

TASMAN INSULATION NEW ZEALAND LTD v KNAUF INSULATION LTD and Others (No 2)

HIGH COURT OF NEW ZEALAND

BROWN J

19, 20 June 2014 — New Zealand

[2014] NZHC 1399

Trade marks — Misleading or deceptive conduct — Trade descriptions — Injunction — Terms of order varied.

In the substantive decision (*Tasman Insulation New Zealand Ltd v Knauf Insulation Ltd* (2014) 108 IPR 162; [2014] NZHC 960) Brown J held that Knauf's use of the EARTHWOOL name and brand was misleading and deceptive because there was a real likelihood that a substantial number of people, including prospective purchasers, would be misled about the composition of the product. In particular, persons seeing this brand would be likely to make the erroneous assumption that the word "wool" in EARTHWOOL meant a product manufactured from animal wool.

Brown J had made orders including:

- (2) An injunction restraining the defendants from using the name or the brand EARTHWOOL® except where that name or brand is printed immediately alongside the words "glasswool" or "glass insulation" in the same font and print size.

Leave was reserved to apply for revised terms of orders. Pursuant to that leave, Knauf sought (inter alia) to have the words "immediately alongside" replaced by the phrase "immediately proximate to", along with two other alternative proposed variations.

The reason for this was to provide a greater degree of flexibility as to the location of the words "glasswool" or "glass insulation" relative to the brand EARTHWOOL, for example above or below the brand name as compared with appearing "alongside" the brand name.

Tasman opposed any departure from the "immediately alongside" formula of the order, maintaining that it was necessary to retain the "alongside" reference in order that EARTHWOOL was used "in the manner of an adjective" in relation to the words identifying the composition of the product.

In the course of the hearing attention was drawn to a television advertisement which had been recently broadcast for Knauf's product. The advertisements led to a consideration of the acceptable use of the words in a broadcast.

Held, revising form of orders:

(i) The issue raised by the use of EARTHWOOL for insulation was a question of appropriate trade description, the concern being that members of the public could be led to believe that the product was something which it was not. The objective of any order responsive to that concern should be that members of the public were disabused of any erroneous assumption that they may make on seeing the EARTHWOOL trade mark. That outcome was likely to be achieved if, at the same time as the public was exposed to the EARTHWOOL name, they were also exposed to a description of the product in close association: hence the use of the phrase "in association with": at [11].

(ii) There were two components involved in achieving that state of association so as to ensure that the public was made aware of the true composition of the product. One was the requirement that the description (that is "glasswool" or "glass insulation") be in the same size and font as the brand name. The second was the requirement for the degree of

proximity of the description to the brand name. The intention (that is of the phrase “in association with”) was that the two components would work in combination: at [12].

(iii) Provided that the descriptive words were in the same size and font as the brand, the requisite degree of association could be achieved where the descriptive words were sufficiently proximate to the brand, whether that location was beside, above or below the brand: at [13].

(iv) The necessary association would also be achieved where a tag line (assuming that would contain the word “glasswool”) was sandwiched between the brand and the descriptive words: at [15].

(v) While the court naturally wished to avoid too prescriptive a form of order, there were advantages in creating a form of order which left the least possible room for interpretation or uncertainty as to what was required. There was merit in the suggestion that the order should distinctly address the various contexts in which the word EARTHWOOL might be used: at [16], [17].

J G Miles QC and *K W McLeod* instructed by *A J Park* for the plaintiff.

C L Elliott QC and *I Finch* instructed by *James & Wells Solicitors* for the defendants.

[1] **Brown J.** The orders made in my judgment dated 9 May 2014¹ included the following:

(2) An injunction restraining the defendants from using the name or the brand EARTHWOOL® except where that name or brand is printed immediately alongside the words “glasswool” or “glass insulation” in the same font and print size.

[2] It was particularly with that order in mind that I reserved leave to the parties to apply for revised forms of orders.

[3] Pursuant to that leave the defendants invite me to consider two points of revision to that order. The first amendment, which is not opposed by the plaintiff, is that the words “is printed” should be replaced by the word “appears”. That change is intended to cover renditions of the trade mark which are not necessarily in traditional printed form, for example when the brand appears visibly on websites or in television commercials.

[4] The second amendment sought concerns the phrase “immediately alongside”. The defendants seek to have those words replaced by the phrase “immediately proximate to”. Their reason for doing so is to provide a greater degree of flexibility as to the location of the words “glasswool” or “glass insulation” relative to the brand EARTHWOOL, for example above or below the brand name as compared with appearing “alongside” the brand name, which, it is assumed, means located on the same line.

[5] In particular the defendants wish to be able to print the word “glasswool” beneath both the EARTHWOOL brand and the tagline “the feel good glasswool insulation”.

[6] In the event that Tasman considered that the location of the word “glass wool” beneath the tagline would not constitute compliance with the phrase “immediately approximate to”, the defendants proposed as a back-up a still further variation of order in the following terms:

An injunction restraining the Defendants from using the name or the brand EARTHWOOL except where that name or brand [appears] immediately proximate to the words

1. *Tasman Insulation New Zealand Ltd v Knauf Insulation Ltd* (2014) 108 IPR 162; [2014] NZHC 960 (*Tasman*).

