

## **PASSING OFF**

- ♣ To succeed, plaintiff must establish (*Reckitt & Coleman v Borden*; *ConAgra* – Australian case):
  - Reputation/goodwill in its products;
  - Misrepresentation by Def, whether intentional or not, which led the public to believe that its products are the Plaintiff's products;
    - Whether property in goodwill be likely injured by the misrepresentation (*AG Spalding & AW Gamage*)
  - Actual/possible Damage to plaintiff's reputation/goodwill caused by Def's conduct
    - Prove of fraudulent misrepresentation is not necessary to prove passing off, but will be relevant to damages (*ConAgra Inc v McCain Foods*)

Note: Plaintiff generally do not need to show an intention to deceive or negligence (*S&I Publishing v ASLS*)

### ♣ Reputation/Goodwill

- Question to ask: Have plaintiffs prove that \_\_\_ (e.g. get-up has become associated in the minds of substantial members of the purchasing public specifically and exclusively with the plaintiff's product (*Reckitt & Coleman v Borden*),
  - Distinctiveness
    - To establish reputation, the product must have a "distinctive character" which distinguishes them from the products of other traders. (*Cadbury-Schweppes v The Pub Squash*)
    - Commercial reputation can arise from:
      - Unregistered trademarks (i.e. names/logos)
      - Imagery
      - Design and feature of product (*Peter Bodum v DKSH*)
      - Advertising (*Cadbury-Schweppes v The Pub Squash*)
    - Establishing reputation is a question of fact. Consider:
      - Time in the market
      - Promotion and advertising
      - Sales network and volume
      - Geographical extent
      - Use of domain name
      - Survey
    - The assignment of trade dress and goodwill will be ineffective if the trademark is unregistered (*Kraft Food v Bega*)
  - Temporal consideration
    - Prior trading: Can P bring a passing off action based on a reputation acquired by virtue of pre-trade advertisements and publicity alone (Can P have good will prior to trading?)
      - Wide publicity of merger created reputation prior to trade commencing (*Fletcher v Fletcher*)
        - ⇒ In *Fletcher*, the announcement of the proposed amalgamation and new company name created a new reputation, which preceded (albeit by only a few hours) the lodgement of the application of reservation of company name
    - Post trading: Can P have goodwill after it ceases trading?
      - Where a trader ceases to carry on his business, he may still retain for some period of time goodwill attached to the business (*Ad Lib Club v Granville*)
        - ⇒ In *Ad Lib Club*, the plaintiff intended to trade again was sufficiently established of reputation
  - Location of reputation

Does Plaintiff have the necessary reputation, not does plaintiff carry on business here (*Fletcher v Fletcher*), reputation of a foreign plaintiff establishing in Australia depending on factors:

    - Substantial number of likely consumers could be said to be aware of the foreign company because of advertisements and exposure by visitors (*ConAgra v McCain Foods*)
    - Claimant must have customer within the jurisdiction, as opposed to people in the jurisdiction who happen to be customers elsewhere (*Starbucks v British Sky Broadcasting Group*): it can be someone acting for or on behalf of plaintiff to sell in this jurisdiction

Note:

- Merely because certain pieces of advertising may target a particular class of people as potential customers does not mean a significant number of persons in that class must be aware of the reputation (*Hansen Beverage v Bickfords*)
- The plaintiff does not need to establish actual business activity (*ConAgra*) or office/establishment (*Starbucks v British Sky Broadcasting Group*)
  - ⇒ In *Tsit wing v TWG*: even the Plaintiff does not have business in Hongkong with same field on the defendant, passing off was still succeed.

## **Absolute Grounds for Refusal:**

**Function:** Can be used to refuse TM or to challenge TM in opposition stage. Focus on the inherent properties of the mark applied for or challenged.

