

Industrial Property

Published monthly
Annual subscription:
Sw.fr. 140.-
Each monthly issue:
Sw.fr. 14.-

24th Year - No. 10
October 1985

Monthly Review of the
World Intellectual Property Organization

Contents

NOTIFICATIONS	
Budapest Treaty. Change of Name: National Collection of Animal Cell Cultures (NCACC)	299
Nairobi Treaty. Ratification: Italy	299
ACTIVITIES OF THE INTERNATIONAL BUREAU	
Cooperation Agreement Among the World Intellectual Property Organization, the African Regional Centre for Technology, the African Intellectual Property Organization, and the Industrial Property Organization for English-Speaking Africa	300
ACTIVITIES OF OTHER ORGANIZATIONS	
International Federation of Industrial Property Attorneys	303
GENERAL STUDIES	
The Protection of Trademarks and Prevention of Unfair Competition in the Courts of Australia (A.L. Limbury)	304
CALENDAR OF MEETINGS	314

INDUSTRIAL PROPERTY LAWS AND TREATIES

Editor's Note

BARBADOS

Trade Marks Act, 1981-86 of December 21, 1981, as Amended by the Intellectual Property Acts (Amendment) Act, 1984-20 of June 22, 1984

Text 3-001

CHINA

Provisional Regulations on Claims of the Right of Priority with Respect to Applications for the Registration of Trademarks Approved by the State Council and Promulgated by the State Administration for Industry and Commerce of the People's Republic of China on March 15, 1985

Text 3-003

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ISSN 0019-8625

Notifications

Budapest Treaty

Change of Name

NATIONAL COLLECTION OF ANIMAL CELL CULTURES (NCACC)

The Government of the United Kingdom has informed the Director General of WIPO by a communication of September 3, 1985, which was received on September 6, 1985, that, with immediate effect, the National Collection of Animal Cell Cultures, an international depositary authority under the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure, wishes to be known as the "European Collection of Animal Cell Cultures." The said Government furnishes assurances that the European Collection of Animal Cell Cultures will comply with the requirements specified in Article 6(2) of the Budapest Treaty.

Budapest Communication No. 26 [this Communication is the subject of Budapest Notification No. 48 of October 1, 1985].

Nairobi Treaty

Ratification

ITALY

The Government of Italy deposited, on September 25, 1985, its instrument of ratification of the Nairobi Treaty on the Protection of the Olympic Symbol, adopted at Nairobi on September 26, 1981.

The said Treaty will enter into force, with respect to Italy, on October 25, 1985.

Nairobi Notification No. 31, of September 27, 1985.

Activities of the International Bureau

Cooperation Agreement Among the World Intellectual Property Organization, the African Regional Centre for Technology, the African Intellectual Property Organization, and the Industrial Property Organization for English-Speaking Africa

In July 1985, a quadripartite Cooperation Agreement among the World Intellectual Property Organization (WIPO), the African Regional Centre for Technology (ARCT), the African Intellectual Property Organization (OAPI) and the Industrial Property Organization for English-Speaking Africa (ESARIPO) was signed, at the headquarters of WIPO in Geneva, by the Heads of the four organizations. Several Permanent Representatives in Geneva of African countries attended the signing ceremony.

The main objective of the Agreement is to optimize the effects of the regional activities of the four organizations for the benefit of African countries. On the basis of that objective, the four organizations agreed, in particular, to cooperate in providing technological information contained in patent documents and in strengthening the negotiating capabilities of African countries in respect of transfer of technology arrangements where such technology is related to industrial property rights.

The text of the Cooperation Agreement follows:

COOPERATION AGREEMENT

AMONG

THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)
THE AFRICAN REGIONAL CENTRE FOR TECHNOLOGY (ARCT)
THE AFRICAN INTELLECTUAL PROPERTY ORGANIZATION (OAPI)
THE INDUSTRIAL PROPERTY ORGANIZATION FOR ENGLISH-SPEAKING AFRICA (ESARIPO)

The World Intellectual Property Organization (WIPO) (hereinafter referred to as "WIPO"), the African Regional Centre for Technology (ARCT) (hereinafter referred to as "ARCT"), the African Intellectual Property Organization (OAPI) (hereinafter referred to as "OAPI") and the Industrial Property Organization for English-Speaking Africa (ESARIPO) (hereinafter referred to as "ESARIPO") (hereinafter referred to as "the Four Organizations"),

1. being aware (i) of the importance of industrial property and technological innovation in general to the development objectives of developing countries in Africa, (ii) of the importance of industrial property for the transfer, acquisition and development of technology and industrialization through, among other things, adequate access to and use of technological information contained in patent documents, (iii) that, because of the lack of adequate administrative infrastructure in the

field of industrial property in developing countries, it has not been possible, so far, for the countries to take full advantage of the possibilities offered by industrial property, in particular, in the use of technological information contained in patent documents and related literature,

2. recognizing the practical advantages of dealing with some aspects of industrial property at a regional or subregional level in order to achieve better results and a more efficient administration of the scarce resources available, in the light of the increasing demands made on those resources,

3. desirous of serving better their member States through close cooperation among the Four Organizations in the field of the dissemination and use of patent information and documentation and transfer, acquisition and development of technology for the benefit of

the African continent as a whole and of all and each of its individual States,

hereby conclude the present Cooperation Agreement:

*Article I
Objectives*

The Four Organizations shall, through cooperation among them, endeavor to increase their usefulness to their member States in their technological development efforts.

To that end, the Four Organizations shall, in particular, cooperate in

(i) providing technological information contained in patent documents;

(ii) strengthening negotiating capabilities for transfer of technology arrangements where such technology is related to industrial property rights.

*Article II
Technological Information*

In the field of technological information contained in patent documents

(i) WIPO shall advise and assist ESARIPO and OAPI in enriching the patent documentation centers they maintain;

(ii) WIPO shall facilitate the training of the staff of ARCT, OAPI and ESARIPO responsible for the processing and dissemination of technological information in the field of industrial property and patent documents;

(iii) ESARIPO and OAPI shall, at the request of ARCT and on conditions that will be agreed upon in each case, furnish technological information that may be derived from the patent documentation centers that ESARIPO and OAPI maintain, or if necessary from other patent or industrial property offices.

*Article III
Strengthening Negotiating Capabilities
for Transfer of Technology*

In the field of transfer and acquisition of technology arrangements where the technology is related to industrial property rights,

(i) WIPO shall facilitate the training of specialists nominated by ARCT, OAPI or ESARIPO whose task is to negotiate licensing agreements or other arrangements or agreements of transfer and acquisition of technology in the name of the governments, or any industrial enterprise, in Africa;

(ii) WIPO shall facilitate the training of the staff of ARCT, ESARIPO and OAPI responsible for advisory services in the field of transfer and acquisition of technology.

*Article IV
Means of Action*

The following shall be among the means of achieving the objectives mentioned in Article I, above:

(i) manuals, guides and other publications, serving as reference or teaching material, jointly prepared by two, three or all of the Four Organizations, for the benefit of African countries;

(ii) training courses, seminars and workshops, jointly organized by two, three or all of the Four Organizations, for the benefit of African countries.

