

Trade Marks and Passing Off – Has the Old Tort Passed On?

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Introduction

The tort of passing off seeks to protect goodwill. It has adapted to meet new circumstances and to restrain a broad range of conduct. Nevertheless, the question remains: in light of legislative reform, has the old tort passed on?

This article provides an overview of passing off, trade mark infringement, and misleading or deceptive conduct, and analyses the extent to which litigants might still benefit from bringing an action for passing off (either in addition to, or instead of, an action for trade mark infringement or misleading or deceptive conduct).

Has the old tort passed on? The present diagnosis is that passing off has little meaningful work to do in Australia, due to the extension of the remedies available for trade mark infringement and the flexibility of the statutory prohibition of misleading or deceptive conduct. But reports of its death are exaggerated; it retains an ongoing utility for enlivening a greater scope of relief in certain circumstances.

Overview of Passing Off

The three elements which must be proved to establish passing off were identified by Lord Oliver in *Reckitt and Coleman Products Ltd v Borden Inc (Reckitt)*:¹

The law of passing off can be summarised in one short general proposition – no man may pass off his goods as those of another. More specifically, it may be expressed in terms of the elements which the plaintiff in such an action has to prove in order to succeed. These are three in number.

First, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying get-up (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.

Secondly, he must demonstrate a misrepresentation by the defendant to the public (whether or not intentional) leading or likely to lead the public to believe that goods or services offered by him are the goods or services of the plaintiff. Whether the public is aware of the plaintiff's identity as the manufacturer or supplier of the goods or services is immaterial, as long as they are identified with a particular source which is in fact the plaintiff. For example, if the public is accustomed to rely upon a particular brand name in purchasing goods of a particular description, it matters not at all that there is little or no public awareness of the identity of the proprietor of the brand name.

Thirdly, he must demonstrate that he suffers, or, in a quia timet action, that he is likely to suffer damage by reason of the erroneous belief engendered by the defendant's misrepresentation that the source of the defendant's goods or services is the same as the source of those offered by the plaintiff.

Although a number of variations on this test have been expressed,² it was recently endorsed in *Peter Bodum A/S v DKSH Australia Pty Ltd*.³

The tort of passing off has evolved to meet new circumstances. In *Campomar Sociedad Limitada v Nike International Ltd*,⁴ the High Court noted that:

The tort of passing-off is but one of the greatly differing contexts in which the courts have been called on to define and identify the nature of goodwill. 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. In Spalding itself, the misrepresentation was that one class of the plaintiff's goods was another class. In more recent times there has been development both in the nature of the "goodwill" involved in passing-off actions and in the range

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of conduct which will be restrained. In Moorgate Tobacco, Deane J spoke with evident approval of:

“... the adaptation of the traditional doctrine of passing-off to meet new circumstances involving the deceptive or confusing use of names, descriptive terms or other indicia to persuade purchasers or customers to believe that goods or services have an association, quality or endorsement which belongs or would belong to goods or services of, or associated with, another or others”.

As part of its evolution, the tort has shed any requirement that there be a “common field of activity” between the activities of an applicant and defendant.⁵ Further, in light of improvements in communications technology and international travel, it has been held that an applicant with no business in Australia and no local trade may nevertheless succeed in an action for passing off.⁶

The nature of the conduct which has been held to constitute passing off in Australia has, arguably, extended beyond the “general proposition” identified by Lord Oliver in *Reckitt*. For example:

- (a) In *Pacific Dunlop Ltd v Hogan & Ors*,⁷ the respondent was held to have engaged in passing off in its advertising for shoes, which drew on the striking “knife scene” scene from the film *Crocodile Dundee*. This was so even though neither of the applicants (the actor who played the role of the fictional character Crocodile Dundee and the maker of the film) had ever engaged in the manufacture or sale of shoes.
- (b) In *Twentieth Century Fox Film Corporation & Anor v South Australian Brewing Co Ltd & Anor*,⁸ the respondents were held to have engaged in passing off by marketing a new beer branded Duff Beer, which the applicants had used as the name of an imaginary beer in the animated television series *The Simpsons*.
- (c) In *Sydneywide Distributors Pty Ltd & Anor v Red Bull Australia Pty Ltd & Anor*,⁹ the respondents were held to have engaged in passing off by importing and selling a new energy drink which adopted the “total imagery” of the applicants’ “Red Bull” energy drink, even though the respondents’ energy drink was clearly labelled “LiveWire”.

(d) In *Telstra Corp Ltd & Anor v Royal & Sun Alliance Insurance Australia Ltd & Anor*,¹⁰ the respondents were held to have engaged in passing off by using the fictional character Mr Goggomobil in advertising for insurance services, on the basis that Mr Goggomobil had become a form of secondary branding for the *Yellow Pages* as a result of the use of that character by the applicants in television advertising.

