

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

Nature's Blend Pty Ltd v Nestle Australia Ltd (2010) FCAFC 117

This was an appeal from the decision of Justice Sundberg reported at 86 IPR 1. Justice Sundberg had found that the use of "Luscious Lips" was not a use of that expression as a trade mark. Further, his Honour had found that there was no infringement of the registered trade mark as Nestle had used the sign in good faith to indicate a descriptive characteristic of the goods and that it had done so honestly and without any ulterior motive.

On appeal Nature's Blend challenged both the infringement and the good faith conclusions.

The contest was over the following use:

That's right! All your old favourites are back, so put on those flares & get ready to party! Up to 7 lolly varieties including ... cool COLA Bottles, those radical Racing Cars, yummy Honey flavoured Bears, totally freeeekie Teeth, luscious Lips, partying Pineapples and outrageous Raspberries.

The Full Federal Court reiterated that the use as a trade mark is use of the trade mark as a badge of origin that is a sign used to distinguish goods dealt with in the course of trade by a person from goods so dealt with by someone else. It also reiterated that a mark may contain descriptive elements but still function a badge of origin.

The question was: whether the impugned words would appear to consumers as possessing the character of a brand. In answering that question the Court needed to consider the purpose and nature of the impugned use which included the totality of the packaging including the way in which the words are displayed in relation to the goods and the existence of a label of a clear and dominant brand are relevant in determining the purpose and nature of the impugned words. The Primary Judge had undertaken that enquiry and concluded that luscious was descriptive and was intended to convey to

consumers a laudatory perhaps even humorous description of such of Nestle's confectionary contained in the Retro Party Mix product which is shaped as lips. The Primary Judge had also placed significant emphasis on the fact that the impact of the words Luscious Lips was diluted by the prominence of the well known mark Allens on both the front and back of the packaging along with the mark Nestle appearing on the back of the packaging.

The appellant argued that Luscious Lips was not a natural, obvious or inevitable description of confectionary and that accordingly it was inherently distinctive and hence well adapted to be used as a badge of origin. It stressed that for those reasons when used in relation to confectionary, Luscious Lips could have a variety of connotations for the reasonable consumer and that this fact was a strong indicator that any commercial usage of the words in relation to confectionary by a competitor was trade mark usage.

The Court held that in addressing the question whether the words Luscious Lips would have appeared to consumers as possessing the character of a brand the Primary Judge correctly noted that the context is all important. The Court further stressed that the Primary Judge correctly noted that the words Luscious Lips are significantly less prominent than the word Caplets in Johnson & Johnson and the word Kettle in PepsiCo. Importantly, the Court referred to the fact that most consumers may look at the back of a Nestle packet before purchase and that such an inspection would reveal that one of the mixed lollies in Nestle's product is described in a light and amusing context as being Luscious Lips. Relevantly, by the time a consumer has read that blurb he or she has already noted that it's an Allens' brand of product with the name of the product variant being Retro Party Mix and a consumer would have seen the other variable known trade mark namely Nestle. By that stage the consumer would have been left in no doubt as to the commercial origin of the product.

The Court concluded that the Primary Judge was correct in taking into account the prominence of the registered Allens and Nestle marks on the packaging in contrast to the location and style of the expression Luscious Lips.

On the question of good faith the appellant argued that the Primary Judge had wrongly reversed the onus of proof. The Court pointed out that this overlooked the comment of the Primary Judge at paragraph 42 and the paragraphs following where the Primary Judge went on to analyse the evidence of Nestle. The Court concluded that it was clear from the reasons provided that the Primary Judge had understood that the onus was on Nestle. The Appellant also sought to rely on a *Jones v Dunkel* inference in that it argued that other persons who appear have been involved in the selection of the words Luscious Lips were not called to give evidence and, accordingly, the Primary Judge should have inferred that the evidence would not assist in establishing the good faith defence. The Court found that the Primary Judge was not bound to draw such an inference nor that he should have done so.

The appeal was dismissed with costs.

