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# Passing off – has the old tort passed on?

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## ***Reckitt and Coleman v Borden (1990) 17 IPR 1***

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Lord Oliver:

- *“The law of passing off can be summarised in one short general proposition - no man may pass off his goods as those of another.”*
- Three elements of a passing off claim (*“classic trinity”*):
  - Goodwill or reputation associated with the identifying get-up
    - eg brand name, trade description or features of labelling or packaging
  - Misrepresentation by defendant that its goods or services are those of the plaintiff
    - even if unintentional
  - Damage or likely damage to plaintiff

## ***Campomar Sociedad v Nike (2000) 200 CLR 45***

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High Court of Australia takes broad view of passing off:

- *“The injuries against which the goodwill is protected in a passing-off suit are not limited to diversion of sales by any representations that the goods or services of the defendant are those of the plaintiff.”*
- There has been development both in the nature of the “*goodwill*” involved in passing-off actions and in the range of conduct which will be restrained
- Traditional doctrine of passing off has been adapted to meet new circumstances involving deceptive or confusing use of names, descriptive terms or other other indicia to persuade customers of an association with another

## Thresholds gradually lowered

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- No longer necessary to demonstrate a “*common field of activity*” between plaintiff and defendant
- After improvements in international communications and travel, has become possible to establish passing off without any sales or direct promotion in the jurisdiction
- However, remains essential to establish a reputation in the jurisdiction
- Unclear whether reputation has to be “*exclusive*”
- Minimum: must prove that a “*significant*” or “*substantial*” number of persons within the jurisdiction are aware of the applicant’s brand or product

## Statutory prohibitions against misleading conduct - Australia

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- S 52 of the *Trade Practices Act 1974 (Cth)* (TPA), in force until December 2010:
  - “A corporation must not, in trade or commerce, engage in conduct that is misleading or deceptive or likely to mislead or deceive.”
- Parallel “*fair trading*” legislation in each State and Territory applying to “*persons*” not just “*corporations*”
- Since January 2011, same prohibition contained in s 18 of the *Australian Consumer Law (ACL)* which is Schedule 2 to the *Competition and Consumer Act 2010 (Cth)*
  - S 18 ACL applies to “*persons*” not just “*corporations*”

## Statutory prohibitions against misleading conduct – New Zealand

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- S 9 of the *Fair Trading Act 1986*
  - “No person shall, in trade, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.”
- Effectively same prohibition as current s 18 ACL
- No relevant distinction between “*in trade*” (NZ) and “*in trade or commerce*” (Aus)
  - *Taylor Bros v Taylors Group* [1988] 2 NZLR 1

## Overlap between s 52 TPA / s 18 ACL and passing off

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- Second limb of passing off claim is a misrepresentation
- Such a misrepresentation equates to misleading conduct which would breach s 52 TPA / s 18 ACL
- Passing off and TPA / ACL cases usually run together

## Different nature of passing off and s 52 TPA / s 18 ACL

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*Cadbury Schweppes v Darrell Lea* (2007) 159 FCR 397

Black CJ, Emmett and Middleton JJ:

- The causes of action have distinct origins
- The purposes and interests that both bodies of law primarily protect are contrasting
- Passing off protects a right of property in business or goodwill
- Whereas s 52 TPA is concerned with consumer protection
- S 52 TPA is not restricted by common law principles relating to passing off and provides wider protection than passing off

## Relative advantages of s 52 TPA / s 18 ACL and passing off

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- Advantages of s 52 TPA / s 18 ACL over passing off:
  - No need to show damage
  - Threshold for accessorial liability arguably lower
    - ss 232, 236 and 2 ACL: damages and injunction apply to a person “*in any way indirectly knowingly concerned*” in contravention
    - cf: joint tortfeasorship in passing off
  - If passing off requires an “*exclusive*” reputation (which is unclear), TPA / ACL does not
  - Doubtful that defendant can rely on defences of laches, estoppel or acquiescence
    - eg *Mortgage House* (2004) 63 IPR 600

## Relative advantages of s 52 TPA / s 18 ACL and passing off

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- Advantages of passing off over s 52 TPA / s 18 ACL:
  - Key remedies not available under TPA/ACL
    - Exemplary damages
    - Account of profits
  - Arguably not limited to “*trade or commerce*”

## New Zealand perspective: s 9 FTA and passing off

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- *Taylor Bros Ltd v Taylors Group Ltd* [1988] 2 NZLR 1
  - NZ Court of Appeal adopted Australian jurisprudence on s 52 TPA
- Recent example of overlap:
  - *Mechanical Plastics Corp v Holdfast NZ Ltd* [2012] NZHC 592

# Exemplary damages for passing off

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- Perhaps under-utilised, until recently?

