

Case No: A3/2013/0936

Neutral Citation Number: [2014] EWCA Civ 5

**IN THE COURT OF APPEAL (CIVIL DIVISION)**  
ON APPEAL FROM THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION, INTELLECTUAL PROPERTY  
MR JUSTICE BRIGGS

[2013] EWHC 630 (Ch)  
Royal Courts of Justice  
Strand, London, WC2A 2LL

Date: Tuesday 28<sup>th</sup> January 2014

**Before:**

LORD JUSTICE LONGMORE  
LORD JUSTICE LEWISON  
and  
LORD JUSTICE KITCHIN

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**Between:**

(1) <b>FAGE UK Limited</b>	Claimants/Respondents
(2) <b>FAGE Dairy Industry S.A.</b>	ents
- and -	
(1) <b>Chobani UK Limited</b>	Defendants
(2) <b>Chobani, Inc.</b>	Appellants

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(Transcript of the Handed Down Judgment of  
WordWave International Limited  
A Merrill Communications Company  
165 Fleet Street, London EC4A 2DY  
Tel No: 020 7404 1400, Fax No: 020 7831 8838  
Official Shorthand Writers to the Court)

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Geoffrey Hobbs QC, John Baldwin QC and James Tumbridge  
(instructed by Pillsbury Winthrop Shaw Pitman LLP) for the Appellants/Defendants  
Daniel Alexander QC, Mark Hoskins QC and Joe Delaney  
(instructed by Winston & Strawn) for the Respondents/Claimants

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**Judgment**

## **Lord Justice Kitchin:**

### **Introduction**

1.

This is a passing off case concerning the use of the phrase "Greek yoghurt". The principal issue at trial was whether, by the beginning of September 2012, this phrase had, when used in the UK, come to denote a distinctive type of yoghurt made in Greece, so that its use to describe such yoghurt not made in Greece would amount to a misrepresentation and cause deception and damage and so amount to passing off.

2.

The claimants, collectively "FAGE", have, since the mid 1980s, imported from Greece and sold throughout the UK yoghurt which they have described as Greek yoghurt and which they have marketed under their brand name TOTAL. FAGE's business has been very successful and sales of its yoghurt in 2012 accounted for more than 95% by value of all yoghurt sold in the UK as Greek yoghurt.

3.

The defendants, collectively "Chobani", conduct a business which was established in 2005 in the USA by its Turkish owner. In September 2012 Chobani introduced into the UK yoghurt which it described as Greek yoghurt but which it had made in the USA. FAGE thereupon began these proceedings and sought an interim injunction which Briggs J granted in November 2012. Shortly afterwards, that injunction was replaced by undertakings to the court. At the same time, the judge directed a speedy trial of all issues other than quantum.

4.

The action came on for trial in February 2013 and lasted for seven days. In his judgment given on 26 March 2013, Briggs J found that a substantial proportion of those persons in the UK who bought Greek yoghurt thought that it was made in Greece and further, that this mattered to them such that the use of the phrase Greek yoghurt to describe yoghurt not made in Greece involved a material misrepresentation. In the result, he found that FAGE's claim to restrain Chobani from passing off its American made yoghurt as and for yoghurt made in Greece by the use of the phrase Greek yoghurt succeeded, and he granted a permanent injunction to that effect.

5.

Upon this appeal, Chobani contends that the phrase Greek yoghurt is a general term which is entirely apt to describe a very broad range of products including the yoghurt which it makes in the USA and wishes to sell in the UK. Moreover, it says that, against this background, FAGE wholly failed to prove that the phrase Greek yoghurt had become sufficiently distinctive of a defined category of goods so as to provide a proper foundation in law for a claim in passing off.

6.

Chobani also seeks to raise and rely upon a new point which was not argued before Briggs J. It seeks to contend that, having regard to the provisions of Regulation (EU) 1151/2012 of 21 November 2012 concerning the protection of "designations of origin" and "geographical indications" for foodstuffs within the EU ("the 2012 Regulation"), and to the ruling of the Grand Chamber of the Court of Justice in Case C-478/07 Budejovicky Budvar NP v Rudolf Ammersin GmbH [2009] ECR I-7721, the court has no power to grant or is precluded from granting injunctive relief to protect geographical indications, such as Greek yoghurt, other than pursuant to and in conformity with the provisions of the 2012 Regulation or, in the alternative, may only do so subject to the fulfilment of conditions and in

circumstances which are equivalent to those prescribed by the 2012 Regulation. Accordingly and on either basis, no relief should have been granted, the claim should have been dismissed and the appeal should be allowed.

## **Background**

7.

The essential background facts relevant to this appeal are not in dispute and the following account is drawn in large part and with gratitude from the judgment of Briggs J.

8.

Yoghurt is a form of fermented milk and has been made for around 15,000 years. The scale of its production and use in western Europe substantially increased during the twentieth century with the introduction of pasteurisation of milk and increased interest in the potential health benefits of fermented milk products. For many years yoghurt has been sold in various forms such as plain or sweetened or mixed with various fruit flavourings, and in various textures such as normal, concentrated or diluted and with varying levels of fat.

9.

From about 1976, an inter-governmental body called the Codex Alimentarius Commission began developing standards for yoghurt, leading in 2003 to the Codex Standard which, according to Mr Hickey, Chobani's expert on the history and characteristics of yoghurts, identified four main classes of fermented milk products:

i)

plain yoghurt, which may be set, stirred or fluid;

ii)

concentrated yoghurt, with an increased protein content where the concentration is achieved by ultra-filtration, separation or straining, or by the addition of thickening agents;

iii)

flavoured yoghurt where the flavourings (including sugars, fruit, cereals, nuts, honey and chocolate) may be mixed or layered with the yoghurt, or separated from the yoghurt in twin-pots; and

iv)

drinks based on fermented milks (including yoghurt).

10.

Concentrated yoghurt within the second class was described in these proceedings as being "thick and creamy" by comparison with other yoghurt. As the judge explained, it is derived from ordinary yoghurt by two main processes. The first, generally called straining, involves the separation and removal of the watery whey. The second involves the use of thickening agents, such as concentrated or dried milk products. Traditionally, straining was achieved by the use of cloth bags through which the fluid in the fermented milk was able to pass but the solid elements were not. However, the use of cloth bags has now largely given way to modern industrial processes using techniques such as ultra-filtration and separation by centrifuge. Nevertheless, they are all still referred to as straining.

11.

Greece has a particular tradition in yoghurt making. Originally that yoghurt was made mostly from milk derived from ewes and goats. Since the 1940s however, increased demand and a preference for

lower fat food products has led to an increase in the production of yoghurt made from cows' milk, and increasingly from cows' milk which has been imported into Greece.

12.

Yoghurt made in Greece has always had a characteristically thick and creamy texture. Yoghurt made from ewes' and goats' milk did not require concentration to give it a sufficiently thick texture, but in the case of yoghurt made from cows' milk, this texture was traditionally achieved by straining using cloth bags. As a result it is and has always been sold in Greece under the Greek language equivalent of the description "strained yoghurt". More recently, the yoghurt made in Greece from cows' milk has been strained by means such as centrifugation or ultra-filtration, but it is still described in that country as being "strained". Importantly, it is not described in Greece as Greek yoghurt.

13.

FAGE began producing yoghurt in Greece in the late 1920s and it has always had a thick and creamy texture which, so far as it has been made from cows' milk, has been achieved by straining, albeit by more modern industrial methods than straining through bags. FAGE first introduced its yoghurt into the UK market in 1983. As I have mentioned, it has always been described as Greek yoghurt and sold under the TOTAL brand, and it has always been made in Greece.

14.

Prior to September 2012, FAGE had three main competitors in the UK market for yoghurt described as Greek yoghurt. The supermarket chains Tesco and Asda each offered an own-label Greek yoghurt. The third, a company called Kolios, sold a product described as Greek yoghurt through the warehouse chain CostCo. The judge was satisfied that all the yoghurt sold in the UK as Greek yoghurt, both by FAGE and its three significant competitors, had been made in Greece, and that its thick and creamy texture had been achieved by straining rather than by the addition of thickening agents. Indeed from the mid 1980s until September 2012, there was a labelling convention in the UK whereby the only yoghurt offered for sale here under the description Greek yoghurt had been made in Greece and rendered thick and creamy by straining.

15.

Most of the major yoghurt manufacturers for the UK market have also sold a thick and creamy yoghurt which they have described as Greek style yoghurt. None of this yoghurt has been manufactured in Greece and its thick and creamy texture has generally been brought about by the use of thickening agents rather than straining. As a result, the defining features of Greek style yoghurt sold in the UK are that it is thick and creamy and not made in Greece. Rather strikingly, both Tesco and Asda sell an own label Greek style yoghurt in addition to their own label Greek yoghurt. It is also of note that Greek style yoghurts retail at a substantially cheaper price than Greek yoghurts. In short, Greek yoghurt sells at a premium price.

16.

The labelling convention which confined the use of the phrase Greek yoghurt to thick and creamy yoghurt made in Greece was reflected in the minutes of a meeting on 17 May 2012 of the Yoghurt and Short Life Dairy Products Committee of the Provision Trade Federation. This meeting was attended by representatives of companies responsible for 70% of yoghurt sales in the UK and its minutes record:

"The term 'Greek yoghurt' applied to traditional yoghurt produced in Greece which had been strained to remove the whey, giving a consistency between that of yoghurt and

cheese. The Committee believed that consumers perceived 'Greek style' to refer to yoghurt with a thicker consistency but not necessarily as a result of straining'."

17.

Chobani and FAGE are also competitors in the USA. They each market in that territory strained yoghurt which they describe as Greek yoghurt but which has not been made in Greece. They also promote that yoghurt as being free from additives such as thickening agents. In 2012, Chobani decided to introduce its product into the UK market. The project was masterminded by a Mr Bevers, Chobani's vice-president for International Business Development. He had no prior knowledge or experience of the UK yoghurt market and therefore sought and obtained advice from external market analysts and consultants.

18.

The judge found it to be a striking feature of the surviving documentary records that those persons giving advice to Mr Bevers uniformly and without exception warned him that to describe yoghurt in the UK as Greek yoghurt would convey the meaning that it was made in Greece. It seems Mr Bevers made a rather unedifying attempt to minimise the effect of that advice, for the judge expressed his conclusion about his evidence in these terms at [80]:

"Mr Bevers attempted in his written and oral evidence to play down the effect of the advice which he received, and to suggest that he learned of nothing sufficient to lead him to doubt that, in the UK as in the USA, Greek yoghurt simply meant strained yoghurt, regardless of its place of manufacture. In the end I did not find that evidence honest or credible. I consider that he well knew that by labelling its product in the UK market as Greek yoghurt Chobani would be taking at least a serious risk of misleading the buying public. He calculated that the risk was justified by the commercial advantage of positioning Chobani's product against FAGE's Greek yoghurt, rather than against cheaper Greek style yoghurts."

### **The proceedings and judgment**

19.

FAGE's pleaded case was that all, or substantially all, of the yoghurt products sold in the UK since 1983 under or by reference to the phrase Greek yoghurt had complied with the following criteria:

i)

they were made in Greece;

ii)

they were made using a traditional Greek process whereby cows' milk is strained so as to remove the watery whey;

iii)

they contained no added sugar, sweeteners, non-milk thickeners or other additives.

20.

Further, all or substantially all yoghurt products sold in the UK that were manufactured other than in Greece but nonetheless had a thick and creamy consistency (whether because they were made by a straining technique or because they containing thickening agents) had been sold under or by reference to the phrase Greek style yoghurt.

21.

As a result, a valuable reputation of goodwill had been generated under and by reference to the phrase Greek yoghurt in the UK as denoting a product made in Greece and having particular qualities of thickness, creaminess, taste and satisfaction, and that FAGE shared in that goodwill. It followed that the sale by Chobani of its Greek yoghurt amounted to passing off because, though thick and creamy and made by a process of straining, it was not made in Greece.

22.

This allegation of passing off gave rise at the trial to what Briggs J described as one central factual issue and one central legal issue. The factual issue was whether the labelling convention pursuant to which thick and creamy yoghurt was described as Greek yoghurt only if it both came from Greece and was thickened by straining, was reflected in a similar understanding on the part of the yoghurt buying public, or a sufficient proportion of it. FAGE argued, consistently with its pleaded case, that buyers of thick and creamy yoghurt generally believed that such yoghurt called Greek yoghurt came from Greece and that it was made there in a way which gave it a distinctive thick and creamy texture. It also claimed that it mattered to these buyers that Greek yoghurt was made in Greece. Chobani responded that the phrase Greek yoghurt did not denote a clearly identified and distinctive class of product. Alternatively, the phrase Greek yoghurt defined a type of yoghurt by reference to its mode of manufacture, that it is to say straining, but not by reference to its place of origin. In the further alternative, and even if a significant proportion of the yoghurt buying public believed that Greek yoghurt came from Greece, this was not a matter of any significance to them, and denoted no specific cachet or other feature capable of giving rise to a reputation or goodwill of a kind which the law of passing off protects.

23.

The legal issue concerned the identification of the requisite section and proportion of the public which, as consumers of the product in question, must be shown to have a common understanding of the meaning of the phrase sought to be protected in order to establish the existence of a relevant goodwill.

24.

The judge heard a good deal of oral evidence and considered a large quantity of disclosure, including pictorial materials, marketing research and marketing advice. FAGE called four former or serving employees, three trade witnesses connected with other suppliers of yoghurt to the UK market and one member of the public. Chobani called three serving or former employees, one yoghurt expert, Mr Hickey, and three witnesses for the purpose of proving details about a market survey and a photographic exercise. However, it did not call any witnesses from the trade. Both parties called an expert witness to deal with the survey.

25.

