TRINIDAD AND TOBAGO

IN THE HIGH COURT OF JUSTICE

H.C.A. 528 OF 2003

BETWEEN

DAIRY DISTRIBUTORS LIMITED

PLAINTIFF

AND

NESTLE TRINIDAD AND TOBAGO LIMITED

DEFENDANT

Before the Honourable Madame Justice A. Tiwary-Reddy

Appearances:
Mr. R. Martineau instructed by Mr. A. Hosein for the Plaintiff
Mr. N. Bisnath and Mr. R. Nanga instructed by Ms. W. Thompson for the Defendant

JUDGMENT:

BACKGROUND

1. On 24.2.03 the Plaintiff commenced this action for inter alia:

    1) an injunction to restrain the Defendant whether by its directors, officers, servants or agents or any of them or otherwise howsoever from infringing the Plaintiff's registered Trade Marks Nos. B27065, No B28802 and B28803.

    2) an injunction to restrain the Defendant whether by its directors, officers, servants, agents or any of them or

otherwise howsoever from passing-off, attempting to pass-off or causing enabling or assisting others to pass off milk, milk products, milk beverages or similar goods not being the goods of the Plaintiff as and for the goods of the Plaintiff;

3) an injunction to restrain the Defendant and each of them whether by its directors, officers, servants, agents or any of them or otherwise howsoever from committing any acts of unfair competition against the Plaintiff under the Protection of Unfair Competition Act 1996;

4) delivery up or destruction upon oath of all wrappers, packaging and other material whatsoever in the possession of or control of the Defendant, its servants, agents and bailees the use which would be a breach of the injunctions prayed for, and verification upon oath that the Defendant has no such wrapper, packaging and material in its possession, custody or control or in the possession, custody or control of any servant, agent or bailee of the Defendant;

5) an inquiry into damages and interest thereon or at the Plaintiff's option and account of profits and payments of all sums found due upon taking such inquiries or accounts and interest thereon.

2. By an inter partes summons filed on even date the Plaintiff sought interlocutory orders at 1, 2 and 3. On behalf of the Plaintiff two affidavits of Richard Azar (Azar) were filed on 24.2.03 and 5.5.03. For the Defendant two affidavits of Jean-Marc Mouttet were filed on 2.4.03 and 12.5.03.

3. Meanwhile on 25.2.03 in HCA No. 550 of 2003 the Defendant commenced proceedings against the Plaintiff seeking an order to expunge from the Trade Marks Register, the Trade Marks listed in paragraph 1 above. That action is still pending.

EVIDENCE

4. The Plaintiff is a locally incorporated company and since 1991 has been carrying on the business of producing, packaging, distributing and marketing its brand of powdered milk called "Dairy Dairy", which is its sole product. The Plaintiff's powdered milk is packaged in pillow packs or sachets of nine different sizes weighing between 75 and 1800 grams.

5. The Plaintiff deals in three types of powdered milk namely, skimmed, low fat and full cream. Its skimmed milk is packaged in pillow packs of shades of green with dark green at the top, medium green at the bottom and the words "Dairy Dairy" in variegated colours of white and light to medium green bordered by gold and black in the upper half of the package. The words "THE MILKY MILK" appear in smaller print in dark green below "Dairy Dairy". The words "Dairy Dairy" and 'THE MILKY MILK' are slanted towards the upper right of the package and are shown against a pour of white liquid which ends in a splash of white liquid. In the bottom third of the package the letters "SKIMMED" in white appear against a dark green background and are framed by an oblong border in gold.

6. The Plaintiff's Low Fat powdered milk is packaged in a design similar to that of its Skimmed Milk save that the colour of the package is in shades of light to sky blue. The Plaintiff's Full Cream powdered milk is also packaged in similarly designed pillow packs save that the colour scheme is in shades of navy to light blue.

7. The Defendant was incorporated locally since 1914 and began manufacturing operations in 1962 under the name Trinidad Food Products

Limited. In 1991 its name was changed to Nestle′ Trinidad and Tobago Limited. The Defendant is a subsidiary of Socie′te′ Des Products Nestle′ S.A (the Parent Company) which was founded in 1868 and is today the largest food and milk manufacturer in the world.

