

REWA CO-OP DAIRY CO LTD v EAGLE RIDGE INVESTMENT (FIJI) LTD (HBC188 of 2004)

HIGH COURT — CIVIL JURISDICTION

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PATHIK J

9 March 2007

- 10 **Intellectual property — passing off — Defendant restrained to use “Life” in its product — Defendant claimed use of “full cream long Life Milk” not a prominent feature of product’s packaging — use of “full cream long Life Milk” aimed to inform type of milk contained in product — whether Defendant’s act considered passing off of Plaintiff’s product — whether there was likelihood of confusion between products — Parties carry on same type of business activities — Public could reasonably be**
 15 **confused into thinking that parties’ businesses were connected.**

Practice and procedure — contempt of court — application to declare Defendant in contempt of consent order — whether Defendant deliberately and mischievously circumvented the order — High Court Rules 1988 O 52.

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The Plaintiff had been packaging liquid milk under the brand name and trade mark of “Life” for several years. In March 2004, the Defendant started packaging, marketing and distributing milk in cartons under the brand name of “Sunlife”. By virtue of a consent order, the Defendant and its directors were permanently restrained from manufacturing, packaging, distributing, selling and marketing milk and dairy products under the brand name of “Sunlife” and any other name incorporating the word “Life”. The Plaintiff contended that in 2006, the Defendant re-started selling liquid milk with the word “Life” prominently on it. The Defendant alleged that the products with the brand name “Sunrise” together with the accompanying device “full cream long Life Milk” was not a prominent feature of the packaging. Its only purpose was to inform the customers of the type of milk contained in the product. The Plaintiff claimed that the act was another attempt by the Defendant to pass off the Plaintiff’s product and therefore breached the injunction order. The Plaintiff submitted that the Defendant and its directors should be dealt with for contempt.

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Held — (1) The court was of the view that using the word “Life” by prominently displaying under the brand name amounted to confusion. An important consideration in determining whether the likelihood of confusion existed in a passing off action was “whether there was any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant”. In this case, the parties carried on the same type of business activities; therefore, the public could reasonably be confused into thinking that one business was connected with the other. The fact of “disclaimer” of the word “life” as asserted by the Defendant did not affect the principles relating to the determination of a passing off.

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(2) The court found that the Defendant and its directors breached the consent order for deliberately and mischievously circumventing the order by using the word “Life” again in their product contrary to the intent of the parties at the time the order was made. Accordingly, the Defendant and its directors were guilty of contempt of court.

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(3) The court ordered the Defendant and its directors to pay the total fine of \$2000 within 14 days, to cease the use of the word “Life” in the manner they have done, and to pay the costs to the Plaintiff’s solicitor in the sum of \$1000.

Application granted.

Cases referred to

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AG Spalding & Sons v AW Gamage Ltd [1914–15] All ER Rep 147; (1915) 31 TLR 328; 32 RPC 273; *Berkley Square Ltd v G Shock (t/as Annabel’s Escort Agency)*

[1972] RPC 838; *Chuck v Cremer* (1846) 1 Coop temp Cott 338; (1846) 47 ER 884; *Ewing v Buttercup Margarine Co Ltd* [1917] 2 Ch 1; (1917) 34 RPC 232; *Lyngstad v Anabas Products Ltd* [1977] FSR 62; *Rewa Co-op Dairy Company Ltd v Eagle Ridge Investment (Fiji) Ltd* HBC 253/06; *Singer Mfg Co v Wilson* [1877] 3 AC 371, cited.

Erven Warnink BV and Anor v J Townend & Sons (Hull) Ltd [1979] AC 731; [1979] 2 All ER 927; (1979) 1A IPR 666; *Hadkinson v Hadkinson* [1952] P 285; [1952] 2 All ER 567; [1952] WN 405; *Stringfellow and Anor v McCain Foods (GB) Ltd and Anor* (1983) 2 IPR 279; [1984] FSR 175; [1984] RPC 501; *Clock Ltd v Clock Hotel Ltd* (1936) 53 RPC 269, considered.