The judge found that the trade witnesses called by FAGE had the uniform understanding that, in England, the phrase Greek yoghurt meant, and had always meant, thick and creamy yoghurt made in Greece. This evidence, together with the advice that Chobani had received before its launch and the unwritten labelling convention to which I have referred, gave powerful support to FAGE's case. There were, however, other matters which had a bearing on the central factual issue, as he explained at [83]:

“The evidence thus far of the existence of a uniform but unwritten labelling convention to that effect adhered to by yoghurt producers in the UK market for over 25 years, the

unanimous view of the trade witnesses, coupled with the uniform advice to Chobani to the same effect during 2011-2012 might, without more, lead easily to the inference that the UK yoghurt buying public did indeed share the understanding that a product labelled Greek yoghurt was yoghurt made in Greece. But there are contra-indications in the evidence, much relied upon by Chobani, which I must now describe. The outcome of its market survey, however difficult to interpret, also suggests that the picture thus far presented is, when translated into public perception, not as straightforward as it first appears. I must now describe those contra-indications, and the conclusions of fact reached from weighing them against the evidence thus far described.”

26.

The judge then proceeded to consider that other evidence and, in particular, the evidence that some supermarket chains used labels attached to the shelf edge which displayed prices for both Greek and Greek style yoghurt under the phrase Greek yoghurt. He also took into account similar usage in various on-line catalogues and in the press. Further, he considered that, taken as a whole, FAGE’s commissioned and internal market research presented mixed messages. On the one hand, it did not suggest a uniform consensus among researchers or target consultees that the phrase Greek yoghurt denoted a class of product importantly distinct from Greek style yoghurt for the purpose of making buying decisions. On the other hand, it contained frequent references to the importance attributed by at least some of FAGE’s actual and potential customers to authenticity. Finally, the judge had regard to the survey carried out by Chobani, the result of which was, in his judgment, by no means inconsistent with the conclusion that the labelling convention had led to a widespread belief among buyers of Greek yoghurt that it came from Greece, and that this belief mattered to them.

27.

The judge then arrived at his overall conclusions on the facts which he expressed in these terms at [112]-[116]:

“112. The uniform adoption over 25 years by suppliers to the English market of a labelling convention which limits the description Greek yoghurt only to yoghurt made in Greece seems to me to raise a powerful inference that this convention was sufficient over time to incline a substantial proportion, and probably a clear majority, of the buyers of product described as Greek yoghurt to the same conclusion. That inference is in my view in no sense diminished by FAGE’s tendency (apparently shared by Asda) to describe that product as “authentic Greek yoghurt”. All that the word authentic does in that context is to underline the inference as to origin which would naturally flow from the use of the adjective Greek.

113. The market research materials and the survey, together with materials such as newspaper articles, certainly show that an understanding that Greek yoghurt comes from Greece is by no means as widely held among the public generally as the understanding that Champagne and Sherry both have territorial provenance, or that Swiss chocolate means chocolate made in Switzerland.

114. I am also persuaded that the attribution of the description Greek yoghurt only to thick and creamy yoghurt also means that the description conveys something more than mere territorial origin, in other words that a substantial proportion of the actual or

potential buyers of Greek yoghurt do think that it is in some way special, by comparison for example with those who might think that French ball-bearings come from France and Italian pencils come from Italy.

115. It is impossible to do much more than speculate as to why that substantial proportion of the relevant public think that Greek yoghurt is special. Some may, as Mr Conrad thought, make a romantic association between Greek yoghurt and a Greek holiday. Some may think that Greeks use manufacturing methods that give it its special thick and creamy texture. Few would probably know how or why. The defendants' survey suggests that a very small proportion (namely 3.4%) thought that Greek yoghurt necessarily came from Greek cows, and probably an even smaller proportion would think that Greek cows produced significantly more suitable milk for yoghurt than any other cows.

116. Again, a perception that there was something special about Greek yoghurt, less than fully matched for example by Greek style yoghurt, is in my view much less prevalent than the perception which has been held in other cases to exist in relation to Champagne, Sherry and Swiss chocolate. Nonetheless it is entertained in my view by a substantial proportion of the yoghurt eating population, running into hundreds of thousands of adults, and probably by a majority of those who are regular buyers of Greek yoghurt, 95% of which is produced by FAGE."

28.

As for the law, the parties were largely agreed. The substantive point in issue was that to which I have referred, namely whether the perception that the name in issue denoted a distinctive class of product needed to be that of the public as a whole, or merely some section of it. Chobani contended that all, or substantially all, of the relevant public needed to have that perception. FAGE responded that it was only necessary to show that a significant section of the relevant public had it. On this point, the judge preferred FAGE's submissions. What mattered, he thought, was whether a substantial proportion of the relevant public would be likely to be deceived. Put another way, the two key questions were, in their simplest form:

i)

whether the claimant has built up a substantial goodwill under the name by which he (and in a passing off case such as this, others) have described their product;

ii)

whether the defendant's use of the same or a similar name has caused or threatens to cause substantial damage to that goodwill.

The judge said both questions are matters of fact and degree, and yield to no precise formula.

29.

Applying these principles to the facts, the judge dealt first with goodwill. It followed, he thought, from his findings of fact that FAGE had indeed established that it shared in the substantial goodwill attaching to the use of the phrase Greek yoghurt. The judge set out his conclusions on this point at [133] - [135]:

“133. I have concluded that, in fact, a substantial proportion of those who buy Greek yoghurt in the UK (probably well in excess of 50% of all Greek yoghurt buyers) think that it is made in Greece, and that the proportion of those Greek yoghurt buyers to whom it matters is substantial, even though it is a modest proportion of yoghurt eaters as a whole. It follows that, in my judgment, FAGE has succeeded in demonstrating that substantial goodwill has become attached to the use of the phrase Greek yoghurt, in the sense that it creates pulling power, rather than merely denotes a geographical origin to which buyers are indifferent.

134. To my mind the best evidence of the subsistence of goodwill in the phrase Greek yoghurt lies first in the fact that a labelling convention which respects its Greek place of manufacture as being relevant to customers has been uniformly observed by yoghurt producers in the UK market for over 25 years, secondly in unanimity of the trade witnesses in that respect and thirdly in the fact that, on average, it commands a premium price.

135. The price point is of particular significance in addressing the question whether FAGE’s goodwill attaches to its own brand name Total, or to its use of the Greek yoghurt description, or to a combination of both. When supermarkets sell own label Greek yoghurt and Greek Style yoghurt, the evidence clearly shows that they obtain a higher price for their Greek yoghurt. That is in no sense attributable to the use of a different brand name, let alone to FAGE’s own brand name.”

30.

A finding of misrepresentation necessarily followed, as the judge explained at [136]:

“As for misrepresentation, it seems to me clear that, if a sufficient goodwill is shown to be attached to the phrase Greek yoghurt among customers who believe that it is made in Greece, and that this matters to them, then the use of Greek yoghurt to describe yoghurt not made in Greece plainly involves a material misrepresentation. It is a misrepresentation to all those who think that Greek yoghurt is made in Greece. It is a material misrepresentation to those who think that, and consider that it matters to them.”

31.

Finally, and given the judge’s conclusions as to goodwill and misrepresentation, actual damage was inevitable. For all these reasons, he held that FAGE was entitled to restrain Chobani from passing off its American made yoghurt as and for yoghurt made in Greece by the use of the description Greek yoghurt and he granted a permanent injunction to that effect.

### **The appeal**

32.

Mr Geoffrey Hobbs QC, who has appeared with Mr John Baldwin QC and Mr James Tumbridge on behalf of Chobani, has mounted a focused and determined attack upon the judgment. He submits that the judge lost sight of the essential need for FAGE to establish that the phrase Greek yoghurt has become so distinctive of a particular type of product made by a class of traders as to make it a valuable part of the goodwill of each of the members of that class. He says that the phrase Greek

yoghurt is not only descriptive but descriptive of a whole range of different kinds of product and accordingly the court should examine with great care any claim by a trader to be entitled to protect any single one of them. He also argues that the phrase Greek yoghurt is an entirely apt description of Chobani's product and something which it is, prima facie, entitled to use.

33.

This primary assault on the judgment has been supported by two further submissions, one advanced by Mr Hobbs and the other by Mr John Baldwin QC. For his part, Mr Hobbs submits that this case involves trade between different member states of the Union and so the judge ought to have considered the matter from the perspective of the average consumer. Specifically, he submits, the risk of misleading consumers cannot override the requirements of the free movement of goods unless that risk is sufficiently serious, and that in assessing the level of risk the relevant criterion is the presumed expectations of an average consumer who is reasonably well-informed and reasonably observant and circumspect. That, he says, the judge failed to do.

34.

Mr Baldwin emphasises the lack of specificity of the phrase Greek yoghurt and that the adjectives "thick" and "creamy" are neither objective nor precise. He also submits that analysis of the judgment reveals a wholly inadequate foundation for a conclusion that the phrase Greek yoghurt has a sufficiently certain meaning amongst consumers to support a claim in passing off.

35.

Finally, Mr Hobbs has developed the proposition of law which Chobani seeks to add by way of amendment, namely that the court has no power to grant or is precluded from granting injunctive relief to protect geographical indications, such as Greek yoghurt, other than pursuant to and in conformity with the provisions of the 2012 Regulation. Alternatively, Mr Hobbs submits the court may only grant injunctive relief in such cases subject to the fulfilment of conditions and in circumstances which are equivalent to those prescribed by the 2012 Regulation for the protection of such indications. Mr Hobbs accepts that Chobani could have taken all these further points before the judge. However, as he frankly concedes, they were not argued because they were overlooked.

36.

All of these submissions fall conveniently into two groups; the first is concerned with distinctiveness and deception the second with the 2012 Regulation, and I shall address them in that way.

#### Distinctiveness and deception

37.

This is one of those cases in which it is alleged that a geographical name has become so distinctive of particular goods made in that geographical area that its use in relation to other goods amounts to a misrepresentation which is calculated to lead to the deception of members of the public and to cause damage to those traders who enjoy a goodwill in their businesses of supplying goods which are in fact made in that area. It therefore involves an allegation of so called extended passing off. It gives rise to fundamental questions as to the meaning of distinctiveness in this context, and the degree of distinctiveness which must be established to sustain such a claim.

38.

Consideration of these questions must, I think, begin with some of the key authorities, the first being the decision of Danckwerts J in *J Bollinger & Ors v Costa Brava Wine Co Ltd (No 2)*[1961] 1 WLR 277 (the "Spanish champagne" case). The claimants, twelve companies who produced wine in the

Champagne district of France and supplied it to England and Wales, sought an injunction to prevent the defendant from using the description "Spanish Champagne" in relation to its wine. Champagne is a naturally sparkling wine made in the Champagne district by a process of double fermentation from grapes grown in that district. The defendant sold a wine which it contended possessed the characteristics of champagne, but it was produced in Spain and had no connection whatsoever with the Champagne district or even with France. It contended that the addition of the word "Spanish" showed that it was not a wine produced in France and so the description "Spanish Champagne" was not capable of being mistaken for champagne which was produced in France, and, possessing as it did the other characteristics of champagne, did not amount to a misrepresentation.

39.

Importantly for present purposes, the judge recognised that there were undoubtedly a large number of people in England who knew what champagne was and would not be deceived by the description "Spanish Champagne" into thinking that the wine so described was the real thing. He also recognised that the names of many well known wines such as Burgundy, Chablis, Graves and Sauterne had been used for many years in conjunction with a geographical denomination referring to the country where the substitute was produced and so the name had ceased to represent a wine produced in the original country from which its name was derived. However, this was not something from which champagne had suffered. In the light of the evidence, he expressed his conclusion as to the meaning of the term "champagne" at page 286:

"In the result, it has plainly been established to my satisfaction that "champagne" in this country means the product produced in the Champagne district of France by the plaintiffs and the other growers and shippers of that district; and "champagne" in this country has not come to mean a type of wine, whatever may be the situation of some other French wines in this respect. The defendants' wine therefore is not champagne, and it is untruthful to describe it as such. Not only is it untruthful, but if it was so described deliberately with the object of acquiring sales through the reputation of the world-famous and true champagne, it is dishonest to call the Spanish wine by that name."

40.

There was, however, no consistency as to the understanding of the meaning of the term "champagne" amongst those in the trade or consumers. Many did not know where champagne came from or how it was made, but would nevertheless understand that champagne had a high reputation and would wish to buy it from time to time for that reason. It was these persons who would be particularly likely to be misled, as the judge explained at page 291:

"There is thus, in my view, a considerable body of evidence that persons whose life or education has not taught them much about the nature and production of wine, but who from time to time want to purchase champagne, as the wine with the great reputation, are likely to be misled by the description "Spanish Champagne". Something was said on the subject of the burden of proof. Burden of proof is something which may shift in the course of an action. It appears to me that when the plaintiffs have shown that a description used by the defendants contains an untruthful statement that a wine which is not champagne is champagne, they have gone some way to establishing their case, and the court might require to be satisfied that such an untrue statement was so clearly

qualified as to be not likely to mislead. But, however that may be, I am satisfied on the evidence that a substantial portion of the public are likely to be misled.”

41.

The decision in the Spanish Champagne case prompted various sherry producers and shippers to write to certain producers and importers of “British Sherry” asking them to stop using the word “sherry” other than in relation to wines emanating from the Jerez district of Spain. This caused those producers and importers to begin proceedings for a declaration that they were entitled to describe their wines as “British Sherry”, this being something they had done for very many years. The sherry producers thereupon counterclaimed for an injunction to restrain the producers and importers of British sherry from passing off their wine as and for wine produced in Jerez.

42.

The action came on for trial before Cross J. In his judgment, *Vine Products Ltd and Ors v Mackenzie & Co Ltd and Ors* [1969] RPC 1 (the “British sherry” case), the judge observed that there was no distinction in principle between a champagne shipper and a sherry shipper and that what a claimant had to establish in a claim of this sort was that the district in which the goods in question were produced and which gave the goods their name was defined with reasonable precision. As he put it at page 24:

“That being, as I see it, the scope of the decision in the Spanish Champagne case, it remains to see how far, if at all, it applies to the facts of this case. It was not suggested by the plaintiffs that there was any distinction to be drawn between a Champagne shipper and a sherry shipper so far as concerned his title to bring the action. No doubt a plaintiff in this sort of action must establish that the district in which goods in question were produced and which gives the goods their name is defined with reasonable precision either by law or custom. The court must obviously be in a position to decide in case of dispute whether or not any given plaintiff is a producer in the district in question. But the evidence in this case shows that there would not be the least difficulty in saying whether or not anyone claiming to be producer and shipper of “sherry” was entitled to be so described. It can, of course, make no difference in this connection that the boundaries of the district are not static but are liable to change, provided that there is no uncertainty as to when this change occurs and what is its extent. Thus the fact that Montilla used to be classed as sherry but now has its own separate system of control does not affect the question at issue one way or another.”

