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How to win consumer deception cases against cheeky rivals

Dr William van Caenegem BOND UNIVERSITY

Takeaway tips

- Deliberate evocation of a competitor’s mark risks a finding of consumer deception, even if the evocation is obviously by way of “a wink and a nod”.
- Although not required, proving intention to deceive or cause confusion might help get an applicant across the line in a s 18 ACL case.
- This is so even where the actual mark or get-up of the respondent’s product does not suggest a real commercial connection with the applicant.
- It is sufficient in such a case to show that an alleged infringer chose a particular mark in order to take advantage of similarities with another’s mark in consumers’ minds.
- Proving actual dishonesty is not required when relying on intention to deceive or cause confusion as an evidentiary aid in accordance with the principle in *Australian Woollen Mills Ltd v FS Walton & Co Ltd*¹ (*Australian Woollen Mills*).

Introduction

Australian law does not know a remedy for unfair competition in the absence of proof of consumer deception. At the same time, intention to deceive or appropriate another’s goodwill is not an element of the action for misleading or deceptive conduct or of passing off. Therefore, a party might be found in breach of s 18 of the Australian Consumer Law ACL), or guilty of passing off even though wholly innocent of any intent to rip off a competitor or mislead consumers. A totally devious competitor on the other hand, might well get away with stealing the substance of a competitor’s distinctive product because they manage to stay just on the right side of the fine line between borrowing a good idea and riding impermissibly on the coattails of another’s success.

As is well known, *Australian Woollen Mills* waltzed into this pleasantly logical scene many years ago — with its “principle” that if you deliberately attempt to mislead consumers, a court will not be astute to find that you failed to do so — in particular where you are a business which can be presumed to know how to influence consumers. The AWM principle does not go to the elements of the action, however, it is only of “evidentiary assistance”. In other words, in a case with marginal evidence of deception, it might just push the applicant over the fine.

All this is well illustrated, and to some degree clarified, by a trial and Full Court decision in the latest burger-related case. Burgers are big business in Australia and they attract their fair share of sharp practices in a very competitive environment. Below we consider first the federal court burger decision, and then a few recent incidents involving McDonald’s, Hungry Jack’s (HJ), and Burger Urge (BU) and Sizzler. What ties all these cases together is cheeky marketing.

That is to say, in each of them, the party on the receiving end of litigation had developed a marketing strategy which included indirect references to the products of rivals with a well-established reputation. The allusions seem to have been intended to be perceived as a wink and a nod, something “fun” that was “cheekily imitating” the marks or get-up of the applicant.² Presumably they calculated that it would be perfectly obvious to consumers that they were acting with tongue-in-cheek, but unfortunately for respondents, the targets and the courts don’t always share their sense of humour.

IN AND OUT of court about burger trademarks

In the IN-N-OUT BURGERS case (INO),³ the respondent in the Federal Court matter used a mark including the key terms DOWN-N-OUT BURGER whereas the applicant’s registered composite mark contained the terms IN-N-OUT BURGER.



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Unsurprisingly, the Trial Court resolved to ignore the term BURGER in the comparison of the two marks. It further ignored the various device elements. Perhaps more surprisingly it also decided that the “DOWN” and “IN” parts of the marks were not material to determining deceptive similarity in terms of s 120 of the Trade Marks Act 1995 (Cth) (TMA).

This section is read with s 10 specifying that:

For the purposes of this Act, a trade mark is taken to be deceptively similar to another trade mark if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion.

At its lowest level therefore, an applicant must establish that the relevant consumer would be at the very least *confused* by the resemblance between the registered and impugned marks.

The court focused on the “N-OUT” part of the marks being the same. The question was: would a consumer with an imperfect recollection be confused as to the connection between the impugned mark and the owner of the registered mark? Because the marks look dissimilar (DOWN vs IN) and sound different (aurally “unconfusable”), and because the idea they convey is different, at first glance one might conclude that the correct answer is “no”.

It could also be argued that the consumer might see DOWN-N-OUT as exactly what the respondents said they conceived it to be: a cheeky reference, a bit of fun, but not something that would lead them to conclude that a commercial connection between DOWN-N-OUT (DNO) burgers and INO existed. Further, it might be that IN-N-OUT was known to some particular burger aficion-

nados in Australia — but it is in fact a US brand with only a very limited presence (and trade mark use) in this country (through a few pop-up stores over the years).

