

'Use as a trade mark' – a noxious weed or soil stabiliser

Introduction

Intellectual property statutory regimes in patents, copyright, designs and trade marks, all seek to find an optimum balance between the rights granted to an author, inventor, designer or trader on the one hand, and the public benefit on the other.

This short article questions the need for the additional burden placed upon trade mark owners to prove in infringement proceedings, that the respondent is not only using the trade mark, but that they are using it '*as a trade mark*'.

In my view, in terms of the balance, the interests of the public and the trade mark owner are deferred to the interests of a potential infringer.

It is important for practitioners at the very least to be reminded of this pre-requisite to infringement in our trade mark law as it stands, as it is often overlooked when the first considerations are overshadowed by:

- The fact that the use is by a client's direct competitor;
- The competitor's mark is considered deceptively similar, if not substantially identical;
- The use is in relation to the same or closely related goods and services.

The basics

Infringement of registered trade marks is provided for in Part 12 of the *Trade Marks Act* 1995 (Cth). Specifically, s 120(1) provides:

A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.¹

(Emphasis added)

Meaning of 'use as a trade mark'

In the joint reasons of French CJ, Gummow, Crennan and Bell JJ, their Honours of the High Court in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* ('Gallo')ⁱⁱ, considered the concept of use of a trade mark. The context in *Gallo* was a removal application for non-use under s 92(4)(b) of the *Trade Marks Act*, however, it is clear that the meaning was not limited to the removal context as their Honours' approved of a statement of the meaning of 'use' of a trade mark in the infringement action *Coca-Cola Co v All-Fect Distributors Ltd* [1999] FCA 1721 (Black CJ, Sundberg and Finkelstein JJ, 10 December 1999).

Their Honours observed in *Gallo* at [41] to [43]:

The concept of "use" of a trade mark which informs ss 92(4)(b), 100(1)(c) and 100(3)(a) of the Trade Marks Act must be understood in the context of s 17, which describes a trade mark as a sign used, or intended to be used, to "distinguish" the goods of one person from the goods of others.

Whilst that definition contains no express reference to the requirement, to be found in s 6(1) of the *Trade Marks Act* 1955 (Cth), that a trade mark indicate "a connexion in the course of trade" between the goods and the owner, the requirement that a trade mark "distinguish" goods encompasses the orthodox understanding that one function of a trade mark is to indicate the origin of "goods to which the mark is applied". Distinguishing goods of a registered owner from the goods of others and indicating a connection in the course of trade between the goods and the registered owner are essential characteristics of a trade mark. There is nothing in the relevant Explanatory Memorandum to suggest that s 17 was to effect any change in the orthodox understanding of the function or essential characteristics of a trade mark.

In *Coca-Cola Co v All-Fect Distributors Ltd* a Full Court of the Federal Court of Australia said:

"Use 'as a trade mark' is use of the mark as a 'badge of origin' in the sense that it indicates a connection in the course of trade between goods and the person who applies the mark to the goods ... That is the concept

embodied in the definition of 'trade mark' in s 17 – a sign used to distinguish goods dealt with in the course of trade by a person from goods so dealt with by someone else."

That statement should be approved. (Citations omitted)

The 'badge of origin' standard has been applied now in many cases, as a phrase synonymous with 'use as a trade mark'.ⁱⁱⁱ

The reasoning behind 'use as a trade mark'

We know that the reasoning behind the use of an allegedly infringing sign is that it indicates a connection in the course of trade between the respondent's goods and the respondent. It does not indicate a connection between the alleged infringer's goods and those of the owner of the trade mark. The High Court has approved that approach:

... there is no infringement of a trade mark unless the signs, that is, the signs identified in paragraph 82 above, were and are used as trade marks. This requirement means that the Court must conclude that the alleged infringer was using or proposing to use the signs for the purpose of indicating, or so as to indicate, a connection in the course of trade between the respondent's goods and the respondent: *The Shell Company of Australia Limited v Esso Standard Oil (Australia) Limited* [1963] HCA 66; (1963) 109 CLR 407 at 425 per Kitto J with whom Dixon CJ, Taylor and Owen JJ agreed. In *Coco-Cola Company v All-Fect Distributors Ltd* [1999] FCA 1721; (1999) 96 FCR 107 at 115 – 116 [19] – [20] the Full Court of this Court said that use as a trade mark is use of a mark as a "badge of origin" in the sense that it indicates a connection in the course of trade between goods and the person who applied the mark to the goods. The Full Court rejected the proposition that use as a trade mark meant use so as to indicate a connection between the alleged infringer's goods and those of the owner of the trade mark. The approach of the Full Court was approved by French CJ, Gummow, Crennan and Bell JJ in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* [2010] HCA 15; (2010) 241 CLR 144 at 163 [43].^{iv} (Emphasis added)

This reasoning behind the connection with the respondent must be that in the context of 'use as a trade mark' only, any mark the respondent uses, even a non-offending mark,

must be pointing the goods or services to the respondent. It is the other elements of s 120, the deceptive similarity and the goods and services involved, which determine its infringing character. It should be noted that the Explanatory Memorandum to the *Trade Marks Bill* 1995 does not assist.

