a defendant has infringed a Community trade mark in the past.

10. Thus, the fact that the defendant's past conduct has now ceased, does not appear to be a defence to an application for an injunction under the Community trade mark regulation (absent special reasons).

11. Any doubt which I might have entertained in this matter has been put beyond doubt by the dicta of the CJEU in the *Nokia Corp* case. Its statements, at para. 30, that "in principle, a Community trade mark court must issue an order prohibiting further infringement," and, that the condition relating to 'special reasons for not doing so' must be interpreted strictly, clearly mean that a Community trade mark court must issue an injunction prohibiting further infringement where there has been a past infringement.

12. Indeed the CJEU put the matter beyond doubt at para. 36 of its decision where it stated that:

"The mere fact that the risk of further infringement ...is not obvious or is otherwise merely limited does not constitute a special reason for a community trade mark court not to issue an order prohibiting the defendant from proceeding with those acts".

13. It is also clear, based upon the submissions of the defendant, that although the campaign at issue in these proceedings has been discontinued, the defendant fully intends to engage in comparative advertising in the future. That is, of course, its legal entitlement - provided its comparative advertisements are in compliance with the Comparative Advertising Directive and Regulations. However the fact that it does intend to engage in comparative advertising in the future, does mean that there is a "risk of further infringement". It also means that "the risk of further infringement" is "obvious" and is not "an otherwise merely limited" risk, within the meaning of the words of para. 36 of the CJEU decision.

14. Likewise, having regard to para. 35 of the CJEU decision, given that the defendant intends to engage in further comparative advertising in the future, it is not possible to conclude that further infringements on the part of the defendant are no longer possible. Thus, although para. 35 of the CJEU decision in *Nokia Corp* permits a Community Trade Mark Court not to issue an injunction, were it to find that further infringement on the part of the defendant were no longer possible, I am of the view that, on the facts of this case - and in the light of the defendant's submissions - further infringement is indeed possible.

15. I would conclude therefore that – unless there are special reasons for not doing so - this Court must issue an injunction

preventing the defendant from infringing the plaintiffs' Community trade marks.

16. I turn now to consider whether there are any special reasons for not doing so on the facts of this case.

## **(ii) Are there "special reasons" for not granting an injunction under the CTM Regulation?**

17. As is stated in Article 102 (1) of the CTM Regulation, a Community Trade Mark Court shall issue an injunction preventing an infringement of a Community trade mark where the defendant has infringed a Community trade mark unless there are special reasons for not doing so.

18. The meaning of this phrase "special reasons for not doing so" was considered in the *Nokia Corp* decision. In that case, a Swedish court found that the defendant had infringed a Community trade mark belonging to the plaintiff and that there was some risk that he might, in the future, commit the same infringement of that trade mark. However the Swedish court accepted that Mr. Wardell had never committed such an infringement before and that he could be accused only of carelessness. It therefore held that there was no need to make an order preventing him from further infringing Nokia's trade mark. Nokia appealed that decision to the Swedish Supreme Court submitting that the fact that Mr. Wardell objectively infringed its trade mark rights was sufficient to require the court to make an order preventing him from further infringing its trade marks. The Swedish Supreme Court referred the matter to the CJEU. As stated above, at para. 30 of its decision, the CJEU stated that the phrase "special reasons for not doing so" "must be interpreted strictly".