8. The Defendant produces and distributes inter alia, coffees, cereals, fruit juices, infant cereals and milk products. Prior to 2000 its milk and milk products accounted for over 60% of the Defendant's business. Since 2000 this figure has been reduced to 45%. The Defendant deals in both liquid and powdered milk. Its liquid milk is packaged in Tetra-Paks, a card-board and foil-based package while its powdered milk is packaged in pillow-packs and in cans.

9. The Plaintiff contends that since 1997 the predominant feature of its get-up has been a splash of white liquid and that since August 2002 the Defendant has been using a get-up which includes a splash of white liquid as the predominant feature on some of its milk products and which is the same or similar to that of the Plaintiff's so as to cause confusion. The Defendant denies that its design is the same or similar to that of the Plaintiff's or that it can cause confusion. Further the splash design is to be found on a number of other local products as well as on the international market.

10. The Defendant's main milk products sold locally are Nestle′ Full Cream Milk, Nestle′ Low Fat Milk, Nestle′ White Lily Full Cream Milk and Nestle′ White Lily Low Fat Milk. The Defendant also sells locally Nestle′ with Omega, Nestle′ Svelty, Nestle′ Sweetened Condensed Milk, Nestle′ Carnation Evaporated Milk, Nestle′ Green Butterfly Evaporated Milk, Nestle′ Klim Full Cream Milk Powder, Nestle′ Klim 1-2-3 and Nestle′ flavoured milks.

11. Nestle′ with Omega and Nestle′ Svelty milk products are manufactured under a unique manufacturing process with additives to enhance their nutritional value and are normally sold at higher prices than the regular

liquid milk products. Nestle′ Klim 1-2-3 is the flagship of the Klim brand and was specially designed to meet the specific nutritional requirements of children aged 1 to 3. Prebio 1 was developed and is owned by the Parent Company and is a branded active ingredient in Nestle′ Klim 1-2-3.

12. The Defendant's powdered milk products are Nestle′ Klim 1-2-3, Nestle′ Klim, and Nestle Svelty Calcium Plus. Nestle Klim 1-2-3 is sold in cans bearing a label in shades of tomato red with white at the front. At the top of the front of this label is the Defendant's logo "Nestle′" in white against a royal blue background. Beneath this in larger print is the word "KLIM" in white and gold letters against a rich brown background. In the foreground of this label is the photograph of a young child playing with toys together with the numbers "1-2-3" and other nutritional information. This label does not contain any splash of white liquid.

13. Nestle′ Klim is sold in pillow packs and cans. The pillow packs are in sizes of 130 grams and 350 grams while the cans are in sizes of 800 grams and 1600 grams. From June 2000 to mid-2002 the 350 gram pillow packaging was in deep yellow with the Nestle′ logo at the top of the package and the word "KLIM" in bold white and deep yellow letters against a rich brown background. The Defendant's logo and the word "KLIM" take up the top third of the package. The rest of the front of the package consists of an image of white liquid being poured into an almost full glass of white liquid in which several bubbles can be seen.

14. Since mid-2002 this packaging has been changed so that the colour is now of deep or mustard yellow. The Defendant's corporate logo is in white against a background of shades of blue. The letters in "KLIM" are rounded and in colours of white and mustard yellow against a rich brown background. The lower half of the packaging shows an image of white liquid being poured into a clear glass of white liquid with the pour ending in a splash. The glass in

this image is more clearly defined and the splash generates some white liquid falling outside the glass.

15. The label on Nestle′ Klim in cans also depicts a similar image of a pour of white liquid into a glass which ends in a splash. The Plaintiff complains that this image is similar to or closely resembles the pour and splash on its Dairy Dairy products. It is to be noted that the Plaintiff's pillow packs are in shades of green, navy blue and sky blue while the Defendants' Klim is packaged in shades of deep or mustard yellow.

16. Three of the Defendant's liquid milk products are packaged in 1-litre tetra-paks in shades of sky blue. Those are Nestle′ Full Cream Milk, Nestle′ Svelty Skimmed Milk and Nestle′ Low Fat Milk with Omega. The Nestle′ Full Cream Milk tetra-pak carries the Nestle′ logo in white against a royal blue background. Two-thirds of the packaging depicts a half-filled clear glass of white liquid into which white liquid is being poured and which ends in splash. This splash is similar to the splash on the Defendant's Klim products. The words "Full Cream Milk" are written in the lower left corner on the outside of the glass. The words "100% Fresh Cow's Milk" as well as "1 Litre" are written on the lower right corner. The rest of the package is in shades of bright to light blue.

