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# Private action

## **Sterling Winthrop Pty Limited v The Boots Company (Australia) Pty Ltd**

**Trade practices:** *misleading or deceptive conduct — advertisements for pain reliever — application for interlocutory injunction — whether quotation from scientific paper, the use of the word ‘everyday’ and the claim ‘equal tolerability’ were capable of being misleading or deceptive — principles relevant to comparative advertising.*

**Interlocutory injunctions:** *whether serious question to be tried — where does balance of convenience lie — effect of injunction on respondent’s advertising campaign — effect of applicant remaining free to profit from its brand name — whether public health considerations relevant.*

**Equity:** *‘unclean hands’ — whether applicant taking wrongful advantage of its market power.*

*Trade Practices Act 1974 (Cth), ss 46, 80, 82, 87*

### **Federal Court of Australia, Sydney Tamberlin J Judgment delivered 23 August 1995**

The respondent, The Boots Company (Australia) Pty Ltd, published three advertisements for its pain reliever Nurofen. The applicant, Sterling Winthrop Pty Ltd, claimed that these advertisements contained misleading or deceptive comparisons with its product, Panadol. It sought an interlocutory injunction restraining publication of the advertisements under s. 80 of the Trade Practices Act (Cth).

### **Background**

The three advertisements at issue were published in trade journals on consecutive right-hand pages. The first advertisement showed a packet of Nurofen sitting on top of what appeared, at a glance, to be a packet of Panadol. Above this picture were the words ‘added effectiveness’. In the second advertisement Paracetamol and Nurofen logos were shown with the words ‘equal tolerability’ appearing above them. The third advertisement encouraged readers to distribute Nurofen because of ‘even greater profit potential’ with ‘bonus deals’, ‘high margins’, ‘pharmacy only distribution’ and ‘S2 rescheduling’.

The applicant alleged that the respondent’s advertisements were misleading, deceptive or false on the following grounds.

- The first advertisement appeared, at a glance, to show a packet of Panadol, indicating that Nurofen was being compared with Panadol.
- The quotation in advertisements 1 and 2 amounted to a half-truth when compared to the scientific paper from which it was taken.
- Advertisements 1 and 2 contained the assurance:
  - ‘So when your patients need effective everyday pain relief, you can rely on Nurofen.’
- At the foot of each of the three advertisements underneath the face of the Nurofen package were the words ‘The everyday alternative’.
- In advertisements 1 and 2, assertions were made to the effect that Nurofen has been shown to be more effective than

Paracetamol in headache, muscular pain, sore throat and dental pain.

- The use of 'everyday' in the advertisements could be read as a reference to the use of Nurofen on an everyday basis on a number of days, whereas the words quoted from the scientific study were based on one dosage and not the potential 18 doses, which was the maximum dosage recommended on the packet over a three-day period.
- As well as containing the word 'everyday', advertisement 3 reinforced the previous two advertisements and was an essential part of the promotion.

### Held

Tamberlin J ordered that the respondent be restrained from further publishing, causing or permitting to be published any advertisement in the form or substantially in the form of the three advertisements in dispute. His Honour further ordered that the respondent take such steps as were practicable to prevent publication of the advertisements in any journals in which the advertisements had been placed.

### Reasons for decision

In determining whether an injunction should be issued, Tamberlin J had to consider whether there was a serious question to be tried. He observed that 'where comparative advertising is at issue, particular care must be taken to ensure that the products are accurately compared'.<sup>1</sup> He considered it relevant that it can be 'misleading to make a statement which implies that there is an adequate foundation in scientific knowledge to justify it when, taken in its context, the scientific statement quoted does not provide a proper foundation.'<sup>2</sup>

The applicants alleged that the following quotation, which appeared in advertisements 1 and 2, was misleading:

... single doses of non-prescription ibuprofen are well tolerated and demonstrate a side effect profile that is indistinguishable from that of acetaminophen (paracetamol) and placebo.

His Honour found that the statements were 'capable of being misleading or deceptive or amounting to a misrepresentation in the context in which they [were] made'. They could be taken to indicate that a number of doses of Nurofen over several days were well tolerated and that Nurofen had a side effect profile indistinguishable from that of paracetamol and placebo. In fact the scientific article quoted had been based on a single dose and this was not disclosed.

The second matter raised as grounds for an injunction was that the advertisements indicated equal tolerability for everyday or regular use. Given the medical evidence and the generality of the claim, His Honour considered '... that the question of the accuracy of this assertion does raise a serious question but that it is finely balanced and by no means as substantial a case on the evidence ... as the applicant's case in respect of the references to "single dosage" read in the context of the quoted study'. On this basis he found that this aspect of the applicant's complaint could not ground an interlocutory order.

Having decided that there was a serious question to be tried, His Honour had to determine where the balance of convenience lay. The respondent raised a number of harms which could be done to it by the issuing of an injunction which it said could not be compensated by damages. The respondent expressed concern that it could lose momentum in its advertising campaign. His Honour was not convinced that this consideration should be given weight, noting that the respondent would not be prevented from advertising altogether.

His Honour stated that although the advertisements were not published directly to the public, they could have an indirect effect on members of the public. Pharmacists and other

1 *Makita (Australia) Pty Ltd v Black & Decker (Australasia) Pty Ltd* (1990) ATPR 41-030; *State Government Insurance Commission v JM Insurance Pty Ltd* (1984) ATPR 40-465.

2 Cf *Colgate Palmolive Pty Ltd v Rexona Pty Ltd* (1981) ATPR 40-242; 58 FLR 391; *Duracell Australia Pty Ltd v Union Carbide Pty Ltd* (1988) ATPR 40-918; *Janssen Pharmaceutical Pty Limited v Pfizer Pty Limited* (1986) ATPR 40-654.

medical professionals could pass information on to the general public. However, he was not satisfied that Nurofen could have any adverse impact on public health and so would not give any weight to that consideration.

The respondent also claimed that the applicant had 'unclean hands' because the application breached s. 46 of the Trade Practices Act. By seeking injunctive relief, the applicant was taking wrongful advantage of its market power for the purpose of increasing its market share. His Honour did not believe that there was any proper foundation for this argument as no restraint was sought on the sale and truthful advertising of the respondent's products.

Finally, His Honour distinguished the decision of Hillyer J in *Sterling Pharmaceuticals (NZ)* on its facts.<sup>3</sup> Hillyer J had refused to grant an interim injunction in a situation which was finely balanced, placing some emphasis on delay. In the present case the exact quotation in the advertisements had commenced in August 1995, but similar claims had been made in advertisements in the early period dating from 1989. His Honour stated that he did not think there had been delay which warranted refusing an injunction. His Honour also dismissed the relevance of *Sterling Pharmaceuticals Pty Ltd v Boots Company (Australia) Pty Limited*<sup>4</sup> which was settled following the New Zealand litigation above.

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3 Hillyer J, *Sterling Pharmaceuticals (NZ) Ltd v Boots Co (NZ) Ltd* (No. 2), [1991] 2 NZLR 634 — recognised by Tamberlin J but distinguished on the facts.

4 34 FCR 287.