*Article V
Joint Consultative Committee*

In order to plan, implement and evaluate the activities carried out, or to be carried out, under the present Agreement, representatives of the Four Organizations shall meet at least once a year in what shall be called the "Consultative Committee of WIPO, ARCT, ESARIPO and OAPI." The meetings shall be held in turn in Dakar, Geneva, Harare and Yaoundé.

*Article VI
Exchange of Publications*

Each of the Four Organizations shall furnish free of charge to the others copies of its publications of interest to them.

Such exchange of publications shall include, in particular, the furnishing by WIPO of a set of issues of the *PCT Gazette* and of the microfilms of published PCT applications to the patent documentation centers of ESARIPO and OAPI.

*Article VII
Representation at Meetings*

Subject to the applicable rules of each of the Four Organizations and any bilateral agreement between any two of them, each Organization shall invite the others to participate, as observers, in its meetings of interest to them.

*Article VIII
Duration*

This Agreement shall enter into force when the competent Governing Bodies of all Four Organizations

have endorsed it. Pending such endorsement, the Secretariats of the Four Organizations shall apply this Agreement on a provisional basis.

This Agreement shall remain in force until it is amended or replaced by a new Agreement or is terminated through denunciation. Any of the Four Organiza-

tions may denounce this Agreement, subject to a notice of six months. Denunciation by any one Organization shall not necessarily cause the termination of the Agreement among the remaining signatories.

* * *

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have affixed their signatures to two originals, in English and French, of this Agreement, both texts being equally authentic.

For the World Intellectual
Property Organization:

Arpad Bogsch
Director General

For the African Intellectual
Property Organization:

Gérard Meyo-M'Emane
Director General a.i.

For the African Regional Centre
of Technology:

D. Bahatunde Thomas
Executive Director

For the Industrial Property Organization
for English-Speaking Africa:

J.H. Ntabgoba
Director

July 22, 1985

Activities of Other Organizations

International Federation of Industrial Property Attorneys

World Congress

(Augsburg, June 3 to 7, 1985)

NOTE*

The International Federation of Industrial Property Attorneys (FICPI) held its World Congress in Augsburg (Federal Republic of Germany) from June 3 to 7, 1985. More than 600 participants from 44 countries attended the Congress, which was presided over by Dr. Heinz Bardehle, patent attorney from Munich and President of FICPI. The World Intellectual Property Organization (WIPO) was represented by Dr. K. Pfanner, Deputy Director General.

The subject of the FICPI Congress was the level of inventive step and its influence on the willingness of industry to invest in research and development. This topic was dealt with in a number of working sessions devoted to discussions on the requirement of inventive step, its history, its treatment under various legal systems, its criteria and its application by the courts. Those discussions were supplemented by lectures on the influence of the patent system on the willingness of industry to invest, from the point of view of both a research economist and an entrepreneur. The WIPO representative gave a lecture on the Patent Cooperation Treaty (PCT) as a medium for the harmonization of patent law, particularly as regards the requirement of

inventive step. Another lecture dealt with inventive step as a prerequisite for better acceptance of the patent system in developing countries.

At the end of the Congress, a number of resolutions were adopted. Those resolutions call for the following:

- that all available facts relating to an invention, in particular, so-called secondary indicators and, in order to protect industry's investment, the results of any practical implementation of the invention, be taken into account by examining authorities;
- that the need for the average man skilled in the art to combine his knowledge of the technological field to which the invention relates with knowledge of prior art outside his field of technology should be considered as an indicator of the presence of inventive step;
- that applicants should be provided with search and examination results sufficiently early to enable them to assess their chances of success and decide whether or not to proceed with their applications in time to prevent the publication of those applications if they so wish;
- that inventions should be examined with reference to all features in the claims, independently of whether those features appear in the preamble or the characterizing portion thereof;
- that legislatures and authorities should achieve uniformity in their assessment of inventive step, particularly in order to reduce the incidence of differing decisions in parallel proceedings; and
- that the dialogue among judges, patent office examiners, inventors, industrialists and patent attorneys to achieve further cooperative efforts to create a method of assessing inventive step that meets the practical needs of inventors and industry should continue.

* Prepared by the International Bureau of WIPO.

The Protection of Trademarks and Prevention of Unfair Competition in the Courts of Australia*

A.L. LIMBURY**

The Protection of Trademarks

As a sign serving to distinguish the goods of one enterprise from those of other enterprises, a trademark is recognized as valuable industrial property deserving of internationally agreed levels of protection amongst the countries to which the Paris Convention for the Protection of Industrial Property applies.

That Convention facilitates registration of trademarks in member countries and makes provision for the repression of unfair competition. It also requires the prohibition of both registration and use of trademarks in certain circumstances, and accordingly requires member States to act against use of trademarks even if they are not registered.¹

Each member State adopts its own measures to implement its international obligations and thus the issues arising for consideration in national courts may vary from State to State. This paper accordingly deals with issues most frequently arising before Australian State Supreme Courts, The Federal Court of Australia and The High Court of Australia in relation to Australian domestic law.

Australia's legal system is founded upon the common law of England, which, long before a system of registration of trademarks was devised, afforded protection to traders whose distinctive marks were used by others.

Saturday, January 12, 1833, is a useful starting point for a consideration of the common law tort of passing off because that day found four of the five judges of the Court of Kings Bench at work.² Chief Justice Denman, who concurred with his brethren on the appeal they were considering, had been the trial judge, but this fact went unremarked even though the unsuccessful appeal

questioned his direction to the jury which led to a verdict for one farthing damages.

Mr. Payne's metallic hones had been wrapped and sold in Mr. Blofeld's distinctive envelopes but Blofeld did not prove he had been damaged and the jury found that Payne's hones were not inferior. Chief Justice Denman directed that, even so, Blofeld was entitled to damages for fraudulent invasion of his right, this being the common law basis of the tort.

Five years later, proof of fraud was held not necessary to attract an injunction for passing off,³ and, in 1863, mere knowledge by the defendant of the existence of the plaintiff's mark was found sufficient to justify an order that an account of profits be taken in the absence of actual deception, the Court being satisfied that the defendant's crown and anchor mark was likely to cause the wire it sold to be mistaken for the plaintiff's wire marked with an anchor.⁴

In 1880, the principle of passing off was enunciated thus:

"...there is no such thing as a monopoly, or a property in the nature of a copyright, or in the nature of a patent, in the use of any name. Whatever name is used to designate goods, anybody may use that name to designate goods, always subject to this that he must not...make directly or through the medium of another person, a false representation that his goods are the goods of another person."⁵

This was approved in the House of Lords in March 1896.⁶ Frank Reddaway, the plaintiff, had described his belting as "camel hair belting" and the jury found that those words meant belting made by Reddaway, as distinct from belting made by other manufacturers. During the trial it was discovered that the belting was in fact made from the hair of camels, although the trade had not previously been aware of this and the discovery came as a surprise even to Reddaway. To the Court of Appeal this was decisive since the use of the same words by Banham, the defendant, to describe his belting was regarded as no more than telling the simple truth. The House of Lords decided that although the words truly described the composition of the goods, they covered a false representation that they were of Reddaway's manufacture since they had acquired that distinctive meaning in the trade. Accordingly, Banham was restrained from using the words "camel hair" in

* This study was first presented at the Intellectual Property Colloquium of Judges in Asia and the Pacific, jointly organized by WIPO and LAWASIA in Sydney in October 1984.