### ♣ **Distinctiveness: 'Capacity to distinguish'** (s 41 TMA)

- 2 steps test:
  - Step 1: Assess extent to which mark is **inherently adapted to distinguish** the applicant's goods from those of other traders, check whether:
    - s 41(3) TMA: Mark is not **inherently adapted to distinguish** Goods/Services [X]
    - s 41(4) TMA: Mark has a slight degree of inherent adaptation to distinguish G/S but not enough for it to do the job of distinguishing on the basis alone [X]
    - Mark is inherently adapted to distinguish G/S if 'prima facie distinctive' [✓]
  - Step 2: For marks that are **NOT** '**inherently adapted to distinguish the goods of trader**', need to provide evidence of **factual distinctiveness**
    - Has the mark been used to the extent that consumers have come to recognize it as a **badge of origin** = capable of distinguishing G/S from other traders
- **Inherent Distinctiveness**
  - 2 steps test (*Cantarella bros v Modena Trading*):
    - Step 1: Determine 'ordinary significance' of the mark
    - Step 2: Would other traders trading goods of relevant kind and being actuated only by proper motive think of the word and want to use it in connection of similar goods? (*Clark Equipment v Registrar of TM*)
  - **Geographical name**: Usually not inherently distinctive
    - Examples:
      - If goods of the kind are produced at the particular place or is likely to be produced in the future – despite no evidence currently -> not inherently distinctive (*Clark Equipment v Registrar of TM*: Michigan is an important manufacturing centre)
      - 'Colorado' invokes adventure, ruggedness -> not inherently distinctive. Cf. with 'North Pole' in relation to banana -> distinctive (*Colorado v Strandbags*)
  - **Descriptive term**: Usually not inherently distinctive
    - Examples:
      - 'Canberry Classic' conveys notion of excellence, means no more than 'quality canberry' (*Ocean Spray v Registrar of TM*)
      - 'YELLOW' for phone directory not inherently distinctive because commonly used in printing of directories (*Telstra Corp v Phone Directories*)
  - **Foreign words**:
    - Not the meaning of the word that is critical, but the meaning conveyed by the word to those who will be concerned with the relevant goods (*Cantarella bros v Modena Trading*)
    - Would a trader wish to deploy the word for meaning because the target audience in large measure understands it? (*Cantarella*)
    - Examples:
      - Italian not generally understood in Australia although sufficient numbers of Italian speakers. Large target audience is ignorant (*Cantarella*)
      - Invented words have to be 'new and freshly coined' – combination of 2 English words, termination of a word, variation of orthography -> not inherently distinctive if conveys same idea (*Eastman Photographic Materials v Comptroller-General*)
      - ROHOE is an invented word although it is an abbreviation for Rotary Hoe because it does not have any obvious meaning (*Howard v Webb Industries*)
  - **Slogans**
    - Purely emotive, make reader feel some mood or mental attitude. Name that is 'capable of inducing a generally favourable inclination in subconscious though of passing auditor or hasty reader' -> inherently distinctive. (*Wella AG v Registrar of TM*: 'Perfectly you' for hair products)
  - **Logos and devices**
    - TM must be regarded as a whole
    - The more the embellishment in the combination, the more likely the combination will be capable of distinguishing.
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# Infringement

## Rights of TM Owner

- *s 20(1)*: The registered owner of a TM has the exclusive rights to:
  - (a) use the TM; and
  - (b) *authorise other persons to use the TM; in relation to the goods/services registered for.*
- *s 20(2)*: The registered owner of a TM has the right to get relief for infringement of the TM.
- *s 20(3)*: These rights arise from the date of registration for the TM.
- Assignment/transmission of trademark
  - *s 106(2)*: Assignment/transmission may be in whole or in part (but no limits on the area in which it is to be used).
  - *s 106(3)*: May be done with/without the goodwill concerned in the relevant goods/services.
- *s 7(3)*: Use of a TM by an authorised user is taken to be use of the TM by the owner of the TM.
  - *s 8(1)*: “authorised user” = a person who uses the TM under the owner’s quality/financial control.
  - “Control” is established by quality control over the goods/services (*s 8(3)*), or financial control over the authorised user’s relevant trading activities (*s 8(4)*)
  - Control = authorized use (*Health World v Shin-Sun*)
    - Same directors not sufficient. Need evidence of control that is legally enforceable (e.g. parent controlling subsidiary)
  - This is important for owners who do not intend to use the TMs themselves, because it avoids revocation of the mark on grounds of non-use or lack of intention to use.

