

Question Q214

National Group: Australian National Group

Title: Protection against the dilution of a trade mark

Contributors:

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Questions

I. Analysis of current law and case law

The Groups are invited to answer the following questions under their national laws.

1. Do the laws of your country provide for protection against dilution of a trademark? If so, which laws?

Australia does not have specific laws protecting against dilution of a trade mark. However, the *Trade Marks Act 1995* (Cth) (**Act**) allows owners of "well known" trade marks to:

- (a) commence trade mark infringement proceedings to protect their marks under s 120(3);¹ and
- (b) to register their well known marks as "defensive trade marks" under s 185.²

Section 120(3) of the Act reads:

"A person infringes a registered trade mark if:

- (a) *the trade mark is well-known in Australia; and*
- (b) *the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:*
 - (i) *goods (**unrelated goods**) that are not of the same description as that of the goods in respect of which the trade mark is registered (**registered goods**) or are not closely related to services in respect of which the trade mark is registered (**registered services**); or*

¹ *Trade Marks Act 1995* (Cth) s 120(3).

² *Trade Marks Act 1995* (Cth) s 185.

- (ii) services (**unrelated services**) that are not of the same description as that of the registered services or are not closely related to registered goods; and
- (c) because the trade mark is well known, the sign would be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark; and
- (d) for that reason, the interests of the registered owner are likely to be adversely affected."

Section 185(1) reads:

*"If, because of the extent to which a registered trade mark has been used in relation to all or any of the goods or services in respect of which it is registered, it is likely that its use in relation to other goods or services will be taken to indicate that there is a connection between those other goods or services and the registered owner of the trade mark, the trade mark may, on the application of the registered owner, be registered as a **defensive trade mark** in respect of any or all of those other goods or services."*

Section 186 makes clear that the usual infringement provisions of ss 120(1) and 120(2) apply to defensive registrations. Unlike sub-s 120(3) of the Act, ss 120(1) and 120(2) do not require a mark to be "well known in Australia" in order for the mark to be afforded protection against trade mark infringement.

Importantly, both provisions provide broad protection to well known marks. Owners of well known marks can commence trade mark infringement proceedings for use of a substantially identical or deceptively similar mark, even where the offending mark is being used in relation to goods or services which are dissimilar to the goods and services in respect of which the well known mark is registered.

Similarly, defensive trade mark registrations can specify goods and services for which the mark is never used or is not intended to be used. The operation of these provisions is discussed in more detail in the answers to later questions.

Additionally, owners of registered or unregistered trade marks that have acquired a reputation in Australia may be able to protect their marks under consumer protection legislation, such as ss 52 and 53 of the *Trade Practices Act 1974* (Cth) (**TPA**) or via the common law action of passing off.

Section 52 of the TPA provides:

"A corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive."

Section 53 of the TPA prohibits a corporation from making misleading and false representations.

Australia's States and Territories have legislation corresponding to ss 52 and 53 of the TPA.³

³ *Fair Trading Act 1992* (ACT) ss 12 and 14; *Fair Trading Act 1987* (NSW) ss 42 and 44; *Consumer Affairs and Fair Trading Act 1990* (NT) ss 42 and 44; *Fair Trading Act 1989* (Qld) ss 38 and 40; *Fair*

The common law tort of passing off seeks to prevent financial loss to the plaintiff where the plaintiff can show:

- (a) a reputation in the relevant mark or indicia;
- (b) a misrepresentation by the defendant, leading to deception; and
- (c) damage to goodwill, or likelihood thereof.⁴

These consumer protection and business goodwill protection measures are not specifically targeted at protecting trade marks from dilution, but they have the potential to provide owners of well known marks with methods to protect their marks which are additional to those provided by the Act.

2. Is there a legal definition of dilution in your legislation or case law?

As discussed above, Australian legislation does not define dilution. The concept of "dilution" has received very limited judicial attention in Australia.

The most well known case in which dilution has been considered in Australia is the High Court of Australia's decision in *Campomar Sociedad v Nike (Campomar v Nike)*.⁵ In that case, the High Court was concerned with Campomar's use of the well known **NIKE** trade mark in relation to perfumes.

In a judgment delivered by the full bench of the High Court (consisting of Gleeson CJ, Gaudron, McHugh, Gummow, Kirby, Hayne and Callinan JJ), their Honours commented that:

"In this decade, legislation in the United States, the United Kingdom, and now in Australia to varying degrees has extended the infringement action to restrain activities which are likely adversely to affect the interests of the owner of a "famous" or "well-known" trade mark by the "dilution" of its distinctive qualities or of its value to the owner.

Such provisions represent legislative responses to the claims of trade mark owners to protection where, particularly by successful advertising, the fame of a mark carries its function beyond the traditional role as an identifier of origin. The "dilution" theory of liability "does not require proof of a likelihood of confusion"; rather, what is protected is "the commercial value or 'selling power' of a mark by prohibiting uses that dilute the distinctiveness of the mark or tarnish the associations evoked by the mark". The term "dilution" has an uncertain scope of application. It also is used to describe the processes by which a mark, such as "LINOLEUM" or "PYREX", becomes generic and the effects of the use of a mark in parody" (footnotes omitted).⁶

Section 120(3) of the Act was the "legislation ... in Australia" to which their Honours referred.