*Taleb v GM Holden* (2011) 286 ALR 309, Finn and Bennett JJ:

- Exemplary damages available for passing off:
  - to punish a respondent for conduct showing a “*conscious and contumelious disregard*” for the applicant’s rights
  - to deter repetition
- See also *Facton v Rifai* (2012) 199 FCR 569 per Gilmour J

# Passing off not limited to “*trade or commerce*”?

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- S 52 TPA / s 18 ACL apply only to conduct “*in trade or commerce*”
- Examples of conduct not in “*trade or commerce*”:
  - Statement by employer to employee: *Concrete Constructions* (1990) 169 CLR 594
  - Public lectures about archaeological and scientific investigations: *Pilmer v Roberts* (1997) 80 FCR 303
  - Public advocacy of change to tax laws: *Village Building* (2004) 134 FCR 422
  - Drug laboratory analysis for police: *Cth v Griffiths* (2007) 70 NSWLR 268
- Likely scenarios for passing off?
  - Eg claiming endorsement of views in public debates about climate change, or child vaccination?

## Passing off not limited to “*trade or commerce*”?

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- Arguable that passing off is limited to the “*course of trade*”
  - Lord Diplock’s test in *Erven Warnick* [1979] AC 731
- But see:

*A-G ex rel Elisha v Holy Apostolic Church of the East* (1989) 37 NSWLR 293

- Dispute between groups of Australian members of the Ancient Church of the East
- Christian Church founded in Mesopotamia (now Iraq) by apostles St Thaddeus and St Thomas
- Unbroken line of patriarchs from 33 AD to the present
- Dispute concerned (inter alia) which group was authorised to use the Church’s name
- Church history set out in extreme detail by Young J

## Passing off not limited to “*trade or commerce*”?

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*A-G ex rel Elisha v Holy Apostolic Church of the East* (1989) 37 NSWLR 293

Young J:

- When a body is formed to hold land and build a church to conduct religious services and adopts a name associated with a church, it is not doing so in trade or commerce
- S 52 TPA cannot apply

## Passing off not limited to “*trade or commerce*”?

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*A-G ex rel Elisha v Holy Apostolic Church of the East* (1989) 37 NSWLR 293

Young J:

- No reason why a religious organisation should not have same protection as to the goodwill in its name as a commercial organisation
- Whilst religious organisations may not have ordinary commercial goodwill, they have something closely analogous thereto
- Their reputation will be damaged by an organisation falsely representing an association by use of a deceptively similar name

## Passing off not limited to “*trade or commerce*”?

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*A-G ex rel Elisha v Holy Apostolic Church of the East* (1989) 37 NSWLR 293

Young J followed US authorities:

- *Purcell v Summers* 145 F (2d) 979 (1944):
  - Methodist Church obtained an injunction restraining dissident former members from using “*Methodist Episcopal Church, South*”

## Passing off not limited to “*trade or commerce*”?

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*A-G ex rel Elisha v Holy Apostolic Church of the East* (1989) 37 NSWLR 293

Young J followed US authorities:

- *Jandron v Zuendel* 139 F Supp 887 (1955):
  - First Church of Christ, Scientist in Boston obtained an injunction against members of the Third Church of Christ Scientist in Akron, Ohio
  - Restrained use of the term “*Church of Christ, Scientist*” or any variance thereof so similar as to cause confusion in the minds of the public

## Passing off not limited to “*trade or commerce*”?

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*A-G ex rel Elisha v Holy Apostolic Church of the East* (1989) 37 NSWLR 293

Young J followed US authorities:

- *Board of Provincial Elders of the Southern Province of the Moravian Church v Jones and the Bible Moravian Church* (1968) 37 Am LR (3d) 262:
  - Court refused an injunction to restrain the defendant from calling itself the “*Bible Moravian Church*”
  - Court not convinced of sufficient evidence of confusion

## Comparison: passing off and trade mark infringement

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- First question: does plaintiff have a registered trade mark?
- If yes, can run trade mark and passing off claims together
- Advantages of trade mark case over passing off:
  - No need for proof of reputation
  - Lower infringement threshold – confusion is enough:
    - sufficient to show deceptive similarity if ordinary persons are “*caused to wonder*” or “*perplexed*” as to whether the two products are related
    - passing off requires more than mere confusion, must be misrepresentation
  - Defendant to TM infringement cannot rely on disclaimers and other distinguishing circumstances to the same extent as in passing off