19. In the *Nokia Corp* case, Mr. Wardell had apparently infringed the plaintiff's Community trade mark as a result of carelessness only and yet the CJEU held that an injunction should be granted. However, in this case, the defendant is not guilty of mere carelessness. As I stated at para. 395 of my first decision:

*"395. I have also considered the principle of proportionality and any application of a de minimis principle. However I am of the view that the comparative advertisements organised by Dunnes Stores in this case were part of a calculated and protracted nationwide campaign running from June – August 2013 in every Dunnes Stores supermarket in Ireland. I have no doubt that this was a calculated, strategic and commercial campaign to take on Aldi. There is nothing unlawful in such a campaign generally. Indeed it is essential in a competitive market. However, if Dunnes Stores chooses to engage in comparative advertising it must obey the rules of comparative advertising. This it failed to do. I do not believe that this failure was minimal or insignificant. Therefore, even applying the principle of proportionality to this case, I am of the view that the Dunnes advertisements are still a clear infringement of the Directive and the Regulations."*

20. In this case, the defendant seeks to rely on a number of special reasons for not granting an injunction.

21. The defendant's first "special reason" is that if the court were to grant an injunction against the defendant, it would have a "chilling effect" on the defendant. It is difficult to see, as a matter of principle, why this is so. If the court were to grant an injunction against a defendant, it would mean that the defendant is prohibited from engaging in unlawful comparative advertising. The defendant of course should not engage in unlawful comparative advertising in any event, so the effect of such an injunction is merely to prohibit the defendant from issuing comparative advertisements which infringe the Comparative Advertising Directive and Regulations. It is, therefore, an injunction directed against it to comply with the law and not to infringe the plaintiffs' trade marks. It is difficult to see how this can have any "chilling effect" of any kind.

22. The defendant's second argument is that if the plaintiff were to obtain such an injunction it would have anti-competitive effects. The defendant relies, for the purposes of this submission, on the fact that the plaintiffs brought similar proceedings against Tesco and that such proceedings were compromised on the basis of Tesco giving certain undertakings to the Court in relation to its comparative advertising campaigns and the use of the plaintiffs' trade marks. A copy of these agreed terms was handed into court. The defendant says that if the plaintiffs, (having obtained undertakings from Tesco) were to obtain an injunction against the defendant, it would have undertakings and an injunction against two of its main competitors in the market place and this would have an anti-competitive effect.

23. However, a court order is not an agreement, decision or concerted practice between undertakings within the meaning of the Competition Act. Mr. Howard S.C. for the defendant accepts this proposition but still maintained that the order could have anti-competitive effects. Again however, it is difficult to see in principle how this could be so. An undertaking by Tesco not to infringe the Comparative Advertising Regulations, and an injunction directed at Dunnes not to infringe the Comparative Advertising Regulations, are designed to prohibit them from breaking the law. It is difficult to see how this could possibly have any anti-competitive effects of the type argued for by Mr. Howard S.C. I do not accept this submission.

24. The third argument relied upon by the defendant for the refusal of an injunction is that it would not be in the public interest to do so. However, I regard this submission as unmeritorious. At para. 398 of my judgment I stated as follows:

*"I have considered this Regulation and I have also considered the public interest. In my view it is clear that there is a "public interest" in ensuring that the actions of Dunnes Stores (in engaging in prohibited comparative advertising of the sort described in these proceedings) should be prohibited."*

25. Dunnes Stores submit that there is a public interest in encouraging comparative advertising in the interest of consumers. That is undoubtedly the case. The recitals to the Directive make that clear. However, the public interest is served by lawful comparative advertising. The public interest is most definitely not served by unlawful and misleading comparative advertising as is the case here. Indeed, in my view, there is a public interest in ensuring that Dunnes Stores are enjoined in the future from engaging in misleading comparative advertising. Whilst it is the plaintiffs who have brought these proceedings to restrain an infringement of their trade mark, members of the public and consumers at Dunnes Stores have been misled by the advertisements in which Dunnes Stores purported to compare their products with those of Aldi in a misleading manner. It is therefore in the public interest to ensure that customers of Dunnes Stores are not so misled in the future.

26. Fourthly, Dunnes Stores seek to argue that the grant of an injunction would be oppressive or disproportionate to Dunnes. Again however, in my view, this submission is entirely unfounded. Any injunction which would be granted would simply be to ensure that Dunnes Stores do not engage in any future unlawful comparative advertising.