(e) In *Peter Bodum A/S & Ors v DKSH Australia Pty Ltd*,¹¹ the respondent was held to have engaged in passing off by distributing and selling a coffee plunger which adopted the distinctive shape and features of the applicants’ Bodum Chambord Coffee Plunger, even though the respondent’s coffee plunger was branded (on its box as) “Euroline” and not “Bodum” and much of the applicants’ advertising of its own coffee plunger had featured the use of the “Bodum” brand name.

However, one common requirement, running through all of these cases, is that an applicant must prove a requisite reputation in the jurisdiction to establish passing off. This is because, as Tamberlin J held in *Hansen Beverage Company v Bickfords (Australia) Pty Ltd*¹²:

The tort of passing off is designed to protect the property and goodwill of a business. It is only available where an applicant can show goodwill or reputation in relation to the name or get-up of his or her goods or services because they have become distinctive of his good or services in a particular market.

Although an applicant does not necessarily need to establish an exclusive reputation to succeed in an action for passing off,¹³ it has been held that an applicant must prove, at a minimum, that a “significant” or “substantial” number of persons within the jurisdiction are aware of the applicant’s brand or product.¹⁴

Overview of Trade Mark Infringement

Part 12 of the *Trade Marks Act 1995* (Cth) (TMA) prescribes the circumstances in which a registered trade mark will be infringed.

Under s.120(1) of the TMA, a person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or

deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.

Under s.120(2) of the TMA, a person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services *of the same description as, or closely related to,* those in respect of which the trade mark is registered. However, a person will not infringe a registered trade mark under s.120(2) if they establish that using the sign as they did is not likely to deceive or cause confusion.

Under s.120(3) of the TMA, a person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, a trade mark that is *well known* in Australia in relation to *unrelated goods or services*, if that use of the sign would be likely to be taken as indicating a connection between the unrelated goods or services and the owner of the registered mark and, for that reason, the interests of the registered owner are likely to be adversely affected.

Accordingly, whilst ss.120(1)-(3) of the TMA each provide for trade mark infringement in different circumstances, the following are elements of every trade mark infringement action:

- (a) The applicant has a registered trade mark.
- (b) A sign is being used by the respondent “as a trade mark”.
- (c) The sign is substantially identical with, or deceptively similar to, the applicant’s registered trade mark.

Use of a sign “as a trade mark” involves “*use as a ‘badge of origin’ in the sense that it indicates a connection in the course of trade between goods and the person who applies the mark to the goods*”.¹⁵

Use of a sign for a purpose such as describing the characteristics of goods or services, or comparing the applicant’s goods or services to the respondent’s goods or services, will not be deemed to be use “as a trade mark”.¹⁶

The term “substantially identical” is not defined in the TMA. The seminal definition of the term was provided by Windeyer J in *Shell Co of Aust Ltd v Esso Standard Oil (Aust) Ltd*¹⁷:

They [the marks] should be, I think, compared side by side, the similarities and differences noted

and the importance of these assessed having regard to the essential feature of the registered mark and a total impression of resemblance or dissimilarity that emerges from the comparison.

In contrast, s.10 of the TMA provides that a trade mark is taken to be deceptively similar to another mark if it “*so nearly resembles that other trade mark that it is likely to deceive or cause confusion*”. In *Australian Woollen Mills Ltd v F S Walker & Co Ltd*,¹⁸ Dixon and McTiernan JJ explained how to assess deceptive similarity:

In deciding this question, the marks ought not, of course, to be compared side by side. An attempt should be made to estimate the effect or impression produced on the mind of potential customers by the mark or device for which the protection of an injunction is sought. The impression or recollection which is carried away and retained is necessarily the basis of any mistaken belief that the challenged mark or device is the same. The effect of spoken description must be considered. If a mark is in fact or from its nature likely to be the source of some name or verbal description by which buyers will express their desire to have the goods, then similarities both of sound and of meaning may play an important part. The usual manner in which ordinary people behave must be the test of what confusion or deception may be expected. Potential buyers of goods are not to be credited with any high perception or habitual caution. On the other hand, exceptional carelessness or stupidity may be disregarded. The course of business and the way in which the particular class of goods are sold gives, it may be said, the setting, and the habits and observation of men considered in the mass affords the standard. Evidence of actual cases of deception, if forthcoming, is of great weight.

It is sufficient to “*cause confusion*” within the terms of s.10 of the TMA if the minds of the purchasing public are perplexed or mixed up.¹⁹ In this respect, the threshold for error necessary to establish trade mark infringement is lower than that required for passing off or misleading or deceptive conduct.²⁰

Overview of Misleading or Deceptive Conduct

The enactment of s.52 of the *Trade Practices Act 1974* (Cth) (TPA) introduced a new cause of action into Australian law, prohibiting misleading or deceptive conduct in trade or commerce. Like the tort of passing off, the cause of action for misleading or deceptive conduct has evolved. It is now contained in s.18(1) of the *Australian*

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Consumer Law (ACL), which is Schedule 2 to the Competition and Consumer Act 2010 (Cth). Section 18(1) provides that:

A person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.