DOWN-N-OUT clearly conveys a rather different meaning than IN-N-OUT. Well, not according to the trial judge, with whom the Full Court agreed. Her Honour, as the Full Court noted, held that “‘some’ potential customers might consider that ‘Down’ in DOWN-N-OUT is used in a directional sense”,⁴ although she gave this “little apparent weight”.⁵ Other consumers, according to the trial judge, having an imperfect recollection “may not remember the first word of the IN-N-OUT Burger mark at all”!⁶ Some people with an imperfect recollection might indeed “wonder whether a burger restaurant called DOWN-N-OUT was IN-N-OUT BURGER or was in some way related to it”.⁷ At least one social media post put in evidence had suggested this.

One might comment that some people might just as well have come to *exactly the opposite* conclusion, or not been reminded of INO at all (certainly if for the sake of comparison all other visual cues must be ignored). Whatever the case may be, the trial judge found infringement and the Full Court upheld that decision.

Relevance of Australian Woollen Mills

What might explain this at first glance rather surprising outcome, and the most interesting aspect on the appeal, was the role played by Australian Woollen Mills (AWM),⁸ which propounds a principle that has helped many an applicant across the line in a marginal case of consumer deception. In that case the High Court confirmed that intention was not an element of consumer deception, but that it could be of evidentiary value. Simply put, that a trader set out to deceive consumers, would tend to reinforce the likelihood that they succeeded in doing so — traders having expertise in such matters.

A very helpful principle indeed — vindicated for instance by Red Bull’s success against Sydneywide Distributors,⁹ in relation to an imitation drink can clearly mark “Livewire”. It was held that the slimline drink could, with a get-up which also consisted of diagonal panes of blue and silver, was deceptively similar to the well-known Red Bull can. In the author’s view this is surprising, no matter how inattentive the typical soft drink buyer might be, because the can was so clearly marked with an entirely different brand (LIVEWIRE).



Jan Kopřiva, Pexels License www.pexels.com/photo/man-people-woman-hand-3684971/

The evidence that Sydneywide had deliberately copied the can's livery is what got Red Bull over the line: it provided evidentiary assistance to a judge who was trying to decide whether a typical consumer would be misled: if the trader concerned was trying to mislead, then why not accept that they managed to do so? As Davies J put it in the context of the old s 52: "The intentional adoption of the features of a rival's get-up is eloquent testimony that it may succeed and is material from which the Court may more readily infer deception . . ." ¹⁰

Is proof of actually dishonesty required?

In her reasons in *INO* the trial judge attached weight to evidence of *actual* dishonesty on the part of those behind the *DOWN-N-OUT* stratagems. She held that "but for two pieces of evidence" ¹¹ she would not have been disposed to conclude that the individuals behind the *DOWN-N-OUT* burgers had been "dishonest in their decision to appropriate aspects of the applicant's marks". ¹² A key question in determining the applicability of the AWM "principle" was whether they were moved by inspiration, or by unlawful appropriation when they adopted the particular form of their own marks.

Her Honour decided that the *DOWN-N-OUT* mark was chosen for the purpose of causing confusion. This was by inference from various findings: their concession that the *INO* mark inspired their own mark; that "N-OUT" was a direct lift; that the individuals behind *DNO* knew the legendary *INO* burgers; their requests to designers to make a logo similar to the *INO* mark; references in media releases to *INO* in a title; and restaurant references to some other expressions owned by *INO*. They

had also adopted some of the broad themes and style of the *INO* advertising (eg marketing a "secret menu"). There were in fact many cues in their operation that were reminiscent of *INO*, the result of a deliberate "wink and nod" marketing strategy.

A further element was that the individuals behind *DNO* chose not to give evidence which lent *Jones v Dunkel* ¹³ strength to the inference that trade mark aspects had been adopted to "capitalise on *INO*'s reputation" or "for the purposes of causing confusion". ¹⁴ The Full Court pointed out that "It is sufficient for this purpose for the trader to intend to adopt some or all of a trade mark with the intention that consumers may be caused to wonder." ¹⁵

Deliberate yes, dishonest no

It will be recalled that the thinking behind the relevant approach in *AWM* is that:

. . . when a dishonest trader fashions an implement or weapon for the purpose of misleading potential customers he at least provides a reliable and expert opinion on the question whether what he has done is in fact likely to deceive . . . ¹⁶

Therefore, proof of *actual* dishonesty is really neither here nor there — it is not really required, as the Full Court pointed out. It said that it might be "sufficient for the alleged infringer to choose a particular mark in order to take advantage of any similarity in the minds of consumers between that mark and another." ¹⁷

Katzmann J had in fact taken the further step of determining whether the traders had acted dishonestly (which she found they did by failures in discovery and what she thought was a deliberately false response to a cease and desist letter). The Full Court held her Honour wrong in her factual conclusions about this, but also said that it did not in fact matter. She had separately found there was the requisite intention to cause confusion, and that was enough. From the proof of such intention, it could be inferred that *DNO* had been successful in indeed causing confusion.

