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**THE DAIRY FARM COMPANY LIMITED
AUSTRALIAN DAIRY FARM LIMITED
THE DAIRY FARM ICE & COLD STORAGE COMPANY LIMITED**

v.

B

DAIRY FARM ICE CREAM COMPANY LIMITED

[SUPREME COURT—Kermode J—15 July 1981.]

Civil Jurisdiction

C

P. I. Knight for Plaintiffs

A. Patel for Defendant

D

Action for passing off—available before business commenced in Fiji—Plaintiffs' business reputation need not yet be in Fiji nor with customers in Fiji—enough if confusion may occur in the future.

Application for injunction by 3 Plaintiffs to restrain defendant from seeking to pass off its goods as goods of the plaintiffs.

E

The first plaintiff was incorporated in Fiji on 26 July 1972 and was a wholly owned subsidiary of the second plaintiff company. The second and third plaintiff companies are both foreign companies, not registered in Fiji under Part XII of the Companies Act and had not done business in Fiji. The third plaintiff company was incorporated in Hong Kong in 1986 (SIC). The third plaintiff company was the parent company of the Dairy Farmers Group.

F

The Dairy Farm group of companies carried on business in a number of overseas countries including that of the manufacturing or marketing of food products and provision of services under the name of "Dairy Farm". They employed a logo or emblem incorporating "Dairy Farm" with a crown or coronet immediately above the letter D. This logo had been used by the group for many years.

G

The defendant was incorporated in Fiji on 5 February 1979. About November 1979 it commenced manufacturing and marketing ice cream in Fiji under the name "Dairy Farm" using a logo incorporating those words and a crown or coronet. This logo is very similar or identical to that used by the Dairy Farm group. The defendant had painted its vehicles using the same colours and patterns as did the Dairy Farm group on their vehicles.

H

The learned trial judge found that by setting up a wholly owned subsidiary company in Fiji the second plaintiff intended to extend the activities of the group to Fiji but, this did not assist them in their claim for relief.

The Judge found that confusion in these circumstances would arise, worsened by the defendant using a logo for goods itself identical to that used by the Dairy Farm Group of companies.

Further the judge was of the view it would not be unreasonable to expect the first plaintiff would wish to use the group emblem when it did commence business.

Whilst the first plaintiff had not yet started business the defendant deliberately chose a name similar to that of the first plaintiff and the logo designed and used by the Dairy Farm group. The Judge found that choice was made with the intention of creating the public impression that it was associated with the Dairy farm group with a view to increasing sales relying on the group's international reputation. They were in similar lines of business. The Judge found on authority that relief would be granted where there may be damage or confusion in future. It would be sufficient that the particular business was intended to be carried on by the old company.

The Court referring to *Reddaway v. Banham* quoted Lord Halsbury to the effect that nobody had any right to represent his goods as those of another. It held that the choice of the defendant's name was quite deliberately calculated and intended to deceive; that when the first plaintiff did commence business the similarity of names and lines of business must inevitably lead to confusion and further that plaintiff's future business could be damaged if defendant was permitted to continue trading as if it were one of the Dairy Farm Group. The Court expressed the opinion that the defendant's choice of name should have been rejected by the Registrar of Companies.

Held: The first plaintiff was entitled to an injunction.

The second and third plaintiff's both foreign companies not registered in Fiji under Part XII of the Companies Act and not doing business in Fiji were not entitled to relief. Their actions were dismissed.