H. Nagin for the Plaintiff

N. Shivam for the Defendant

Pathik J. Pursuant to leave granted to issue *committal* for contempt proceedings, by motion dated 8 September 2006 *Rewa Co-operative Dairy Co Ltd* (the Plaintiff) seeks an order for committal against the company *Eagle Ridge Investment (Fiji) Ltd* (the Defendant) and its directors *Gyanendra Shandil* and *Paras Ram* for disobedience of the court order by consent of 17 August 2004.

The application is made pursuant to O 52 of the High Court Rules 1988.

Background to the case

The background to the case has been well set out in Mr Nagin's written submission which is, *inter alia*, as follows: —

The Plaintiff has for several years now been packaging liquid milk under the brand name of "Life" which is also its trade mark.

The Defendant since March, 2004 started packaging, marketing and distributing powered milk in cartons under the brand name of "Sunlife".

The Plaintiff then instituted this High Court Action on 20th May 2004.

After this action was instituted a Consent Order was made *inter alia* in the following terms on 17th August 2004. —

That the Defendant by itself and/or through its servants and/or its agents and/or howsoever be permanently restrained from manufacturing packaging, distributing, selling and marketing Milk and Dairy products under the brand name of "Sunlife" and/or any other name incorporating the word "Life".

Plaintiff's contention

It is the Plaintiff's contention that in 2006 the Defendant recommenced packaging and selling liquid milk with the word "life" prominently displayed on its package.

Mr Nagin's argument is that even though it is referred to "Sunrise Milk" it contains the word "Full Cream Long *Life* Milk" very prominently on the package and therefore it is part of the brand name or at least part of the name and therefore in breach of the order which does not allow any other name incorporating the word "Life". The package has the word "Life" prominently on it and it is just another attempt by the Defendant to pass off the Plaintiff's product and therefore breach the injunction order. Why could the Defendant not have used the word "lasting" instead of the word "life".

The Plaintiff's counsel submits that the Defendant and its directors should be dealt with for contempt as they are again passing off the Plaintiff's goodwill and are deliberately doing so, because they know that they were passing off the word "Life" previously and the Plaintiff had to issue proceedings and obtain an

injunction. Mr Nagin further submits that the Defendant company is using this modus operandi for other dairy products as well and the Plaintiff also had to get an injunction in relation to the butter product in the case *Rewa Co-op Dairy Company Ltd v Eagle Ridge Investment (Fiji) Ltd* HBC 253/06.

5 **The Defendant's argument**

The Defendant had after the said consent order ceased selling its milk product under the brand name "Sunlife" and changed its product name to "Sunrise".

10 The Defendant has been selling its products with the brand name "Sunrise" together with the accompanying device "Full cream long Life Milk" (using the word "Life").

Mr Shivam argues that "the device "Full Cream Long Life Milk" is not a brand name of the product but is an accompanying device that the Defendant has been using to notify the customers of the type of milk contained in the product, that being a full cream milk that has a long life in terms of being fit for use.

15 The device "Full Cream Long Life Milk" is not a prominent feature of the packaging but is only sufficiently displayed so as to enable customers to read the device and to be informed about the contents of the packaging.

The Defendant has not used the word "Life" on its own or incorporated it with any other name but has used it as part of a device containing five words.

20 The learned counsel for the Defendant submits that the Plaintiff's claim that the Defendant acted in breach of the order of the High Court be struck out as there has been no breach of the said consent order.

Consideration of the issue

25 The issue for court's determination is whether there is contempt of the said consent order (the order).

When the order was made Messrs Lateef & Lateef acted as solicitors for the Defendant. Mr Nagin who acted throughout for the Plaintiff would know more about the parties' intentions when terms of settlement were filed than Mr Shivam the present solicitor for the Defendant.

30 After hearing submissions from both counsel I am of the view that the decision in this case rests on the interpretation of certain words of the order, namely: "under the brand name of 'Sunlife' and/or any other name incorporating the word 'Life'".

35 Originally, the use of the word "life" in the brand name was the bone of contention. It was supposed to have been removed by the said order but that did not happen because the Defendant used it quite prominently on its packet.

In arriving at a decision in this case I cannot ignore to consider the basic principles in a passing off action.

40 **Interpreting the order**

What does one understand by the words "under the *brand* name of 'Sunlife' and/or any other *name* incorporating the word "life"?"