Trading Act 1987 (SA) ss 56 and 58; *Fair Trading Act 1990 (Tas)* ss 14 and 16; *Fair Trading Act 1999 (Vic)* ss 9, 12 and 13; *Fair Trading Act 1987 (WA)* ss 10 and 12.

⁴ Mark Davison, Tracey Berger and Annette Freeman, Shanahan's Australian Law of Trade Marks and Passing Off (4th ed, 2008) 681.

⁵ *Campomar Sociedad, Limitada & Anor v Nike International Ltd & Anor* (2000) 169 ALR 677.

⁶ *Campomar Sociedad, Limitada & Anor v Nike International Ltd & Anor* (2000) 169 ALR 677, 689.

Their Honours also considered s 28(a) of the *Trade Marks Act 1955* (Cth) (**1955 Act**), which provided that:

"A mark:

- (a) the use of which would be likely to deceive or cause confusion;
- (b) the use of which would be contrary to law;
- (c) which comprises or contains scandalous matter; or
- (d) which would otherwise be not entitled to protection in a court of justice;

shall not be registered as a trade mark."

In relation to s 28, their Honours stated:

"The circumstances which render the mark deceptive or confusing in this sense may, of course, stem from the prior commercial activities of others, not the inherent character of the mark. In this way, by denying to any other trader registration of the same or a similar mark, s 28 provided what might be described as a "negative protection" for a well-known mark, even one not already registered and not used in relation to the same goods or services as those in respect of which the application for registration was made. The result was that, to a degree, s 28 operated as an "anti-dilution" device" (footnotes omitted).⁷

Their Honours' comments on s 28 of the 1955 Act were considered by the Full Federal Court in *Renaud Cointreau v Cordon Bleu International*.⁸ In that case, Moore, Tamberlin and Goldberg JJ considered an application by Renaud Cointreau for leave to appeal from a decision of the Federal Court in a matter involving the alleged infringement of Renaud Cointreau's **CORDON BLEU** trade mark.

In that case, Renaud Cointreau submitted that the High Court's comments on s 28 of the 1955 Act meant that it was necessary for the Court to find that a mark was demonstrated to be a "well known" mark in order for s 28 to apply. In rejecting that submission, their Honours stated that the High Court in *Campomar v Nike*:

not prescribing a threshold as to the sufficiency of reputation which needs to be was" in the context of the famous mark under consideration in that ,Rather .established dilution of the can operate as a protection against (a)28 the court said that s ,case To .can operate (a)28 The court was simply pointing out one way in which s .mark by (a)28 read it otherwise would be to place an unwarranted gloss on the wording of s The ground prescribed by the section is where .nown" k-wellrequiring the mark to be " .the use of the mark would be likely to deceive or cause confusion⁹

Interestingly, the concept of dilution has also been considered by the Federal Court of Australia in the context of interlocutory injunctions for trade mark infringement. In *Buchanan Group Pty Ltd v Sorgetti*,¹⁰ Buchanan Group successfully sought an interlocutory injunction preventing Sorgetti from infringing Buchanan Group's **BRAND POWER** trade mark. In concluding that the balance of convenience "strongly favoured" granting the injunction,

⁷ *Campomar Sociedad, Limitada & Anor v Nike International Ltd & Anor* (2000) 169 ALR 677, 697.

⁸ *Renaud Cointreau & CIE v Cordon Bleu International Ltd* (2001) 193 ALR 657.

⁹ *Renaud Cointreau & CIE v Cordon Bleu International Ltd* (2001) 193 ALR 657, 681, 682.

¹⁰ *Buchanan Group Pty Ltd v Sorgetti* [2002] FCA 1646 (Unreported, Heerey J, 19 December 2002).

Heerey J stated that "any further use [of the trade mark] by the respondents ... will run the serious risk of dilution of the mark".¹¹

3.1. Which trademarks are afforded protection against dilution? What are the eligibility criteria? (Please only briefly list the eligibility criteria here; more detailed explanations will be required below).

As indicated above, Australian law does not provide protection against dilution. However, Australian legislation recognises "well-known" trade marks. As set out in Q1, it is possible to infringe a "well-known" mark. Section 120(4) of the Act states:

*"In deciding, for the purposes of paragraph (3)(a), whether a trade mark is **well known in Australia**, one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason."*

The concept of protection for a "well known trade mark" was new to Australian trade mark legislation when the 1995 Act was introduced. However, guidelines for assessing whether a mark is well known include:¹²

- uniqueness of the mark;
- extent and duration of use;
- extent and duration of advertising and promotion of goods/services;
- market share;
- whether use of the mark is exclusive to the owner;
- channels of trade (multiple channels suggesting broad reputation);
- extent of commercial value attributed to the mark;
- degree of recognition of the mark (indicated, for example, by unsolicited requests from potential licensees, manufacturers of consumers);
- whether the trade mark is used as a domain name.

3.2. To be eligible for protection against dilution, does a mark need to be distinctive? If so, does the protection depend upon the mark being inherently distinctive or are marks that have acquired distinctiveness through use also protected?

Whilst an infringement claim under s 120(3) does not explicitly require that the well known mark be distinctive, the factors listed in Q 3.1 are traditionally considered when assessing the factual distinctiveness of a mark with no or little inherent capacity to distinguish.¹³

Section 41 sets out circumstances where a mark is distinctive or where it may acquire distinctiveness. However, by their very definition, well known trade marks will be distinctive,

¹¹ *Buchanan Group Pty Ltd v Sorgetti* [2002] FCA 1646 (Unreported, Heerey J, 19 December 2002), [20] (Heerey J).