# Comparison: passing off and trade mark infringement

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- Advantages of passing off over trade mark case:
  - Trade mark infringement requires more structured comparison of respective goods and services:
    - same goods – s 120(1) TMA
    - goods of the same description and closely related services – s 120(2)
    - exception for “*well known*” marks – s 120(3)
  - Passing off more flexible: is there a misrepresentation?
  - Key advantage relates to damages:
    - Exemplary damages for passing off
    - Additional damages for trade mark infringement not available until 2013
      - “*Raising the Bar*” Act – new s 126(2) TMA

## Get-up cases – design of product and packaging

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- Shape trade marks registrable since 1995 TMA
- But many rights holders still lack such registration
  - Only avenue for protection is passing off and s 52 TPA / s 18 ACL
- Review of Australian product design get-up cases:
  - Widely inconsistent results
  - Especially in the last couple of years

# ***Parkdale v Puxu* (1982) 149 CLR 191**

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- Puxu sold chairs of distinctive appearance and design
- Parkdale sold chairs which closely resembled Puxu's
- Parkdale's chairs had a small label with Parkdale's brand

Gibbs CJ:

- Chairs substantially the same, and deliberately copied
- But does not follow that Parkdale intended to mislead
- S 52 TPA should be given its plain and natural meaning
- Not enough that Parkdale's conduct is confusing or causes people to wonder [cf deceptively similar TMs]
- Purchasers of furniture for \$1,500 would look for a label
- If an article is properly labelled to name its manufacturer, then close resemblance to another article will not mislead an ordinary reasonable person

# *Parkdale v Puxu* (1982) 149 CLR 191

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Brennan J:

- The freedom to copy and sell any article on the market is a corollary of the policy of the law against monopolies
- Similarity in get-up may evidence passing off, but (statutory monopoly apart) all are free to copy the goods themselves
- *“It would be surprising if s 52 of the TPA were to alter the “careful balance” of the Patents Act 1952 and the Designs Act by a side-wind, and, after four centuries, open the way to the creation of prescriptive monopolies for the manufacture of goods. In my view, it does not have that effect.”*
- S 52 TPA applies by reference to this external legal order
- Consumer’s erroneous belief that first manufacturer has monopoly does not render conduct of later manufacturer

# *Parkdale v Puxu* (1982) 149 CLR 191

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Mason J:

- S 52 TPA should not be read down by reference to the policy or purpose of the Patents Act and the Designs Act
- Conduct does not breach s 52 merely because members of the public would be caused to wonder whether two products come from the same source
- The very close resemblance of respective chairs could lead a person to think that Parkdale's chair was Puxu's
- However a prospective purchaser could reasonably be expected to attempt to ascertain the brand name
- Therefore, Parkdale's labelling ensured no contravention of s 52 TPA

# ***Parkdale v Puxu* (1982) 149 CLR 191**

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*Parkdale v Puxu* considered by NZ Court of Appeal in  
*Taylor Bros Ltd v Taylors Group Ltd* [1988] 2 NZLR 1:

NZCA:

- Noted differing approaches of Federal and High Court
- Saw “*great force*” in Mason J’s approach not to read down s 52 by reference to patents and designs legislation
- Explained different verdicts in *Parkdale* as essentially factual, not legal
- Doubted whether HCA’s decision gives rise to a general principle that a manufacturer avoids s 52 by selling an identical product properly labelled

# *Interlego v Croner* (1992) 39 FCR 348

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- Lego alleged passing off by the appearance of Croner's Tyco Super Bricks products and packaging
  - Bricks had same shape, material, finish and colours
  - Packaging also stated "Works with Lego"
  - Evidence of some misled customers

Gummow J (Black CJ and Lockhart J agreeing):

- Upheld trial judge and rejected passing off and s 52 TPA claim based on similar appearance of products

# *Campomar v Nike* (2000) 202 CLR 45

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- Not a get-up case; rather a case about the word NIKE
- Unanimous High Court favoured Mason J's analysis of s 52 TPA in *Parkdale*:
  - S 52 TPA not to be read down by reference to IP legislation
  - S 52 TPA not restricted by common law principles relating to passing off
  - Parliament intended to promote freedom of competition, but also to prohibit misleading conduct
- [Arguable that Brennan J's analysis in *Parkdale* is no longer good law and it is now wrong to limit s 52 in light of patent and design law]

