

Locutus

THE NEWSLETTER OF INTELLECTUAL PROPERTY LAW, STATUTORY DECEPTIVE
CONDUCT AND FRANCHISING LAW.

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Trade Marks

Bavaria NV v Bayerischer Brauerbund eV [2009] FCA 428

Opposition to registration of composite trade mark in respect of beer and other beverages.

Trade mark includes the word BAVARIA, three references to "Holland" and a number of non-word elements.

Issues: whether trade mark capable of distinguishing applicant's goods, whether trade mark inherently adapted to distinguish, whether use of trade mark would be likely to deceive or cause confusion or be contrary to law. Also whether trade mark contains or consists of a sign that is a geographical indication, whether defence in s 61(2)(c) available and whether there is discretion in s 55 of the Act to refuse registration of a trade mark where no ground of opposition is made out. Evidence that Australian consumers would not draw a link between the word "Bavaria" and the German State as the origin of the beer and that Australian consumers would not think that the applicant's beer has characteristics attributable to a Bavarian origin.

Assessing composite mark: necessary to look at the whole trade mark in context, including the size and prominence of the words, where they appear and the material surrounding the words. In assessing the impact of the various elements of the trade mark as judged by the eye, factors such as the relative size of the letters and the prominence of the words are of importance. Well-established that the impression conveyed by the whole of the mark must be considered. However, prominent a single word may be, the whole trade mark must be considered. Different considerations apply to a word mark and a mark that includes a distinctive geometric device, so that even though words may be deceptively similar, the rendition of a particular device may take the trade mark outside of deceptive similarity (Crazy Ron's [96]-[99] and [103]). There each case must be considered on its own facts and

each trade mark evaluated.

Whether a word constitutes an essential feature of a composite mark is determined by the overall impression of the mark and the prominence and character of the word in question, as well as other words and devices present. The totality of the device mark must be considered (*Sports Cafe Ltd v Registrar of Trade Marks* (1998) 42 IPR 552). That is, the visual form of presentation may render two marks different.

Abbreviations: there was evidence of how consumers used the mark. Held: *it is the trade mark that is the subject of opposition and I do not accept that the fact of such usage of itself determines the predominant elements of the mark... while a trade mark consisting of words and devices may be shortened to words, that does not mean that other words and devices are eliminated from consideration or that the consumer rejects them, ignores them, or fails to recall them.*

S.41: *“The use of the word “Bavaria” by a number of breweries suggests that the word alone is not intended to be used to distinguish the goods or services of any particular brewery. Rather, other traders who wish to use the word “Bavaria” would rely on differentiating features, such as other words, devices and symbols, to distinguish their goods. The features of the trade mark other than BAVARIA cannot simply be dismissed as “window-dressing”.*

This case is not about whether Bavaria NV can register a trade mark for the word “Bavaria”. It is whether the trade mark, which contains BAVARIA, is capable of distinguishing Bavaria NV’s goods from those of other traders, including traders who sell beer from Bavaria. On the assumption that traders of beer from Bavaria may wish to use “Bavaria” on their labels or in their trade marks, the way to distinguish their goods is to create a distinctive trade mark or label by the use of other words and devices. Bavaria NV has utilised the Swinkels family crest and other devices, repeated references to “Holland” and the prominent placing of HOLLAND below BAVARIA to draw attention to the fact that BAVARIA HOLLAND BEER is a specific product, the source of which is Lieshout, Holland. Although the matter is not without difficulty, I have come to the view that the trade mark is inherently adapted to distinguish Bavaria NV’s goods. Accordingly, the ground of opposition based on s 41 of the Act is not made out.”