45 The immediate thought that comes to one's mind is that the word "life" is not to be used in the *brand name*. The Defendant complied with that by changing the brand to "Sunrise".

Now, the words "and/or any other name" do not refer to a brand. In my view, and the common sense view would be that those words refer to the use of the word "life" in any *name* or in describing the brand name. This is what exactly the Defendant has done, namely, describing its brand "Sunrise" by giving a description of its quality in the descriptive words "Full Cream Long Life Milk" and using the word "life" in it.

What the Defendant did was exactly what the order restrained it to do thereby landing it in hot water giving rise to a contempt of the order.

Why did the Defendant have to use the word “life” at all knowing very well that the Plaintiff had objected to its use at all and the parties agreed not to use it
 5 and that was the order of the court? Could it not have used some other descriptive words? The Plaintiff’s brand name is “Sunlife” and to use the word “life” as the Defendant has done is likely to cause *confusion* or deception.

As stated by Lord Diplock in *Erven Warnink BV and Anor v J Townend & Sons (Hull) Ltd* [1979] AC 731; [1979] 2 All ER 927; (1979) 1A IPR 666 (the *Advocaat* case at AC 742; All ER 932; IPR 671) there are five characteristics which must be present to create a valid cause of action for passing off. They are as follows: —
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(1) a misrepresentation, (2) made by a trader in the course of trade, (3) to prospective
 15 customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.

20 Bearing in mind these characteristics and looking at the circumstances surrounding the making of the order, the purpose of which was to avoid the risk of passing off on the part of the Defendant, it is my considered view that the parties are back to square one and fall under characteristic no 4 hereabove.

I am not deciding a passing off action. Without falling into this trap for the
 25 purposes of these contempt proceedings the following passages from the judgment of Whitford J in *Stringfellow and Anor v McCain Foods (GB) Ltd and Anor* (1983) 2 IPR 279 at 284; [1984] FSR 175; [1984] RPC 501 at 533–4 are pertinent and worth considering in arriving at a decision in this case:

30 In most cases, no doubt, the rationale of the passing off action is, as Oliver J put it in *Lyngstad v Anabas Products Ltd* [1977] FSR 62 at 66, that “the law will not permit the plaintiffs’ legitimate business interests to be prejudiced by the exploitation by another person of the plaintiffs’ goodwill”. Nevertheless, for many years now it has been established — and indeed this much is common ground — that an intent on the
 35 part of the defendant to deceive is not a necessary element of the cause of action of passing off: *Singer Mfg Co v Wilson* [1877] 3 AC 371. The relevance of evidence of such an intent is that the court will be very ready to infer that the intent has been successful, so that the damage, or the likelihood of damage, to the plaintiff, which is a necessary element of the tort, will likewise be readily inferred; *but the cause of action depends on the right of the plaintiff and the injury done to that right, not on the intention or motive of the defendant*. Secondly, the decision of the House of Lords in *AG Spalding & Sons v AW Gamage Ltd* [1914–15] All ER Rep 147; (1915) 31 TLR 328; 32 RPC 273, established that what the law protects by a passing off action is a trader’s property in his business or goodwill, that is to say the benefit of the good name, reputation and connection of his business which attracts customs. In some circumstances a plaintiff
 40 trader’s goodwill will be capable of being injured by a misrepresentation on the part of a defendant that their respective businesses are connected with one another, even though they are in quite different lines of business and there is no likelihood of benefit to the defendant accruing from the misrepresentation. As Lord Diplock pointed out in the *Advocaat* case at AC 741–2; 1A IPR 670–1; All ER 932:
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50 *Spalding’s case led the way to recognition by judges of other species of the same genus, as where although the plaintiff and the defendant were not competing trades in the same line of business, a false suggestion by the defendant that their businesses*

were connected with one another would damage the reputation and thus the goodwill of the plaintiff's business. (emphasis mine)

Further in the said judgment *Whitford J* said:

5 About two years after the decision in *Spalding v Gamage*, the Court of Appeal in *Ewing v Buttercup Margarine Co Ltd* [1917] 2 Ch 1; (1917) 34 RPC 232, specifically rejected an argument that the arm of the law is not long enough to reach a defendant who takes a name similar to that of the plaintiff, unless it can be shown that the name is calculated to deceive, in the sense that a person desiring to be a customer of the plaintiff is induced thereby to become a customer of the defendant. Lord Cozens-Hardy, MR in giving the leading judgment of the court, said (at Ch 11):

10 I know of no authority and I can see *no principle which withholds* us from preventing injury to the plaintiff in his business as a trader by *confusion* which will lead people to conclude that the defendants are really *connected in some way with* the plaintiff or are carrying on a branch of the plaintiffs' business. (emphasis mine).

