

THE HIGH COURT

[RECORD No. 2013/5708P]

BETWEEN

GALWAY FREE RANGE EGGS LIMITED

PLAINTIFF

AND

KEVIN O'BRIEN, CARMEL O'BRIEN AND HILLSBROOK EGGS LIMITED

DEFENDANTS

JUDGMENT of Mr. Justice Tony O'Connor delivered on the 12th day of May, 2016

The principal issues

1. The plaintiff limits its claim now to permanent injunctive relief to prohibit the defendants from continuing both an alleged passing off and an alleged breach of the plaintiff's trademark since the end of 2012. The word "Galway" in the "get up" of the boxes and promotion used by the defendants is the mischief in the case. The use of survey evidence and the weight to be attached to opinion evidence based on surveys are issues which arise also.

The comparisons

2. The idiom: "a picture is worth a thousand words" springs to mind. Thanks to scanning, the Court can be more vivid (albeit in 2-D) than its description later of the relevant egg boxes and some impugned promotions by including the following in the annex to this judgment:-

(i) The top and side of the egg box used by the plaintiff company for the sale of its free range eggs ("the sunburst box"). Mr. Kevin Towey, ("Mr. Towey") a director of the plaintiff company who gave evidence clarified that this is the box used since the plaintiff freshened up its egg boxes in 2012;

(ii) the egg box label used for the sale of the defendants' free range eggs since in or about late November, 2012 ("the defendants' box");

(iii) the trademark certificate for eggs registered in class 29 by the plaintiff in September, 2008 and which was used on top of the plaintiff's egg boxes from 2008 up to around 2012 ("the trademark");

(iv) (a) the excerpt downloaded via Google on 11th April, 2016 (which was the eve of the commencement of the trial) of the Ballinasloe GAA fixture list for the "O'Brien's of Galway Free Range Eggs Division 4B North" for four fixtures from September, 2013 to November, 2013 ("the fixture list"). The fixture list was put to Mr. O'Brien on the last day of evidence in the trial together with-

(b) a colour copy of the Galway county under 21A and 21B football champions 2013 with a banner inscribed with "O'Brien's of Galway" and "Free Range Eggs" underneath. ("the GAA banner").

3. The Court heard evidence which was subjected to cross-examination unlike the affidavit evidence which was adduced at the interlocutory hearing. Nevertheless the following findings of this Court are similar to those of Gilligan J :

(i) European Communities (Marketing Standards for Eggs) Regulations 2009 (S.I. No. 140/2009) requires egg boxes to comply with article 12 of Commission Regulation (EC) no. 589 /2008 of 23rd June, 2008 as amended by Commission Regulation (EC) No 598 2008 of 24 June, 2008 which provides for the marketing of eggs. In short egg boxes must disclose whether the eggs are "free range eggs", "barn eggs" or "eggs from caged hens";

(ii) the sunburst box is white in colour with six normal egg units and a Bord Bia quality certificate in the top left hand corner along with a rising sun. There are hens in front and the words inscribed are "Galway Free Range Eggs";

(iii) the defendants' box is yellow in colour and has six "bulbous" egg units. It has a distinctive maroon colour front and back to the label with a Galway crest. GAA followers in particular could identify with these latter aspects. The box has a prominent picture of hens on Mr. O'Brien's farm. **[1]**

Mr. Towey

4. Mr. Towey expressed the belief that the plaintiff owned the name of "Galway Free Range Eggs" like Guinness or Diageo owns "Kilkenny" for beer and some other entity may own "Waterford" for glass. He reluctantly accepted that the defendants were obliged to describe their eggs as free range eggs in order to meet the regulatory requirements for the production and packaging of eggs.

Meeting of October/November, 2012

5. Mr. Towey and Mr. O'Brien agreed in Mr. O'Brien's home over tea around November, 2012 that egg boxes used by the defendants for a few months in 2012 bearing the words "Free Range Eggs Galway" should be replaced. Mr. Towey was unable to recall many of the details of the conversation which Mr. O'Brien described in his evidence. The Court accepts Mr. O'Brien's evidence to the effect that Mr. Towey said his company did not own the word "Galway". Mr. Towey said that he did not remember expressing such a view.

Credibility of witnesses

6. Mr. O'Brien was challenged on different issues, some of which bordered on the irrelevant including whether he complied with

planning permission for a hen house and questions about an Bord Bia requirements. He was also questioned about the profitability of his egg sale business by reference to papers downloaded prior to the trial from the Companies Registration Office. This was in order to challenge his credibility in relation to his profitability assertion. Having observed and assimilated the responses of Mr. O'Brien to all questions posed, the Court finds that Mr. O'Brien did the best he could in explaining matters. He was honest and fair in his recall including his account of the conversation about the word "Galway".