“glasswool” or “glass insulation” in the same font and print size and/or in any other manner which gives equal prominence to the EARTHWOOL brand and “glasswool” or “glass insulation” descriptor.

[7] Tasman opposed any departure from the “immediately alongside” formula of order. Mr Miles QC reminded me of the reasons in [322] of my judgment for the form of order (2):

[322] In my view the use of the trade mark EARTHWOOL® should not be objectionable if contemporaneously it is made abundantly clear to consumers what the composition of the product is such that the ambiguity inherent in the word is avoided. Consequently the form of order which I consider appropriate in this case is a prohibition on the use of the EARTHWOOL® name or brand except where the word is used in the manner of an adjective in association with a word or words identifying that composition of the product as glass or glasswool, namely:

- (a) EARTHWOOL® glasswool; or
- (b) EARTHWOOL® glass insulation.

[8] He maintained that it was necessary to retain the “alongside” reference in order to achieve the objective whereby EARTHWOOL was used “in the manner of an adjective” in relation to the words identifying the composition of the product. On this issue reliance was placed on the evidence of Ms Alison Roberts, Tasman’s marketing manager:

There is a difference from a perception point of view to the use of the relevant descriptor appearing alongside the EarthWool brand as opposed to immediately above or beneath the brand. Having the brand and descriptor alongside each other makes a connection between the brand and the descriptor and is the natural way the brand and descriptor would be viewed and “pronounced” by the consumer. Putting the description above or below the brand is different from a marketing/branding sense and disconnects the brand from the descriptor. Similarly, putting Knauf’s new commercial tagline between the EarthWool brand and the relevant descriptor separates the brand from the descriptor and means the descriptor may not always be associated with the EarthWool brand.

[9] As the argument developed, attention was also drawn to the television advertisement which has recently been broadcast for the defendants’ product. At counsel’s invitation I viewed both the original advertisement and a new version which the defendants have in contemplation. Viewing these advertisements led to a consideration of issues concerning whether the brand name and the words “glass wool” were visible for the same period of time and the volume at which any oral use of the words was broadcast.

[10] After the lunch adjournment Mr Miles tendered a new formula of order designed to address separately the different instances of usage:

An injunction restraining the Defendants from using the name or the brand EARTHWOOL except where the name or brand:

- Appears alongside the words “glasswool” or “glass insulation” in the same font and print size (if the use is in *printed* form);
- Appears alongside the words “glasswool” or “glass insulation” in the same font and print size (if the use is *electronically displayed*);
- Immediately followed by the words “glasswool” or “glass insulation” said at the same volume (if the use is in *audio* form).

[11] As I noted at [303] the issue raised by the use of EARTHWOOL for insulation was a question of appropriate trade description, the concern being that members of the public could be led to believe that the product was something which it is not. The objective of any order responsive to that concern should be that

members of the public are disabused of any erroneous assumption that they might make on seeing the EARTHWOOL trade mark.² I considered that that outcome was likely to be achieved if, at the same time as the public was exposed to the EARTHWOOL name, they were also exposed to a description of the product in close association: hence my use in at [322] of the phrase “in association with”.

[12] There are two components involved in achieving that state of association so as to ensure that the public is made aware of the true composition of the product. One is the requirement that the description be in the same size and font as the brand name. The second is the requirement for the degree of proximity of the description to the brand name. My intention was that the two components would work in combination.

[13] Provided that the descriptive words are in the same size and font as the brand, the requisite degree of association can be achieved where the descriptive words are sufficiently proximate to the brand, whether that location is beside, above or below the brand.

[14] I consider that any risk of erroneous assumption will be avoided when the descriptive words are immediately proximate, that is immediately alongside, immediately above or immediately below the brand name.

[15] However I also consider that the necessary association will be achieved where the tagline (which Mr Elliott QC assures me will contain the word “glasswool”) is positioned immediately below the trade mark EARTHWOOL and immediately above the word “glasswool”, that is where the tagline is sandwiched between the brand and the descriptive word. I am prepared to issue a revised form of order which allows for those variants.

[16] While one naturally wishes to avoid too prescriptive a form of order, it was apparent from the course of argument that in this case there are advantages in crafting a form of order which leaves the least possible room for interpretation or uncertainty as to what is required. Consequently I consider that there is merit in Mr Miles’ suggestion that the order should distinctly address the various contexts in which the EARTHWOOL name may be used.

[17] For those reasons the revised form of order (2) will be as follows:

(2) An injunction restraining the defendants from using the name or the brand EARTHWOOL except as follows:

(a) Where the use is in printed form on, for example, packaging or promotional material, the words “glasswool” or “glass insulation” are to appear immediately proximate to (beside, above or below) the name or brand in the same font and print size or immediately below the tagline when that tagline is printed immediately below the name or brand;

(b) Where the use is by display through electronic media, the words “glasswool” or “glass insulation” are to appear for the same duration immediately proximate to (beside, above or below) the name or brand in the same font and print size or immediately below the tagline when that tagline appears immediately below the name or brand; and

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2. *Tasman* at [280].

- (c) Where the use is in audio form, the words “glasswool” or “glass insulation” are to be broadcast immediately following the name or brand and at not less than the same volume as the name or brand.

[18] I do not make any order for costs in respect of this matter.

ANDREW BROWN QC