

INNOVATIONS

LEGAL UPDATE

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Green means BP

If you are driving along the highway and see a service station up ahead which is predominantly 'green', who do you believe the proprietor of the service station is? The answer, according to the Federal Court, should be BP.

Key message

The Federal Court's recognition of green with respect to BP service stations proves it is willing to recognise the importance of colour in branding, providing a level of uniqueness can be proven.

In 1991 and 1995 BP applied for the colour green as a trade mark in respect of its service stations. After some time, these applications were accepted for registration, however Woolworths (which at the time was just about to commence its own service station business) opposed the applications. Woolworths opposition was upheld by the Trade Marks Office and BP then appealed to the Federal Court.

The Federal Court's decision in October 2004, held that BP had used the colour green in respect of its service stations for a substantial period of time and had therefore acquired distinctiveness in the colour, such that people recognised green (in relation to service stations) as indicating BP. Put simply, BP had established that the colour green

operated as its badge of origin. BP also used the BP name and shield logo as badges of origin, however the green colour was found to also be a key indicator of BP on its own.

Colour can form a very important part of branding and provided a business can show that it has used a colour, or combination of colours, over a substantial period of time (BP had adopted green and yellow as its corporate colours in Australia in 1956, and green became adopted as the primary colour in 1988 worldwide) such that the public associates the colour with their product or service, the colour can be registered as a trade mark.

This is a powerful right as it allows the trade mark owner a monopoly in respect of a specified colour when used in relation to specified goods or services. While substantial evidence of use will be required for colour trade mark applications, it is clear that colour is now becoming a more accepted form of branding and is another crucial element of marketing and advertising that needs to be accounted for, particularly in determining the elements of branding which are worthy of protection.

Lisa Egan | Solicitor



Facing the music

Vigorously fighting allegations of copyright infringement can be a good and proper thing. But a recent case shows that fighting allegations by making threats and showing utter contempt for the proceedings will make matters much worse.

Key message

*Sydney DJs Kris Kross and Peewee Ferris proved recently that **courts will treat harshly any acts of intimidation or contempt** during court proceedings on copyright infringements.*

Not every allegation of infringement is correct. Copyright is complicated (even more so after the Australia-US Free Trade Agreement) and allegations may be wrong for a variety of reasons. But two Sydney DJs did more than proudly and steadfastly defend their position.

Sony Entertainment, together with Universal Music and 16 other copyright owners, sued DJs Christopher Smith and Peter Ferris who call themselves Kris Kross and Peewee Ferris respectively. The DJs had produced 8 CDs which included some music which the DJs had no permission to use. However, it was after the music owners informed the DJs and Tower Records of the alleged infringement that things began to go wrong.

The copyright owners notified Tower and the DJs of the alleged infringement. Mr Smith responded by sending numerous threatening SMS messages to executives of Sony and another company. Mr Smith also threatened a witness and a solicitor. In addition, Tower and the DJs disobeyed the Court's directions and orders and made the proceedings unnecessarily long and expensive.

Ordinary damages for the copyright infringement were awarded. The copyright owners also asked the Judge to award additional damages because of the grave misconduct of the parties. The Judge agreed.

Mr Smith, who made the threats and who failed to apologise, was ordered to pay an additional \$300,000. Tower, who produced the CDs and who never distanced itself from the threats or other misconduct, was ordered to pay \$150,000 additional damages. The other DJ, Peewee Ferris, was ordered to pay \$50,000. Unusually, the Judge also awarded a lump sum of costs against the DJs and Tower, with Mr Smith and Tower to pay jointly a further sum of about \$165,000 and Peewee Ferris a sum of about \$41,000.

In this case, Tower and the DJs ended up facing the music not just because they orchestrated an infringement, but also because of the way they conducted themselves during the proceedings.

Jim Lennon | Senior Associate

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How does your product shape up?

Shape trade marks have been registrable under the Trade Marks Act for some years now. There are currently 632 pending and registered shape marks on the Trade Marks Register which indicates how brand owners are beginning to utilise trade marks as a means of protecting the shape of their products.

Key message

There are some simple steps centred around promotions and visibility that businesses can undertake to assist in the registration of a shape as a trade mark, with 632 pending and registered shapes on the Trade Mark Register only strong applications will be successful.

Applicants can sometimes run into difficulties when attempting to show that a shape is distinctive of their brand. If you are considering an application for a shape trade mark, you should bear the following in mind:

- » **Promote the shape:** consistently encourage a link between your product and the shape in the mind of the public in your advertising (eg 'look for the one shaped like a triangle');
- » **Make it visible:** ensure that the shape is visible at the point of purchase. If it is obscured by packaging, find other ways to ensure that people know they are picking up 'the one shaped like a triangle' by for

example, showing the product on the packaging; and

- » **Show no mercy for competitors:** similar shapes in the marketplace will undermine your case for distinctiveness. It can be risky to tolerate look-alikes in the hope that after registration, action can be taken. Consider passing off or claims under the Trade Practices Act to stop competitors gaining a foothold.

Emma Mitchell | Solicitor



Three products which have trade mark protection for their distinctive shapes.

Recognising and protecting your Intellectual Property

Many businesses do not realise the value of the assets generated from their substantial investment in research, development and marketing. Such assets include copyright works they have paid to commission, product designs, trade marks and patents; and each needs protection if the business is to thrive.

Key message

Australian businesses need to understand the value of intellectual property, and take all the appropriate measures to help protect their rights. Middletons can assist you with conducting an IP Audit of your business in order to provide you peace of mind that all potential IP has been identified and protected.

Further Info

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While businesses invest a lot of time and money in promoting the goodwill of their business, many do little to register or protect their intellectual property against its exploitation by third parties, including the biggest threat, their own employees.

Regardless of the size of your business the following steps should be followed:

1. Regularly take stock of the works being developed by the business such as software programs, graphic art works, logos and advertising brochures. Review all brand names, slogans, jingles or colours shapes and aspects of packaging to consider which may be possible trade marks. Consider which domain names need protection. Review all product designs and inventions being developed or used by your business and consider which are important and might need to be registered or be protected. Importantly you need to register such intellectual property in the countries in which you use it. Registration can also be achieved for novel business methods and processes your business uses. It is vital to ensure that you are entitled to claim full ownership of all intellectual property which you consider to be your own.
2. Keep all information concerning your new intellectual property confidential, until you are adequately protected and ready to commercialise your product or service.

3. Ensure that all employees are suitably restrained by their employment agreement against using your intellectual property or providing the same goods and services to your customers to avoid leaks of your valuable intellectual property to the public or to competitors. Also ensure external suppliers, contractors or consultants brought in to assist you in developing your intellectual property have assigned all their rights in relation to the works or inventions or designs to you. It is important to note that the biggest threat to businesses which have developed goodwill is from employees wishing to set up in competition. Appropriate agreements with key staff, suppliers and consultants such as confidentiality and restraint agreements will avoid such problems from occurring in your business.
4. Keep a diary of all improvements or variations to your intellectual property or ways of doing business, and consistently evaluate whether you should seek protection to mirror these improvements or variations.

In today's competitive market, the survival of your business depends on the protection of your intellectual property. Accordingly, it makes good business sense to identify and protect such assets carefully, as this adds value to your business, and is invaluable if you are ever under threat from a competitor or if an employee or contractor chooses to set up in competition.

Bruno Macri | Solicitor