43.

After considering the facts, Cross J concluded that, despite the long established and widespread use of the expressions “British Sherry” and “South African Sherry” and the like, the word “sherry” standing alone still denoted a wine from the Jerez district of Spain and not a type of wine or alcoholic drink which might be produced anywhere or in any way. Nevertheless, it remained to be considered whether objection could now be raised to the use of the expression “British Sherry”. The judge concluded it could not because the Spanish producers had delayed while the producers and importers of British sherry had built up a substantial goodwill, and in consequence it would be unjust to prevent the further use of the expression. However, there had been no acquiescence in the use of the term “sherry” simpliciter and so an injunction would be granted to restrain the use of that word otherwise than as part of a composite phrase such as “British Sherry” or “South African Sherry”.

44.

Two further points emerge from this decision. First, the use of the term “sherry” in Spain was originally regulated by custom, though for some thirty years prior the trial, this custom had been implemented in Spanish law. The judge summarised the position in this way at pages 16-17:

“Since 1935 the use of the words “Jerez” or “Xeres” or “sherry” in connection with wine has been regulated by Spanish law. To be entitled to be so described the wine has to have been made of grapes of certain kinds grown in certain areas and has to have been matured and blended in “bodegas” situated in certain places. There is a board of control whose duty it is to secure, so far as may be, that nobody offers wine for sale under those names without complying with the regulations. But Senor Manuel Gonzales Gordon who is 91 years of age, who was, to use his own words, “born among the butts” and has spent most of his life in “Sherryland”, told me that the regulations only put into writing and gave legal force to what had been customary before. For many years past - subject to an exception which I will mention in a moment - the wine brought from Spain to this country under the name “sherry” has, I think, been made from grapes grown in substantially the same districts and from musts blended and matured in the same places as those prescribed by the present regulations.”

45.

Second, the judge recognised and accepted that it had been decided in the Spanish Champagne case that the degree of understanding of the meaning of a particular designation of this kind will vary from consumer to consumer. Less knowledgeable consumers were not to be disregarded, however. Indeed, they were perhaps the most likely to be deceived and it was precisely against such deception that the original producers were entitled to be protected, as the judge explained at page 23:

“... A man who does not know where Champagne comes from can have not the slightest reason for thinking that a bottle labelled “Spanish Champagne” contains a wine produced in France. But what he may very well think is that he is buying the genuine article - real Champagne - and that, I have no doubt, was the sort of deception which the judge had in mind. He thought, as I read his judgment, that if people were allowed to call sparkling wine not produced in Champagne “Champagne”, even though preceded by an adjective denoting the country of origin, the distinction between genuine Champagne and “champagne type” wines produced elsewhere would become blurred: that the word “Champagne” would come gradually to mean no more than “sparkling wine;” and that the part of the plaintiffs’ goodwill which consisted in the name would be diluted and gradually destroyed. If I may say so without impertinence I agree entirely with the decision in the Spanish Champagne case - but as I see it it uncovered a piece of common law or equity which had till then escaped notice - for in such a case there is not, in any ordinary sense, any representation that the goods of the defendant are the goods of the plaintiffs, and evidence that no-one has been confused or deceived in that way is quite beside the mark. In truth the decision went beyond the well-trodden paths of passing off into the unmapped area of “unfair trading” or “unlawful competition”.”

46.

Both of these decisions were subsequently followed by Foster J in *John Walker & Sons Ltd v Henry Ost & Co Ltd* [1970] 1 WLR 917 in granting an injunction in a claim brought by various blenders and exporters of Scotch whisky to restrain the defendants from selling in Ecuador under the name Scotch whisky a mixture of single malt whisky from Scotland with a local cane spirit.

47.

Just a few years later, Erven Warnink, a manufacturer in Holland of the alcoholic drink known in England as “advocaat”, the principal ingredients of which were eggs and spirits but no wine, and its distributors, Victoria Wine, sought to prevent an English company called Keeling from selling an alcoholic egg drink made from a mixture of dried eggs and a Cyprus sherry under the name “Keeling’s Old English Advocaat”. This drink attracted a lower rate of duty appropriate to fortified wine in place of spirits and as a result Keeling was able to undercut Warnink and other makers of advocaat and so capture a significant share of the English market. At the trial, Goulding J found ([1978] FSR 1 at page 11) that Warnink and other manufacturers of advocaat had generated a substantial goodwill attaching to the word “advocaat” as denoting a drink with recognisable qualities of appearance, taste, strength and satisfaction. He also found (at page 13) that the sale of Keeling’s Old English Advocaat had caused substantial damage to Warnink and other traders in Dutch advocaat and this damage would not have occurred, or would have occurred to a much smaller extent, had the defendants not used the word “advocaat” as part of the description of their goods. The Court of Appeal reversed that decision (1978] FSR 473). On further appeal to the House of Lords, the question arose as to whether approval should be given to the extended concept of passing off as applied in the Champagne, Sherry and Scotch whisky cases and further, whether that principle should be extended beyond the use of names with some geographical connotation. Keeling also contended that the word “advocaat” was very loosely defined and made differently in Holland, in Belgium and in Germany. It was, Keeling argued, as loose as “brown bread” and the law should not be widened to protect such imprecise recipes.

48.

The House of Lords restored the decision of Goulding J: Erven Warnink Besloten Vennootschap and Anor v J Townend & Sons (Hull) Ltd and Anor [1979] AC 731 (the “Advocaat” case). Lord Diplock recognised that Warnink had no cause of action for passing off in its classic form because it had not been shown that any purchaser of Keeling’s Old English Advocaat had supposed or would be likely to suppose that it had been supplied by Warnink or was Dutch advocaat of any make. He then highlighted the following important findings by the judge, namely (1) the name “advocaat” was understood by the public in England to denote a distinct and recognisable species of beverage; (2) Warnink’s product was genuinely indicated by that name and had gained a reputation and goodwill under it; (3) Keeling’s product had no natural association with the word “advocaat”; it was an egg and wine drink properly described as an “egg flip”, whereas advocaat was an egg and spirit drink; these were different beverages and known as different to the public; (4) members of the public believed or had been deliberately induced by Keeling to believe that in buying Old English Advocaat they were in fact buying advocaat; (5) Keeling’s deception of the public had caused and, unless prevented, would continue to cause damage to Warnink both directly in loss of sales and indirectly in the debasement of the reputation attaching to the name “advocaat”. He considered that these findings disclosed a case of unfair trading of a kind for which a rational system of law ought to provide a remedy to other traders whose business or goodwill was injured by it.

49.

After explaining the history of the action for passing off, Lord Diplock then identified five characteristics of a valid cause of action for passing off in this well known passage of his speech at page 742:

“My Lords, *A. G. Spalding & Bros v. A. W. Gamage Ltd.*, 84 L.J. Ch. 449 and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a

trader in the course of trade, (3) to prospective 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.”

50.

Lord Diplock cautioned that it did not follow that all factual situations which presented these characteristics must necessarily give rise to a cause of action in passing off, although it is to be noted that later in his speech (at page 748) he indicated that, prima facie, as the law stood, their presence was enough, subject to there being present some exceptional feature which provided a public policy reason for withholding protection.

51.

There followed a consideration by Lord Diplock of the cases involving extended passing off. He explained that they each disclosed a factual situation containing each of the five characteristics necessary to sustain a valid cause of action. Their distinguishing features were first, that the goodwill was shared between those traders whose wines could satisfy the necessary condition and second, that the class of traders entitled to a right in the goodwill was capable of continuing expansion. It seemed to him, however, that the principle must be the same whatever the size of class and irrespective of whether it might be expanded, provided always that any new entrant had used the descriptive term long enough to establish a share in the goodwill, as he explained at page 744:

“It seems to me, however, as it seemed to Danckwerts J., that the principle must be the same whether the class of which each member is severally entitled to the goodwill which attaches to a particular term as descriptive of his goods, is large or small. The larger it is the broader must be the range and quality of products to which the descriptive term used by the members of the class has been applied, and the more difficult it must be to show that the term has acquired a public reputation and goodwill as denoting a product endowed with recognisable qualities which distinguish it from others of inferior reputation that compete with it in the same market. The larger the class the more difficult it must also be for an individual member of it to show that the goodwill of his own business has sustained more than minimal damage as a result of deceptive use by another trader of the widely-shared descriptive term. As respects subsequent additions to the class, mere entry into the market would not give any right of action for passing off; the new entrant must have himself used the descriptive term long enough on the market in connection with his own goods and have traded successfully enough to have built up a goodwill for his business.”

52.

Lord Diplock then proceeded to hold that the various extended passing off cases had been rightly decided. The fact that in each of these cases the descriptive name under which goods of a particular type or composition had been marketed happened to have a geographical connotation was without significance. What mattered was that the product of a particular character or composition had been marketed under a descriptive name, and under that name had gained a public reputation which distinguished it from competing products of different compositions. There was therefore no basis for distinguishing the instant case from the Champagne, Sherry and Scotch whisky cases.

53.

More generally, Lord Diplock observed that it was, however, necessary to identify with reasonable precision the members of the class of traders of whose products the particular designation had become distinctive and the type of product that had acquired the relevant reputation. He put it in these terms at pages 747-748:

“Of course it is necessary to be able to identify with reasonable precision the members of the class of traders of whose products a particular word or name has become so distinctive as to make their right to use it truthfully as descriptive of their product a valuable part of the goodwill of each of them; but it is the reputation that that type of product itself has gained in the market by reason of its recognisable and distinctive qualities that has generated the relevant goodwill. So if one can define with reasonable precision the type of product that has acquired the reputation, one can identify the members of the class entitled to share in the goodwill as being all those traders who have supplied and still supply to the English market a product which possesses those recognisable and distinctive qualities.

It cannot make any difference in principle whether the recognisable and distinctive qualities by which the reputation of the type of product has been gained are the result of its having been made in, or from ingredients produced in, a particular locality or are the result of its having been made from particular ingredients regardless of their provenance; though a geographical limitation may make it easier (a) to define the type of product; (b) to establish that it has qualities which are recognisable and distinguish it from every other type of product that competes with it in the market and which have gained for it in that market a reputation and goodwill; and (c) to establish that the plaintiff's own business will suffer more than minimal damage to its goodwill by the defendant's misrepresenting his product as being of that type.”

54.

On the judge's findings of fact, these requirements were satisfied and all five necessary characteristics were present. It followed that the claim should succeed and the injunction granted by the judge restored.

55.

Lord Fraser also considered that the Spanish Champagne case was rightly decided. He agreed with the observations of Buckley LJ in the Court of Appeal that at least some measure of distinctiveness was essential for the trade name or description to be capable of giving rise to a claim in passing off but, on the judge's findings, that had been made out. As he observed, the terms descriptive and distinctive, as applied to names of products, are not mutually exclusive and that names which begin by being descriptive may in the course of time become distinctive as well as descriptive. He then identified the following essential elements of a cause of action in passing off at pages 755-756:

“... It is essential for the plaintiff in a passing off action to show at least the following facts:- (1) that his business consists of, or includes, selling in England a class of goods to which the particular trade name applies; (2) that the class of goods is clearly defined, and that in the minds of the public, or a section of the public, in England, the trade name distinguishes that class from other similar goods; (3) that because of the reputation of the goods, there is goodwill attached to the name; (4) that he, the plaintiff, as a member

of the class of those who sell the goods, is the owner of goodwill in England which is of substantial value; (5) that he has suffered, or is really likely to suffer, substantial damage to his property in the goodwill by reason of the defendants selling goods which are falsely described by the trade name to which the goodwill is attached. Provided these conditions are satisfied, as they are in the present case, I consider that the plaintiff is entitled to protect himself by a passing off action.”

56.

Where the falsehood was a misrepresentation that the competitor’s goods were the goods of a definite class with a valuable reputation, and where the misrepresentation was likely to cause damage to established traders who owned goodwill in relation to that class of goods, morality required that they should be entitled to protect their goodwill. It followed that the Spanish Champagne case was rightly decided.

57.

Some years later, in *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341, (the “Jif lemon” case), Lord Oliver restated the essential requirements of a claim in passing off in a simplified form in this way (at page 406):

“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 the 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.”

58.

The final decision to which I must refer at this stage is that of this court in *Chocosuisse Union des Fabricants Suisse de Chocolat v Cadbury Ltd* [1999] RPC 826 (the “Chocosuisse” case). This was a claim in passing off brought by the association for the Swiss chocolate industry against Cadbury arising from the use by Cadbury of the name “Swiss Chalet”. The judge found that the term “Swiss chocolate” denoted chocolate made in Switzerland in accordance with Swiss food regulations and that a substantial number of persons would be deceived by the use by Cadbury of the term “Swiss Chalet” into thinking that the chocolate to which it was applied was Swiss chocolate. He held that passing off had been established. On appeal, this court considered two main issues: first, whether, in the minds of the public or a section of the public, the designation “Swiss chocolate” distinguished that class of

goods from other similar goods; and second, whether or not there had been, or was likely to be, confusion between Swiss Chalet and chocolate made in Switzerland.

59.

