

# **REVIEW OF TRADE MARK ENFORCEMENT**

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*Submission on the Advisory Council on Intellectual  
Property's Final Report on the Review of Trade Mark  
Enforcement*

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**INTELLECTUAL PROPERTY RESEARCH INSTITUTE OF AUSTRALIA (IPRIA)**

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## 1 BACKGROUND ON IPRIA

The Intellectual Property Research Institute of Australia (IPRIA) is a national centre for multi-disciplinary research on the law, economics and management of intellectual property. It is based at the University of Melbourne, and is run jointly by the Faculty of Law, the Faculty of Economics and Commerce, and the Melbourne Business School. IPRIA's research focuses on ways to improve the protection, management and exploitation of intellectual property by business, research institutions and other users of the IP system, and on supporting high quality policy development by government in areas relating to intellectual property. It seeks to use the outcomes of its research to create and contribute to healthy public debate on key issues relating to intellectual property.

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## 2 INTRODUCTION

This is the second submission IPRIA has made in relation to the Review of Enforcement of Trade Marks by the Advisory Council on Intellectual Property (ACIP). This submission responds to the final report of ACIP, delivered in April 2004. It focuses on two of the key recommendations made by ACIP in the Review, namely, recommendations 4 and 7.

## 3 RECOMMENDATION 4 – ‘NEW’ MARKS

The ACIP Review recommended that:

IP Australia should continue to monitor its practice to ensure that an application to register a shape, colour, scent, sound, or aspect of packaging is treated in a manner that is consistent with an application to register a word or device mark and that the threshold for registration is the same.

IPRIA agrees with the recommendation that an application for the registration of a shape, colour, scent, sound, or aspects of packaging should be treated in a manner consistent with the treatment of word or device marks. We submit, however, that the wording of the ACIP recommendation may not sufficiently acknowledge the intrinsically different nature of the new marks. Developing jurisprudence emphasises that even where treatment is consistent, as a matter of *fact* it may be more difficult to satisfy the distinctiveness requirement for the registration of a mark under s41 of the *Trade Marks Act 1995* (Cth) (‘Act’) in relation to new marks.

These intrinsic differences have been acknowledged in the developing case law surrounding the new marks. In *Kenman Kandy v Registrar of Trade Marks*, the Full Federal Court held that the test for whether a shape is inherently distinctive should be the same test as applied to word or device marks<sup>1</sup>, namely whether other manufacturers in the ‘ordinary course of their business and without improper motive’ would also want to use the shape as a trade mark for their own goods.<sup>2</sup>

In *Philmac Pty Ltd v Registrar of Trade Marks*<sup>3</sup> Mansfield J held that a single colour should be given the same consideration as ‘an application for registration of a purely descriptive word’, although he did not state that a single colour will never be inherently capable of distinguishing particular goods or services. His Honour held that if the colour was a choice ‘out of left field’ it might be possible to establish that the colour was inherently adapted to distinguish the goods or services.

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<sup>1</sup> *Kenman Kandy (Aust) Pty Ltd v Registrar of Trade Marks* (2002) 56 IPR 30 at [44]-[46] per French J, at [129] and [162] per Stone J.

<sup>2</sup> *Kenman Kandy (Aust) Pty Ltd v Registrar of Trade Marks* (2002) 56 IPR 30 at [47], quoting *Clark Equipment Co v Registrar of Trade Marks* (1964) 11 CLR 511. While conceding that it was in was possible, Lindgren J said [at 110] that he could not ‘conceive of circumstances in which the shape or colour of any goods would be inherently adapted to distinguish them.’

<sup>3</sup> (2002) 56 IPR 452.

In *BP plc v Woolworths Limited* [2004] FCA 1362 Finkelstein J considered whether a colour can satisfy the distinctiveness test under the Act. His Honour said that we should “begin from the premise that in most cases the public will consider colour as ornamentation and not as indicating a particular origin.”<sup>4</sup> Finkelstein J acknowledged the difficulties in establishing, as a matter of fact, the distinctiveness of a colour mark:

The evidence must be scrutinised very carefully when it is said that a single colour has been used as a trade mark. ... I will require substantial evidence to show acquired distinctiveness or secondary meaning for a single colour.<sup>5</sup>

Thus, while His honour appeared to agree that the distinctiveness test should be applied consistently, he also recognised that the level of proof needed to establish the acquired distinctiveness of a colour as a trade mark will be substantially greater due to the nature of colour as different from more traditional types of marks, such as word or device marks.

The Trade Marks Manual recognises that the same criteria as applied to a word or device mark should be applied when considering whether a shape mark is inherently distinctive.<sup>6</sup> In relation to a single colour mark, the Manual states that evidence of use under s41(6) of the Act will usually be required.<sup>7</sup> IPRIA submits that this approach is not inappropriate given the current jurisprudence.

