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Pitching for a fight: Diageo sues Sainsbury's

Diageo, the world's largest alcoholic drinks company and the owner of such iconic brands as Smirnoff, Guinness and Johnny Walker, has commenced legal action against supermarket giant Sainsbury's for allegedly infringing its intellectual property rights in its popular summer drink Pimm's.

Sainsbury's has announced that it intends to "vigorously defend" the proceedings, which relate to the launch of "Pitchers" – the supermarket chain's own-brand version of Pimm's. The exact legal grounds for Diageo's claim are not yet clear; the most likely cause of action is in passing off, although the case also raises interesting questions concerning the sale of imitation products and the extent to which comparative advertising is permitted.

At present Diageo's exact cause of action is unclear. Looking at the bottles of spirit in question, and having read Sainsbury's own press release (<http://press.sainsburys.co.uk/Content/Detail.aspx?ReleaseID=829&NewsAreaID=2>), it seems unlikely that any claim would be based in copyright infringement. For example, copyright in a written recipe cannot be infringed by making a product to that recipe. Further, there is no suggestion that Pitchers uses a confidential "secret recipe", which is the means by which other beverage manufacturers, such as The Coca-Cola Company, prevent competitors from reproducing a drink's unique taste and qualities.



It is more likely that any claim is based in passing off, following a tradition going back fifty years in which rival drinks manufacturers have sought to prevent competitors from marketing similar products using the "extended form" of passing off.

To succeed in a passing off claim Diageo will, amongst other things, need to demonstrate it has suffered or is "really likely" to suffer substantial damage to the goodwill in and to the Pimm's brand or get-up as a result of Sainsbury's selling a "falsely described" product (*Warnink v Townend*).

In this case, the two products appear in similarly but not unusually shaped bottles and the Pitchers label has elements redolent of the Pimm's label. However, whether that will be sufficient to demonstrate a misrepresentation as to origin of the kind required for passing off remains to be seen. After all, the average supermarket consumer is used to similarly packaged supermarket own-brand versions of well-known brands. Indeed, Sainsbury's comments that its customers "are savvy enough to know exactly what they're buying".

Sainsbury's own literature avoids all mentions of Pimm's. It highlights that Pitchers, "its own brand of summer cocktail", is "cheaper than the branded equivalent" and that "recent independent tests found that Sainsbury's Pitchers beat the leading branded competitor across all criteria; appearance, aroma and taste".

Whilst deliberately distinguishing its own product by drawing comparisons might remove Sainsbury's from the scope of passing off, the comparisons may be caught by the provisions of the Comparative Advertising Directive (84/450/EEC) (the "Directive"), under which a trader must not present its goods as imitations, or seek to take unfair advantage of goods that are protected by a trade mark, trade name or other distinguishing marks.

The marketing of imitation or replica products was the subject of the recent ECJ judgment in *L'Oréal v Bellure* (see OC publication http://www.osborneclarke.com/publications/litigation/IP_Alert/11963.asp). In a decision that could mark a policy shift towards greater protection for brand owners, the ECJ found that the marketing of imitation perfumes by way of a "smell-alike" comparison list could amount to comparative advertising of the kind prohibited under the Directive, notwithstanding the fact the comparison list in that case was not misleading.

In this case, it may be that Diageo's complaint centres around the comparison of subjective criteria, such as taste, smell and colour, in circumstances where Sainsbury's is alleged to have "ridden on the coat-tails" of the Pimm's brand in order to benefit from its power of attraction, reputation or prestige.

Diageo's decision to sue a major customer is somewhat surprising, despite the company's statement that its relationship with Sainsbury's "should not be affected by this discrete dispute". Diageo's willingness to go to court demonstrates the value that it places on the Pimm's brand. It remains to be seen exactly how Diageo has formulated its case against Sainsbury's. The prevalence and customer understanding of supermarket own-brand products could undermine any claim in passing off, but the recent *L'Oréal v Bellure* case gives brand owners more ammunition in the fight against the marketing of replica or imitation products.

Brand owners and retailers alike will be watching the development of this case with interest, and we will keep you updated. If a court does find for Diageo in this dispute, such a decision could have significant implications for the way in which supermarket own-brand products can be presented and marketed, as well as restricting an advertiser's ability to compare its products with those of a rival in all but the most limited circumstances.

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