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INTRODUCTION TO INTELLECTUAL PROPERTY

1. INTRODUCTION

- What is intellectual property?
 - o Intangible rights protecting the products of human intelligence and creation, such as copyrightable works, patented inventions, trademarks and trade secrets.
 - o *Phillips v Mulcaire case*: court had to struggle with what is IP as there is no universal definition. Look at context and variety of situation
- Division of IP based on interests protected:
 - o Protect business reputation
 - Trademarks and passing off
 - o Protect things resulting from creative, intellectual or some other type of effort
 - Other branches
- Rationales for IPR protection:
 - o Natural rights rationale
 - Article 27 (2) of the Universal Declaration of Human Rights: Everyone has the right to protection of moral and material interests resulting from any scientific, literary or artistic production of which he or she is the author
 - Critique
 - How to account for intangibles that are valuable but not protectable?
 - For how much is creator truly responsible?
 - What if author is already rewarded (peer respect, promotion, market leader)
 - o Incentive creating rationale
 - IPR create incentives to create and innovate, thereby increasing the creations and innovations available to public. Maximum net social welfare
 - Critique:
 - Presumes that people will not produce without protection,
 - Assumptions that creators will not create absent IPR has not been empirically proven and there is a presumption that financial return motivates creation.
 - o Unfair competition
 - The rejection of a general action for 'unfair competition' does not involve denial of desirability of adopting a flexible approach to traditional forms of action when necessary to adapt to meet new situations. E.g. passing off can meet new circumstances involving deceptive or confusing use of names, etc.

Trade Marks

- Sources:
 - o TM Act 1995 (Cth) which replaced the 1955 Act
 - o Many old cases relevant because concepts are retained (e.g. substantially identical/deceptively similar)

- S 17: A trade mark is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person
 - o Sign: includes letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspects of packaging, shape, colour, sound or scent
- While the prime concern of TM Act is with capacity of TM to distinguish the goods of the registered owner from those of another trader, TM undoubtedly perform other functions. E.g. a trade mark can be an indicum of the quality of goods sold under or by reference to it and it may be accepted that distinctive marks can have capacity to advertise and therefore to promote sales of products (*JTI International SA v Cth [2012] HCA 43*)
- Trademark application process (The Registered TM system- ATMOSS)
 - o Application
 - o Publication
 - o Examination
 - Rejection → Appeal to FC → Acceptance
 - o Acceptance → Opposition → Appeal to FC → Registration
 - o Registration → Revocation under s 84A-D OR Revocation under Pt 8 or 9 → Appeal to FC
 - o Renewal

2. IP in Australia

- Cth heads of power:
 - o S 51 (xviii): with respect to 'copyright, patents of inventions and designs and trademarks'
 - *Grain Pool of WA v Cth (2000) 202 CLR 469*: HCA said s 51 (xviii) should be interpreted broadly to include plant varieties and circuit layouts
 - o S 51 (xxix): with respect to external affairs
- Statutory v Common law
 - o Statutory: (heard in FC, appeals to FFC and HC)
 - Australian Consumer Law
 - Copyright Act 1968 (Cth)
 - Trade Marks Act 1995 (Cth)
 - Patents Act 1990 (Cth)
 - o Common law (heard in state and territory courts)
 - Passing off
 - Breach of confidence (trade secrets)

3. IP in International Scene

- IP generally not extraterritorial. Sue in place of infringement.
- IPR holders have pushed to have IPR protected in foreign countries using treaties.
- 4 main categories of international agreements
 - o Early treaties and bilateral agreements emphasizing 'national treatment'
 - o Minimum substantive protections: TRIPs and its predecessors
 - o Facilitate registration across multiple countries
 - o Enforcement – TRIPs Agreement on Trade-Related Aspects of Intellectual Property Rights
- World Intellectual Property Organization (WIPO)