**IPRIA RECOMMENDATION:**

*While an application for the registration of a shape, colour, scent, sound, or aspect of packaging should be treated in a manner that is consistent with an application to register a word or device mark, the evidence needed to satisfy the threshold of acquired distinctiveness for the registration of ‘new’ marks might be more burdensome than for word or device marks. These evidentiary issues should be clearly acknowledged by IP Australia and the Registrar for Trade Marks when examining ‘new’ trade mark applications.*

## 4 RECOMMENDATION 7 – FAMOUS MARKS

The ACIP Review recommended that:

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| <p>a) The Government should support research into the economic and legal benefits of, and costs associated with, extending protection to well-known marks.</p> <p>(b) Australia should continue to actively participate in international discussions regarding well-known marks.</p> |
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IPRIA supports this recommendation. A number of concerns were raised in the *Issues Paper* about the protection of ‘well-known’ or ‘famous’ marks. In particular, it was acknowledged that there is ‘ongoing debate at the international level as to the extent of the protection which should be given to

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<sup>4</sup> *BP plc v Woolworths Limited* [2004] FCA 1362 at [24].

<sup>5</sup> *Ibid.*

<sup>6</sup> See Section 3.2 of Part 21; Section 3.6 of Part 21.

<sup>7</sup> See Section 4.3.1 of Part 21. This is in accordance with the decision of Mansfield J in *Philmac Pty Ltd v Registrar of Trade Marks* (2002) 56 IPR 452.

well-known marks.’<sup>8</sup> A fundamental difficulty raised by the *Issues Paper* was identifying the types of rights which should be accorded ‘well known’ or ‘famous marks’. Anti-dilution protection, as provided for in the *Lanham Act* 15 USC § 1125(c)(1) in the United States, was raised as one possible option for discussion. IPRIA wishes to add that such research should consider not only what *extensions* to protection might be important, but also whether the *current* protection, in particular s 120(3), is working satisfactorily.

IPRIA made a submission to ACIP in June 2002 regarding these issues. Specifically, the submission focused on the extent to which the current provisions of the Act, particularly section 120(3), afforded protection to famous trade marks against trade mark dilution. The submission suggested that a broader review be conducted as to whether trade mark dilution, as a theory of trade mark liability, should be adopted under Australian trade mark law.

Extended protection for famous or well-known marks is a controversial and unresolved issue, both in terms of theory and how theory is to be translated into an appropriate legal regime. The most important consideration, in our view, is that extended protection for famous or well-known marks must be appropriately justified or warranted to avoid some real and tangible economic harm to the owners of famous trade marks. Even then, additional protection will only be justified if it results in an overall net economic or social benefit, taking into consideration both the commercial and social interests that are at stake in affording extended protection to famous mark.

The need to further investigate the protection of famous marks is reinforced by recent research conducted by IPRIA relating to the enforcement of trade marks in the courts.<sup>9</sup> Preliminary results have indicated that out of the 81 trade mark enforcement determinations made by courts within the 1997-2003<sup>10</sup> period only 4 (4.9%) proceedings involved a positive determination by the court directly relevant to s120(3) *or* where the bulk of the reasoning was in relation to s120(3). In contrast, 69 out of 81 (85.2%) proceedings concerned s120(1) and 8 (9.9%) concerned s120(2).

Whether or not this indicates that the current protection for ‘well-known’ marks under s120(3) of the Act is under-utilised by trade mark owners when enforcing their rights in infringement proceedings requires further investigation. Indeed, it may be that such a result is to be expected considering that it only provides protection to well-known marks. It is unknown at present how many marks on the register could be considered well-known: further research would be required to ascertain even this much.

Even if the rate of reliance on s120(3) by trade mark owners is in fact low, there may be a number of alternative explanations.

First, it may be that the additional protection afforded to famous marks in s120(3) is not needed and that the provision was merely introduced to fulfil our international obligations under TRIPs. Alternatively, assuming that such protection is needed, the under-use of section 120(3) may indicate

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<sup>8</sup> See paragraph 4.8.3.

<sup>9</sup> The final results of our research into the enforcement of trade marks in Australian courts will be available in an upcoming paper: Kimberlee G. Weatherall, Paul H. Jensen and Jason Bosland, ‘Trade Mark and Counterfeit Litigation in the Australian Courts, 1997-2003’.

<sup>10</sup> It should also be noted that there are no judgments of the courts concerning s120(3) in 1996.

that the requirements of the provision are not well drafted and raise problems for trade mark owners *in practice*. For example, the requirement that the use of the famous mark indicate a ‘connection’ between the defendant’s goods or services and the trade mark owner, or that the trade mark owner must show that his or her interests ‘are likely to be adversely affected’, may have a limiting effect on the use of the provision.

A third reason may be that trade mark owners are uncertain as to how the provision will be interpreted by the courts and prefer to rely on more established actions, such as passing off and misleading and deceptive conduct under section 52 of the *Trade Practices Act 1974* (Cth) (‘TPA’), at least where they provide equivalent or applicable causes of action. A particular benefit in using s52 of the TPA as an alternative to section 120(3) of the Act is that the plaintiff need not prove that the infringing use of the trade mark is likely to adversely affect the interests of the trade mark owner.<sup>11</sup>

Without conducting further specific research it is not possible to determine whether the provision is being underused by trade marks owners and, if so, which of the tentative explanations outlined above may be the cause.

***IPRIA RECOMMENDATION:***

*IPRIA supports Recommendation 7. Further research should be conducted into the economic justifications for the extended protection of famous marks, and to assess whether it is in fact warranted, taking into account the net economic and social costs and benefits of such protection. IPRIA also recommends that such research should address whether or not s120(3) of the Act is being under-utilised by trade mark owners, and if so the reasons for such under-utilisation.*

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<sup>11</sup> Butterworths, *Patents, Trade Marks and Related Rights*, vol 1A (at 56,205).