

Appendix FF

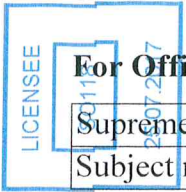
No. 1

**SUPREME COURT**

**Application for Leave and Notice of Appeal**



Order 38, rule 15



**For Office use**

Supreme Court record number of this appeal	S:AP:IE:2017:000115
Subject matter for indexing	

660ZZ  
22095  
906ZZ/6

Leave is sought to appeal from	
<input checked="" type="checkbox"/> The Court of Appeal	<input type="checkbox"/> The High Court

**Court of Appeal Record Nos. 2015/470  
High Court Record No. 2013/13177P**

**ALDI STORES (IRELAND) LIMITED and ALDI GmbH & CO KG**

**Plaintiffs**

**-and -**

**DUNNES STORES**

**Defendant**

High Court Record Nr	2013/13177P	Court of Appeal Record Nr	2015/470
Date of filing			
Name(s) of Applicant(s)/Appellant(s)		Aldi Stores (Ireland) Limited and Aldi GmbH & CO KG	
Solicitors for Applicant(s)/Appellant(s)		Vincent & Beatty	
Name of Respondent(s)		Dunnes Stores	
Respondent's solicitors		Arthur Cox	
Has any appeal (or application for leave to appeal) previously been lodged in the Supreme Court in respect of the proceedings?			
Yes		X No	
If yes, give [Supreme Court] record number(s)			

Are you applying for an extension of time to apply for leave to appeal?	Yes	X	No
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If Yes, please explain why

## 1. Decision that it is sought to appeal

Name(s) of Judge(s)	Ryan P, Peart J and Hogan J
Date of order/ Judgment	Judgment: 6 April 2017 and 17 May 2017. 28 June 2017 (Order Perfected)

## 2. Applicant/Appellant Details

Where there are two or more applicants/appellants by or on whose behalf this notice is being filed please provide relevant details for each of the applicants/appellants

Appellant's full name	Aldi Stores (Ireland) Limited and Aldi GmbH & CO KG
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Original status

<input checked="" type="checkbox"/>	Plaintiff	<input type="checkbox"/>	Defendant
<input type="checkbox"/>	Applicant	<input type="checkbox"/>	Respondent
<input type="checkbox"/>	Prosecutor	<input type="checkbox"/>	Notice Party
<input type="checkbox"/>	Petitioner	<input type="checkbox"/>	

<b>Solicitor</b>			
Name of firm	Vincent & Beatty		
Email	Walter.Beatty@vblaw.ie		
	67/68 Fitzwilliam Square, Dublin 2	Telephone no.	(01) 6340000
		Document Exchange no.	DX 029021
Postcode	D02R284	Ref.	WB/RG/001096/2659

How would you prefer us to communicate with you?

<input type="checkbox"/>	Document Exchange	<input checked="" type="checkbox"/>	E-mail
<input type="checkbox"/>	Post	<input type="checkbox"/>	Other (please specify)

<b>Counsel</b>			
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Postcode			

If the Applicant / Appellant is not legally represented please complete the following

Current postal address	N/A
e-mail address	N/A
Telephone no.	N/A

How would you prefer us to communicate with you?			
<input type="checkbox"/>	Document Exchange	<input checked="" type="checkbox"/>	E-mail
<input type="checkbox"/>	Post	<input type="checkbox"/>	Other (please specify)

### 3. Respondent Details

Where there are two or more respondents affected by this application for leave to appeal, please provide relevant details, where known, for each of those respondents

Respondent's full name	Dunnes Stores
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Original status	<input type="checkbox"/>	Plaintiff	<input checked="" type="checkbox"/>	Defendant	Is this party being served with this Notice of Application for leave? Yes   X   No
	<input type="checkbox"/>	Applicant	<input type="checkbox"/>	Respondent	
	<input type="checkbox"/>	Prosecutor	<input type="checkbox"/>	Notice Party	
	<input type="checkbox"/>	Petitioner	<input type="checkbox"/>		

Solicitor			
Name of firm	Arthur Cox		
Email			
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		Document	DX 27
		Exchange no.	
		Ref.	IF/DTB/DU174/018
Postcode	D02 T380		

Has this party agreed to service of documents or communication in these proceedings by any of the following means?

<input type="checkbox"/>	Document Exchange	<input checked="" type="checkbox"/>	E-mail
<input type="checkbox"/>	Post	<input type="checkbox"/>	Other (please specify)

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Postcode			

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		Exchange no.	
Postcode			

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Postcode			

If the Respondent is not legally represented please complete the following

Current postal address	N/A
e-mail address	N/A
Telephone no.	N/A

Has this party agreed to service of documents or communication in these proceedings by any of the following means?

<input type="checkbox"/>	Document Exchange	<input type="checkbox"/>	E-mail
<input type="checkbox"/>	Post	<input type="checkbox"/>	Other (please specify)

#### 4. Information about the decision that it is sought to appeal

Please set out below:

**1. Whether it is sought to appeal from (a) the entire decision or (b) a part or parts of the decision and if (b) the specific part or parts of the decision concerned**

The Plaintiffs seek to appeal the entire Judgment.

The Plaintiffs' claim is essentially for infringement of their Irish and Community Trade Marks ("*the Trade Marks*"). From June to August 2013 the Defendants ran an advertising campaign in over 100 supermarkets throughout Ireland in which it used the Plaintiffs' Trade Marks. The Plaintiffs wrote to the Defendant complaining about the trade mark infringement. The Defendant ignored the Plaintiffs' correspondence and consequently proceedings were issued for trade mark infringement. There were ancillary claims for breach of the European Communities (Misleading Comparative Advertising) Regulations 2007 ("*the Regulations*") and The Consumer Protection Act 2007 ("*the Act*"). The Defendant contended *inter alia* that it was entitled to use the Plaintiffs' Trade Marks as it was engaged in lawful comparative advertising. Use of a rival's trade mark for comparative advertising is lawful only where each of the requirements of Article 4(2)(a)-(d) of the Regulations is met. The Plaintiffs contended that those requirements or at least some of them were not met and therefore its Trade Marks were infringed. The Court of Appeal characterised the appeal as being concerned with comparative advertising. That was literally true in the sense that the court had to examine whether the requirements of the Regulations were met. However in substance the case was always about infringement of the Plaintiff's Trade Marks.

