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INTELLECTUAL PROPERTY

Trade Mark Lessons From 2016

Take-aways for 2017

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As with any year, 2016 gave us a fair amount of activity in the intellectual property space. The end of 2016 saw the handing down of the Productivity Commissions Inquiry Report into Intellectual Property Arrangements and we saw IP Australia undertake some significant changes to its systems and fee structures. These activities are set to keep us further entertained in the year ahead as we see what further changes present as we move into 2017.

The change to the trade mark fee structure was a notable change of 2016, reducing the overall cost of trade mark registration. We saw the removal of IP Australia's two part fee structure and a move to a single fee structure arrangement. The change was implemented to support innovation as part of IP Australia's move to reduce red-tape.

Throughout the year we saw several cases highlight the need to remain vigilant in relation to trade mark registration and that a register and forget approach may not adequately protect your IP rights. As such, as we enter 2017, it is an appropriate time to conduct a review of currently held trade mark registrations and other IP in light of business growth and set out your IP strategy for implementation in 2017 and beyond.

Lessons #1 – Trade Mark Classes/ Specifications

The decision in *Qantas Airways Limited v Edwards* [2016] FCA 729 serves as a timely reminder to ensure that trade mark registrations cover all relevant goods and services for which protection is sought. Two aspects must be considered, namely, in which class protection is sought, and the scope of that protection as determined by the specification within the class.

The opposition

In this case, Qantas Airways Limited (Qantas) opposed a trade mark application lodged by Mr Edwards comprising a silhouette kangaroo in class 25 for clothing.

Qantas lodged an opposition to Mr Edwards mark based on Qantas' earlier registered kangaroo/tail fin trade marks. Qantas opposed the registration of Mr Edwards mark on two grounds, namely, under section 44, on the ground that Mr Edwards' mark was deceptively similar to that of the Qantas mark and under section 60, on the ground that Qantas had developed a substantial reputation using the kangaroo/tail fin mark such that it was likely to cause confusion.

The decision

Qantas was unsuccessful in its opposition to the registration under both of the section 44 and section 60 grounds and Mr Edwards' trade mark proceeded to registration.

Qantas' mark was registered in Class 35 in relation to "advertising, marketing and merchandising," and whilst the Court acknowledged that clothing is often used as a promotional item, it was necessary for Qantas to demonstrate that the specified goods or services of the opposed mark, that is, class 25 clothing, was "closely related" to the specification of Qantas' registered mark in class 35 for "advertising, marketing and merchandising."

What the Court found was that a product, in this case T-shirts, was capable of being used as the subject of "advertising, marketing and merchandising" but this was similarly the case with a vast range of other goods. That is, a huge amount of different products could be used as the subject of advertising, marketing and merchandising materials. As such, the requisite relationship required under section 44(1)(a)(i) that the goods and/or services be "closely related" was not made out. Furthermore, the Court found that even though some similarity did exist

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between the marks, this was not deceptive similarity, as the similarity was not likely to cause confusion as to origin of the goods.

Qantas' opposition based on the grounds of section 60, that Qantas had acquired a reputation in Australia through the use of its kangaroo/tail fin mark and that use by Mr Edwards of the t-shirt mark would be likely to deceive or cause confusion, was similarly unsuccessful. The Court considered that while Qantas had a strong reputation in Australia, it had not acquired a reputation for goods of the kind that Mr Edwards was seeking registration. That is, while Qantas had a strong brand reputation, it had not acquired a reputation in relation to clothing and furthermore, the Court did not consider that the public would recognise Mr Edwards mark as brand evolution or an extension to the Qantas brand.

Take-aways

What is highly notable in this case is that Qantas' trade mark specification in class 35 did not extend to clothing in class 25 as being goods or services "closely related". The Court highlighted that Qantas' class 35 specification was for services in class 35 and was not "a registration for the goods or services in respect of which the services of advertising, marketing and merchandising using the 1984 kangaroo/tail fin mark might be supplied or provided".

In hindsight, Qantas should have expanded the classes for which trade mark protection was sought in order to ensure adequate trade mark protection or alternatively amended its class 35 specification so that it did "closely relate" to goods in class 25.

Qantas has since submitted further trade mark applications to seek protection of its marks in class 25. This decision acts as a timely reminder for all businesses to consider in what classes they have registered their marks and whether they have adequate protection. This is particularly important as

businesses change and grow and may begin using their marks in different ways without ensuring they have updated their trade marks. Furthermore, the way in which specifications are drafted is critical to whether a trade mark will be adequately protected. As such, it is important to ensure there is a balance between the specification being too wide and vague in scope and being too narrow such that it does not provide adequate protection.

Lessons #2 – Licensing Arrangements and Control

The case of *Lodestar Anstalt v Campari Inc* [2016] FCAFC92, also known as the *Wild Geese* case, played out in 2016 to demonstrate the importance of maintaining adequate control in relation to trade mark use.

The non-use provisions of the Trade Marks Act were invoked to remove trade marks for WILD GEESE and WILD GEESE WINES after a very long running battle in Australia and elsewhere between proprietors of the US bourbon whiskey mark WILD TURKEY and the makers of an Irish whiskey WILD GEESE IRISH WHISKEY.