- Specialized agency of the UN
- 3 main functions:
 - International registration activities (centralized admin for receipt of registration applications)
 - Paris Convention (6 months' priority date for TM and D; 12 for P)
 - Patent Cooperation Treaty (single application, sent to requested countries)
 - Madrid Agreement Concerning the International Registration of Marks 1891
 - Promotes intergovernmental cooperation in IP admin and helps countries with their IP administration
 - Promotes and updates existing treaties, makes new treaties, runs conferences
- Before TRIPs
 - WIPO was established to administer Paris Convention for Protection of Industrial Property (1881) and Berne Convention for the Protection of Literary and Artistic Works (1886)
 - The Paris and Berne Conventions had substantial shortcomings
 - They failed to require signatories to adopt many min standards of protection in their domestic legal systems
 - They did not provide effective enforcement and dispute resolution processes – dispute resolution through ICJ
 - US companies increasingly aware about overseas piracy and started lobbying other companies and other countries. It began unilaterally threatening and imposing trade sanctions, from late 1980s through 'Special 301'
- TRIPS
 - Part 2: sets out minimum standards of copyright, trademark, patent, geographic indication, industrial design, circuit layout and trade secret protection. Signatories must reflect these standards in own national laws
 - Part 3: requires Members to provide specified civil remedies and criminal penalties
 - The WTO's Dispute Settlement Body (DSB) can hear disputes between countries arising out of a failure to meet these standards, and may withhold WTO trade benefits to force compliance
- Effect on Australian Law
 - Bilateral Agreements (e.g. US Free Trade Agreement Implementation Act 2004)
 - Examples:
 - TRIPs: standard patent protection from 16 to 20 years; greater performer protection; commercial rental rights for computer software
 - FTA: duration from 50 years to 70 years

LAW OF PASSING OFF

- Misleading or Deceptive Conduct s 18 Australian Consumer Law (in schedule 2 of the Competition and Consumer Act 2010) Cth:
 - (1) A person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive
 - (2) Nothing in Part 3-1 (which is about unfair practices) limits by implication subsection (1)
- Who must be misled or deceived?

- **S 18 of the ACL** is not confined to conduct directed to the general public or to some identifiable section of the public. The conduct in question may have involved a statement made solely to one person, who need not even have been a customer or prospective customer of the person making the statement. But where the basis of the complaint is labelling or advertising, it will be necessary, as in **passing off**, to ascertain the particular section of the public that it will influence
- Passing OFF v TM Infringement
 - Passing off:
 - Actions involving unregistered marks
 - Actions involving things that aren't marks at all or where TM law treats use as not TM use
 - TM Infringement: Actions involving use of marks that have not acquired a reputation, especially under s 120 (1) or maybe s 120 (3)
 - SIMILARITY: actions involving registered marks with a reputation

2.1 INTRODUCTION AND HISTORY

2.1 Historical Origins of actions against the misuse of marks and get-up

- 2 ways trade marks are protected:
 - Tort of passing off AND
 - System of registered trade mark protection under *Trade Marks Act 1995* (Cth)
- **Tort of passing off**: Passing off is concerned with misrepresentation made by one trader which damage the goodwill of another trader. Misrepresentation, damage, and goodwill are therefore the three essential elements of the tort, and sometimes referred to as its 'classical trinity'. It is worth adding that liability for passing off is not affected by the defendant's state of mind. There is no fourth element requiring the defendant to e.g. fraudulent, malicious or even negligent (Christopher Wadlow)
- Tort of passing off originated in British law in the action on the case at CL for deceit.
- From the 17th century, CL courts provided remedy to a trader whose trade name or symbol had been adopted by another trader with the intention of inducing its customers to believe that its goods were in fact those of the first trader
 - Rationale: fraud on the public
 - ***Perry v Truefitt (1842) 49 ER 749***: tort of passing off was first articulated here. Court did not grant exclusive right to trading name to original owner, but held that misrepresentation can be grounds for an injunction as 'a man is not to 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 marks which contribute to that end. He cannot therefore be allowed to use names, marks, letters or other indicia, by which he may induce purchasers to believe, that the goods which he is selling are the manufacture of another person (Lord Langdale MR at 73)'.
- By the early 19th century, actions could be brought in courts of Chancery, which were able to grant injunctions. Initially, injunctions could only be granted if there was fraudulent conduct by defendant. However...
 - ***Millington v Fox (1838) 40 ER 956***: granted injunction in the absence of fraud.
 - Later on, courts came to articulate a view that equity's intervention in cases of this type was based on the plaintiff's property rights in the 'mark' itself