COPYRIGHT

Edsonic Pty Ltd v Cassidy (2010) FCA 1008

The Applicant was involved in publishing self paced education and training materials. Ms Cassidy was involved in developing a number of the alleged copyright works the subject of the Applicant's claim. The ultimate issue in these proceedings was who owned copyright in the identified works. The Court had to determine whether she was an employee at the relevant time and whether if she was an employee she made the works pursuant to the terms of her employment. Ms Cassidy contended that she was employed between February 2001 and April 2002 but that the works were made not during that period of her employment but prior to the commencement of that employment. She claimed that she simply reformatted existing works. The Court determined that the works were not

made by her pursuant to the terms of her employment. In doing so the Court referred to *Victoria University of Technology v Wilson* (2004) VSC 33; (2004) 60 IPR 392 especially the observations of Justice Nettle at [104] that the mere existence of the employer/employee relationship will not give the employer ownership of inventions made by the employee during the term of the relationship. Reference was also made to *University of Western Australia v Gray*.

***Fairfax Media Publications Pty Ltd v Reed International Books Australia Pty Ltd* (2010) FCA 984**

The issue before the Court was whether the Respondent's reproduction of headlines and the creation of abstracts of articles from the Applicant's newspaper infringed the Applicant's copyright in the same, if, in fact, copyright subsists in individual newspaper headlines, in an article with its headline, in the compilation of all the articles and headlines in a newspaper edition and in the compilation of the editions as a whole. The Court also had to consider whether the presumption of originality for anonymous works was available, whether the works were works of joint authorship, whether the headlines constituted a substantial part of each compilation, the fair dealing defence and in particular whether the Applicant was now estopped from asserting copyright infringement by the Respondent having known for many years that headlines of the Applicant's newspaper were being reproduced in the abstracting service. The Applicant had in fact subscribed to and resupplied the abstracting service.

The Court pointed out that the precise question of whether copyright subsists in newspaper headlines had not been decided by a Court in Australia. In *Shetland Times Ltd v Willis* (1997) FSR 604; 27 IPR 71 the point had been made that there may be a question of whether headlines which are essentially brief indicators of the subject matter of the items to which they relate are capable of being protected by copyright.

Reed had argued that there was an important public policy reason for excluding titles being the need to identify a work by its name. It contended that if copyright protection were afforded to headlines, there would be a significant detrimental impact to all bibliographic and reference systems which proceed on the footing that there is no infringement of copyright to reproduce the title of a book, essay, play etc. In that regard Reed sought support in the fair dealing defences in the Act. It also pointed out that headlines are analogous to a title of a book or other work and relied on the fact that titles, slogans and other short phrases have been consistently refused protection under Australian and English copyright law.

The presumption of originality under s.129 of the Act arose as each work was a work of joint authorship where one of the authors was known and the other author or authors were anonymous. In order to overcome the necessity of identifying the authors Fairfax relied on the presumption in s.129 (2) of the Act. The Court was not satisfied that the presumption of anonymous authorship was available as the works had been written by Fairfax's employees and created only around 12 months prior to the hearing and Fairfax had chose not to identify the authors. Because Fairfax had determined not to identify the authors there was no shifting of owners onto Reed. The Court held that the presumption in s.129 was not available to establish originality of the contended works.

Fairfax failed to establish the subsistence of copyright in the headlines (see discussion re meaning of "original" at {28} – [49]) or the article/headline combination but did establish copyright in the article compilation and the edition work. The Court found that although Reed takes the whole of each headline in reproducing and communicating those headlines as part of the abstract it does not take a substantial part of such work.

PATENTS

Abbott GMBH & Co. KG v Apotex Pty Ltd (No 2) [2010] FCA 940

Issues: Whether invention anticipated by prior art; whether invention involved an inventive step when measured against prior art base as at priority date ; whether invention a manner of manufacture; whether patent obtained by false suggestion; whether amendments made to satisfy examiner, and represented as making a material difference to previous meaning of claims and specification, made no difference at all.

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