The Defendant's advertising campaign consisted of three limbs. First, the Defendant used Banners and Advertising Stands referred to as "*Toblerones*" in each of its supermarkets which contained the Plaintiffs' Trade Marks and also contained the words "*Lower Price Guarantee*" and "*Guaranteed Lower Prices on All your family's essentials every week*". The Plaintiffs claimed that these Banners and Toblerones infringed their Trade Mark rights because the advertising did not meet the conditions for lawful comparative advertising prescribed by EU Directive 2006/114/EC on Misleading and Comparative Advertising ("*the Directive*") and the Regulations. In particular the Plaintiffs' claim that the Banners and Toblerones infringed their Trade Marks because (i) they did not compare any identifiable or specific product of the Plaintiffs with any of the Defendant's products and accordingly did not amount to a comparative advertisement at all; (ii) they did not objectively compare one or more material, relevant, verifiable and representative features of the Defendant's products with those of the Plaintiffs, and (iii) they conveyed the misleading impression that the Defendant's products generally or all family essentials were cheaper than those of the Plaintiffs when the Defendant

had no basis for such a claim.

The second limb involved specific Shelf-Edge Labels (“*the Specific Comparison Labels*”) comparing the specific products of the Defendant with those of the Plaintiffs in circumstances where there were material differences between the products compared which were not apparent from the labels. The Plaintiffs claimed that these differences resulted in the comparisons being misleading and in breach of the Regulations and the Act. Although the Plaintiffs initially complained about 21 such Shelf-Edge Labels, at the trial they only pursued their claim in respect of 15 labels.

The third limb involved Shelf-Edge Labels displayed generally in the Defendant’s supermarkets (“*the Shelf-Edge Labels*”) which compared the price of the Defendant’s products with unidentified products of the Plaintiffs and which contained the words “*Lower Price Guarantee*” and “*Always Better Value*”. The Plaintiffs claimed, *inter alia*, that this wording breached the Regulations and the Act as it conveyed the misleading impression that the Defendant’s products generally were cheaper than those of the Plaintiffs in circumstances where the Defendant had no basis for such a claim. Furthermore the Plaintiffs claimed the Shelf-Edge Labels also breached the Regulations as they did not objectively compare one or more material, relevant, verifiable, and representative features of the Defendant’s products to those with the Plaintiffs.

By order perfected on the 28 March 2014 the High Court ordered that the proceedings should proceed by way of two modules, with the first module addressing whether the Defendant infringed the Plaintiffs’ Trade Marks, the Regulations and the Act, and a second module addressing the question of damages. The damages module has not yet been heard.

The High Court judgment of 9 June 2015 in the first module concluded that each of the three limbs of the Defendant’s advertising infringed the Plaintiffs’ Trade Marks and breached the Regulations and the Act and it further determined, by a further judgment dated 21 July 2015 that the Plaintiffs were entitled to injunctive relief. The Court of Appeal, (in a judgment dated 6 April 2016) upheld the High Court’s determination that the Banners and Toblerones infringed the Plaintiffs’ Trade Marks and breached the Regulations and the Act but overturned the High Court’s finding that the Specific Comparison Labels and the Shelf-Edge Labels infringed the Plaintiffs’ Trade Marks or were in breach of the Regulations or the Act. It further determined the Plaintiffs were not entitled to injunctive relief. In effect the Court of Appeal held that the High Court had applied the wrong test in determining compliance with the Regulations. The Court of Appeal expressly left open the possibility that the Specific Comparison Labels and the Shelf-Edge Labels did not comply with the Regulations and the Act and therefore might infringe the Plaintiffs’ Trade Marks and raised the issue of whether it should direct a re-trial by the High Court of these matters. In an ex-tempore judgment given on 17 May 2017 the Court of Appeal refused to order a re-trial and awarded the Defendant 60% of their costs both in the High Court and the Court of Appeal.

**2(a) A concise statement of the facts found by the trial court (in chronological sequence)**

**relevant to the issue(s) identified in Section 5 below and on which you rely (include where relevant if certain facts are contested)**

**A. FACTUAL FINDINGS IN RELATION TO THE SPECIFIC COMPARISON LABELS**

The trial Judge found that each of the limbs of the Defendant's advertising campaign breached the Plaintiffs' Trade Marks and also that the advertisements breached the Regulations and the Act. Specifically he found that the Banners and Toblerones were misleading and did not comply with the Regulations and were in breach of the Act; that fourteen of the fifteen Specific Comparison Labels related to products that were not comparable and that the labels were misleading and in breach of the Regulations and the Act; found that the Shelf-Edge Labels were misleading and that the phrase "*Lower Price Guarantee*" "*Guaranteed Lower Prices*" and the term "*Always Better Value*" constituted false information and these labels were also in breach of the Regulations and the Act.

All of the above findings were contested.

**2. (b) In the case where it is sought to appeal in criminal proceedings please provide a concise statement of the facts that are not in dispute**

N/A

**3. The relevant orders and findings made in the High Court and/or in the Court of Appeal**

The relevant orders and findings made in the High Court are set out above.

The Court of Appeal held that the Banners and Toblerones did not fulfil the necessary preconditions for lawful comparative advertising and consequently that the Defendant was not entitled to use the Plaintiffs' Trade Marks. In particular the Court held that the failure of the Banners and Toblerones to identify or reference expressly or by implication specific goods meant that the use of the Trade Marks constituted an infringement. It accordingly upheld the judgment of the High Court that this advertising was impermissible under the Regulations. However the Court of Appeal did not hold that this advertising was misleading (paragraphs 109 to 112 of the Judgment).