17. The upper half of the Nestle′ Svelty packaging is in white. At the top is the Defendant's corporate logo in white letters against a royal blue background while the word "Svelty" is in large letters of bold red and light blue with a three pronged yellow crown shaped device at the side of the "S" in Svelty. The words "Skimmed Milk" in smaller letters and medium blue in colour appear below the word "Svelty". A glass of white liquid similar to that of the Full Cream Milk packaging is shown on the bottom left of the package which is depicted in shades of medium to light blue.

18. The Defendant also markets Nestle′ Svelty Calcium Plus Instant Skimmed Milk in cans alone. The design of this label is similar to that of the

liquid Svelty save that the word "Svelty" is in a larger red print and the "Calcium Plus" appears in a smaller red print beneath the word "Svelty". Further, less than one third of the glass is shown with a pour and splash of white liquid.

19. Nestle′ Low Fat Milk with Omega is in an entirely blue package save for "Omega" in bold red letters and the similar pour into a glass of white liquid ending in a splash. At the bottom right are the words "Cares For Your Heart" in white letters against the background of a red heart. Nestle′ Low Fat Milk is packaged in a red and white tetra-pak and depicts the pour of white liquid into a glass. The words"100% Fresh Cow's Milk" and "1 Litre 1.5% Milk Fat" appear at the bottom left of the tetra-pak.

20. Nestle′ White Lily Reconstituted Full Cream Milk is packaged in tetra-paks in shades of green. Beneath the logo are the words "White Lily" in white and bordered in green. The rest of the package depicts a white liquid being poured into a half filled glass which ends in a splash into the glass. A white lily is depicted on the right of the glass.

21. The Plaintiff has alleged that prior to August 2002 the Defendant's packaging for most of its milk products did not feature either a splash or the colour blue in a variety of shades similar to that of the Plaintifff's. The Plaintiff further contends that from August to October 2002 the Defendant changed the design on several of its products including Nestle′ Full Cream Milk, Nestle′ Low Fat Milk with Omega, Svelty Skimmed Milk and Svelty Calcium Plus Skimmed Milk Powder utilizing shades of blue and a splash of white liquid which so closely resembled the Plaintiff's get-up as to cause confusion. However, the Defendant maintains that it first began using the design of a pour of milk into a glass causing a splash to market Nestle′ with Omega in August, 2001 and not in 2002. The Plaintiff insists that in December, 2002 the Defendant began packaging its White Lily Reconstituted Full Cream Milk with a splash of white liquid as the dominant feature and

using the colour green so that is it confusingly similar to the Plaintiff's packaging of its Dairy Dairy Skimmed Milk.

22. According to the Defendant all its products are international brands owned by the Parent Company and are manufactured and distributed by the Defendant under licence. The Parent Company is also the local registered proprietor of the Trade Mark "Nestle′". In keeping with industrial norms for the continuous update of brand packaging the Defendant first began updating its current new packaging in 2001 with the introduction of Nestle′ with Omega in August 2001 and a further update with Nestle′ Klim in May 2002. The design of the packages of these international brands came directly from Switzerland with a mandate from the Parent Company to incorporate the new designs in the Defendant's local marketing strategies. There is no local input in the formulation of the designs that emanate from Switzerland. The Defendant is not allowed to modify the designs provided to it by the Parent Company.

23. The Defendant maintains that the design of a pour of white liquid into a glass ending in a splash is not unique to the Plaintiff's products. Further the feature of a splash of white liquid in varying designs is widely used in the food and beverage industry, both locally and internationally.

24. All the Defendant's liquid milk products are packaged in tetra-paks. It is to be noted that the Plaintiff's only product is powdered milk which is marketed in pillow packs. The Defendant markets three brands of powdered milk namely Nestle′ Svelty Calcium Plus, Klim 1-2-3 and Klim Full Cream. Nestle′ Svelty Calcium Plus is marketed in cans and not pillow packs. Further the Nestle′ Svelty brand is a unique dairy product which gives normal skimmed milk a unique taste because of the special process which is used. The Defendant maintains that the Plaintiff's skimmed milk cannot compare with its Svelty brand in terms of nutritional value and taste. Further, Klim 1-2-3 has no pour or splash on its label.

