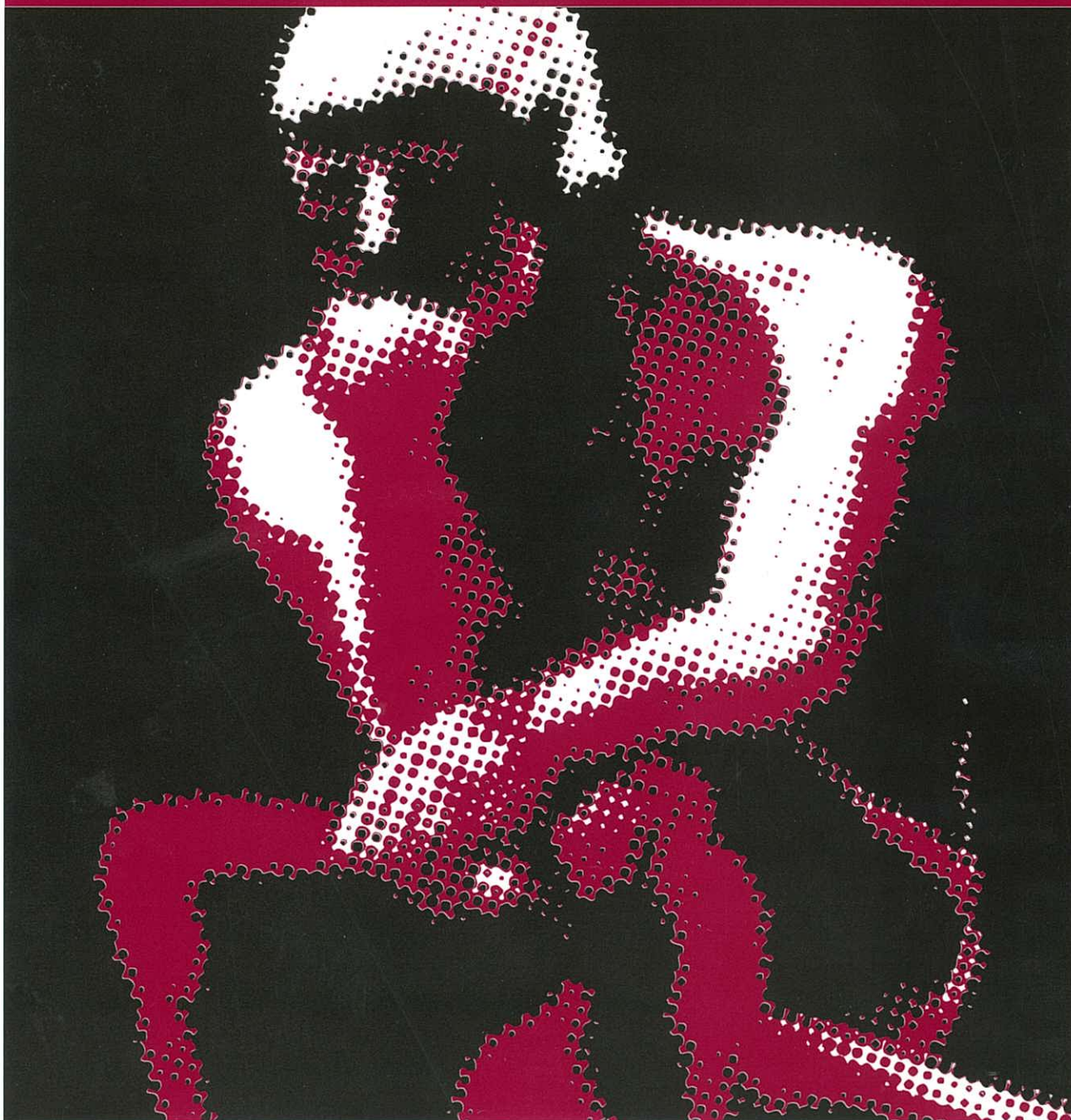


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Issue 84 Contents

Editorial • Profile – In Conversation with Kristin Stammer • The Decision in *UWA v Gray* and its Implications for Determining Inventorship and Entitlement to Patent Rights • Did they Just Use that Trade Mark? Some Considerations on the Elusive Notion of Trade Mark Use • Commissioning and the *Copyright Act*: The Case for a Uniform Approach • Chasing a Franchisee Evading Post-termination Obligations through Corporate Entities under External Administration • Access to Medicines and Pharmaceutical Patent Protection under the TRIPs Agreement: A Review of Literature on the Challenges for Least Developed Countries • Case Report – Are Directors Personally Liable for Breaches of Intellectual Property Rights by their Companies? • Current Developments • Australia • New Zealand • Asia • WIPO • Europe • Canada • United States • Reports from IPSANZ Local Organisations