With regard to the Specific Comparison Labels the Court of Appeal found that the High Court had adopted the incorrect test in determining whether the goods were comparable and met the requirements of the Regulations for lawful comparative advertising (paragraphs 45 to 47 of the Judgment, paragraph 51, paragraphs 56 and 57, paragraphs 60 and 61 and paragraph 95). However the Court of Appeal held that some or all of the 14 specific products in dispute might not properly be the subject of valid comparative advertising because of a difference that was sufficient, for example as regards their nature or composition, to make the comparison invalid and the advertising accordingly misleading (paragraph 92 of the Judgment). The Court of Appeal held that the High Court's finding that the Specific Comparison Labels were

misleading and in breach of the Act could not stand (paragraph 100 of the Judgment).

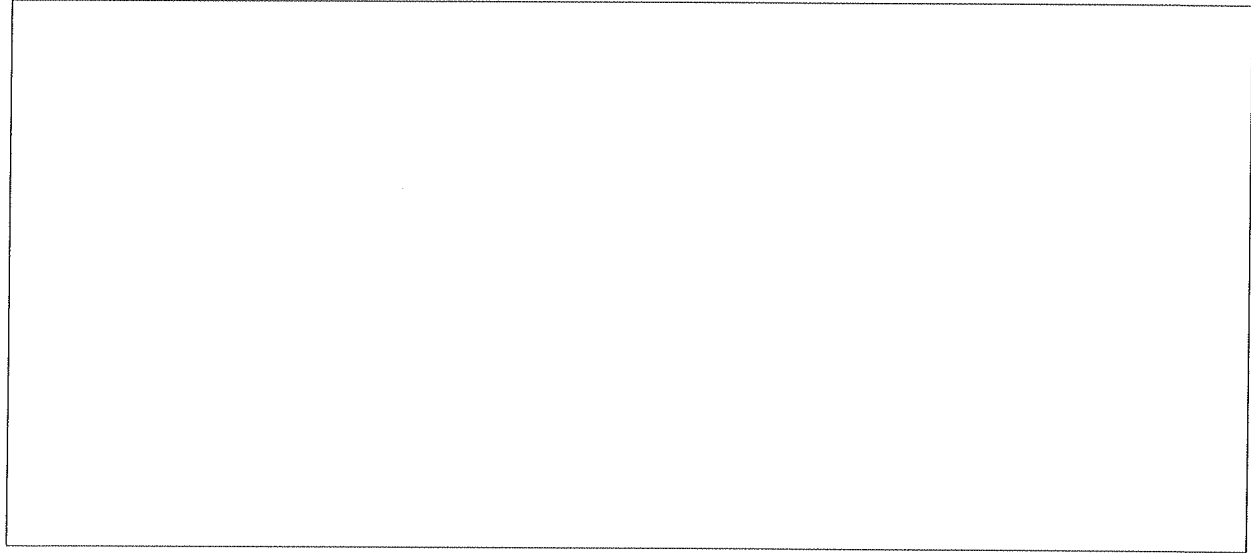
With regard to the Shelf-Edge Labels generally the Court of Appeal held that the High Court had adopted an erroneous approach in assessing whether the advertising complied with the Regulations and whether they were in breach of the Act. The Court of Appeal held that the Shelf-Edge Labels generally (and the Banners and Toblerones) by their use of the words “*Lower Price Guarantee*”, “*Guaranteed Lower Prices*” and “*Always Better Value*” did not purport to convey that the Defendant’s products were cheaper than those of the Plaintiffs or that the Defendant offered lower prices. In particular it held that no sensible person could be misled by the use of general advertising slogans (paragraphs 105 to 106 of the Judgment).

The Court of Appeal stated that it seemed obvious in the circumstances of the substantial success by the Defendant that the injunctive relief ordered by the High Court should be set aside, the unlawfulness of the Banners notwithstanding (paragraph 113 of the Judgment).

The Court of Appeal concluded that there should not be a retrial because, of the period of time, which has elapsed, since the conduct in issue in the case had occurred; the price comparison campaign was long over; the test applied by the trial Judge was the one suggested by the Plaintiffs and their experts; new evidence would be required making the case a wholly different one or significantly different one from what was presented and little or no useful purpose would be served in relitigating the whole issue; the costs would be disproportionate to the value of any matters in issue; and the Plaintiffs’ trade mark rights had been vindicated (*ex tempore* judgment of the Court of Appeal of the 17 May 2017).

The Court of Appeal determined that there would be an allowance of 20% in favour of the Plaintiffs but 80% of the costs of the appeal and of the High Court should go to the Defendant as having been the principal victor in the matters which were in dispute and that accordingly the net result would be an award in favour of the Defendant of 60% of the costs of the High Court and the costs of appeal. The court ordered that a payment on account of €250,000 should be made within three months (*ex tempore* judgment of the Court of Appeal of the 17 May 2017).





## **5. Reasons why the Supreme Court should grant leave to appeal**

**In the case of an application for leave to appeal to which Article 34.5.3° of the Constitution applies (i.e. where it is sought to appeal from the Court of Appeal)**

**Please list (as 1, 2, 3, etc.) concisely the reasons in law why the decision sought to be appealed involves a matter of general public importance and / or why in the interests of justice it is necessary that there be an appeal to the Supreme Court**

1. The Judgment of the Court of Appeal involves a matter of general public importance; it is also necessary, in the interests of justice, that there be an appeal to this Court.

### **Matter of General Public Importance**

1. The Judgment significantly reduces the protection for trade marks in Ireland. It has the effect of permitting one trader to use the trade mark of a rival for advertising purposes without meeting the requirements for lawful comparative advertising prescribed by the Directive, transposed into Irish law by the Regulations. The entitlement to use a trade mark of another is dependent on compliance with a number of cumulative conditions prescribed by the Directive/Regulations. The judgment of the Court of Appeal by misinterpreting and misapplying the conditions for lawful advertising has sanctioned the unlawful use by a trader of a rival's trade mark for advertising purposes. This represents a very major interference with a constitutionally protected right and deprives the owner of an Irish trade mark and also the owner of a Community trade mark of important rights inherent in its trade marks.
2. While the case involved the use of a rival's trade mark in the retail food business, the principles determined by the Court of Appeal with regard to the requirements of the Regulations and the Act have general application to all trade marks used in all comparative advertising and to all trading sectors. The significant reduction in the protection, available in Ireland, for trade marks impacts on business and investment decisions and has the effect of undermining the uniform protection of trade mark rights

throughout the EU. It also means that in Ireland, as distinct from other Member States, a competitor can use a rival's trade mark without complying with the mandatory conditions for lawful comparative advertising as applied by the Court of Justice of the European Union (CJEU). This has the consequential effect of putting Ireland in breach of its European Union obligations and also of infringing the constitutionally protected property rights inherent in or represented by a trade mark.

