

ON YOUR MARK - WHAT'S IN A NAME?

ADVICE FOR LOCAL DISTRIBUTORS ON LABELING, PACKAGING AND USE OF TRADEMARKS

By Tony McMinn,

A trade mark identifies the origin of a product or service. An image or logo can immediately conjure up the product and the supplier. The famous trade marks such as Nike, Coca Cola and McDonalds are recognized around the world. Think of the famous tick of Nike or the bitten apple logo for Apple McIntosh and the power of those images.

The artistic get-up and appearance of a label may similarly identify the product's origins.

The law protects the owner and user of trade marks by maintaining a register of Trade Marks. Registration gives the owner the exclusive right to use the trade mark on the particular class of goods or services for which it is registered.

The common law also protects the owner and user of an unregistered trade mark who has established a reputation in the mark by use as well.

The situation becomes tricky in the case of a foreign registered trade mark which is not registered in Australia. Often, a local distributor may be importing goods from a foreign supplier and the trade marks used on the goods have not been registered in Australia.

Or the situation where an intending distributor or franchisee may be negotiating a distribution or franchise agreement with the foreign trade mark owner who has not previously sold into Australia and wants to register the unregistered trade mark in Australia.

Can the local distributor or intending distributor / franchisee register the mark in its own name?

In ***First Quality Products Inc v Dawyn Import and Export Pty Ltd case [2000]***, the Trademarks Office Registrar was asked to determine an objection by a foreign manufacturer to the registration of one of their trademarks by an Australian company with whom they had been negotiating a distribution agreement. The Australian company claimed its reason for applying to register the mark in Australia was to safeguard its position as the first user of the mark in Australia. The Registrar found that,

"Regardless of use, the right to register a foreign mark is restricted to those who cannot be said to owe any duty to the proprietor of the foreign trademark. Thus the trademark of a foreign company may not properly be registered in Australia by its agent or by an Australian importer of its goods or by an employee of the importer. Any such registration will be invalid even if the agent is honestly registering to protect the principal or if the goods have never been sold in Australia bearing the trademark"

However if the intending distributor or franchisee has no relationship with the foreign company there would be nothing to stop the Australian company from registering the trade mark. Whether it can maintain the registration is another matter as registration can be challenged if the registered owner does not use the mark.

Copyright issues

The Copyright Act also provides protection to the copyright owner of literary and artistic works copying of those works. Copyright has been found to subsist in packaging labels as a literary work as well as artistic works.

There is no copyright in individual words however their arrangement and their artistic look may well be the subject of protection.

Passing off

The common law provides protection to a person who has established a reputation in relation to particular goods against other suppliers of goods where there may be confusion amongst consumers as to the true source of those products. This is known as the action in passing off. Accordingly if your product looks similar to another company's products and consumers were confused as to the source of those products, the company with the prior use and reputation in the product would be able to restrain you.

Misleading and deceptive conduct under the Trade Practices Act

Similarly, section 52 and 53 of the Trade Practices Act provide statutory prohibition against companies engaging in misleading and deceptive conduct. Packaging a product in packaging similar to the packaging of a competing product has been found to amount to misleading conduct, notwithstanding that packaging correctly identified the source of the product. The test is the look and feel of the overall packaging and getup of the product as opposed to any particular individual aspect of the packaging in isolation. If the look and getup of the packaging 'sail close to the wind' to the rival product then there will likely be infringement.

In the case of ***Red Bull Australia Pty Ltd v Sydney Wide Distributors Pty Ltd (2001)***, the Court held that *"the actual appearance of packaging to prospective consumers is ultimately the determining factor, rather than the alleged infringer's intention per se. Whether or not the packaging of LiveWire is deceptively similar to that of Red Bull is of course essentially a question of fact for the Court to determine, with the assistance of any available expert evidence of value.that the Court's determination ... depends on a combination of visual impression and judicial estimation of the effect likely to be produced in the course of the ordinary conduct of affairs"*.

Furthermore, a successful party will be entitled to damages including an account of profits in relation to any passing off or misleading and deceptive conduct relating to the infringing product.