27. Fifthly, the defendant submitted that an injunction should not be granted because its effect would be futile. This argument is based on the proposition that because the campaign is over, there is no necessity to grant an injunction. However, any injunction which would be granted by the court is not an injunction to prevent Dunnes Stores from running a similar campaign. Dunnes Stores can run whatever campaign it wishes to do. It is not the campaign which is the issue. The issue is, that as part of that campaign,

Dunnes Stores engaged in unlawful comparative advertising. That is the problem. The remedy, therefore, is an injunction to restrain any future unlawful comparative advertising. In my view, the submission that any injunction granted would be futile is unfounded.

28. Sixthly, the defendant submitted that, in effect, what Aldi was seeking was a quia timet injunction on the grounds that the plaintiff merely had an apprehension of injury. However, in my view, that argument is misconceived. The plaintiffs have already established that Dunnes Stores engaged in a nationwide campaign which consisted of numerous unlawful comparative advertisements, which infringed the plaintiffs' trade marks. The plaintiffs established on the evidence, and the court so found, that the defendant had indeed infringed the plaintiffs' trade marks. It is not the case that the plaintiffs have a fear or apprehension that Dunnes Stores would commit an infringement. It has been proved that Dunnes Stores committed such infringements. I therefore reject this submission.

29. The defendant also sought to rely on *Patterson v. Murphy* [1978] ILRM 85 where Costello J. stated that, in order to determine whether to grant injunctive relief, the Court should consider whether there is a "threatened infringement to a material extent". However the words "to a material extent" are not to be found in Article 102 (1) of the CTM Regulations. Moreover *Patterson v. Murphy* was a case about nuisance, not a case about infringement of trade mark rights. Therefore in my view that submission is unfounded.

30. The defendant also relied on a number of authorities. In *Gucci Spa v. Shipton and Heneag Ltd* [2010 EWHC 1739], Lewison J. in the UK High Court, commented on *Nokia Corporation v. Wardell* as follows at para. 17 of his decision:

*"Although not concerned with this Article of the CTMR, the ECJ has considered the meaning of 'special reasons' in the context of what is now Article 102 of the CTMR. The case in question is Nokia Corporation v. Wardell. The court held, first, that special reasons must be given an autonomous and uniform interpretation throughout the EU; and second, that special reasons must relate to factual circumstances specific to a given case. In addition, in that case, Advocate General Sharpston said that since special reasons were a derogation from a general mandatory rule, a derogation is to be narrowly construed. In my judgment, the same approach applies to Article 104, although the phrase in Article 104 is 'special grounds' as opposed to 'special reasons'."*

31. Likewise Lewison J. stated at para. 19:

*"'Special' to my mind connotes something out of the ordinary run of cases. The fact that the CTMR specifically contemplates a stay where there are concurrent proceedings relating both to a CTM and a national trade mark, indicates to my mind that the mere fact that there are concurrent claims cannot be regarded as a special reason. In my judgment, the same must be true where there is a passing off claim tacked on which arises out of substantially the same facts. As the court said in Nokia, the general national law cannot be regarded as a special reason."*

32. The defendant also relied on *University of Oxford v. Oxford Law School Ltd* [2014] All ER (D) 104, where Lambert J., having set out the provisions of Article 102 (1) of the CTM Regulation, states at 122:

*"122. In the case of EMI (IP) Ltd v. British Sky Broadcasting Group Plc 2012 EWCA the words 'special reasons' in the context of Article 104 of the Regulation were said to relate to the factual circumstances specific to the given case".*

*"124. An injunction is a discretionary remedy. The court will be concerned to ensure that any injunction is appropriate and proportionate in the light of all the facts in the case. A final injunction will normally be awarded by the court where an infringement has been established and the defendant has evinced an attention to engage in an infringing activity. However it will not be awarded where it appears from all the circumstances that the wrongdoer does not threaten or intend to repeat the acts of infringement".*

