

Locutus

THE NEWSLETTER OF INTELLECTUAL PROPERTY LAW, STATUTORY DECEPTIVE
CONDUCT AND FRANCHISING LAW.

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Welcome to Locutus

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Locutus is a newsletter of current news, recent cases, and practice decisions. It is authored by Carmen Champion Barrister-at-Law.

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TRADE MARKS

Sports Warehouse, Inc v Fry Consulting Pty Ltd [2010] FCA 664

Issue: whether mark TENNIS WAREHOUSE is capable of distinguishing applicant's online retail services.

Assessment: s 41(2) requires the Registrar to reject an application where the trade mark is "not capable of distinguishing the applicant's goods or services in respect of which the trade mark is sought to be registered from the goods or services of other persons". Whether or not the trade mark is "capable of distinguishing" the designated goods or services from the goods and services of other persons is to be determined by reference to subsections (3) to (6) of s 41: see what Branson J said in *Blount Inc v Registrar of Trade Marks* [1998] FCA 440; (1998) 83 FCR 50; *Chocolaterie Guylian NV v Registrar of Trade Marks* [2009] FCA 891; (2009) 180 FCR 60 ('Chocolaterie Guylian') at 65 [9],

Held: *Given the low level of distinctiveness of the trade mark TENNIS WAREHOUSE and the applicant's evidence as to its use of the trade mark (whether before or after the lodgement date) are insufficient to satisfy me that as at the lodgement date it could be said that the trade mark distinguishes or will distinguish the applicant's designated services from the services of other traders.*

Note: discussion on relevant standard of proof. Held: *Under s 41(5), the Registrar must be persuaded by the applicant on the balance of probabilities that the trade mark does or will distinguish, having regard to the considerations in s 41(5)(a). The standard is the same under s 41(6), where the applicant must establish on the balance of probabilities that the mark does distinguish "because of the extent to which the applicant has used the trade mark before the filing date".*

Food Channel Network Pty Ltd v Television Food Network G.P. [2010] FCA 703

Issues: First, whether TVFN is, under s 92(1) of the Act, a “person aggrieved by the fact that a trade mark is ... registered”. Secondly, whether FCN has discharged the onus of rebutting the contention that “at no time [between 14 July 2003 and 14 July 2006] has [FCN] used [registered trade mark 733265] in Australia or used [it] in good faith in Australia in relation to the goods and/or services to which the application [for removal] relates”.

Held: Questions of whether a person with imperfect recollection having seen TVFN’s applications for registration of particular marks might be caused to wonder when seeing FCN’s registered mark 733265 whether there is a trade connection between the marks, is not relevant to the question of whether TVFN is a person aggrieved by trade mark 733265 remaining on the register if the mark ought not to be on the register *I am satisfied having regard to the trade marks the subject of those applications involving the words FOOD NETWORK and the devices depicted at [85], [87] and [90] and the specification of the claims, by an applicant asserting use or an intention to use, that opposition to the applications on the ground of s 44 of the Act in reliance upon the registered trade mark 733265, by an actual or potential trade rival, on the opponent’s contended footing that the marks if registered are substantially identical with or deceptively similar to trade mark 733265, confers standing on TVFN to apply for removal of the registered trade mark as a “person aggrieved” with an interest in correcting the register in circumstances where TVFN contends that FCN has not used the registered trade mark as contemplated by s 92(4)(b) of the Act: Ritz Hotel v Charles of the Ritz (1987) 12 IPR 417; Health World v Shin-Sun Australia Pty Ltd [2010] HCA 13.*

Remaining question: whether FCN’s use is in relation to services falling within the descriptions “television broadcasting services including free-to-air and cable television broadcasting” or the “production of television programs and television entertainment”