# *Dr Martens Cases*

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*Dr Martens v Figgins* (1999) 44 IPR 281 (Goldberg J)

*Dr Martens v Rivers* (1999) 95 FCR 136 (Full Court)

*Windsor Smith v Dr Martens* (2000) 49 IPR 286 (Full Court)

Sundberg, Emmett and Hely JJ:

- Rejected Dr Martens' case for passing off and s 52 TPA against four manufacturers of imitation style shoes
- Design features of Dr Martens shoes did not have distinctiveness independent of DR MARTENS branding
- Respondents deliberately copied Dr Martens get-up
- But respondents' own branding, labelling and pricing had a distinguishing effect

# Dr Martens Cases

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- Evidence from a retailer called by the respondents:

*... let us say we are pursuing a pair of \$150 Doc Martens and then the mother has the audacity to actually [ask] how much they are and is told \$150 and says: not on your nelly, nelly. We're not going down that path, thank you very much. Why are they so expensive and we say they're the original ones ... and they tend to be that way as we immediately bring out the other one and say: however, mum, your problem is solved because we have the knock off and that's only \$79.95 and she says: that will do me, Charlie, that's what you're getting.*

# *Philips v Remington* (2000) 100 FCR 90

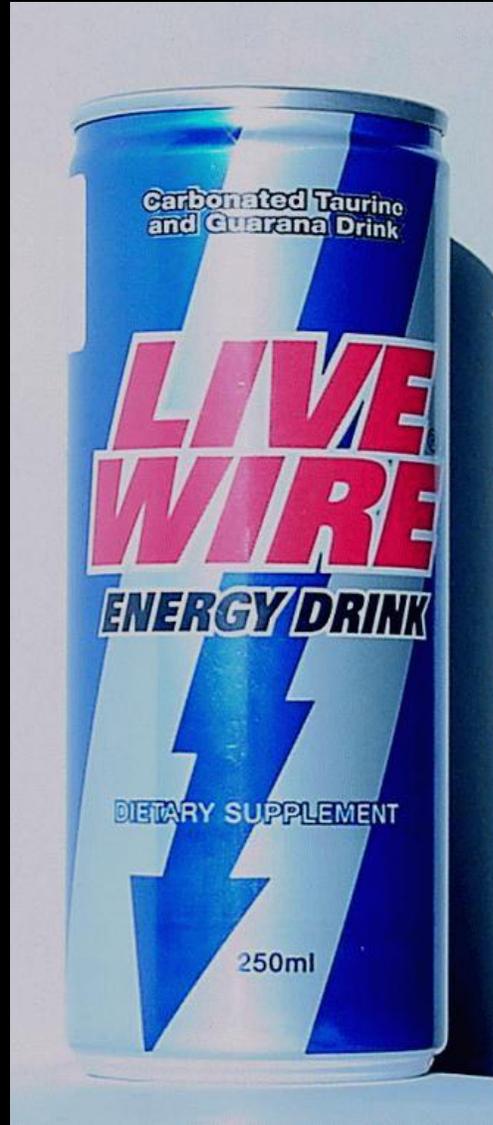
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- Philips sold the only triple headed rotary shaver until Remington introduced a shaver of similar design

Burchett J (Hill and Branson JJ agreeing):

- In view of the similarity of the products, it was “*incumbent*” on Remington to distinguish its shaver from Philips’ shaver
- Remington shaver was clearly marked REMINGTON
  - “*the Remington brand is prominent and virtually ubiquitous*”
- Rejected claim for passing off and s 52 TPA
  - “*The public is thoroughly accustomed to competing brands of almost identical products, which may or may not have some link*”

# Sydneywide v Red Bull (2002) 55 IPR 354



# *Sydneywide v Red Bull* (2002) 55 IPR 354

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Conti J at trial, finding passing off and misleading conduct:

- Noted Sydneywide had been distributor of Red Bull
- Rejected Sydneywide's witness' evidence of adoption of LiveWire get-up, found deliberate copying
- Applied *Australian Woollen Mills*: deliberate imitation supports inference of success in misleading consumers
- Distinguished *Parkdale*: consumers would examine expensive furniture carefully but buy drinks quickly