3. The Judgment of the Court of Appeal fails to afford trade mark owners in Ireland the legal protection prescribed by the Directive and the Regulations. In failing to apply the clear terms of the Directive as interpreted by the CJEU in *Lidl SMC –v- Vierzon* (2010 ECR I-11761) and *Lidl Belgium –v- Colruyt* (2006 ECR I-8501) Ireland is in breach of its EU obligations. It also has the effect of exposing traders generally to unfair comparative advertising which does not comply with the requirements of the Directive. The Judgment consequently permits comparative advertising which is in breach of EU Law even where no trade mark issues arise because the advertiser does not use the rival's trade mark but designates its competitor in some other way.
4. The effect of the Judgment of the Court of Appeal is to sanction the use of trade marks by competitors in conjunction with slogans such as “*Lower Price Guarantee*” and “*Always Better Value*” on the basis that the consumers (to whom the slogans are addressed) would understand and not be misled by such generalised and unsubstantiated claims. It has further held that such slogans would not be in breach of the Regulations despite the fact that they do not objectively compare one or more relevant verifiable and representative features of the products as required by Regulation 4(2)(d) of the Regulations. Such findings completely undermine the basis of trade mark protection established by the Directive and the Regulations and amounts to an infringer's charter. **Recital 15** to the **Directive** permits a competitor's trade mark to be used in comparative advertising only where it highlights objective differences between the products and is not misleading. The Court of Appeal Judgment results in a manifest breach of those requirements. The Court of Appeal arrived at its Judgment by concluding that any reasonably well-informed consumer who is reasonably observant and circumspect will understand the difference between an advertising slogan and specific information but it failed to appreciate that a trader cannot use advertising slogans in conjunction with a rival's trade mark unless it fulfils the conditions for lawful comparative advertising. The very lack of specificity with regard to the information provided by the Defendant and the lack of an objective basis for comparison between the Plaintiffs' and Defendant's products (and the misleading nature of the advertising) means that the requirements for lawful comparative advertising were not met and consequently the Plaintiffs' Trade Marks could not be used, even if as the Court of Appeal held, the products being compared could be identified.
5. The Court of Appeal failed to apply the correct test for misleading advertising (having identified that test earlier in the judgment) (see paragraphs 55, 57, 59 and 78) as set out in the aforementioned *Vierzon* and *Colruyt* Judgments and has failed to enunciate any test in its place. Furthermore, the Court of Appeal's judgment related to Regulation 4(2)(c) and (d) of the Regulations but did not specifically address the application of

Regulation 4(2)(a) (with regard to misleading advertising) as each of the requirements of Regulation 4(2)(a)-(d) must be met in order for the comparative advertising to be lawful and to avoid it infringing the Plaintiffs' Trade Marks. This failure generates great uncertainty and doubt as to the legal position in Ireland. As this is the first case before the Irish courts in which the Directive is being analysed in detail, trade mark owners (and those who wish to engage in comparative advertising permitted by the Directive) are now in a legal limbo and there is complete uncertainty as to what is, or is not, misleading in terms of a comparative advertisement which deploys a competitor's trade mark and what is or is not required by Regulation 4(2)(a)-(d) generally. As comparative advertising is used in all trading sectors the effect of this uncertainty applies to all such sectors.

6. Furthermore, the Court of Appeal, while holding that the test applied by the High Court with respect to the application of two of the four cumulative conditions which must be met for lawful comparative advertising as provided for in Regulation 4(2)(a)-(d) was wrong, did not determine what the correct test was. It follows there is no judgment of the Irish courts identifying the correct tests to be applied for lawful comparative advertising, a matter of great significance to traders, trade mark owners and consumers.
7. The Court of Appeal's judgment results in Irish law being in manifest breach of **Article 102(1)** of the Community Trade Mark Regulation ("CTR"). In finding that the Plaintiffs' Trade Marks were infringed in respect of the "Banners" but nonetheless refusing to grant an injunction the Court of Appeal failed to apply **Article 102(1)**. Article 102(1) of the CTR requires that an injunction be granted where an infringement is found, unless there are special reasons for not doing so. The only reasons given for refusing the injunction were "*the substantial success of Dunnes Stores in connection with other aspects of the Appeal, namely, the misleading advertising test and use of slogans.*" Such a factor does not relieve the court of its obligation to grant an injunction pursuant to Article 102(1). The effect of the Court of Appeal's Judgment is to completely undermine one of the principal judicial remedies mandated by the CTR where an infringement of a trade mark has been found. In any event, it was quite incorrect for the Court of Appeal to ignore the fact that these Banners which contained the Plaintiffs' Trade Marks were displayed in approximately 100 of the Defendant's stores throughout Ireland and that the Defendant had ignored entirely pre-trial correspondence from the Plaintiff complaining about the same. They consequently constituted a very significant breach of the Plaintiffs' Trade Marks which lasted for approximately three months and were placed in a prominent position at the entrance to these stores.