15 In using the word "life" by prominently displaying under the brand name, could in my view lead to *confusion*. Hence to decide whether the likelihood of confusion exists in a passing off action it is an important and highly relevant consideration "whether there is any kind of association, or could be in the minds of the public any kind of association, between the field of activities of the plaintiff and the field of activities of the defendant": (see *Berkley Square Ltd v G Shock (t/as Annabel's Escort Agency)* [1972] RPC 838 at 844 per Russell LJ. In this regard the relevant principle has been stated as follows by Romer LJ in *Clock Ltd v Clock Hotel Ltd* (1936) 53 RPC 269 at 275:

20 The principle is this, that no man is entitled to carry on his business in such a way or by such a name as to lead to the belief that he is carrying on the business of another man or to lead to the belief that the business which he is carrying on has any connection with the business carried on by another man.

25 In the instant case both the Plaintiff and Defendant carry on the same type of business activities as far as the manufacturing, packaging, distributing, selling and marketing milk and dairy products are concerned, hence any member of the public could reasonably be confused into the thinking that one business is connected with the other. The fact of "disclaimer" of the word "life" as asserted by the Defendant does not affect the principles relating to the determination of a passing off.

Conclusion

30 On the evidence before me and on the authorities I find without any doubt that the Defendants are in breach of the said consent order. In considering this application I have considered all the arguments submitted to me.

35 The High Court is a court of unlimited jurisdiction, and it is well established that an order made by it must be obeyed unless and until it has been set aside by the court. For this proposition I refer to the following passage from the judgment of Romer LJ in *Hadkinson v Hadkinson* [1952] P 285 at 288; [1952] 2 All ER 567 at 569; [1952] WN 405 which is pertinent and to be borne in mind:

40 It is the plain and unqualified obligation of every person against, or in respect of whom, an order is made by a court of competent jurisdiction, to obey it unless and until that order is discharged. The uncompromising nature of this obligation is shown by the fact that it extends even to cases where the person affected by an order believes it to be irregular or even void. "A party who knows of an order, whether null and void, regular or irregular, cannot be permitted to disobey it ... It would be most dangerous to hold

that the suitors, or their solicitors, could themselves judge whether an order was null and void — whether it was regular or irregular. That they should come to the court and not take upon themselves to determine such a question: that the course of a party knowing of an order, which was null and irregular and who might be affected by it was plain. He should apply to the court that it might be discharged. As long as it existed it must not be disobeyed.” (Per Lord Cottenham LC in *Chuck v Cremer* (1846) Coop temp Cott 205 at 338; (1846) 47 ER 884.) Such being the nature of this obligation, two consequences will, in general, follow from its breach. The first is that anyone who disobeys an order of the court ... is in contempt and may be punished by committal or attachment or otherwise.

The present case is one in which the Defendant and its two directors subsequent to the order attempted to circumvent the order by using the word “life” again in the product when they should have known that this was a move contrary to the purport or aim of the parties at the time when the court made the order.

In my view this was a mischievous act on the part of the Defendant and its directors and was deliberately done.

For these reasons I find that the Defendant company *Eagle Ridge Investment (Fiji) Ltd* and its directors *Gyanendra Shandil* and *Paras Ram* are each guilty of contempt of the court order of 17 August 2004. Contempt of court is a serious matter and it will not be tolerated by the courts and punishment can be harsh.

In the result the Defendant company and its two directors are *ordered* to pay a total *fine* of \$2000 in court within 14 days and they are further ordered not to use the word “life” in the manner that they have done in this case *AND* it is *further ordered* that the Defendants/Respondents pay the sum of \$1000 *costs* to the Plaintiff’s solicitor within 14 days from this date.

Application granted.