Did they Just Use that Trade Mark? Some Considerations on the Elusive Notion of Trade Mark Use*

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Victorian Bar

Introduction

The concept of “use” features in most parts of the *Trade Marks Act 1995* (Cth) – from the most basic questions of “What is a trade mark?”¹ and “[What are the] Rights given by registration?”² to the operative clauses in which use, or intention to use, are prerequisites for making a valid application,³ and maintaining a registration⁴ – and so on to infringement, which requires that there be use (of a sign) as a trade mark.⁵

Depending on which part of the Act concerns your client, the answer to the question, “*Did they just use that trade mark?*” could determine its rights to injunctions, damages or profits in an infringement action; or its monopoly, if it is seeking registration or defending a non-use action.

The Act does not define “use”. Section 6, “*Definitions*” refers the reader to s.7 the title of which (“*Use of trade mark*”) promises much but says, in effect, “*use*” means *use*. But the concept of use is central to rights, registration, maintenance and infringement, as set out in the following key clauses:

- Section 20 – the rights given by registration include the exclusive right to use the trade mark and to authorise others to use the trade mark.
- Section 27 – actual use of, or having an intention to use, the trade mark are preconditions for applying to register.
- Section 41(5) – use, or intended use, of the trade mark are circumstances to be taken into account by the Registrar in considering whether a trade mark is capable of distinguishing and therefore registrable.
- Section 41(6) – use before the filing date may have caused a trade mark to become distinctive.
- Section 58 – prior use of the trade mark in relation to goods or services of the same kind will establish a superior claim to ownership.
- Section 92 – lack of intention to use, or lack of use during a three-year period, are grounds for removal.
- Section 120 – 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 registered trade mark in relation to similar goods or services.

Only section 120 expresses the qualification that the use must be *use as a trade mark*, but it is important to note that this is presumed for the other sections.⁶

A Consistent Approach

As one traverses the Act and corresponding case law the concept of “*use as a trade mark*” might appear elusive and seem to shift depending on the different conditions invoked. However, the Courts have shown consistency in their approach. The question to be asked is whether, in the context in which the trade mark appears, it would have been understood by consumers as being used for the purpose of indicating a connection in the course of trade between the goods or services and the person using it.⁷

However, difficulties arise in drawing a distinction on the facts of each case, between use of a trade mark and use as a trade mark. The Full Federal Court’s formulation of the test in *Woolworths Ltd v BP Plc*⁸ hints at these:

[77] *Whether or not there has been use as a trade mark involves an understanding from an objective viewpoint of the purpose and nature of the use, considered in its context in the relevant trade. How the mark has been used may not involve a single or clear idea or message. The mark may be used for a number of purposes, or to a number of ends, but there will be use as a trade mark if one aspect of the use is to distinguish the goods or services provided by a person in the course of trade from the goods or services provided by any other persons, that is to say it must distinguish them in the sense of indicating origin.*

Establishing that a mark was used *as a trade mark* has thwarted many litigants, as illustrated by the following cases:

- (a) *Aristoc Ltd v Rysta Ltd*:⁹ In the era before service marks were registrable, the registration of “Rysta” in respect of “stockings” was refused because the trade mark was merely intended to indicate that the stockings had been repaired by the trade mark applicant and this “*temporary connection with goods after they have come into the hands of the public*”¹⁰ was judged

Did they Just Use that Trade Mark? Some Considerations on the Elusive Notion of Trade Mark Use

(h) *Nature's Blend Pty Ltd v Nestle Australia Ltd*:³⁰ The registered trade mark "Luscious Lips" was found not to have been infringed by Nestle's reference to "Luscious lips" where it appeared with similarly styled references to other confectionary in its Retro Party Mix lolly packs. In the Court's view, the plain meaning of the words "luscious lips" would be taken by consumers as being descriptive or laudatory of confectionary in the Retro Party Mix product and not as a badge of origin of that product.³¹

(i) *Chocolaterie Guylian v the Registrar of Trade Mark*:³² The shape of a seahorse was not capable of registration because the evidence failed to establish that the seahorse shape was used as a trade mark. The sea horse shape was used on packaging alongside other marks, including "Guylian", and with many other shaped chocolates displayed with equal prominence. Sundberg J considered that: "*on these boxes, the seahorse shape does not in my view function as a trade mark. It is not used in any sense to identify Guylian but to illustrate some examples of the elegance of the chocolates and the contents of the box more generally ... it does not seem to be likely that consumers would conceive of the seahorse shape on Guylian's boxes as a trade mark, so much as simply an example of the novelty shapes that Guylian manufactures.*"³³

What is a Trade Mark?