And so *AWM* was once again to the rescue, irrespective of any evidence of actual dishonesty. In the author's view, but for the principle *AWM* propounds there was only the weakest possible case for consumer deception: surely any consumer aware of the *INO* mark would immediately recognise that *DOWN-N-OUT* is something entirely different.

The principle in *AWM* really does do a lot of work — and it is hard to see what the real difference is between its extension of consumer deception principles, and the adoption of a tort of unfair competition: granting a remedy in the absence of any realistic proof of consumer

deception, where traders have deliberately strayed too close to the line between fair competition and dishonest use of another trader's valuable goodwill.

The next two matters also relate to deliberate references to famous competing burger chains, by cheekily adopting some of the features of their trade marks. The first relates to HJ's introduction of its new "BIG JACK" burger — an obvious and concededly deliberate allusion to the BIG MAC mark (and product) of its principal rival.

Big Jack was entered onto the register on 22 June 2020. Minor changes to goods in class 29 and 30 were made along the way but no opposition was lodged by McDonald's or any other party. The goods are in class 29 and include hamburgers and burgers; meat burgers; vegetable burgers; cheese burgers; hamburger patties; and in class 30.

Botox, protox and bad faith

McDonald's has now reportedly indicated that it intends (inter alia) to argue bad faith registration.¹⁸



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In a recent case concerning the registration of PROTOX and application for its removal by the owners of the BOTOX mark, the court set out what is required for a finding of bad faith registration (the provision in the TMA being relatively new):¹⁹

- Bad faith is a serious allegation and the more serious the allegation, the more cogent the evidence required

to support it.

- Bad faith does not require dishonesty.
- Bad faith is a combined test that involves subjective and objective elements. The subjective element refers to the knowledge of the relevant person at the time of making the application. The objective element requires the decision-maker to decide whether, in the light of that knowledge, the relevant person's behaviour fell short of acceptable commercial standards.
- The question is whether the conduct fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular area. It is whether the knowledge of the applicant was such that the decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.
- Mere negligence, incompetence or a lack of prudence to reasonable and experienced standards would not, in themselves, suffice . . . [This is because] the concept of bad faith imports conduct which, irrespective of the form it takes, is of an unscrupulous, underhand or unconscientious character.²⁰

The essential question is whether HJ's conduct in registering Big Jack "fell short of acceptable commercial standards"?²¹ One answer might be that it fell squarely within the tradition of irreverent Aussie humour, adapted to commercial conditions. Could it really be described as dishonest if it was done so openly and obviously? It would be abundantly clear to all but the "moron in a hurry"²² of judicial fame that there was no connection at all between two of the biggest rivals in the Australian hamburger scene: McDonald's and HJ?

On the other hand, using the BIG JACK mark might be one thing, actually going to the lengths of registering it, perhaps another.

In *Allergan Australia Pty Ltd v Self Care IP Holdings Pty Ltd*,²³ the court ultimately dismissed the bad faith registration allegation and found in favour of PROTOX (despite the obvious issues, FREEZEFRAME PROTOX was not seen as deceptively similar to BOTOX). FREEZEFRAME PROTOX was directed more at cosmetic than medical enhancements. Because it was not deceptively similar, an application to register it could also not be in bad faith.

Back to the big mac

According to media reports McDonald's did not only sue HJ's over its registration of "BIG JACK" but also in relation to the use of the Big Jack brand for their own burgers. Obviously HJ's had deliberately adopted this name for its burgers in the full knowledge of its BIG MAC rival, and since the two marks are not substantially identical, the question is whether they are deceptively similar.



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If we follow the Full Court and the trial court in *IN-N-OUT*,²⁴ then we might conclude that *BIG MAC* and *BIG JACK* are deceptively similar; however, this author has some reservations about that approach.