S.43: *“The evidence is insufficient to establish that the Australian consumer is aware of the characteristics of Bavarian-brewed beer or would be confused or deceived by the trade mark to think that Bavaria NV’s product has certain characteristics attributable to a Bavarian origin or that the product does not, in fact, possess such characteristics. Accordingly, the ground of opposition under s 43 of the Act does not succeed.”*

S.42: *The question is whether, by use of the trade mark, there would be a contravention of the Trade Practices Act by a representation that, in all the circumstances, is made by Bavaria NV to a hypothetical ordinary and reasonable member of the class constituted by prospective purchasers of beerDoes the trade mark represent that the Bavaria NV beer originates in Bavaria or that it has a quality, reputation or other characteristic attributable to beer brewed in Bavaria? It follows from my conclusions with respect to s 43 of the Act that BBA has not established a contravention of s 52 or s 53 of the Trade Practices Act. Accordingly, the ground of opposition under s 42(b) of the Act is not made out.*

S.61: *If BBA were otherwise entitled to succeed on the ground of opposition provided for in s 61 of the Act, this ground of opposition would fail by the application of s 61(2)(c).*

SS 55 & 59: "BBA says that there are several reasons why the Court should exercise this discretion in BBA's favour. First, BBA says that the evidence of Mr Petrus Swinkels and the change of label demonstrate that Bavaria NV no longer has any intention to use the trade mark and that the alterations to the features and words in the present label make that clear. Under s 59 of the Act, the registration of a trade mark may be opposed on the ground that the applicant does not intend to use or to authorise the use of the trade mark in Australia and BBA submits that s 59 of the Act imposes a continuing obligation of intention to use a mark. Secondly, BBA submits that the Court should exercise its discretion to refuse registration because of Bavaria NV's conduct in using the ® symbol on its products when the labels are not, in fact, registered trade marks.

BBA relies on the evidence of Mr Petrus Swinkels that Bavaria NV changes the label for its beer every five to ten years and that its present label is different from the trade mark. There is evidence of use of the trade mark and the subsequent change of label, from which an absence of intention to use the trade mark in the future could be inferred. There is little evidence available concerning Bavaria NV's intention to use the trade mark as at the priority date or as at the hearing. This is understandable as there was no issue directed to that question in the pleadings. No lack of intention to use the trade mark as at the priority date has been established. BBA submits that there remains a discretionary factor arising from the fact that the label was changed in or around 2006. It seeks to draw an inference that this establishes a lack of intention to use as at 2006 and a lack of use and intended use as at the date of hearing. I am not prepared to draw those inferences in the absence of an opportunity to Bavaria NV to provide evidence. The evidence does not go so far as to say that, once a label is changed, a previous label is never to be used. Nor does it address the question of possible future use of the trade mark if it were registered.

There was no ground of opposition based on s 59 before the Registrar, nor was it foreshadowed in the grounds of opposition in these proceedings. Bavaria NV claims that it would be prejudiced if BBA were entitled to pursue this ground of opposition and that it could have but did not adduce evidence directed to it.

I accept that this be the case. I do not consider that BBA should be entitled to raise this ground of opposition, directly or indirectly, in these proceedings.

As to BBA's submissions regarding Bavaria NV's use of the ® symbol on its labels, BBA says that this constitutes use of a mark that is calculated to mislead. As this matter was raised only at the hearing, Bavaria NV has not had an opportunity to adduce evidence to explain how this mistake happened. There is no evidence that any such use was calculated to mislead. I am not satisfied that this action is sufficient to deny registration in the absence of evidence as to the circumstances or an opportunity to explain how it occurred."

Jemella Australia Pty Ltd v Boutcher [2009] FCA 376

Held infringement by importation of counterfeit items.

Default on appearance by respondent – where respondent has filed defence and evidence in support – whether appropriate to order judgment in default or proceed to trial – applicant’s election to lead evidence on the trial held to be preferable course

Confidential Information

Lynx Engineering Consultants Pty Ltd v The ANI Corporation Limited trading as ANI Bradken Rail Transportation Group (No 2) [2009] FCA 363

Application to strike out statement of claim & application for summary judgment.

Issue: whether pleadings disclose reasonable cause of action; whether confidential information precisely identified in pleadings; whether breach of confidential information adequately pleaded.