Held: *The structure of the Trade Marks Act necessarily requires a relationship between the trade mark and the goods or services provided in the course of trade by the owner through use (see [23] and [24] of these reasons). In order to establish use of the mark in relation to the specified class 38 services, FCN must demonstrate use by it of those services. Section 92(4)(b), from the perspective of the trade mark owner, is speaking of my use in relation to the goods and/or services in question. If a trade mark owner can, for the purposes of the Act, demonstrate use in relation to the trade mark by adducing evidence that the mark has been used on programs broadcast by someone else (a third party) that provides the specified broadcasting services, such a construction gives the phrase “in relation to” a very wide field of operation not comprehended by the Act. The phrase “in relation to” can mean almost anything in the abstract but must necessarily be given a meaning in context. The relevant context is the structure and purpose of the Act which dictates the orthodoxy of the phrase and which requires a relationship between the owner of the trade mark, use (or at the application date, intended use) and goods or services in respect of which use, in trade, is to occur and for which the mark is registered, as specified, according to the ordinary and natural meaning of the language used.*

Use of the mark in relation to goods and services is not established by showing use of the mark in relation to services provided by someone else. Section 7 of the Act which provides that use of a trade mark in relation to services means “use of the trade mark in physical or other relation to the services” does not have the effect of providing, for the purposes of the Act, that the meaning of the phrase “in relation to services” means use by the

trade mark owner in relation to services provided by someone else.

It necessarily follows that FCN has not established use of the mark in relation to the specified class 38 services.

COPYRIGHT

Ron Englehart Pty Ltd v Enterprise Constructions (Aust) Pty Ltd [2010] FCA 820

Issues: Whether respondents' plans and display house substantially reproduced applicant's plans and display house – Whether similarities between houses and plans justified inference that respondents had access to applicant's display house and plan and had substantially reproduced them

Court rejected Applicant's contention that it should infer copying. Found for the Respondent.

Flashback Holdings Pty Ltd v Showtime DVD Holdings Pty Ltd (No 6) [2010] FCA 694

Copyright: Infringement. Election for damages – Calculation of damages using method of “lost profits” – Inclusion in assessment of damages of sales lost by exclusive licensee on other products whose copyright had not been infringed – Claimable head of damage so long as sufficient causation and foreseeability – Insufficient evidence to calculate damages

Larrikin Music Publishing Pty Ltd v EMI Songs Australia Pty Limited (No 2) [2010] FCA 698

Issues: damages for reproduction of part of a musical work and misleading representations as to entitlements to income. Percentage payable on exploitation of sample of earlier work in a later work

Court applied the following principles:

First, the respondents being wrongdoers, damages should be liberally assessed but the object is to compensate the applicant, not to punish the respondents.

Second, it is common practice in the music industry for the owner of the copyright in a work to grant a licence to a person who seeks to use part of the original work in a derivative work. In those instances the owner of the copyright will grant a licence in return for a share of the copyright (or a share of the income) in or from the derivative work.

Third, when an infringer uses the copyright work without a licence, the measure of the damages it must pay will be the sum which it would have paid by way of royalty if, instead of acting “illegally”, it had acted legally.

Fourth, where (as in the present case) there is no “normal” rate of royalty or licence fee, evidence may be adduced of practice in the industry including expert evidence of factors which may guide the court in the determination of the applicable rate. Evidence of that type will be general and hypothetical and it will be a matter for the court to determine the weight to be given to it.

Fifth, where (as in the present case) some form of royalty or profit share is appropriate, the basis for the assessment is a transaction between a willing licensor and a willing licensee. The assessment has to be made upon all the relevant evidence which may include evidence of rates agreed in other similar or “comparable transactions”.

Sixth, the process is one of judicial estimation. Mathematical precision is not attainable. It would appear that if the court is to err, it should do so on the side of generosity to an applicant.

See *Ludlow Music Inc v Williams (No 2) [2002] EWHC 638 (Ch)* at [38] - [48].

Held: The 5% figure is the total percentage payable to Larrikin of the APRA/AMCOS income.

PATENTS

Seafood Innovations Pty Ltd v Richard Bass Pty Ltd [2010] FCA 723

Issue: whether the respondent infringed the two innovation patents belonging to the applicant – whether the applicant’s second patent is invalid because of: a lack of an innovative step (s 18(1A)(b)(ii) of the Patents Act 1990 (Cth)); and/or the claims of the patent are not clear and succinct and not fairly based on the matter described (s 40(3)); and/or the claims do not define the invention (s 40(2)) – whether the exportation of the devices supports an infringement action.

And finally...

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