¹² Mark Davison, Tracey Berger and Annette Freeman, *Shanahan's Australian Law of Trade Marks and Passing Off* (4th ed, 2008) 450.

¹³ *Ibid*, 608.

whether that distinctiveness is inherent or otherwise acquired.

By its very nature, a "well known mark" will be distinctive. It is not relevant for the purpose of s 120(3) whether the distinctiveness is inherent or acquired. In each case it is a question of circumstances and the criteria listed above in Q3.1 are relevant.

3.3.1 To be eligible for protection against dilution, does a mark need to have a reputation or be well-known or famous? If so, when does a mark have a reputation, when is it well-known or when is it famous? Are the factors mentioned in paragraph 15 and 22 above relevant for determining whether a mark has a reputation, is well known or famous? For what point in time does this have to be assessed?

Trade marks accorded protection beyond traditional infringement provisions must be "well-known" trade marks. There are no comprehensive guidelines under Australian law which describe when a mark is "well known", however, the criteria listed above in Q3.1 will be relevant to the consideration.

The factors listed in paragraph 15 and 22 of the working guidelines would also be relevant considerations in determining whether a mark is well known. For completeness, they are listed:

- the degree of knowledge or recognition of the mark in the relevant sector of the public;
- the duration, extent and geographical area of any use of the mark;
- the duration, extent and geographical area of any promotion of the mark, including inter alia advertising or publicity;
- the duration and geographical area of any registrations and/or any applications for registration, of the mark;
- the extent to which the mark was recognised as well known by competent authorities;
- the value associated with the mark;
- the extent of actual recognition of the mark;
- the amount, volume, and geographic extent of sales of goods or services offered under the mark;
- the duration, extent and geographic reach of advertising and publicity of the mark.

In relation to the time when a mark is assessed to determine whether it is "well known" will depend upon the nature of the action being considered. Section 120(3) is directed to infringement and accordingly whether a mark is well known or not must be assessed at the point in time when the alleged infringement commenced.

In the context of the TPA, s 52 does not require that a reputation be established among a particular class or group of persons before liability for misleading or deceptive conduct can be established.¹⁴ Instead, the task of the Court is:

¹⁴ *Hansen Beverage Company v Bickfords (Australia) Pty Ltd* (2008) 79 IPR 174.

to determine whether any misconceptions or deceptions alleged to arise or to be likely to arise from the conduct complained of are properly to be attributed to the ordinary or reasonable members of the section of the community towards whom the conduct has been directed. The Court may disregard assumptions drawn by persons to whom the conduct is directed, where those assumptions or their reactions are extreme or fanciful.¹⁵

The relevant date to assess the misleading or deceptive conduct is the date at which the activity being complained of began.

In the context of passing off, the question is whether a party has represented that their products or business are the products or business of another person, or that they are in some way connected with that other person. Where the misrepresentation is effected by the use of some mark of the plaintiff, that mark must be known in the relevant market. The same relevant date applies as above, i.e. the date at which the activity being complained of began is the date at which the reputation of the mark must be considered.¹⁶

3.3.2 For a mark to have a reputation or to be considered well known or famous, must it meet a certain knowledge or recognition threshold? If so, what is that threshold? What percentage of population awareness is required? How widespread must the awareness be across the country? If a mark is well known or famous in one country, what effect, if any, does this have with regard to other countries?

For the purpose of proving infringement under s 120(3) there is no prescribed "recognition threshold" or "percentage of population awareness". In determining whether a mark is well known, the factors under 3.1 above are taken into account.

For the purpose of proving passing off, the degree of reputation of a mark or whether it is considered well known will depend very much on the individual circumstances of each case. There is no predefined threshold. Nor is there a stipulated percentage of population awareness. The reputation must cover the geographical area in which the defendant is making the alleged misrepresentation and the class of purchaser to which the misrepresentation is addressed.¹⁷ The awareness of the mark will vary depending upon the relevant market and its location and size.

The awareness of a mark in a country other than Australia is largely irrelevant to consideration of the issue in Australia. However, the plaintiff need not be trading in the relevant geographical area at all if it can establish reputation in the relevant area and among

¹⁵ *Astrazeneca Pty Limited v GlaxoSmithKline Australia Pty Limited* [2006] FCAFC 22 (Unreported, Wilcox, Bennett and Graham JJ, 8 March 2006) [37] (emphasis added). Cited with approval in *Johnson and Johnson Pacific Pty Limited v Unilever Australia Limited (No 2)* [2006] FCA 1646 (Unreported, Bennett J, 29 November 2006) [70].

¹⁶ Mark Davison, Tracey Berger and Annette Freeman, Shanahan's Australian Law of Trade Marks and Passing Off (4th ed, 2008) 691.

¹⁷ *Ibid*, 689.

the relevant class built up through trading overseas, advertisements, etc.¹⁸ It has been noted it is permissible to infer reputation through indirect advertising with the jurisdiction.¹⁴

3.3.3 What is the relevant population in determining the knowledge, recognition or fame of the mark, the general public at large or the relevant sector of public? Is recognition or fame in a limited product market ("niche market") sufficient?

