

[2] PASSING OFF & s 18 ACL

MISLEADING & DECEPTIVE CONDUCT

- Statutory cause of action
- *s 18 ACL* cast in same terms as old *s 52 TPA*

s 18 ACL

A person must not, in trade/commerce, engage in conduct that is misleading/deceptive or is likely to mislead/deceive

Shanahan's Law of Trade Marks & Passing Off (2012)

- *s 18 ACL* not confined to conduct directed to general/identifiable section of public
- The conduct may have involved a statement made solely to one person, who need not even have been a customer/prospective customer of the person making the statement
- But where the basis of the complaint is *labelling/advertising*, it will be necessary, *as in passing off*, to ascertain the **particular section** of the **public** that it will *influence*

PASSING OFF

- Post-introduction of TM system, passing off served to **protect unregistrable TMs**
- No man can represent/pass off his goods as those of another
- Passing-off is concerned with **MISREPRESENTATION** made by one trader which **damages the goodwill** of another trader [*Christoper Wadlow*]
- Rationale = promote commercial honesty
- CL = pragmatic, responds to changes in trade + commerce, to protect below interests

Hogan v Pacific Dunlop

Within passing off, there are accommodated and adjusted inter se 3 sets of interests

1. **P's** interest in protecting his **skill, effort and investment**,
2. **D's** interest in **freedom to attract purchasers** for his goods and services, and
3. **Consumers'** interest in having available a **range of competitive goods** and services for **selection** by consumers without the practice upon them of misrepresentations

Any monopoly right so created is limited in duration to the persistence of the P's reputation + goodwill; if that evaporates, the cause of action in passing off goes with it

Christoper Wadlow

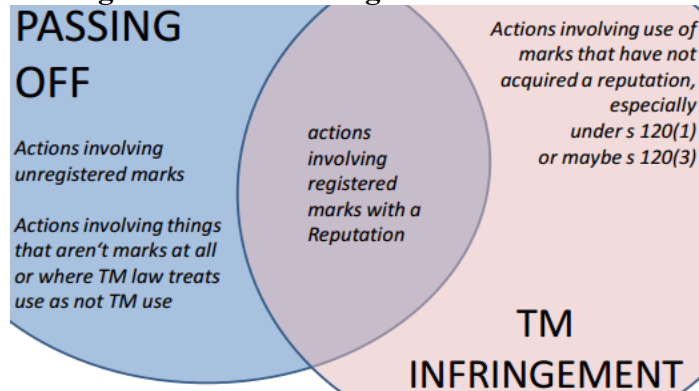
Liability is not affected by D's state of mind

- There is no 4th element requiring D to be fraudulent/malicious/negligent
- (Though fraud is a strong evidentiary point)

Perry v Truefitt

A man is not sell his own goods under the pretence that they are the goods of another man; he cannot be permitted to practice such a deception, nor to use the means which contribute to that end. He cannot be allowed to use names/marks/letters/other indicia, by which he may induce purchasers to believe, that goods which he is selling are manufactured by another

Passing off and TM infringement:



Elements ('classical trinity'):

Reckitt and Coleman Products v Borden (Jif Lemon case)

Issue	<ol style="list-style-type: none"> Has P proved that the get-up under which its lemon juice has been sold since 1956 has become associated in the minds of substantial numbers of purchasing public specifically + exclusively with P's 'Jif' lemon juice? If yes, does the get-up under which D proposed to market its lemon juice in all/any of the versions amount to a representation by D that the juice it sells is 'Jif' lemon juice? If yes, is it, on the balance of probabilities, likely that, if D is not restrained as it has been, a substantial number of the public will be misled into purchasing the D's lemon juice in the belief that it is P's 'Jif' juice?
Principle	<p><i>In a passing off action, P must prove 3 elements</i></p> <p>[1] A REPUTATION/GOODWILL attached to P's goods/services in the mind of the purchasing public by association with the identifying 'get-up' (whether it consists of a brand name/individual features of labelling or packaging)</p> <p>[2] A MISREPRESENTATION by D to the public (intentional/not) leading/likely to lead public to believe that goods/services offered by D are P's</p> <ul style="list-style-type: none"> Whether the public is aware of P's identity as the manufacturer/supplier of the goods/services is immaterial, As long as they are identified with a particular source which is in fact P (If the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not that there is no public awareness of the identity of the proprietor of the brand name) <p>[3] P suffers/is likely to suffer DAMAGE by reason of D's misrepresentation</p>

[1] REPUTATION/GOODWILL

IRC v Muller

What is goodwill?