Whereas s.52 of the TPA only applied to “corporations”, s.18 of the ACL applies to “persons”. As a result, section 18 of the ACL applies to both corporate and non-corporate entities. In any event, a corresponding prohibition has applied against “persons” for many years under “Fair Trading” legislation in each State and Territory.

The focus of the cause of action contained in s.18(1) is the protection of consumers, not the protection of goodwill. Accordingly, the focus of any enquiry concerning misleading or deceptive conduct is different to any enquiry concerning passing off. Significantly, the elements of the causes of action are different. For example, there is no requirement, to establish a contravention of s.18(1) of the ACL, that an applicant prove any particular level of reputation. The question is simply whether consumers are likely to be misled or deceived by the impugned conduct (which must first be identified).²¹

The Full Court of the Federal Court considered the different nature of the causes of action for passing off and misleading or deceptive conduct in *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd*.²²

There is an overlap between causes of action arising under Part V of the Trade Practices Act and the common law tort of passing off. However, the causes of action have distinct origins and 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 Part V [of the TPA, including section 52] is concerned with consumer protection. Part V is not restricted by common law principles relating to passing off and provides wider protection than passing off.

Whether or not there is a requirement for some exclusive reputation as an element in the common law tort of passing off, there is no such requirement in relation to Part V of the Trade Practices Act. The question is not whether an applicant has shown a sufficient reputation in a particular get-up or name. The question is whether the use of the particular get-up or name by an alleged

wrongdoer in relation to his product is likely to mislead or deceive persons familiar with the claimant’s product to believe that the two products are associated, having regard to the state of the knowledge of consumers in Australia of the claimant’s product.

Similarly, Tamberlin J in *Hansen Beverage Company v Bickfords (Australia) Pty Ltd* observed that:²³

It should be noted that s.52 of the TPA imposes no requirement that any particular reputation must be established before a breach of s.52 can be made out. . . Accordingly, the sufficiency of any reputation which is required to be shown may be less in proceedings under the TPA than in proceedings alleging passing off.

The weight of authority suggests that conduct will be misleading or deceptive if, but only if, “a not insignificant number of persons within the relevant section of the public would be misled or be likely to be misled by reason of the impugned conduct,”²⁴ although it has been suggested that it is inappropriate to prescribe a minimum number of consumers who need to be misled and that conduct which misleads even a small number of consumers might be misleading or deceptive.²⁵

It is difficult to conceive of circumstances in which conduct might constitute passing off, but not be misleading or deceptive. To the extent that conduct damages the goodwill of an applicant by falsely suggesting a connection between a respondent’s goods or services and an applicant’s goods or services, that conduct ought, by definition, be misleading or deceptive. In contrast, it is clear that conduct might be misleading or deceptive, but not constitute passing off. For example, false statements regarding the price of a product might constitute misleading or deceptive conduct, contravening s.18 of the ACL, but not constitute passing off.²⁶ Further, and unlike in an action for passing off, there is no requirement that an applicant prove loss or damage in order to make out a claim for misleading or deceptive conduct (although this may, of course, be relevant to the question of relief).²⁷

Accordingly, whilst it is common for there to be an overlap between a passing off claim and a claim for misleading or deceptive conduct,²⁸ the causes of action are not co-extensive. A claim for misleading or deceptive conduct might succeed in circumstances where a claim for passing off might fail.²⁹

Relevance of Surrounding Circumstances to Passing Off, Trade Mark Infringement and Misleading or Deceptive Conduct

In considering whether consumers are likely to be misled or deceived (for the purpose of s.18 of the ACL or passing off), it is necessary to consider all surrounding circumstances.³⁰ It will be relevant to assess “*the type of market in which the goods are sold, the manner in which they are sold, and the habits and characteristics of purchasers in that market.*”³¹ The use of disclaimers, other brand elements, and an applicant’s own conduct, might all be relevant to an assessment of the risk of deception in the context of a claim for misleading or deceptive conduct or passing off.

In contrast, when assessing deceptive similarity for the purpose of trade mark infringement pursuant to s.120(1) of the TMA, the Full Court of the Federal Court has held that: “A wider inquiry of the kind that might be undertaken in a passing off action, or in a proceeding in which contravention of Pt V of the TP Act is alleged, is not appropriate”.³² Whilst “surrounding circumstances” will need to be taken into account,³³ the circumstances which will be considered are likely to be more confined than in the context of passing off or misleading or deceptive conduct. In *Pacific Publications Pty Ltd v IPC Media Pty Ltd*,³⁴ Beaumont J held that:

... the comparison is between any normal use of the applicant’s mark and that which the respondent actually does on its magazine, but ignoring any matter added to the allegedly infringing trade mark, so that, for instance, the court disregards as presently irrelevant any disclaimer, price differential or differences in use by the parties of colour or display method or in the respective sections of the public to whom the magazines are sold: Wingate at FCR 128–9; ALR 229; IPR 230–1. In other words, while, as Parker J observed in Re Pianotist Co Ltd’s Application (1906) 23 RPC 774 at 777; 1A IPR 379 at 380, the court is to take into account “all the surrounding circumstances”, this is to be understood as a reference to the general context, or setting in which the marks are to be compared.