*"In deciding, for the purposes of paragraph (3)(a), whether a trade mark is **well known in Australia**, one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason."*

Section 120(4) is taken, in substance, from Art 16(2) of the TRIPS Agreement. There is no reference in the TRIPS agreement or the 1995 Act to the identity of the relevant sector of the public, but it would be reasonable to consider that it is the purchasers of the defendant's goods who must be likely to believe that there is a connection between the defendant's goods and the trade mark owner. It could therefore be assumed that it must be the purchasers of the defendant's goods or services who are the relevant sector of the public for the purposes of s120(4).¹⁹

It is considered that the "Joint Recommendation Concerning Provisions on the Protection of Well Known Marks" adopted in 1999 is likely to be influential in interpreting s120(3) and thus the relevant sector of the public shall include but not be limited to, consumers, persons involved in channels of distribution and business circles, all related to the goods and/or services to which the mark applies.²⁰

In relation to the TPA, s 52 is not confined to conduct directed to the general public or to some identifiable section of the public. The relevant section of the public must be identified.

In *Hansen Beverage Company v Bickfords (Australia) Pty Ltd*,²¹ the Full Court of the Federal Court of Australia stated:

"the question which must be answered can properly be framed as being whether a not insignificant number of persons in the Australian community, in fact or by inference, have been misled or are likely to be misled."

As noted above, for the purpose of proving passing off, the relevant population for determining the fame of the mark is not the general public at large, but the relevant sector of the public to which the alleged misrepresentation is addressed.

3.4. To be eligible for protection against dilution, is it required that the mark has been used in, or that the mark has been registered or that an application for

¹⁸ *ConAgra Inc v McCain Foods* (1992) 23 IPR 193.

¹⁹ Mark Davison, Tracey Berger and Annette Freeman, *Shanahan's Australian Law of Trade Marks and Passing Off* (4th ed, 2008) 607.

²⁰ *Ibid.*

²¹ (2008) 171 FCR 579, 589.

registration of the mark has been filed in the country where protection is being sought?

As previously discussed, anti-dilution law does not exist in Australia. However, in order to take infringement action under s120(3) on the basis of a well known mark, it is necessary that a relevant trade mark registration exists. There is no requirement that the mark has been used or registered or registration has been applied for Trade Practices or passing off actions to be instigated. However, in the case of passing off, the previously indicated requirements for reputation would need to be satisfied.

3.5. Are there any other criteria a mark must comply with to be eligible for protection against dilution?

No other criteria exist for mark to make it eligible for protection against dilution.

3.6. Is eligibility for protection against dilution a matter of law or an issue of fact? Who bears the burden of proof regarding the eligibility criteria? How does one prove that a mark meets the eligibility criteria? Are sales and advertising figures sufficient or is survey evidence required? Which evidential standard must this proof satisfy?

Again, no protection against dilution is available. In an infringement action under the Act, the plaintiff must prove on the balance of probabilities that the impugned mark is substantially identical with, or deceptively similar to, the registered trade mark. A mark will be deceptively similar to another mark where "...it so nearly resembles that other trade mark that it is likely to deceive or cause confusion".²² To prove confusion, the plaintiff may adduce evidence of instances of deception, the way in which sales occur and survey evidence. Similar evidence may also be adduced to prove misrepresentation in actions for passing off and under the TPA. There has also been a trend in passing off and TPA s 52 and s 53 cases to adduce expert evidence from persons with extensive experience in marketing and consumer behaviour.²³

Traditionally, to prove reputation and goodwill, affidavits from the trade and public and sales and advertising figures and supporting information are adduced.²⁴

Survey evidence has also been considered by Australian courts and is treated with some skepticism. In 1994 the Federal Court issued Practice Note 11 which states that there are many problems in obtaining acceptable survey evidence including the use of relevant and unambiguous questions and whether the survey methodology is satisfactory. The Practice Note then goes on to set out the practice by which the court expects survey evidence to be collected. Thus, the courts now accept survey evidence, but often criticise the methodology of the survey in question and give the evidence little weight.

²² *Trade Marks Act 1995* (Cth) s 10.

²³ Ann Dufty and James Lahore, *Patents, Trade Marks & Related Rights* (2006) [81,130].

²⁴ See *ibid*, [81,060].

3.7. Is there any registry of eligible marks in your country? If so, what is the evidentiary value of registration? Can it be challenged in litigation?

Australia does not have a registry for marks eligible for protection against dilution.

4. Does your law require the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark? If so, in which circumstances does a 'mental association' or 'link' between the earlier trademark and the later trademark exist? Are the factors mentioned in paragraph 27 and 28 above relevant for assessing the existence of such a 'mental association' or 'link'? Are there other factors to take into account? Is the assessment of a link a question of fact (so something that can be established by market surveys), or is it a question of law to be established by the courts or authorities on the basis of such factors?

Section 120(3) of the Trade Marks Act 1995 sets out that infringement of a well known trade mark occurs where a third party uses as a trade mark a sign that is substantially identical with or deceptively similar to the trade mark in relation to unrelated goods or services such that because the trade mark is well known, the sign would be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark and for that reason the interests of the registered owner are likely to be adversely affected.