What is the problem?

My comments and the thrust of my article are not to question the very foundation of trade mark law. That is, that registered trade marks are used as a proprietary method of protecting the trader's business in the goods and/or services by protecting a 'sign' which is connected to those goods and services and to a particular trader.

In the context of the validity of the trade mark, that is essential.

I am questioning the basis of the transposition of the concept of 'use as a trade mark' as a consideration for infringement, to the benefit of an alleged infringer and to the detriment of the trade mark owner and the public.

On what basis can this be said?

The point is best made by example. A retailer of clothing thinks that a particular registered trade mark is fashionable and will sell more T shirts. They buy stock from a third party or design an image which is deceptively similar to the registered trade mark and apply the mark to a T shirt and begin selling the T shirt.

The trade mark owner:

- (a) May have a claim in copyright, if they can show a causal connection and overcome any defence sought under the overlap provisions of the *Copyright Act* 1968 ss 74-77;^v
- (b) May have a claim under the *Australian Consumer Law* ^{vi} ss 18 or 29(1)(g) and/or (h), provided their reputation is sufficient so as to support the proposition of the likelihood that the relevant section of the public might be misled by the conduct or the false representation.

- (c) Will not have a claim under the *Trade Marks Act* because it is not being used 'as a trade mark' to indicate a connection with the respondent, it is just a design, which will come and go after it has exhausted its utility.

The problem however, is the simple proposition that it is a 'use', not in the legal meaning attributed to that term in the context of infringement, but real, actual and in practice.

As a result:

- The public may be confused or deceived as it may be 'caused to wonder'^{vii} if the goods are the trade mark owners or have a connection with the owner;
- The trade mark owner suffers damage because the mark is weakened or diluted by the non-infringing use of other parties.

The Full Court of the Federal Court referred in *Austin, Nichols & Co Inc v Lodestar Anstalt*, to comments of the High Court in *Campomar Sociedad, Limitada v Nike International Limited* in relation to the purpose of the exclusive right:

The first issue is the contentious one. Paul's wishes to argue that s 120(1) of the Act was not enlivened because it did not use the Greg Norman marks as trade marks otherwise than "as a badge of origin of GWS consistent with its exclusive rights" under the Act. The High Court considered the scope and purpose of the 1955 Act in *Campomar Sociedad, Limitada v Nike International Limited* [2000] HCA 12; (2000) 202 CLR 45 ("*Nike*"), observing that it struck a balance between various disparate interests. At [42] the Court observed:

... [T]he Australian legislation has manifested from time to time a varying accommodation of commercial and the consuming public's interests. There is the interest of consumers in recognising a trade mark as a badge or origin of goods or services and in avoiding deception or confusion as to that origin. There is the interest of traders, both in protecting their goodwill through the creating of a statutory species of property protected by the action against infringement, and in turning this property to valuable account by licensing or assignment...^{viii}

Other jurisdictions

The United States does not have this requirement that the respondent use the trade mark "as a trade mark". In the US, the limitation on the respondent's conduct, leaving aside the deceptiveness of the allegedly infringing mark, is that it be 'used in commerce'. Relevantly, infringement occurs where a party:

- a) uses in commerce any reproduction, counterfeits, copies, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or
- (b) reproduces, counterfeits, copies, or colorably imitates a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive.

In such cases, the person shall be liable in a civil action by the registrant for the remedies hereinafter provided.^{ix}

The standard applied is the "likelihood of confusion" test. To be more specific, the use of a trade mark in connection with the sale of a good constitutes infringement if it is likely to cause consumer confusion as to the source of those goods or as to the sponsorship or approval of such goods.^x

In the United Kingdom, the emphasis is on the public's confusion as a result of the use not the manner in which the respondent chooses to use the mark. The UK Intellectual Property Office says:

If you use an identical or similar trade mark for identical or similar goods and services to a registered trade mark - you may be infringing the registered mark if your use creates a likelihood of confusion on the part of the public. This includes the case where because of the similarities between the marks the public are led

to the mistaken belief that the trade marks, although different, identify the goods or services of one and the same trader.

