

## 5 Sunshine Leisure Products (NZ) Ltd v Great Outdoors Co Ltd

10 High Court Hamilton  
4, 18 March 1986  
Gallen J

15 *Injunction—Interim injunction—Passing off—Injunction had been granted in absolute terms to restrain use of trade mark “Sunline” in relation to camping equipment—Whether injunction should be qualified to allow the use of “Sunline” provided that the “Sunline” equipment was clearly distinguishable from that being traded under the name “Sunshine”.*

20 On 19 November 1985 the plaintiff was granted an interim injunction restraining the defendant from using the trade mark “Sunline” in relation to manufacturing, importing, promoting, selling, distributing or advertising its camping and outdoor equipment. Both “Sunline” and the plaintiff’s trade name “Sunshine” were registered trade marks although their validity and continued registration were in question  
25 in the substantive proceedings. In this application to vary the injunction it was contended by the defendant that it should be allowed the use of the name “Sunline” as long as it could clearly distinguish its products from those of the plaintiff. It would do this by the use of symbols to identify each company’s products. The plaintiff was opposed to the application on the ground that it would be extremely  
30 difficult to devise a manner of using the trade mark “Sunline” that would reduce the confusion or deception in regard to the two companies’ products.

**Held:** The registration of the trade mark “Sunline” conferred a right on the defendant to use that name in connection with its products. However, this had  
35 to be balanced against the likelihood that the defendant’s goods would be passed-off as those of the plaintiff. In this case a qualified injunction would be more appropriate than an absolute injunction to preserve the status quo, which included the defendant’s right to use the trade mark “Sunline”, until the matters of fact as to the precise rights of the parties or the possible effects of the use of that name  
40 could be decided in the substantive action. The injunction was varied to allow the defendant continued use of the name “Sunline” provided its products were clearly distinguishable from those of the plaintiff (see p 187 line 27).

*Reddaway v Banham* [1896] AC 199; 13 RPC 218 (HL), *Powell v Birmingham Vinegar Brewery Company* [1894] 3 Ch 449; 11 RPC 563 (Stirling J & CA), *Powell v Birmingham Vinegar Brewery Company* [1896] 2 Ch 54; (1895) 12 RPC 496  
45 (Stirling J), [1896] 2 Ch 54; 13 RPC 235 (CA), [1897] AC 710; 14 RPC 720 (HL) and *Parker-Knoll Ltd v Knoll International Ltd* [1961] RPC 31 (Russell J), [1961] RPC 346 (CA), [1962] RPC 265 (HL) applied.

50 *Adrema Ltd v Adrema-Werke GmbH* [1958] RPC 323 distinguished.

**Other cases mentioned in judgment**

*Massam v Thorley’s Cattle Food Company* (1880) 14 Ch D 748 (CA).

*Montgomery v Thompson* [1891] AC 217; 8 RPC 361 (HL).

*Sturtevant Engineering Co Ltd v Sturtevant Mill Co of USA Ltd* [1936] 3 All ER 137; 53 RPC 430.

**Interim application**

This was an application to vary an injunction restraining the defendant from using its trade mark "Sunline".

*T M Gault QC* and *H T D Knight* for the defendant (the Great Outdoors Co Ltd) in support. 5

*J J McGrath* and *C L Elliott* for the plaintiff (Sunshine Leisure Products (NZ) Ltd) to oppose.

*Cur adv vult*

**GALLEN J.** On 19 November 1985, I gave judgment on a motion brought by the abovenamed plaintiff against the abovenamed defendant seeking an interim injunction restraining the defendant from manufacturing, importing, promoting, selling, distributing or advertising camping or outdoor equipment of any kind by reference to the mark "Sunline". It would not help to summarise the material contained in that judgment. Suffice it to say that I considered the plaintiff entitled to relief and granted an interim injunction in the following terms: 10 15

"An interim injunction issue against the defendant restraining it, its servants or agents from manufacturing, importing, promoting, selling, distributing or advertising tents by reference to the mark SUNLINE." 20

The form of any injunction had not been canvassed during the course of argument, although counsel for the defendant had indicated that the defendant was prepared to give an undertaking. This was not acceptable to the plaintiff. The defendant now moves by way of interlocutory application, to vary the interim injunction as set out above. The defendant contends that, in the circumstances, it is appropriate that any interim injunction should be in qualified rather than in absolute form and that the interim injunction already granted should be varied by the addition of the words "without clearly distinguishing its tents from those of the plaintiff". This application is opposed by the plaintiff. 25 30

The defendant in support of its application filed an affidavit from its Managing Director which indicated that the defendant was desirous of using the mark "Sunline" which is a registered trade mark, so long as the mark was not used deceptively. The affidavit also drew attention to the fact that although both plaintiff and defendant were accustomed to use the device of a stylised sun in connection with their advertising material, the devices were markedly different. 35