- **Attractive force that brings in custom**
- The benefit and advantage of a business's good name, reputation, and connection
- One thing which distinguishes old-established business from a new one at its 1st start

Goodwill has no independent existence – must be attached to a business

- Destroy the business and the goodwill perishes with it

Goodwill can be manifest in a variety of ways

- Can be attached/evoked by signs, sometimes by colour scheme, logo employed by a trader, which through custom/practice has been associated with that business

Passing off

- Is concerned with the goodwill that arises in relation to the sign, colour scheme etc.
- Prevents other firms from adopting/identifying/free-riding on the firm's reputation

Proving reputation/goodwill:

- **Time** (trading) in the market
- **Advertising** (where, extent/expenditure)
- Sales networks (outlets/distributors)
- **Volume** of sales
- **Geographical** extent of business (protection exists only where goodwill exists)
- **Distinctiveness** of the 'mark'
- Use of domain name
- Surveys

Reputation in descriptive words:

Descriptive words can acquire a secondary meaning

Reddaway v Banham

Facts	<ul style="list-style-type: none">• Since 1879 R manufactured belting, made chiefly from camel hair• R sold it as 'Camel Hair Belting'• In 1890s, B began making a similar product, called it 'Camel Hair Belting'
Decision	<ul style="list-style-type: none">• R showed that as the only manufacturer of camel hair belting in so many years, consumers saw this and associated it with R• Among the purchasers of belts, the words 'camel hair' were not applied to belting made of that material in general, but belting made by R

Reddaway v Banham

Principle	<p><i>A person's name/descriptive words</i></p> <ul style="list-style-type: none"> • 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 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
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Reputation in packaging, product shape and other indicia:

It is hard to establish secondary meaning in aspects of get-up such as the packaging/appearance of goods/advertising images and themes

Reckitt and Coleman Products v Borden (Jif Lemon case) → packaging

Facts	<ul style="list-style-type: none"> • Since 1956, P sold lemon juice in a lemon-shaped container with brand name 'Jif' on the side and a green paper label with word 'Jif' (<i>monopoly</i>) • In 1985, D began selling lemon juice in a similar container in 3 different sizes, each with a yellow paper label with brand name 'ReaLemon'
Decision	<ul style="list-style-type: none"> • Despite the descriptive nature of the packaging, P had established reputation by use of this packaging • Consumers had come to exclusively identify this packaging with P's product as a consequence of its extended exclusive use • The packaging acquired a secondary meaning (indicated not merely lemon juice but specifically Jif lemon juice) • The reputation is not in the plastic lemon, but the get-up of selling lemon juice in such a way. Thus, the different label does not fail the action • <u>Low-cost</u> nature of the good, would be <u>purchased in a hurry</u>
Principle	<p><i>No cause of action in passing off for confusion resulting from the lawful right of another trader to employ as indicative of the nature of his goods terms common to the trade (as no misrepresentation)</i></p> <ul style="list-style-type: none"> • The application to D's goods of ordinary English terms/descriptive slogans in general cannot entitle P to relief simply because he has used the same/similar terms as descriptive of his own goods and has been the only person previously to employ that description <p><i>Monopoly assumption:</i></p> <ul style="list-style-type: none"> • Because there is a monopoly of this sale of this particular article, the public is led to make the assumption that a similar article brought to the market for the first time must emanate from the same source <p><i>To succeed, P must demonstrate more than mere sole use of the descriptive term</i></p> <ul style="list-style-type: none"> • P must demonstrate that it has become so closely associated with his goods as to acquire the secondary meaning not simply of goods of that description but specifically goods which he and he alone is the source