7. The evidence of Mr. O'Brien and his daughter further revealed a sense of decency and industry in conducting their egg business. They competed as one would expect on pricing. It was clear to the Court that the defendants competed strongly on price in order to achieve sales rather than taking a "piggy back" on the plaintiff's brand. The multiples play a very significant part in this market by purchasing and selling their own brand of free range eggs also.

8. Mr. Towey and the plaintiff's former financial controller, Mr. Jimmy Dalton gave subjective evidence about potential confusion which they perceived as arising from the defendants' box and the GAA promotions for the defendant. Mr. Towey rarely talks directly to customers about the plaintiff's egg sales. Mr. Towey further admitted that he could not attribute any loss of sales to the stocking of the defendants' eggs in the shops with which the plaintiff did business. In the context of the discussion later in this judgment about the survey evidence, the Court notes that Mr. Towey did not give evidence about the information and instructions which he gave to Mr. Cosgrove of Researchit for a survey that was carried out on 9th July, 2013 in advance of the application for an interlocutory injunction. In fairness, I asked questions later about the engagement of Mr Cosgrove and this aspect was not a particular issue which was sought to be addressed by either side when Mr Towey gave evidence.

Counterclaim

9. Mr. Towey expressed regret at the end of his direct examination that the plaintiff registered the business name "O'Brien's Free Range Eggs" on the 13th November, 2014 and the plaintiff, through counsel later confirmed that an undertaking will be given by the plaintiff to withdraw the registration of that business name. The plaintiff has not traded with that name and no damages are sought by the defendants for this bad judgement call which was an effort to joust with the defendant.

Mr. Dalton

10. Mr. Dalton explained that the Towey family bought their shares in the plaintiff company from Ms. Catherine McGrath who had successfully grown an egg producing and supply business with a brand called "Galway Free Range Eggs". He acknowledged that there was a difference between the two boxes but still offered the view without having interviewed anyone himself to the effect that they could find the packs confusing.

Ms. McGrath

11. Ms. McGrath recounted the history from 1992 of her enterprise and her success in establishing a market for eggs which were described as "free range eggs from Galway". She incorporated the plaintiff company in 1994 for that business. Ms. McGrath never got advice about branding. Now that her children are grown up, she rarely shops although she was prompted to add her personal support to the suggestion made on behalf of the plaintiff about potential confusion among shoppers between the brands, names and promotions for free range eggs. She stated that she would not personally confuse the two boxes.

Source of eggs for the boxes

12. The plaintiff sources eggs from free range egg producers inside and outside County Galway. The eggs of both types of producers are packed in the sunburst boxes. The defendants rely on their own egg production but when short on occasion have used the free range eggs of other producers for their customers. The source of the eggs for the packs has no real impact on the issues before the Court now. The plaintiff in its claim has always focused on the use by the defendants of the word Galway when marketing their free range eggs to retail outlets. The O'Briens explained that they used "Galway" on their box believing that customers appreciate knowing the farm and county of origin of their eggs. The Court did not detect any intention on the part of the defendants to get the "free ride" which the plaintiff accused them of seeking when designing and using the defendants' box in 2012.

Surveys

13. Mr. Cosgrove established Researchit in 2008. He has a master's degree in advertising and a postgraduate qualification in digital marketing. He was telephoned by Mr. Towey at the end of June, 2013 to carry out a survey in a short time frame in circumstances where he knew about the imminent application to the Court that lead to the judgment delivered by Gilligan J. on 30th July, 2013.

14. Mr. Cosgrove, along with two part-time workers questioned 200 shoppers outside three shops in Galway on 9th July, 2013 with the following questions. The most relevant answers are opposite:-

- (1) Are you from Galway? – 86% yes;
- (2) How often do you purchase eggs? – 74% weekly;
- (3) What name do you associate with free range eggs? – 47% for the plaintiff's brand;
- (4) Do you recognise the plaintiff's brand? – 70% affirmed;
- (5) Do you think it possible to confuse the defendants' brand with the plaintiff's brand? – 38% affirmed,

Mr. Cosgrove's survey did not ask whether a brand for free range eggs was important to shoppers. The plaintiff did not adduce any other survey evidence.

Defendants' survey

15. Mr. Oliver Walsh who has degrees in business strategy and international marketing and strategy, explained that he has worked in market research and strategic planning since 1996. He and two colleagues (both having master's degrees in strategic marketing or business) received online responses in 2016 from 97 individuals on a database made up of business owners principally in the Galway area to the following questions, the most relevant responses opposite:-

- (1) How often do you buy eggs? – 61% answered very regularly;
- (2) When buying eggs, do you buy organic? – 25% no;
- (3) When buying eggs, do you buy free range eggs? – 71% yes;

- (4) When buying eggs, how important is brand? – 54% unimportant, while 17% were neutral;
- (5) When buying eggs, how important is providence? – 43% important and 35% neutral;
- (6) Do you recognise the brands of the parties when shown? – 58% for the plaintiff's brand – 19% for the defendants' brand;
- (7) Do you think it possible to confuse these two brands? – 57% no.

