

What's in a name? Chobani loses "Greek yoghurt" appeal

Summary

The Court of Appeal has given its decision in *FAGE v Chobani*,¹ confirming that products labelled "Greek yoghurt" should be made in Greece. In so doing, it upheld the High Court's decision to permanently prevent Chobani from passing off US-made yoghurt as "Greek yoghurt" in the UK. Chobani also raised the argument that Regulation (EU) 1151/2012 (concerning the protection of "designations of origin" and "geographical indications" for food) precluded the court from granting relief to protect geographical indications other than in accordance with its provisions. However, the Court of Appeal held that Member States were not precluded from applying their own national laws to products outside the scope of that Regulation.

Background

FAGE has imported yoghurt into the UK from Greece for nearly thirty years. In 2012, its US rival, Chobani, introduced its own yogurt into the UK, labelled "Greek yoghurt", despite being made in the USA. Both parties' products are "thick and creamy" due to a process of straining (which separates and removes the watery whey), and not due to the addition of thickening agents.

FAGE objected to Chobani selling its US-made yoghurt under the "Greek yoghurt" label and brought proceedings for "extended" passing off. Both parties agreed that the phrase "Greek yoghurt" had the meaning of a yoghurt whose thick and creamy texture had been achieved by straining. The only dispute between them was whether, in addition to having a thick and creamy texture achieved by straining, the product also had to be manufactured in Greece. In Chobani's view, "Greek yoghurt" was a general term apt to describe a range of products including their US-made yoghurt.

¹ [2014] EWCA Civ 5.

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At first instance,² Briggs J held that a substantial proportion of buyers of “Greek yoghurt” believed that it came from Greece and that its provenance mattered to them. Chobani’s description of its product as “Greek yoghurt” was therefore a misrepresentation likely to lead to the erosion of the distinctiveness of that phrase. He granted FAGE a permanent injunction to stop Chobani from passing off its US-made yoghurt as “Greek yoghurt” in the UK. Chobani appealed.

Appeal

The Court of Appeal dismissed Chobani’s appeal, finding that Briggs J was entitled to conclude that there was extended passing off. Kitchin LJ gave the leading judgment, with Lewison LJ also giving a full judgment “*out of deference to the excellent arguments*” heard.

Extended passing off – distinctiveness and deception

Whereas conventional passing off prevents a trader from misrepresenting that his goods are the goods of another, extended passing off prevents a trader from misrepresenting that his goods belong to a definite class of goods with a valuable reputation, where the misrepresentation is likely to cause damage to the established traders with goodwill in relation to that class.

In his judgment, Kitchin LJ began by reviewing the case law on “extended” passing off (from *Spanish Champagne*³ to *Chocosuisse*⁴), drawing out a number of key principles. Among other things, he noted that geographical denominations are prima facie descriptive of many different kinds of goods. However, they can be protected in an action for passing off if they have acquired a secondary meaning and so become distinctive of the goods of one or more traders. He also noted that it is no more necessary for extended passing off than for conventional passing off for a claimant to establish that all members of the public understand how the goods are made (less knowledgeable consumers may be even more likely to be misled). Finally, the class of traders to be protected must be defined with reasonable precision, and it must also be shown that the name denotes a particular kind of product with recognisable and distinctive characteristics – and that the public are motivated to buy the product by reason of those characteristics.

Ultimately, Kitchin LJ was satisfied that the first instance judge was entitled to find that a substantial proportion, probably a clear majority, of the buyers of “Greek yoghurt” believed that it came from Greece and believed it to be in some way special – “Greek yoghurt” was no longer a purely descriptive term. He noted that these findings were powerfully supported by the evidence. There was a long settled trade convention in the UK whereby only strained yoghurt made in Greece was sold under the description “Greek yoghurt”, with other yoghurts described as “Greek-style”, and this was the case even as

² *Fage UK Ltd v Chobani UK Ltd* [2013] EWHC 630 (Ch).

³ *J Bollinger & Ors v Costa Brava Wine Co Ltd (No 2)* [1961] 1 WLR 277: a substantial portion of the public were likely to be misled by the description ‘Spanish Champagne’.

⁴ *Chocosuisse Union des Fabricants Suisse de Chocolat v Cadbury Ltd* [1999] RPC 826: the words ‘Swiss chocolate’ are clearly descriptive in nature, but can found a passing off claim if they have come to mean, to a significant part of the public, a class of products having a discrete reputation.

between different yoghurts offered by large superstores under their own brands. In addition, “Greek yoghurt” commanded a premium price. He also found that the class of traders was defined with reasonable precision, comprising all those traders whose yoghurt was made in Greece and thickened by straining rather than the addition of additives.

Average consumer?

Chobani argued that it is not permissible to raise a barrier to cross-border trade unless the risk of deception is sufficiently serious, and that that risk should be assessed based on whether an “average consumer” (not a substantial part of the public) would be deceived. However, as this complex argument had not been advanced before the trial judge, and as insufficient argument had been heard from either party in respect of it, it would be unfair to allow Chobani to raise this new argument on appeal.

2012 Regulation

Chobani also raised another new argument based on Regulation (EU) 1151/2012 concerning the protection of “designations of origin” and “geographical indications” for food stuffs within the EU (the “**Regulation**”). It sought to argue that the court had no power to grant, or was precluded from granting, injunctive relief to protect geographical indications, such as “Greek yoghurt”, other than in accordance with the Regulations. As “Greek yoghurt” had not been registered under the Regulation, the court had no jurisdiction to grant an injunction against Chobani. However, the Court of Appeal held that Member States were not precluded from applying their own national laws to products outside the scope of the Regulation (i.e. which could not be registered under the Regulation). “Greek yoghurt” could not be protected as a “protected geographical indication” under the Regulation, because the Regulation requires the relevant term to be used in the geographical area of origin and registered in the language historically used in that area – and the term “Greek yoghurt” is not used at all in Greece but rather described by a term meaning “strained yoghurt”.

Comment

The decision is a helpful review of the law on “extended” passing off and has clarified the role of the Regulation on geographical indications. It shows that the Court of Appeal will support the views of first instance judges rather than seeking to impose their own ideas.

Chobani has reportedly indicated its intention to appeal to the Supreme Court, so this may not be the end of the story.

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What's in a name?

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