

# Locutus

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

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Welcome to Locutus

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Locutus is a newsletter of current news, recent cases, and practice decisions. It is authored by Carmen Champion Barrister-at-Law.

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## CONFIDENTIAL INFORMATION

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### **Optus Networks Pty Ltd (ACN 008 570 330) v Telstra Corporation Ltd (ACN 051 775 556) [2010] FCAFC 21**

Issue: confidential information defined in agreement between parties – whether concurrent equitable obligations exist.

The primary judge had upheld Optus' claim in contract but had dismissed its claims in equity and under s 51AA of the *Trade Practices Act*. *Optus Networks Ltd v Telstra Corporation Ltd (No 3)* [2009] FCA 728.

Applicant's concern was that in its contract claim, its pecuniary remedy is limited to damages: *Hospitality Group Pty Ltd v Australian Rugby Union Ltd* [2001] FCA 1040; (2001) 110 FCR 157 at [158]- [159]. By contrast, in respect of a successful claim in equity, an account of profits would be available.

Held: *In our view the issue raised by the application for leave, and by the appeal if leave be granted, is whether by the Access Agreement the parties have excluded equitable obligations of confidence. It is true, as the primary judge said, that "Confidential Information" is defined in an exhaustive fashion ("means"). However, we do not see that as indicating an intention to exclude equitable obligations. All the parties have done by their definition is codify what is to be treated as confidential information for the purposes of their contract.*

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## Trade Marks

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**Nature's Blend Pty Ltd (ACN 126 406 488) v Nestle Australia Ltd (ACN 000 011 316) [2010] FCA 198**

Issue: descriptive words used alongside registered marks. Whether words appeared to consumers as possessing character of a brand.

The applicants propound three causes of action: trade mark infringement under the Act, the tort of passing off and misleading and deceptive conduct under the *Trade Practices Act 1974 (Cth)*.

The parties agreed that the alleged infringing conduct first occurred in May 2007. The respondent successfully objected to evidence of the applicants' business activities **after** this date on the grounds of relevance. The applicants accepted that, in respect of the passing off claim, the relevant date on which to assess the claim was May 2007. However, with respect to the trade practices claim, the applicants submitted that because the conduct complained of was continuing, or at least continued for some time after May 2007, the Court should consider evidence of the applicants' business activities after this date.

Held: that the applicable date for the trade practices claim was May 2007. Sundberg J said: *In my view the case law is clear: although a court may consider evidence after the relevant date for the purpose of relief, it may not do so in relation to liability. See Thai World Import & Co Ltd v Shuey Shing Pty Ltd (1989) 17 IPR 289 at 302 and Health World Ltd v Shin-Sun Australia Pty Ltd [2008] FCA 100; (2008) 75 IPR 478 at [76]. As this hearing concerned only the issue of liability, evidence as to the applicants' business after May 2007 was not relevant.*

Held: *First, the word 'luscious' is descriptive and is intended to convey to consumers a laudatory, perhaps even humorous, description of such of the respondent's confectionary contained in the Retro Party Mix Product which are shaped as lips, in the same way that the expression 'cool Cola Bottles' or 'yummy Honey flavoured Bears' provides a laudatory description of confectionary in the product that are shaped like cola bottles and bears respectively. It may be the case that some consumers would not read the marketing narration on the back of the pack at all. However, for those consumers who took the time to do so, my impression is that they would have taken 'luscious Lips' as essentially a humorous way to describe the products contents, not as a badge of origin. See Johnson & Johnson Australia Pty Limited [1991] FCA 310; 30 FCR 326.*

*Second, the effect of the words 'luscious Lips' on consumers is diluted by the prominence of the well known mark 'ALLEN'S' on both the front and back of the packaging, along with the mark 'NESTLE' appearing on the back of the packaging. These two registered marks perform the role of distinguishing the respondent's confectionary from that of others. In addition, the product name 'RETRO PARTY MIX' appears in large font on the front and the back of the product. I accept that, in some circumstances, there may be trade mark use despite other marks appearing on the product: see Anheuser-Busch, Inc [2002] FCA 390; 56 IPR 182. However, in my view, this case is distinguishable from that type of case. In Anheuser-Busch, Inc [2002] FCA 390; 56 IPR 182 the infringing mark 'Budweiser' was the most prominent word on the label. That is not the case here. In this case, the registered marks 'ALLEN'S', and to a lesser extent 'NESTLE', are prominent especially when contrasted with the positioning and use of the words 'luscious Lips'. See Chocolaterie Guylian NV 258 ALR 545.*