The plaintiff filed two affidavits in reply. The first was from a Mr Esslemont, a senior lecturer in marketing with considerable qualifications in that field. He expressed the view that if the mark "Sunline" were accompanied by the words "Great Outdoors", this would do little to reduce the probability of confusion or deception because many customers would not be aware of the identity of the manufacturing company in either case. He further suggested that once confusion had occurred, then the association of the name of the defendant company would only have a limited effect in dispelling the confusion. He went on to say that he believed: 40

". . . it will be extremely difficult for the Great Outdoors Co Ltd to devise a manner of using the trade mark SUNLINE on tents without deception or at least confusion arising amongst consumers." 45

A second affidavit was filed by a Mr Kenneth Fink-Jensen, also a senior lecturer in marketing with high qualifications. He expressed the view that the ordinary consumer was likely to be confused when the names "Sunshine" and "Sunline" were used in a promotional or retail context. He maintained that persons buying camping equipment, were likely to rely on recommendations and that the hearsay aspect was of itself likely to lead to additional confusion because of incomplete 50

or defective recollection. He considered too, that there could be some confusion in the retail trade.

The defendant filed in reply, an affidavit made by a Mr Reid who is also highly qualified and is involved in market research. He expressed the view that identifying  
5 symbols depended for their effect upon their association with other symbols so that the deception of a potential customer depended upon the dominance of one symbol over another.

The question of the form of injunction which is appropriate in passing-off cases has exercised the attention of the Courts on a number of occasions. In  
10 considering the reported decisions, however, it is necessary to bear in mind two considerations. The first of these is that the form of the injunction sought is not always the subject of dispute and in some of the authorities which were referred to me where the form followed one mode or the other, it was impossible to tell from the report whether or not there had been any argument in connection with  
15 this aspect. Secondly, it is important to remember that the ultimate form of the injunction granted will be to some extent at least coloured by the information before the Court. Where there has been a substantive hearing with the evidence canvassed in depth and tested by cross-examination and a final conclusion has been reached by the Court, the situation may well be different to that which exists on an interim  
20 or interlocutory situation where the material before the Court consists of affidavits and the decision proceeds at least to some extent upon assumptions.

It should also not be forgotten that while the element of deception is significant in passing-off actions, the range of circumstances out of which such actions arise is wide and may extend from the deliberate and fraudulent use of some competitor's  
25 name and device, to the comparatively innocent attempt to take advantage of a name to which the alleged offender is entitled. The reaction of the Courts is certain to reflect those varying circumstances.

In the case of *Reddaway v Banham* (1896) 13 RPC 218, the House of Lords was concerned with a passing-off dispute where belting was sold as camel-hair  
30 belting. Lord Herschell at p 230, emphasised that an individual had no right to restrain another from using a common English word, but he did have a right to ensure that it should not be used without explanation or qualification if such a use would be an instrument of fraud. At p 231 he quoted from James LJ in *Massam v Thorley's Cattle Food Company* (1880) 14 Ch D 748, 763 where he said that  
35 the use of the name "Thorley" could not be prohibited if it was used in a way not calculated to mislead the public. Lord Herschell considered that the principle which related to a name applied also to a common English word which might be regarded as the property of all persons using the language. Lord MacNaghten at p 234, in dealing with the form of the injunction said:

40 "As regards the form of the injunction, I should be disposed to say that in all cases where the Defendant is to be restrained from using unfairly words or marks which he is at liberty to use provided only they are used fairly, it would be better that the injunction should go in the form approved by this  
45 House in *Johnston v Orr-Ewing* 7 AC 219 . . ."

The form in that case was in what might be described as the "qualified form" which the defendant seeks here.

In *Powell v Birmingham Vinegar Brewery Company* the Courts were concerned with a dispute over the use of labels containing the words "Yorkshire  
50 Relish". Stirling J granted an interim injunction:

"To restrain the Defendants from using the words 'Yorkshire Relish' as descriptive of or in connection with any sauce or relish manufactured by them, or sauce or relish not being of the Plaintiff's manufacture, sold or offered for sale by them without clearly distinguishing such sauce or relish from the sauce or relish of the Plaintiff" ([1894] 3 Ch 449, 462).

An appeal from that order was dismissed ([1894] 3 Ch 449, 463). Stirling J then heard the substantive case and granted a perpetual injunction in the same form as that originally granted ([1896] 2 Ch 54). In the Court of Appeal where the decision was upheld, Lindley LJ said:

“Stirling J . . . has granted an injunction which is, in effect, an injunction not to restrain the defendants from selling their sauce as ‘Yorkshire Relish’ without any qualification, but to restrain them from doing so without better distinguishing their sauce from the sauce made and sold by the plaintiff” ([1896] 2 Ch 54, 78).