Australian courts have described "substantial identity" and "deceptive similarity" as follows:

"In considering whether marks are substantially identical they should, I think be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison ... On the question of deceptive similarity, a different comparison must be made from that which is necessary when substantial identity is in question. The marks are not now to be looked at side by side. The issue is not abstract similarity, but deceptive similarity. Therefore the comparison is the familiar one of trade mark law. It is between, on the one hand, the impression based on recollection of the plaintiff's mark that persons of ordinary intelligence and memory would have; and on the other hand, the impressions that such persons would get from the defendant's [activities]."²⁵

In relation to determining whether two marks are deceptively similar, limited consideration can be given to surrounding circumstance and the relevance of fame of the plaintiff's mark can be considered.

At the very least, the link between the earlier and the later trade marks must demonstrate substantially identity or deceptive similarity.

²⁵ *Shell Co (Aust) Ltd v Esso Standard Oil (Aust) Ltd* (1961) 109 CLR 407.

The assessment is a question of law to be established by the courts, but can be influenced by factual evidence put forward by the plaintiff.

With reference to factors mentioned in paragraphs 27 and 28 of the working guidelines, it is worth noting that these may all be relevant to lesser or greater extents depending upon the nature of the case being considered. As s120(3) requires that the owner of the trade mark be adversely affected, this will be influenced by each of the factors listed, included for completeness:

- the degree of similarity between the earlier and later mark;
- the nature and (dis)similarity of respective goods and services;
- the strength of the earlier mark's reputation;
- the degree of the earlier mark's distinctiveness;
- likelihood of confusion;
- the extent to which the owner of the famous mark is engaging in substantially exclusive use of the mark;
- the degree of recognition of the famous mark;
- whether the user of the junior mark intended to create an association with the famous mark;
- any actual association between the junior mark and the famous mark.

5. Does such 'mental association' or 'link' between the earlier trademark and the later trademark automatically result in detriment to the earlier trademark's repute or distinctive character? Or does detriment have to be proved over and above the existence of a 'mental association' or 'link'?

A link between the earlier trade mark and later trade mark does not automatically result in detriment to the earlier trade marks' repute or distinctive character. Section 120(4) requires that the interests of the registered owner are likely to be adversely affected. Accordingly, the plaintiff does need to establish that their interests are adversely affected even if they have firstly established a 'mental association' or 'link'.

"Adverse effect" has a broader meaning than the concept of "damage" and could perhaps be considered to extend to damage to the reputation of the trade mark owner and perhaps to damage recognised in passing off actions such as loss of opportunity to engage in brand extension.

6. Are the same factors taken into consideration to assess the existence of detriment as those already discussed for the link? Are there additional ones?

The factors taken into consideration to assess the existence of detriment include those discussed in the context of determining whether a link exists between the earlier and later trade marks.

7. Must actual dilution be proved or is a showing of likelihood of dilution sufficient? Whose burden of proof is it? How does one prove dilution or likelihood of dilution? Does detriment require evidence of a change in the

economic behaviour of the average consumer or that such change in behaviour is likely? If so, what is a change in the economic behaviour of the average consumer? Is reduced willingness to buy goods sold under the earlier mark a change in the economic behaviour? How do you prove a change in the economic behaviour of the average consumer or likelihood of such change in behaviour?

As noted, Australia does not have a specific anti-dilution law. However, the *Trade Marks Act 1995* (Cth) (**Act**) makes specific provision for the infringement of well-known trade marks, as well as for defensive registrations.

These laws (and others found in consumer protection legislation and the common law) provide the only basis for protection against dilution.

Protection provided by the Act

Section 120(3) of the Act provides protection against infringement of a well known mark (see discussion above).

The ability of a trade mark owner to register its mark in relation to unrelated goods or services is, however, constrained. For example, s 187(d) of the Act provides that the registration of a defensive trade mark may be opposed if it is not likely that the use of the trade mark in relation to the goods or services in respect of which its registration is sought will be taken to indicate that there is a connection between those goods or services and the registered owner.

In order to make use of either s 120(3) or s 185 of the Act, it is not necessary to show a change in economic behaviour, although ultimately such evidence may be useful. It is important to note that for the purpose of proving infringement under s 120(3) the plaintiff must show that a connection would be made by the consumer between the defendant's goods or services and the trade mark owner, not between the mark used by the defendant and the trade mark owner.²⁶ Survey evidence may be admitted to prove issues of potential deception or confusion, as well as to establish the fame or reputation of a trade mark. Actual evidence of confusion may assist the court in determining whether there is a likelihood that the new mark would be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark, but this is not a prerequisite under the Act.

Protection under consumer protection legislation and the common law

In addition to the above statutory rights, owners of registered and unregistered trade marks that have acquired a reputation in Australia may be entitled to protect their rights under the common law action of passing-off, or under consumer protection legislation (including the TPA and corresponding State and Territory Fair Trading Legislation).

²⁶ Mark Davison, Tracey Berger and Annette Freeman, *Shanahan's Australian Law of Trade Marks and Passing Off* (4th ed, 2008) 611.

As discussed in the answer to question 1 above, in Australia, consumer protection legislation prohibits misleading and deceptive conduct²⁷, and misleading and false representations²⁸, in trade or commerce. Similarly, the common law action of passing off makes it unlawful for a person to falsely represent that products or the business of a person are the products or business of another person, or that they are in some way connected with that other person.