16. Mr. Walsh refined the effect of the replies by explaining that 71% of those who considered brand important felt that it was not possible to confuse the two boxes.

17. The full extent of instructions and information given to Mr. Walsh by or on behalf of the defendants prior to the online survey was also not identified in evidence or in Mr. Walsh's report.

Trademark

18. The plaintiff does not allege that the defendants used the graphic elements comprising the plaintiff's trademark but claims that the defendants have breached the trademark by using the words "Galway Free Range Eggs" in direct succession. Although accepting that it does not have the exclusive right to the words "Galway", "eggs" or "free range" it was submitted that the trademark gives the plaintiff rights in respect of the words "Galway Free Range Eggs" when used in that precise order by virtue of the plaintiff's trademark.

19. Section 15 of the Trademarks Act, 1996 provides *inter alia* that a trademark is not infringed by the use of a person's own name or the use of indications concerning geographical origin provided that such use accords with honest practices.

20. Reference was made to the judgment of the Court of Justice of the European Union (CJEU) (First Instance) in case C-323/09 *Interflora Inc v. Marks and Spencer plc* which was a reference from the English High Court about the interpretation of Article 5 of Council Directive 89/104/EEC ("the 1989 Directive") [2]. Article 5(2) of the 1989 Directive allowed Member States to enable a trademark owner to prevent the use of a sign that "without due cause takes unfair advantage of...the character or repute of the trademark". The excerpt from the judgment (para. 66) relied upon by the plaintiff should be understood in the following context:-

- (a) the CJEU was replying to questions posed by a national court in a long running saga of litigation;
- (b) the *Interflora* case concerned the use of adwords for internet search engines such as Google which is somewhat removed from shopping for free range eggs in a local shop.

21. The judgment of the CJEU does not have any particular relevance to the claim of trademark breach by the defendants.

22. The plaintiff has failed to establish that the defendants used the O'Brien name and their geographic county of origin (Galway) in a manner which did not accord with honest practices. The defendants accounted for their design and use of the defendants' boxes while explaining how the fixture list, the GAA banner and other GAA promotions, were understandable in view of the GAA's control of such promotions.

23. The challenge to the defendants' motives and support of the GAA at trial appeared contrived and trivial when one considers that there is actually no evidence of damage caused to the plaintiff by the promotions. Support for local activities from businesses often arises from loyalty as much as from a willingness to participate in a policy to vie for the custom of consumers. Mr. O'Brien and his daughter indicated such loyalty in their evidence.

Passing off – "the Triple Test"

24. Clarke J. in *Jacob Fruitfield Limited v. United Biscuits (UK) Limited* [2007] IEHC 368 paraphrased the three elements of the applicable triple test as follows:-

- (a) The existence of a reputation or goodwill in the claimants' product including, where appropriate, in a brand name or get-up;
- (b) misrepresentation leading to confusion between what is alleged to be the offending product and the claimants' product; and
- (c) whether damage to the claimants' goodwill or reputation by virtue of any such confusion has been established.

Application to "Get Up"

25. McMenamin J. *McCambridge v. Brennan Bakeries* [2013] 1 ILMR 369 at para. 33 for the majority of the Supreme Court stated that the test as it applies to product presentation is as follows:-

"For the threshold to be met, it is sufficient that the defendant represents its goods in such a way that it is a reasonable foreseeable consequence that the claimant's business or goodwill will be damaged...proof of intention to deceive is not required. A claimant may prove misrepresentation by calling evidence that the relevant public were in fact confused but may also succeed in the case where there was no such evidence. The overall impact of the get up is the litmus test, as well as the length of the time the conduct complained of has gone on. It will not be an answer to a complaint of misrepresentation to contend that an observant person who made a careful examination, or who compared both products side by side, would not be misled. The test is, rather, the impression likely to be produced, on the likely customer, taking into account customer perception and imperfect recollection...dependant on the transaction in contemplation."

Survey evidence

26. McCracken J. in *Smithkline Beecham plc v. Antigen Pharmaceuticals Ltd* [1999] 2 ILMR 190 at 197 which concerned the launch of "Solifen" into the same market as served by "Solpadeine" questioned the value of survey evidence. McCracken J. was sceptical of such evidence for interlocutory injunction applications and particularly given the type of person questioned in that case – consumers as opposed to pharmacists.

27. Apart from endorsing that view this Court also takes note of the dislike of such evidence which has been expressed in the English courts.