On the first issue, Chadwick LJ explained that the words “Swiss chocolate” were descriptive in nature and so the claim could not succeed unless they had come to mean to a significant part of the public a class of products having a discrete reputation. As he said at page 832:

“The words “Swiss chocolate” are, as the judge pointed out, [1998] R.P.C. 117, at page 129 line 31, descriptive in nature. They are clearly apt to describe chocolate made in Switzerland. But they are also apt to describe chocolate made to a Swiss recipe with Swiss expertise by a Swiss manufacturer. If the words are no more than descriptive – whether of the place of manufacture or of the identity of the manufacturer – they cannot found an action in passing-off. The judge identified the point, correctly in my view, in the following passage of his judgment, [1998] R.P.C. 117, at page 129 lines 31 to 36:

“It is only if they [the words ‘Swiss chocolate’] are taken by a significant part of the public to be used in relation to and indicating a particular group of products having a discrete reputation as a group that a case of passing off can get off the ground. I have had to bear this in mind when assessing the evidence of what the words mean to members of the public. If they convey nothing more than their descriptive meaning the action must fail.”

There were, therefore, two questions to be addressed on this part of the case: (i) would the words “Swiss chocolate” have been taken by a significant section of the public in England at the relevant time to mean, and to mean only, chocolate made in Switzerland; and if so, (ii) did chocolate made in Switzerland have a discrete reputation, distinct from other chocolate, which the Swiss Chocolate Manufacturers were entitled to protect?”

60.

At trial Laddie J had concluded that to a significant section of the public in England the words “Swiss chocolate” meant and meant only chocolate made in Switzerland. On appeal, Cadbury sought to challenge that conclusion arguing that, on the evidence, it was clear that the designation Swiss chocolate had been applied to goods which were not made in Switzerland and, moreover, they were entirely apt to describe products made outside Switzerland but to Swiss recipes, or to describe chocolate made outside Switzerland but sold under a famous Swiss brand name. The problem with this submission was, however, that the judge had found that, at the date on which Cadbury put its Swiss Chalet product on the market, the words “Swiss chocolate” were taken by a significant section of the public in England to mean and to mean only chocolate made in Switzerland. It followed that Lord Fraser’s criteria (2), (3) and (4) in the *Advocaat* case had been made out.

61.

As for the second issue, whether or not there had been or was likely to be confusion, this was, Chadwick LJ considered, a question of fact for the judge who had heard the witnesses. His conclusion upon the evidence could not be regarded as perverse and it would be wrong to set it aside.

62.

I believe the following points emerge from these authorities which have a bearing on the case before us. First, there can be no doubting that geographical denominations are, prima facie, descriptive of many different kinds of goods. They may, for example, denote goods (i) made in that place or (ii) made to a recipe or of a type associated with that place or (iii) that they are the goods of a particular undertaking based in that place. Nevertheless, it has long been recognised that names which were at one time descriptive may be protected in an action for passing off if they have acquired a secondary meaning and so become distinctive of the goods of one or more traders.

63.

Second, the essential elements of a claim in passing off have been authoritatively explained by the House of Lords in the *Advocaat* and *Jif lemon* cases. They have at their heart the three requirements of goodwill, misrepresentation and damage. It is, I think, inherent in these expositions of the essential elements of the tort that a claimant is not required to show that the name sought to be protected is known to, and in the case of a descriptive name, has acquired a secondary meaning amongst, all potential consumers. Indeed and as Lord Fraser explained in the *Advocaat* case, the terms descriptive and distinctive are not mutually exclusive in this context, and a name which begins by being descriptive may in the course of time become both distinctive and descriptive. So also in the *Chocosuisse* case, Chadwick LJ identified as one of the critical questions in issue on the appeal whether the words "Swiss chocolate" would have been taken by a significant section of the public to mean, and to mean only, chocolate made in Switzerland. What a claimant must show is that his name is sufficiently well known and sufficiently distinctive that the activities of the defendant in using the same or a similar name in relation to different goods amounts to a misrepresentation which is calculated to cause him damage. As Lord Herschell said in *Reddaway v Banham* [1986] AC 199 at page 211 in considering the deceptive use of a descriptive term:

"I am unable to see why a man should be allowed in this way rather than any other to deceive purchasers into the belief that they are getting what they are not, and thus to filch the business of a rival."

64.

Third, the claimant must establish a likelihood of confusion amongst a substantial number of persons. Morritt LJ (as he then was) summarised the position this way in *Neutrogena Corporation and Anor v Golden Ltd and Anor* [1996] RPC 473 at page 493:

"There is no dispute as to what the correct legal principle is. As stated by Lord Oliver of Aylmerton in *Reckitt & Colman Products Ltd. v. Borden Inc.* [1990] R.P.C. 341 at page 407 the question on the issue of deception or confusion is

"is it, on a balance of probabilities, likely that, if the appellants are not restrained as they have been, a substantial number of members of the public will be misled into purchasing the defendants' [product] in the belief that it is the respondents'[product]"

The same proposition is stated in *Halsbury's Laws of England* 4th Edition Vol.48 para 148. The necessity for a substantial number is brought out also in *Saville Perfumery Ltd. v. June Perfect Ltd.* (1941) 58 R.P.C. 147 at page 175; and *Re Smith Hayden's Application* (1945) 63 R.P.C. 97 at page 101."

65.

Fourth, the kind of passing off with which this case is concerned, so called extended passing off, is no different in principle from conventional passing off. As Lord Diplock said in the *Advocaat* case, they are both species of the same genus. In an extended passing off case, the allegation is not that the defendant has, by the use of a name, misrepresented his goods as those of the claimant but rather that he has misrepresented his goods as those of a class of traders of whom the claimant need only be one. The goodwill invaded by the defendant is not that of one trader alone but is shared with all other traders of whose goods the name is distinctive. Furthermore, the class is not fixed in that other traders may join it and, so too, traders may fall out of it. However, both these kinds of passing off satisfy all of the requirements laid down by Lord Diplock and Lord Fraser in the *Advocaat* case. In each case the claimant must establish that the name he is seeking to protect has acquired a goodwill, that is to say an attractive power, and the use of the same name by another trader amounts to a misrepresentation which is calculated to cause deception and so cause the claimant damage in his business.

66.

Fifth, it is no more necessary in a case of extended passing off than in a case of conventional passing off for a claimant to establish that all members of the public understand how the goods are made. Thus in the Spanish champagne case the degree of understanding of the meaning of the term "champagne" varied from consumer to consumer, with the less knowledgeable consumers being most likely to be confused. This mattered not because, as Cross J so precisely identified in the British sherry case, those less knowledgeable consumers might well think a bottle labelled "Spanish champagne" was the genuine article. Similarly, in the *Advocaat* case, the reputation attaching to the name was simply that of a drink having recognisable qualities of appearance, taste, strength and satisfaction and for that reason the defendants' product, labelled as it was "Old English *Advocaat*", would lead them into believing they were in fact buying genuine *advocaat*.

67.

Sixth, it also follows from the foregoing that a claimant in an extended passing off case is entitled to protect himself against erosion of the distinctiveness of the name of his goods and so loss of his goodwill. This was explained by this court in *Taittinger SA and Ors v Allbev Ltd and Anor* [1993] FSR 461, a case in which various champagne producers sought to prevent the defendants from selling sparkling elderflower cordial under the name "elderflower champagne" in a get-up similar to that of champagne. For present purposes I need only refer to this passage in the judgment of Sir Thomas Bingham MR (as he then was) at page 678:

"Like the judge, I do not think the defendants' product would reduce the first plaintiffs' sales in any significant and direct way. But that is not, as it seems to me, the end of the matter. The first plaintiffs' reputation and goodwill in the description 'Champagne' derive not only from the quality of their wine and its glamorous associations, but also from the very singularity and exclusiveness of the description, the absence of qualifying epithets and imitative descriptions. Any product which is not Champagne but is allowed to describe itself as such must inevitably, in my view, erode the singularity and exclusiveness of the description 'Champagne' and so cause the first plaintiffs damage of an insidious but serious kind. The amount of damage which the defendants' product would cause would of course depend on the size of the defendants' operation. That is not negligible now, and it could become much bigger. But I cannot see, despite the defendants' argument to the contrary, any rational basis upon which, if the defendants' product were allowed to be marketed under its present description, any other fruit

cordial diluted with carbonated water could not be similarly marketed so as to incorporate the description champagne. The damage to the first plaintiffs would then be incalculable but severe.”

68.

Seventh, it is, I think, inherent in the requirements explained by the House of Lords in the *Advocaat* case but was in any event spelled out by Lord Diplock in the passage of his speech cited at [53] above, that for a claimant to succeed in an extended passing off case he must show that the class of traders of whose products the name is said to have become distinctive can be defined with reasonable precision. So also he must show that the name has come to denote a particular kind of product which has recognisable characteristics which distinguish it from other products, and that the public are motivated to buy the product by reason of those characteristics. I should say that this does not mean, however, that the class of persons entitled to use a geographical denomination in relation to particular goods must be defined and controlled by law or some other regulation. Indeed in the British sherry case, the regulations governing the use in Spain of the term sherry simply gave effect to what had been customary before.

69.

Finally, I am conscious of the concern expressed by Rix LJ in *Diageo North America Inc v Intercontinental Brands (ICB) Ltd* [2010] EWCA Civ 920, [2011] RPC 2 (at [72]) that in the *Advocaat* case the House of Lords did not intend to cover as a matter of principle the case where a claimant sues to protect a shared reputation in the manufacture or distribution of a generic product which is distinctive primarily because it extends to the whole of a broad category of product; and (at [76]) that the extended form of passing off should not by dint of extension upon extension trespass beyond the legitimate area of protection of goodwill into an illegitimate area of anti-competitiveness. However, for my part, I feel these concerns are met by the need to establish each of the requirements explained by the House of Lords in the *Advocaat* case. As Lord Diplock made clear in the passage of his speech cited at [51] above, the larger the class, the more difficult it will be to show that the term has acquired a goodwill as denoting goods having particular characteristics and that the use of the term by the defendant amounts to a misrepresentation which will cause deception and damage to the claimant in his business.

70.

So I must now consider whether the judge was entitled to reach the conclusion he did in light of the principles which I have summarised. I have set out in some detail the approach the judge took to the evidence, the findings he made, his analysis of the law and his reasoning in arriving at his ultimate conclusion. In dealing with the critical issue on this aspect of the appeal, that is to say distinctiveness, he found (at [112]-[116]) that a substantial proportion, and probably a clear majority, of the buyers of Greek yoghurt believed that it came from Greece and further, that the description conveyed to them that the yoghurt to which it was applied was in some way special. Adopting Laddie J’s illustrations at first instance in the *Chocosuisse* case, “Greek yoghurt” is not one of those descriptions such as “French ball bearings” or “Italian pencils” which do not have associated with them any goodwill which acts as an attractive force which brings in custom. To the contrary and notwithstanding that few know how or why Greek yoghurt has its distinctive thick and creamy texture, a substantial proportion of the relevant public not only believe that Greek yoghurt comes from Greece but also believe it to be special. I am satisfied the judge was entitled to make these findings on the evidence. Indeed they had powerful support from the trade witnesses, the unwritten labelling convention, the advice given to Chobani and the premium price which Greek yoghurt commands in the marketplace. Furthermore, the

evidence given by Chobani through Mr Bevers betrayed not only a recognition of the reputation enjoyed by Greek yoghurt but also a determination to take commercial advantage of it.

71.

The judge returned to this issue later in his judgment (at [133]-[135]) in dealing with goodwill. There he reiterated that a substantial proportion of those who buy Greek yoghurt think that it is made in Greece and that the proportion of those Greek yoghurt buyers to whom it matters is also substantial. It followed, he thought, that FAGE had demonstrated that a substantial goodwill attached to the phrase.

72.

Mr Hobbs and Mr Baldwin attack this conclusion, arguing that it amounts to no more than a finding that the word "Greek" was fulfilling its natural descriptive function, that the phrase Greek yoghurt was "multivalent" and entirely apt to use in relation to the Chobani product, and that the phrase lacked the necessary singularity which neither the description "thick and creamy" nor the specification set out at [19] above could remedy. These did not adequately define a class of products to which the phrase could be applied, nor did they adequately define a class of traders who could use it.

73.

I am unable to accept these submissions for the following reasons. First, the findings at [133]-[135] cannot be seen in isolation. The crucial findings on the evidence are those which the judge made earlier in his judgment at [112]-[116] which I have set out above. Here the judge found that a substantial part of the relevant part of the public do indeed recognise Greek yoghurt with its characteristic thick and creamy texture as being special and as coming from Greece. This is a finding that the phrase means to these people a particular and singular product which they consider desirable and that there is a goodwill associated with it. The fact that this reputation and goodwill does not extend to all potential customers is neither here nor there. What matters is that it exists amongst a significant section of the relevant public. To these persons the phrase is no longer purely descriptive and has come to denote a product of a particular kind.

74.

Second, it is of course true to say that there was no finding that the public know of the specification to which Greek yoghurt is made; nor was there a finding that the use of the phrase in Greece is restricted by law. But, as I have sought to explain, neither is a requirement of a successful claim in passing off.

75.

Third, I believe that the class of traders of whose products the phrase Greek yoghurt has become distinctive has been defined with reasonable precision. It comprises all those traders whose yoghurt is made in Greece according to the specification set out at [19] above. Traders who make yoghurt in Greece in accordance with that specification may join the class and complain of the misuse of the phrase provided they have used it for a sufficient period of time to acquire a share in the goodwill associated with it. I recognise that these cases may raise difficult questions in some cases. For example, during the course of the appeal hearing we canvassed with the parties whether FAGE could complain of the use by a trader of the phrase Greek yoghurt in relation to yoghurt made in Greece and rendered thick and creamy by the addition of thickeners rather than straining. It may be said with some force that the use of the phrase in relation to such a product would not deceive anyone and so could not amount to passing off. However, that is not this case. Here the use of the phrase by Chobani

in relation to yoghurt not made in Greece is calculated to cause deception and confusion and to lead members of the public to buy it thinking they are buying the genuine article, that is to say yoghurt having the characteristics with which they are familiar and which has been made in Greece. It is an activity upon which Chobani has embarked with the intention of taking advantage of the cachet attaching to the phrase which has been generated by FAGE and other traders, and so selling its product at the premium price which Greek yoghurt commands. In my judgment this is an activity in respect of which the law ought to provide FAGE a remedy and the judge was right to hold it amounts to passing off.