Whether a mark has been used as a trade mark must be answered by reference to the statutory definition of a trade mark.³⁴ Section 17 of the *Trade Marks Act 1995* (Cth) reads:

17 What is a trade mark?

a trade mark is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.

This differs from the definition under the previous *Trade Marks Act 1955* (Cth), which read, at s.6(1):

"trade mark" means:

(a) ... a mark used or proposed to be used in relation to goods or services for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the goods or services and a person who has the right, either as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person.³⁵

Apart from the substitution of "sign" for "mark", there are other more significant changes.

First, s.17 refers simply to "*a person*"³⁶ and does not identify that person (as the previous Act did by nominating the trade mark owner or registered user). This means that the definition now also describes common law trade marks, non-infringing use by someone other than the registered owner or an authorised user and use by an infringer.³⁷ We are yet to see the effect of this wider definition fully explored in litigation. The Full Federal Court in *E & J Gallo Winery v Lion Nathan Pty Ltd*³⁸ made a brief reference which is discussed below.

Secondly, the purpose is expressed as being "*to distinguish*" the goods or services of one person from those of others instead of, in the language of the old Act, "*to indicate a connexion in the course of trade*". Trade mark owners will always test the Act in order to shore up monopolies³⁹ but since Australia's first *Trade Marks Act* in 1905 there has been no substantive change in Parliament and the Courts' understanding of an essential purpose or function of a trade mark as a "badge of origin". The Court re-affirmed this in the *Gallo* case:⁴⁰

[42] Whilst [s.17] contains no express reference to the requirement, to be found in s.6(1) of the *Trade Marks Act 1955* (Cth), that a trade mark indicate "a connection in the course of trade" between the goods and the owner, the requirement that a trade mark "distinguish" goods encompasses the orthodox understanding that one function of a trade mark is to indicate the origin of "goods to which the mark is applied". Distinguishing goods of a registered owner from the goods of others and indicating a connection in the course of trade between the goods and the registered owner are essential characteristics of a trade mark. There is nothing in the relevant Explanatory Memorandum to suggest that s.17 was to effect any change in the orthodox understanding of the function or essential characteristics of a trade mark.

[43] In *Coca-Cola Co v All-Fect Distributors Ltd* a Full Court of the Federal Court of Australia said (at [19]):

... Use "as a trade mark" is use of the mark 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 ... That is the concept embodied in the definition of "trade mark" in s.17 – a sign used to distinguish goods dealt with in the course of trade by a person from goods so dealt with by someone else.

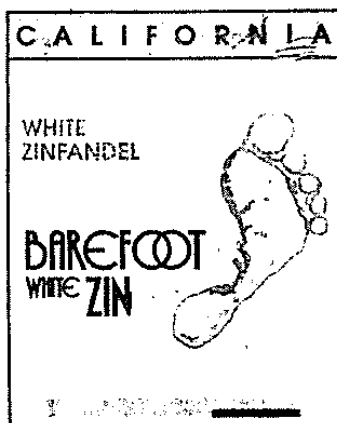
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*E & J Gallo Winery v Lion Nathan Australia Pty Ltd*⁴¹

Factual Background

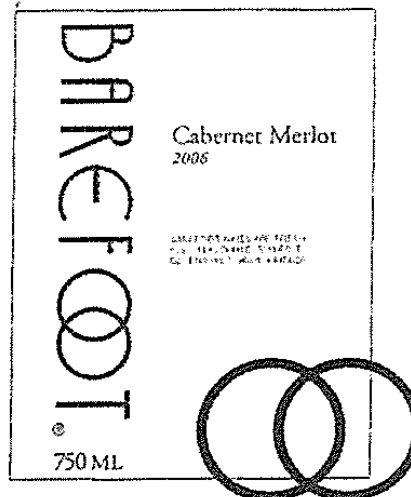
E & J Gallo Winery is the registered owner in Australia of the word mark “Barefoot” in respect of wines. The registration dates from 9 March 1999 and was previously owned by a Mr Michael Houlihan, the co-owner of a California company, which traded as Barefoot Cellars. In January 2005, the business of Barefoot Cellars, including its Australian trade mark registration, was sold to Gallo. The trade mark assignment was recorded on the Australian trade marks register on 19 January 2005.

Earlier, in February 2001, Barefoot Cellars had exported 60 cases of wine under its “Barefoot” label (illustrated below) to a German distributor without any restrictions or limitations on re-sale.

