

Trade Mark Enforcement: a monster hassle without trade mark registration!

A recent decision of the Full Federal Court highlights the benefits to be obtained from registering a trade mark prior to commencing business, and the potential expense and inconvenience in enforcing your rights without a registration.

The facts

In *Hansen Beverage Company v Bickfords (Australia) Pty Ltd [2008] FCAFC 181*, the appellant (Hansen) had manufactured and sold an energy drink under the brand MONSTER ENERGY since 2002. Sales were primarily in the United States, South and Central America and the Caribbean. The MONSTER ENERGY drinks had not been sold (other than via eBay) or directly promoted in Australia. Hansen had, however, engaged in "indirect advertising" and used the mark MONSTER ENERGY in the sponsorship of athletes, athletic competitions, music festivals and musicians to promote this product prior to launch in Australia. Hansen's activities were directed at raising awareness of its product among young adult males, specifically those aged 18 – 30 years.

The respondent (Bickfords) conducted trade mark searches which revealed that Hansen had no Australian registrations or applications for MONSTER or MONSTER ENERGY. Bickfords therefore proceeded to file applications to register each of MONSTER and MONSTER ENERGY as an Australian trade mark in 2005. Bickfords then commenced using the brand MONSTER ENERGY in Australia from 2006 for its own energy drink. Bickfords' MONSTER ENERGY branded drink was also targeted towards young adult males.

Hansen commenced Federal Court proceedings against Bickfords seeking injunctions and damages against Bickfords. Without a relevant trade mark registration, Hansen could only rely on claims for "passing off" and contravention of section

52 of the *Trade Practices Act 1974* which prevents a corporation from engaging in conduct that is misleading or deceptive or is likely to mislead or deceive.

There was no dispute in this case that the energy drinks of Hansen and Bickfords were similar, and that such similarity could mislead and deceive. The issue in this case was whether Hansen had established sufficient reputation in the marks MONSTER ENERGY and MONSTER in Australia in relation to energy drinks to support its claims. The trial judge found that Hansen had not established the sufficient reputation within its "target market" in Australia. Hansen appealed this decision to the Full Federal Court.

The Full Federal Court did not make a decision on the issue of reputation but allowed the appeal on the basis that the trial judge had erred in requiring Hansen to establish relevant reputation specifically within its "target market" of males aged 18 – 30. The Full Court found that instead, the relevant group for assessing the reputation of Hansen's MONSTER ENERGY branded product was the broader Australian community. The Full Court has remitted this matter back to the trial judge for further hearing.

Discussion

If Hansen had registered its trade mark MONSTER ENERGY in Australia, Hansen could have relied on a claim of trade mark infringement, given the brand used by Hansen and Bickfords were identical (MONSTER ENERGY) as were the goods in relation to which each was using this brand (ie energy drinks). Instead, Hansen was required to establish that it had the relevant reputation in its MONSTER ENERGY mark and that Bickfords' use of this mark (and other similar product features) was likely to mislead or deceive. Compiling evidence of sufficient reputation is often a lengthy and expensive process and

may require input from third parties and/or the collection of survey evidence. This process can be avoided if a relevant trade mark registration is held. In this case, to enforce its rights, Hansen has undergone the expense (both financial and time) of a Federal Court trial and a Full Federal Court appeal and, now, appears destined for a further hearing before the trial judge. In separate proceedings before the Trade Marks Office, Hansen also opposed the applications by Bickfords to register the marks MONSTER and MONSTER ENERGY in Australia.

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Registered Designs: an illuminating case!

Australian design registrations provide exclusive rights in the appearance of a product. While popular, the system has been criticised for the somewhat limited scope of the protection provided to the design owner. However, in the recent decision in *LED Technologies Pty Ltd v Elecspeess Pty Ltd* [2008] FCA 1941, the Federal Court found in favour of a company which had sued the importers and distributors of copies of its registered designs for LED lights, despite there being visual differences between the infringing lights and those of the registered designs. The decision also shed light on a number of other important aspects of designs law including authorship, ownership and the assessment of newness and distinctiveness of designs.

LED Technologies claimed that it had designed LED lights that had been taken to China by a competitor, where they were copied and subsequently imported into Australia in large quantities. The case concerned the design registration for two of these designs, relating to rear combination LED lights. The Respondents (Elecspeess and others) claimed that (amongst other things):

- LED Technologies were not solely entitled to the registered designs, as the author was an independent contractor rather than an employee; and
- The designs were not “new and distinctive” and that, therefore, the registered designs were not valid and enforceable.

