

Tort of Passing Off

POLICY: protection of reputation that's essentially indistinguishable from commercial goodwill [Holy Apostolic and Catholic Church v AG]

- Cannot cybersquat – unauthorised 3rd party buying domain names and offering to sell them back to company associated with those domains [British Telecommunications v One in A Million]

Elements [ConAgra v McCain] [Reckitt & Coleman v Borden Inc]

1. Plaintiff's reputation/goodwill

- Benefit of good name, connections, attractive force that brings in customers, distinguishing from another business [IRC v Muller] [FCT v Murray]
- Intangible property
- Focus on reputation, not the goods itself [Interlego AG v Tyco Industries]
- Locus of reputation – must establish goodwill of some sort in the country. Merely sending advertising material to that country is insufficient
 - Australian approach: broad. Compatible with today's international trade & global communication
 - Broad line – reputation of a business in the jurisdiction is sufficient. Knowledge by people in the local market [Con Agra Inc v McCain Foods]
 - Tourism is sufficient [Maxim's Limited v Dye]
 - [Fletcher Challenge Limited] protectable reputation because there were notification of the restructuring of company (to rename to Fletcher Challenge) had arrived in Australia
 - Overseas traders can establish reputation in Australia (spill-over) [Hansen Beverage]
 - Presence of internet, advertisements
- 1st limb: reputation in the indicia/features of the product that links it to product's reputation (whether when people look at plaintiff's product would immediately associate with plaintiff)
- 2nd limb: whether defendant done enough to distinguish product from plaintiff's (putting different sign/mark) [Peter Bodum v DKSH Australia]
- Indicia/features of reputation:

Name s	<ul style="list-style-type: none"> • Made up, generic or personal • More distinctive the word = more likely to differentiate from competitor = easier to establish goodwill • Problematic if using descriptive words, unless: <ul style="list-style-type: none"> ○ They had long period of high profile user throughout Australia [BM Auto Sales v Budget Rent A Car] [Hornsby v Sydney BIC] ○ Must have a secondary significance associated with the reputation [Reddaway v Banham] • Descriptive names require a greater degree of discrimination expected from the public in establishing reputation [Office Cleaning Services]
Get up	<ul style="list-style-type: none"> • Packaging • If targeted consumers cannot read or understand the language, passing off claim may succeed [William Edge & Sons Ltd] [White Hudson & Co]

	<ul style="list-style-type: none"> • [Red Bull v Sydneywide Distributors] Evidence of Red Bull's reputation by witnesses and market surveys. Product sold to similar consumers at similar trading outlets. Defendant intentionally adopted the packaging for purpose of appropriating reputation of Red Bull, to take advantage of the substantial market share for energy drinks in Australia
Trade dress or styles	<ul style="list-style-type: none"> • Trade dress = appearance of the good or place (interior) [Chicago Rib Shack] • [Parkdale] furniture looked the same, but expensive. Consumers will be looking at the label, the label that is lacking in defendant's product • [Dr Martens] lookalike shoes. Expensive + branding, markings and labelling on the 2 sets of footwear = consumers unlikely to be misled. Must not look at distinctive features in isolation • [Peter Bodum v DKSH] goods which closely resemble another manufacturer's must be properly labelled to escape any potential liability • [Coca-Cola v Pepsico Inc] Coca-Cola did have a reputation in the contour bottle shape but there were sufficient differences between that and Pepsi bottles that consumers were unlikely to be misled
Level of sales	<ul style="list-style-type: none"> • Level of sales or extent of business activities doesn't have to be substantial [Cricketer v Newspress] • Simple trading presence in jurisdiction sufficient to establish reputation in marketplace [Stannard v Reay] • Reputation/goodwill not difficult to establish
Visual and Advertising Imagery	<ul style="list-style-type: none"> • [Cadbury Schweppes v Pub Squash] encompasses slogans or visual images, radio, TV or newspaper ad campaigns that can lead the market to associate with plaintiff's product <ul style="list-style-type: none"> ◦ Here, defendant got into the market quickly, before plaintiff could establish a protectable reputation for passing off • Test: whether product has derived from the advertising a distinctive character which market recognises
Character Merchandising	<ul style="list-style-type: none"> • Protectable reputation in characters [Childrens' Television Workshop Inc v Woolworths] [Mirage Studios v Counter-Feat Clothing] • Protect the characters' reputation from misappropriation [Re Pacific Dunlop v Paul Hogan] • Must be in common field of activity before maintaining an action for passing off [McCulloch v May] <ul style="list-style-type: none"> ◦ 'Uncle Mac's Puffed Wheat' (wheat producers) is not passing off 'Uncle Mac' (pie producers) character ◦ Criticised in [Henderson v Radio Corporation]. Nothing in passing off requires there be a common field. You can have confusion without being in the common field • [Lyngstad v Anabas] need for a real possibility of confusion, as basis of the action

2. Misrepresentation (deception, likelihood that defendant's conduct will confuse or deceive consumers)

- Test: an ordinary representative or reasonable member of the class of persons to whom the defendant is directed would likely be deceived or confused [Nike v Campomar]
- Defendant have constructive knowledge of plaintiff's product

- Consumer confusion, presence of deception [Harrods v Harrodian]
- **No need to prove intention or deliberate deception**
- Evidence of confusion [Lego]:
 - Strength of public's association with plaintiff's sign (distinguishing features of product – artistic & new = protectable)
 - Similarity of defendant's sign (overall effect from all elements of the mark)
 - Proximity of the plaintiff's/defendant's business [Wombles]
 - Characteristics of the market
 - Intention of the defendant
 - Disclaimer? If prominent & effective, can prevent misrepresentation [Sony Music v Tansing]
 - Courts are generally sceptical to the effectiveness of disclaimers [Duff Beer]
 - Label/adhesive sticker not sufficient [Hutchence v South Sea Bubble]
 - Massive and omnipresent [Asprey and Garrard Ltd v WRA (Guns) Limited]
 - As permanent and prominent as the mark itself can neutralise the prima facie misrepresentation by defendant using plaintiff's mark [Arsenal Football v Matthew Reed]
 - Disclaimer 'the authorised recordings' – only extremely stupid young member of the public would be misled into thinking the albums were authorised
 - Parody or satire?
- Avoid liability by distinguishing product using distinguish marks, even if the products are similar [Pub Squash]
- May have implied commercial association or arrangement between the 2 parties leading confusion or deception of consumers as to whether the 2 products are from same origins (passing off) [Hogan v Pacific Dunlop]
- Consider relevant target audience: [Lego] Israeli irrigation equipment company vs. interlocking plastic toys. Need to ask purchasers of irrigation equipment what is meant by Lego. Irrigation been in business before toy company & spent \$\$ on advertising. No misrepresentation, no common source or commercial connection
 - Will not attract or induce people to accept dissimilar products as having a common origin
- [Fenty v Arcadia] had licence from photographer of Rhianna's portrait printed on shirt, but not permission from Rhianna. Held: substantial portion of consumers considering the product will be induced to think it's garment authorised
 - Rhianna's endorsement is important, her style icon. Consumers may wish to buy a product that she approves, and the value of perceived authorisation