As a result, it is at least theoretically possible that a respondent might infringe a registered trade mark under s.120(1) of the TMA, but escape liability for passing off or misleading or deceptive conduct, if

certain circumstances surrounding the respondent’s conduct are sufficient to alleviate the risk of deception.

“Trade or Commerce” Requirement

Section 18 of the ACL prohibits misleading or deceptive conduct “*in trade or commerce*”. Section 2 of the ACL defines trade or commerce to mean:

- (a) *trade or commerce within Australia; or*
 - (b) *trade or commerce between Australia and places outside Australia;*
- and includes any business or professional activity (whether or not carried on for profit).*

In *Concrete Constructions (NSW) Pty Ltd v Nelson*,³⁵ Mason CJ, Deane, Dawson and Gaudron JJ held (in relation to s.52 of the TPA) that:

Indeed, in the context of Pt V of the Act with its heading “Consumer Protection”, it is plain that s.52 was not intended to extend to all conduct, regardless of its nature, in which a corporation might engage in the course of, or for the purposes of, its overall trading or commercial business. Put differently, the section was not intended to impose, by a side-wind, an overlay of Commonwealth law upon every field of legislative control into which a corporation might stray for the purposes of, or in connection with, carrying on its trading or commercial activities. What this section is concerned with is the conduct of a corporation towards persons, be they consumers or not, with whom it (or those whose interests it represents or is seeking to promote) has or may have dealings in the course of those activities or transactions which, of their nature, bear a trading or commercial character. Such conduct includes, of course, promotional activities in relation to, or for the purposes of, the supply of goods or services to actual or potential consumers, be they identified persons or merely an identifiable section of the public. In some areas, the dividing line between what is and what is not conduct “in trade or commerce” may be less clear and may require the identification of what imports a trading or commercial character to an activity which is not, without more, of that character.

There have been a number of cases involving allegations of misleading or deceptive conduct

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which have failed on the basis that the impugned conduct was not in trade or commerce. For example, in *Plimer v Roberts*³⁶ the Full Federal Court held that misleading representations made by the respondent in public lectures, regarding his involvement in archaeological and scientific investigations concerning a geological formation, were not in trade or commerce.³⁷

In contrast, it is arguable that it is not strictly necessary that passing off or trade mark infringement occur “in trade or commerce”, despite Lord Diplock including such a requirement in *Erven Warnink Besloten Vennootschap v J Townsend & Sons (Hull) Ltd.*³⁸

That is, it is possible that where misleading or deceptive representations are made, and those representations are not made in trade or commerce, an action for passing off (or trade mark infringement) might succeed, whereas an action for contravention of s.18 of the ACL might fail.

This is well illustrated by *A-G ex rel Elisha v Holy Apostolic Church*.³⁹ In that case, Young J was required to consider whether “any order should be made requiring the first defendant to change its name to one not similar to the patriarchal group”.⁴⁰ The first defendant had been incorporated and its objects included to “maintain faithfully and irrevocably the dogmas of the Holy Canons and confirm to the immemorial usage of the Holy Apostolic and Catholic Church of the East”.⁴¹ Young J held that a contravention of s.52 of the TPA could not be established on the facts because the impugned conduct had not occurred in trade or commerce:

*In my view, where a body formed predominantly for the holding of land so that religious services can be conducted in a church built thereon, adopts a name associated with a church, it is not doing so in trade or commerce and s.52 cannot be called in aid.*⁴²

In contrast, Young J held that relief was available at common law to protect the goodwill obtained by a religious organisation in its name:

I cannot see any reason why a religious organisation should not have the same protection as to the goodwill in its name as is afforded by the law to commercial organisations. Surely whilst religious organisations may not have ordinary

commercial goodwill, they have something closely analogous thereto in that their reputation will be damaged by people falsely ascribing as an adjunct to them the organisation which is holding itself out by a deceptively similar name....

*On the evidence it appears to me, for the reasons which I have already traversed, that the patriarchal group by the activities at Fairfield between 1970 and 1986 have established that the name of the Church is part of the property associated with the charitable purposes for which the Attorney-General seeks relief and it seems to me that the relief sought that the defendant company should change its name is relief which I should also give.*⁴³

Although Young J did not specifically refer to “passing off”, and referred in some detail to decisions in the United States concerning the “law of unfair competition”,⁴⁴ the decision of Young J illustrates how it might be possible for an applicant to succeed in an action for passing off in respect of conduct which did not occur in trade or commerce and which did not contravene s.18 of the ACL.