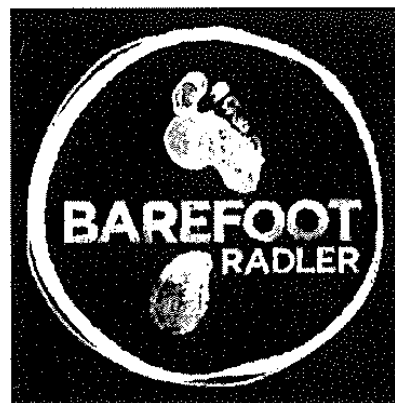


Around 18 months later, in July 2002, 144 bottles of that consignment were imported into Australia by Beach Avenue Wholesalers. Relevantly, during the period May 2004 to May 2007, Beach Avenue sold 41 bottles over several transactions. Neither Barefoot Cellars nor Gallo was aware of these sales or, indeed, that the wine had been imported by Beach Avenue.

Gallo’s active involvement with the “Barefoot” trade mark in Australia commenced in early 2006 with discussions between it and McWilliams Wines Pty Ltd concerning the sale and distribution of wine under the “Barefoot” trade mark. In March 2007, McWilliams Wines informed Gallo that it had allocated some of its wine production to the “Barefoot” label.⁴² By September 2007, Gallo had licensed the “Barefoot” trade mark to McWilliams and on 14 September 2007 McWilliams released 12,000 bottles of Cabernet/Merlot and Semillon/Sauvignon Blanc under a label featuring the “Barefoot” trade mark in stylised script.⁴³



Lion Nathan’s interest in its trade mark, “Barefoot Radler” began around August 2006 with product development for a beer intended to be “a suitably refreshing taste for the warmer weather”.⁴⁴ The brand name “Barefoot Radler” was decided upon in February 2007. Searches of the Trade Marks Register disclosed Gallo’s registration for “Barefoot” in relation to wine. Lion Nathan launched its “Barefoot Radler” beer throughout Australia in January 2008.



From these facts two claims emerged.

First, Lion Nathan applied to the Registry to remove Gallo’s “Barefoot” trade mark under s.92(4) (b) of the *Trade Marks Act 1995* (Cth) on the basis of non-use. The non-use period was 7 May 2004 to 8 May 2007.

Second, Gallo sued Lion Nathan under s.120 of the Act on the basis that Lion Nathan’s use of its “Barefoot Radler & bare foot device” in relation to its specialty beer infringed Gallo’s registration for “Barefoot” in relation to wine.

Did they Just Use that Trade Mark? Some Considerations on the Elusive Notion of Trade Mark Use

“Did they Just Use that Trade Mark?”

The case went to the High Court, with each party having successes and failures along the way; any of which would make interesting topics for discussion in their own right.⁴⁵ However, the issues which best fit the topic, “*Did they just use that trade mark?*” are:

- (a) Whether Gallo or its predecessor in title, Mr Houlihan, used the “Barefoot” trade mark in relation to wine during the non-use period, in circumstances where neither Houlihan nor Gallo were aware of the importation and subsequent sale of the “Barefoot” wines in Australia.
- (b) Whether, in any event, there was use of the “Barefoot” word mark when, in fact, on the label relied on, the word “Barefoot” was used in combination with the image of a bare foot.

At Trial

At the trial before Flick J, Gallo advanced three arguments in support of its contention that there had been a relevant use for the purpose of s.92:⁴⁶

- (i) That Beach Avenue Wholesalers’ offering for sale and sale of “Barefoot” wine in the non-use period was a use of the “Barefoot” trade mark, in good faith, *by Barefoot Cellars as an authorised user.*
- (ii) That Beach Avenue Wholesalers’ offering for sale and sale of “Barefoot” wine in the non-use period was a use of the “Barefoot” trade mark, in good faith, *by Beach Avenue Wholesalers as an authorised user.*
- (iii) That *Gallo Winery used* the “Barefoot” trade mark, in good faith, between September 2006 and the end of the non-use period in negotiating and preparing for the distribution of “Barefoot” wine in Australia by McWilliams Wines.

Gallo’s arguments were rejected by the trial Judge.

Contentions (ii) and (iii) and were not pursued in the appeals, although the role of Beach Avenue continued to occupy the minds of the High Court judges, as discussed below.⁴⁷

As to contention (i), Flick J held that there had been no use of the trade mark by Barefoot Cellars as an authorised user (of Mr Houlihan) during the non-use period. This finding was upheld by the Full Court of the Federal Court and overturned by the High Court, as discussed below.