## Infringement – s 120

- *s 120*: A person infringes a registered TM:
  - (1) if the person
    - uses as a TM a sign that is **substantially identical** with, or **deceptively similar** to, the TM
    - in relation to the goods/services for which the TM is registered (“registered G/S”). [it doesn’t matter if it is not likely to confuse]
  - (2) if the person
    - uses as a TM a sign that is substantially identical with, or deceptively similar to, the TM
    - in relation to goods/services of the **same description** as (or closely related to) the goods/services for which the TM is registered (“registered goods/services”);
    - But there is no infringement if the person establishes that his use of the sign is not likely to deceive or cause confusion.
  - (3) if the TM is **well-known in Australia** [within the relevant sector of the public], for **unrelated/related goods/services**, and the person
    - uses as a TM a sign that is substantially identical with, or deceptively similar to, the TM
    - in relation to goods/services not of the same description as (or closely related to) the registered goods/services (“unrelated goods/services”);
    - AND the registered owner’s interests are likely to be harmed because
    - the TM is so well-known that the sign would be likely to be taken as **showing a connection** between the unrelated goods/services and the registered owner.
    - (4) one must take account of the extent to which the trademark is known within the relevant sector of the public, whether as a result of the promotion of the trademark or for any other reason.
- For **SI** and **DC**, follow (i) Substantially identical or deceptively similar
- For *s 120 (2)* likely to deceive or cause confusion
  - *E & J Gallo v Lion Nathan*: If mark is DS, most likely it the actual use of the mark will be likely to deceive or cause confusion
- For same description, check (ii) Similarity of Goods and Services
- For closely related to, check (iii) Closely related goods and services

## ♣ Use of TM in Australia

- *s 7(4)* use of the mark upon or in physical or other relation to the goods (including second-hand goods)
  - *s 7(5)* for services
- Defendant’s use must be in Australia
  - Imported goods bearing TM is use (*Paul’s Retail v Lonsdale Australia*)
  - Internet: (*International Hair v International Hair*)
    - Use of TM on internet uploaded on web outside of Australia without more is not use by website proprietor in each jurisdiction where mark is downloaded BUT
    - If there is evidence that use was specifically intended to be targeted at particular jurisdiction, then there will be use. E.g. Australia could be selected in country box.

## ♣ “Use as a trademark”

## Patentable Inventions

- *s 18(1) PA*: A patentable invention:
  - (a) is a manner of manufacture within the meaning of *s 6* of statute of Monopolies; and
  - (b) when compared with prior art base as it existed before the claim's priority date:
    - (i) is a novel; and
    - (ii) involves an inventive step; and
  - (c) is useful; and
  - (d) was not secretly used in the patent area before the claim's priority date by (or on behalf of, or with authority of) the patentee or nominated person (or predecessor in title).

### Manner of manufacture s 18(1)(a) PA (Patentable subject matter)

- *NRDC v Comm of Patents* – Manner of manufacture **TEST**:
  1. Must involve **human intervention**, in the sense that the invention involves a mode or manner of achieving an end result which is artificially created; and
  2. has industrial applicability, in the sense that it relates to **a state of affairs of utility in a field of economic endeavour**
    - *Apotex v Sanofi-Aventis Australia*: Activities or procedures of doctors and other medical staff when physically treating patients are 'essentially non-economic' (because not capable of being practically applied in commerce or industry), not patentable.
- Hence, all these not patentable:
  - Intellectual information in and of itself which does not have some kind of artificially created physical effect (e.g. a mathematical formula, abstract idea, scientific principle or method of calculation)
  - An invention for the betterment of the fine arts, as opposed to the useful arts; or
  - A mere plan (such as a plan for the efficient conduct of a business or pure "business method")