33. Whilst it is true, as a matter of general common law, that an injunction is a discretionary remedy, it would appear from Article 102 (1) of the Community Trade mark Regulation that, as a matter of EU law, the Court shall issue an injunction where it finds that a defendant has infringed, or threatened to infringe, a Community trade mark unless there are special reasons for not doing so. To the extent, of course, that a Court must consider "special reasons", an injunction is still a discretionary remedy and does not have to be granted by the court in all circumstances. But it appears from Article 102 (1) of the CTM Regulation that an injunction should be granted, where an infringement has been established, unless the defendant can establish special reasons for not doing so.

34. At para. 127 of the University of Oxford case Lambert J. stated as follows:

*"127. I am of the view that the claimant should be granted an injunction under Article 102 (1) of the Regulations. The only reason which could be relied upon to prevent an injunction being granted is that the defendant has ceased trading and the defendant claimed (albeit without evidence and support) that the company has been dissolved. However the defendant has not relied upon this argument. Furthermore on the claimant's evidence, Company House lists the company as still active, and its domain name remains registered. In addition the defendant has denied all the claims in this litigation, has declined to give undertakings and it has refused to assign its domain name or company registration name. Consequently despite the defendant having ceased trading I do not consider that any genuine intention to refrain from infringing the claims marks has been expressed. It is perfectly reasonable in these circumstances for the claimant to be granted injunctive relief.*

*128. The claimant is also entitled to protection where there has been a clear infringement and the marks are critical to the claimant's reputation and its business revenue. I also consider that the award of an injunction is appropriate and proportionate where the defendant has failed to give any undertakings not to repeat the acts of infringement and has failed to assign to the claimant names containing its marks which suggest that the defendant may intend to continue using its sign and those names at some time in the future".*

35. Thus, even in the University of Oxford case, the fact that the defendant had ceased trading (and perhaps had been dissolved), was not a "special circumstance or special reason" for refusing to grant an injunction. Likewise, in the present case, I am also of the view that the plaintiffs are entitled to protection because there has been a clear infringement of their trade marks, their trade marks are critical to their reputation and business, and the defendant has failed to give any undertakings not to repeat the acts of infringement.

36. Mr. Justice Lambert stated at para. 132 of his judgment:

*"132. I therefore conclude that it is fair and appropriate for me to make an order that the defendant take such steps as*

may be necessary to transfer to the claimant ownership of the domain name [www.oxfordlawschool.co.uk](http://www.oxfordlawschool.co.uk)"

37. The defendant sought to argue that this line of authority has in some way transmuted a "special reasons" test to a "fair and appropriate" test. However, in my view, that is not correct as a matter of law. It is clear from a full reading of the decision of Lambert J. that he considered the relevant test to be whether there were special reasons for not granting an injunction.

38. The defendant also sought to rely on *Starbucks (HK) Ltd v. British Sky Broadcasting Group Plc* [2012 EWCA 1201] a decision of the UK Court of Appeal. Etherton L.J. stated at para. 109 of his judgment:

*"110. Eighthly, I agree with Mr Hobbs that the expression "special grounds" in Article 104(1) bears the same meaning and is to be applied in the same way as the expression 'special reasons' in Article 102 of the CTM Regulation, and, accordingly, special grounds must relate to factual circumstances specific to the given case: Nokia Corp v Wardell [2006] ECR I-12083 at paragraphs 38 and 39."*

39. It is clear from the manner in which these provisions have been applied by the UK courts, that the phrase "special reasons" is to be narrowly interpreted and indeed, it might only be in rare and exceptional cases where there are special reasons, within the meaning of Article 102 of the CTM Regulation.