### **The Interests of Justice**

1. The Court of Appeal refused the Plaintiff an injunction and in addition ordered the Plaintiff to bear a net 60% of the costs of the High Court and Court of Appeal proceedings to date, notwithstanding, that the Defendant had seriously infringed the Plaintiffs' trade mark rights, and that the High Court has not yet determined the damages to which the Plaintiff is entitled for such breach. The Court of Appeal made

this order notwithstanding the Defendant's refusal to reply to pre-trial correspondence (which was described by one of the Defendant's witnesses as a deliberate policy) and the maintenance by the Defendant of the contention throughout the trial and appeal that it had not infringed the Plaintiffs' Trade Marks in any respect (including by its use on the Banners and Toblerones). If the Plaintiffs had not brought the proceedings the Defendant's breach of the Plaintiffs' Trade Marks in respect of the Banners/Toblerones would have gone unpunished and this would have meant so far as the Defendant was concerned it could at any stage in the future use the Plaintiffs' Trade Marks for similar advertising. The Defendant in the Court of Appeal estimated its taxed costs to date to be in the region of €1.4 million and therefore will now claim a sum of €840,000.00 from the Plaintiffs on foot of the costs order notwithstanding that it infringed the Plaintiffs' Trade Marks and refused to acknowledge the same in both the High Court and the Court of Appeal. The Plaintiffs who came to court for vindication of their rights have now, by reason of the Court of Appeal judgment, paid a very heavy penalty for enforcing those rights notwithstanding that it was the innocent victim of the Defendant's conduct.

2. The Court could not have properly concluded that justice had been served and that the Plaintiffs' rights had been vindicated in circumstances where it never considered, much less addressed, the damage that was done to the Plaintiffs by the infringement of their Trade Marks through the use of the Banners and the Toblerones.
3. Furthermore the Court of Appeal overturned the High Court judgment in its entirety with respect to the High Court's finding that the use of the Plaintiffs' Trade Marks in respect of the 15 Specific Comparison Labels was unlawful despite the fact that the Defendant's expert had conceded at the trial that four of the products (referred to in those Specific Comparison Labels) were not comparable. Because the products were not comparable the Defendant did not fulfil all of the cumulative conditions required for lawful comparative advertising with respect to those products. The failure to hold that in respect of those four products the Defendant had breached the Plaintiff's trade mark rights resulted in a further significant injustice being suffered by the Plaintiff.

In paragraph 28 of the Judgment the Court of Appeal identifies as an issue whether the advertising was misleading under Article 3 [**Article 4(2)(a) of the Regulations provides that the advertising cannot be misleading under Regulation 3**] and stated the test was whether the advertising misled or was likely to mislead consumers in relation to the nature of the product or its main characteristics or any other matters specified and (i) by reason thereof was it likely to affect the person's economic behaviour i.e. his or her decision to purchase, or (ii) for any reason specified in the paragraph did it injure or was it likely to injure a competitor.

At paragraph 55 (page 27), paragraph 57 (page 28), paragraph 59 (page 29) and paragraph 78 (page 42) the Court identified a test for misleading advertising which it then did not apply (when determining whether the advertising was in fact misleading). In particular, the Court of Appeal (at paragraph 55 - page 27) noted the CJEU's finding in ***Lidl SNC v. Vierzon Distribution SA*** that advertising could be misleading if the goods compared were objectively different and the differences were capable of affecting the consumer's choice. The Court of Appeal noted that the CJEU had held that, in those circumstances, if the differences were not disclosed advertising based solely on price

may mislead the consumer into thinking that the goods are equivalent and may also have an effect on his or her choice. The Court of Appeal also noted that the CJEU had referred to other kinds of difference that could render an advertisement misleading, such as not comparing similar brands in the case of branded products, or if other features of the goods were different, such as the composition or place of origin, if those things might have a significant effect on the buyer's choice.

The Court of Appeal does not subsequently even apply its mind to this issue but makes a general statement in paragraph 82 of the Judgment (page 44) to the effect that saying "*something is capable of significantly affecting the consumer's choice of product*" is different from saying, as Article 3 requires, that the advertising was misleading because it deceived or was likely to deceive the consumer and that as a result it was likely to affect the person's economic behaviour – or that it injured or was likely to injure a competitor. The Court of Appeal went on to state (in the same paragraph) that, if the material in question did not come within that definition, it was not misleading advertising within the meaning of Article 3.

Not only is this inconsistent with the earlier parts of the Judgment referred to above but the Court never actually addressed the question of whether the advertising was misleading by reference to Article 3 at all. This results in a very significant injustice to the Plaintiffs because the finding of the High Court in this regard is not properly addressed but the order of the Court of Appeal overturns the finding.

## 6. Ground(s) of appeal which will be relied on if leave to appeal is granted

Please list (as 1, 2, 3, etc) concisely:

1. the specific ground(s) of appeal and the error(s) of law related to each numbered ground
2. the legal principles related to each numbered ground and confirmation as to how that/those legal principle(s) apply to the facts or to the relevant inference(s) drawn therefrom
3. The specific provisions of the Constitution, Act(s) of the Oireachtas, Statutory Instrument(s) and any other legal instruments on which you rely
4. The issue(s) of law before the Court appealed from to the extent that they are relevant to the issue(s) on appeal

### Ground 1

**The Court of Appeal erred in law in overturning the Trial Judge's conclusion that the Specific Comparison Labels, by reason of being misleading, infringed the 2007 Regulations and the 2007 Act and, consequently, infringed the Plaintiffs' Trade Marks and, in particular, the Court of Appeal misstated the test which had been correctly put forward by the Plaintiffs and correctly adopted by the Trial Judge governing the question whether the Specific Comparison Labels were misleading.**

In paragraph 28 of the Judgment the Court of Appeal identifies as an issue whether the advertising was misleading under Article 3 [*Article 4(2)(a) of the Regulations provides that the advertising cannot be “misleading under Regulation 3]* and stated the test was whether the advertising misled or was likely to mislead consumers in relation to the nature of the product or its main characteristics or any other matters specified and (i) by reason thereof was it likely to affect the person’s economic behaviour i.e. his or her decision to purchase, or (ii) for any reason specified in the paragraph did it injure or was it likely to injure a competitor.