** Solicitor, Sydney.

¹ See, in particular, Paris Convention, Articles 6bis, 6ter, 9, 10 and 10bis.

² *Blofeld v. Payne* (1833) 4 B. & Ad. 410.

³ *Millington v. Fox* (1838) 3 Myl. & Cr. 338.

⁴ *Edelsten v. Edelsten* (1863) 1 De G. J. & S. 185.

⁵ *Singer Manufacturing Co. v. Loog* (1880) 18 Ch.D. 395 per James L.J. at p. 412.

⁶ *Reddaway v. Banham* (1896) A.C. 199.

connection with his belting without clearly distinguishing it from Reddaway's.

The judgment of Lord Herschell contains a proposition that is instructive for the consideration of recent developments in the field of trade practices in Australia:

"The name of a person, or words forming part of the common stock of language, may become so far associated with the goods of a particular maker that it is capable of proof that the use of them by themselves without explanation or qualification by another manufacturer would deceive a purchaser into the belief that he was getting the goods of A when he was really getting the goods of B. In a case of this description the mere proof by the plaintiff that the defendant was using a name, word, or device which he had adopted to distinguish his goods would not entitle him to any relief. He could only obtain it by proving further that the defendant was using it under such circumstances or in such manner as to put off his goods as the goods of the plaintiff."⁷

Lest it be thought that it has been only recently that the tort of passing off has developed from protecting a trader's reputation in his goods to protecting his reputation in his business, the following dates from 1878:

"The Court interferes solely for the purpose of protecting the owner of a trade or business from a fraudulent invasion of that business by somebody else. It does not interfere to prevent the world outside from being misled into anything."⁸

In citing this passage, Isaacs J. in the High Court of Australia said that "fraud" for this purpose would be constituted by persistence after notice.⁹

Before leaving the 1890s some reference may be made to the *Kodak Cycle* case.¹⁰ The defendant incorporated a company called Kodak Cycle Company Limited and registered and used the trademark KODAK in respect of bicycles. The plaintiff was registered proprietor of trademarks incorporating the word "Kodak" with respect to cameras but not with respect to bicycles.

The plaintiff had a store at a large cycle show and there was evidence of intimate connection between the bicycle trade and the camera trade, many shops selling and dealing in both bicycles and cameras. The judge found that the plaintiff was identified with the name "Kodak" as connected with cycles and restrained the defendants from use of the word in the company name and in connection with cycles, reasoning that not to do so would be to allow the defendant to cause confusion between it and the plaintiff company and would cause the defendant company to be identified with, or recognized by the public as being connected with, the plaintiff company.

This case is an example of an "allied field of endeavor" case in which the possessor of goodwill in a business in one field can stop someone in another, allied

field from passing off his goods as those of the first person. The relevant question is whether deception is likely. Clearly the more remote the second field the less is this likelihood.

When, in 1910, complaints were made about Spalding molded footballs, the company introduced an improved sewn football to the market, priced at 10s 6d, withdrew the unsatisfactory molded balls and sold them to waste rubber merchants. The waste rubber merchants found a willing buyer in the famous London store, Gamages, and Gamages started advertising the old unsatisfactory molded Spalding footballs as if they were the new improved sewn Spalding footballs, even going so far as to use in their advertisement the patent number applicable to Spalding's new balls, and claiming for the Gamages balls:

"10s 6d footballs for 4s 9d. Gamages Bargain."

When the inevitable litigation reached the House of Lords,¹¹ the novel situation was faced that Gamages was not misrepresenting the origin of the balls but rather their quality.

Lord Parker of Waddington said:

"The proposition that no one has the right to represent his goods as the goods of somebody else must...involve as a corollary the further proposition that no one who has in his hands the goods of another of a particular class or quality has a right to represent these goods to be the goods of that other of a different quality or belonging to a different class. Possibly, therefore, the principle ought to be restated as follows:

"A cannot, without infringing the rights of B, represent goods which are not B's goods or B's goods of a particular class or quality to be B's goods or B's goods of that particular class or quality." The wrong for which relief is sought in a passing off action consists in every case of a representation of this nature."¹²

A series of cases beginning in 1960 and involving various alcoholic beverages extended the tort of passing off by deciding that it was not necessary for the plaintiff to show that he is either the sole producer of goods identified by the name or mark or has the exclusive reputation in the name or mark which he claims the defendant is using to injure his goodwill.¹³ In these cases, the terms "Champagne," "Sherry" and "Scotch whisky" signified an alcoholic beverage produced in a particular geographic area. Whether blending or bottling took place there or not was eventually regarded as irrelevant. The public did not necessarily identify the term with any particular producer. In each case the defendant used the term to describe a beverage which did not have these geographic origins.

In the *Advocaat* case,¹⁴ a misrepresentation was made as to the composition of goods which had come to

¹¹ *A.G. Spalding Brothers v. A.W. Gamage Ltd.* (1914-15) ALL E.R. 147.

¹² *Ibid.*, at p. 149.

¹³ *J. Bollinger v. Costa Brava Wine Co. Limited* (1960) Ch. 262, and (No. 2) (1961) 1 ALL E.R. 561 (the Spanish Champagne case); *Vine Products Limited v. McKenzie & Company* (1969) RPC 1 (the Sherry case); *John Walker & Sons Limited v. Henry Ost & Co. Limited* (1972) ALL E.R. 106; and *John Walker & Sons v. Douglas McGibbon & Company Limited* (1972) SLT 128 (the Scotch Whisky cases).

¹⁴ *Erven Warnink Besloten Vennootschap v. J. Townend & Sons (Hull) Ltd.* (1979) 3 W.L.R. 68.

⁷ *Reddaway v. Banham* (1896) A.C. at p. 210.

⁸ *Levy v. Walker* (1878) 10 Ch. D. 436 per James L.J. at pp. 447, 448.

⁹ *Turner v. General Motors (Australia) Pty. Limited* (1929) 42 CLR 352 at p. 362.

¹⁰ *The Eastman Photographic Materials Company Limited & another v. The John Griffiths Cycle Corporation Limited and the Kodak Cycle Company Limited and in the matter of the Trade Mark No. 207006 (Kodak)* (1898) RPC Vol. XV No. 5 p. 105.

be associated with the word Advocaat. Advocaat is a beverage the principal ingredients of which are eggs and spirits without any wine. The defendants produced an alcoholic egg drink from a mixture of dried eggs and Cyprus sberry which it marketed as "Keeling's Old English Advocaat."

As a result of this case, the five characteristics which are nowadays required to be present in order to create a valid cause of action for passing off are:

- (i) a misrepresentation
- (ii) made by a trader in the course of trade
- (iii) to prospective customers of his or ultimate consumers of goods and services supplied by him
- (iv) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and
- (v) which causes or will probably cause actual damage to a business or goodwill of the trader by whom the action is brought.

This does not mean that the conditions are satisfied by a false description of one's own goods to the detriment of another's business without implying that one's goods are the other's since it is the policy of the common law not to hamper competition by providing civil remedies to everyone competing in the market who has suffered damage to his business or goodwill in consequence of inaccurate statements by rival traders about their own wares.

The most significant passing off case in Australia in recent years is the *Pub Squash* case.¹⁵ Cadbury Schweppes introduced a new lemon drink called Solo accompanied by much advertising featuring a sportsman with a moustache allowing the drink to run down his chin, and slogans to the effect that this was a lemon squash like the ones the pubs used to make. A year later the defendant launched on the market a similar lemon drink called Pub Squash with a similar advertising campaign.

