

Recent developments in Ownership and Bad Faith

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- *Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd*
[2017] FCAFC 83 (26 May 2017)
Greenwood, Jagot and Beach JJ
- *Accor Australia & New Zealand Hospitality Pty Ltd v Liv
Pty Ltd* [2017] FCAFC 56 (7 April 2017)
Greenwood, Besanko and Katzmann JJ
- *Flexopack SA Plastics Industry v Flexopack Australia Pty
Ltd* [2016] FCA 235 (11 March 2016)
Beach J

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S 58 ... the applicant is not the owner of the trade mark

...substantially identical....?



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S 58 ... the applicant is not the owner of the trade mark

...substantially identical....?

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.

Shell Co Australia Ltd v Esso Standard Oil (Australia) Ltd [1963] HCA 66, per Windeyer J

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S 58 ... the applicant is not the owner of the trade mark

...substantially identical....?

Insight Clinical Imaging Pty Ltd v Insight Radiology Pty Ltd [2014] ATMO 85
Delegate Thompson – **YES**

[18] The essential features of the trade marks are, in my consideration, the word 'Insight' in common between the marks and to a lesser extent the circular 'eye' or 'lens' device in common between the trade marks...

[23] ...the differing representation of the same thing is present in both trade marks where the other essential feature – and the sign by which the services will be known and identified is the word 'insight'

*[24] The above factors lead me to conclude that the trade marks in Question **are substantially identical***

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S 58 ... the applicant is not the owner of the trade mark

...substantially identical....?

Insight Radiology Pty Ltd v Insight Clinical Imaging Pty Ltd [2016] FCA 1406

Davies J – **NO**

[18] ...I am not of the same view as the delegate.... Whilst both composite marks use the word 'insight' there are clear visual differences in presentation....

*[19] ...even if very little weight is given in the comparison of the descriptors 'clinical imaging' and 'radiology', the other differences between the marks sufficiently distinguish the marks from each other and give **a total impression of dissimilarity, not resemblance***

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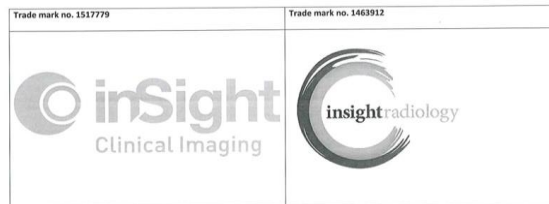
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S 58 ... the applicant is not the owner of the trade mark

...substantially identical....?

Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd [2017] FCAFC 83

Greenwood, Jagot and Beach JJ – YES



[2] S 70(3) TMA - a trade mark registered without any limitations as to colour is taken to be registered for all colours and both marks were registered without a colour limitation.

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S 58 ... the applicant is not the owner of the trade mark

...substantially identical....?

The primary judge erred.

HOW?

*[55] The primary judge's analysis, in contrast to the reasoning of the Registrar's delegate, does not refer to the essential elements of the marks or assess the relative importance of the differences and similarities, **having regard to those essential elements**. The process of evaluation thereby miscarried.*

Cf Carnival Cruise Lines Inc v Sitmar Cruises (1994) 120 ALR 495 at 513, per Gummow J:

"It requires a total impression of similarity to emerge from a comparison between the two marks"

(quotes Windeyer J but omits the direction to have regard to the *essential features*)

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S 58 ... the applicant is not the owner of the trade mark

...substantially identical....?

*[56] The essential elements are the words ‘Insight’ and the device... The importance of the visual differences which her Honour noted, and which we accept exist, **must be assessed having regard to these essential elements** of the marks. Once this necessary exercise is undertaken, we consider that not only is there a total impression of resemblance between the marks but also that the differences between the marks are slight **having regard to their essential elements or the dominant cognitive clues** which they present.*

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“dominant cognitive cue”

The dominant cognitive cues are the essential features striking the eye in a side by side comparison so as to determine whether marks are substantially identical

Pham Global at [51]

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Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd [2017] FCAFC 56 (7 April 2017) – Greenwood Besanko and Katzmann JJ

S88(1)(a) & s 58

Accommodation reservations and rental services in
classes 36 and 43

HARBOUR LIGHTS registered from 21 January 2009
CAIRNS HARBOUR LIGHTS registered from 21 April 2009
V

cairnsharbourlights.com.au - since 4 October 2006
harbourlightscairns.com.au - since 4 October 2006
harbourlightscairns.com - since 17 January 2007

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Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd [2017] FCAFC 56 (7 April 2017) – Greenwood Besanko and Katzmann JJ

Realtor 17 12 2004
(Schedule 2)

The advertisement is a real estate listing for Harbour Lights Cairns. It features a prominent photo of a swimming pool with a view of the water. Text includes 'APARTMENTS', 'realtor', 'Rooms with a view', and 'Three year fixed rent lease option now available.' A list of features is provided, including 'Gym', 'BBQ Area', and 'Pet-friendly'. The ad also mentions 'Cairns' only absolute waterfront investment' and 'The Sebel Harbour Lights Cairns is the new benchmark in waterfront waterfront managed apartment investments.' Contact information for Harbour Lights is provided at the bottom right.