76.

That brings me to Mr Hobbs' point concerning the average consumer. He submits that it is not permissible to raise a barrier to cross border trade unless the risk of deception is sufficiently serious and that in considering that question the relevant criterion is the presumed expectations of the average consumer. This formulation is derived from the opinion of Advocate General Jacobs in Case C-312/98 *Schutzverband gegen Unwesen in der Wirtschaft EV v Warsteiner Brauerei Haus Cramer GmbH & Co KG* [2000] ECR I-9187 (the "Warsteiner" case) in which he said at [59]-[60]:

"59. It is clear from the case-law of the Court that the risk of misleading consumers cannot override the requirements of the free movement of goods and so justify barriers to trade unless that risk is sufficiently serious and that in assessing the level of risk the relevant criterion is the presumed expectations of an average consumer who is reasonably well-informed and reasonably observant and circumspect.

60. If therefore the average consumer, as so defined, of a particular product marketed under a simple geographical indication of source makes no link between the features of the product which inspire his purchase and the indication of source, then that indication does not influence his decision, he cannot sensibly be regarded as having been misled and a prohibition on marketing the product under such indication, ostensibly for the protection of consumers, would clearly be a disproportionate and inappropriate means to that end."

77.

This aspect of the opinion echoes the judgment of the CJEU in Case C-220/98 *Estée Lauder Cosmetics GmbH & Co OHG v Lancaster Group GmbH* [2000] ECR I-135. This case concerned an assertion at national level of a right based upon a law of unfair competition to prevent Lancaster from marketing a firming cream for the skin under a name which included the word "lifting". Estée Lauder argued that the use of the word "lifting" in this context was misleading because it gave purchasers the impression that that the use of the product would produce results akin to those achieved by surgical lifting when this was not the case. The Court explained at [27]-[28]:

"27. It should be borne in mind that when it has fallen to the Court, in the context of the interpretation of Directive 84/450 [concerning misleading advertising], to weigh the risk of misleading consumers against the requirements of the free movement of goods, it has held that, in order to determine whether a particular description, trade mark or promotional description or statement is misleading, it is necessary to take into account the presumed expectations of an average consumer who is reasonably well informed and

reasonably observant and circumspect (see, in particular, Case C-210/96 Gut Springenheide and Tusky [1998] ECR I-4657, paragraph 31).

28. That test, based on the principle of proportionality, also applies in the context of the marketing of cosmetic products where, as in the case in the main proceedings, a mistake as to the product's characteristics cannot pose any risk to public health.

78.

This point was not advanced before the judge and FAGE objects to it being taken now. In my judgment that objection is a sound one. I do not believe it would be right to allow Chobani to take the point at this stage because I do not believe that it necessarily raises a pure question of law. Mr Hobbs forcibly submits that it is essential for the point to be taken to prevent this court from proceeding on a false legal basis and in a manner contrary to Union law. Moreover, he continues, it is not possible for the parties to civil proceedings to invest a court with a power and jurisdiction it does not possess. However, during the course of argument we asked Mr Hobbs whether he was submitting that not only did the judge apply the wrong test but also that had he applied the right test it would or might have made a material difference to the outcome. I understood him to say that it might but that the relevant materials are before the court and that we are in a position to decide the matter, and to do so on the correct basis. For my part, I do not accept that is necessarily so. It seems to me that if this point had been taken before the judge then FAGE might well have chosen to call further or different evidence and to explore other issues in cross examination. Accordingly and were we to accede to Mr Hobbs' request, I believe there is a real risk that FAGE would be prejudiced. Moreover, it is well established that it requires exceptional circumstances to allow a party to advance on appeal a new case on a different basis. No such circumstances are present in this case. To the contrary, no justification has been advanced for the failure to take the point at trial, save that it was overlooked.

79.

I would add that this is a point on which we have heard only very limited argument. It was not developed in Chobani's original or supplementary skeleton arguments filed before the appeal hearing and we did not have an opportunity to hear fully developed submissions during the course of the hearing. I consider this highly unsatisfactory. Any consideration by this court whether the approach hitherto taken in this country in relation to passing off is materially different from or inconsistent with the average consumer test must necessarily involve a consideration of the nature of that test, and that is a complex issue upon which we have received virtually no assistance from the parties. Accordingly I would make it clear that nothing in this judgment should be taken as indicating that I have reached any final conclusion on this issue.

The 2012 Regulation

80.

Mr Hobbs accepts that Chobani needs permission to amend its defence and grounds of appeal in order to raise the point of law based upon the 2012 Regulation. He also accepts that the point could and should have been raised before the judge. Nevertheless, he says, once again, that it is a point which needs to be raised to prevent this court from proceeding on a false legal basis and in a manner contrary to Union law. Moreover, he continues, it provides a complete answer to the claim. Accordingly, we should give Chobani permission to amend at this late stage.

81.

The 2012 Regulation entered into force on 4 January 2013 and provides for the protection of geographical denominations for agricultural products and foodstuffs with the aim of helping producers to communicate the characteristics and farming attributes of those products and foodstuffs to buyers and consumers. The geographical denominations the subject of the 2012 Regulation are of two kinds, protected designations of origin or PDOs, and protected geographical indications or PGIs. I set out the definitions of these denominations a little later in this judgment but would simply note at this stage that they reflect the definition of geographical indications laid down in TRIPs (the Agreement on Trade-Related Aspects of Intellectual Property Rights).

82.

The 2012 Regulation repealed Council Regulation (EC) 510/2006 which itself repealed Council Regulation EEC No 2081/92. As its recitals make clear, it reflects a continuing recognition of the need for a uniform system throughout the Union which ensures that consumers are provided with clear information about products with specific characteristics linked to their geographical origin, and which secures a fair return for farmers and producers. A Union framework for the protection of geographical denominations is perceived to promote these aims because it ensures fair competition between producers and enhances the credibility of the products in the eyes of consumers.

83.

It therefore comes as no surprise to find that the CJEU has confirmed that the 2012 Regulation and its predecessors have established a uniform and exhaustive system for the protection of PDOs and PGIs which precludes the application of a parallel system of protection under the individual laws of Member States. In Case C-478/07 Budejovický Budvar NP v. Rudolf Ammersin GmbH [2009] ECR I-7721; the Grand Chamber of the CJEU ruled:

“[114] The conclusion must be drawn that the aim of Regulation 510/2006 is not to establish, alongside national rules which may continue to exist, an additional system of protection for qualified geographical indications, like, for example, that introduced by Regulation 40/94 on the Community trade mark ([1994] OJ L11/1), but to provide a uniform and exhaustive system of protection for such indications.

....

[129] In the light of the foregoing, the answer to the second question is that the Community system of protection laid down by Regulation 510/2006 is exhaustive in nature, with the result that that regulation precludes the application of a system of protection laid down by agreements between two Member States, such as the bilateral instruments at issue, which confers on a designation, recognised under the law of a Member State as constituting a designation of origin, protection in another Member State where that protection is actually claimed despite the fact that no application for registration of that designation of origin has been made in accordance with that regulation.”

84.

That does not mean, however, that the 2012 Regulation precludes all national laws which prohibit the potentially misleading use of geographical denominations. So, in Case C-312/98, the Warsteiner case, the CJEU was asked whether Regulation 2081/92 precluded the application of national legislation

which prohibited the potentially misleading use of a geographical indication of source where there was no link between a product's characteristics and its geographical provenance.

85.

In considering that question the court explained at [49]-[50]:

“49. In that regard, it must be observed, first, that the purpose of Regulation No 2081/92 cannot be undermined by the application, alongside that regulation, of national rules for the protection of geographical indications of source which do not fall within its scope.

50. Second, Regulation No 2081/92 is intended to ensure uniform protection within the Community of the geographical designations which it covers and it introduced a requirement of Community registration so that they could enjoy protection in every Member State (see, to that effect, the judgment in Joined Cases C-129/97 and C-130/97 Chiciak and Fol [1998] ECR I-3315, paragraphs 25 and 26), whereas the national protection which a Member State confers on geographical designations which do not meet the conditions for registration under Regulation No 2081/92 is governed by the national law of that Member State and is confined to the territory of that Member State.”

86.

It then answered the referred question in these terms:

“54. In view of the foregoing considerations, the answer to be given to the question referred to the Court must be that Regulation No 2081/92 does not preclude the application of national legislation which prohibits the potentially misleading use of a geographical indication of source in the case of which there is no link between the characteristics of the product and its geographical provenance.”

87.

Similarly in Case C-216/01 Budejovický Budvar NP v. Rudolf Ammersin GmbH [2003] ECR I-13617 (the “Budvar I” case) the CJEU reiterated at [74]-[76]:

“74. The aim of Regulation No 2081/92 is to ensure uniform protection within the Community of the geographical designations which it covers; it introduced a requirement of Community registration in respect of those designations so that they could enjoy protection in every Member State, whereas the national protection which a Member State accords to geographical designations that do not meet the conditions for registration under Regulation No 2081/92 is governed by the national law of that Member State and is confined to its territory (see Warsteiner Brauerei, paragraph 50).

75. No doubt is cast on that interpretation by the fact that the national system of protection of indications of geographical source at issue in the main proceedings provides for absolute protection, that is to say, irrespective of whether there is any risk of consumers being misled.

76. The scope of Regulation No 2081/92 is not determined by reference to such factors, but depends essentially on the nature of the designation, in that it covers only

designations of products for which there is a specific link between their characteristics and their geographic origin, and by the fact that the protection conferred extends to the Community.”

88.

It is therefore clear that Union law does not preclude the application of national rules for the protection of geographical denominations which do not fall within the material scope of the 2012 Regulation. So that is the issue to which I now turn.

89.

A PDO is defined in Article 5(1) as a name which identifies a product:

- (a) originating in a specific place, region or, in exceptional cases, a country;
- (b) whose quality or characteristics are essentially or exclusively due to a particular geographical environment with its inherent natural and human factors; and
- (c) the production steps of which all take place in the defined geographical area.

90.

As can be seen, it is an essential requirement of a PDO that it is a name which identifies a product originating in a particular location and made in that location, and whose quality or characteristics are essentially or exclusively due to a particular geographical environment. There is no suggestion that the phrase Greek yoghurt meets this requirement. Although it is made in Greece it cannot be said that its quality or characteristics are essentially due to any aspect of the environment in that country.

91.

A PGI is more liberally defined in Article 5(2) as a name which identifies a product:

- (a) originating in a specific place, region or country;
- (b) whose given quality, reputation or other characteristic is essentially attributable to its geographical origin; and
- (c) at least one of the production steps of which take place in the defined geographical area.

92.

A PGI must again originate in a particular location but, in contrast to a PDO, only one of its production steps needs to have taken place there. Further and importantly, it is not a requirement of a PGI that it is the name of a product whose quality or characteristics are essentially due to a particular geographical environment. It is enough that it denotes a product whose quality, reputation or other characteristic is essentially attributable to its geographical origin. Nevertheless, there must still be a link between the quality, reputation or other characteristic of the product and its geographical origin.

93.

There can be no doubt that the phrase Greek yoghurt is said to identify a product which originates and is made in Greece. So the crucial question is whether the requirements of Article 5(2)(b) are satisfied. Here Mr Hobbs focuses on the word “reputation” and says that the reputation of Greek yoghurt is essentially attributable to its Greek origin. He supports that submission by reference to the nature of the claim advanced by FAGE which, it will be recalled, involves the allegation that all products sold in the UK under and by reference to the phrase Greek yoghurt were made in Greece, were made using a traditional Greek process of straining and contained no additives; and that in

consequence Greek yoghurt has acquired a substantial reputation and goodwill in the UK as denoting a product made in Greece and having particular qualities of thickness, creaminess, taste and satisfaction.

94.

Accordingly, Mr Hobbs submits, the claim is for the protection of a name to which Article 5(2) of the 2012 Regulation applies. However, it is a claim brought on the basis of the national law of passing off and outwith and independently of the Union regime for the protection of geographical denominations, and without fulfilment of the requirements which must be met in order to qualify a name for protection under that regime. It is a claim which should therefore have been rejected.

95.

In considering the merit of this submission it is important to have in mind the factual background, as found by the judge. He found that the phrase Greek yoghurt is not used in Greece and consequently can have no reputation there. Instead the product is described in Greece by a term which means "strained yoghurt".

96.

In light of this finding, Mr Mark Hoskins QC, who has argued this aspect of the appeal on behalf of FAGE, submits that Mr Hobbs' argument is bound to fail for the simple reason that in order to be registered under Article 5(2) as a PGI, the indication must be used in the geographical area of origin and further, it must be registered in the languages which are or were historically used to describe the product in that area. In support of that submission Mr Hoskins refers first to Article 7 of the 2012 Regulation which says that any PDO or PGI must comply with a product specification which must contain particular details. It reads, so far as relevant:

"Article 7

### **Product specification**

1. A protected designation of origin or a protected geographical indication shall comply with a specification which shall include at least:

(a) the name to be protected as a designation of origin or geographical indication, as it is used, whether in trade or in common language, and only in the languages which are or were historically used to describe the specific product in the defined geographical area;

....

(c) the definition of the geographical area delimited with regard to the link referred to in point (f)(i) or (ii) of this paragraph, and, where appropriate, details indicating compliance with the requirements of Article 5(3);

....

(f) details establishing the following:

(i) the link between the quality or characteristics of the product and the geographical environment referred to in Article 5(1); or

(ii) where appropriate, the link between a given quality, the reputation or other characteristic of the product and the geographical origin referred to in Article 5(2);”

97.

I believe this provision does support Mr Hoskins’ submission. Article 7(1)(a) makes clear that a geographical denomination falling within the scope of the 2012 Regulation must be registered in the languages which are or were historically used to describe the relevant product in the defined geographical area. That area must be defined in accordance with Article 7(1)(c) having regard to the link referred to in Article 7(1)(f) which, in the case of a PGI, means the link between the given quality, reputation or other characteristic of the product and the geographical origin. The clear implication of this package of provisions is that in order to qualify for protection the denomination must be one which is used in the defined geographical area. Similarly, if reputation is relied upon then that reputation must exist at least in the country of origin. This makes sense. After all, the object of the scheme is to enable producers to identify and promote their products in the marketplace and to do so by reference to particular characteristics linked to their geographical origin. It would be strange to afford protection across the Union to a denomination which is not used by producers in the country of origin at all.