At paragraph 55 (page 27), paragraph 57 (page 28), paragraph 59 (page 29) and paragraph 78 (page 42) the Court identified a test for misleading advertising which it then did not apply (when determining whether the advertising was in fact misleading). In particular, the Court of Appeal (at paragraph 55 - page 27) noted the CJEU’s finding in *Lidl SNC v. Vierzon Distribution SA* that advertising could be misleading if the goods compared were objectively different and the differences were capable of affecting the consumer’s choice. The Court of Appeal noted that the CJEU had held that, in those circumstances, if the differences were not disclosed advertising based solely on price may mislead the consumer into thinking that the goods are equivalent and may also have an effect on his or her choice. The Court of Appeal also noted that the CJEU had referred to other kinds of difference that could render an advertisement misleading, such as not comparing similar brands in the case of branded products, or if other features of the goods were different, such as the composition or place of origin, if those things might have a significant effect on the buyer’s choice.

The Court of Appeal does not subsequently even apply its mind to this issue but makes a general statement in paragraph 82 of the Judgment (page 44) to the effect that saying “*something is capable of significantly affecting the consumer’s choice of product*” is different from saying, as Article 3 requires, that the advertising was misleading because it deceived or was likely to deceive the consumer and that as a result it was likely to affect the person’s economic behaviour – or that it injured or was likely to injure a competitor. The Court of Appeal went on to state (in the same paragraph) that, if the material in question did not come within that definition, it was not misleading advertising within the meaning of Article 3.

Not only is this inconsistent with the earlier parts of the Judgment referred to above but the Court never actually addressed the question of whether the advertising was misleading by reference to Article 3 at all. This results in a very significant injustice to the Plaintiffs because the finding of the High Court in this regard is not properly addressed but the order of the Court of Appeal overturns the finding.

The Court of Appeal, in overturning the Trial Judge’s finding that the Specific Comparison Labels were misleading, concluded that the Trial Judge and the Plaintiffs’ expert, Professor Berryman, adopted the wrong test, namely, that *any* differences between products compared in comparative advertising must be disclosed or else the relevant advertising is misleading (for example paragraphs 51, 57 and 95 of the Judgment). In so doing, the Court of Appeal misstated the test adopted by both the Trial Judge and Professor Berryman. In this regard, it is clear that the test adopted by Professor Berryman (as quoted at paragraph 45 of the Court of Appeal’s judgment) only requires disclosure of differences between products where those differences

“are capable of significantly affecting the average consumer's choice”. Furthermore, contrary to what the Court of Appeal held, Professor Berryman’s test represents a correct statement of the principles set out by the CJEU in ***Lidl SNC v. Vierzon Distribution SA*** (as quoted in paragraph 52 of the Court of Appeals’ judgment). Moreover, the Defendant itself on numerous occasions throughout the proceedings acknowledged that this test was a correct summary of the relevant principles (The Defendant through its Counsel, accepted in the course of the trial that the test put forward by Professor Berryman was the correct one (see Day 11 Page 15). Furthermore, the Defendant in its concluding written submissions in the High Court (paragraphs 245 – 246) and in its submissions before the Court of Appeal (paragraph 224) expressly accepted the test adopted by Professor Berryman as being correct. In addition, the Defendant adopted this test and included it in its instructions to its experts: (see Day 11 – page 13 in respect of Professor Barwise and paragraph 58 of the expert report of Dr. Ennis). Furthermore, it was the legal test adopted by the lawyers acting for both parties in the joint report of the experts to the Court dated 30<sup>th</sup> September 2014).

Moreover, it is clear from paragraph 300 of his Judgment that the Trial Judge, having regard to the evidence of Professor Berryman, concluded that the differences between the products compared in the Specific Comparison Labels were capable of significantly affecting a consumer’s choice. Accordingly, in circumstances where these differences were not apparent from the Labels, the Trial Judge was correct to conclude that the Labels were misleading and the Court of Appeal erred in overturning his determination in this regard.

Furthermore, the Court of Appeal also erred as follows in overturning the Trial Judge's conclusion that the Specific Comparison Labels were misleading: -

- (i) In its judgment, the Court of Appeal makes no mention whatsoever of the fact the Defendant’s own expert (Dr. Ashurst) expressed the view that, in four of the comparisons in the Specific Comparison Labels (namely, the day cream, shower gel, sparkling orange and the toilet roll), the products were not comparable. By making such a concession, Dr. Ashurst effectively accepted that the Labels relating to these four products were misleading. The Court of Appeal fell into serious error in overturning the Trial Judge's conclusion that the Specific Comparison Labels were misleading without taking this fact into account.
- (ii) The Court of Appeal's contention that the Defendant was not deliberately seeking to mislead consumers (paragraph 100 of its judgment) was based on a misunderstanding of the Regulations/Directive as there is nothing in that legislation which suggests that, in order for comparative advertising to be misleading, the advertiser must have intended that the advertising mislead consumers.
- (iii) The Court of Appeal erred in stating (at paragraph 79 of the Judgment) that the Regulations do not contemplate quality as being a distinguishing feature of a product. It is clear from ***Lidl SNC v. Vierzon Distribution SA*** (paragraphs 24 & 28) ***Lidl Belgium v Franz Colruyt*** ([2006] ECR I – 8501; Paragraph 79) and Article 3 of the Directive that a difference in quality is something “capable of significantly affecting the average consumer's choice” and thus a failure to disclose such a difference can render comparative advertising misleading.
- (iv) The Court of Appeal in paragraph 55 of its Judgment stated that an advertisement could be misleading if the goods that were compared were objectively different and the differences were capable of affecting the consumer’s choice and were not

disclosed in circumstances where the advertising was based solely on price. This acknowledgement that such advertising could be misleading is entirely inconsistent with the subsequent finding that the advertising was not in fact misleading and in particular the conclusion that the advertiser must have intended that the advertising would mislead customers.