On the issue of authorship and ownership, it was found that while an LED Technologies employee had produced the initial sketches of the LED lights, it had been a contractor who had produced the CAD drawings and moulds required for manufacture. However, in considering the contractor’s contribution, the Court confirmed that authorship of

a design resides with the “person whose mind conceives the relevant shape, configuration, pattern or ornamentation applicable to the article in question and reduces it to visible form”, and held that Mr Ottobre [of LED Technologies] was the person who conceived the relevant shape, configuration and pattern of the light designs and reduced them to a visible form; the contractor “had simply converted the design to an electronic form in order to facilitate the production process”. Notwithstanding this, the Court also noted that even if it had been shown that the contractor had contributed to the design authorship, “there are two separate and distinct circumstances in which the creator of a design is not entitled to register it: (1) where the designer creates the design in the course of employment, whether or not there is a specific contract; and (2) where the designer creates the design under a specific contract, whether or not there is an employment relationship”; the Court found that the latter applied to the contractor in this case.

In assessing the newness and distinctiveness of the designs, the Court rejected the Respondents’ submission that distinctiveness should be assessed by comparing it to the prior art base as a whole. Instead, the comparison to be made is between the design in question and any one design forming part of the prior art base. The Court also gave consideration to who the “informed user” (who makes the comparison against the prior art design) of the designs might be. It was found that an informed user:

1. Is reasonably informed; not an expert but more informed than an average consumer;
2. Is an objective standard. However, expert evidence may still be adduced ... to assist the Court; and
3. Focuses on visual features and is not concerned with internal features or features that are not visible to the naked eye.

On the question of infringement, it was “common ground” that the Respondents’ lights were not identical to the registered designs, however the Court still held that infringement had occurred as the infringing lights were “substantially similar in overall impression”. In reaching this finding, the Court recognised that “more weight [must be given] to similarities between the designs than to differences between them” and, in particular, noted that the presence of screws in the infringing lights did not create a different “visual appeal” despite the fact that the statement of newness and distinctiveness accompanying the registered designs highlighted a “no visible screws” feature. In this regard, the Court stated that the screws in the infringing lights are not “visual” screws as they “are the same colour as the flat strip or landing between each lens and sit low in the socket”. This was contrasted with screws in relevant prior art designs which were “chrome in colour and protruding”.

The finding of infringement in this case is a very positive outcome for users of Australia’s registered design system; the decision making it clear that infringement of designs registered under the *Designs Act 2003* may not be readily avoided by the inclusion of minor visual differences. The case also emphasises that care needs to be taken when dealing with an independent contractor. In particular, the case highlights the importance of:

- Establishing authorship in a design by recording the details of that design in a visible form (such as a sketch) before engaging a contractor; and
- Formalising arrangements with a contractor so that there can be no dispute as to ownership of any intellectual property, such as a registrable design, that may be created.

Contributed by Phillip Boehm

Trade Mark Enforcement *Continued from page 1*

While filing a trade mark application can often be seen as an unnecessary expense when launching a new brand, or an existing brand in a new country, as this case highlights, investment at this early stage can often avoid much greater expenses when attempting to enforce your rights. The registration of a trade mark also provides a degree of certainty that you will have the exclusive right to use your

brand in relation to the goods or services covered by a trade mark registration. While there is obviously a need, particularly in a rapidly expanding business, to be somewhat strategic in making brand protection decisions, obtaining a trade mark registration (at least for key brands) prior to launching the brand is well worth the effort.

Contributed by Lucy Deane

How to use your trade mark

Correct use of your trade mark, whether registered or unregistered, is important to preserve the value of your mark. Incorrect use may lead to your mark becoming unregistrable or vulnerable to removal and may give rise to problems with enforcing your trade mark rights.

Use consistently

If your trade mark is registered, ensure that all use of the mark is in the exact form for which it is registered. If your trade mark is unregistered, make sure all use of the mark is consistent. Avoid using your trade mark in plural or possessive form – unless this reflects the mark itself.

Use ® and ™ symbols

If your trade mark is unregistered, it is good practice to use the ™ symbol in conjunction with your trade mark to alert others that you are using the particular word, phrase or symbol as a trade mark. Once your trade mark is registered, use of the ® symbol is advised. It is an offence under the *Trade Marks Act 1995* to use the ® symbol (or otherwise represent that a mark is registered) in relation to an unregistered trade mark. The ® or ™ symbol should be used directly after your trade mark, either in superscript or subscript position.



Avoid your mark becoming generic

A trade mark should act as a “badge of origin” and act to distinguish your goods or

services from those of other traders. If your trade mark, instead, becomes known as the generic name for the goods/services, your rights in the mark may be forfeited or cancelled. Trade marks which have, in some jurisdictions, been deemed to have become “generic” include THERMOS and ESCALATOR.

To ensure that your mark does not become generic:

- avoid using your mark as a noun (such as using the mark THERMOS in place of the generic noun “flask”); and
- avoid using your mark as a verb (Google Inc, for example, has been concerned to prevent use of its mark GOOGLE as a verb - “googling” – as a reference to general Internet searching).