Cases referred to:

Club Mediterranee (Societe Anonyme) v. Club Mediterranee Ltd. & Others Fiji C.A. 443/78

Maxims Ltd. & Another v. Dye (1978) 2 All E.R. 55

Sheraton Corporation of America v. Sheraton Motels Ltd. (1964) R.P.C. 1, 202

Amway Corporation v. Eurway International Ltd. (1974) R.P.C. 86

Alain Bernadim et Compagnie v. Pavilion Properties (1967) R.P.C. 581

Robbins Ice Cream Co. v. Gutman (1976) F.S.R. 545

The Atheletes Foot Marketing Associates Inc. v. Cobra Sports Ltd. & Another (1980) R.P.C. 343

IRC v. Muller & Co's Margarine Ltd. (1901) A.C. 217

Metric resources Corporation v. Leasemetrix Ltd. (1979) F.S.R. 571

Sturtevant Engineering Co. Ltd. v. Sturtevant Mill Co. of USA Ltd. (1936) 2 All E.R. 137

Aerators Ltd. v. Tollitt (1902) 2 Ch. 319

Reddaway v. Banham (1897) A.C. 199.

Judgment

KERMODE J.

- A The first plaintiff is a limited liability company registered in Fiji. It was incorporated in Fiji on the 26th July, 1972, with an issued or paid up capital of \$2.00 and is a wholly owned subsidiary of the second plaintiff company.

The plaintiff companies are members of what is known as the Dairy Farm Group of Companies of which group the third plaintiff is the parent company. The third plaintiff company was incorporated in Hong Kong in 1896. Of the three plaintiff companies, only the first plaintiff is registered in Fiji.

- B The Dairy Farm Group of Companies carries on business in a number of overseas countries. Their business is the manufacture or marketing of food products and provisions of services. The products and services of the group are marketed under the name of "Dairy Farm" and a logo or emblem incorporating the words "Dairy Farm" with a crown or coronet immediately above the letter D is used. This logo has been used by the group for many years.

C The defendant company was incorporated in Fiji on the 5th February, 1979.

About November 1979 the defendant company commenced manufacturing and marketing ice cream in Fiji under the name "Dairy Farm" using a logo incorporating those words and a crown or coronet and still continue to do so.

- D The logo used by the defendant is very similar if not identical to that used by the Dairy Farm Group of Companies. Furthermore, it has painted its vehicles using the same colours and similar paint patterns as the Dairy Farm Group use on their vehicles. This is apparent from comparing Exhibits D and M annexed to Mr J. Stewart's affidavit filed in this action.

- E Mr Keil, Solicitor, of Suva in his affidavit states that when the defendant company started selling ice cream in 1979 he assumed, because of the similarity in name and get up of the product, that the defendant company was selling under licence from the Dairy Farm Group of Companies.

- F The plaintiffs unsuccessfully sought an interim injunction to restrain the defendant from seeking to pass off its goods as goods of the plaintiffs. It was however, agreed by counsel that there should be an early trial and that affidavits filed in support of and in opposition to the application be treated as pleadings in this action.

I will first consider whether the second and third plaintiffs, both foreign companies and not registered in Fiji under Part XII of the Companies Act, and not doing business in Fiji are entitled to any relief.

- G Both counsel referred to *Club Mediterranee (Societe Anonyme) v. Club Mediterranee Ltd. & Ors.* C.A. 443 of 1978. The facts in that case were similar to the facts in the instance case so far as the second and third plaintiffs are concerned. In that case the plaintiff complained that the company's overseas or international reputation and goodwill could be damaged by the defendant's actions. That is what the plaintiffs contend in the instant action.

- H I held in the *Club Mediterranee* case that the plaintiff had not acquired a business reputation in Fiji which could be damaged and there was no evidence of any confusion despite the similarity of names.

So far as the second and third plaintiffs are concerned, they are foreign companies which have not carried on business in Fiji nor have they any customers in Fiji. They have not established a reputation in Fiji which could be damaged by confusion. By setting up a wholly owned subsidiary company in Fiji the second plaintiff clearly intended to extend the activities of the group to Fiji but, this does not assist them in their claims for relief.

Mr Knight for the plaintiff, however, referred to the case of *Maxims Ltd. and Another v. Dye* (1978) 2 All E.R. as authority for the proposition that the overseas or international goodwill or reputation of a company would be protected by English Courts from acts done in England that could damage that goodwill or reputation.

In the Maxims case however the defendant failed to file a defence and the plaintiff moved for judgment in terms of the relief claimed in the Statement of Claim.