The decision was upheld in the House of Lords ([1897] AC 710).

In *Parker-Knoll Ltd v Knoll International Ltd* [1961] RPC 31 (Russell J), [1961] RPC 346 (CA), the Courts were concerned with the use of a name. Both parties had acquired and used the name “Knoll” in legitimate and unexceptionable circumstances. After hearing the substantial evidence which was called in a group of actions for passing-off and infringing trade marks, Russell J issued an injunction in the following terms:

“THIS COURT DOTH ORDER . . . that the Defendants Knoll International Britain (Furniture and Textiles) Limited be restrained from doing (whether by their servants or agents or any of them or otherwise howsoever) the following act that is to say carrying on business in furniture or furnishing fabrics under any style including the word ‘Knoll’” (see [1961] RPC at p 347).

The Court of Appeal accepting that the finding that a substantial section of the general public were likely to be misled by the use of the words “Knoll” or “Knoll International”, upheld the decision, but varied the terms of the injunction. Upjohn LJ said at p 362:

“In my judgment the injunction should be qualified by the use of the words ‘without clearly distinguishing his goods from the goods of the plaintiff’. Whether an injunction should be absolute or qualified has been discussed in many cases. The duty of the Court is to reconcile a proper desire to permit an honest trader to continue to use his name in connection with his goods with the overriding principle that a man may not represent his goods as the goods of somebody else. Where the name in question has come to denote the goods of the plaintiff, the Court has sometimes granted an absolute injunction: see for a recent case, *Adrema Ltd v Adrema-Werke* [1958] RPC 323. Perhaps that can be justified on the facts of that case but the general practice is to grant an injunction in the qualified form where the defendant is only using his own name . . .”

That decision including the variation to the injunction was upheld in the House of Lords ([1962] RPC 265). The case referred to *Adrema Ltd v Adrema-Werke GmbH* [1958] RPC 323. That was a case where a German company had incorporated an English subsidiary under its own name. The shares in that company were vested in the Custodian of Enemy Property during the Second World War and he ultimately transferred the shares to a third party. Certain admissions were made before Danckwerts J in the following terms:

“1. The word ‘Adrema’ has at all material times signified in the United Kingdom the plaintiffs as the trade origin of the goods so marked. 2. The goodwill attached to the word ‘Adrema’ in the United Kingdom has at all material times belonged exclusively to the plaintiffs. 3. . . . The use of the word ‘Adrema’ in connection with addressing machines in the United Kingdom is liable to cause confusion with the plaintiffs’ goods and business unless sufficiently distinguished therefrom” (ibid, 329).

The defendants offered to submit to an injunction in the following form:

5 “An injunction to restrain the defendants their servants and agents or otherwise from carrying on in the United Kingdom any business of making or selling or servicing addressing or listing machines or equipment under any name style or title comprising the word ‘Adrema’ and from otherwise using the word ‘Adrema’ in connection with any such business, but so that this injunction shall not prevent the German company from trading and marking their goods with their own name Adrema Werke GmbH Berlin, provided that they sufficiently distinguish their business and goods from the business and goods of the plaintiff company” (ibid, 329).

This was not accepted by the plaintiffs. Danckwerts J thought that the overriding consideration was that nobody had any right to represent his goods as the goods of somebody else. He said:

15 “As the result of their trading since 1923 the Plaintiff Company now own the goodwill which has become associated with the word ‘Adrema’ in the United Kingdom. No one else in the United Kingdom has any right to use the word ‘Adrema’ so as to represent his goods as being the goods of the Plaintiff Company or his business as being associated in some way with the Plaintiff Company’s business. In these circumstances the trade which has been carried on by the German Company in other parts of the world, is immaterial . . .” (ibid, 331).

20 He followed a similar decision of Farwell J in *Sturtevant Engineering Co Ltd v Sturtevant Mill Co of USA Ltd* (1936) 53 RPC 430. He therefore granted injunctions in the absolute terms requested.

It seems to me that the general effect of the authorities referred to is to establish the proposition that the Courts will approach the kind of injunction which is considered to be appropriate within a particular goodwill area in a manner which varies according to the nature of the interest which the plaintiff desires to protect. In addition, the Courts will take into account such rights as the defendant may be entitled to. In the case of a surname, for example, persons are normally entitled to use their own names in identifying products with which they are associated, but not where the use of the name is calculated or likely to result in passing off. In such a case, the qualified injunction is appropriate because it prevents the particular mischief complained of without necessarily restricting those more general rights to which the defendant is entitled. Similar observations apply to those cases where the word or mark in question is a common word used in the language by all who use the language. By contrast, in the *Adrema* case the word was closely associated with the product and the goodwill had effectively been disposed of by the defendant to the plaintiff company many years before. Under such circumstances it could well have been argued that no residual rights had been retained.