## Ground 2

**The Court of Appeal erred in law in overturning the Trial Judge's conclusion that the use of the words “lower price guarantee” and “always better value” on the Shelf-Edge Labels infringed the 2007 Regulations and the 2007 Act and, consequently, infringed the Plaintiffs’ Trade Marks.**

The trial Judge carefully described the use of the Plaintiffs’ Trade Marks in the Shelf-Edge Labels generally in conjunction with the terms “Lower Price Guarantee” and “Always Better Value”, found that there was no factual basis for these claims and concluded that this was misleading advertising. The Court of Appeal overturned the trial Judge's determination that the words “lower price guarantee” and “always better value” appearing on the Shelf-Edge Labels infringe the Regulations/Act on the following bases: -

- (i) that no sensible person could be misled by the use of general slogans that are the commonplace stuff of most advertising (paragraph 105 of the Judgment);
- (ii) any reasonably, well-informed consumer who is reasonably observant and circumspect will understand the difference between an advertising slogan and specific information (paragraph 108 of the Judgment);
- (iii) that the Shelf-Edge Labels generally do not say that Dunnes Stores is cheaper than Aldi ( paragraph 105 of the Judgment).

These findings of the Court of Appeal undermine the whole basis of protection of a trade mark in the context of comparative advertising. It is precisely the use of generalised and unsubstantiated slogans in conjunction with the use of a competitor’s trade mark that is at the core of the unlawful conduct by the Defendant in this case. The Court of Appeal’s Judgment ignores the importance in the Directive of the conditions necessary to permit a trader to use its competitor’s trade mark for the purposes of comparative advertisement. Specifically, Recitals 14 and 15 of the Directive provide as follows: -

*“(14) It may, however, be indispensable, in order to make comparative advertising effective, to identify the goods or services of a competitor, making reference to a trade mark or trade name of which the latter is the proprietor.*

*(15) Such use of another’s trade mark, trade name or other distinguishing marks does not breach this exclusive right in cases where it complies with the conditions laid down by this Directive, the intended target being solely to distinguish between them and thus to highlight differences objectively. “*

In addition, the Court of Appeal was clearly in error when it stated at paragraph 105 of its Judgment that the terms “Lower Price Guarantee” and “Always Better Value” do not involve a claim that the Defendant is cheaper than the Plaintiffs. That error compounds the Court of Appeal’s mistaken analysis of the Shelf-Edge Labels generally. It is clear that the use of a



competitor's (i.e. the Plaintiffs') trade mark to suggest in a slogan that there is a guarantee of lower prices than the competitor where there is no factual basis for such a claim is misleading advertising and an infringement of the Plaintiffs' Trade Marks.

Accordingly, the Court of Appeal erred in law in overturning the Trial Judge's conclusion that the Shelf-Edge Labels infringed the Regulations/Act.

The Court of Appeal also erred in holding that the labels did not infringe Regulation 4(2)(d) in circumstances where the claims about Lower Price Guarantee were made without any objective comparison of the relevant verifiable features.

### **Ground 3**

**The Court of Appeal erred in law in its interpretation of Regulation 4(2)(a)-(d) of the Regulations and in particular in its interpretation of Regulations 4(2)(a) and (d). It further misinterpreted and misapplied the principles determined by the CJEU in *Lidl v Colruyt* and *Lidl v Vierzon* referred to above.**

The Plaintiffs will rely on the arguments set out in relation to Grounds 1 and 2 in support of their arguments in relation to this ground.

### **Ground 4**

**The Court of Appeal erred in law in refusing to order a re-trial in relation to the issue of whether the Specific Comparison Labels or the Shelf-Edge Labels generally complied with the 2007 Regulations and the 2007 Act.**

The Court of Appeal erred in law in refusing a retrial for the following reasons.

Whilst the Court of Appeal held that the Specific Comparison Labels and Shelf-Edge Labels were not evaluated according to the appropriate rules by the Trial Judge, the Court itself did not undertake an evaluation of whether the Specific Comparison Labels and the Shelf-Edge Labels comply with the Regulations/Act. In this regard, the Court specifically left open the possibility that the Specific Comparison Labels and the Shelf-Edge Labels did not so comply when it: -

- (i) noted that the methodology employed by the Plaintiffs' experts is not necessarily wrong or unhelpful in deciding whether advertising is misleading (paragraph 78 of the Judgment); and
- (ii) noted that it would have been possible for the High Court to conclude that the products ultimately in dispute could not have been the subject of valid comparative advertising because of a difference that was sufficient in, for example, their nature or composition to make the comparison invalid and, accordingly, misleading (paragraph 92 of the Judgment).

As a consequence of the foregoing, the question of whether the Specific Comparison Labels and the Shelf-Edge Labels infringed the Plaintiffs' Trade Marks also remains open. If that material does infringe the Plaintiffs' Trade Marks, the Plaintiffs would be entitled to claim damages in respect of such infringement over and above any damages to which they are entitled by virtue of

the Banners infringing their Trade Marks.

If, as the Plaintiffs contend the Specific Comparison Labels and the Shelf-Edge Labels also constituted an infringement of the Plaintiffs' Trade Marks, the fact that the Court of Appeal accepted that such an infringement occurred in relation to the Banners and Toblerones could not constitute a vindication of the Plaintiffs' rights.

Having regard to the foregoing, the Court of Appeal's failure to order a retrial means that the Plaintiffs have been prevented from seeking to fully vindicate their rights in a very significant property right, namely, their Trade Marks. They have also been prevented from seeking significant damages in respect of the infringement of those rights.

#### **Ground 5**

##### **The Court of Appeal erred in law in setting aside the injunctive relief order by the High Court.**

Notwithstanding that the Court of Appeal upheld the trial Judge's conclusion that the Banners infringed the Regulations/Act (and thus infringed the Plaintiffs' Trade Marks), the Court nonetheless set aside the injunctive relief ordered by the High Court "*in the circumstances of the substantial success*" by the Defendants in the appeal (paragraph 113 of the Judgment).

In setting aside the injunction ordered by the trial Judge, the Court of Appeal had no regard to the fact that the Trade Marks which the Defendant infringed included Community Trade Marks. In particular, the Court paid no regard to Article 102(1) of the CTM Regulation which provides that, where a Community Trade Mark has been infringed, an injunction must issue "*unless there are special reasons for not doing so*" (*Nokia Corp -v- Wardell* [2006] ECR I-12083 (Case C-316/05) makes clear that "*special reasons*" in Article 102(1) must be construed strictly). Furthermore, the Court failed to have any regard to Article 5(1) of the Regulations which entitles a trader to apply to Court to prevent another trader from engaging in misleading marketing communication.