40. The defendant also sought to rely on *Samsung Electronic (UK) Ltd. v. Apple Inc.* [2012] EWCA 729. However the dicta of the Court at para. 49 (where they said it would be "rash to attempt to define" special grounds but that "something can usefully be said in relation to the legislative policy") must be understood in the context of that decision. At issue in that case was Article 91 (1) of the Community Design Regulation (CDR) which deals with specific rules on "Related Actions". Article 91 (1) deals with whether a court in one member state should stay proceedings where similar proceedings are taking place in another Community design court. Thus, the special grounds which might be considered in such a context are completely different to the "special reasons" to be considered under Article 102 of the CTM on the granting of an injunction.

41. The defendant also submitted that it is also open to the court to consider damages as an alternative to an injunction. Various authorities were relied on by the defendant in that regard. I have considered these authorities. However, in my view, the grant of damages is not a sufficient alternative on the facts of this case for the reasons set out above.

42. I would therefore conclude that the plaintiffs are entitled to an injunction under Article 102 (1) of the CTM Regulation and that there are no special reasons for not granting such an injunction.

### **(iii) Whether an injunction should be granted under the Irish Trade Marks Act?**

43. Mr. Gallagher S.C. submitted on behalf of the plaintiffs that there should be consistency and coherence between Irish law and EU law. He submitted therefore, that the plaintiffs were also entitled to an injunction under Irish trade mark law.

44. Section 18 (2) of the Trade Marks Act provides as follows:

*"In an action for infringement of a registered trade mark all such relief by way of damages, injunctions, accounts or otherwise shall be available to the proprietor as is available in respect of the infringement of any other property right".*

45. The plaintiffs also rely on *Kerly's Law of Trade Marks and Trade Names* which stated as follows (15th ed. page 739 para. 20-057):

*"The grant of an injunction in trade mark and passing off cases is governed by the general rules applicable where other rights are concerned. There must be some threat or probability that the infringement will be commenced, continued or repeated or the court will not interfere. If an actual infringement is shown to have occurred that is usually sufficient and the claimant is not bound to wait until it has been frequently repeated or until warning has been given and been disregarded for 'the life of a trade mark depends upon the promptitude with which it is vindicated'".*

46. Likewise in *Styner v. Stephens* [1957] RPC 439 the court held that the plaintiff was entitled to an injunction restraining an infringement of the trade mark even though such an infringement was relatively minor (as the defendant had only sold one item which infringed the plaintiff's trade mark and the infringement was due to carelessness rather than being a deliberate infringement). However, the court granted an injunction in that case in circumstances where the defendant declined to give an apology or an undertaking not to infringe. The plaintiffs have submitted that the court granted an injunction in that case even though it was a single minor infringement of a trade mark whereas in the present case the defendant's infringements of the trade mark have been widespread and part of a calculated and nationwide campaign. I agree with that submission.

47. Having considered all of the above, and the defendant's submissions, I am of the view that the plaintiffs are also entitled - by virtue of the Trade Marks Act - to an injunction in the circumstances of this case where their trade marks have been infringed by the defendant.

### **(iv) Should an injunction be granted under the 2007 Comparative Advertising Regulations?**

48. Regulation 5 (1) of the 2007 Comparative Advertising Regulations provides as follows:

*"A trader or other person may upon giving notice of the application to the trader against whom the order is sought, apply to the Circuit Court or the High Court for an order prohibiting that trader from*

*(a) Engaging in or*

*(b) Continuing to engage in a misleading marketing communication or a prohibited comparative marketing communication."*

49. Regulation 5 (3) of the 2007 Regulations provides:

*"In determining an application under this Regulation, the Court shall consider all interests involved and, in particular, the public interest."*

50. Regulation 5 (4) of the 2007 Regulations provides that:

*"If the Court considers it necessary or appropriate in the circumstances, taking into account all the interests involved and, in particular, the public interest, the Court may make an order under paragraph (1) (b) without proof of any actual loss or damage on the part of the person making the application, or any intention or negligence on the part of the trader against whom the order is sought."*

51. In the light of the above statutory provisions the plaintiffs submit that they are entitled to an order under Article 5 (1) of the Regulations prohibiting the defendant from committing or engaging in prohibited comparative marketing communications.