The trial judge found that the plaintiff had not acquired sufficient distinctiveness in the slogans referring to squashes that the pubs used to make to be able to restrain the defendant from the use of that name. He also found that the defendant had deliberately set out to exploit the market created by the plaintiff but that since the defendant had made no relevant misrepresentation, passing off was not an available remedy.

The Privy Council in that case found that the tort of passing off was not anchored to the name or trademark of a product or business but was wide enough to encompass other descriptive material that had become part of the goodwill of the product. In a most significant passage, the Judicial Committee said:

"...competition must remain free and competition is safeguarded by the necessity for a plaintiff to prove that he has built up

an intangible property right in the advertised descriptions of his product: or, in other words, that he has succeeded by such methods in giving his product a distinctive character accepted by the market. A defendant however does no wrong by entering a market created by another and there competing with its creator. The line may be difficult to draw but unless it is drawn, competition will be stifled."

Having determined that the intention on the part of the defendant was not to pass off its products as the plaintiff's but rather to take advantage of the market developed by the advertising campaign of the plaintiff's product, the Judicial Committee continued:

"In reaching his conclusion of fact that the defendant had sufficiently distinguished its product from Solo, the judge had not only to conduct an elaborate and detailed analysis of the evidence, which he certainly did, but to bear in mind the necessity in this branch of the law of the balance to be maintained between the protection of a plaintiff's investment in his product and the protection of free competition. It is only if a plaintiff can establish that a defendant has invaded his intangible property right in his product by misappropriating descriptions which have become recognised by the market as distinctive of the product, that the law will permit competition to be restricted. Any other approach would encourage monopoly. The new small man would increasingly find his entry into an existing market obstructed by traders already well known as operating in it."

Having thus traced the development of the common law tort of passing off as it applies in Australia, it is possible to formulate the following issues which need to be resolved by Australian Courts in cases in which it is claimed that a trademark similar to the plaintiff's unregistered trademark has been used by the defendant:

(a) Has the plaintiff established that it uses in the course of trade a trademark which is associated in the public mind with him or with his business, or with a class of persons which includes him?

(b) If so, is the extent of that association in the public mind such that the trademark forms part of the plaintiff's goodwill (the attractive force which brings in custom)?¹⁶

(c) If so, has the defendant's use of the same or similar mark amounted to a misrepresentation (not being a misrepresentation about the defendant's own wares)?

(d) If so, was it reasonably foreseeable that the misrepresentation would injure the plaintiff's business or goodwill?

(e) If so, did the plaintiff actually suffer damage from such misrepresentation, or (in cases where a preventative injunction is sought) would the plaintiff actually suffer damage from such misrepresentation?

The system of registration of trademarks supplements the common law so as to provide protection to the registered proprietor or registered user without the need to prove the existence of goodwill or actual or probable damage to it. It also enables a person proposing to use a trademark to ascertain whether or not the proposed mark is the subject of an existing registration or pending application. The provisions whereby

¹⁵ *Cadbury Schweppes Pty. Ltd. v. Pub Squash Co. Pty. Ltd.* (1980) 55 ALJR 333.

¹⁶ *Inland Revenue Commissioners v. Muller & Co.'s Margarine Limited* (1901) AC 217, 223-224.

persons other than registered proprietors may be registered as users of the mark facilitate the licensing of trademarks so that, if proper control over the registered user is exercised, the registered proprietor will not lose his rights, either through non-use or deception.

A trademark is defined in Section 6 of the Australian Trade Marks Act, 1955,¹⁷ as a mark used or proposed to be used in relation to goods or services for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods or services and a person who has the right, either as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person. "Mark" includes a device, brand, heading, label, ticket, name, signature, word, letter or numeral, or any combination thereof.

One topical issue before Australian Courts is whether a color or combination of colors may constitute a registrable trademark.

A pharmaceutical company applied to register in Australia as a trademark:

"a capsule of which one half is coloured, the other half colourless, containing pellets of two or more colours, one of which may be white."

The Registrar refused the application and his decision was upheld by the High Court.¹⁸

The High Court took the view that a mark must be capable of being described and depicted as something apart from the goods to which it is to be applied or in relation to which it is being used. A mere description of goods simply by shape, size or color cannot be a trademark in respect of those goods. It also took the view that consumers would not necessarily take a color scheme to have the basic characteristics of a trademark distinguishing the product from the product of other manufacturers or suppliers, but rather as indicative of its nature and composition.

The opposite conclusion was reached by the House of Lords in a similar application by an associated pharmaceutical company. In that case, it was held that the corresponding provision of the United Kingdom Act was wide enough to cover the case where the mark covered the entire visible surface of the goods to which it is applied and that the mark was capable of distinguishing the applicant's goods.¹⁹

The approach of the House of Lords has been criticized in a recent Australian textbook as follows:

"As a matter of logic, Lord Diplock's approach is hard to fault. The definition of a trade mark after all is only inclusive and, as the passing off cases demonstrate, the get-up of goods can just as readily indicate origin as any device or word mark. As a matter of policy, however, it hardly seems desirable that it should be possible to register as a mark that which would ordinarily only be considered as the subject of designs protection. While Lord

Diplock's judgment does not go as far as treating the shape of the capsules as being capable of constituting a mark, there is nothing in this approach to prevent this conclusion being reached. Thus, if it is possible to distinguish the colour scheme which covers the whole of the surface of the goods from the goods themselves, it is as easy (as in the case of a designs application) to distinguish the particular shape of an article from its fundamental form and to treat the former as a 'mark.' In this way, then, it might be possible to gain unlimited trade mark protection for something which would otherwise at most be entitled only to designs protection for a limited period."²⁰

Registration gives to the registered proprietor the right to the exclusive use of the trademark in relation to the goods or services in respect of which the trademark is registered and to obtain relief in respect of infringement of the trademark in the manner provided by the Trade Marks Act.

Australian Courts have been called upon from time to time to determine what constitutes use of a trademark. It has been held that a trademark may be used in Australia in relation to goods even though the goods are not in the country.²¹

A manufacturer of cigarettes known as "YANX" cigarettes successfully applied for the removal from the trademark register of the trademark YANX which had been applied for before any of the manufacturer's cigarettes had been sold in Australia. Negotiations between an Australian buyer and the overseas manufacturer had occurred, an order had been placed and the goods had been shipped, but had not arrived by the time the applicant for registration of the trademark in Australia lodged his application.

The Court held that since a mark need only be used in connection with the goods, a mark is so used if the goods are offered for sale in Australia under the mark whether they are actually in Australia or not.

Similarly, a single sale to Australia of goods bearing the mark has been held sufficient to constitute use of a mark such as to justify the removal from the register of a trademark applied for after such sale.²² An important unresolved issue before Australian Courts is whether the registered proprietor of an Australian trademark may, in reliance upon his right to the exclusive use of the trademark, effectively prevent the parallel importation of goods which he himself caused to be marked with the identical mark overseas.

In addition to conferring upon the registered proprietor the right to the exclusive use of the trademark, the Trade Marks Act defines infringement as use by a person, not being the registered proprietor or registered user, of a mark which is substantially identical with, or deceptively similar to, the trademark, in the course of trade, in relation to goods or services in respect of which the trademark is registered. In reliance upon this, the well-known computer systems company Atari obtained an interlocutory injunction against an

¹⁷ See *Industrial Property Laws and Treaties, AUSTRALIA*—Text 3-001.