In the present context, the protection granted under consumer protection legislation, and under the common law action for passing-off, may be useful for owners of well-known trade marks, as these actions may provide a further basis for preventing the use by others of substantially identical or deceptively similar trade marks, even if that use is not in relation to corresponding goods and/or services. The remedies available for breaches of the TPA or for common law passing off are discussed in the answer to question 9, below.

While the above actions may not be targeted at protecting against the dilution of trade marks *per se*, they do at least provide the owners of trade marks (whether registered or unregistered) with mechanisms for restricting or preventing the use of substantially identical marks in connection with unrelated goods and/or services. Importantly though, protection is only afforded if the use in question amounts to a misrepresentation.

- 8. What is the extent of protection afforded to marks which are eligible for dilution protection? May the owner of the earlier trademark object**
- **to the registration of a later trademark?**
 - **to the actual use of a later trademark?**
 - **in respect of dissimilar goods only or also in respect of similar goods?**

As discussed above, the Act does not provide specific dilution protection for well known trade marks. However, provisions of the Act do provide owners of a well known trade mark with a level of protection against the use or registration of a later trade mark that may be dilutive.

Protection against infringement of well known trade marks

As discussed above, s 120(3) of the Act gives the owner of a trade mark that is "well known in Australia" the ability to commence trade mark infringement proceedings against a third party using a substantially identical or deceptively similar mark. Importantly, this protection extends to goods and services which are not "of the same description" or "closely related" to the goods and services in respect of which the "well known" mark is registered.

The threshold that the owner must meet to gain the protection of s 120(3) of the Act is to establish that

²⁷ *Trade Practices Act 1974* (Cth) s 52.

²⁸ *Trade Practices Act 1974* (Cth) s 53.

- (a) because their trade mark is "well known", the offending mark "would be likely to be taken as indicating a connection" between the goods or services in relation to which the "offending" mark is used and the owner of the well known mark; and
- (b) that consequently, the "interests [*of the owner of the well known mark*] are likely to be adversely affected".

Importantly, the mark need not be "well known" to the public at large. Section 120(4) of the Act provides that in deciding whether a trade mark is well known, "one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason". It has been suggested that the "relevant sector of the public" will be, at a minimum, "the members of the market for the goods of the trade mark owner".²⁹

Prevent the registration of a mark that is substantially identical with, or deceptively similar to, a well known trade mark

The Act also provides protection for the owners of well known marks by allowing the registration of defensive trade marks, which can then be used as a basis for the Registrar of Trade Marks to refuse the registration of a later deceptively similar or substantially identical mark, and for the owner of a defensive trade mark to object to registration of the same mark. Section 185 of the Act is set out in the answer to question 1, above.

As for s 120(3), it is important to note that s 185 only requires that use of the offending mark would be likely to indicate a "connection", rather than the potentially narrower requirement of indicating "a connection in the course of trade".

As mentioned above, the Act gives wide scope to the coverage of defensive trade marks, allowing them to be registered in respect of goods or services even if the owner of the mark does not use, or intend to use, the mark in respect of those goods and services.³⁰

Discussion

When considering the protection afforded to well known marks by these sections of the Act, it is important to consider the manner in which the owner of a "well known" mark (or the owner of a mark that has "acquired a reputation in Australia") enforces those rights.

In the case of s 120(3) of the Act, the owner of the allegedly infringed mark will need to establish that their mark has either "acquired a reputation in Australia" or that it is "well known in Australia" in the context of either opposition or infringement

²⁹ Mark Davison, Tracey Berger and Annette Freeman, *Shanahan's Australian Law of Trade Marks and Passing Off* (4th ed, 2008) 607.

³⁰ *Trade Marks Act 1995* (Cth) sub-s 185(2).

proceedings. Such assertions may well be contested by the owner of the allegedly infringing mark.

An owner of a defensive trade mark, on the other hand, has already established that its mark is well known by having successfully registered its mark as a defensive trade mark (in circumstances where, unless the application to register the mark as a defensive trade mark is opposed, the owner of the mark need only satisfy the Registrar that the mark is "well known"). Consequently, where a defensive trade mark is being infringed, the trade mark owner is only required to exhibit a certified copy of the relevant certificate(s) of (defensive) registration and prove unauthorised use of its trade mark.³¹

9. What are the legal remedies? May the owner of the earlier trademark file an opposition and/or a cancellation action? May he ask for injunctive relief or preliminary injunctive relief? Does your trademark office refuse the registration of a later trademark on grounds of likelihood of dilution?

As already noted, Australian law does not specifically protect well known or famous trade marks from dilution. However it does provide remedies for breaches of the Act, consumer protection legislation and common law passing off.

Legal remedies

Legal remedies available to trade mark owners include injunction, account of profits, damages and delivery-up. As discussed above, the owner of an earlier trade mark who has obtained a defensive registration may oppose registration³² of a later mark on the basis that the trade mark for which registration is sought is substantially identical with or deceptively similar to its defensive trade mark.³³ There is no provision in the Act for the Registrar of Trade Marks to refuse registration of a later trade mark on the grounds of dilution.

Remedies for breach of section 120(3)

The remedies for a breach of s 120(3) of the Act include:

- (a) an injunction, which may be preliminary or final;
- (b) an election between damages and an account of profits; and
- (c) delivery-up.