25 Klim Full Cream Milk powder is marketed in cans and in pillow packs. The cans are in sizes of 400, 900, 1800 and 2500 grams while the pillow packs are in sizes of 130, 350, 800 and 1600 grams. The Defendant contends that only product marketed by the Defendant that is comparable to the Plaintiff's products is Klim Full Cream Milk in pillow packs. The Plaintiff strongly denies this. However it is significant that the "get-up" used to market Klim has always been yellow with the word "KLIM" in brown predominantly displayed across the package. This concept was continued in the design of its KLIM in pillow packs. None of the Plaintiff's products has yellow packaging.

26. Prior to introducing the splash of white liquid on its packaging the Plaintiff commissioned Caribbean Market Research Ltd (CMRL) of Port of Spain to conduct qualitative research to evaluate the strengths and weaknesses of the splash design. CMRL produced two reports in February and September 1996 which confirmed that the feature of the splash of white milk was particularly liked or found most appealing.

27. The Plaintiff exhibited an opinion by Carlisle Harris (Harris) an expert in graphic art and design. Harris analysed the packaging of the products of the Plaintiff and of the Defendant and concluded that the splash effect is the more compelling device for facilitating and causing a lasting impression on the observer. In his opinion the splash prevails as the most significant feature on the products of both parties. Harris concluded that if there is any similarity of size and/or configuration of product packaging of both companies the scenario for configuration already set by the use of similar features will be enhanced.

28. The Plaintiff's product is marketed by means of advertisements placed in newspapers, on television and on radio as well as by on-site promotions at venues where the product is sold. The Plaintiff commissioned a number of television advertisements featuring children dressed in white costumes

forming the shape of the splash design which turns into the actual splash design printed on the Plaintiff's pillow packs. The children in the television advertisements sing and dance to a special jingle promoting the Plaintiff's product, Dairy Dairy.

29. The Plaintiff also maintained that since 1997 it had spent approximately $40 million on advertising its product locally and its accumulated sales from 1.1.97 to 31.12.02 was approximately $430 million (being approximately $71.66 million annually). Further the Plaintiff's assets are valued at $23 million and the Plaintiff is in a position to pay any damages that may result in the event that an injunction were granted.

30. In the manufacture of its various milk products the Defendant purchases 90% of raw milk from local dairy farmers. Of the 700 farms which produce milk 339 of them provide raw milk on a regular basis and 200 on an occasional basis. The approximate annual value of these raw milk purchases is $12 million. Fifty percent of the Defendant's plant is used in the production of its dairy products and the dairy lines account for half of the Defendant's workforce.

31. The Plaintiff has proposed that the interim injunctions sought be granted and suspended for six months to enable the Defendant to affix new labels on their existing packaging to cover the offending images. The Defendant contended that it would take at least six months to acquire a new design and new packaging, with six weeks for completion of the art work, three months to manufacture the new packaging and three weeks for shipping same. It is to be noted that the Defendant has spent $225,000 to update its packaging and has $1.75 million of its new packaging still unused.

32. If the Defendant is unable to use its current packaging the Defendant would be forced to shut down fifty percent of its plant and half of its work-force would be affected. Further there would be no market for the local farmers who supply raw milk to the Defendant. It is also significant that there

is no other local market available to dairy farmers to sell this quantity of milk neither is there an export market for such milk. Additionally milk is a highly perishable commodity and cannot be stored in its natural state for very long. Neither the farmers nor the Defendant has storage facilities that can store large quantities of milk for any long period.

33. The Defendant's Agricultural Services Manager is of the view that if the cows are not milked, they will dry up and have to be slaughtered. Further, it would be necessary to inseminate new animals to produce milk and this would take up to a year. If this should occur the projected loss to the dairy farmers over two months would be approximately $5 million dollars.