¹⁸ *Smith, Kline & French Laboratories (Australia) Limited v. Registrar of Trade Marks* (1967) 116 CLR 628.

¹⁹ *Smith, Kline & French Laboratories Limited's Trade Mark Application* (1976) RPC 511.

²⁰ S. Ricketson, *The Law of Intellectual Property* (1984) The Law Book Company Limited, p. 84.

²¹ *YANX Trade Mark Case* (1951) 82 CLR 199.

²² *THUNDERBIRD Trade Mark Case* (1974) 48 ALJR 456.

Australian importer of genuine Atari goods manufactured in the United States.²³

The point of the case was whether importation into Australia of goods properly marked overseas by the Australian registered proprietor with an identical mark breached the Australian registered proprietor's exclusive right to the use of the mark in Australia.

Although an interim injunction was granted, the Court recognized that the point of law was an important one which it was not appropriate to determine finally upon an interlocutory application.

Atari then brought a subsequent case on similar facts²⁴ but failed to obtain an interlocutory injunction upon the ground that although it is arguable that the right to the exclusive use means precisely that in its fullest extent, nevertheless there is a stronger argument that the right of the registered proprietor to the exclusive use of a trademark is confined to such use in the sense of preventing others from selling wares which are not his marked with his trademark.

Despite differences in language between the Australian and English Acts in relation to the definition of trademark, it appears that when a parallel import case is litigated to a final decision, the Australian Courts are likely to follow the English approach:

"Anyone may use the plaintiff's mark on the plaintiff's goods since that cannot cause the deception which is a test of infringement."²⁵

The Trade Marks Act specifies certain acts which do not constitute infringement, including the use in good faith by a person of his own name or the name of his place of business.²⁶

The Federal Court of Australia had to determine whether this defense was made out in a case involving the trademark ST AGNES, which had become well known and was distinctive of a particular brandy manufactured in a place called Tea Tree Gully in South Australia since the 1890s,²⁷ where the name St Agnes was prominently displayed on an old tower.

In 1959, a new suburb was created in the area and named St. Agnes, deriving its name from the local landmark. The respondents owned a liquor store in the suburb and they changed its name to "St. Agnes Liquor Store."

There was evidence that during the 20 years between the naming of the suburb and the commencement of the applicant's proceedings for trademark infringement and passing off, a shopping center, a post office and many businesses had been operating under names which included the words St. Agnes. The Court was plainly reluctant to arrive at a decision which would discrim-

inate against the liquor store by preventing its owners from using in a business name the name of the well-established suburb where the business was situated.

In the Full Court of the Federal Court the only dissenting judge expressed the view that to hold that "St. Agnes Liquor Store" was the name of a place of business would involve accepting that a person may avoid infringement by adopting a business name which incorporates the words of a registered trademark. He also pointed out that the decision of the majority would mean that if a new suburb were created and given the same name as that of a widely known registered trademark, a trader would be protected if he adopted the name of the suburb as his trademark or as a significant part of his mark and used it in good faith in respect of goods for which the mark had been registered for many years and was widely known.

Unfair Competition

The Champagne and Sherry cases, which were mentioned earlier, saw the beginning of an argument that the common law of England had produced a new tort of "unfair uncompetition."

In fact, what was pleaded in the Champagne case was that the particular form of passing off constituted "unlawful competition" and in the Sherry case the judge was asked to call this a new-fangled tort. The Hong Kong Supreme Court rejected the contention that the Champagne and Sherry cases had established a separate tort of unfair competition, holding that they had instead merely extended the law of passing off to cases where the plaintiff does not have exclusively the goodwill claimed to be injured.²⁸

In the Supreme Court of New South Wales in 1960, a famous ballroom dancing couple restrained a record company from featuring their photograph on its record covers.²⁹ The Judge said:

"False representation of which a plaintiff can complain need not necessarily have been made to the plaintiff and may have been made either in relation to the plaintiff's goods, his services, his business, his goodwill or his reputation. Indeed I am of the opinion that the categories in this regard may still be open and that the development of new or altered practices in business, in trade or in professions may in the future result in further classes becoming apparent. If in fact such a misrepresentation is made and as a result of such misrepresentation the plaintiff suffers damage the right of action arises.

"[A]ny act which adversely affects the business reputation of a trader or his goodwill will ordinarily result in his suffering damage. If a plaintiff suffers financial detriment and such a detriment flows from or arises as a result of the defendant's action, that is sufficient...."

This latter proposition must clearly be qualified because it would comprehend all acts of competition whereby business is diverted even by legitimate means from the plaintiff to the defendant, without any misre-

²³ *Atari Inc. v. Dick Smith Electronics Pty. Limited* (1980) 33 ALR 20.

²⁴ *Atari Inc. and Futuretronics Australia Pty. Ltd. & Fairstar Electronics Pty. Ltd.* (1982) 1 IPR 291.

²⁵ *Champagne Heidsieck et al. v. Buxton* (1930) 47 RPC 28 per Clausen J. at p. 36.

²⁶ Trade Marks Act, 1955, s. 64(1)(a).

²⁷ *Angoves Pty. Ltd. v. Johnson & Ors.* (1982) 43 ALR 349.

²⁸ *Shaw Bros. (Hong Kong) Ltd. v. Golden Harvest (H.K.) Ltd.* (1972) RPC 559.

²⁹ *Henderson v. Radio Corporation Pty. Limited* (1960) S.R. (N.S.W.) 577.

presentation, such as by the legitimate marketing of superior products at better prices.

Insofar as the common law in Australia will prevent unfair competition, it seems necessary to demonstrate that a misrepresentation has been made. The law is a long way from adopting the concept of misappropriation which formed the foundation of the development of the tort of unfair competition in the United States. There, the law derives from the Supreme Court decision holding liable a defendant who copied the plaintiff's news from East Coast newspapers and took advantage of the time difference to present that news to the West Coast public as if it were the defendant's own.³⁰

The majority opinion in that case contains this passage:

"Regarding news matter as the mere material from which these two competing parties are endeavoring to make money, and treating it, therefore as quasi property for the purposes of their business because they are both selling it as such, defendant's conduct differs from the ordinary case of unfair competition in trade principally in this that, instead of selling its own goods as those of the complainant, it substitutes misappropriation in the place of misrepresentation, and sells complainant's goods as its own."

Any such move from misrepresentation to misappropriation in Australia has been blocked since 1937 by a decision of the High Court of Australia.³¹ In that case, a radio station obtained the permission of a land owner whose property adjoined a raceway to erect a platform from which a radio commentator could see over the wall of the raceway and make direct radio broadcasts to the public. The High Court declined to restrain such conduct despite the resultant decline in attendances at the raceway, because it amounted to no more than a lawful use of the adjoining property.

The Privy Council in the *Pub Squash* case recently had an opportunity to uphold the existence in Australia of a tort of unfair competition, but declined to do so since it mistakenly believed that the appellant had conceded that confusion was a necessary ingredient. Accordingly, at common law, the position in Australia appears to be that if there is any separate tort of unfair competition, it is still waiting to be discovered by the more adventurous souls in the judiciary.