Graham J. had to assume that the plaintiff had established that it had a reputation and goodwill in England derived from its restaurant business in Paris as claimed in the Statement of Claim and he held it was entitled to the relief claimed.

The Maxims case, however, is not in my view authority for the proposition that the second and third plaintiffs are entitled to protection of the reputation and goodwill they have established outside Fiji where it is not established that it has any reputation or goodwill in Fiji.

In *Sheraton Corporation of America v. Sheraton Motels Ltd.* (1964) R.P.C. 1, 202 a case I quoted in the Club Mediterranee case, I had before me only the digest of the case. I quoted the case as authority for the proposition that notwithstanding the fact that a plaintiff's business was primarily carried on abroad, if it had a reputation in England which could be injured by confusion the Court would grant relief.

I have now before me a full report of that case and it is apparent that the digest I quoted is a repetition of the digest prefacing Buckley J.'s interlocutory judgment. Nowhere in his judgment did Buckley J. in fact hold that the plaintiff had a reputation in England which could be injured by confusion as the digest states. What he said at p.204 is as follows:

"It seems to me that when the matter comes to trial the position may well be that the plaintiff company may be able to say that they have got a reputation and a goodwill which would be exposed to risk resulting from the confusion between the plaintiffs and the defendants notwithstanding that they are carrying on business in different parts of the world; and that, moreover, the plaintiff company are entitled to retain the possibility of exploiting their own goodwill in this country by opening hotels here, and that that possibility ought not to be diluted by anything done by the defendant company meanwhile. But I have got to take a much shorter term view than would be relevant to the consideration of the trial judge, and all that I have to consider is whether the circumstances that at present exist are such that during the time between now and the trial of the action the court ought to interfere."

The actual evidence of carrying on business in England in Sheraton's case was very weak but it was there.

- A In *Amway Corporation v. Eurway International Ltd.* (1974) R.P.C. 86 Brightman J. held that in order to be able to restrain passing off the plaintiff must have a business reputation in England which was entitled to be protected. He stated that some knowledge of the name of the plaintiff in England without any business activities there would clearly not be sufficient.

- B Brightman J. relied on *Alain Bernadin et. Compagnie v. Pavilion Properties* (1967) R.P.C. 581 known as the "Crazy Horse" case which Graham J. criticised in Maxims case.

What Graham J. did state in *Robbins Ice Cream Co. v. Gutman* (1976) F.S.R. 545 at 548 and which he repeated in his judgment in Maxims case was:

- C Some businesses are, however, to a greater or lesser extent truly international in character and the reputation and goodwill attaching to them cannot in fact help being international also. Some national boundaries such as, for example, those between members of the EEC are in this respect becoming ill-defined and uncertain as modern travel, and Community rules make the world grow smaller. Whilst therefore not wishing to quarrel with the decisions in question, if they are read as I have suggested, I believe myself that the true legal position is best expressed by the general proposition, which seems to me to be derived from the general line of past authority, that that existence and extent of the plaintiffs' reputation and goodwill in every case is one of fact however it may be proved and whatever it is based on."
- D

- E A month after I delivered judgment in the Club Mediterranee case Walton J. gave judgment in *The Athletes Foot Marketing Associates Inc. v. Cobra Sports Ltd. and Another* (1980) R.P.C. 343. That was a passing off case in which the plaintiff carried on business abroad but was not trading in England. It concerned the overseas reputation of the plaintiff.

Like so many of the cases I referred to in the Club Mediterranee case and also cases which I refer to in this judgment, Walton J. was concerned with an application for an interlocutory injunction which he refused. Very few cases as far as I can discover have gone to trial on the issue under consideration in the instant case.