34. If the Defendant does not receive its supply of raw milk, it will be unable to provide a number of its unique milk products, for example, Nestle′ Full Cream Milk, Nestle′ Low Fat Milk, Nestle′ with Omega and Svelty Skimmed Milk. In this event the consumer will be without these products for at least the six-month period during which the new labels are being produced. If the Defendant is unable to sell its products on the local market for this period it would be very damaging to the Defendant which may never be able to regain its market share. Klim has been on the local market since 1928 and has a wide consumer base. The Defendant contends that a six-month absence from the local market would have far reaching effects and would be highly damaging to this line.

35. If the Defendant is required to place stickers over its packaging as proposed by the Plaintiff, the Defendant contends that its manufacturing line would become very inefficient. The Defendant's packaging comes in rolls that are part of a high speed line in its manufacturing process and this would interrupt the manufacturing line. Further placing stickers manually would be time consuming and labour intensive.

36. During July to December 2002 the Plaintiff's Chief Executive Officer, Azar took his family to Florida on the advice of his personal security advisors

in light of the spate of kidnappings in Trinidad and Tobago. During this period Azar returned to Trinidad on three occasions for short periods. The Defendant's alleged use of the Plaintiff's design had come to the Plaintiff's attention in August 2002 but Azar deposed that he had been unable to give this matter his full attention until his return in December, 2002 when his attorneys sought the Harris' opinion and thereafter embarked on legal proceedings. The Defendant queried the Plaintiff's delay in bringing this application since the Plaintiff never ceased operation during Azar's absence from the country. Further, the Plaintiff is a separate entity from Azar.

LAW

37. I have considered the several authorities cited by both attorneys. However, for the purposes of this judgment I shall refer only to a few of them.

1. Schweppes Ltd v Gibbens 22 RPC 601 was an action for passing off the Defendant's goods as those of the Plaintiff's. The Plaintiff's labels had "Schweppes Soda Water" printed on them in white characters. The Defendant's labels had "Gibbens Soda Water". The medallions in the centre also differed. It was held at the trial that the Plaintiffs had not established that the labels were calculated to deceive. On appeal it was held that a fraudulent intention on the part of the Defendant ought not to be presumed and that the Defendant's labels were not calculated to deceive. An appeal to the House of Lords was also dismissed. At page 607 Lord Halsbury LC stated:

   > "The whole question in these cases is whether the thing – taken in its entirety, looking at the whole thing – is such that in the ordinary course of things a person with reasonable apprehension and with proper eyesight would be deceived. Looking at it in this way, it seems

to me it is only necessary here to put the two things side by side to say that if you do look and if you do treat the two labels fairly, no human being could be deceived."

2. In de Cordova & Ors. v Vick Chemical Co 1951 68 RPC 103 Lord Radcliffe stated at pp 105-106.

> "... but a mark is infringed by another trader if, even without using the whole of it upon or in connection with his goods, he uses one or more of its essential features. The identification of an essential feature depends partly on the Court's own judgment and partly on the burden of the evidence that is placed before it ..."

3. In Taverner Rutledge Ltd v Specters Ltd. 1959 14 RPC 355 both parties sold fruit drops in decorated tins. Taverner sued Specters for infringement of copyright and trade marks and for passing off by the sale of sweets in a tin resembling the Plaintiff's tins. Lord Evershed MR stated at p. 359

> "... the Plaintiff has first to prove in general that the Defendant's Mark is likely to cause confusion ... but I agree with Mr. Weitzman that before you get to the stage where an onus is put on the Defendant, the Plaintiff, if the mark used is not identical with his own mark, has got to prove in general of the Defendant's mark that it is as a mark likely to cause confusion; and I add by way of exposition, if used in circumstances which would give rise to such confusion ..."

and at p. 361

> "… I have said it is not essential to prove actual confusion. The question raised is likelihood of confusion and the likelihood must be judged in a common sense way when the whole matter is regarded and of course, most important, when you look at the designs."

And at p. 362

> "… But the common law cause of action of passing off requires more than the likelihood of deception. It was laid down many years ago that the first necessity for a Plaintiff trying to make out a case of passing off is that he must establish that the particular get-up which he has been using has become associated exclusively with his business; what, in brief is called reputation."