Against this background, consideration should be given to the relevant statutory provisions. The states and the Commonwealth have legislated to prohibit the making of certain specific false statements in certain circumstances. The state legislation is usually to be found in the appropriate Consumer Protection Act, and the Federal legislation is found in the Trade Practices Act.³² Because these provisions are specifically worded, their scope for development is limited and it is not proposed to deal with them in this paper.

Section 52 of the Trade Practices Act, however, is altogether different. This is a Commonwealth Act which applies to all trading, financial and foreign corporations and to individuals trading between Australia and other countries or between the various states and Territories, and in certain other circumstances such as dealings with the Commonwealth Government or its instrumentalities or in relation to the use of the postal or telegraphic services.³³

In simple terms, Section 52 prohibits, in trade or commerce, engaging in conduct that is misleading or deceptive or is likely to mislead or deceive.

This has been described as an attempt to prescribe, by statute, a minimum level of probity and fairness to which it is in the public interest that commercial behavior conform. Although there are similarities between the considerations applicable in passing off actions and those applicable under certain forms of actions under Section 52, there is no need to show any goodwill or proprietary interest in the applicant for an injunction since the legislation is for the protection of consumers.³⁴

Soon after the Act was passed in 1974, the High Court demonstrated how a trader might invoke Section 52 where once he might have had recourse to a passing off action:

"It is, no doubt, somewhat of a novelty that a quite extensive jurisdiction in passing off actions, traditionally the concern of the Supreme Courts of the States, should be conferred upon the (Federal) Court and that this should be done by an act described as one 'relating to certain trade practices' and by sections not very explicitly directed to such a subject matter. However this is, I think, but a consequence of the very direct relationship which necessarily exists between the deception of consumers in the course of trade and the injury caused by the unfair practices of a trade rival. Such deception will quite often be the means adopted to produce that injury. Legislation which aims at the prevention of the former will at the same time tend to put an end to the latter. If moreover, the legislative prohibition can be enforced by an injunction which 'any other person' may seek...it then becomes possible for a trader, injured by the competition of his trade rival, to gain a remedy under the Act instead of having recourse to civil action by way of proceedings for passing off. The remedy in such a case will not, as in passing off, be founded upon any protection of the trader's goodwill but, being directed to preventing that very deception of the public which is injuring his goodwill, it will nevertheless be an effective remedy for that of which he complains."³⁵

The Act provides that the relevant Minister, the Trade Practices Commission (the Enforcement Agency of the Trade Practices Act), or any other person may obtain an injunction to restrain a breach of Section 52.³⁶ The words "any other person" mean exactly what they say³⁷ and accordingly a trader may restrain his competitor from contravention in the interests of

³³ Trade Practices Act Review Committee Report to the Minister for Business and Consumer Affairs, 20 August 1976.

³⁴ *World Series Cricket Pty. Ltd. v. Parish* (1977) ATPR 40-040 at p. 17, 432.

³⁵ *Hornshy Building Information Centre v. Sydney Building Information Centre* (1978) ATPR 40-067 at p. 17, 689.

³⁶ Trade Practices Act, 1974, s. 80.

³⁷ *Re: An application for a Writ of Prohibition against the Judges of the Federal Court of Australia and McDowell Pacific Limited ex parte Pilkington ACI (Operations) Pty. Ltd.* (1978) ATPR 40-108.

³⁰ *International News Service v. Associated Press* (1918) 248 U.S. 215.

³¹ *Victoria Park Racing and Recreation Ground Company Ltd. v. Taylor* (1937) 58 CLR 479.

³² See *Industrial Property Laws and Treaties, AUSTRALIA—Text 5-001*.

protecting consumers. Moreover, if the trader can demonstrate that he has suffered damage as a result of the respondent's conduct, he may recover damages in addition to obtaining an injunction.³⁸

The large volume of cases brought under Section 52 as an alternative to passing off demonstrates the advantages seen by traders in doing so. Apart from the advantages that it is not necessary to prove that the applicant possesses a reputation or goodwill attaching to a business activity or that the applicant has suffered damage, the consent of the applicant to the respondent's conduct should be no bar to an injunction to protect consumers. Similarly, the defense that the applicant has been guilty of delay or comes to the Court with unclean hands should not prevent an injunction from being granted. The Chief Judge of the Federal Court has pointed out that where a breach of the Act is shown, it will often be in the public interest that an injunction be granted, whatever the interests of the applicant in bringing the suit.³⁹

The Federal Court of Australia has power to make orders with nationwide application, whereas State Courts, entertaining passing off actions, may restrain commission of that tort only within the boundaries of the state. The Federal Court, however, is concerned to ensure that the orders it makes do not extend beyond the geographic area in which the public is or is likely to be misled or deceived. Thus the Full Federal Court has narrowed a trial judge's order so as to restrain a New Zealand pop group from using the name POP Mechanix only in Sydney or Canberra, since those were the only places in which the Sydney group known as Popular Mechanics was shown to have had a reputation.⁴⁰

Further, the Federal Court can generally provide a more speedy hearing than can State Courts, and may make orders for corrective advertising.⁴¹

Because the Federal Court of Australia is only a fairly recent creation, questions as to its jurisdiction to entertain proceedings traditionally confined to State Courts are only just beginning to be resolved. It is now clear that the Federal Court, when deciding a Section 52 case, which is within its exclusive jurisdiction,⁴² also has jurisdiction to decide a passing off case based on the same facts.⁴³

By contrast, because the Federal Court has exclusive jurisdiction to hear a Section 52 case, State Courts, when

hearing a passing off case, may not determine a Section 52 claim based on the same facts.

The Federal Court, however, has sought to discourage the addition of passing off claims to Section 52 claims in the same proceedings unless the passing off claim would provide the basis for wider relief.⁴⁴

It is conceivable that a claimant might be entitled to relief for passing off even though his primary claim for contravention of Section 52 failed. It is interesting to consider how such a situation could arise. Any finding that the public was not, or was not likely to be, misled or deceived would be fatal to both claims. In passing off, the relevant time at which it is necessary to determine distinctiveness and reputation is the date of commencement of the defendant's invasion of the plaintiff's property right⁴⁵ but in Section 52 cases, although one of the questions is whether or not the defendant's conduct was deceptive when it commenced, the Court may decline to grant an injunction if it can be satisfied that, by the time judgment is given, the public is no longer, or is no longer likely to be, misled or deceived. Thus an injunction may be obtained in passing off cases where it would be refused in cases under Section 52. Indeed, in one case, an attempt was made to demonstrate that, at the time of the trial, whatever confusion had formerly arisen in the public mind had disappeared. The attempt failed on the facts but the availability of the argument in appropriate cases was not doubted.⁴⁶

The Courts recognize that Section 52 should not be used to enable a trader to obtain what amounts to a monopoly in the use of a particular word or expression. Particularly where descriptive words are used by two traders as part of their respective trade names the risk of confusion must be accepted, since to do otherwise is to give to one who appropriated to himself descriptive words an unfair monopoly in those words and might even deter others from pursuing the occupation which the words describe.⁴⁷

The current view of the High Court of Australia on this question appears to be that Section 52 should not be limited if its full application would nevertheless facilitate the creation of new monopolies. The primary purpose of Section 52 is to regulate the conduct of traders by prohibiting them from engaging in conduct that misleads or deceives consumers. If enforcement of this prohibition enables one trader to prevent another from marketing goods that closely resemble his own, because to do so would mislead or deceive the public, this result is an incidental and unavoidable consequence

³⁸ Trade Practices Act, 1974, s. 82.