Joint Liability for Passing Off, Trade Mark Infringement, and Misleading or Deceptive Conduct

Passing off is a tort, as is the infringement of a registered trade mark. Accordingly, common law principles concerning the liability of joint tortfeasors have been applied in a number of cases involving allegations of trade mark infringement and passing off.⁴⁵

In *Thompson v Australian Capital Television Pty Ltd*,⁴⁶ Brennan CJ, Dawson and Toohey JJ held that liability as joint tortfeasors arises if two or more persons act in concert in committing a tort.⁴⁷ Likewise, Gummow J held:

In England, Australia and New Zealand, criteria for the identification of joint tortfeasors are to be found in expressions used in The “Koursk”. Scrutton LJ there spoke of “two persons who agree on common action, in the course of, and to further which, one of them commits a tort”, saying that in such a case there is one tort committed by one of them “in concert with another”. Sargant LJ accepted the proposition that persons are joint tortfeasors when their “respective shares in the commission of the tort are done in furtherance of a

common design” so that those who “aid or counsel, direct, or join” in commission of the tort are joint tortfeasors.⁴⁸

Further, there must be a “joint purpose” for there to be liability as joint tortfeasors. That is, “there must be a concurrence in the act or acts causing damage not merely a coincidence of separate acts which by their conjoined effect cause damage”.⁴⁹

More recently, the test for joint tortfeasorship has been expressed in terms of whether the alleged joint tortfeasor:

- (a) Directed or procured the infringing conduct of the primary infringer.⁵⁰
- (b) Was involved in invading the applicant’s rights.⁵¹
- (c) Had a close personal involvement in the infringing acts of the primary infringer.⁵²
- (d) Made the primary infringer’s tort his or her own;⁵³ and/or
- (e) Used the primary infringer as an instrument of his or her own wrong.⁵⁴

The test for establishing accessorial liability under the ACL may be less stringent than the joint tortfeasor test which applies to passing off and trade mark infringement. An applicant may seek to recover damages from, or obtain injunctive relief restraining, any person who has aided, abetted, counselled or procured, or was in any way directly or indirectly knowingly concerned in, or a party to, a contravention of s.18 of the ACL.⁵⁵ In this respect, it is necessary to establish that a person intentionally participated in the contraventions, including by showing that the person had knowledge of the essential facts that made up the contraventions.⁵⁶ However, it is not necessary to prove that the person was aware that their participation constituted a breach of the ACL.⁵⁷

Available Defences to Passing Off, Trade Mark Infringement, and Misleading or Deceptive Conduct

The TMA contains a number of specific defences to claims for trade mark infringement.⁵⁸ There is no equivalent list of specific defences to passing off, although unclean hands,⁵⁹ *bona fide* use of own name,⁶⁰ or honest concurrent user⁶¹ might, arguably, provide defences to, or preclude a finding of, passing off. A number of cases have

also suggested that acquiescence, laches, delay and estoppel might provide defences to trade mark infringement or passing off.⁶² Although that might be so in relation to estoppel, it is otherwise difficult to reconcile such cases with the judgment of Gleeson CJ, Gummow, Hayne and Crennan JJ in *Batistatos v Roads Traffic Authority of New South Wales*,⁶³ in which their Honours held that legal claims (as opposed to equitable claims) “are subject to any applicable statutory limitation but not to equitable defences of laches, acquiescence and delay”.⁶⁴

There is little, if any, room for the operation of such defences in response to an allegation of contravention of s.18 of the ACL. That is because the focus of s.18 of the ACL is consumer protection. For example, in *Mortgage House of Australia Pty Ltd v Mortgage House International*,⁶⁵ Beaumont J held that estoppel “can provide no answer to a claim under s.52(1) brought to vindicate the interests of consumers”. In a similar vein, McDougall J in *Abigroup Contractors v Sydney Catchment Authority*⁶⁶ held that “an estoppel creating private rights should not prevail against the public rights that s.52 is intended to vindicate”.

