

The ongoing legal skirmish between McCambridge Limited and Joseph Brennan Bakeries led to a recent finding by the High Court that Brennans' product and packaging was likely to confuse customers of McCambridges. That finding may yet be appealed to the Supreme Court in which case we can hope for clear guidelines to emerge for brand holders as to when marketing by competitors crosses the line of passing off.

That two household names in the Irish bread market should find themselves in dispute in the courts instead of competing on the supermarket shelves is most unfortunate. This update aims to offer guidance both for brand owners (as to how they should best go about strengthening their competitive position) and new market entrants (who may wish to aggressively contest existing market niches).

### **What are the facts?**

McCambridges is a successful family-owned company which makes a rectangular wholewheat brown bread loaf and holds approximately 30% of the Irish market for traditional brown bread. Brennans is the largest bakery company in Ireland and also makes a traditional wholewheat brown bread product (among others).

Early in 2011 Brennans repackaged its offering and adopted a transparent, resealable packaging with a dark green rectangle (acting as a background to various logos and other information) on the front of the pack. These features of the new Brennans packaging had previously been adopted by McCambridges (although the packs had other distinguishing characteristics).

In May 2011 McCambridges commenced proceedings for copyright infringement and passing off.

### **What is the legal background?**

When Brennans entered the market with what McCambridges clearly felt was a 'copycat' product, McCambridges learned that their brand protection was not as strong as it might have been. As a result, McCambridges' action was based on breach of copyright and passing off.

Copyright aims to protect literary and artistic works (broadly defined) and it is generally of only limited use in protecting brands and packaging and product designs.

Passing off is a legal action that aims to stop companies unfairly profiting from the reputations of others. It has three constituent parts (as set out in [Reckitt & Colman v. Borden](#) in 1990):

- the plaintiff must be able to prove he has goodwill or a reputation in the minds of customers in goods or services which he supplies by association with a distinctive identifying "get-up" (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging),



- there must be 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, and
- the plaintiff must demonstrate that he suffers or is likely to suffer damage by reason of the mistaken 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.

Last Friday, the High Court found that Brennans' packaging was likely to confuse customers (although the Court acknowledged that this was not Brennans' intent) and granted an injunction prohibiting continued sale of the Brennans' product in its current packaging. The Court suspended the order for one week to allow Brennans to decide if they wished to appeal the order (and possibly also to negotiate a broader resolution with McCambridges). It will be interesting to see if the parties can reach a mutually acceptable settlement or if the matter will go all the way to the Supreme Court on appeal.

#### **What could Brennans have done differently?**

From the evidence submitted to the court, it seems Brennans were alive to the risk of infringement but they believed that incorporating the Brennans name and brand prominently on the packaging would act as a sufficient disclaimer to avoid liability for passing off. Disclaimers as to origin can work in certain circumstances (eg they are particularly effective in relation to parody or criticism websites) but in circumstances where the customer makes only a fleeting assessment of the origin of a product or service they are of more limited value.

Brennans may also have considered the limited existing registered trade marks held by McCambridges. In hindsight, the decision to adopt transparent resealable packaging with a prominent green rectangle (in place of Brennans' widely known yellow and red branding) was probably unwise.

#### **What could McCambridges have done differently?**

It is likely that if McCambridges had a strong portfolio of registered brand protection (whether trade marks or design rights) these facts would either never have arisen or, if they had, the matter would have been settled before ever reaching the courts. This case is a good demonstration of the need for companies to take an integrated view of brand protection. Niche consumer brands in particular should regard trade mark registration in relevant markets as a necessary cost of protecting and enhancing their goodwill.

For further information, please contact [Peppe Santoro](#) at [Venture Legal Services](#) directly.

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