4. In Gordon Fraser Gallery v Taitt 1966 RPC 505 it was held that it would be difficult to argue that one publisher of cards could not publish cards of a kind which another published had made fashionable and it would be difficult to base a claim for passing off merely on an imitation of artistic style. At page 509 Buckley J. stated:

> " … To constitute passing off at all the feature which is being relied upon as being that which persuades somebody to buy the goods under the belief that they are the goods of the Plaintiff, although they are in fact the goods of the defendant, must be of a sufficiently defined character …"

GUIDELINES FOR GRANT OF INTERLOCUTORY INJUNCTION

38. In American Cyanamid v Ethicon Ltd 1975 AC 3 &6 the House of Lords stipulated that in deciding whether to grant an application for an interlocutory injunction, a court should have regard to the following criteria:

1. Is there a serious issue to be tried?
2. Are damages an adequate remedy?
3. Where does the balance of convenience lie?
4. Are there any special factors?

39. The law in Trinidad and Tobago has been further refined by the decisions of the Court of Appeal in Jetpak Services Ltd v BWIA International Airways Ltd (Jetpak) (1995) 55 WIR 362 and East Coast Drilling v Petrotrin (East Coast) (2000) 58 WIR 351. The new approach requires a court to consider all the relevant criteria simultaneously with a view to determining where the balance of justice lies. In assessing the balance of justice the court must consider the quantum of the risk involved in granting or refusing the injunction and the severity of the consequences that will result in either event.

SERIOUS ISSUE TO BE TRIED

40. The Plaintiff's claims are for infringement of three Trade Marks, passing off the Defendant's milk and milk products as being the goods of the Plaintiff and for committing acts of unfair competition under the Protection of Unfair Competition Act 1966.

INFRINGEMENT OF TRADE MARKS

41. It is to be noted that the Defendant has also commenced proceedings against the Plaintiff to have the said three Trade Marks expunged from the Register and these proceedings are still pending. In practical terms the

validity of the marks should be determined before considering whether in fact the Defendant breached the Plaintiff's marks. However it is significant that the Plaintiff has provided no particulars of the actual infringement by the Defendant of the Plaintiff's Trade Marks. I find therefore that there is no issue to be tried with respect to this cause of action

UNFAIR COMPETITION/PASSING OFF

42. The Unfair Competition Act 1996 is a codification of the law of passing off and trade marks. By section 5 any act in the course of commercial activities which causes confusion constitutes an act of unfair competition. And confusion may be caused with respect to a trade mark or the appearance or presentation of a product. Further any act which damages another's goodwill or reputation whether or not the act causes confusion is an act of unfair competition – section 6.

43. In order to prove passing off the Plaintiff must first establish that the particular get-up which he has been using has become associated exclusively with his business. Next the Plaintiff must prove the likelihood of confusion by an unwary purchaser.

44. Both sides have filed lengthy affidavits with numerous exhibits. The Plaintiff maintains that its "get-up" has been copied by the Defendant in such a way that it is calculated to deceive the casual buyer into believing that the Defendant's goods are actually those of the Plaintiff. For its part the Defendant maintains that the Plaintiff's "get-up" is not distinctive and has explained why the average purchaser is not likely to be deceived.

45. Both attorneys examined the two sets of the products in great detail, pointing out the similarities and differences. The Plaintiff contends that a pour of white liquid ending in a splash has come to be associated with the Plaintiff's products. The Defendant maintains that a pour of white liquid ending in a splash is common in the food and beverage industry especially in

milk drinks and cereals. Further such a design is commonly used in the Defendant's products worldwide. The Defendant's Parent Company first used the splash design in Turkey in 1998.

46. It is not disputed that the Plaintiff was incorporated in 1991 and introduced this pour and the splash design in 1997. The Plaintiff's only product is Dairy Dairy powdered milk of three types, full cream, low fat and skimmed. All these products are packaged in pillow packs.

47. The Defendant's parent company has been in business since 1868 and the Defendant was incorporated locally since 1914. The Defendant deals in liquid milk of various types, liquid milk products and powdered milk. All its liquid milk and liquid milk products are packaged in tetra paks. It's powdered milk brands are Svelty Calcium Plus, Klim 1-2-3 and Klim Full Cream. Svelty Calcium Plus is sold in cans alone. The label on Klim 1-2-3 has no splash of white liquid.