However, whatever might be the case in relation to liability, the Full Court of the Federal Court has recently determined that aspects of laches, acquiescence and delay may, depending on the circumstances, be “relevant to the question of relief” granted for passing off or contravention of s.18 of the ACL.⁶⁷

Relief Available for Passing Off, Trade Mark Infringement, and Misleading or Deceptive Conduct

In the event that passing off is established, the relief available includes an injunction, and at the option of an applicant, compensatory damages or an account of profits. Further, “the circumstances of a passing off may be such as to make it appropriate to punish a respondent for conduct showing a conscious and contumelious disregard for the wronged party’s rights and to deter the wrongdoer from committing like conduct again” by awarding exemplary damages in addition to compensatory damages.⁶⁸

In the event that a registered trade mark is infringed, the relief available includes an

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injunction, and at the option of an applicant, compensatory damages or an account of profits.⁶⁹ Since the commencement of certain “*Raising the Bar*” amendments, the relief available for trade mark infringement also includes additional damages.⁷⁰

The relief available for misleading or deceptive conduct is more limited. The primary relief available includes an injunction⁷¹ and compensatory damages.⁷² Unlike in a claim for passing off, an applicant cannot seek exemplary damages for misleading or deceptive conduct. This is because s.236 of the ACL provides that an applicant can only recover “loss and damage”. As Fisher, Gummow and Lee JJ held in *Munchies Management Pty Ltd & Anor v Belperio & Anor*,⁷³ in relation to the TPA:

It has generally been assumed that because “loss or damage” is used to identify both the gist of the action under s.82 and the measure of what is recoverable...given their nature, exemplary damages seem beyond the reach of the concepts of loss or damage.

Similarly, an applicant cannot elect an account of profits instead of damages, if a contravention of s.18 of the ACL is established. In *Multigroup Distribution Services Pty Ltd v TNT Australia Pty Ltd & Ors*,⁷⁴ Gyles J considered in some detail whether an account of profits might be available for a breach of s.52 of the TPA and held:

In my opinion, the decision of the High Court in Marks v GIO is an answer to the other contentions of the applicants. The decision of the majority in that case underlines the compensatory nature of orders to be made pursuant to s.87 and makes clear that analogy between s.87 and equitable relief is an unsafe foundation to build upon (Gaudron J at 502, 503 and 505, McHugh, Hayne and Callinan JJ at 510 and 513, Gummow J at 528-529 and 534-535). An account of profits is not compensation but rather an award to prevent unjust enrichment (Dart Industries Inc v Decor Corp Pty Ltd (1993) 179 CLR 101 per Mason CJ, Deane, Dawson and Toobey JJ at 111, per McHugh J at 123)...

In Australian Rugby Union Ltd v Hospitality Group Pty Ltd (2000) 173 ALR 702 I considered and rejected an argument that the tort of inducing breach of contract was appropriate for the award of restitutionary damages by way of account of profits (at 741 [129]). What I said there would support the conclusion that an account of profits would not be appropriate where the purpose is to compensate and nothing I have heard in argument in this matter has caused me to doubt my conclusion in that case....

The House of Lords has now confirmed that for England an account of profits is available as a remedy for breach of contract in what is described as an exceptional case. The present is not a contract case and the decision is not directly in point. In any event, notwithstanding a wide ranging review of the authorities, I see no reference in the speeches to any prior case which would authorise an account of profits where the object is compensation for loss or damage. In my view, the decision of the House of Lords does mark a radical change in the law of remedies which it is not open to a single judge of this Court to apply to the construction of the Act.

Summary of Comparison of Passing Off, Trade Mark Infringement, and Misleading or Deceptive Conduct

Criteria	Passing	Trade mark infringement	Misleading or deceptive conduct
<i>Need for registration</i>	No.	Yes.	No.
<i>Need for reputation</i>	Need to establish reputation as an element of the action: are a “significant” or “substantial” number of persons within the jurisdiction aware of the applicant’s reputation?	No.	No requirement to establish reputation as an element of the action. As a practical matter, an applicant will often need to prove some level of reputation to establish misleading or deceptive conduct.
<i>Threshold of deception</i>	Misrepresentation likely to deceive consumers to believe that the respondent’s goods or services are of another or have an association, quality or endorsement which belongs or would belong to goods or services of, or associated with, another.	Real risk that the respondent’s use of its mark will cause a significant number of ordinary persons to wonder whether it might be the case that the two products or services come from the same source or are otherwise related. It is sufficient if the minds of the purchasing public are perplexed or mixed up.	A not insignificant number of persons within the relevant section of the public are misled or are likely to be misled by the impugned conduct.
<i>Relevance of surrounding circumstances</i>	Take into account all surrounding circumstances.	Take into account a more limited range of circumstances – the general context or setting in which the marks are to be compared.	Take into account all surrounding circumstances.
<i>Trade or commerce</i>	Arguably not required that impugned conduct be in “trade or commerce”.	No requirement that impugned conduct be in “trade or commerce”.	Impugned conduct must be undertaken in trade or commerce.
<i>Joint liability</i>	Liability established if two people act in concert for a joint purpose when engaging in the unlawful conduct.	Liability established if two people act in concert for a joint purpose when engaging in the unlawful conduct.	Liability established if a person aided, abetted, counselled or procured, or was in any way directly or indirectly knowingly concerned in, or a party to, a contravention of the ACL.
<i>Defences</i>	Estoppel and miscellaneous defences may be argued. Aspects of laches, acquiescence and delay may also be relevant to relief.	Numerous specific defences. Estoppel and miscellaneous defences may be argued. Aspects of laches, acquiescence and delay may also be relevant to relief.	Doubtful whether any relevant defences, if contravention established, although aspects of laches, acquiescence and delay may be relevant to relief.
<i>Relief</i>	Injunctive relief, compensatory damages, exemplary damages, and/or account of profits.	Injunctive relief, compensatory damages, additional damages, and/or account of profits.	Injunctive relief and compensatory damages.