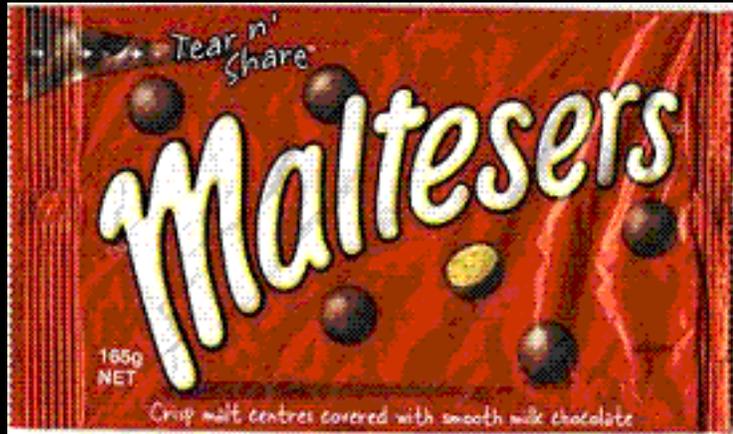
Dowsett and Weinberg JJ (Branson J agreeing):

- Upheld Conti J's findings on deliberate imitation and likelihood of misleading consumers
- Did not consider *Parkdale*

# Mars Australia v Sweet Rewards (2009) 84 IPR 12

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Mars' get up and reg TM:



Sweet Rewards' product:



# *Mars Australia v Sweet Rewards (2009) 84 IPR 12*

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Emmett, Bennett and Edmonds JJ upheld Perram J (81 IPR 354):

- No TM infringement:
  - “Malt Balls” used descriptively, not as TM
  - “Delfi” was distinguishing feature of Sweet Rewards’ product
  - Other features of Sweet Rewards’ product not used as TM



# *Mars Australia v Sweet Rewards (2009) 84 IPR 12*

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Emmett, Bennett and Edmonds JJ upheld Perram J (81 IPR 354):

- No passing off or misleading conduct
- Distinguishing feature of Mars' product was the word MALTESERS
- Red colour and pictures of malt balls are commonplace in confectionery and do not distinguish
- No error in Perram J's analysis that "*Mars is a victim of its own success*" in that it was highly unlikely that ordinary consumer would mistake something not called MALTESER for a MALTESER

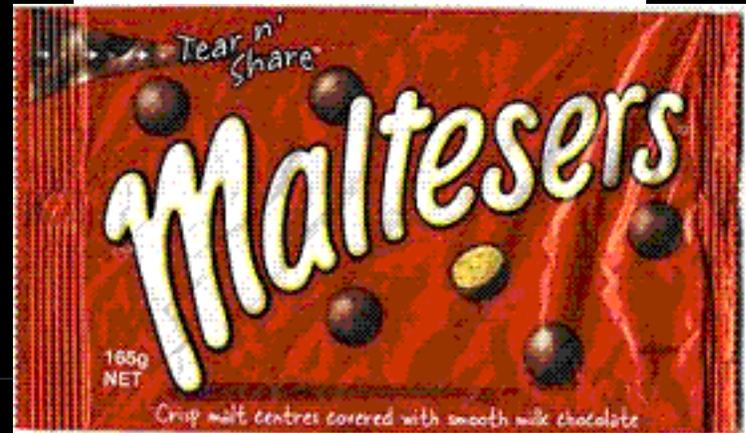
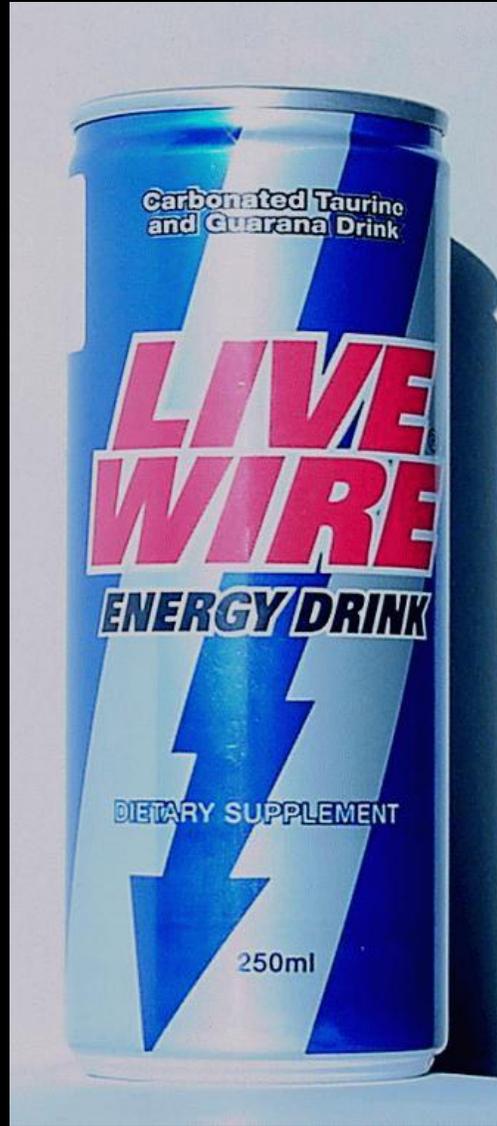