52. It is clear that the language of these statutory sections is not mandatory as is the language of the Community Trade mark Regulation as interpreted by *Nokia Corp.* Thus Regulation 5 (4) provides that the court may make an order under para. 1 (b).

53. Under Regulation 5 (3) of the 2007 Regulations the court shall "consider all interests involved and in particular the public interest".

54. I turn therefore to a consideration of those interests. As I stated at para. 398 of my judgment:

*"I have considered this Regulation [Regulation 5 (3) and Regulation 5 (4)] and I have also considered the public interest. In my view, it is clear that there is a "public interest" in ensuring that the actions of Dunnes Stores (in engaging in prohibited comparative advertising of the sort described in these proceedings) should be prohibited."*

55. Likewise, as stated above, I am of the view that there is a clear public interest in ensuring that any future actions of Dunnes Stores (whereby they might infringe the provisions of the Comparative Advertising Regulations) should be prohibited. I have no doubt that it is in the public interest to grant an injunction against Dunnes Stores to ensure that they do not engage in unlawful comparative advertising in the future.

56. I come then to consider "all interests involved". It is clearly in the plaintiffs' interest that such an injunction should be granted.

57. I must also, of course, have regard to the interests of the defendant. However it is clear that the defendant has carried out a nationwide campaign which breached the Comparative Advertising Regulations. Therefore the defendant's interests in this case must yield to the plaintiffs' entitlement to have its trade marks protected.

58. It is difficult to consider what other interests might be involved. The interests of other competitors in the grocery retail market in Ireland were not directly affected by the issues between the parties in this case.

59. I would therefore conclude that this is a necessary and appropriate case to grant an injunction under the Comparative Advertising Regulations.

60. The defendant sought to argue that because Regulation 5 (1) speaks of "a" misleading marketing communication or, "a" prohibited comparative marketing communication, that no order broader than the actual infringement found can be granted and no order could be made which might anticipate any future use of Aldi's trade marks. In my view, this argument is entirely unfounded. Regulation 5 (1) in effect permits the High Court to make an order prohibiting a trader from engaging in a misleading marketing communication or a prohibitive comparative marketing communication. Each shelf - edge label at issue in these proceedings was "a prohibited comparative marketing communication". So were the banners. Thus there is clearly a statutory basis for an injunction under the Comparative Advertising Regulations.

#### **(v) Section 71 (2) of the 2007 Consumer Protection Act**

61. Section 71 (2) of the 2007 Consumer Protection Act provides as follows:

*"Any person, ... 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."*

62. Section 71 (4) of the 2007 Act provides:

*"In determining an application under this section, the court shall consider all interests involved and, in particular, the public interest."*

63. Section 71 (6) of the 2007 Act provides:

*"If the court considers it necessary or appropriate in the circumstances, taking into account all interests involved and, in particular, the public interest, the court may make an order under this section without proof of any actual loss or damage or of any intention or negligence on the part of the trader."*

64. Having regard to the analysis which I have set out above I am also of the view that the plaintiff is entitled to an injunction under these provisions of the 2007 Act.

#### **(vi) Whether the court should, in the exercise of its discretion, grant an injunction in this case?**

65. However, even if I am incorrect in my assessment of the legal interpretation of s.102 (1) of the Community Trade Mark Regulation, the Irish Trade Marks Act, and the Comparative Advertising Regulations I turn now to a consideration of whether - in the exercise of the court's discretion - I ought to grant an injunction in this case.

66. Having considered all the circumstances of the case, I am of the view that this is an appropriate case in which to grant such an injunction. I say this for the following reasons:

1. It is clear from the evidence, and indeed from my judgment, that the unlawful comparative advertisements organised by Dunnes Stores were part of a calculated and protracted nationwide campaign. I concluded that Dunnes Stores had engaged in unlawful advertising and that the failure was not minimal or insignificant. Each comparative advertisement was an infringement of the plaintiffs' trade marks. As the defendant advertised these products on numerous occasions, in respect of numerous products, in numerous stores throughout the country,

there were therefore numerous infringements of the plaintiffs' trade marks.