	<p><i>What is the question to be asked?</i></p> <ul style="list-style-type: none"> • It is NOT whether P is entitled to a monopoly in the sale of lemon juice in real-sized lemon-shaped containers, • It IS whether D, in deliberately adopting, out of all the possible shapes of container, a container having the most immediately striking feature of P's get-up, has taken sufficient steps to distinguish its product from P's
Lord Bridge	Reluctant to reach the finding, as it granted a monopoly on a simple, obvious and inherently attractive way of marketing lemon juice

Nutrientwater v Baco

The requisite reputation will more readily be found where the get-up is unique/striking rather than merely descriptive/mundane/merely functional/in common use
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Peter Bodum A/S v DKSH Australia → shape/features

Facts	<ul style="list-style-type: none"> • Could B show the shape of its plunger had become exclusively associated with it (did consumers see the shape and think it was made by B)? • Had D misrepresented that it was B's Plunger despite its own branding?
Decision	<p><i>B had developed a secondary reputation in the shape/features of the B Plunger associated in the mind of consumers with B as the manufacturer of the product</i></p> <ul style="list-style-type: none"> • Reputation not tied to B in the sense that in the absence of the 'B' name there cannot be a secondary reputation in the features of the product • The point of the extensive advertising was to associate the features/getup of the B Plunger with B as the source • The presence of 'B' name operates to reinforce the association in the mind of consumers between the distinctive product and its maker which is established by the reputation subsisting in the features of the product itself • Some consumers might not recall the 'B' name and might seek out the distinctive plunger recognising that it is a product of a particular trader (although unrecalled by the name) • They might seek out the B Plunger because of the distinctive features they have seen and treat a plunger exhibiting those features as a B Plunger in the absence of something about the rival product (differentiation factors) which tells them that 'this is not a B Plunger' <p><u><i>The question is then 'has D done enough having regard to all the relevant differentiation factors to distinguish its rival product from the B Plunger?'</i></u></p> <p><i>By failing to distinguish, D had engaged in passing off and misleading conduct</i></p> <ul style="list-style-type: none"> • The use of the 'Euro Line' trade mark in and of itself was not enough to distinguish, neither were the colours • Plungers did not have branding on them and were being shown w/o box • When you unboxed the plungers, they were almost indistinguishable

Cadbury Schweppes v The Pub Squash → marketing image

Facts	<ul style="list-style-type: none"> • In 1973, C developed lemon drink ‘Solo’ (very successful) • Presented via substantial ad campaigns with certain themes and slogans <p><i>Theme 1</i></p> <ul style="list-style-type: none"> • Associated with ruggedly masculine and outdoor adventurous types • ‘LIGHT ON FIZZ SO YOU CAN SLAM IT DOWN FAST’ • Can be ‘sculled’ like a beer • Medallion on drink label (like beer) <p><i>Theme 2</i></p> <ul style="list-style-type: none"> • ‘Like the pubs used to serve – extra tang, but not too many bubbles’ • (Although once ‘Solo man’ was developed, this was scaled back) <p><i>In 1975, D started making a similar lemon drink ‘Pub Squash’</i></p> <ul style="list-style-type: none"> • Similar can (including colouring) • TV ads with similar masculine and nostalgic themes • In one ad, instead of ‘Solo man’, used \$6m dollar man (masculine theme)
Decision	<ul style="list-style-type: none"> • C had not established exclusive reputation in its advertising themes • Image had not become associated only with Solo • Often sold side by side + purchasing soft drink often a ‘casual transaction’ • But, most purchase mistakes <u>recognised before sale</u> was completed • Thus, D had sufficiently differentiated its product from P’s • D does no wrong by entering a market created by another and then competing with its creator (free, fair competition)
Principle	<p><i>For passing off, indicia need not be a name/sign/device/brand</i></p> <ul style="list-style-type: none"> • It can be other descriptive material such as slogans/visual images, which <u>ad campaigns can lead the market to associate with P’s product, provided the descriptive material has become part of product’s goodwill</u> • The <u>test</u> is whether P’s product has derived from the advertisement a distinctive character which the market recognises <p><i>Reputation can attach to advertising themes</i></p> <ul style="list-style-type: none"> • But difficult to prove that the public sees this the style of advertising as an indicator of source