30 Mr McGrath argued that in circumstances where the use of the name must create confusion or perhaps put more strongly, establish the deception upon which the cause of action is based, then it was appropriate to restrain the use of that name. There are, I think, two objections to that approach. The first is that it depends upon establishing as a question of fact, precisely what the rights of the parties are in a particular factual situation. That is not an appropriate exercise in interlocutory proceedings. Secondly, it involves the Court in making a value judgment on the effect of a particular activity without having the necessary factual material upon which to form a conclusion.

45 In this case, both parties have registered trade marks. I do not overlook the fact that the validity and continued registration of those names is in question in the substantive proceedings, but I think I am obliged to assume for the purposes

of an interlocutory application, that registration confers rights and as I mentioned in my earlier judgment, those rights are reasonably analogous to those which exist when parties wish to use their own names in connection with the products in which they deal.

I think it is pertinent to observe as counsel submitted, that the plaintiff in these proceedings commenced the use of the mark it wishes to protect, at a time when it was aware of the defendant's right to use the mark, the subject of these proceedings. While this was not a factor which having regard to the circumstances was strong enough in my view to prevent the plaintiff succeeding in its application for injunctive relief at this stage, it is a factor which has a bearing on the appropriate form of that relief. 5 10

On the basis of my analysis of the authorities, this case would in my view appear to fall into that category where the appropriate injunction is that in qualified form.

Mr McGrath submitted that each case was to be considered on its own facts and that there were no hard and fast rules. This I accept, but I do think that the authorities lay down guidelines which reflect a practical approach to a difficult problem. He also submitted that special considerations applied in the case of what has been described in some authorities, as a "fancy" name. That is, a name which is not descriptive of product or place, nor necessarily related to the name of the producer, but a name which has been coined for and associated with a particular product. He submits that in such a case, it would be impractical to rely upon the qualified injunction because the name itself is so associated with the product as to make any explanation or denial of association ineffectual. 15 20

I accept there is merit in this submission, but I think it does not take into account the recognition by the Courts of the rights which may subsist without any reference to a particular product. An unusual surname for example, might be extremely distinctive and so associated with a particular product as to make it difficult to allow any other person to use it without creating confusion. However, as I read the authorities if some other person was fortunate or unfortunate enough to bear that surname, within the limits of the passing-off law, he would be entitled to use it and in such case the appropriate form of the injunction would be the qualified form. 25 30

Counsel referred me to a considerable number of other cases. I have read all those to which I was referred, but I do not find that there is any authority which does not illustrate in one way or another, the approach which I have endeavoured to outline above. For example, considerable reliance was placed on the decision of the House of Lords in *Montgomery v Thompson* [1891] AC 217, where the Courts were obliged to consider the use of the name of a town in connection with ale brewed there. Lord Watson at p 221, made it clear that he would have preferred in that case the qualified form and in my view that would follow from the fact that provided passing off did not occur, anyone who brewed beer in the town of Stone would have been entitled to indicate the source of the beer by reference to the town where it was produced. 35 40

To summarise then, in my view this is a case where both parties are entitled to certain rights by virtue of the registration of the marks in question. At least at this stage, that registration subsists and must be taken into account. Unless the plaintiff could establish that all the rights were on one side as in the *Adrema* case or that for some special reason, the usual approach in cases of this kind should not apply, I should impose the qualified form as this to some limited extent preserves those rights to which the defendant is entitled. The factual circumstances which would justify abandoning the general rule could rarely be established in interlocutory proceedings and in my view have not been established here. I am further reinforced in my conclusion by the view that it is inappropriate in interlocutory proceedings to impose any order which goes beyond that absolutely 45 50

necessary to preserve the status quo in so far as that concept can be defined. In other than the most exceptional cases, it would therefore be my view that a qualified injunction is more appropriate to interim proceedings than one in absolute terms.

5 It follows that in my view the defendant is entitled to the order it seeks. The interim injunction already granted will be varied to read as follows:

10 “An interim injunction issue against the defendant restraining it, its servants or agents from manufacturing, importing, promoting, selling, distributing or advertising tents by reference to the mark SUNLINE without clearly distinguishing its tents from those of the plaintiff.”

*Application allowed.*

Solicitors for the plaintiff: *Tompkins, Wake & Co* (Hamilton).

Solicitors for the defendant: *Davenport* (Auckland).

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*Reported by: Robyn Lethbridge, Barrister*