As to contention (ii), Flick J rejected the “retailer as authorised user” argument because of his finding

that, “*at no time during the period 2004-2007, or for that matter at any point of time after the wine was shipped from California to Germany in 2001, did Mr Houlihan exercise any quality control over the wines exported*”.⁴⁸ He distinguished between quality control exercised in the past and continuing quality control which, he said, was required by s.8(3) because: “*The provision is not expressed in terms of an owner having at some time in the past ‘exercised quality control’; the provision is expressed in the present tense of an owner who ‘exercises quality control’*”.⁴⁹ Indeed, it would be extraordinary if mere retailers became “authorised users” for the purposes of the Act and thereby entitled to exercise the powers under s.26, simply as a result of their dealing with the goods and without any other involvement by the trade mark owner.⁵⁰

As to contention (iii), Flick J found that the negotiations with McWilliams were only “*preliminary or preparatory acts*” and even though McWilliams had taken steps to allocate some of its wine production to the “Barefoot” label this was insufficient because it was a unilateral step taken by McWilliams and not by Gallo Winery.⁵¹

Barefoot Cellars as an “Authorised User”

At the trial and on appeal, Gallo contended that use of the “Barefoot” mark had occurred because of the sales by Beach Avenue during the non-use period. It further submitted that this was an “authorised use” by Barefoot Cellars accruing to Mr Houlihan because Mr Houlihan had exercised control over the “Barefoot” wine. Gallo argued that it was irrelevant that neither Houlihan nor Barefoot Cellars knew or intended that the wine would ultimately find its way to Australia and be offered for sale. It was enough that goods to which the mark had been applied had been on the Australian market during the non-use period.

Gallo relied on *Estex Clothing Manufacturers Pty Ltd v Ellis & Goldstein Ltd (Estex)*.⁵² In that case, local manufacturers of women’s clothing under the “Estex” mark applied to remove the U.K. company, Ellis & Goldstein’s registrations for “Eastex” in Australia. Ellis & Goldstein had sold its “Eastex” labelled clothing to London-based buying agents for Australian retailers. The clothing was then exported to and sold in Australia by the retailers, including Grace Bros and Myers. The applicant claimed that, as property in the goods passed upon the purchase by the buying agents in London, there could be no act constituting “use” of the trade

mark in Australia by Ellis & Goldstein. Windeyer J rejected this noting that:

*The manufacturer who sells goods, marked with his mark to a warehouseman, wholesaler or retailer does not, in my view, thereupon cease to use the mark in respect of those goods. The mark is his property although the goods are not; and the mark is being used by him so long as the goods are in the course of trade and it is indicative of their origin, that is as his products. Goods remain in the course of trade so long as they are upon a market for sale. Only when they are bought for consumption do they cease to be in the course of trade.*⁵³

Windeyer J's decision was affirmed by the Full High Court, which relevantly concluded:

*By the Act a trade mark means "a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the goods and a person who has the right, either as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person" and "use" in s.23 must be understood in this context. Its denotation is not limited by any concept of the physical use of a tangible object and we have no doubt that when an overseas manufacturer projects into the course of trade in this country, by means of sales to Australian retail houses, goods bearing his mark and the goods, bearing his mark, are displayed or offered for sale or sold in this country, the use of the mark is that of the manufacturer.*⁵⁴

Both of these passages are quoted in Flick J's judgment. They support the conclusion that, if the "Barefoot" trade mark similarly functioned as a "badge of origin" when the goods to which it was applied were sold in Australia, it was thereby "used" by the trade mark owner. However, the Judge did not approach the matter in this way. Instead, he distinguished *Estex* on the basis that, in that case, the manufacturer knew that its garments were destined for the Australian market, whereas Barefoot Cellars only knew that the consignment was being exported to Germany. Flick J concluded:

[146] In the present proceedings there was thus no "projection" of the BAREFOOT wine by the registered proprietor of the barefoot trade mark into the Australian market. The only projection of those wines by the registered proprietor into any market was the export of that wine from the United States in February 2001 into the German market.

[147] Estex Clothing, it is considered, provides no support for a conclusion that the export of wine from the United States into Germany in February 2001 was also the projection in a comparable manner of that wine into the Australian market as it occurred over a year later in July 2002.

A comparable projection of the goods into Australia, it seems, would have required Barefoot Cellars to have known or intended that they might end up on the Australian market. Flick J's comments at [150] suggest that an even more concrete involvement might be required. Referring to comments in the Working Party's Report and the Explanatory Memorandum to the *Trade Marks Bill 1995* he noted that "*they do support a conclusion that a registered proprietor does not use a mark in the Australian market unless he retains some connection with or control over the goods when they enter that market*".

In a contentious final salvo which was accepted by the Full Court,⁵⁵ but rejected by the High Court,⁵⁶ Flick J further observed:

[151] Whatever use there had been of the trade mark by its registered proprietor in the course of trade, that use had ended outside Australia.