### **Mantra Group Pty Ltd v Taily Pty Ltd (No 2) [2010] FCA 291**

Issue: Did the respondents use the sign as a trademark? – Consideration of how the internet operates – Use by the respondents of words either substantially identical with or deceptively similar to registered trade mark in domain names and on websites – Whether use of the sign is use as a ‘badge of origin’. Did the respondents use the sign in good faith to indicate the geographical origin of the accommodation services it was offering? –Have the words comprising the Applicants’ trade mark become generally accepted within the relevant trade as the sign that describes or is the name of the apartment complex? – Consideration of what is meant by ‘relevant trade’ and ‘the name of an article’

### **AB SCA Finans and SCA Hygiene Australasia Pty Limited v Sorbies Pty Ltd [2010] ATMO 19 (26 February 2010)**

A reminder that “*when considering proprietorship it is important to remember that there is no proprietorship in a mark per se. Under the common law "property in a trade-mark is ... the right to the exclusive use of some mark, name or symbol in connection with a particular manufacture or vendible commodity.....The position is no different under the Trade Marks Act."*

Considered exercise of discretion under section 101(1). Said: *in the recent decision in Pioneer Computers Australia Pty Ltd v Pioneer KK [2009] FCA 135 (23 February 2009), Bennett, J said: The discretion under s.101(3) is a broad discretion to decide not to remove a trade mark from the Register or not to carve out some of the goods and services for which the mark is registered, even if s.92 grounds have been made out, if the Court is satisfied that it is reasonable to do so. Irrespective of the lack of use of the trade marks on the removal goods and the removal services in the relevant period, there is a discretion not to alter the registrations. Further, in Kowa Company[4] at [98], Lander J rejected the submission that a party seeking the exercise of the discretion needs to show “exceptional circumstances”. In E & J Gallo at [198], Flick J agreed with Lander J that there is no requirement to establish exceptional circumstances. With respect, I also agree with Lander J that there is no warrant to read a requirement for exceptional circumstances into s.101 (3).*

### **Adidas International Marketing B.V. v Chen Yong Mei [2010] ATMO 15 (17 February 2010)**

Concerned with lack of intention to use (s.59). Applied the following principles:

- a) Section 59 refers to a continuing or current intention to use the trade mark. [
- b) The act of filing of a trade mark application is prima facie evidence of intent to use the mark.
- c) The onus is on the opponent to establish a prima facie case of lack of intention to use. If such a case is established, the onus is then on the applicant or holder to refute the opponent's claims.
- d) An inference can be drawn to indicate a lack of intention to use.
- e) Delegates of the Registrar have found a lack of intention to use may be inferred from: a history of failed attempts to communicate with the applicant.
- f) The applicant provides an incorrect or incomplete address on the application, or the applicant moves from the address provided on the application and failing to inform the Registrar of its current address.

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## DESIGNS

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### **Rosemin Pty Ltd v Gasp Jeans Chadstone Pty Ltd [2010] FCA 228**

Catchwords: DESIGN – copying – infringement of registered design under s 71 of the Designs Act 2003 (Cth) – cross-claim – revocation due to prior publication

### **Craige Jonathan Henrick v Richard Eaton Taplin and Craige Jonathan Henrick [2009] ADO 1 (1 October 2009)**

Designs 303779, 303780 and 303781 were filed on 10 May 2005 in the names of Richard Eacon Taplin and Craige Jonathan Henrick, who were also named as the designers.