### ❖ Computer-related inventions and business methods

- Apply *NRDC (Ccom v Jiejing)*
- Purely computer-related inventions:
  - Requires tangible/physical/observable effect.
    - Physical alteration, i.e. change in state or information in a part of machine or computer
  - *IBM v Comm of Patents*
    - Use of a mathematical formula to produce an improved curve image, was a manner of new manufacture
    - Because it produces useful effect in computer
  - *CCOM v Jiejing*: Computer programs that controls computers to act in a particular way, are manners of manufacture.
    - Word processing for Chinese characters was a manner of manufacture
    - End result = retrieval of graphic representation of desired characters
- Purely business-model invention
  - Also, must have tangible/concrete/physical/observable effect (*Grant v Commissioner of Patents*)
  - Business, commercial and financial schemes which are 'intellectual information' not patentable (*Ccom v Jiejing*)
  - *Grant v Commissioner of Patents*: method of asset protection consisting solely on steps taken in financial and legal realms cannot be patentable because it is mere scheme or abstract idea having no physical consequence
- Mix of computer and business model invention
  - US case – *Alice Corporation v CLS Bank International*: not patentable because the claims were directed to an abstract idea of intermediated settlement, which was 'a fundamental economic practice long prevalent in our system of commerce'. Even though all of the claims were implemented using a computer, the Court found that the claims merely required generic computer implementation, which was insufficient to transform that "abstract idea" into a patent eligible invention.
    - Need something extra that embodies an inventive concept. i.e. creates improvement in the computer
  - Australia – *Research Affiliates v Commissioner of Patents*: software application for constructing security portfolios that uses only generic/obvious computer implementation not patentable because technological innovation is patentable, but business innovation is not.
    - Specification did not mention computer as inventive part although method of carrying out is fully computerized
  - Inventions involving business methods and software, where a computer is "inextricably linked with the invention itself" (*RPL Central v Commissioner of Patents*).
    - Specification provided significant information about the invention which was to be implemented by means of the computer and that computer was 'integral' to the invention they claimed
  - Hence, conclusion:

## Exploitation of Patents

### Exclusive Rights

- *s 13 PA*:
  - (1) a patent give patentee the exclusive rights, during the term of the patent
    - to exploit the invention, and
    - to authorise another person to exploit the invention
  - (2) Exclusive rights are personal property + capable of assignment and devolution by law
  - (3) A patent has effect throughout the patent area
- *Sch 1 Dictionary PA*
  - **'Exploit'**: (a) where the invention is a product – make, hire, sell or otherwise dispose of the product, use or import it or keep it for the purpose of doing any of those things
    - (b) where the invention is a method/process – use the method/process do any act mentioned in (a)
- Make:
  - *Pinefair v Bedford*: Making of a patented product as an intermediate stage = infringement
- Use:
  - must constitute more than an insignificant/trial part or step
- Import:
  - Patentee of product patent has right to prohibit the importation of products covered by claims and
    - infringing process is being done outside of Australia, but the product is being imported into Australia, this is infringement under *s 13*, but contribution of the patented process must be significant (*Saccharin*)
    - even though the patented process which is subjected to certain other processes is still infringement (*Saccharin*)
  - patentee of method patent has the right to prohibit articles produced by the working of the method

### Exhaustion of Rights

Questions: once patentee sells patented item, have their rights been 'exhausted'? Or do they have claims in relation to 'second hand' sales?

- General position of the purchaser of patented goods: generally it is not an infringement of the patentee's rights for a purchaser of patented goods to use them or to dispose of them as he or she places, provided the goods were sold by the patentee or by a person authorised by the patentee to sell the goods. (*Bodkin*)
  - *Phonographic Co of Australia v Menck*: Where a patentee places patented goods upon the market without conditions or restrictions as to use, a purchaser of the goods acquires an implied license to use the goods
  - *Bowman v Monsanto Co US Supreme Court*: BUT the presumption is rebutted where purchaser had notice when purchased patented products from terms and conditions that limited the uses to which the product could be put to.
  - *Jazz Photo Corp v US International Trade Commission (US)*: Ownership of a patented article does include the right to preserve the useful life of the original article. Only Refurbish existing items and not by reverse engineering, manufacturing is deemed to had legally acquired patented inventions.

### Direct Infringement

- Purposive Approach: how a person skilled in the art of the invention would understand the claim. Whether such a person would regard the patentee to have intended a given integer as essential (*Catnic*)
  - Each essential integer of the claim must be taken by the alleged infringer and incorporated into his/her own product or process
    - A person will avoid infringement if he/she **omits** an essential integer or modifies it in a manner that has a material effect on the way the invention works (*Populin v HB*)
    - However, variation cannot be so small as to be insignificant and in a way that adds nothing to the way that the invention works
  - Where an alleged infringement involves a variant to the patented invention, 3 steps test (*Improver, adopted in Australia through Photocure ASA v Queen's University at Kingston*):
    1. Integer identification: Does the variant have a material effect on the way the invention works? (If Yes – no infringement)
    2. Would this (i.e. variant had no material effect) have been obvious at the date of publication of the patent to a reader skilled in the art? (If No – no infringement)
    3. Would the reader skilled in the art nevertheless have understand from the language of the claim that the patentee intended that strict compliance with the primary meaning was an essential requirement of the invention? (If Yes – no infringement)