48. Klim Full Cream is the only powdered milk product of the Defendant which is sold in pillow packs as well as in cans. While this label has a pour of white liquid into a glass and ends in a splash, the rest of the label is deep yellow or mustard in colour. Further the word KLIM is in white and deep yellow against a rich brown background. On the Plaintiff's Pillow packs are the words "Dairy Dairy" in large bold letters while the Defendant's products carry its brand name "NESTLE´" in white against a royal blue back ground. Further the Defendant's brand name appears in much smaller letters than the Plaintiff's.

49. An examination of the designs on the packaging of both parties reveals that the Plaintiff's design is of a vertical pour of white liquid falling on to a flat surface resulting in a splash while the Defendant's design is of a slanted pour of white liquid into a tilted glass ending in a splash inside the glass, which is more than half filled. Further, the colour scheme of the Plaintiff's

packaging is in shades of blue and green while the Defendant's Klim Full Cream package is in bright yellow.

50. There is a serious dispute between the parties as to the date when the Defendant first began using the design of a pour of white liquid into a glass causing a splash to market its Nestle′ with Omega. The Plaintiff maintains this was in August 2002 while the Defendant insists it was in August 2001 and that this design was introduced on its Klim brand in May-June 2002.

51. In an application for an interlocutory injunction, the Plaintiff in a passing-off action must show more than that there is an arguable case, because the Defendant will often adopt a different name (design) to continue in business once an injunction is granted and the injunction will be final in effect if not in name – Parnass/Pelly v Hodges 1982 FSR 329.

52. This court is of the view that there is a serious issue to be tried with respect to passing off. However I am not satisfied that the Plaintiff has shown more than an arguable case.

DELAY

53. The Defendant made heavy weather of the six-month delay by the Plaintiff in making this application. Since the parties have not agreed as to when the Defendant's new packaging was introduced and the Defendant has not shown any prejudice which it has suffered or will suffer by the delay, I find that nothing turns on it.

ADEQUACY OF DAMAGES\BALANCE OF JUSTICE

54. The Plaintiff contends that there has been a drop in his sales since the Defendant introduced the offending packaging but has provided no critical or approximate figures. Neither has the Plaintiff provided a comparison of the volume of sales in the period prior to August 2002 and thereafter. If those figures are available then the Plaintiff may be able to quantify its losses.

55. According to Azar, the Plaintiff has spent $39 million on advertising since 1997 and has assets of $23 million. Further its gross sales over 1997 to 2002 was $430 million being approximately $72 million annually. However the Plaintiff declined to say what was its profit, whether gross or net. In any event, the Plaintiff considers that the splash has come to be identified with the Plaintiff's goods to the extent that a certain goodwill has developed in relation to its goods. Therefore damages will not be an adequate remedy.

56. The Defendant has not disclosed the value of its assets nor the cost of its advertising but maintained that it sold in excess of $40 million worth of milk products over the last year and there is no suggestion by the Plaintiff that the Defendant will be unable to meet any award of damages in the event that it is found liable to the Plaintiff.

57. In Jet Pak the Court of Appeal held inter alia, that the proper question for the court to ask itself, in considering whether or not to grant an interlocutory injunction, was "where does the greater risk of injustice lie, in granting the injunction or in refusing it?"

At page 369 de la Bastide C.J. stated:

> "… I would prefer with respect the way in which the matter was put by Lord Justice Sachs in Evans Marshall v Bertola (1973) 1WLR 349 at 379 when he suggested that:
>
> > 'The standard question in relation to the grant of an injunction 'are damages an adequate remedy?' might perhaps in the light of the authorities of recent years, be rewritten: 'Is it just in all the circumstances that a plaintiff should be confined to his remedy in damages?'
>
> Lord Justice Sachs went on to identify as factors which would render it unjust to confine a plaintiff to his remedy in damages, not only difficulty in estimating the damages, but also "creation of certain areas of damage which cannot be taken into monetary account in a common-

law action for breach of contract". He cited as examples of such areas, loss of goodwill and trade reputation (at page 380)."