Need for precision: *“The complaint of the respondents is that the Lynx pleading does not identify either: the information that is alleged to be confidential in the documents which are alleged to constitute the Lynx Confidential Information; or the subset of that information which is alleged to have been misused or disclosed by Bradken. Precision is required to identify the confidential information, the copyright and then, in each instance, the breach. The need for precision does not preclude the possibility of proof of a breach by inference. But there must at least be precision in identification of what it is that constitutes the breach. Clearly most applicants cannot give chapter and verse of precisely when, how and by whom a breach was committed. But what constitutes the breach must be identified. In Retractable Technologies Inc v Occupational and Medical Innovations [2007] FCA 545; (2007) 72 IPR 58, Greenwood J said at [90]: In seeking the court’s intervention to restrain use of confidential information it is essential that the applicant demonstrate with precision the information said to be confidential and the content of use sought to be attached. Assertions of confidentiality at high levels of abstraction will not establish a basis for relief against a discloser. In the case of an innocent third party who simply seeks reliance upon a contract struck without notice of a relationship of confidentiality between the primary discloser and any other party or breach, the requirement for precision is even more acute. The starting point is the identification of the relevant confidential information:a global claim for protection will not be sufficient. The party asserting confidentiality must be able to identify some particular pieces of information and show that they were confidential or that an obligation of confidence had arisen in respect to them.*

Held: Each statement of claim will be struck out with liberty to re-plead within six weeks. The applications are otherwise dismissed.

Copyright

IceTV Pty Limited v Nine Network Australia Pty Limited [2009] HCA 14 (22 April 2009)

This appeal arose out of proceedings brought by Nine in the Federal Court of Australia against IceTV and IceTV Holdings for infringement of copyright. Relevantly to this appeal Nine alleged at trial, on appeal to a Full Court of the Federal Court of Australia and on the first day of hearing in this Court

that: each Weekly Schedule was a "compilation" and therefore a "literary work", within the meaning of s 10(1) of the Copyright Act 1968 (Cth); each was an "original" literary work, in which copyright subsisted, within the meaning of s 32 of the Act; Nine was the owner of that copyright; and IceTV infringed that copyright by taking part of the time and title information from the Aggregated Guides and including it in the IceGuide, as this constituted a reproduction in a material form of a "substantial part" of the copyright work, within the meaning of s 14(1)(b) of the Act. The claims involved alleged reproduction of time and title information week by week.

IceTV and IceTV Holdings accepted that copyright subsisted in each Weekly Schedule as an original literary work. However, they denied that IceTV had reproduced, in a material form, a substantial part of any Weekly Schedule in issue and denied that reproduction from any Aggregated Guide was a reproduction of any Weekly Schedule.

The principal question raised by this appeal was whether Nine can obtain relief for copyright infringement arising from the reproduction of individual items of information, part of the time and title information, in respect of various programmes contained in the Weekly Schedules.

Reasoning of FRENCH CJ, CRENNAN AND KIEFEL JJ.

- a) generally speaking, no copyright could be claimed in a programme title alone and the time at which a programme will be broadcast is a single item of quotidian information;
- b) Copyright does not protect facts or information;
- c) Copyright is not given to reward work distinct from the production of a particular form of expression;
- d) There has been a long held assumption in copyright law that "authorship" and "original work" are correlatives, the legislation does not impose double conditions;
- e) A Weekly Schedule (and the Nine Database) contains both "information" and "creative" material. The material may have been confidential before being provided to the Aggregators or released to the public. For the purposes of copyright law, that confidentiality does not matter. In terms of the distinction between information and creative material, the time and title information is information about Nine's intended future conduct. It is, however, contained within a whole, a collocation (ie the Weekly Schedule or the Nine Database), which also contains creative material such as the synopses of programmes to be broadcast;
- f) where the part reproduced did not originate with the author, so that the author would not have copyright in the part standing alone, the part reproduced will not be a substantial part. Here, however, the predetermination of future broadcasts was done by employees of Nine, at least some of whom may be the authors of the works in suit. For that reason, it cannot be said that the part reproduced did not originate with the author or authors of the works in suit;