2.2 The Modern Form of the Tort of Passing Off

- Elements for the tort of passing off or for the contravention of s18 of ACL can be found in the following two tests from the House of Lords decisions
- THE ADVOCAAT TEST → *Erven Warnink BV v J Townend & Sons (Hull) Ltd ('Advocaat')*
 - o Facts:
 - Makers of the spirit drink 'advocaat', which is made in accordance with a traditional Dutch recipe, brought an action against a trader selling as 'advocaat' a drink not made in accordance with that recipe.
 - Reputation shared amongst a number of traders, even if not from same geographical area. Warnink (P) was Dutch manufacturer of ADVOCAAT (drink made of eggs, sugar flavouring and brandwijn (Dutch spirit) which according to Lord Fraser is ethyl alcohol derived from grain or molasses). It is regulated by Dutch law. Warnink had sold in UK since 1911. Held 75% of total market for product in UK. ADVOCAAT made in several places around the world.
 - o 5 characteristics must be present in order to create valid cause of action for tort of passing off (Lord Diplock):
 - Misrepresentation
 - Made by trader in the course of trade
 - To prospective customers of his or ultimate consumers of goods or services supplied by him
 - Which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and
 - Which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so
- **Preferred TEST**: THE RECKITT & COLMAN TEST → *Reckitt & Colman Products Ltd v Borden Inc*
 - o Facts: Dispute between trader that had for over 30 years packaged its lemon juice in a yellow, lemon-shaped container and a trader that had started selling its differently named lemon juice in similar packaging
 - o 3 elements (Lord Oliver):
 - Establish **goodwill or reputation** attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying get-up (consist either simply of brand name/trade description, or individual features of labelling/packaging) under which his particular goods or services are offered to the public, such that the get-up is recognized by public as distinctive specifically of the P's goods and services
 - Volume of sales, advertising extent/expenditure, time trading, geographical extent, distinctiveness of 'mark';
 - Demonstrate **misrepresentation** by D to the public (whether or not intentional) leading or likely to lead public to believe that goods or services offered by him are the goods or services of the P
 - Not relevant if public is aware of P's identity as the manufacturer/supplier, as long as identified with a particular source which is in fact the P
 - Demonstrate that he suffers, or in a quia timet action, that he is likely to suffer **damage** by reason of erroneous belief engendered by the D's misrepresentation
 - o E.g. of questions asked in case:
 - 1) Have respondents proved that the get-up under which their lemon juice has been sold has become associated in the minds of substantial numbers of the purchasing public specifically and exclusively with the respondents' (Jif) lemon juice?

- 2) If yes, does the get-up under which the appellants proposed to market their lemon juice amount to a misrepresentation by the appellants that the juice which they sell is ‘Jif’ lemon juice?
 - 3) If yes, is it, on the balance of probabilities likely that if the appellants are not restrained, a substantial number of members of public will be misled to purchasing the D’s lemon juice in the belief that it is Jif juice?
- Protest→ ‘The idea of selling preserved lemon juice in a plastic container designed to look as nearly as possible like the real thing is such a simple, obvious and inherently attractive way of marketing the product that it seems to me utterly repugnant to the law’s philosophy with respect to commercial monopolies to permit any trader to acquire a monopoly....’ (LOOK AT LECTURE SLIDES AND UPDATE!)
- Held:
 - In the end, the question comes down not to whether the claimants are entitled to a monopoly in the sale of lemon juice in lemon-shaped containers but whether the D, in deliberately adopting out of all the many possible shapes of container, a container having the most immediately striking feature of the claimant’s get up, have taken **sufficient steps to distinguish their product from that of the claimants** (Lord Oliver)
- Despite the utility of the above tests, the tort contains sufficient nooks and crannies to make it difficult to formulate any satisfactory definition in short form. *ConAgra Inc v McCain Foods (Aust) Pty Ltd (1992) 33 FCR 302*
- Business was designed to convince

3. ELEMENT 1: REPUTATION OR GOODWILL

3.1 Generally

- Goodwill is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start (*Inland Revenue Commissioners v Muller & Co’s Margarine Ltd [1901]*)
 - Goodwill has no independent existence. It cannot subsist by itself. It must be attached to a business. Destroy the business and the goodwill perishes with it, though elements remain which may perhaps be gathered up and be revived again
- Proving reputation/goodwill
 - Time in the market
 - Promotion (where and extent)
 - Sales networks (outlets/distributors) and volumes
 - Geographical extent of business (NB: protection exists only where goodwill exists)
 - Use of domain name
 - Surveys
- **2 KEY ISSUES in solving problem question:**
 - **Is there a reputation?**
 - What about marketing approach? Secondary reputation for feature/shape?
 - **Has the D done enough to distinguish its rival product from the original product?**
- Types of reputation:
 - Reputation in packaging and appearance