28. Lewison LJ. in the English Court of Appeal emphasised the importance of limiting or excluding technically admissible survey evidence which is not of real value in another judgment of the long running Interflora saga: *Interflora v. Marks and Spencer PLC* [2013] EWCE Civ 319. The policy of the Court to give directions concerning the compilation, cost and value of the surveys in this type of action in England should be considered for application in this jurisdiction also.

29. Para.26 of Lewison L.J's judgment has force indeed:-

"With the benefit of hindsight, perhaps I did not make my message clear enough in *Interflora I*. Let me say it again, more loudly. A judge should not let in evidence of this kind unless the party seeking to call the evidence satisfies him (a) that it is likely to be of REAL value; and (b) that the likely value of the evidence justifies the cost".

30. This was repeated recently by the Court of Appeal in *Comic Enterprises Limited v. Twentieth Century Fox* [2016] EWCE Civ 421 where Kitchen LJ. at para. 34 stated that a Court when dealing with a case involving ordinary goods may be able to put itself in the position of the average consumer without requiring evidence from consumers, "still less expert evidence or a consumer survey".

Independent evidence from the trade

31. The plaintiff in this case relied on *Guinness Ireland v. Kilkenney Brewing Co. Limited* [1999] 1 ILRM 531 ("the Kilkenney case") in support of its claim by reference to the word "Galway". In the *Kilkenney* case the defendant planned to allow O'Sullivan Brewery Company Limited to carry on a microbrewery. The defendant did not allay the concerns of Guinness that the word "Kilkenney", which was used for one of the beers sold by Guinness, would be connected to the microbrewery. Laffoy J. in granting the relief sought, heard significant evidence from three independent experienced people in the licensed trade that consumers were likely to get a wrong impression about an association with the established Kilkenney brand.

The weight of the opinion evidence

32. O'Donnell J. in *Karen Millen Fashions Limited v. Dunnes Stores* [2014] IESC 23 at para. 23 said "It is a matter of near certainty that the only expert witnesses called by either side will have formed an opinion favourable to that side...". It is the reasons leading to a conclusion which are important for the Court to consider.

33. It was difficult for the Court to follow Mr. Cosgrove's reasons in many instances. He appeared over defensive when justifying the questions posed and the shops chosen for his one day survey. Mr. Cosgrove gave opinion evidence in favour of the plaintiff's claim after some effort. Little if any weight can be attached to his conclusion about the effect of the so-called confusion among 38% of survey participants about the brands in June, 2013. Significantly two of the shops which were used in Researchit's survey did not stock the defendants' brand. Despite the elapse of nearly 34 months since that limited one day survey, the plaintiff did not adduce evidence of any other brand study or research on its brand or the importance of brands for free range eggs to consumers. In fact the defence to the counter-claim of the defendants which denied the defendants' claim was only delivered on the eve of the commencement of the trial. In other words the plaintiff showed little concern about establishing misrepresentation leading to confusion and the damage to the plaintiff's goodwill after the interlocutory injunction application until the proceedings were called on for trial in April 2016.

Mr. Walsh's view

34. Mr. Walsh's view that branding was unimportant for shoppers of free range eggs resonated with my own experience of shopping for these. Counsel for the plaintiff challenged Mr. Walsh's view on the basis that Mr. Walsh had not conducted such an analysis for other products or markets. Whatever way one looks at Mr. Walsh's survey and opinion, "I believe that my experience as an ordinary shopper or consumer enables me just as well as any other, to assess the likelihood of confusion". This is a quote from Laffoy J. in *Symonds Cider v. Showerings (Ireland) Limited* [1997] ILRM 481. In this regard it is this Court's view that any reasonable shopper who wanted to buy or was directed to buy the plaintiff's free range eggs would not be confused by the get up or the use of the words on the defendants' boxes.

Court's view of the survey evidence

35. Ultimately the Court was left with limited survey evidence with opinions of market analysts engaged by each of the parties. They posited their opinions on the surveys which they formulated. Not one shopper or independent retailer was called to give evidence that the defendants' boxes or promotions through GAA leagues had caused confusion. The plaintiff's reliance on the Kilkenney case was undermined by the specific evidence which was actually adduced in the Kilkenney case.

36. The evidence offered on behalf of the plaintiff concerning brand confusion was tenuous and unreliable. Taking all of the circumstances and the scepticism which the Court expresses about the value of the market questionnaires and opinions, the Court finds that the plaintiff has failed to establish misrepresentation leading to confusion between the egg boxes of the parties. The GAA banner and fixture list point made on behalf of the plaintiff indicated a certain desperation to make a claim. Although not particularly relevant, the suggestion of confusion has not resulted in damage to the claimant's goodwill or reputation.

[1] Given in his written judgments on the 30th of July 2013 and in which he explained why he was not satisfied that a serious issue had been made out that the plaintiff's reputation of goodwill had been damaged.

[2] Replaced by Directive 2008\95\EC; Regulation 207\2009.