On Appeal: Full Federal Court

On appeal, the Full Court upheld Flick J's decision on the s.92(4)(b) claim. Moore, Edmonds and Gilmour JJ agreed that the mark had been "used" in Australia within the meaning of s.7(4)⁵⁷ but would not attribute that use to the registered owner. They said that the retailer, Beach Avenue, had used the mark in the course of trade by selling or offering for sale bottles of wine bearing the "Barefoot" label, but drew the line there.

Gallo argued that this was not use by Beach Avenue, but by Barefoot Cellars and Houlihan.⁵⁸ The Full Court did not accept this, noting that, "*not all non-infringing use of a trade mark in the course of trade is use by the trade mark owner*".⁵⁹ The Full Court cited *Pioneer Electronic Corporation v. Registrar of Trade Marks*⁶⁰ and *Transport Tyre Sales Pty Ltd v. Montana Tyres Rims & Tubes Pty Ltd*⁶¹ in which the acts of selecting goods, importing for sale and selling were found to have been uses of the trade marks in Australia.

They found further support in the language of s.17:

... s.17 does not provide that a trade mark is a sign used to distinguish goods dealt with or provided in the course of trade by the owner of the trade mark. Rather, it distinguishes goods dealt with or provided in the course of trade by a person. This important

Did they Just Use that Trade Mark? Some Considerations on the Elusive Notion of Trade Mark Use

*distinction reflects Aickin J's elucidation in Pioneer of the ability of a retailer to associate itself with a particular mark by selecting for resale and selling goods bearing a particular mark.*⁶²

As to *Estex*, the Full Court interpreted the "projection" issue as follows:

*... we think fairly plainly what the Full Court was saying was that for there to be use in Australia of the mark by the owner, the owner must have engaged in conduct of some type which the owner might reasonably contemplate would result in dealings with its goods marked with its mark in Australia while the goods were in the course of trade.*⁶³

The Full Court also took support from s.27(1)(b) of the Act which makes "use" or an "intention to use" the trade mark a prerequisite to a valid application. The Court noted that:

*Ownership from "intended use" necessarily involves a conscious resolve on the part of the person alleging ownership of future use in Australia. No authority of which we are aware suggests that an inadvertent, unknown and unintended use in Australia results in ownership of the mark for the purposes of registration under Australian law.*⁶⁴

It reasoned that cohesion required that "*the use to which section 92 is directed is use of the same character which would warrant registration of the trade mark in the first place. That is conduct, by or on behalf of the owner, associated with a witting or deliberate use of the trade mark in Australia*".⁶⁵

Thus, it was not prepared to attribute the use by the retailer, Beach Avenue to Barefoot Cellars, in circumstances where Barefoot Cellars had not known of, much less been involved in, the trade in Barefoot Wine in Australia.

On Appeal: High Court

In contrast to the fairly lengthy judgments of the trial Judge and the Full Court, the High Court constituted by French CJ, Gummow, Heydon, Crennan and Bell JJ dealt simply and decisively with the "principal issue": whether there had been use of "Barefoot" as a trade mark in good faith, during the relevant period, by Gallo or its predecessor, Mr Houlihan.

First, the High Court rejected Lion Nathan's contention that there needed to be some knowledge on the part of the registered owner that the goods bearing the trade mark might end up on the Australian market.⁶⁶ Secondly, it confined *Estex* to its facts.⁶⁷ Thirdly, it took a global view of what it

means for goods to be "in the course of trade".⁶⁸ Fourthly, it confirmed that a trade mark affixed to goods by, or under the control of, the registered owner continues to function as a badge of origin throughout the trading period and when, within the trading period, those goods are offered for sale or sold in Australia that is still a use by the registered owner.

These positions were summed up in a few key paragraphs:

[49] *This passage and a similar passage [in Estex] led to Lion Nathan's contention that it was a necessary condition to establish a use in Australia that an overseas manufacturer knowingly "projects" his goods into the course of trade in Australia. This misreads the judgment. In Estex, the facts described in the passage set out above were sufficient for establishing a use in Australia. There was no suggestion that what was sufficient in that case was necessary in every case....*

[50] *On the facts of this case, there was use of the registered trade mark on vendible products offered for sale and sold in Australia by the trader Beach Avenue to consumers. There was no issue about the registered trade mark's capacity to distinguish the goods to which it was attached. The goods had been on the market for sale under the registered trade mark in the United States of America and had arrived in Australia via Germany. The then registered owner, Mr Houlihan, through Barefoot Cellars, had sold the goods to a German trader for resale without any limitation as to their destination.*