Cadbury Schweppes v Darrell Lea (No 4) → colour

Decision	Not satisfied that consumers were confused as to the trade source
Principle	<ul style="list-style-type: none"> • C and D are competitors in the chocolate market, yet they each have distinctive product lines which are sold from different sorts of premises under distinctive trade names. They have distinct identities in the market • C does not own the colour purple and does not have an exclusive reputation in purple in connection with chocolate • D is entitled to use purple, as long as it does not convey to the reasonable consumer the idea that it/its products have some connection with C • (The important thing is there is no misrepresentation)

Geographic element/the location of the reputation:

<ul style="list-style-type: none"> • P must establish a reputation in the area in which D is trading • P does not need to have a trading presence in suburb/town/state in which D is trading • It is enough that consumers encountering D's operations are aware of P's business
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Spillover reputation:

<ul style="list-style-type: none"> • Is it sufficient for a foreign trader merely to have a reputation in Australia? Yes • Is it also necessary for that trader to have an Australian trading presence? No
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ConAgra v McCain Foods (Aust)

Facts	<ul style="list-style-type: none"> • C sold frozen foods under 'Healthy Choice' • C had a substantial reputation in this name in US, but never traded in Aus • M (Aus firm), applied for trade mark registration for the same name • Conagra had investigated Australian market, but had not yet used 'Healthy Choice' in Australia • C sued for passing off and contravention of s 52 TPA
Decision	<p><i>C failed to establish that a substantial no. of persons in Australia (being members of the class of potential purchasers of frozen food) were aware of its product</i></p> <ul style="list-style-type: none"> • Evidence of reputation in US, occasional spillover magazine ads and frequency of travel to US by Australians was inadequate • Advertised in US magazines marketed in Australia (although ads in Australian versions of these magazines often replaced with Aus content) • Dozen/so people in Australia with knowledge of Healthy Choice

ConAgra v McCain Foods (Aust)

Principle	<p><i>P must establish (in relation to his goods)</i></p> <ol style="list-style-type: none">1. Reputation in the particular jurisdiction2. Likelihood of deception among consumers3. Likelihood of damage to P's reputation <p>(Must have a reputation in the jurisdiction, otherwise C would have an international monopoly and may never intend to exploit it in the jurisdiction)</p> <p>To have a reputation, P need not have actual business activity in the jurisdiction</p> <p><i>Reputation can be established through</i></p> <ul style="list-style-type: none">• Advertisements, and• Visitors who are exposed to the goods of the overseas owner <p><i>P must establish that a substantial number of persons (residents/visitors) in the jurisdiction are aware of P's product/name and are potential consumers (should the goods be marketed and sold in the jurisdiction)</i></p> <ul style="list-style-type: none">• P must show in practical and business sense a sufficient reputation in the forum and this requires evaluation of size and distribution of population of prospective consumers likely to be affected• A not insignificant number of persons who would be potential customers
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Starbucks (HK) v B Sky B (stricter UK approach)

As to what amounts to a sufficient business to amount to goodwill, it seems clear that mere reputation is not enough. P must show that it has a significant goodwill, in the form of customers, in the jurisdiction, but it is not necessary that P actually has an establishment or office in this country. In order to establish goodwill, P must have customers within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere. Thus, where P's business is carried on abroad, it is not enough for a P to show that there are people in this jurisdiction who happen to be its customers when they are abroad. However, it could be enough if P could show that there were people in this jurisdiction who, by booking with, or purchasing from, an entity in this country, obtained the right to receive P's service abroad. And, in such a case, the entity need not be a part or branch of P: it can be someone acting for or on behalf of P

Temporal element:

How long must P trade in order to establish goodwill?

- Depends on the circumstances of the case
- (Can be a short period of time if P is incredibly successful in a particular market)

Stannard v Reay

Established reputation in 3 weeks, albeit in a very small geographic area (small island)