- g) the fact that a part reproduced originates from the author (as here) does not, of itself, mean that it is necessarily a substantial part of the whole work. In Autodesk [No 2], though the whole of a computer program originated from the author, Mason CJ (in dissent) considered that reproducing part of the program containing data may not be reproduction of a substantial part because it "may conceivably be akin to the reproduction of the material simpliciter in a table or compilation or the reproduction of something that is itself largely unoriginal";
- h) The Weekly Schedule (and the Nine Database) as a whole involves orderly arrangement of its various elements and the evidence showed choices were made about what programmes were included or excluded. As a whole, it is an original (ie not copied) collocation of both information and creative material;
- i) the expression of the time and title information, in respect of each programme, is not a form of expression which requires particular mental effort or exertion. The way in which the information can be conveyed is very limited. Expressing a title of a programme to be broadcast merely requires knowledge of the title, generally bestowed by the producer of the programme rather than by a broadcaster of it. Expressing the time at which a programme is broadcast, for public consumption, can only practically be done in words or figures relating to a 12 or 24-hour time cycle for a day. The authors of the Weekly Schedule (or the Nine Database) had little, if any, choice in the particular form of expression adopted, as that expression was essentially dictated by the nature of the information. That expression lacks the requisite originality (in the sense explained) for the part to constitute a substantial part.
- j) Whether a selection or arrangement of elements constitutes a substantial part of a work depends on the degree of originality of that selection or arrangement. In this case, a chronological arrangement of times at which programmes will be broadcast is obvious and prosaic, and plainly lacks the requisite originality;
- k) The above considerations lead to the conclusion that the part of the Weekly Schedule (or the Nine Database) alleged to have been reproduced was not a substantial part.

The skill and labour Issue.

Substance: *"It may be that too much has been made, in the context of subsistence, of the kind of skill and labour which must be expended by an author for a work to be an "original" work. The requirement of the Act is only that the work originates with an author or joint authors from some independent intellectual effort. Be that as it may, as noted previously, since the subsistence of copyright need not be considered in this appeal, the relevance of skill and labour to that inquiry need not be considered further."*

Infringement: the determination of whether a part reproduced is a "substantial part", a matter often referred to is whether there has been an "appropriation" of the author's skill and labour. *"The Act mandates an inquiry into the substantiality of the part of the work which is reproduced. A critical question is the degree of originality of the particular form of expression*

of the part. Consideration of the skill and labour expended by the author of a work may assist in addressing that question: that the creation of a work required skill and labour may indicate that the particular form of expression adopted was highly original. However, focussing on the "appropriation" of the author's skill and labour must not be allowed to distract from the inquiry mandated by the Act. To put aside the particular form of expression can cause difficulties, as evidenced by Desktop Marketing Systems Pty Ltd v Telstra Corporation Ltd[81].

It is not seriously in dispute that skill and labour was expended on producing the Weekly Schedules (and the Nine Database). The evidence disclosed considerable skill and labour involved in programming decisions. There was a contest about whether it mattered if some of the skill and labour expended was directed to business considerations[82]. Plainly, the skill and labour was highly relevant to matters such as advertising revenue. It is not difficult to understand that questions of the timing of particular broadcasts are crucial for advertising revenues. The fact that business considerations inform the decision to adopt a particular form of expression will not necessarily detract from the originality of that form of expression.

However, the critical question is whether skill and labour was directed to the particular form of expression of the time and title information, including its chronological arrangement. The skill and labour devoted by Nine's employees to programming decisions was not directed to the originality of the particular form of expression of the time and title information. The level of skill and labour required to express the time and title information was minimal[83]. That is not surprising, given that, as explained above, the particular form of expression of the time and title information is essentially dictated by the nature of that information.