[51] *The capacity of a trade mark to distinguish a registered owner's goods from those of others, as required by s.17, does not depend on whether the owner knowingly projects the goods into the Australian market. It depends on the goods being in the course of trade in Australia. Each occasion of trade in Australia, whilst goods sold under the trade mark remain in the course of trade, is a use for the purposes of the Trade Marks Act. A registered owner who has registered a trade mark under the provisions of the Trade Marks Act can be taken, in general terms, to have an intention to use that trade mark on goods in Australia. It is a commonplace of contemporary international trade that prior to consumption goods may be in the course of trade across national boundaries.*

[52] *An overseas manufacturer who has registered a trade mark in Australia and who himself (or through an authorised user) places the trade mark on goods which are then sold to a trader*

overseas can be said to be a user of the trade mark when those same goods, to which the trade mark is affixed, are in the course of trade, that is, are offered for sale and sold in Australia. This is because the trade mark remains the trade mark of the registered owner (through an authorised user if there is one) whilst the goods are in the course of trade before they are bought for consumption.

Gallo's use was then confirmed by findings that Barefoot Cellars was "an authorised user" within s.8 because during the period Mr Houlihan owned Barefoot Cellars he exercised control over the wine by reason of his ownership of the company and his responsibilities which included monitoring the quality of the wines.⁶⁹

The use in Australia was found to be "in good faith", with the High Court reiterating that a small amount of use may be sufficient to constitute "ordinary and genuine" use judged by commercial standards and this was all that was required.⁷⁰

The trade mark was used "in the course of trade" because the High Court accepted, on the evidence, that Barefoot Cellars sold the wine in the course of trade to the German distributor and that such wine was still in the course of trade when it was imported into Australia and offered for sale and sold here by Beach Avenue.⁷¹

What was the Nature of Beach Avenue's Use?

The High Court found it unnecessary to decide whether, by importation and sale, Beach Avenue had also used the mark as a trade mark because the only relevant question was whether the registered owner had used the mark.⁷² This is a little unsatisfying since this interesting question took up a considerable amount of the argument before the High Court. As discussed above, Gallo had pressed a subsidiary argument that if the sales by Beach Avenue constituted "use" of the trade mark in Australia (which all courts agreed was the case),⁷³ that use must have been by Barefoot Cellars and not by the retailer. Again, the proposition arises from *Estex* and the Full Court's observation that:

*Indeed, in this case the respondent is the only person who has the right to use the mark and the retailer to whom the goods have been sold for re-sale does not, in any relevant sense, use it.*⁷⁴

Counsel for Gallo likened Beach Avenue's position to that of a parallel importer and referred to "some fairly routine reasoning in the parallel importation

cases"⁷⁵ that the parallel importer does not use the mark because all it is doing is acknowledging that the mark has properly been used by the overseas maker who as affixed it. If necessary, *Pioneer* could be distinguished because the importer in that case was a wholly owned subsidiary of the Japanese distributor and was, in effect, a dedicated distributor selling a single line of products, whereas a department store like Grace Bros (in *Estex*) sells many thousands of lines:

*Grace Bros would never be associating itself as the origin of the goods, whether as maker or as merchant, because of the many thousands of product lines that it sells. Similarly, a wine merchant selling many, many different kinds of wine would not, one would expect, be associating itself with the mark as the origin of the goods by way of being a dedicated merchant.*⁷⁶

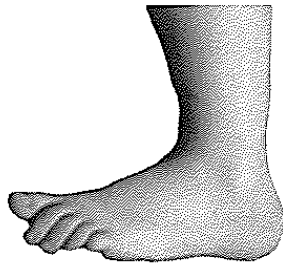
Since Beach Avenue's use was no longer being pressed by Gallo as an "authorised use", it was now said to be not *use as a trade mark* by Beach Avenue at all, but by Barefoot Cellars. Lion Nathan insisted on there still being some demonstrable control by Houlihan over the importation and subsequent dealings in Australia by the retailer so as to invoke s 8. Crennan J, in particular, found this perplexing because of the implication that in order for a trade mark to continue to be "used" (in the relevant sense by the trade mark owner) the owner needed to maintain control over the chain of distribution.⁷⁷

What Trade Mark was Used?