58. In East Coast de la Bastide CJ having found that the appellant had raised a triable issue, questioned what consequences would follow from granting or refusing the injunction and stated:

> "It means, I think that one must go on to consider the matter on the basis of where the balance of justice lies. The phrase "balance of convenience" was used in the past to describe this next phase of the infinity, but it does not adequately encapsulate the factors which govern the exercise of the discretion to grant or refuse an interlocutory injunction. A more modern approach which was adopted in Jet Pak is to pose the question: where does the greater risk of injustice lie, in granting or in refusing the injunction. If I may venture respectfully to suggest it, one criticism of this phrasing is that it does not make it clear that one has to assess and compare not only the quantum of the risk that injustice may occur, but also the extent of the injustice that may occur. The risk of the injustice may be greater if an injunction is granted when the case for the plaintiff is not a strong one, but the consequences of refusing the injunction in such a case may be far more disastrous for the plaintiff than the consequences to the defendant of wrongly granting it ..."

GREATER RISK OF INJUSTICE

59. The Plaintiff deals in powdered milk alone while the Defendant deals in liquid and powdered milk. The Plaintiff maintains that it has established goodwill and a trade reputation in respect of the splash design on its present powdered milk packaging and that the Defendant's use of its (the Plaintiff's) Splash design has caused or is likely to cause confusion in the minds of the average purchaser.

60. The Plaintiff has proposed that an interlocutory injunction be granted and suspended for six months to permit the Defendant to produce a fresh design of its labels for all its products and affix them on to the Defendant's existing products. Alternatively, the Defendant should affix a sticker manually to cover the offending design on each of the Defendant's existing products.

61. The Defendant resists this proposal for the several reasons. In the first place, the Plaintiff has no arguable case in respect of any of its causes of action. Further, the unwary purchaser will not mistake liquid milk for powdered milk when both sets of products are placed side by side, they are visibly different in shape, size and colour. Therefore, no confusion can result. It is to be noted that the Plaintiff has not produced any real evidence of confusion from the public or of its goodwill having been affected, save for a bold statement that certain unidentified persons had remarked that they thought the Plaintiff was now selling liquid milk.

62. According to the Defendant, it would take at least six months to obtain a new design of its labels and this, at considerable cost. In addition the Defendant will be unable to use its existing stock of labels resulting in further losses. If the Defendant's products with the existing design are removed from its shelves for six months, this would result in irreparable damage to the Defendant's trade reputation in addition to the lost sales over this period. In the event that newly designed labels are produced and used it would make no commercial sense to return to its original labels, if the Defendant succeeds at the trial. Further, affixing stickers by hand over existing labels is time-consuming and impractical, having regard to the volume of the Defendant's production.

63. The Defendant would not buy raw milk from farmers while the interlocutory injunction is in place. Farmers would thus have no other market for their milk, sales of which are approximately $12 million annually. Half of the Defendant's plant would be closed and half of the Defendant's work force

would be laid off. Further the farmers will lose their milk producing cattle. The projected losses to farmers over two months is $5 million. This will result in considerable hardship to the farmers and loss of jobs to the Defendant's employees.

64. Since the grant of an interlocutory injunction would effectively bring this action to an end, the Court must look carefully at the merits of each party's case.

65. In assessing the strength of each party's case I think it is highly unlikely that an unwary purchaser will confuse liquid milk with powdered milk especially where the liquid milk is in tetra-paks and the powdered milk is in pillow packs. Further, there are major differences in the design and colour schemes of the packaging of the powdered milk products of both parties. It is to be noted that the test is of the casual shopper not of the careless shopper. In the circumstances, it appears that the Plaintiff has an up-hill task to prove the likelihood of confusion.

66. I conclude therefore that the balance of justice lies in refusing an injunction at this stage and that the following directions be given for an early trial.

(a) Statement of Claim to be delivered on or before March 4, 2005

(b) Defence to be delivered on or before March 18, 2005

(c) Reply (if any) to be delivered on or before March 29, 2005

(d) This matter to be included in the Cause List for April, 2005 and listed for trial in June, 2005.

ORDER

67. 1. The Plaintiff's inter partes summons of 24.2.03 is dismissed.

2. The costs of this application are the Defendant's costs in the cause.

Dated this 18th day of February, 2005.

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Amrika Tiwary-Reddy
Judge.