³⁹ *Phelps v. Western Mining Corporation Ltd. & Ors.* (1978) ATPR 40-077 at p. 17, 769.

⁴⁰ *Snoid & Ors. v. Handley & Ors.* (1981) ATPR 40-247. See also *Dairy Vale Metro Co-Operative Ltd. v. Brownes Dairy* (1981) ATPR 40-215; and *Motorcharge Pty. Ltd. v. Motorcard Pty. Ltd.* (1982) ATPR 40-302.

⁴¹ Trade Practices Act, 1974, s. 80A.

⁴² Trade Practices Act, 1974, s. 86.

⁴³ *Moorgate Tobacco Co. Ltd. v. Philip Morris Ltd. and Anor.* (1980) 54 ALJR 479; *Philip Morris Inc. and Anor. v. Adam P. Brown Male Fashions Pty. Ltd.; United States Surgical Corporation v. Hospital Products International Pty. Ltd. and Ors.* (1981) 55 ALJR 120.

⁴⁴ *Taco Company of Australia Inc. and Anor. v. Taco Bell Pty. Ltd. and Ors.* (1982) ATPR 48.

⁴⁵ *Cadbury Schweppes Pty. Ltd. v. Pub Squash Co. Pty. Ltd.* (1980) 55 ALJR 333 at 338, approving *Norman Kark Publications Ltd. v. Odhams Press Ltd.* (1962) RPC 163.

⁴⁶ *Snoid and Ors. v. Handley & Ors.* (1981) ATPR 40-247.

⁴⁷ *Hornsby Building Information Centre v. Sydney Building Information Centre* (1978) ATPR 40-067 at p. 17, 691.

of protecting the public. Viewed in this light there is no very strong reason for saying that the language of the Section should be restricted on the ground that it runs counter to the policy and purpose of the Patents Act and the Designs Act.⁴⁸

In one of the most important decisions to date,⁴⁹ the Full Court of the Federal Court of Australia held that whether or not conduct produces or is likely to produce confusion or misconception, it cannot, for the purposes of Section 52, be categorized as misleading or deceptive unless it contains or conveys, in all the circumstances of the case, a misrepresentation. This will be a question of fact in each case, but sometimes a Court may have to rule, as a matter of law, that conduct is incapable of conveying the untrue meaning alleged. The Court offered the following considerations as affording guidance.

First, it is necessary to identify the relevant section or sections of the public by reference to whom the question whether conduct is or is likely to be misleading or deceptive falls to be tested.

Second, the matter is to be considered by reference to all who come within the relevant class, including the astute and gullible, the intelligent and the not so intelligent, the well-educated as well as the poorly educated, men and women of various ages pursuing a variety of vocations. Thus the advertiser must be assumed to know that the readers will include both the shrewd and the ingenuous, the educated and uneducated and the experienced and inexperienced in commercial transactions.⁵⁰

It has recently been said in the High Court, however, that the Section must be regarded as contemplating the effects of the conduct on reasonable members of the class and that the heavy burdens that the Section creates cannot have been intended to have been imposed for the benefit of persons who fail to take reasonable care of their own interest.⁵¹

So, leaving aside the astute, the experienced and the well-educated, who may be expected to bring more caution to bear on the situation, the test appears to be whether the conduct is or is likely to be misleading or deceptive to gullible or inexperienced or poorly-educated people acting reasonably.

I find this hard to grasp. Given that a gullible person is "easily duped,"⁵² that is, an easy "victim of deception,"⁵³ it is hard to see how such a person can be expected to be reasonable, that is, "having sound

judgment"⁵⁴ in the very matter in which the deceptive quality of the defendant's conduct is in issue.

There is a parallel, however, in the somewhat related field of defamation, in which it has been said:

"The natural and ordinary meaning of words for the purposes of defamation is not their natural and ordinary meaning for other purposes of the law. There must be added to the implications which a Court is prepared to make as a matter of construction all such insinuations and innuendos as could reasonably be read into them by the ordinary man."⁵⁵

The third guideline is that evidence that some person has in fact formed an erroneous conclusion is admissible and may be persuasive but is not essential. The Court must determine objectively for itself whether conduct is or is likely to be misleading or deceptive. Clearly, if evidence of actual deception were conclusive, the presentation of such cases would turn into a competition between the parties to find the larger number of witnesses to attest to their response to the conduct in question. Moreover, there would be no room for the Courts to rule whether as a matter of law the conduct is capable of being misleading or deceptive, nor would there be room for the "reasonable gull" test to be applied.

Lastly, it is necessary to inquire why proven misconception has arisen. It is only by this investigation that the evidence of those who are shown to have been led into error can be evaluated and it can be determined whether they are confused because of misleading or deceptive conduct on the part of the respondent or for some other reason, such as the application to the respondent's conduct of their own preconceived misconceptions.

There must, of course, always be an erroneous assumption on the part of the representee of the conduct in order that the conduct mislead and such assumptions can range from the obvious (such as a simple assumption that a statement should be believed), through the predictable (such as the assumption in a passing off case that goods bearing a well-known name came from the person with whom that name is associated), to the fanciful (such as the assumption that a seller of goods is the manufacturer).

One may conclude that where the erroneous assumption is fanciful, the conduct to which the assumption is applied by the public will not be misleading or deceptive or likely to mislead or deceive. On the other hand, where conduct produces an erroneous assumption that is not fanciful, the conduct could properly be regarded as misleading or deceptive or likely to mislead or deceive.

In laying down these guidelines, the judges were, it seems, careful to avoid reaching a conclusion as to whether or not conduct would be misleading or deceptive if the erroneous assumption which it

⁴⁸ *Parkdale Custom Built Furniture Pty. Ltd. v. Puxu Pty. Ltd.* (1982) 56 ALJR 715 per Mason J.

⁴⁹ *Taco Company of Australia Inc. and Anor. v. Taco Bell Pty. Ltd. and Ors.* (1982) ATPR 48.

⁵⁰ *C.R.W. v. Sneddon* (1972) AR 17 at 28.

⁵¹ *Parkdale Custom Built Furniture Pty. Ltd. v. Puxu Pty. Ltd.* (1982) 56 ALJR 715 per Gibbs C.J.

⁵² *The Shorter Oxford Dictionary*, Vol. 1, p. 903 ("gullible").

⁵³ *Ibid.*, at p. 618 ("dupe").

⁵⁴ *Ibid.*, Vol. 2, p. 1758 ("reasonable").

⁵⁵ *Lewis v. Daily Telegraph Ltd.* (1964) AC 234 per Lord Devlin at 280.

produced in the public was a reasonable one. Perhaps this is because in an earlier case⁵⁶ the Court held that the public had made an erroneous assumption that was reasonable but yet the conduct was not misleading or deceptive.

A wine company called McWilliams had described a large plastic bottle of its wine as a "Big Mac" and the Court held that the public erroneously, albeit reasonably, assumed that those words had been used with the permission of the well-known hamburger chain McDonalds, with which the public associated the words Big Mac.