Finally, the other finding of the High Court pertinent to the topic, "*Did they just use that trade mark?*", was that the addition of the image of a bare foot on the Barefoot Cellars' wine label did not disqualify the use of the word mark "Barefoot".⁷⁸

The Court's rationale was that "*the device is an illustration of the word*" and, as such, was an addition that did not substantially affect the identity of the trade mark.⁷⁹ This may be true for the conceptual identity of the trade mark, but it does not hold for visual identity. Other devices could equally be "*an illustration of the word*" but, as the hypothetical examples below show, that does not mean that they are all the same, or substantially the same, trade mark:

Did they Just Use that Trade Mark? Some Considerations on the Elusive Notion of Trade Mark Use



BAREFOOT



BAREFOOT



Flick J reached the same result but by a different route. He simply accepted that there could be more than one mark being used:

*If there was a use of a mark during the non-use period, the addition of the image of the bare foot did not have the consequence that the word itself was not also being used.*⁸⁰ (emphasis added)

As the “*additions or alterations*” qualification is used in other parts of the Act,⁸¹ it will be interesting to watch how *Gallo* is invoked in future non-use cases, proprietorship disputes and applications to amend the representations of trade marks in applications or registrations.

Conclusion

The High Court’s decision in the *Gallo* case can be understood, in part, through the adage, “*Everything old is new again*”.⁸² It gives renewed life to the basic tenet of trade mark law that to use a sign as a trade mark is to use it as a “*badge of origin*”.

It reminds us that the objective circumstances of use are determinative of whether the mark functions as a “*badge of origin*” – not the subjective knowledge and trading intentions of the trade mark owner.

And, it confirms that once a trader sends goods into the world of trade with its badge of origin affixed, as long as they continue to be dealt with (and are not consumed) the trade mark owner continues to *use* its mark for the purposes of the Act, even if, as in *Gallo*, the chain of distribution covers several years and different continents.

But not everything is resolved. The role of retailers of non-infringing goods remains an open question: Are they independent “*users*” or merely conduits for the trade mark owner’s use?⁸³ And we are yet to see how practitioners and the Registry will respond to the High Court’s views on what it takes to substantially affect the identity of a trade mark. We trade mark lawyers continue to live in interesting times.

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- 1 *Trade Marks Act 1995* (Cth), s.17.
- 2 *Trade Marks Act 1995* (Cth) Part 3, s.20.
- 3 *Trade Marks Act 1995* (Cth) Part 4, s.27.
- 4 *Trade Marks Act 1995* (Cth) Part 9, s.92.
- 5 *Trade Marks Act 1995* (Cth) Part 12, s.120.
- 6 *Shell Co (Aust) Ltd v Esso Standard Oil (Aust)* (1963) 109 CLR 407 at 486-488; *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* [2010] HCA 15; (2010) 265 ALR 645; (2010) 86 IPR 224 at [41]; *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* [2000] FCA 876; (2000) 48 IPR 257 at 265 [12].
- 7 Lahore J & Dufty A, *Labore Patents, Trade Marks and Related Rights*, LexisNexis loose-leaf service at [50,080].
- 8 [2006] FCAFC 132; 70 IPR 25 at [77].
- 9 (1944) 62 RPC 65 (HL); 1B IPR 467.
- 10 *Ibid* at (IPR) 477 per Viscount Maughan.
- 11 The definition under the previous 1905 Act (s.3) enumerated the kinds of connection between the goods and the owner of the trade mark as being “*by virtue of manufacture, selection, certification, dealing with, or offering for sale*”.
- 12 *Ibid* at (IPR), 483 per Lord Wright; see also 477 per Viscount Maughan and 487 per Lord Simonds.
- 13 (1963) 109 CLR 407; 1A IPR 484.
- 14 *Ibid* at (IPR) 486 per Kitto J and 489, per Taylor J.
- 15 *Ibid* at (IPR) 488, per Kitto J.
- 16 [2000] FCA 876; 48 IPR 257.
- 17 *Ibid* at [12], [18] and [22].
- 18 *Ibid* at [18].
- 19 *Ibid* at [19].
- 20 (1991) 30 FCR 326.
- 21 *Ibid* at p351, per Gummow J.
- 22 *Ibid* pg 353, per Gummow J quoting the trial Judge’s conclusion.
- 23 [2006] FCAFC 132; (2006) 70 IPR 25.
- 24 *Ibid* [74] to [77] and [117] and [123].
- 25 (1996) 33 IPR 161.
- 26 *Ibid* per Lockhart J at 163, per Sheppard J at 169-170 and per Sackfield J at 188.
- 27 [2000] FCA 924; (200) 50 IPR 51.
- 28 *Ibid* at 57-69.
- 29 *Ibid* at 61-62.
- 30 [2010] FCA 198; (2010) 86 IPR 1.
- 31 *Ibid* at [22] and [39]; upheld in *Nature’s Blend Pty Ltd v Nestle Australia Ltd* [2010] FC AFC 17; (2010) 87 IPR 64.