On 16 October 2008, Craige Jonathan Henrick made a request for revocation in respect of all three designs on grounds relating to entitled persons under section 51 of the Designs Act 2003 (the Act). The hearing officer referred to the single case to have so far considered section 13 of the Act, Allen Hardware Products Pty Ltd v Tclip Pty Ltd. In that case the Commissioner's delegate wrote: *In my opinion, the principles relating to inventorship under the Patents Act 1990 apply generally to designship under the Designs Act 2003. Both involve activities of original creativity. Both involve situations where multiple people can be involved in the creative exercise. And both require devolution of title from the creator of the work to the person obtaining the legal monopoly right.*

The hearing officer considered that this passage should be read narrowly. He said: *“Clearly, there will be instances where the parties who fully conceived of an invention are not the same parties who reduced it to its embodiment or rendered the final aesthetic qualities of that embodiment. Those are the questions which deserve closer consideration in this case.”*

In the Allen Hardware case, the delegate applied to the determination of ownership of the designs the Row Weeder ‘test’ by asking whether the material allegedly divulged in confidence by one party to the other had “a material effect on the final concept” of the design.[6]

The hearing officer concluded: *“Primarily, then, it is the author of the design who is the proprietor and who is entitled to apply for registration. The actual designer is the author, i.e. the author is the person who conceives the idea or invents it, and gives visible expression to it with his hands, e.g. by drawing or by making a model. The person who is, in this way, responsible for the novelty is the author. In order to be the author a man need not, however, work out every detail in its final form. If he conceives the features and reduces them to visible form he will be the author, even though he instructs someone else to give the finishing touches, and actually to embody the design in its precise form. If, however, the instructions are such that the person who is to carry them out might, in accordance with them, produce a number of different designs, and he contributes the only features which give novelty to the design over the prior art, then that person will be really responsible for evolving the design, and he will be the author to the exclusion of his instructor.”*

Directed that the Register be amended in relation to each of registration numbers 303779, 303780 and 303781 so that the name of Richard Eacon Taplin is corrected to read Richard Eaton Taplin.

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## PATENTS

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### **Arbitron v Telecontrol Aktiengesellschaft [2010] FCA 302**

Patent for a “method and system for recognition of broadcast segments” – construction of claims – whether claims should be construed narrowly by reference to body of specification – validity – divisional patent – whether claims are fairly based on specification – novelty – whether claims are anticipated by patents for a “speech signal processing method” or “vocoder system of a kind for transmitting a voice signal from a transmitter to a receiver” – inventive step – whether claims are obvious. whether invention claimed is the same as the invention claimed in grandparent patent as per s 64(2) of the Patents Act 1990 (Cth) – whether contravention of that provision is a ground for revocation under s 138 of the Patents Act 1990 (Cth) – whether patentee not entitled to the Patent as per s 138 – whether contravention is a basis upon which the Court may make an order removing the patent from the Register of Patents under s 192 of the Patents Act 1990 (Cth) – whether entry of patent in Register was made without sufficient cause or whether entry is wrongly existing

Infringement – purportedly infringing device is a system for audience research where participants wear wrist devices that receive signal broadcast through the air – whether impugned device infringes integers of patent

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## SECTION 52 OF TRADE PRACTICES ACT 1974 (CTH)

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### **Granitgard Pty Ltd ACN 007 427 590 v Termicide Pest Control Pty Ltd ACN 093 837 337 (No 5) [2010] FCA 313**

Misleading or deceptive conduct - Passing on of information supplied by someone else - Whether company adopts statements of another through display on website - Where company neither expressly adopts nor expressly disclaims those statements - Held an objective assessment should be made of whether the company adopts such statements - Held in absence of own language, company cannot have been taken to have adopted the statements - *Trade Practices Act 1974 (Cth)*, ss 51A, 52 and 53. *Prima facie, what Termicide has done is to relay to the world at large, or at least to those inquisitive about its product and system, an opinion that the CSIRO chose to give, namely that the Termiglass Termite Barrier System will satisfy the 2000 Standard and was a suitable physical barrier. This impression as to the relaying of an opinion is reinforced by the bold type reference to “Technical Assessment 313” for which Termicide was nothing more than an applicant, that status also appearing in bold type.*

And finally...

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