I am one of a what is to be hoped increasing minority which believes that that case was wrongly decided and that eventually the test under Section 52 will be whether or not it was reasonable for the ordinary member of the public to have made the false assumption.

I have mentioned earlier that a claim for breach of Section 52 has been used as a vehicle to bring claims for passing off, which are usually determined in State Courts, into the Federal Court of Australia and that there are perceived to be numerous advantages in doing so.

Additionally, Section 52 claims are used instead of or in addition to traditional claims for trademark infringement. The Commonwealth has legislative power with respect to intellectual property, including registered trademarks, and some years ago, when the work load of the High Court of Australia became too great, jurisdiction to bear and determine intellectual property cases was delegated to State Supreme Courts. The Federal Court of Australia was created only after this delegation and, accordingly, the Federal Court may not determine patent infringement and trademark infringement actions unless they come within its pendant jurisdiction to determine issues arising out of the same facts in a matter which does fall within its jurisdiction, such as a claim for breach of Section 52 of the Trade Practices Act.

Accordingly, all sorts of ingenious Section 52 claims have been devised as a vehicle to take intellectual property actions out of the State Supreme Courts and into the Federal Court of Australia.

For example, a manufacturer of farm equipment discovered that his competitor was marketing a kit of parts which, when fitted together, fell within the claims of the manufacturer's patent specification. At the time there was doubt whether the marketing of such a kit of parts itself constituted patent infringement or even contributory infringement. Rather than sue the customers for using an infringing article, it was decided to proceed against the competitor for misleading customers into the belief that they could make lawful use of the assembled product. The case did not proceed but there is little doubt that this form of use of Section 52 would be available.

Another imaginative use of Section 52 has been to take proceedings against newspaper proprietors for the contents of their newspapers that are misleading or deceptive, either instead of bringing proceedings for defamation or in conjunction with proceedings for defamation arising out of the same publication.⁵⁷

Although Section 52 has been in the Trade Practices Act for the last 10 years, it is only recently that it has been used instead of defamation. Naturally, none of the defenses available to a defamation action would be available in proceedings brought under Section 52.

In order to "clarify" the law concerning defamation, the Government, in February 1984, published certain proposals for change which included a proposed amendment to Section 52 to the effect that conduct shall not be taken to be misleading or deceptive or to be likely to mislead or deceive "by reason only that it is defamatory."⁵⁸

A Full Court of the Federal Court of Australia had occasion to consider the relationship between the defamation law in Section 52 on a case stated which included the following question:

"Can the publication of statements including statements of opinion made in the ordinary course of the publication of news in those parts of a newspaper which are not advertising material constitute conduct which is misleading or deceptive or likely to mislead or deceive within the meaning of Section 52 of the Act?"

The Court answered emphatically yes,⁵⁹ and in doing so commented directly on the proposed amendment, although without specifically referring to it, as follows:

"There is no definable boundary between conduct which is misleading or deceptive or likely to mislead or deceive and material which is defamatory. Material which is defamatory does not fall outside the operation of sub-section 52(1) of the Act merely for that reason any more than it is brought within the operation of sub-section 52(1) by reason only that it is defamatory. If the operation of sub-section 52(1) was limited to exclude material because it was defamatory, not only newspaper publishers, but all corporations would be exonerated. Such a proposition would severely restrict the broad generality of sub-section 52(1) which has been emphasised by the High Court on more than one occasion."

The Government consequently scrapped its proposal. However, the proposal has now been replaced by a new section of the Act which would exonerate all information providers from the operation of Section 52 except insofar as they publish information about their own wares, for example, a newspaper publishing false information concerning its own circulation figures, or insofar as they publish information which is the result of a commercial association between the person whose wares are commented upon and the newspaper making the comment, for example, where what appears to be the newspaper's own commentary upon the merits of a new

⁵⁷ *Australian Ocean Line Pty. Ltd. v. Western Australian Newspapers* (1983) ATPR 40-349.

⁵⁸ The Trade Practices Act—Proposals for Change, Canberra, February 1984.

⁵⁹ *Global Sportsman Pty. Ltd. & Anor. v. Mirror Newspapers Ltd. & Anor.* (1984) ATPR 40-463.

⁵⁶ *McWilliams Wines Pty. Ltd. v. McDonald's System of Australia Pty. Ltd.* (1980) ATPR 40-188.

motor car was in fact inspired by a contra-deal whereby the motor car manufacturer purchases a certain amount of advertising in the newspaper.

I foresee great difficulties confronting applicants in such situations because when they read their newspapers they are not to know whether what they are reading constitutes the newspaper's own statement or a statement inspired by a commercial deal. In the one case there would be no remedy if what was published was misleading or deceptive and in the other case there would.

Another proposal called for a general prohibition against unconscionable conduct relating to contracts or proposed contracts. The Government has rejected a view that Section 52 should be extended so as to prohibit conduct that is unfair in addition to conduct which is misleading or deceptive or likely to mislead and deceive but has opted for a far more detailed proposal which will prevent the making or variation of contracts in a manner that would be unconscionable and which would prevent any such conduct in relation

to a contract or proposed contract, whether or not the person engaging in the conduct was a party or proposed party to the contract. The proposal would also set out a lengthy shopping list of criteria to be considered by the Court in reaching a conclusion whether or not the conduct could be said to have been unconscionable.

This proposal was met with heated debate. On the one view there should be no attempt to proscribe unconscionable conduct at all and on the other there is the view that there should be a relatively simple prohibition of unconscionable conduct in relation to consumers, that is to say, the criteria should not be whether or not a contract or proposed contract is involved but whether or not the relationship of supplier and consumer is present. There is also a strong view amongst lawyers that it should be left to the Courts to determine on the facts of each case whether or not conduct is unconscionable rather than for a welter of statutory guidance to be examined in each and every case. Perhaps lawyers place more trust in the good sense and judgment of judges than do legislators.

WIPO Meetings

WIPO Meetings

(Not all WIPO meetings are listed. Dates are subject to possible change.)

1985

November 4 to 30 (Plovdiv) — WIPO/Bulgaria: World Exhibition of Young Inventors and International Seminar on Inventiveness for Development Purposes (November 12 to 15)

November 18 to 22 (Geneva) — Permanent Committee on Patent Information (PCPI): Working Groups on Special Questions and on Planning

November 25 to December 6 (Geneva) — Permanent Committee on Patent Information (PCPI): Working Group on Search Information

November 26 to 29 (Geneva) — Committee of Experts on Intellectual Property in Respect of Integrated Circuits

December 2 to 6 (Paris) — Committee of Governmental Experts on Model Provisions for National Laws on Publishing Contracts for Literary Works (convened jointly with Unesco)

December 3 to 6 (Geneva) — Permanent Committee for Development Cooperation Related to Industrial Property

December 11 to 13 (Geneva) — Committee of Experts on the International Registration of Marks

UPOV Meetings

1985

November 12 and 13 (Geneva) — Technical Committee

November 14 and 15 (Geneva) — Administrative and Legal Committee

Other Meetings Concerned with Industrial Property

1986

January 14 to 17 (Munich) — European Patent Organisation: Administrative Council

March 14 (London) — Pharmaceutical Trade Marks Group: 32nd General Assembly

June 1 to 4 (San Diego) — The United States Trademark Association: Annual Meeting

June 8 to 13 (London) — International Association for the Protection of Industrial Property: XXXIII Congress