2. The defendant's own experts accepted that in respect of certain products, the products were not comparable. This was, in effect, a tacit admission by the defendant's own experts that the Dunnes Stores advertisements did not comply with the Comparative Advertising Regulations. Despite the evidence of its own experts, the defendant maintained a robust defence that its advertisements did not infringe the Comparative Advertising Regulations.

3. The infringement of the plaintiffs' trade marks is a serious infringement of an important intellectual property right. The fact that it was infringed on so many occasions in so many stores throughout Ireland for a long period of time illustrates the gravity of the infringements.

4. Whilst it is true that the specific campaign, which was the subject matter of these proceedings has now ended, that is not the end of the matter. It was not "the campaign" which was the issue. The issue was the use of unlawful comparative advertisements by Dunnes. Thus the fact that the campaign has finished is beside the point. The issue is that Dunnes Stores infringed the plaintiffs' trade marks.

5. It is also clear from the defendant's submissions that the defendant does indeed intend to continue with comparative advertising campaigns into the future. That is its right. However, it cannot engage in unlawful comparative advertising.

6. I also note that the defendant has refused to give any undertakings to the court. This, in my view, is also a factor which it is reasonable to take into account in circumstances such as this. Whilst I understand the reasons for refusing to give such an undertaking – which are similar to the reasons for resisting an application for an injunction – nevertheless, it is usual in cases of this nature to give such an undertaking to the court. It is a factor to which I have given some – but very limited – weight.

7. I am concerned, that were the court not to grant such an injunction, Dunnes might, whether accidentally or carelessly, launch comparative advertising campaigns in the future which would engage in unlawful comparative advertising and thereby infringe the plaintiffs' trade marks. An injunction would ensure that this would not be done.

8. My concern on this issue is heightened by the fact, as the plaintiffs repeatedly complained, that Dunnes Stores never even bothered to answer any of their correspondence. Mr. Gallagher S.C. submitted that it showed an "extraordinary arrogance" on Dunnes' part not to do so and illustrated the fact that Dunnes Stores paid scant regard to the intellectual property rights of its competitors. In my view, there is considerable force to this submission. Whilst of course, there is no legal obligation to reply to correspondence, the failure to do so, on the facts of this case, goes beyond mere discourtesy. It shows, at the very least, a cavalier attitude to the complaints – in this case the lawful and justifiable complaints – of its competitors. Its refusal to answer even the most basic correspondence, meant – as it has turned out – that it refused to reply to a competitor's correspondence when that correspondence pointed out – correctly – that Dunnes Stores was unlawfully infringing their trade mark. Such a cavalier attitude toward a breach of a competitor's trade marks does not inspire me with any confidence that Dunnes Stores would take sufficient care to ensure that this would not happen again. On the contrary, I believe that an injunction is necessary to ensure that it will comply with the terms of the Comparative Advertising Regulations and to ensure that it does not infringe the plaintiffs' trade marks again.

#### **SHOULD THE DAMAGES MODULE OF THE TRIAL PROCEED?**

67. The second issue which arose at the hearing was whether the damages module of the trial should proceed, in circumstances where the defendant has stated its intention to appeal my decision on liability. The plaintiffs submitted that they should be allowed to proceed with a hearing on damages; the defendant submitted that the proceedings should be stayed until the appeal has been heard.

68. By order dated 10th March, 2014 the High Court (Kelly J.) determined that the trial of the action should be split into two separate modules – the first module dealing with issues of liability and the second module dealing with the issue of quantum. This application was made by Dunnes Stores and was consented to by Aldi. As a result, the parties did not agree or provide discovery of any documentation in respect of the quantum issues and no witness statements, or submissions, were delivered in respect of such matters.