Reasoning of GUMMOW, HAYNE AND HEYDON JJ.

- a) the purpose of a copyright law respecting original works is to balance the public interest in promoting the encouragement of "literary", "dramatic", "musical" and "artistic works", as defined, by providing a just reward for the creator, with the public interest in maintaining a robust public domain in which further works are produced;
- b) The subject matter of the Act now extends well beyond the traditional categories of original works of authorship but the essential source of original works remains the activities of authors;
- c) copyright does not subsist in a work unless and until the work takes some material form, so that protection "does not extend to the ideas or information contained in the work and a balance is struck between the interests of authors and those of society in free and open communication;
- d) A generally expressed admission or concession by one party to an infringement action of subsistence of and title to copyright may not overcome the need for attention to these requirements when dealing with the issues immediately in dispute in that action. This litigation provides an example. The exclusive rights

comprised in the copyright in an original work subsist by reason of the relevant fixation of the original work of the author in a material form. To proceed without identifying the work in suit and without informing the enquiry by identifying the author and the relevant time of making or first publication, may cause the formulation of the issues presented to the court to go awry. It may be noted that the presence or absence of evidence on these matters has been held significant in several of the leading authorities on compilations;

- e) Need to emphasis the dangers when applying the Act of adopting the rhetoric of "appropriation" of "skill and labour". A finding that one party has "appropriated" skill and labour, of itself, is not determinative of the issue of infringement of a copyright work. The Act does not provide for any general doctrine of "misappropriation" and does not afford protection to skill and labour alone. *"In the present case, the alleged infringement was identified in the reproduction of a substantial part of the relevant copyright "work" (ss 36(1), 31(1)(a)). To speak of the "appropriation" of "Nine's skill and labour", rather than attending to the relevant "original" work of the author or authors, was to take a fundamental departure from the text and structure of the Act. In particular, while s 35(6) might have produced the consequence that Nine was the relevant copyright owner after identification of the relevant "author" or "authors", notions of the "skill and labour" of Nine were irrelevant to the existence of its title to the copyright and to the assessment of "substantial part". "*
- f) *The requirement in s 29(2) of the Act for publication by reproduction of the whole work is significant. The presence of catalogue codes in the Nine Database, but not the Weekly Schedule, points, when assessing infringement, against the former being the same compilation work as the latter. Further, assuming the Nine Database and the Weekly Schedule to be distinct literary works, questions inevitably arise as to whether the author of the latter would be identified with the author of the former and whether the requisite "originality" of each might differ in the assessment of infringement.*

In this respect, the absence of evidence of the structure and manner of operation of the Nine Database becomes significant. There was evidence that Mr Forrest and Mr Holman were each involved in transposing information into the Nine Database.

However, the evidence did not indicate how the Nine Database operated to select, arrange and present that information into the "Excel" and "text" format of the Weekly Schedule (step six), or who was responsible for designing the Nine Database so as to achieve that function.

Further, while the evidence described the giving of access to information in the Nine Database ("dumping") as enabling persons with this access to view or in some cases modify the proposed programme schedule (step five), there was no evidence about

how the information in the Nine Database came to be assembled in the way it was when those persons viewed it or sought to modify it. Nor was there evidence about who it was who decided that information should be assembled in this way.

*The relevant issues which this situation presents are elucidated by Professor Davison in his work *The Legal Protection of Databases*[165] as follows:*

"There is some argument that some databases do not have authors in the copyright sense. This argument is based on the proposition that electronic databases are arranged automatically by the computer program ... The operator may simply key in the data in an indiscriminating manner or insert data that are already in digital form, and the data may be organised by the computer program. There may be no originality associated with the selection of the data included in the database, particularly if the selection consists of all the available material relating to a particular topic. It could be further argued that, as the arrangement has occurred automatically as a consequence of the operation of the computer program that manipulates the data, the supposed author of the database has not in fact authored it."