98.

Much the same point emerges from Commission Regulation (EC) No 1898/2006 which lays down detailed rules for implementation of the 2012 Regulation and its predecessors. Article 3(1) reads:

“1. Only a name which is used, whether in commerce or in common language, to refer to the specific agricultural product or foodstuff, may be registered.

The name of an agricultural product or foodstuff may be registered only in the languages which are or were historically used to describe the said product in the defined geographical area.”

99.

So also the Commission has issued a guide to applicants for geographical denominations entitled: “Guide to applicants for completion of the single document”. It says this in relation to language and script:

“- The name must be written in the language used in the region of origin, which may be a national language or a lesser-used language or a dialect or a language historically used in that region to describe the product.

- If the name is not used in Latin letters, provide a Latin transcription of the name. Note that a ‘transcription’ is not a translation and is not a transliteration: a transcription in Latin letters gives (approximately) the same sound as the word read in its original script.”

100.

Although not of course of any binding legal effect, this guide provides another aspect of a consistent picture of the nature and structure of the scheme.

101.

Mr Hoskins next turned to Article 49 of the 2102 Regulation which deals with the application and registration processes. This reads, so far as relevant:

“Article 49

#### **Application for registration of names**

1. Applications for registration of names under the quality schemes referred to in Article 48 may only be submitted by groups who work with the products with the name to be registered. In the case of a 'protected designations of origin' or 'protected geographical indications' name that designates a trans-border geographical area or in the case of a 'traditional specialities guaranteed' name, several groups from different Member States or third countries may lodge a joint application for registration.

A single natural or legal person may be treated as a group where it is shown that both of the following conditions are fulfilled:

(a) the person concerned is the only producer willing to submit an application;

(b) with regard to protected designations of origin and protected geographical indications, the defined geographical area possesses characteristics which differ appreciably from those of neighbouring areas or the characteristics of the product are different from those produced in neighbouring areas.

2. Where the application under the scheme set out in Title II relates to a geographical area in a Member State, or where an application under the scheme set out in Title III is prepared by a group established in a Member State, the application shall be addressed to the authorities of that Member State.

The Member State shall scrutinise the application by appropriate means in order to check that it is justified and meets the conditions of the respective scheme.”

102.

Any application must therefore be made by a group which works with the products in issue and, in the case of a geographical area within a Member State, it must be made to the appropriate authority within that Member State. The Member State will then consider the application and check that it meets the conditions of the relevant scheme. This again implies that the denomination is one which is used to describe the relevant products in that Member State.

103.

Finally, Mr Hoskins took us to the common provisions dealing with official controls. Article 36 provides that each Member State must designate a competent authority responsible for carrying out official controls to verify that products to which the denomination is applied do comply with the

relevant product specification. That verification must then be carried out in accordance with Article 37 which reads, so far as relevant:

“1. In respect of protected designations of origin, protected geographical indications and traditional specialities guaranteed that designate products originating within the Union, verification of compliance with the product specification, before placing the product on the market, shall be carried out by:

(a) one or more of the competent authorities as referred to in Article 36 of this Regulation; and/or

(b) one or more of the control bodies within the meaning of point (5) of Article 2 of Regulation (EC) No 882/2004 operating as a product certification body

The costs of such verification of compliance with the specifications may be borne by the operators that are subject to those controls. The Member States may also contribute to these costs.”

104.

Verification that products comply with the relevant specification must therefore be carried out by the competent authority within the Member State of origin but the costs of so doing may be recovered from the relevant operators.

105.

All of these provisions support Mr Hoskins’ submission that the scheme encompasses within its scope denominations which are used within the Member State of origin and, in so far as reputation is relied upon as a foundation for the link, which have a reputation in that Member State.

106.

Applying these requirements to the present case, the fundamental difficulty facing any applicant to register Greek yoghurt in Greece is that the phrase has never been used in any language in Greece to describe yoghurt sold there on the open market. I therefore agree with FAGE that Greek yoghurt is not a denomination which falls within the material scope of the 2012 Regulation.

107.

I must now address the alternative way that Mr Hobbs advances his argument. He contends that if, as I believe to be the case, Greek yoghurt does not fall within the scope of the 2012 Regulation then this court may only grant relief in respect of its use subject to the fulfilment of conditions which are equivalent to those prescribed by the 2012 Regulation for the protection of such indications.

108.

Mr Hobbs has developed that argument as follows. He says that protection of geographical denominations is by its very nature liable to hinder or prevent the free movement of goods within the Union and so any such protection on the basis of national measures must operate compliantly with Articles 34-36 TFEU. Further, from the date Regulation 2081/92 came into force, Member States were prevented from relying on the general provisions of Article 36 TFEU as a basis for national measures promoting or perpetuating any inconsistent regime for protection at a national level.

109.

I agree with both of these propositions but they do not get Chobani home. For that Mr Hobbs has to take a further step and so he contends that an action for passing off in respect of a geographical denomination of the kind in issue is only maintainable within the material scope of the applicable legislation and in accordance with the criteria for distinctiveness laid down in that legislation, and only if the denomination is either registered or the subject of an application for registration at Union level.

110.

I find myself quite unable to accept this submission. The 2012 Regulation ensures uniform protection within the Union of the geographical denominations which it covers or, in other words, which fall within its scope. As the CJEU explained in the Warsteiner and Budvar I cases, it does not, however, preclude systems of national protection for geographical denominations which do not fall within its scope. In such a case the national measures must of course operate compliantly with Articles 34-36 TFEU, but in circumstances such as the present, where the national law of passing off operates to prevent confusion and deception of the public and so preserve the goodwill of legitimate traders, I think it does. Further, it does so in a manner which is entirely compliant with TRIPs.

### **Conclusion**

111.

For all of the reasons I have given I am satisfied the judge was entitled to come to the conclusion he did. I would dismiss this appeal.

### **Lord Justice Lewison:**

112.

I agree with Kitchin LJ that the appeal should be dismissed for the reasons that he gives. I add a judgment of my own out of deference to the excellent arguments that we heard.

The issue

113.

FAGE sells yoghurt under the Total brand. It describes its product as “authentic Greek yoghurt” (with some variations). Chobani also sells yoghurt which it, too, describes as “Greek yoghurt”. FAGE says that by describing its product simply as “Greek yoghurt” Chobani is passing off its product as one of a class of products to which it does not belong. Briggs J agreed with FAGE and granted an injunction. Chobani now appeals.

Appeals on fact

114.

Appellate courts have been repeatedly warned, by recent cases at the highest level, not to interfere with findings of fact by trial judges, unless compelled to do so. This applies not only to findings of primary fact, but also to the evaluation of those facts and to inferences to be drawn from them. The best known of these cases are: *Biogen Inc v Medeva plc* [1977] RPC1; *Piglowska v Piglowski* [1999] 1 WLR 1360; *Datec Electronics Holdings Ltd v United Parcels Service Ltd* [2007] UKHL 23 [2007] 1 WLR 1325; *Re B (A Child) (Care Proceedings: Threshold Criteria)* [2013] UKSC 33 [2013] 1 WLR 1911 and most recently and comprehensively *McGraddie v McGraddie* [2013] UKSC 58 [2013] 1 WLR 2477. These are all decisions either of the House of Lords or of the Supreme Court. The reasons for this approach are many. They include

i)

The expertise of a trial judge is in determining what facts are relevant to the legal issues to be decided, and what those facts are if they are disputed.

ii)

The trial is not a dress rehearsal. It is the first and last night of the show.

iii)

Duplication of the trial judge's role on appeal is a disproportionate use of the limited resources of an appellate court, and will seldom lead to a different outcome in an individual case.

iv)

In making his decisions the trial judge will have regard to the whole of the sea of evidence presented to him, whereas an appellate court will only be island hopping.

v)

The atmosphere of the courtroom cannot, in any event, be recreated by reference to documents (including transcripts of evidence).

vi)

Thus even if it were possible to duplicate the role of the trial judge, it cannot in practice be done.

115.

It is also important to have in mind the role of a judgment given after trial. The primary function of a first instance judge is to find facts and identify the crucial legal points and to advance reasons for deciding them in a particular way. He should give his reasons in sufficient detail to show the parties and, if need be, the Court of Appeal the principles on which he has acted and the reasons that have led him to his decision. They need not be elaborate. There is no duty on a judge, in giving his reasons, to deal with every argument presented by counsel in support of his case. His function is to reach conclusions and give reasons to support his view, not to spell out every matter as if summing up to a jury. Nor need he deal at any length with matters that are not disputed. It is sufficient if what he says shows the basis on which he has acted. These are not controversial observations: see *Customs and Excise Commissioners v A* [2002] EWCA Civ 1039 [2003] Fam 55; *Bekoe v Broomes* [2005] UKPC 39; *Argos Ltd v Office of Fair Trading* [2006] EWCA Civ 1318; [2006] UKCLR 1135.

116.

I make these points not out of any criticism of the judge. Quite the reverse. His judgment was admirably economical. But in their "replacement skeleton argument" Chobani criticised him for not having dealt in detail with particular evidential points on which they wished to rely in this court; and attacked a number of his detailed factual findings. The judge heard evidence over seven days and read a mass of material. I would therefore be most reluctant to disturb any of his findings of fact (whether primary or evaluative) unless compelled to do so. I might add that when I gave permission to appeal on the papers the grounds of appeal and supporting skeleton argument did not contain the large number of detailed factual points that Chobani wished to advance in their replacement skeleton argument. In the event, and partly as a result of discouraging interventions from the bench at an early stage in the appeal, Mr Baldwin's oral submissions on these points were themselves admirably economical.

117.

In addition some criticism was levelled at the judge for not having dealt more comprehensively with the ingredients that needed to be proved in order to maintain a successful claim in passing off. But the judge's judgment must be read against the background of what was actually in dispute between the parties. He dealt with the matters that were in dispute, and if he did not dot every i and cross every t in relation to what was not disputed, I do not consider that that is a valid ground of criticism.

The class of protected products

118.

The description of the class of product upon which FAGE relies is that they must satisfy the following criteria:

i)

The products are manufactured in Greece.

ii)

They are manufactured using a traditional Greek process whereby cows' milk is strained so as to remove the watery whey.

iii)

The yoghurt thus produced contains no added sugar, sweeteners, non-milk thickeners or other additives.

119.

Only products that satisfy all three criteria are, according to FAGE, capable of being lawfully called "Greek yoghurt" in the United Kingdom. The judge found that with one immaterial exception, all yoghurt sold to the public in the UK for the past 25 years as "Greek yoghurt" satisfied all three criteria. Chobani's products satisfy the second and third of these criteria but not the first. According to FAGE, Chobani would be perfectly entitled to call their products "Greek style yoghurt" or "strained yoghurt," but not "Greek yoghurt" tout court.

120.

The end result of manufacturing a product that satisfies all three criteria is a yoghurt that, in the judge's words, is "thick and creamy". There are other ways of producing this end result, but that is usually achieved by the use of thickening agents rather than by straining. In other words the second criterion is not satisfied in those cases. Yoghurt produced in this way was, according to the judge, consistently marketed as "Greek style yoghurt"; and not as "Greek yoghurt".

121.

Chobani's first line of attack on the judge's judgment is that the expression "Greek yoghurt" is too imprecise a phrase to denote a class of products that is sufficiently certain to attract protection under the law of passing off. They say that in all the cases of extended passing off which have accorded protection to a class of products known by a geographical name there has been a precise specification (usually by reference to legislation or regulation) which has contained a detailed product specification, thus providing the necessary certainty. Among the products of this kind are champagne, sherry, Scotch whisky, advocaat, Swiss chocolate and vodka; all of which have been the subject of decided cases. In our case the phrase "Greek yoghurt" does not meet these standards.

122.

It is well established that the protected class of products must be defined with reasonable precision: *Erven Warnink Besloten Vennotschap v J Townend & Sons (Hull) Ltd* [1979] AC 731, 747F-G per Lord

Diplock (“Advocaat”). But it makes no difference whether the recognisable and distinctive qualities of the protected class of products result from their having been made in, or from ingredients produced in, a particular locality, or are as the result of having been made from particular ingredients regardless of their provenance, although a geographical limitation may make it easier to define the protected class: *ibid.* at 748-9. In *Advocaat* at 755 Lord Fraser said that the class of product must be “clearly defined and ... in the minds of the public or a section of the public, in England, the trade name distinguishes that class from other similar goods”. I do not consider that there is any divergence between the test adopted by Lord Diplock and that adopted by Lord Fraser.

123.

The tort of passing off protects a proprietary interest; namely the claimant’s proprietary interest in his goodwill. In the case of a class action of this kind, the proprietary right is shared by a number of potential claimants, all of whom produce the protected products. It seems to me that the reason why it is necessary for the protected class of goods to be clearly defined, or defined with reasonable precision, is because the goodwill that the tort seeks to protect is a species of property. In some intellectual property cases there is too much “intellectual” and not enough “property”. The essence of a right of property is that it distinguishes between what is mine and what is not mine. So there needs to be a boundary. Thus the debate about the definition of the class is essentially an intellectual property boundary dispute. The boundaries are needed in order to delineate both what is protected and also who shares in the ownership of the protected subject matter. The action in passing off is directed against those who cross the boundary.

What’s in a name?

124.