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Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd [2017] FCAFC
56 (7 April 2017) – Greenwood Besanko and Katzmann JJ



Established Accor's ownership of HARBOUR LIGHTS

[206] *The first unmistakable component is the trade mark "HARBOUR LIGHTS". It is presented in large emphatic capital letters. As an element of the arrangement of the three features it is the **dominant cognitive cue** ... it is the **badge of origin** "HARBOUR LIGHTS" because those are the words or mechanism by which a person seeking out the services will recognise a way of connecting with the person providing the services in the course of trade.*

[207] *The second feature of the arrangement consists of a line of five stars. The reader might well be invited to think that "HARBOUR LIGHTS embodies ... qualities conventionally or anecdotally described as "five star"....*

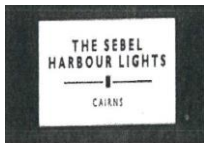
[208] *The third element is the barely noticeable piece of text, "A New Star Shines" sitting under the words "HARBOUR LIGHTS".*

[213] *... The device is simply an addition to the registered mark with the result that use of the trade mark with the five stars nevertheless constitutes us of the registered mark for the purpose of s 7(1) of the Act.*

i.e. the addition of the gold stars and "A NEW STAR SHINES" did not substantially affect the identity of HARBOUR LIGHTS

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Also established Accor's ownership of HARBOUR LIGHTS

[223] *...the viewer is drawn to the words "HARBOUR LIGHTS" as a **cognitive cue** in the advertisement by other means as well. Second the format adopted... separates out the words "THE SEBEL" and underneath those words "HARBOUR LIGHTS" appear. In the format adopted "HARBOUR LIGHTS" is **another cognitive cue**. Again the viewer's attention is drawn to the mark "HARBOUR LIGHTS" although, at this point in the advertisement, it is positioned in association with the hotel operator's own trade mark "THE SEBEL"....*

[225] *In the context of the advertisement overall, we would not regard the presence of the mark "the Sebel" ... as conveying use of a trade mark which is not substantially identical to the mark "HARBOUR LIGHTS"...*

Carnival Cruise v Sitmar Cruises distinguished.

Note: the marks were considered in the particular context of the magazine advertisements in Schedule 2

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S 58 “substantially identical” Take Away

The Windeyer Way

When comparing the marks, always assess the importance of their similarities and differences
“having regard to the essential features of the [registered] mark”

(PS if the application/registration is not limited to colour, view it in black & white)

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Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd [2017] FCAFC 83 (26 May 2017) – Greenwood, Jagot and Beach JJ

S 58 ... the applicant is not the owner of the trade mark (alternative)

- 7 December 2011 – Mr Pham (sole director/secretary) applied to register the IR Composite Mark. The mark was as yet unused:
 - S 27(1)(a) – Mr Pham claimed to be the owner; and
 - S 27(1)(b)(ii) – Mr Pham claimed to be a person who intended to authorise IR to use the mark in relation to radiology services

The primary judge found:

- the company was the author of the mark; and
- The company intended to use the mark in its own right.

Therefore the company (not Mr Pham) was the owner.

- 1 July 2013 (after a letter of demand) Mr Pham assigned the trade mark application to IR

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- ICI contended that ownership must be satisfied at the filing date, as per **Shell v Rohm and Haas Co** (1949) 78 CLR 601 at 624 and **Southern Cross Refrigerating v Toowoomba Foundry** (1954) 91 CLR 592 at 595. Therefore, the application was fatally flawed and the assignment to IR had not cured it.
- The primary judge rejected this.
- The primary judge followed **Mobileworld** [2003] FCA 1404 at [84]; **Crazy Ron's** [2004] FCAFC 196 at [128] and **Global Brand** [2008] FCA 605 at [131] – [134] >>> the requirement that the applicant be the owner of the mark can be satisfied at any time during the pendency of the application >>> s 6 the applicant is “*the person in whose name the application is for the time being proceeding*”

Greenwood, Jagot and Beach JJ agreed with ICI:

1. **Crazy Ron's** at [128] was *obita dicta* - the Full Court's endorsement of **Mobileworld** was not necessary for the result (which concerned the scope to amend under 65(5)) : [15]
2. **Mobileworld** and **Global Brand** are incorrect:
 - a) The 'ambulatory' definition of the Applicant, first introduced in the 1995 Act, responded to the (new) provision for the assignment of trade mark applications [23];
 - b) The s 27(1)(a) (ownership) and 27(1)(1)(b) (intention to use) requirements must be satisfied at the application date, therefore the s 58 ground (and s 59) should be construed as applying at the time the application is made: [31];
 - c) The assignment provisions will not assist because they pre-suppose that the applicant owns the mark: [32] – *nemo dat quod non habet*;
 - d) The rights of the registered owner (including entitlement to relief for infringement) date back to the filing date, so it is essential that the initial applicant be the true owner of the mark: [40];

[43] For these reasons we consider that the obita dicta in Crazy Ron’s at [128] is wrong and if it be necessary to say so, is plainly wrong. It follows that Mobileworld at [83] and Global Brand at [131] – [134] are also wrong....Mr Pham, did not own the IR composite mark at the time of his application....The consequence is that ICI’s ground of opposition under s 58 was established and ought to have succeeded before the primary judge.

[44] A necessary consequence of our conclusions above is that the purported assignment of the trade mark from Mr Pham to IR after the filing of the application, on 1 July 2013, was immaterial. The requirement for ownership applied at the filing date of the application on 7 December 2011. Nothing which happened after that date could cure the deficiency in ownership at the application date.

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Ownership Take Away

1. The s 27(1)(a) ownership requirement must be satisfied at the application date, therefore the s 58 ground should be construed as applying at the time the application is made: [31];
2. You “*can’t unscramble an egg*” – delve deeply when taking filing instructions. The basis for an ownership claim must be clear and corroborated;
3. Be prepared to withdraw the application and file another (per, *Crazy Ron’s* at [125]).

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BAD FAITH

Failure to conduct diligent clearance searches may disentitle a party from relying on “good faith”/”honest” use

Flexopack SA Plastics Industry v Flexopack Australia Pty Ltd
[2016] FCA 235 (11 March 2016) – Beach J

And

Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd [2017]
FCAFC 83 (26 May 2017) – Greenwood, Jagot and Beach JJ

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Flexopack – domain name (.com.au) and ASIC searches conducted, but no IP Australia search and no Google search - evidence unreliable;

s 122(1)(a)(i) – the person uses in good faith, the person’s name...

*[111] The test to be applied is in one sense objective. If a person **does not take steps that an honest and reasonable person would take to ascertain the ability to use a trade mark**, and has in effect **taken a risk**, then they are not acting in good faith. If the Respondents are to avail themselves of this defence they must show that their conduct was in good faith. The onus rests on them...*

*[141] ... whatever their actual knowledge of the Applicant, in any event, the Respondents have failed to demonstrate that they acted in good faith. They failed to place themselves in a position of good faith in that **they failed to make all reasonable enquiries that and honest and reasonable person would have made.***

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Pham Global – Google searches, ASIC/business name searches and IP Australia searches conducted - evidence unreliable; Expert evidence that ICI's website would have appeared in the Google results.

s 122(1)(a)(i) – the person uses in good faith, the person's name...

- The searches carried out were not sufficiently diligent to characterise the initial use as honest (*as per Flexopack*): [102];
- Use from 17 June 2013 (change of company name) was not in good faith because:
 - a) New company name adopted against the background of the letter of demand: [101]; and
 - b) *"by changing its name IR must be inferred to have been seeking to take advantage of s 122(1)(a): [102]*

S 122(1)(fa) > 44(3)(a) – honest concurrent use...

[103] Her Honour was also, in our view, correct to reject the contention of honest concurrent use given the unchallenged finding that there had been "a lack of diligence and reasonable care in carrying out adequate searches before the marks were adopted for use by IR".

See also *Tivo Inc v Vivo International Corp Pty Ltd* [2012] FCA 252 at [293], per Dodds-Streton J

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Bad Faith Take Away

1. The user bears the onus to show "good faith"/"honest" use;
2. Pre-adoption clearance must be comprehensive (approach the name with the assumption that its taken);
3. Follow up any clues revealed by the searches;
4. Actively assess whether confusion is likely to arise if the mark is adopted (the honest belief);
5. Don't take risks;
6. Obtain professional advice: *Flexopack* [112]; *Insight Radiology* [126]

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You're still here? Its over. Go home....

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