- l) On the assumption that the Weekly Schedule was "the same work" as the Nine Database, the Court should accept the submission by Ice that the originality of the compilation being the Weekly Schedule lay not in the provision of time and title information, but in the selection and presentation of that information together with additional programme information and synopses, to produce a composite whole;
- m) *The proposition that in a case such as the present one looks to the literary originality of what IceTV copied, rather than to the Weekly Schedule as a whole, in answering the question whether IceTV reproduced a substantial part of the Weekly Schedule, shifts consideration to an extraneous issue. This is whether what the primary judge called the "slivers" of information may themselves be classified as original literary works. The issue requiring the comparison between what was taken and the whole of the work in suit may be distorted by a meditation, inspired by *Desktop Marketing*[176], upon the protection given by the Act against misappropriation of any investment of skill and labour by the author. In the present case, the temptation then is to classify the slivers each as original literary works. An important proposition may be overlooked. This is that the statutory requirement that the part of a work taken must be substantial assumes there may be some measure of legitimate appropriation of that investment.*
- n) *The proposition that the Court should look to "the interest" which the copyright protects invites processes of reasoning to which there applies the warning by Judge Learned Hand in *Nichols v Universal Pictures Corporation*[178]. This is to the effect that the more remote the level of abstraction of the "interest", the greater the risk of protecting the "ideas" of the author rather than their fixed expression. That risk appears to have been realised in the reasoning of the Full Court.*

The Full Court approached the issue of substantiality at too high a level of abstraction, and

in doing so tipped the balance too far against the interest of viewers of digital free to air television in the dissemination by means of new technology of programme listings. The Full Court did so by treating the issue of substantiality as dominated by an "interest" in the protection of Nine against perceived competition by Ice.

The Full Court emphasised the apparent commercial value of the time and title information in the conduct of the business of the Nine Network. On the one hand, the time and title information was a "central element of [Nine's] business as a television broadcaster" while the synopses and additional programme information were of little or no value, whether commercially or as a repository of programming information[179]. Moreover, Nine and Ice were "competitors in the sense that each was seeking to derive profit from the dissemination of the time and title information"[180].

The Act operates in the general legal milieu. Section 9(3) recognises this in specifying that the statute does not affect the operation of the law relating to breaches of confidence. No litigation alleging breach of confidence could successfully have protected the time and title information at any rate after it left the control of Nine and reached the Aggregators. None was attempted. To the contrary, the Digital Alliance submitted that this litigation was an attempt to use the copyright law to control the further dissemination of information after it had reached the public domain.

- o) Their Honours reviewed the actual steps taken by Ice and concluded: “ *When the issue of substantiality is approached in the manner indicated in these reasons, it is apparent that the primary judge reached the correct result and that this should not have been disturbed. Ice also emphasised that the time and title information appearing in the Weekly Schedule was "decompiled" into the very different form of the Aggregated Guides, and that IceTV derived the time and title information through that medium, rather than directly from the Weekly Schedule. Given the above conclusion respecting the issue of substantiality, it is unnecessary to determine whether the fact of so-called "indirect copying" by IceTV prevented there being a "reproduction" of the Weekly Schedule. One final point should be made. This concerns the submission by the Digital Alliance that this Court consider the Full Court's decision in Desktop Marketing[196] and, to the contrary of Desktop Marketing, affirm that there must be "creative spark"[197] or exercise of "skill and judgment"[198] before a work is sufficiently "original" for the subsistence of copyright. It is by no means apparent that the law even before the 1911 Act was to any different effect to that for which the Digital Alliance contends. It may be that the reasoning in Desktop Marketing with respect to compilations is out of line with the understanding of copyright law over many years. These reasons explain the need to treat with some caution the emphasis in Desktop Marketing upon "labour and expense" per se and upon misappropriation. However, in the light of the admission of Ice that the Weekly Schedule was an original literary work, this is not an appropriate occasion to take any further the subject of originality in copyright works.*

And finally...

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