The law is embodied in the *Trade Marks Act* 1994 (UK), Relevant to infringement, it provides:

A person infringes a registered trade mark if he uses in the course of trade a sign which is identical with the trade mark in relation to goods or services which are identical with those for which it is registered.^{xi} (Emphasis added)

There is therefore no requirement, that the manner in which the alleged trade mark infringer uses the mark, is at all relevant to infringement as long as it is:

- (a) a use;
- (b) it is in the course of trade (UK) or used or intended to be used in commerce (US).

The result, notionally applying the 'badge of origin' requirement in the US and UK, is that:

- (a) all 'badge of origin' uses in the UK and US will be infringements; but
- (b) the concept does not address all infringing conduct in the US and UK, which includes uses not as badge of origins, but uses in a commercial context.

Conclusion and Proposal

The exclusive rights associated with a registered trade mark are the right to use the trade mark and to allow another person/s to use the trade mark.^{xii} The reality is that a respondent may use a trade mark, confuse the public, impose on the stakeholder's exclusive rights to use, and under current trade mark law, overcome any trade mark infringement action because the use is not as a trade mark.

The removal of the phrase would mean that the same considerations for substantial identity and deceptive similarity will still apply, as will the examination of the goods and services offered under the respondent's mark. The badge of origin requirement is discrete and self-standing. If there is a use, the consideration will, if the requirement is removed, be:

- Is the respondent's mark/s deceptively similar, which takes in the confusion element?
- Is the respondent's mark used in commerce, on goods or services in the range provided for in the sub-sections in s 120 of the *Trade Marks Act* ?

The result will close a gap in the trade mark law for which I can see no benefit to outweigh the current mischief.

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ⁱ The net is cast a little wider in terms of the goods and services to which infringement may extend, however the requirement for use 'as a trade mark' applies in the cases of claims under s 120(2) and s 120(3).

ⁱⁱ *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* [2010] HCA 15 (French CJ, Gummow, Crennan and Bell JJ, 19 May 2010). Heydon J, in his Honour's reasons, also allowed the appeal, making some helpful comments on the evidence relative to an 'authorised user', specifically, the basis or bases upon which Gallo claimed the appointment of its authorised user and evidence to support it. In *Gallo*, the basis was quality control, however his Honour's comments are instructive to the issue.

ⁱⁱⁱ *Idameneo (No 789) Ltd v Symbion Pharmacy Services Pty Ltd* [2011] FCAFC 164 (Rares, Gilmour and Dodds-Streeton JJ, 15 December 2011) at [38]; *Phone Directories Company Australia Pty Ltd v Telstra Corporation Limited* (includes Corrigendum dated 24 April 2014) [2014] FCA 373 (11 April 2014) per Murphy J at [175]; *Aristocrat Technologies Australia Pty Ltd v Global Gaming Supplies Pty Ltd* [2013] FCA 986 (30 September 2013) per Jacobson J at [91]; *Adidas AG v Pacific Brands Footwear Pty Ltd (No 3)* [2013] FCA 905 (12 September 2013) per Robertson J at [43].

^{iv} *Bob Jane Corporation Pty Ltd v ACN 149 801 141 Pty Ltd* [2013] FCA 1255 (26 November 2013) Besanko J at [110].

^v *Seafolly Pty Limited v Fewstone Pty Ltd* [2014] FCA 321 (Dodds-Streeton J, 1 April 2014) at [434] to [466] referring to *Polo/Lauren Co LP v Ziliani Holdings Pty Ltd* (2008) 173 FCR 266; [2008] FCAFC 195.

^{vi} *Consumer and Competition Act 2010* (Cth) Schedule 2.

vii The test formulated by Kitto J. and approved by the Full Court in *Southern Cross Refrigerating Co. v. Toowoomba Foundry Pty. Ltd.* (1954) 91 CLR 592, at pp 595, 608 and referred to in *New South Wales Dairy Corp v Murray Goulburn Co-Op Co Ltd* [1990] HCA 60; (1990) 171 CLR 363 (Mason C.J, Brennan, Deane, Dawson, Toohey, Gaudron and McHugh JJ, 20 December 1990)

viii *Austin, Nichols & Co Inc v Lodestar Anstalt* [2012] FCAFC 8 (Jacobson, Yates and Katzmann JJ, 21 February 2012) at [36].

ix 15 U.S. CODE § 1114.

x <http://cyber.law.harvard.edu/metaschool/fisher/domain/tm.htm> as a 28 May 2014.

xi *Trade Marks Act* 1994 (UK) s 10(1).

xii *Trade Marks Act* s 20.