- F Walton J. recognised there are two schools of thought about the question of law—namely what connection with England is required before a plaintiff can successfully maintain an action for passing off. Walton J. considered a number of cases in chronological order which were referred to him in argument commencing with *I.R.C. v. Muller & Co.'s Margarine Ltd.* (1901) A.C. 217. That was a stamp duty case turning on the goodwill of a business. The last case he mentions is *Metric Resources Corporation v. Leasemetrix Ltd.* (1979) F.S.R. 571. In that case there was no carrying on of business by the plaintiffs in England but, for the purposes of the interlocutory motion, it did appear the plaintiffs had customers in England and had done certain "substantial transactions" with one particular customer. An interlocutory injunction was granted.
- G

Walton J. after reviewing the cases summed up as follows:

- H "Having therefore commented upon all the cases on this point which were cited to me, unless the 'hard line' alleged to have been taken by the Privy Council in the *Star Industrial* case, and by the House of Lords in the *Advocaat* case represents the law—in which case the plaintiffs' case is even more wholly unargu-

able than I think it to be —the position in law appears to be relatively clear. That is to say, it does not matter that the plaintiffs are not at present actually carrying on business in this country, provided that they have a reputation in the general sense of the word in this country. It is also of no moment that that reputation may have been brought about by advertising: this can be of no moment, unless (as it did in the C. & A. case) it brings in customers, when, of course, once again there is no need to rely upon it.”

A

The learned Judge went on to say:

“Now in the present case the most remarkable fact of all is that the plaintiffs disclose not one single solitary transaction by way of trade with anybody in this country at all.....In these circumstances it is simply not possible to say that the plaintiff company has any goodwill in this country whatsoever, whatever the strength of its more general reputation may be.....Accordingly I dismiss the plaintiffs’ motion.”

B

The foregoing remarks of the learned Judge could have been made in the instant action about the plaintiffs. I am satisfied that the second and third plaintiffs are not entitled to any relief. Their claims are dismissed.

C

I have so far concentrated on the relief claimed by the second and third plaintiffs.

The first plaintiff however is a Fiji Company registered some years before the defendant company.

D

Section 18 of the Companies Act contains provisions regarding reservation of name and prohibition of undesirable names. The first proviso to subsection (3) of section 18 states:

“No name shall be reserved, and no company shall be registered by a name, which, in the opinion of the registrar, is undesirable:

E

Provided that—

no company shall be registered by a name which—

is identical with that by which a company is already registered, or so nearly resembles that name as to be calculated to deceive, except where the company in existence is in the course of being dissolved and signifies its consent in such manner as the registrar requires.”

F

In the instant case there is no suggestion that the first plaintiff is in course of being dissolved and has signified its consent to the defendant using the name it applied for.

If the defendant’s name does in fact so nearly resemble the name as to be calculated to deceive, then the Registrar of Companies was not empowered to register the defendant company under its present name.

G

Mr Keil’s evidence of confusion refers to the Group of Companies and not specifically to the first plaintiff which company Mr Keil does not mention. His evidence does not assist the first plaintiff.

In *Ewing v. Buttercup Margarine Company Ltd.* (1917) 2 Ch. 1 the Court had no difficulty in holding that the similarity between the defendant’s name and the name used by the plaintiff, Buttercup Dairy Company, could cause confusion. The defendant in that case had not commenced business.

H

A Confusion in this instant case will in my view arise and will be made worse by the fact that the defendant uses a logo or emblem for the goods it sells which appears to me to be identical in every respect to that adopted and used by the Dairy Farm Group of Companies of which group the first plaintiff is a member. It would not in my view be unreasonable to expect that the first plaintiff would wish to use the Group's emblem when it does commence business.

B In the Buttercup case it was the defendant company which had not started business. The defendant company adopted its name innocently but nevertheless the plaintiff company was held entitled to relief. One reason for granting relief was that the defendant company had not commenced business and a change of name could be effected at little expense to the defendant company.

C While the first plaintiff has not yet started business, the defendant deliberately chose a name similar to that of the first plaintiff and the logo designed and used by the Dairy Farm Group of Companies. That choice can only have been with the intention of creating the public impression that it was associated with the Dairy Farm Group of Companies of which the first plaintiff is a member with a view to increasing its sales relying on the group's international reputation.