In circumstances where the Court of Appeal gave no consideration whatsoever to Article 102(1) of the CTM Regulation or Article 5(1) of the Regulations, the Court erred in setting aside the injunctive relief ordered by the High Court. Furthermore, even if the Court of Appeal had addressed itself to these provisions, having regard to the relevant jurisprudence of the CJEU, the fact that the Defendant partly succeeded in its appeal, does not amount to "*special reasons*" for not granting an injunction.

Furthermore the Court of Appeal in its Judgment declined to grant an injunction without making any adequate assessment of the significance of the Banners and Toblerones in terms of the damage done to the Plaintiffs' trade mark rights.

#### **Ground 6**

##### **The Court of Appeal erred in law in awarding the Respondents 60% of their costs in the High Court and Court of Appeal.**

The normal rule in litigation is that costs follow the event and the onus is on the party who seeks to depart from this rule to show why the rule should be departed from. Despite the Plaintiffs succeeding in establishing that the Defendant had committed a serious infringement of their

Trade Marks a point contested by the Defendant both in the High Court and in the Court of Appeal, the Plaintiffs now have to bear 60% of the taxed costs which are estimated by the Defendant to amount to €840,000.00. The effect of this is that far from having their rights vindicated as suggested by the Court of Appeal the Plaintiffs have been seriously punished for pursuing a successful infringement action.

Although the Court of Appeal overturned the Trial Judge's finding that elements of the campaign (namely, the Specific Comparison Labels and the Shelf-Edge Labels) infringed the Plaintiffs' Trade Marks and overturned his granting of an injunction, the Court of Appeal did not overturn the Trial Judge's conclusion that the remaining elements of the Defendant campaign, namely the Banners, infringed the Plaintiffs' Trade Marks. Accordingly, notwithstanding that the Court of Appeal's Judgment, the Plaintiffs have still succeeded in the object of these proceedings, namely, in establishing that the Defendant infringed their Trade Marks in the course of its campaign. Accordingly, the "event" in the proceedings remains unaltered by the Court of Appeal's Judgment. Having regard to this, the Court of Appeal erred in holding that the Defendant had been "*the principal victor in the matters that were in dispute*" and consequently the Court of Appeal further erred in awarding the Defendant 60% of their costs. A full analysis of the Directive, the Regulations and the Act would have been required.

In addition much of the evidence of fact and expert evidence relating to the campaign and, in particular, the Banners would in any event, have been required in order to obtain a finding of trade mark infringement in relation to the Banners and Toblerones.

Moreover, the Court of Appeal's Judgment takes no account of the fact the Plaintiffs had no option but to take the within proceedings in circumstances where they received no response to correspondence sent to the Defendant complaining about breach of their Trade Marks (and, indeed, the Defendant indicated at the Trial that it had a policy of not replying to correspondence from competitors). In effect the Plaintiffs have been penalised for bringing successful proceedings in circumstances where had they not brought the proceedings the Defendant's infringements would have gone unpunished leaving the Defendant free to reuse the Plaintiffs' Trade Marks in a similar way in the future. This would have been significantly devalued the Plaintiffs' Trade Marks.

Accordingly, the Court of Appeal should have awarded costs to the Plaintiffs rather than awarding the Defendant 60% of its costs.

Furthermore (entirely without prejudice to the foregoing), in so far as the Court of Appeal felt it appropriate to depart from the normal rule that costs follow the event, neither the Defendant nor the Court of Appeal made any attempt to identify the extent to which the matters in respect of which the Plaintiffs did not succeed contributed to the length of the proceedings in accordance with the principles in *Veolia Water UK Plc & Ors v. Fingal County Council* ([2007] 2 IR 81). Accordingly, in circumstances where the onus was on the Defendant to demonstrate why costs should not follow the event, the Court of Appeal erred in awarding the Defendant 60% of its costs.

**Name of solicitor or (if counsel retained) counsel or applicant/plaintiff in person:**

Paul Binchy

Michael McDowell SC

Paul Gallagher SC

John Gleeson SC

**7. Other relevant information**

<p><b>Neutral citation of the judgment appealed against</b></p> <p>Court of Appeal [2017]</p>
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<p><b>References to Law Report in which any relevant judgment is reported</b></p>
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**8. Order(s) sought**

**Set out the precise form of order(s) that will be sought from the Supreme Court if leave is granted and the appeal is successful:**

1.
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What order are you seeking if successful?

Order being appealed:	set aside	<input checked="" type="checkbox"/>	vary/substitute	<input type="checkbox"/>		
Original order:	set aside	<input type="checkbox"/>	restore	<input checked="" type="checkbox"/>	vary/substitute	<input type="checkbox"/>

<p>If a declaration of unconstitutionality is being sought please identify the specific provision(s) of the Act of the Oireachtas which it is claimed is/are repugnant to the Constitution</p> <p>N/A</p>
<p>If a declaration of incompatibility with the European Convention on Human Rights is being sought please identify the specific statutory provision(s) or rule(s) of law which it is claimed is/are incompatible with the Convention</p> <p>N/A</p>

<b>Are you asking the Supreme Court to:</b>			
depart from (or distinguish) one of its own decisions?	Yes	<input checked="" type="checkbox"/>	No
If Yes, please give details below:			
make a reference to the Court of Justice of the European Union?	Yes	<input checked="" type="checkbox"/>	No
If Yes, please give details below;			
Will you request a priority hearing?	Yes	<input checked="" type="checkbox"/>	No

If Yes, please give reasons below:

Signed:



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**Please submit your completed form to:**

The Office of the Registrar of the Supreme Court  
The Four Courts  
Inns Quay  
Dublin

**together with a certified copy of the Order and the Judgment in respect of which it is sought to appeal.**

**This notice is to be served within seven days after it has been lodged on all parties directly affected by the application for leave to appeal or appeal.**