# Reconcile *Red Bull* and *Maltesers* decisions?

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- No dissent within each decision:
  - *Red Bull*: Conti, Branson, Dowsett and Weinberg JJ all found passing off and misleading conduct
  - *Malteser*: Perram, Emmett, Bennett and Edmonds JJ all found no passing off nor misleading conduct
- No judgment in *Malteser* even referred to *Red Bull*
- Both cases involved very different brand names
  - Similarity limited to colour scheme and layout
- RED BULL name arguably as famous as MALTESERS
- LIVEWIRE arguably as distinctive as DELFI
- LIVEWIRE more prominently displayed than DELFI

# Reconcile *Red Bull* and *Maltesers* decisions?



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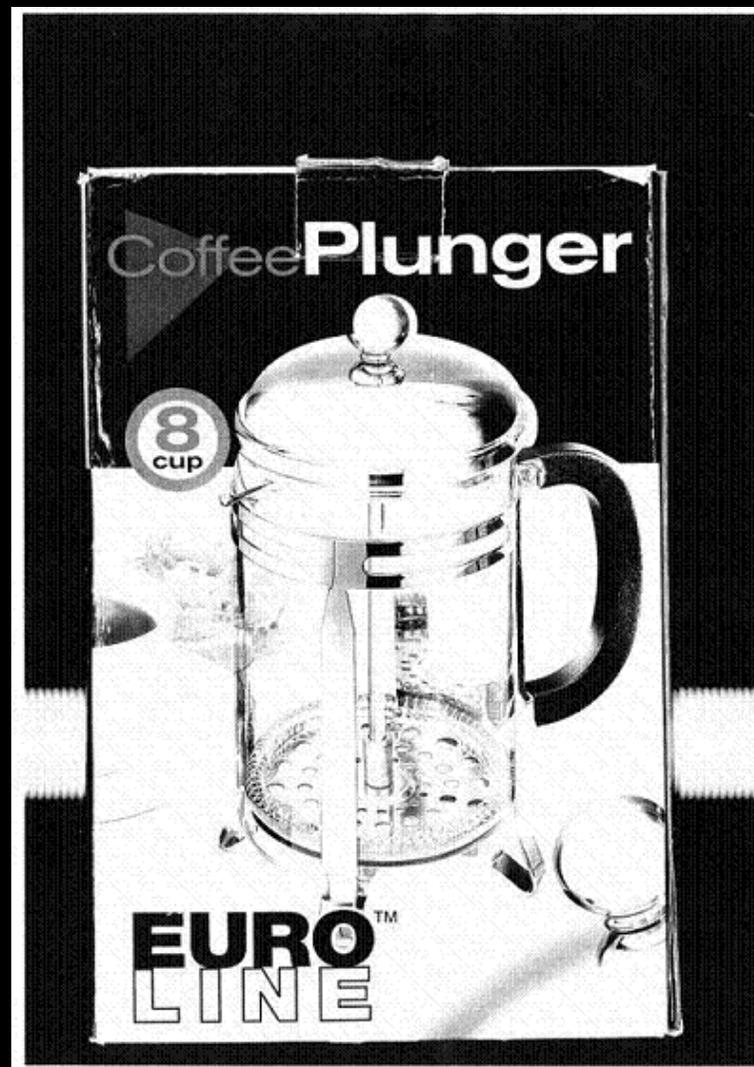
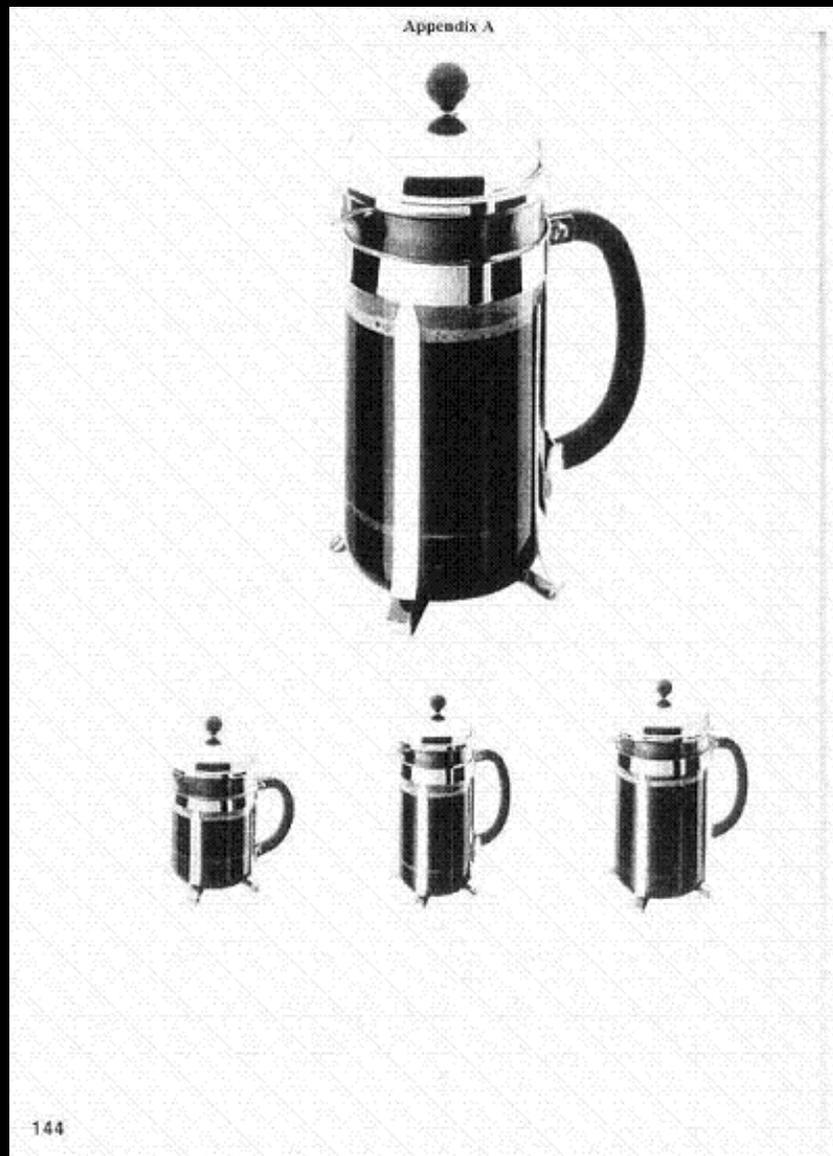
- Distinguishing factors?
  - *Red Bull*:
    - Court found intention to copy
    - Similar blue and silver colours were used by third parties, but only “*minor players*”
    - Diagonal lay-out absent from any other product
  - *Maltesers*:
    - Court found no intention to copy
    - Evidence that colour red and depiction of confectionery cut through in cross section is commonplace
    - But these findings were secondary and *obiter*:
      - decision turned on distinguishing brand names