D The first plaintiff is a wholly owned subsidiary of the second plaintiff but it cannot lay claim to any of the goodwill of that company and indeed of its parent company, the third plaintiff. That is clear from Farwell J.'s remarks in *Sturtevant Engineering Co. Ltd. v. Sturtevant Mill Co. of U.S.A. Ltd.* (1936) 3 All E.R. 137. He said at page 147:

"So far as this Country is concerned, I am bound to treat the plaintiff company as if the American Company did not exist and had no sort of connection with the English Company".

E The Dairy Farm Group of Companies as manufacturers of food products and marketing the same, and the defendant which manufactures and markets ice cream, are in a similar line of business. It is reasonable to assume the first plaintiff as a member of that Group would also manufacture and sell food products. When it does, confusion will certainly arise if the defendant is still using its present name.

F I have been unable to find a case on all fours with the instant case where a plaintiff has not commenced business nevertheless I do not consider that fact in the circumstances prevents the first plaintiff obtaining relief. A review of a number of cases indicates that Courts will grant relief where there may be confusion or damage in the future. Farwell J. in *Aerators Ltd. v. Tollitt* (1902) 2 Ch. 319 said:

G "but it is a question of fact in each case whether the name of the new company is so similar to that of the old company as to induce the belief that the two companies are identical.

In considering this question it is material to ascertain—

(1) what business has been *or is intended to be carried on by the old company* (emphasis is mine).

H (2) what sort of name has been adopted by the old company."

Farwell J. a little later in his judgment stated that he did not think it sufficient to point to clauses in its memorandum which would enable a company to extend its operation to numerous classes of trade unless it could satisfy the Court that it either has carried on or really proposes within a limited time to carry on such particular

business. Farwell J. however, was not considering a case where the defendant company had been deliberately dishonest.

Buckley J. in the extract from his judgment in *Sheraton's case*, which I have quoted, mentioned the possibility of the plaintiff company exploiting their own goodwill in England and that that possibility should not be diluted by anything done by the defendant company meanwhile. He also clearly had in mind a situation which could arise in the future. A

While the House of Lords in *Reddaway v. Banham* (1896) A.C. 199 did not have to consider a case where a plaintiff company had not commenced business, Lord Halsbury L.C. succinctly set out the principles of law involved. He said at p. 204— B

"I believe the principle of law may be very plainly stated, and that is, that no body has any right to represent his goods as the goods of somebody else."

Lord Herschell at p. 209 expressed himself in terms which I consider could be applied to this case. He said: C

I cannot help saying that, if the defendants are entitled to lead purchasers to believe that they are getting the plaintiffs' manufacture when they are not, and thus to cheat the plaintiffs of some of their legitimate trade, I should regret to find that the law was powerless to enforce the most elementary principles of commercial morality."

The House of Lords in *Reddaways case* also referred to the use of marks, letters or other indicia by which a person may induce purchasers to believe that goods which he is selling are the manufacture of another person. D

Lord Herschell at p. 210 said:

"Where the trade mark is a word or device never in use before, and meaningless, except as indicating by whom the goods in connection with which it is used were made, there could be no conceivable legitimate use of it by another person. His only object in employing it in connection with goods of his manufacture must be to deceive." E

Lord Herschell also at p.210 considered the case where words forming part of the common stock of language are used. In the instant case the words "dairy farm" fall into that category. He said: F

"In a case of this description the mere proof by the plaintiff that the defendant was using a name, word, or device which he had adopted to distinguish his goods would not entitle him to any relief. He could only obtain it by proving further that the defendant was using it under such circumstances or in such manner as to put off his goods as the goods of the plaintiff. If he could succeed in proving this I think he would, on well-established principles, be entitled to an injunction". G

The first plaintiff's case would have been a very strong one if it already commenced business and was producing goods with the logo adopted by the Dairy Group of Companies. According to Mr J. Stewart there is only a probability of the plaintiffs, including the first plaintiff, trading in Fiji. It is close on 9 years since the first plaintiff company incorporated in Fiji and is still on the register, which indicates an annual attention to necessary returns and payment of fees and supports Mr Stewart's statement. H

A What distinguishes this case from the *Buttercup* case is that the person who incorporated the defendant company set out quite deliberately and, in my view, dishonestly to deceive the public and to create the impression that the defendant company was connected with the Dairy Farm Group of Companies of which group the first plaintiff is a member. When the company became aware of the plaintiffs' objections it sought to register the Dairy Farm emblem as a trade mark.