The trade mark for WILD GEESE had originally been registered by the Irish whiskey interests, but was removed because that mark was not used in Australia for three years, and a local company WILD GEESE WINES PTY LTD which did carry on business making wine then registered the marks, but subsequently assigned them to the Wild Turkey interests who then licensed the marks back to the Australian company in a licence agreement containing quality control provisions.

The Full Court, however, found that the quality control provisions were not in fact exercised and the Australian company which had the licence of the name was not really subject to any quality control by the Wild Turkey interests. Accordingly, the registered owner of the mark could not rely on the use by the licensee as

being used to support the marks and the trade marks were removed.

The lesson in this is that any licence agreement, even for companies or entities within a common group, should not only contain quality control provisions, but these should be actively enforced.

[Read our full article 'Wild Geese Wines: The Bird has Flown' here.](#)

Lesson #3 – First to use not first to Register

A little closer to home we have seen the importance of being first to use as a significant factor in successfully opposing a mark on the basis of it being substantially identical.

This played out in the case of *Centennial Park Cemetery Authority v KSAMS Nominees Pty Ltd* [2016] ATMO 85 where KSAMS Nominees Pty Ltd (KSAMS Nominees) lodged an opposition against Centennial Park Cemetery Authority's 'CENTENNIAL PARK FLORIST' mark on the basis it was substantially identical to an unregistered mark used by KSAMS Nominees. The opposition was successful and the application by Centennial Park Cemetery Authority did not proceed to registration.

This case highlights the importance of common law searches, not just the Trade Marks Registers, and is a reminder that Australia is not a first to register jurisdiction. It is critically important to ensure that adequate searches are undertaken at the outset of developing a brand to ensure that a mark you intend to use does not infringe another mark, whether registered or not. Failure to do so may require rebranding at a later date which could be a costly exercise.

Furthermore, this case also illustrates the importance of keeping an eye on what your competitors are doing. While in this case the opponent was aware and lodged an opposition against registration in time, if they did not have their eyes on the ball they may have missed the opportunity

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to oppose the mark (the period in which to oppose a mark after it is published in the Official Journal is only 2 months). From 10 October 2016, IP Australia abolished all fees associated with making an opposition which has given greater accessibility to businesses to oppose marks. However, the best form of protection is to ensure any and all trade marks you use and wish to protect are properly registered.

Lesson #4 – Pre-launch Publicity may Defeat Trade Mark Removal

It is important to remember that in order to seek protection you must use the mark in relation to the goods and services specified in the registration within 3 years. Failure to use the mark can result in the mark being removed for non-use. However, in 2016 we saw an exception to this in the case of *Dick Smith Investments Pty Ltd v Ramsey* [2016] FCA 939.

This case involved a removal for non-use application being lodged against Dick Smith's 'OZEMITE' registered mark by the holder of competitor 'AUSSIE MITE'. Delays in production of Dick Smith's 'OZEMITE' product had meant that the mark had not officially been used within the required 3 year period. However, the removal for non-use application was defeated on the basis that the pre-launch publicity was considered 'use' of the mark.

Therefore, applicants who intend to use a mark in the future but are not sure how long they are going to take to get the product to the shelves, should not hesitate to register as early as possible. If it can be demonstrated that the mark is being used in activities preparatory to production, and in particular, the mark is being used in pre-launch publicity, then this may be considered

to constitute 'use' of the mark which will prevent any removal for non-use applications being successful.

Lesson #5 – Registration of Commonly used Industry Terms

Registering a trade mark which comprises a commonly used industry term may not provide protection to a trade mark owner if a competitor uses something similar but not identical to the registered owner's mark. In 2016, we saw this play out in the Federal Court in *Samuel Smith & Son Pty Ltd v Pernod Ricard Winemakers Pty Ltd* [2016] FCA 1515 when winemaker Yalumba, the owner of 'THE SIGNATURE' mark, sued Pernod Ricard claiming that the words 'BAROSSA SIGNATURE' on its Jacob's Creek red wine infringed Yalumba's registered mark.

The Court found that the words 'BAROSSA SIGNATURE' had been used as a trade mark within the meaning of s 17 of the *Trade Marks Act 1995* (Cth). However, this trade mark use was found not to infringe the Yalumba mark under the Act on the basis that the two marks were not considered deceptively similar. While the Court did not consider the word 'signature' to be a generic term in the wine industry to the same extent as terms such as 'shiraz' or 'sparkling', it did consider it to be a commonly used term and did not consider Yalumba's trade mark protection to extend to use of the word 'SIGNATURE' alone.

As such, Yalumba, by using such a commonly used term, found that it did not have the level of trade mark protection that it expected. The outcome of the case serves as a reminder that registration of marks which include descriptive or commonly used terms do not grant exclusive rights over use of those words when used alone but rather

only provides protection when the words are used in combination with other distinctive words as a whole. Yalumba's trade mark registration really only provides protection of its use of the combination of words 'THE SIGNATURE' and does not provide any exclusive rights to the word 'SIGNATURE' alone (although Yalumba have indicated that the decision may be appealed).



MORE INFO

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