Section 126 of the Act provides that a prescribed court may award an injunction subject to any condition that it thinks fit. To obtain a preliminary injunction, the plaintiff must show:

³¹ See Joel Masterson, 'The practice Value of defensive trade marks' (2006) 17 *Australian Intellectual Property Law Journal* 232, 240

³² *Trade Marks Act 1995* (Cth) s 52

³³ *Trade Marks Act 1995* (Cth) ss 44 and 57

- (a) that there is a serious question to be tried, or that the plaintiff has made out a prima facie case, in the sense that if the evidence remains as it is, there is a probability that at the trial the plaintiff will be held entitled to relief;
- (b) that the plaintiff will suffer irreparable injury for which damages will not be an adequate compensation unless an injunction is granted; and
- (c) that the balance of convenience favours the granting of the injunction.³⁴

Section 126 also provides that a prescribed court may order relief in the form of damages or an account of profits, subject to s 127. Under s 127, the court may not order damages or an account of profits in respect of any infringement that happened during a "critical period" when the owner did not use the trade mark in good faith, because of which there are grounds for removing the trade mark from the Register.

The effect of these sections is to confirm that the same remedies available in an action for passing off are available for trade mark infringement.³⁵ Damages seek to compensate the plaintiff for the loss suffered. In Australia, damages for breach of intellectual property rights are generally viewed as analogous to common law damages, rather than equitable damages.³⁶ Accordingly, the award of damages is not subject to equitable principles such as delay. Under an account of profits, the plaintiff is entitled to restitution of the gains made by the defendant from the infringing exploitation of the plaintiff's rights.

In order to give full effect to injunctive relief, the court may order the defendant to deliver up the goods, labels, packaging or advertising material bearing the infringing mark to the plaintiff for either the obliteration of the trade mark or for destruction.³⁷

Remedies for passing off

The remedies for passing off include:

- (a) an injunction, which may be preliminary or final;
- (b) an election between damages and an account of profits;
- (c) delivery-up;
- (d) a declaration that the conduct of the defendant amounts to passing off; and
- (e) recovery of costs incurred by the plaintiff in publicly correcting the defendant's misrepresentation.

Remedies under TPA

The remedies for breach of s 52 or s 53 of the TPA include:

- (a) an injunction, which may be preliminary or final;³⁸

³⁴ *Castlemaine Tooheys Ltd v State of South Australia* (1986) 67 ALR 553, 557 (Mason ACJ).

³⁵ Ann Dufty and James Lahore, *Patents, Trade Marks & Related Rights* (2006) [58,455].

³⁶ *Zupanovich Pty Ltd v B&N Beale Nominees Pty Ltd* (1995) 59 FCR 49, 65 (per Carr J).

³⁷ Ann Dufty and James Lahore, *Patents, Trade Marks & Related Rights* (2006) [58,500].

³⁸ *Trade Practices Act 1974* (Cth) s 80.

(b) damages.³⁹

The TPA does not make provision for the award of an account of profits. However, the TPA gives the court certain broad remedial powers, including for breaches of s 52 or s 53, which should be noted:

- (c) The principles relating to the grant of injunctions are considerably modified.⁴⁰ For example, the power of the court to grant an injunction to restrain a defendant from engaging in conduct may be exercised whether or not there is an imminent danger of substantial damage to any person if the defendant engages in conduct of that kind.⁴¹
- (d) The court may make a large number of orders that it considers appropriate that are not available under general law (for example, orders to repair or provide parts for goods supplied or to supply specified services).⁴²
- (e) Persons who have, among other things, aided or abetted a contravention of s52 or 53 may be the subject of the court's remedial orders under s75B.

II. Proposals for adoption of uniform rules

The Australian Group considers that there is no need for a specific anti-dilution law. Australian law provides protection for well known trade marks under the Trade Marks Act 1995 and there is protection for the consumer under the Trade Practices Act 1974 and the common law tort of passing off. The Trade Practices Act and passing off causes of action by their nature provide a form of protection to the owners of trade marks with an established reputation.

The Australian group takes the view that the interests of owners of well known marks and consumers are adequately protected by these provisions. The law as it currently stands provides a reasonable balance between not being overly protective of the trade mark owners rights and providing sufficient mechanisms to protect well known marks.

However, the Australian Group also recognizes that trade marks are increasingly being considered as an "asset" to be listed on a balance sheet and that anti dilution measures may be of assistance in protecting this asset. This situation requires acceptance that the traditional function of a trade mark (as the identifier of origin) is changing to also include its value as intellectual capital in balance sheets.

In light of this, brief comments are made in relation to the specific questions regarding harmonization.

³⁹ *Trade Practices Act 1974* (Cth) s 82.

⁴⁰ *Trade Practices Act 1974* (Cth) sub-ss 80(4) and 80(5).

⁴¹ *Trade Practices Act 1974* (Cth) sub-s (80)(4)(c).

⁴² *Trade Practices Act 1974* (Cth) s 87.

The Groups are invited to put forward proposals for adoption of uniform rules with a view to protecting trademarks against dilution. More specifically, the Groups are invited to answer the following questions:

- 1. Which trademarks should be eligible for protection against dilution? What should the eligibility criteria be? Should recognition or fame in a limited product market ("niche market") be sufficient?**

The Australian group is of the view that any anti-dilution law should ensure that the existing rights of Australian trade mark owners are not reduced in scope and accordingly, at least "well known" marks should be eligible for protection. The answers to Q3.1, 3.2, 3.3.1, 3.3.2 set out the minimum requirements that should be considered.