It seems to me that the first question that we must answer is: what is the correct starting point? Do we start with FAGE’s product and ask: what do the public call it? Or do we start with the phrase “Greek yoghurt” and ask what that phrase means to the public? If the latter, must it be the whole of the public or a section of the public; and if a section, how large must that section be? There is, of course, no right in English law to the use of a name (unless it is a registered trade mark). What the law of passing off protects is goodwill. Goodwill, as has been said many times, is difficult to define, but is usually capable of being recognised. In essence it is the benefit or advantage of the good name, reputation and connection of a business. It may also include the packaging in which goods are sold, or graphic designs used in marketing. Sometimes it may include the location of a business, but that is rarely relevant to passing off. The extent to which these features attract custom qualifies them as part of a trader’s goodwill. What FAGE complains of in this case, however, is nothing to do with packaging or graphics. It is Chobani’s use of a name. It seems to me, therefore, that the starting point is to enquire: what does the public understand by the name?

125.

Mr Hobbs QC argued forcefully that the phrase “Greek yoghurt” was multi-valent. By that he meant that it could mean different things to different people. It could mean some or all of the following:

- 

A recipe describable as “Greek”

- 

A process of manufacture describable as “Greek”

-

A place of production describable as “Greek”

•

Ingredients describable as “Greek”.

126.

It is, I think, obvious that a descriptive word like “Greek” must take meaning from its context. If I say that I am going to a Greek restaurant, no one would expect me to buy air tickets to Athens before I could enjoy my meal. On the other hand, if I say that I have bought a bottle of Greek olive oil, I suspect that most people would understand that it came from Greece.

127.

There is nothing in principle to prevent a descriptive (even a geographical) name from defining a protected class of product. In *Advocaat* Lord Diplock pointed out at 745 that both champagne and sherry were geographical descriptors of the protected class of product. He continued:

“But the fact that in each of these first three cases the descriptive name under which goods of a particular type or composition were marketed by the plaintiffs among others happened to have geographical connotations is in my view without significance. If a product of a particular character or composition has been marketed under a descriptive name and under that name has gained a public reputation which distinguishes it from competing products of different composition, I can see no reason in principle or logic why the goodwill in the name of those entitled to make use of it should be protected by the law against deceptive use of the name by competitors, if it denotes a product of which the ingredients come from a particular locality, but should lose that protection if the ingredients of the product, however narrowly identified, are not restricted as to their geographical provenance.”

128.

The key question then is whether a product that has been marketed under a descriptive name has gained a public reputation which distinguishes from other products. I have not repeated Lord Diplock’s phrase “products of a different composition” because it does not seem to me to have been part of the general principle that he enunciated. In *Chocosuisse Union des Fabricants Suisses de Chocolat v Cadbury Ltd* [1998] RPC 117 Laddie J considered this question in terms with which I respectfully agree. He said at 128:

“If there is no difference or discernible difference in quality and ingredients between goods sold under or by reference to the term and competing goods, that should not prevent a successful passing off action from being brought. Thus the ability of the Champagne houses to sue successfully for passing off would not be destroyed if, in fact, other manufacturers in other areas of the world produced a sparkling wine equal in quality and indistinguishable in taste from any one of the numerous wines accurately sold as Champagne. On the contrary the fact that the Champagne still had a cachet which made products sold under that word attractive to the customer is the hallmark of a particularly valuable mark.”

129.

He added that:

“... what is necessary is that there should be a defined class of goods to which the name applies, and that, in the minds of the public or a section of the public, the trade name distinguishes that class from other similar goods.”

130.

This passage was approved by this court in *Diageo North America Inc v Intercontinental Brands (ICB) Ltd* [2010] EWCA Civ 920, [2011] RPC 2 at [49]. The key point, in my judgment, is that the name sought to be protected must serve to distinguish the protected class of goods from other goods.

131.

I am not persuaded that the mere fact that the phrase for which protection is sought could mean different things to different people is of itself a reason for denying the protection of the tort of passing off. That, in my judgment, is so even if one meaning of the phrase is a mere geographical description. Whatever one thinks of the principle that question has, in my judgment, been settled (at least at this level in the judicial hierarchy) by the decision of this court in *Chocosuisse Union des Fabricants Suisses de Chocolat v Cadbury Ltd* [1999] RPC 826 (“Chocosuisse”). The phrase for which protection was sought in that case was “Swiss chocolate”. In upholding the decision of Laddie J, Chadwick LJ said at 832:

“The words “Swiss chocolate” are, as the judge pointed out, [1998] R.P.C. 117, at page 129 line 31, descriptive in nature. They are clearly apt to describe chocolate made in Switzerland. But they are also apt to describe chocolate made to a Swiss recipe with Swiss expertise by a Swiss manufacturer. If the words are no more than descriptive—whether of the place of manufacture or of the identity of the manufacturer—they cannot found an action in passing-off. The judge identified the point, correctly in my view, in the following passage of his judgment, [1998] R.P.C. 117, at page 129 lines 31 to 36:

“It is only if they [the words ‘Swiss chocolate’] are taken by a significant part of the public to be used in relation to and indicating a particular group of products having a discrete reputation as a group that a case of passing off can get off the ground. I have had to bear this in mind when assessing the evidence of what the words mean to members of the public. If they convey nothing more than their descriptive meaning the action must fail.”

There were, therefore, two questions to be addressed on this part of the case: (i) would the words “Swiss chocolate” have been taken by a significant section of the public in England at the relevant time to mean, and to mean only, chocolate made in Switzerland; and if so, (ii) did chocolate made in Switzerland have a discrete reputation, distinct from other chocolate, which the Swiss Chocolate Manufacturers were entitled to protect?”

132.

What emerges from this passage is:

i)

The fact that a phrase has more than one meaning does not of itself disqualify it from protection;

ii)

It qualifies if one of its meanings is more than descriptive of the place of manufacture;

iii)

That meaning need not be the meaning attributed to the phrase by the public at large, provided that that meaning is attributed to it by a significant section of the public.

The labelling convention

133.

Thus the question here is what the public understand the phrase "Greek yoghurt" to mean in the context of the way in which that phrase has been used in England and Wales. The judge found what he described as a "labelling convention." He described the labelling convention as follows:

[6] Virtually all the yoghurt sold to the public in the UK (and all the examples shown to me by samples or as portrayed in documents) is packaged in plastic pots. It is not seriously in dispute that, with one modest exception, all yoghurt sold to the public in the UK during the 25 years or so before September 2012 with descriptions including "Greek yoghurt" in the labels on the pots was strained yoghurt made in Greece. As I shall describe in due course, this appears to have come about by way of an unwritten industry-wide labelling convention. It is not suggested that this is anything other than a UK convention. FAGE sells its yoghurt in Greece under labels which (when translated) do not describe it as Greek yoghurt. Both FAGE and Chobani sell as Greek yoghurt in the USA product which they make in the USA, rather than in Greece.

[7] Much larger quantities of thick and creamy yoghurt are sold in the UK as "Greek style yoghurt". None of it originates from Greece, and its thick and creamy texture is usually achieved by the use of thickening agents rather than by straining.

[8] The central factual issue between the parties is whether the labelling convention which I have described, pursuant to which thick and creamy yoghurt was labelled Greek yoghurt only if it both came from Greece and was thickened by straining, was reflected in any similar consistent understanding on the part of the yoghurt eating public, or of a sufficient proportion of it." (Emphasis added)

134.

The judge set out the evidence which led him to the conclusion that there was, indeed, a labelling convention, limited to the UK, in the terms he had described. As he put it at [49]:

"I am satisfied that all the yoghurt sold in the UK as Greek yoghurt, both by FAGE and its three significant competitors, has at all material times been made in Greece, and its thick and creamy texture has been achieved by straining rather than by the addition of thickening agents."

135.

The three competitors were Tesco, Asda and a company called Kolios. This, as it seems to me, is an important finding, since it shows that FAGE is not alone in describing a product that has the characteristics described in its pleaded case as "Greek yoghurt". Although in its written material Chobani attacked this finding of fact, it is, in my judgment, unassailable. This was pre-eminently a matter for the trial judge who had to weigh and evaluate a mass of detailed evidence. For this court to trawl through that detailed mass of evidence all over again is not the proper function of an appeal

court. Thus the labelling convention, which the judge found to have been proved, coincides with FAGE's definition of the protected class of product.

136.

Chobani also argue that the protected class of products (however defined) are not sold in their home market as "Greek yoghurt". They are sold as the Greek language equivalent of "strained yoghurt." That is true, but I cannot see why this matters. It is well established in the law of passing off that goodwill, which the tort seeks to protect, is territorial. Here the relevant territory is the UK (more exactly England and Wales); not Greece. Moreover the labelling convention that the judge found to exist was a labelling convention confined to the UK. Whether Chobani could market its products as "Greek yoghurt" in, say, Germany or the USA does not affect the protection of goodwill in England and Wales: *Advocaat* at 755E.

Public understanding

137.

The question, then, that the judge had posed himself was whether a substantial part of the yoghurt eating public understood the expression "Greek yoghurt" in the same way as the way in which that expression was used in the labelling convention.

138.

It is important at this point to understand the precise parameters of the dispute between the parties. Both FAGE and Chobani agreed that the phrase "Greek yoghurt" had the meaning of a yoghurt whose thick and creamy texture had been achieved by straining. They agreed, therefore, that to that extent the phrase had acquired what Mr Hobbs called a secondary meaning. The dispute between them, and the only dispute between them, was whether in addition to having a thick and creamy texture achieved by straining the product also had to have been manufactured in Greece. This is, I think, clear from the judge's description of the essential issue at [8] (quoted above).

139.

The evidence that the judge accepted was that a substantial section of the public generally (and a greater section of the thick and creamy yoghurt buying public) understood that "Greek yogurt" described thick and creamy yoghurt made in Greece. He concluded at [112] to [114]:

"[112] The uniform adoption over 25 years by suppliers to the English market of a labelling convention which limits the description Greek yoghurt only to yoghurt made in Greece seems to me to raise a powerful inference that this convention was sufficient over time to incline a substantial proportion, and probably a clear majority, of the buyers of product described as Greek yoghurt to the same conclusion. That inference is in my view in no sense diminished by FAGE's tendency (apparently shared by Asda) to describe that product as "authentic Greek yoghurt". All that the word authentic does in that context is to underline the inference as to origin which would naturally flow from the use of the adjective Greek.

[113] The market research materials and the survey, together with materials such as newspaper articles, certainly show that an understanding that Greek yoghurt comes from Greece is by no means as widely held among the public generally as the understanding that Champagne and Sherry both have territorial provenance, or that Swiss chocolate means chocolate made in Switzerland.

[114] I am also persuaded that the attribution of the description Greek yoghurt only to thick and creamy yoghurt also means that the description conveys something more than mere territorial origin, in other words that a substantial proportion of the actual or potential buyers of Greek yoghurt do think that it is in some way special, by comparison for example with those who might think that French ball-bearings come from France and Italian pencils come from Italy.”

140.

Although in their written material Chobani tried to attack this finding of fact it is also, in my judgment, unassailable. The judge also found that yoghurt sold as “Greek yoghurt” rather than “Greek style yoghurt” commanded a premium price, thus demonstrating the attractive force of the label. Once the judge came to the conclusion that the public perceived “Greek yoghurt” as both coming from Greece and having special qualities it was inevitable, in my judgment, that since Chobani’s products did not come from Greece the public (or a substantial part of it) would have been deceived by the fact that it, too, was called “Greek yoghurt”.

Coincidence of public perception and protected class

141.

However, that is not the end of Chobani’s point. Mr Hobbs argues that the label (here “Greek yoghurt”) and the class of protected goods must coincide. The label must, as he put it, “close the class”. If the label is incapable of distinguishing between the protected class of goods and other goods that are not protected, then the label is too uncertain to attract the protection of the law of passing off. Chobani’s skeleton argument puts the point this way:

“... a term does not distinguish goods of class A from goods of class B if to a substantial number of consumers it is a term which describes goods in both class A and class B. In such a case it might be distinctive of a class consisting of A and B (and therefore distinguishes goods in classes A and B from goods in class C) but it is not distinctive of goods only in class A.”

142.

On the judge’s findings the majority of buyers of thick and creamy yoghurt understood the label “Greek yoghurt” to denote thick and creamy yoghurt made in Greece: see [112]. It is true to say that, on one reading of the judge’s findings, yoghurt that is made thick and creamy by the use of thickening agents rather than by straining would fall within the relevant public’s understanding of the label “Greek yoghurt,” provided that the yoghurt did in fact come from Greece. I am not sure whether that is the correct reading, because, as I have said, both FAGE and Chobani agreed that the label “Greek yoghurt” meant a thick and creamy yoghurt whose texture had been achieved by straining rather than by adding thickening agents, and the issue was whether, in addition to that, it had to come from Greece. So the judge may have been using the expression “thick and creamy yoghurt” as shorthand for strained yoghurt.

143.

There are, however, some passages in the judge’s recitation of the evidence that give some support to the broader meaning: see [74], [77], [82], [90], and [97].

144.

To that extent, therefore, the relevant public's understanding of the label "Greek yoghurt" may not have coincided precisely with the labelling convention that the judge found to have been established.

145.

It seems to me, therefore, that on this reading of the judge's findings and adopting Chobani's categorisation, class A consists of strained yoghurt that comes from Greece, and class B consists of yoghurt thickened by thickening agents, also coming from Greece. On this reading of the judge's finding the relevant section of the public understood the label "Greek yoghurt" to comprise goods within class A and class B. Unfortunately for Chobani, its product does not fall into either class. Although it is strained yoghurt, it does not come from Greece. It therefore falls into Chobani's class C. Whether a producer of thick and creamy yoghurt made in Greece, but thickened by thickening agents, and thus falling within class B, would be entitled to label its yoghurt "Greek yoghurt" in the UK does not arise for decision; and I say nothing about such a case.

146.