B The choice of the defendant's name was quite deliberate and in my view not only does it so clearly resemble the names adopted by the Dairy Farm Group and in particular the first plaintiff, as to be calculated to deceive I would go further and say it was intended to deceive.

When the first plaintiff does commence business the similarity of names and conducting the same line of business, carried on by the Group, manufacture and marketing of food products particularly Dairy Products, must inevitably lead to confusion.

C I also consider that the first plaintiff's future business could be damaged in a number of ways if the defendant is permitted to continue trading as if it was a member of the Dairy Farm Group of Companies or as a subsidiary of or connected with the first plaintiff. One loss or disadvantage to the first plaintiff could be that it would be precluded from importing or marketing goods produced by its international group of companies which are sold under a name and get up which have an international reputation and which are identical to the goods of the defendant. The first plaintiff should be allowed any profit or advantage it can derive from the Group's international reputation.

I find myself in agreement with Warrington L.J.'s comments in the *Buttercup* case when he said:

E "He has proved that the defendants have adopted such a name as may lead people who have dealings with the plaintiff to believe that the defendants' business is a branch of or associated with the plaintiff's business. To induce the belief that my business is a branch of another man's business may do that other man damage in various ways. The quality of goods I sell, the kind of business I do, the credit or otherwise which I enjoy are all things which may injure the other man who is assumed wrongly to be associated with me. And it is just that kind of injury that what the defendants have done here is likely to occasion."

F Had the defendant adopted a name similar to the first plaintiff innocently I would have had to consider whether it would be equitable to make the order I propose. The first plaintiff has not commenced business in Fiji and a change of its name with the Registrar's approval could be readily achieved at little expense. Not all the companies in the Dairy Farm Group use the name Dairy Farm. The New Zealand Company is named Asian Food Industries (N.Z.) Ltd. In Singapore the G Company is named Fitzpatrick's Food Supplies (Far East) Ltd.

H Against this, however, is the fact that the first plaintiff was registered prior to registration of the defendant company and in my view the defendant's choice of name should have been rejected by the Registrar of Companies. Mr Stewart in his affidavit states it is probable that the first plaintiff will wish to trade in Fiji in future and no impediment should be placed in their way of doing so.

This is not in my view a case where the balance of convenience dictates that relief sought by the first plaintiff should be refused. It will cost the defendant company money to change its name but that must be the price it has to pay for its dishonesty.

The first plaintiff is entitled to relief and I grant an injunction, not in the terms sought, but in modified form.

A

- A I order that the defendant company be restrained from carrying on business under the style or title of Dairy Farm Ice Cream Company Limited or under any similar style or title of which the words "Dairy Farm" form part or under any such other style or in any manner as to lead to the belief that the defendant company is in any way connected with the first plaintiff company.

B

- B It will be noted I have not specifically mentioned the Dairy Farm Group's logo in my order. I see no need to consider whether the plaintiffs or any of them have any exclusive right to such logo or the exclusive use of the words "Dairy Farm". The sale of the defendant's products, under the name "Dairy Farm" would in my view be carrying on business in breach of my order.

- C As the first plaintiff has not yet commenced business and the defendant will need time to comply with the order, I expressly state that the order shall come into full force and effect at the expiration of six months from the date of this judgment.

C

The first plaintiff does not seek damages.

The first plaintiff is to have the costs of this action. The claim by the other two plaintiffs is dismissed with not order as to costs.

D

Injunction granted in favour of first plaintiff; actions by second and third plaintiffs dismissed.