Instead, take care to use your trade mark as an adjective immediately preceding the generic noun that describes your product (eg THERMOS® flask), or use the term “brand” or “branded” in between your mark and the generic noun (eg THERMOS® branded flask).

Be vigilant in monitoring

It is important to ensure that any licensees adhere to the correct use of your trade mark and that you are vigilant in monitoring such use in addition to any other unauthorised use of your trade mark.

Use it, or lose it

Make sure you use your trade mark. If your registered trade mark is not used by you, or an authorised user, for a continuous three year period, once it has been registered for 5 years, it will be vulnerable to removal from the Register of Trade Marks on the grounds of non-use.

Are beer and wine the same?

In the recent decision of *E & J Gallo Winery v Lion Nathan Australia Pty Limited* [2009] FCAFC 27, the Full Federal Court found that the conduct of Lion Nathan in selling in the Australian market a specialty beer under the trade mark BAREFOOT RADLER constituted infringement of an Australian registered trade mark BAREFOOT, in the name of Gallo, in class 33 for “wines”. This determination was based on a conclusion that Lion Nathan’s radler beer constitutes “goods of the same description” as wine for the purpose of the infringement provisions of the *Trade Marks Act 1995*.

However, there appears to be some debate as to whether this Full Federal Court decision is authority for the wider proposition that beer and wine are “goods of the same description”, with some commentators suggesting that the decision is limited to the particular facts of the case. In determining that Lion Nathan’s radler beer constitutes “goods of the same description” as wine, the Full Federal Court placed weight on the fact that Lion Nathan’s radler beer (which incorporates lemon flavouring to overcome the bitter taste often associated with

News

Madderns receives survey plaudits

In a recent review of the intellectual property “state of the market” by *Australasian Legal Business*, Madderns was described as “technically strong” and named as one of only two “recommended” patent and trade mark attorney firms in Adelaide. Madderns’ partners, Martin Pannall and Mark O’Donnell were also singled out for praise.

Also, in its 2009 international survey of intellectual property firms, respected journal *Managing Intellectual Property* acknowledged “... Madderns’ ability to help domestic clients grow into global companies” (source: *IP Handbook 2009*).

News for exporters

There have been recent changes to the Export Market Development Grant scheme that will apply from 1 July 2009, including changes allowing claims in relation to the costs of obtaining intellectual property protection outside of Australia. For further information, please refer to the website at www.austrade.gov.au.



beer) was intended to be an appealing alternative to wine and that Lion Nathan deliberately developed the radler beer with the objective of enticing consumers who previously drank wine rather than beer.

The extent (if any) to which this Full Federal Court decision will be viewed as authority for the wider proposition that beer and wine are goods of the same description is therefore yet to be seen.

Contributed by Megan Ryder

Five facts about Adelaide, South Australia:

- South Australia's warm and dry climate provides excellent growing conditions for many types of fresh produce and the state is known for its culinary delights;
- The Adelaide Central Market is a South Australian icon, and with more than 80 specialty stores, is the largest retail fresh produce market under one roof in Australia;
- South Australia's Port Lincoln is considered to be home to Australia's largest fishing fleet and is recognised as the "Seafood Capital of Australia";
- Adelaide is touted to have more restaurants per capita than any other Australian city;
- And... Adelaide is the home of Madderns Patent & Trade Mark Attorneys!!

MaddernsIPNews

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Appointments to Professional Bodies



In April, Madderns' partner Mark O'Donnell was elected to the Council of the Institute of Patent and Trade Mark Attorneys of Australia. IPTA is the peak professional body representing Australian patent and trade mark attorneys. Mark is the sole South Australia-based patent and trade mark attorney serving on the IPTA Council.



In December 2008, Megan Ryder, an Associate in Madderns' Trade Mark Group, was appointed the Chairperson of the South Australian Committee of the Licensing Executives Society of Australia and New Zealand. LESANZ is a non profit society whose members are included in professional and business activities concerned with the transfer of technology and intellectual property rights.

Client focus: R.M. Williams

R.M. Williams, one of Australia's most recognisable brands, has been outfitting Australians in quality, innovative and stylish footwear, apparel and accessories for over 76 years. R.M. Williams' "custom made" boot service allows individuals to design their own style of boot to suit their personal taste. R.M. Williams has over 4 million style options for "custom made" boots, taking into account the permutations and combinations of the different sizes, lengths, widths, leather, colour, heel height, toe shape, sole type, insole material, stained or unstained finish, and even elastic colour. This service is particularly useful for those who find it difficult to find boots that fit such as Madderns Senior Partner, Craig Vinall. Craig is pictured here with his R.M. Williams boots made specifically to his design preferences and fit. For more information on R.M. Williams, please visit www.rmwilliams.com.au