A variant of the same argument was that if the term "Greek yoghurt" conveyed to a substantial part of the relevant public a meaning that encompassed Chobani's product (i.e. classes A, B and C) then an action in passing off against a producer of goods in class C was bound to fail. That is because a substantial part of the relevant public is not deceived. In my judgment this argument turns the law of passing off on its head. As Mr Alexander QC argued, the law of passing off is not concerned with those who are not deceived; it is concerned with those who are deceived. Provided that those who are deceived are a substantial portion of the relevant class of the public, the claimant is entitled to succeed. The cases are legion in which a claim in passing off succeeded, despite a finding of fact that most people were not deceived: see e.g. *Saville Perfumery Ltd v June Perfect* (1941) 58 RPC 147; *Karle (Norman) Productions Ltd* [1962] RPC 163; *Neutrogena Corporation v Golden Ltd* [1996] RPC 473; *Chocosuisse, Marks and Spencer plc v Interflora Inc* [2012] EWCA Civ 1501. On the judge's findings those who were likely to be deceived if Chobani's products were marketed as "Greek yoghurt" ran to "hundreds of thousands of adults, and probably ... a majority of those who are regular buyers of Greek yoghurt...": [116]. That is sufficient to support a finding of passing off.

147.

In my judgment, Chobani have failed to show that, in the light of the current law, the judge was wrong on the points argued before him.

148.

Whether the current state of the law has drawn the line between what is capable of protection and what is not in the correct place may well be the subject of debate. I share some of the concerns expressed by Rix LJ in the *Diageo* case that this form of passing off risks stifling healthy competition in relatively low cost generic goods. But in my judgment the location of the line has been drawn by *Chocosuisse*, by which we are bound; and for as long as that remains the law, it means that the judge was entitled to reach the conclusions that he did.

A new point

149.

However, in this court Chobani seek to raise a new point, not argued before the judge. The point is that the court has no power to grant an injunction to protect geographical indications such as "Greek yoghurt" except in accordance with Regulation (EU) 1151/2002 ("the Regulation"). The Regulation applies only to designations of origin and geographical indications that have been registered pursuant to it. Since "Greek yoghurt" has not been registered, the court had (and has) no jurisdiction to grant

the injunction sought by FAGE. This would require an amendment both to the grounds of appeal and also to the Defence.

150.

The first question is whether we should allow this point to be taken at all. FAGE rely on the well-known principle that, as a general rule, a party is not entitled to raise on appeal a point which could have been raised in the lower court. However, that principle has always been subject to limited exceptions. Two of those exceptions are (a) where it emerges on appeal that the Court of Appeal is being asked to enforce an illegal contract and (b) where it emerges on appeal that neither the lower court nor the Court of Appeal has jurisdiction to grant the relief sought. The first of these exceptions is illustrated by the decision of this court in *Snell v Unity Finance Co Ltd* [1964] 2 QB 203, where this court refused to enforce an illegal hire purchase contract, when the illegality had been neither pleaded nor argued in the county court. The scope of this exception was considered by the Privy Council in *Morrell v Workers Savings & Loan Bank* [2007] UKPC 3 in which Lord Mance formulated it as follows:

“first, where a contract is *ex facie* illegal, the court will not enforce it, whether the illegality is pleaded or not; secondly, where the contract is not *ex facie* illegal, evidence of surrounding circumstances tending to show that it has an illegal object should not be admitted unless the circumstances are pleaded; thirdly, where unpleaded facts, which taken by themselves show an illegal object, have been revealed in evidence (because, perhaps, no objection was raised or because they were adduced for some other purpose), the court should not act on them unless it is satisfied that the whole of the surrounding circumstances are before it; but, fourthly, where the court is satisfied that all the relevant facts are before it and it can see clearly from them that the contract had an illegal object, it may not enforce the contract, whether the facts were pleaded or not.”

151.

In the result the Privy Council upheld the decision of the court below to refuse to allow an illegality point to be taken for the first time on appeal, because it was not satisfied that all the relevant facts had been found. Where, however, no additional facts need to be found, then an appeal court may well allow a new point to be taken: *Brady v Brady* [1989] 1 AC 755.

152.

The second exception is, perhaps, more pertinent to our case. *Davies v Warwick* [1943] KB 329 concerned the rent recoverable under a tenancy protected by the Rent Restriction Acts. A new point, not taken at trial, was raised in the Court of Appeal. Goddard LJ said:

“The cases cited show that the effect of s. 3 of the Act of 1933, which restricts the power of the court to grant orders for possession, is not to afford a statutory defence to a party, but to limit the jurisdiction of the court. If the court of trial or the Court of Appeal finds that the case is one in which it is debarred from granting an order for possession, it is the duty of the court to refuse it, even though the statute is not raised by the defendant, because there is no jurisdiction to grant it, but that, in my opinion, is all that the cases quoted establish.”

153.

This observation was applied by Morton LJ in another Rent Act case, *Sharpe v Nicholls* [1945] KB 382, but in a dissenting judgment. However, it was approved (together with Morton LJ's own approval of it) in *Snell v Unity Finance Co Ltd*.

154.

It seems to me that the point that Chobani seeks to raise is one that potentially goes to the jurisdiction of the court (although it also has overtones of illegality in so far as it asserts that the grant of an injunction would be contrary to European law). If, therefore, we are satisfied that all relevant facts have been found, we should allow the point to be taken, even though it is raised for the first time on appeal.

155.

Chobani puts its new point in two ways:

i)

The Regulation itself precludes the court from granting the relief that FAGE seeks;

ii)

If that is wrong, then in its consideration of the domestic law of passing off (and in particular what is called "extended passing off") the court should adopt and follow the principles enshrined in the Regulation, notably that national measures that have an effect on trade between member states must comply with the principle of proportionality. In particular this requires the introduction of the "average consumer" into this area of the law as the touchstone of deceptiveness.

156.

FAGE argues that there are two factual issues of potential relevance which were not considered by the judge precisely because they were not raised below. The first of these is whether the domestic law of extended passing off is consistent with the principle of proportionality. The second is whether the term "Greek yoghurt" falls within the definition of designations of origin or geographical indications for the purposes of the Regulation. Had either of these points been raised, the course of the expert evidence would have been different.

Regulation (EU) No 1151/2012

157.

The Regulation creates an EU wide system of protection for designations of origin and geographical indications. We are concerned with the latter, which article 5 (2) defines as follows:

"2. For the purpose of this Regulation, "geographical indication" is a name which identifies a product:

(a) originating in a specific place, region or country;

(b) whose given quality, reputation or other characteristic is essentially attributable to its geographical origin; and

(c) at least one of the production steps of which take place in the defined geographical area."

158.

If a geographical indication is registered under the Regulation, it is accorded a wide measure of protection under article 13. This protection extends to protection against (among other things):

“any misuse, imitation or evocation, even if the true origin of the products or services is indicated or if the protected name is translated or accompanied by an expression such as “style”, “type”, “method”, “as produced in”, “imitation” or similar, including when those products are used as an ingredient.”

159.

If, therefore, “Greek yoghurt” were to be registered under the regulation, competitors could not even describe their product as “Greek style” yoghurt.

160.

In order to qualify for registration under the Regulation, the applicant must supply a detailed product specification which complies with article 7. Among other things, the product specification must include:

“the name to be protected as a designation of origin or geographical indication, as it is used, whether in trade or in common language, and only in the languages which are or were historically used to describe the specific product in the defined geographical area.”

161.

An application is first scrutinised by the appropriate authorities in the member state of origin of the product in question. It is then scrutinised by the Commission, which makes the final decision.

162.

I should also refer to article 9 on which Mr Hobbs placed some reliance. That provides:

“A Member State may, on a transitional basis only, grant protection to a name under this Regulation at national level, with effect from the date on which an application is lodged with the Commission.

Such national protection shall cease on the date on which either a decision on registration under this Regulation is taken or the application is withdrawn.

Where a name is not registered under this Regulation, the consequences of such national protection shall be the sole responsibility of the Member State concerned.”

Has domestic law been overtaken by EU law?

163.

I deal with the second objection first. It is clear from the case law of the ECJ (and now the CJEU) that although the Regulation (and its predecessors) contains an exhaustive code for products that potentially fall within its scope, it does not preclude Member States from applying their own national laws to products which are outside the scope of the regulation. This proposition was stated by the court in Case C-312/98 *Schutzverband gegen Unwesen in der Wirtschaft EV v Warsteiner Brauerei Haus Cramer GmbH & Co KG* [2000] ECR I-9187 (“Warsteiner”) at [49].

164.

It is, I think, instructive to consider the question posed by the court in *Warsteiner*, and the answer that it gave. The question posed was formulated by the court at [40] as follows:

“... the question referred must therefore be understood as seeking to ascertain whether [the Regulation] precludes the application of national legislation which prohibits the potentially misleading use of a geographical indication of source where there is no link between a product's characteristics and its geographical provenance.”

165.

The answer given at [54] was that the Regulation:

“... does not preclude the application of national legislation which prohibits the potentially misleading use of a geographical indication of source in the case of which there is no link between the characteristics of the product and its geographical provenance.”

166.

Since this form of passing off is indeed concerned with potentially misleading use of geographical indications of source, it seems to me that the court has given its approval to the applicability of national measures in that respect.

167.

The main debate was: what is meant by the “scope” of the Regulation? Does it mean, as Mr Hobbs submitted, that a product that satisfies the definition in article 5 (2) falls within the “scope” of the Regulation, even though it could not in fact be registered because it fails to meet other requirements for registration? Or does it mean, as Mr Hoskins QC (who presented this part of FAGE’s case) submitted, that a product will not fall within the “scope” of the Regulation unless it could in fact be registered?

168.

In my judgment Mr Hoskins is right on that issue. It is true that in *Warsteiner* at [49] the court said that the purpose of the Regulation could not be undermined “by the application, alongside that regulation, of national rules for the protection of geographical indications of source which do not fall within its scope”. But in the following paragraph the court went on to clarify the meaning of that expression:

“[The Regulation] is intended to ensure uniform protection within the Community of the geographical designations which it covers and it introduced a requirement of Community registration so that they could enjoy protection in every Member State ... whereas the national protection which a Member State confers on geographical designations which do not meet the conditions for registration under [the Regulation] is governed by the national law of that Member State and is confined to the territory of that Member State.”

169.

Thus it is the conditions for registration that are important, rather than merely the definition in article 5 (2). This was repeated by the court in Case C-216/01 *Budejovicky Budvar Narodni Podnik v Rudolph Ammersin GmbH* [2003] ECR I-13617 at [74] (“*Budvar I*”). Moreover, as the court also pointed out in *Budvar 1* the national system of protection in that case was not confined to misleading names, but was absolute protection applicable to only two member states: see [75]. The nature of the system of

protection under consideration is also critical to understanding the subsequent decision of the court in Case C-478/07 Budejovicky Budvar Narodni Podnik v Rudolph Ammersin GmbH (“Budvar 2”).

170.

Mr Hobbs placed some reliance on article 9 as demonstrating that the Regulation had overtaken national law. How, he asked, could it be that someone who had applied for registration under the Regulation and had been refused, could fall back on national rules, when it is clear from article 9 that a Member State cannot give protection after an application has been refused or withdrawn. The answer, as it seems to me, is that article 9 is concerned with interim protection under the Regulation, but at a national level. Suppose that, hypothetically, Greek yoghurt producers had applied for registration of “Greek yoghurt” as a geographical indication. During the pendency of the application a Member State could give protection under article 9, which would have the effect of precluding the use of names such as “Greek style” yoghurt during that period. But that, does not, in my judgment lead to the conclusion that a more limited form of national protection against deceptive marketing would be outlawed once the application had been dealt with.

171.

So the question is: can “Greek yoghurt” be protected under the Regulation? The answer, to my mind, is plainly “no”. There are two short and independent reasons for coming to that conclusion. First the regulation only extends to products for which there is a specific link between their characteristics and their geographic origin: Budvar I at [76]. But Chobani’s case is that their product, which is not made in Greece, has all the same characteristics as FAGE’s product, which is. There is therefore no specific link between the characteristics of the product and Greece. Mr Hobbs sought to avoid this by homing in on the reference to “reputation” in article 5 (2) of the regulation. But I was satisfied by Mr Hoskins that having regard to the regulation as a whole, the reputation referred to is that enjoyed in the region or country of origin: in our case Greece. Neither the phrase “Greek yoghurt” nor any Greek translation of it has a reputation in Greece; because in Greece is it designated by the Greek language equivalent of “strained yoghurt”. Since the application must be made, in the first instance, to the Greek authorities for onward transmission to the Commission, it cannot have been the contemplation of the Regulation that the Greek authorities would be able to assess the reputation of the phrase “Greek yoghurt” in the UK, when it enjoyed no reputation by that name in Greece. Second, a name which can be registered as protected under the regulation must be a name by which the product is known in the language which is or was historically used to describe the product in the defined geographical area in question: article 7 (1) (a) of the regulation. The Regulation is clearly contemplating the registration of one name which will then be used (perhaps in translation or transliteration) throughout the European Union. But in our case what is called “Greek yoghurt” in the UK is called “strained yoghurt” in Greece. So the name “Greek yoghurt” is incapable of registration under the regulation.

172.

I also agree with Kitchin LJ that the implementing regulations, the system of monitoring and control by the Member State concerned, and the Commission’s guide all support this conclusion.

173.

There are two supplementary observations that I wish to make on this argument. First, it would be very surprising if the effect of EU law were to prevent member states from taking action against deceptive marketing. Second, it would be equally surprising if the name “Greek yoghurt” (in English) were to be given protection across all member states.

174.

There is, therefore, nothing to lead to the conclusion that the domestic law of passing off is abrogated or impaired by the Regulation.

175.

Mr Hobbs also submitted that in cases involving cross-border trade the relevant test to apply in deciding whether there was deception was whether the “average consumer” would be deceived, rather than whether a substantial part of the public would be deceived. He relied principally on the decision of the court in Case C-220/98 Estee Lauder Cosmetics GmbH v Lancaster Group GmbH, at [27]. It was not at all clear whether this was said to be a different and more onerous test than the traditional test in domestic law. If it is not, then the judge applied it. But if it is, then it would be unfair to allow it to be taken at this stage, because FAGE prepared its evidence on the basis of having to meet the traditional domestic test, rather than a different and higher test.

176.

For these reasons I would refuse permission to amend the grounds of appeal.

Result

177.

I therefore agree with Kitchin LJ that the appeal should be dismissed for the reasons that he gives and these supplemental reasons.

**Lord Justice Longmore:**

178.

I agree with both judgments.