### Authorization of infringement

- *s 13(1)*: Patentee can authorize another person to exploit the invention
- Two elements (*RCA Corp v John Fairfax & Sons Ltd*):
  1. Control over the acts of another, and



## Exceptions to Patent Infringement

### Experiment Use

- *s 119* grants to an alleged infringer who has used the invention prior to the priority date a defence to an action in respect to the continuation of those activities after the grant of the patent.
- *Madey v Duke University*: experimental use defence is narrow and does not apply when the use is even slightly commercial in nature. Must be solely for amusement, to satisfy idle curiosity, or for strictly philosophical inquiry.
- *Research Exceptions s 119C*: A person may without infringing a patent for an invention do an act for the purpose of:
  - (2):
    - (a) determining the properties of the invention
    - (b) determining the scope of a claim relating to the invention
    - (c) improving or modifying the invention
    - (d) determining the validity of the patent or of a claim relating to the invention
    - (e) determining whether the patent for the invention would be, or has been, infringed by the doing of an act
- *Regulatory Exception s 119B*: acts for obtaining regulatory approval (infringement exception)
  - (1) a person may without infringe patent, do an act
    - (a) an approval required by a law of Cth or of State or Territory to exploit a product/method
    - (b) ... under a law of another country or region

### Private and Non-commercial Use

- *s 60(5)(a) PA(UK)*: would not constitute an infringement if done privately and for purpose which are not commercial
- *s 55.2(6) PA (Canada)*: would not constitute an infringement if done privately, non-commercial any use, solely for the purpose of experiments

### Use in Medical Treatment

- *Bill to limit the issuance of patents on medical procedures, 1995 US House of Rep – Medical Procedures 5 Innovation and Affordability Act*
  - a patent may not be issued for any invention or discover 9 of a technique, method, or process for performing a surgical or medical procedure, administering a surgical or medical therapy, or making a medical diagnosis, except that if the technique, method, or process is performed by or as a necessary component of a machine, manufacture, or composition of matter or improvement thereof which is itself patentable subject matter, the patent on such machine, manufacture, or composition of matter may claim such technique, method or process...

### Compulsory Licensing

Never been granted in Australia though...

- Patent owners can be compelled to license their patent in a limited range of circumstances under *s 133*, if satisfied that:
  - (a)(i) the applicant has tried for a reasonable period, but without success to obtain authorization from patentee
    - (ii) the reasonable requirements of the public have not been satisfied
    - (iii) the patentee has given no satisfactory reason for failing to exploit the patent
  - (b) the patentee has contravened or is contravening Part 5 of the CCA
- *s 135*: reasonable requirement of the public: existing trade is unfairly prejudiced for the patented product..

### Crown Use s 163

- *s 163*: Cth or a state or a person authorising in writing by the Cth or a state may exploit a patented invention
- *s 165*: remuneration payable is to be agreed between patent holder and the relevant authority or determined by a prescribed court
- *s 162*: The Crown use provisions may be exercised by the Cth or a State, by an authority of the Cth or of a State
- *Stack v Brisbane City Council*: A body would be an authority of State if its function were 'impressed with the stamp of government', or if the body had been given the power to direct or control the affairs of others on behalf of the State. The role and involvement of the executive, through the Governor or appropriate Minister was also a relevant factor.
- *Service of the Cth or the State (Stack)*
  - An Act was done for the service of the Crown if it was done for the purpose of performing a duty or exercising a power which was imposed upon or invested in the executive government by statute or by prerogative, including providing services to the general public.

### Remedies for Infringement

- *s 122(1)*: **injunction** and option to the Plaintiff, either **damages or an account of profits**
- Interlocutory Injunction
  - *Samsung v Apple*
    - An applicant for an interlocutory injunction must satisfy the Court firstly that it has a prima facie case in the sense that if the evidence remains as it is at the interlocutory stage, there is a probability that at the trial of the