Trade Marks and Passing Off – Has the Old Tort Passed On?

Conclusion

In Australia at least, the tort of passing off is on its last legs. The tort offers a litigant lacking a registered trade mark two distinct advantages over s.18 of the ACL. First, relief might be available even though the impugned conduct is not “in trade or commerce”. Secondly, the tort offers a litigant access to an account of profits and exemplary damages, a distinct advantage over misleading or deceptive conduct in cases where such remedies are appropriate.

However, beyond this, the life of the tort seems limited indeed. In particular, it requires an applicant to prove matters not necessarily required under the TMA or ACL (such as reputation and loss), the deception against which it guards is more limited than under the TMA or ACL, and an applicant alleging passing off may have more work to do to establish joint liability and to avoid the application of defences than under the ACL.

It follows that, if a case has potential for exemplary damages or a significant account of profits, it may be wise to include an allegation of passing off. Otherwise, it may be avoided.

- 1 (1990) 17 IPR 1 at 7.
- 2 See the five point test explained in *Erven Warmink Besloten Vennootschap v J Townsend & Sons (Hull) Ltd* [1979] AC 731 at 742 per Lord Diplock and at 755 – 756 per Lord Fraser of Tullybelton, as cited in *Sydneywide Distributors Pty Ltd v Red Bull (Aust) Pty Ltd* (2002) 117 FCR 189 at [55] per Weinberg and Dowsett JJ.
- 3 (2011) 92 IPR 222 at [212].
- 4 (2000) 202 CLR 45 at [109].
- 5 *Henderson v Radio Corp Pty Ltd* [1960] SR (NSW) 576.
- 6 *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302.
- 7 (1989) 23 FCR 553.
- 8 (1996) 34 IPR 225.
- 9 (2002) 55 IPR 354.
- 10 (2003) 57 IPR 453.
- 11 (2011) 92 IPR 222.
- 12 (2008) 79 IPR 174 at [35].
- 13 *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (2007) 159 FCR 397 at [99].
- 14 *Hansen Beverage Company v Bickfords (Australia) Pty Ltd* (2008) 79 IPR 174 at [34] and [59].
- 15 *Coca-Cola Co v All-Fect Distributors Ltd* (1999) 96 FCR 107 at [19], approved in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144 at [43].
- 16 See *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326 at 347-8 and *Irving's Yeast-Vite Ltd v FA Horsenail Co Ltd* (1934) 51 RPC 110.
- 17 (1963) 109 CLR 407 at 415.
- 18 (1937) 58 CLR 641 at 658.
- 19 *Coca-Cola Company v All-Fect Distributors Ltd* (1999) 96 FCR 107 at [39], citing *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1979] RPC 410 at 423.