69. The plaintiffs submitted that the default position for trials was that all matters, including liability and quantum, are dealt with in a single trial. The plaintiffs accept that they consented to a split trial on liability and quantum but they submit they never agreed that, should the first module on liability result in a determination in their favour, the second module would be postponed, in the event that the defendant chose to appeal the court's determination in the first module.

70. The plaintiffs also submitted that, as a matter of principle, if the module on damages was delayed this would result in a significant injustice to the plaintiffs, because their damages claim would be significantly delayed. They submitted that if the damages claim was stayed pending the appeal on liability, and if the damages claim were then heard and appealed, then the High Court trial would have taken many years from its commencement to conclusion. They submitted that, if that were the case, no plaintiff in any future case would ever agree to a modular hearing of liability and quantum.

71. In that regard the plaintiffs relied on *Inland Fisheries Ltd v. O'Baoill* [2015] IESC 45 and *Cork Plastics v. Ineos Compound UK Ltd* [2008] IEHC 93 Clarke J.

72. Dunnes Stores submits that the quantum module of the proceedings could take at least eight days. The defendant submits that it would be entirely wasteful of costs and resources to proceed with a trial on quantum if the appeal on liability was successful.

73. Having considered the submissions of both parties, I am of the view that a separate trial on the damages module should not take place until the appeal on liability has been heard. I say this for the following reasons:

(1.) The defendant has stated that it wishes to appeal the liability issue to the Court of Appeal. That is its right. In the event that the defendant is successful in its appeal, and in the event that the court had proceeded with an eight day trial on damages, then two weeks of court time would have been wasted. As stated in *Talbot v. Hermitage Golf Club* [2014] IESC 57, the effect of this would be to deprive other litigants of their chance to get their cases heard in a speedy and effective manner.

(2.) These proceedings have taken place in the Commercial Court. The demands on the Commercial Court – as on every High Court – are pressing and its resources are limited. There is, therefore, an important interest in the proper administration of justice to ensure that court time is properly and effectively used.

(3.) It is also clear as a matter of common sense that a court should not proceed with a damages hearing which could be a waste of time if the appeal on liability was upheld.

(4.) Any hearing on damages would also be wasteful of legal costs if the defendant was successful in its appeal. In the context of lengthy and expensive commercial proceedings, such as these, this is a factor to which the court should give considerable weight.

74. However, I am also of the view that there is substance to the plaintiffs' submission that if the damages module was to be stayed in its entirety, then there would be considerable delay in the final resolution of these proceedings. I am of the view therefore, that the appropriate decision in respect of this module is to permit the continuation of the damages claim until the trial stage. Thus, the plaintiffs should provide full particulars of their damages claim to the defendant. In addition there should be an exchange of witness statements and, if necessary, experts' reports. In addition letters seeking voluntary discovery should be exchanged. Moreover, if there are any motions in respect of discovery- and if the defendant seeks to object to any of the discovery sought - then those motions should be heard and determined. In addition, any relevant affidavits of discovery should be exchanged. This process can take place in parallel with the appeal to the Court of Appeal. However, no trial date should be given to the parties for the hearing of the damages module until the Court of Appeal has determined the appeal. Thus, in the event that the Court of Appeal rejects the appeal, the plaintiffs can then apply to the Commercial Court for a trial date for the damages claim and it will be ready to proceed to hearing. In the event that the Court of Appeal allows the appeal, then the parties can make submissions about any costs which have arisen in relation to the damages module.

## **CONCLUSION**

75. I would therefore conclude as follows:

1. I am of the view that this is an appropriate case to direct an injunction against the defendant and I will hear the parties on the exact terms of that injunction.

2. I will not make any order staying the damages module of the proceedings but will direct that this should proceed until the case is ready to be heard. However no trial date should be fixed before the Court of Appeal has made its decision on the appeal.