# Reconcile *Red Bull* and *Maltesers* decisions?

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- Even if:
  - Sydneywide intended to “*sail close to the wind*”; and
  - Red Bull’s diagonal blue and silver layout was uniquewould Red Bull’s case have survived the analysis of Perram J (as upheld by Emmett, Bennett and Edmonds JJ)?
- That is: would Perram J have found:
  - Red Bull “*is a victim of its own success*”?
  - Highly unlikely that ordinary consumer would mistake something not called RED BULL for a RED BULL?
- What would Perram J, Emmett, Bennett and Edmonds JJ have made of the competing expert evidence in *Red Bull*?
- No such expert evidence in *Maltesers*
  - Probative value?

# *Bodum v DKSH (2011) 280 ALR 639*



# ***Bodum v DKSH* (2011) 280 ALR 639**

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- Split decision (unlike *Red Bull* or *Maltesers*):
  - At trial:
    - Middleton J: not passing off or misleading conduct
  - On appeal:
    - Greenwood J: passing off and misleading conduct
      - Tracey J: agreed with Greenwood J
    - Buchanan J: dissented, agreed with Middleton J

# *Playcorp v Bodum* (2010) 84 IPR 542

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Middleton J at trial, finding no passing off or misleading conduct:

- BODUM name has a significant reputation
- But no reputation in product features without BODUM
- Even if there were a reputation in product features alone, respondents' products, as packaged, are not sufficiently similar to give rise to misrepresentation
  - Even if respondents' brands are not well known, they would distinguish as in *Philips* and *Dr Martens*
  - Like MALTESERS, Bodum is “a victim of its own success” – consumer would expect to see BODUM before making any association to Bodum
  - Unlike RED BULL, not an impulse purchase
  - No intention to mislead, but even if there was, products and packaging are sufficiently different

# ***Bodum v DKSH (2011) 280 ALR 639***

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Greenwood J (Tracey J agreeing) finding passing off and misleading conduct:

- Goods may become distinctive by reason of get-up or design, even though other brand names are present
- Trial judge erred in finding reputation only in BODUM
  - Ought to have also found independent reputation in the shape of the product, in view of “vast” advertising
- Real question: did DKSH do enough to distinguish?
- EUROLINE name on packaging did not distinguish:
  - Descriptive of a European line of products
  - Product often displayed separately from packaging
  - EUROLINE is not well known
- No subjective intention to pass off or mislead

# ***Bodum v DKSH (2011) 280 ALR 639***

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Greenwood J (Tracey J agreeing):

- Distinguished *Parkdale v Puxu*:
  - Narrow reading of Gibbs CJ's reasoning as only applying to designs for products:
    - for which no other design would be practicable
    - accepted as the most suitable for the purpose
  - EUROLINE on box only, unlike Parkdale's sewn label
- Distinguished *Phillips v Remington* and *Dr Martens v Rivers*:
  - REMINGTON and RIVERS were well known marks which distinguished the respondents' products

# ***Bodum v DKSH* (2011) 280 ALR 639**

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Buchanan J (diss), finding no passing off or misleading conduct:

- Open to trial judge to find no reputation in shape of product independent of BODUM name
- Applied Brennan J in *Parkdale*: [cf *Campomar*?]
  - S 52 TPA and passing off not intended to protect unregistered designs
  - Consumer confusion is referable to erroneous belief that the first manufacturer has a design monopoly
- Neither *Parkdale* nor *Dr Martens* depended in principle on labelling [*debatable*?]
- Open to trial judge to find also that use of EUROLINE clearly indicated a different brand
- No evidence of any consumer actually misled - relevant even if not determinative

# *Bodum v DKSH* (2011) 280 ALR 639

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- Is the majority decision in *Bodum* the high water mark of passing off by similar appearance?
- Reputation found in shape of product alone
  - No distinction between products and get-up
  - A step further than *Red Bull*
- Misleading conduct and passing off found, despite:
  - Absence of well known brand BODUM
  - Presence of EUROLINE
  - Not an impulse purchase
- Majority focussed on whether EUROLINE distinguished
  - Emphasis on “*descriptive*” nature of EUROLINE
  - Bit of a stretch? Not a real word

# ***Bodum v DKSH* (2011) 280 ALR 639**

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- Seems that onus is now effectively reversed
- If products look the same, it is “*incumbent*” on respondent to distinguish its product (*Phillips*)
- Greenwood J:
  - “*The real question to be determined in the proceeding is whether DKSH has done enough having regard to all the relevant differentiation factors to distinguish its rival product from the Bodum product.*”
- In effect, respondent must prove a positive case that it has “*done enough*” to not mislead
- Suggests a presumption that similar products mislead
- Is this what Gibbs CJ and Mason J intended in *Parkdale*?
- NZCA’s review of *Parkdale* in *Taylor* suggests not

# Reconcile product get-up decisions?

	App's brand name well known?	Resp's brand name well known?	Resp's brand prominent?	Intent to copy product?	Impulse buy?	Breach?
<i>Parkdale</i>	Unclear	Unclear	No	Yes	No	No: four judges Yes: three judges
<i>Dr Martens</i>	Yes	Yes	Yes	Yes	No	No: four judges
<i>Phillips</i>	Yes	Yes	Yes	Yes	No	No: four judges
<i>Red Bull</i>	Yes	No	Yes	Yes	Yes	Yes: four judges
<i>Maltesers</i>	Yes	No	Yes	No	Yes	No: four judges
<i>Bodum</i>	Yes	No	Debated	Yes	No	Yes: two judges No: two judges

# Take home messages?

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- Do not omit passing off from your ACL or TM case:
  - Opens the door to greater remedies
  - Particularly exemplary damages
- Passing off may have unique role in non-commercial cases
- A plaintiff must have a reputation, but not too much:
  - Might become a “*victim of own success*” like MALTESERS
- Reverse onus lurks for similar products
- Plenty of room for argument and diverging judgments