- 20 *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191 at 198.
- 21 In *Google Inc v Australian Competition and Consumer Commissions* (2013) 294 ALR 404, Hayne J held at [89] that: “The first question for consideration is always: “What did the alleged contravener do (or not do)?”. It is only after identifying the conduct that is impugned that one can go on to consider separately whether that conduct is misleading or deceptive or likely to be so.”
- 22 (2007) 159 FCR 397 at [98]-[99].
- 23 (2008) 79 IPR 174 at [44].
- 24 *Peter Bodum AIS v DKSH Australia Pty Ltd* (2011) 92 IPR 222 at [209] and [272].
- 25 See: *Hansen Beverage Company v Bickfords (Australia) Pty Ltd* (2008) 79 IPR 174 at [46], [55]-[56], [66]-[72]. Although Cf: *National Exchange Pty Ltd v Australian Securities and Investments Commission* (2004) 61 IPR 420 at [70]-[71].
- 26 See, for example, *Sporte Leisure Pty Ltd & Ors v Paul's International Pty Ltd & Ors* (2010) 275 ALR 258 at [129].
- 27 *Central Equity Ltd v Central Corp Pty Ltd* (1995) 32 IPR 481 at 488.
- 28 See *Mars Australia Pty Ltd v Sweet Rewards Pty Ltd* (2009) 81 IPR 354 at [27].
- 29 See, for example, *Peter Isaacson Publications Pty Ltd v Nationwide News Pty Ltd & Anor* (1984) 6 FCR 277 at 300-301.
- 30 *Taco Co of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177 at 202; *Campomar Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45 at [100]-[101].
- 31 *Reckitt & Coleman Products Ltd v Borden Inc* (1990) 17 IPR 1 at 16-17.
- 32 *CA Henschke v Rosemount Estates Pty Ltd* (2000) 52 IPR 42 at [44]; *Vivo International Corporation Pty Ltd & Anor v Tivo Inc & Anor* (2012) 294 ALR 661 at [84].
- 33 *Australian Postal Corporation v Digital Post Australia (No 2)* [2012] FCA 862 at [58].
- 34 (2003) 57 IPR 28 at [102]. See also: *Anheuser-Busch Inc v Budejovicky Budvar, Narodni Podnik & Ors* (2002) 56 IPR 182 at [226].
- 35 (1990) 169 CLR 594 at 603.
- 36 (1997) 80 FCR 303.
- 37 See also: *O'Brien v Smolonogov* (1983) 53 ALR 107.
- 38 [1979] AC 731 at 742, cited in *Sydneywide Distributors Pty Ltd v Red Bull (Aust) Pty Ltd* (2002) 117 FCR 189 at [55] per Weinberg and Dowsett JJ.
- 39 (1989) 37 NSWLR 293.
- 40 (1989) 37 NSWLR 293 at 317.
- 41 (1989) 37 NSWLR 293 at 305.
- 42 (1989) 37 NSWLR 293 at 318.
- 43 (1989) 37 NSWLR 293 at 318-391.
- 44 (1989) 37 NSWLR 293 at 318.
- 45 See, eg, *AMI Australia Holdings Pty Ltd v Bade Medical Institute* (2009) 84 IPR 19 at [97]-[99]; *Louis Vuitton Malletier SA v Toes Pty Ltd* (2006) 237 ALR 118 at [156]-[168]; *Ward Group Pty Ltd v Brodie & Stone plc & Ors* (2005) 143 FCR 479 at [55]-[58].
- 46 (1996) 186 CLR 574.
- 47 (1996) 186 CLR 574 at 580-581.
- 48 (1996) 186 CLR 574 at 600.
- 49 *The Koursk* [1924] P 140 at 159-160; *TS & B Retail Systems Pty Ltd v 3Fold Resources Pty Ltd (No 3)* (2007) 158 FCR 44 at [177]-[178].
- 50 *Performing Right Society Ltd v Ciryil Theatrical Syndicate Ltd* [1924] 1 KB 1 per Atkin LJ.
- 51 *Keller v LED Technologies Pty Ltd* (2010) 185 FCR 449 at [83]-[84] per Emmett J.
- 52 *Keller v LED Technologies Pty Ltd* (2010) 185 FCR 449 at [291] per Besanko J.
- 53 *Keller v LED Technologies Pty Ltd* (2010) 185 FCR 449 at [405] per Jessup J.
- 54 *Keller v LED Technologies Pty Ltd* (2010) 185 FCR 449 at [404] per Jessup J.

- 55 See: ss.232(1)(b), 236(1) and 2 of the ACL.
- 56 *Yorke v Lucas* (1985) 158 CLR 661 at 667-670.
- 57 *Yorke v Lucas* (1985) 158 CLR 661 at 666-9; *AMI Australia Holdings Pty Ltd v Bade Medical Institute* (2009) 84 IPR 19 at [93].
- 58 Sections 122-4 of the TMA.
- 59 *New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company Ltd & Anor* (1989) 14 IPR 26 at 61.
- 60 Although Cf. *Anheuser-Busch Inc v Budejovicky Budvar, Narodni Podnik & Ors* (2002) 56 IPR 182 at [197].
- 61 *Colorado Group Ltd v Strandbags Group Pty Ltd* (2006) 67 IPR 628 at [53]; *Colorado Group Ltd v Strandbags Group Pty Ltd* (2007) 164 FCR 506 at [221].
- 62 *B M Auto Sales Pty Ltd v Budget Rent A Car System* (1976) 12 ALR 363 at 372-373; *New South Wales Dairy Corporation v Murray Goulburn Co-operative Co Ltd (No 1)* (1989) 86 ALR 549 at 68.
- 63 (2006) 226 CLR 256 at [18].
- 64 See also, *Orr v Ford* (1989) 167 CLR 316 at 340.
- 65 (2004) 63 IPR 600 at [139].
- 66 [2005] NSWSC 662 at [74].
- 67 *Knott Investments Pty Ltd v Winnebago Industries Inc* [2013] FCAFC 59 at [53] and [56] per Allsop CJ, [102] – [107] per Cowdroy J, and [131] and [137] per Jagot J.
- 68 *Taleb & Anor v GM Holden Ltd* (2011) 286 ALR 309 at [41].
- 69 Section 126(1) of the TMA.
- 70 Section 126(2) of the TMA.
- 71 Section 232 of the ACL.
- 72 Section 236 of the ACL.
- 73 (1988) 58 FCR 274 at 287-288.
- 74 (2001) 109 FCR 528 at [35]-[42].