- 2. Should it be a criteria for being eligible for dilution protection that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in the country?**

The Australian group is of the view that any anti-dilution law should ensure that the existing rights of Australian trade mark owners are not reduced in scope and accordingly, it should not be necessary for a mark to be registered or subject of an application to be entitled to anti-dilution protection. Q3.4 above explains that a registration or application is not required for passing off or Trace Practices action.

- 3. Should there be a registry of eligible marks? If so, what should the evidentiary value of registration be? Should it be possible to challenge it in litigation?**

A registry of eligible marks is not necessary, it would be preferable to provide for anti-dilution law within the existing legislative instruments and thus the existing Trade Marks Register, for example. Given that we consider a mark should not need to be the subject of an application or registration, a registry should also not be required.

- 4. Should the existence of a 'mental association' or 'link' between the earlier trademark and the later trademark be an independent requirement for a trademark dilution claim?**

A "mental association" or "link" between the earlier and later trade mark should be necessary for a successful trade mark dilution claim.

- 5. Should detriment to the distinctive character or reputation of the earlier mark require evidence of a change in the economic behaviour of the average consumer or that such change in behaviour is likely?**

Evidence of a change in the economic behaviour of the average consumer or that such a change in behaviours is likely could be persuasive in demonstrating dilution, however, there may be other factors which also demonstrate dilution. It would therefore not be desirable to require a particular form of evidence.

6. What should the remedies be for dilution of a mark?

Remedies described under Q9 above are considered applicable for dilution of a trade mark.

Summary

Australian law provides protection for well known trade marks under the *Trade Marks Act 1995* (Cth). Consumers are also protected by the *Trade Practices Act 1974* (Cth) and the common law tort of passing off. The *Trade Practices Act* and passing off causes of action by their nature provide a form of protection to the owners of trade marks with an established reputation.

The Australian group takes the view that the interests of owners of well known marks and consumers are adequately protected by the existing legal framework. The Australian group considers that the law as it currently stands provides a reasonable balance between not being overly protective of the trade mark owners rights and providing sufficient mechanisms to protect well known marks.

However, the Australian Group also recognizes that trade marks are increasingly being considered as an “asset” to be listed on a balance sheet and that anti dilution measures may be of assistance in protecting this asset. This requires acceptance that the traditional function of a trade mark (as the identifier of origin) is changing to also include its value as intellectual capital in balance sheets.

Résumé

La législation australienne protège les marques commerciales reconnues, en vertu de la loi du Trademarks Act de 1995, et les consommateurs sont protégés par la loi du Trade Practices Act de 1974 et le droit commun sur la responsabilité civile en matière de commercialisation trompeuse. Les motifs d'action fondés sur la commercialisation trompeuse et le Trade Practices Act, de par leur nature, offrent une certaine forme de protection aux détenteurs de marques dont la réputation est établie.

L'Australian Group considère que les intérêts des consommateurs et détenteurs de marques reconnues sont suffisamment protégés par ces dispositions. La législation actuellement en vigueur offre un équilibre raisonnable, sans être démesurément protectrice des droits des détenteurs de marques, tout en proposant des mécanismes suffisant de protection pour les marques reconnues.

Cependant, l'Australian Group reconnaît également que la marque est de plus en plus considérée comme un véritable « actif » devant être inclus dans le bilan de l'entreprise, et que les mesures anti-dilution sont parfois utiles pour protéger cet actif. Dans ce cas-là, il est nécessaire d'accepter que la fonction traditionnelle de la marque (servant à définir l'origine du produit) est en évolution et comprend aujourd'hui une valeur de bien intellectuel dans les bilans de sociétés.

Zusammenfassung

Die Gesetze Australiens schützen bekannte Warenzeichen durch den Trade Marks Act von 1995. Auch Verbraucher werden geschützt – durch den Trade Practices Act von 1974 und das Common-Law-Delikt des Ausgebens fremder als eigener Ware. Die sich aus dem Trade Practices Act und dem Ausgeben fremder als eigener Ware ergebenden Klagegründe bieten Eigentümern von Warenzeichen mit bereits erworbenem Ruf ihrer Art nach einen gewissen Schutz.

Die Australian Group ist der Auffassung, dass die Interessen der Eigentümer bekannter Warenzeichen und der Verbraucher durch diese Bestimmungen hinreichend geschützt sind. Die derzeit geltenden Gesetze sorgen für ein angemessenes Gleichgewicht dahingehend, dass sie einerseits die Rechte von Warenzeichen-Eigentümern nicht übermäßig schützen, andererseits aber ausreichende Mechanismen für den Schutz bekannter Warenzeichen vorsehen.

Die Australian Group erkennt jedoch auch an, dass Warenzeichen zunehmend als „Vermögenswert“ gesehen werden, der in der Bilanz von Unternehmen ausgewiesen wird, und dass zum Schutz dieses Vermögenswertes Maßnahmen gegen dessen Verwässerung wünschenswert sind. Diese Situation setzt die Akzeptanz voraus, dass die traditionelle Funktion eines Warenzeichens (Kennzeichnung des Ursprungs) sich dahingehend verändert hat, dass nun auch sein Wert als geistiges Eigentum in der Unternehmensbilanz zu berücksichtigen ist.