Big is a descriptive term referring to the size of the burgers. Mac and Jack have some auditory similarities, but it seems hardly likely that consumers would be confused into thinking *BIG JACK* has some actual commercial connection with McDonald's, irrespective of how the advertising campaign around the new burger might have been run. However, if, as the Full Court said in *INO* — it may be “sufficient for the alleged infringer to choose a particular mark in order to take advantage of any similarity in the minds of consumers between that mark and another”,²⁵ then *HJ*'s might be in a spot of bother.

The above point was made notwithstanding the “victim of your own success” phenomenon, as made recently in the *Maltesers* case. A very well-known mark is less likely to be confused with another non-identical mark (therefore *Malt Balls* were not likely to be taken for *Maltesers*).²⁶ We are here dealing with a low-involvement good: decisions are made hastily and consumers might be quick to jump to conclusions.

But it should not be forgotten that the *AWM* principle only applies in an evidentiary sense — it can only result in other evidence being more comfortably accepted as establishing consumer deception. In any case, according to media reports, whatever speculation about the legalities they may have engaged in, *HJ*'s continued on and even made jokey references to being sued.

We wait to see where this battle leads — a fully litigated outcome perhaps not unlikely at some point.

The urge to reference other burgers

In the *BU* and *Sizzler* dispute of 2020, *BU* marketed a “*Sizzler*” fried chicken burger on cheese bread. They

were then sued by “*US Restaurant Chain Sizzler*”. Early marketing by *BU* described the burger as an “ode to the cultural icon” that was *Sizzler* in the 1990s. *Sizzler* at that time was a very popular restaurant chain in Queensland. *Burger Urge* has outlets in Queensland and New South Wales.

The promotional material also suggested that Mr *Sizzler*, the man behind the *US* restaurant chain, would have loved the eponymous *BU* chicken burger.

According to the media, on Monday 22 June 2020 Nicholas J granted a brief injunction restraining *BU* from using *Sizzler*'s trade marks including the *Sizzler* logo on cheese bread products and food products generally. *BU* subsequently removed the term from all digital menus and stopped selling cheese bread as a standalone item.²⁷ Certain *BU* posts were also deleted, because they had mocked *Sizzler* in terms of its then already very small but remaining presence in Australia. That presence seems to have been reduced to nought since.²⁸



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BU had previously been up to similar tricks: it came under fire from McDonald's for its “*Big Pac*”, meat patties made from Alpaca meat. It then also quickly changed tack, completely surrendering in the face of their rival's reaction.²⁹

Conclusions

AWM has regularly come to the aid of applicants in marginal cases of consumer deception. It holds that where the respondent acts with an intention to deceive consumers, a court will not be astute to find that it did not succeed in doing so. That intention can be inferred from the fact of deliberate adoption of the get-up or mark of a rival.

Proof of dishonest intent or dishonesty more generally is not required. The Full Court in *INO* interpreted *AWM* to mean that “it is sufficient . . . for the trader to

intend to adopt some or all of a trade mark with the intention that consumers may be caused to wonder.”³⁰ Obviously, this demands a proper assessment of, and a finding that there is an actual similarity between the get-up and/or the mark. Where the impugned mark has been adopted deliberately to allude in an irreverent manner to the rival mark, there is mostly a foregone conclusion on this point.

Deliberate WINK-N-NOD strategies of the kind described above are risky, and perhaps in danger of disappearing from the commercial landscape — no matter how much consumers actually enjoy them and know perfectly well what is going on. The ultimate policy goal of this area of law is to maximise consumer welfare by ensuring consumers make properly informed choices — but perhaps our welfare is a bit diminished by this clampdown on the more entertaining and thus welfare-enhancing aspects of imaginative marketing.



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Footnotes

1. *Australian Woollen Mills Ltd v F S Walton & Co Ltd* (1937) 58 CLR 641; 11 ALJR 186; BC3790107.
2. See *Coca-Cola Co v All-Fect Distributors Ltd* (1999) 96 FCR 107; 47 IPR 481 [1999] FCA 1721; BC9908103 per Black CJ, Sundberg and Finkelstein JJ at [29] in particular, referring to “the primary judge’s impression that the confectionary is presented as a ‘fun product’ perhaps cheekily imitating the contour bottle but not representing any other connection with it”.
3. *In-N-Out Burgers, Inc v Hashtag Burgers Pty Ltd* (2020) 377 ALR 116; 150 IPR 73; [2020] FCA 193; BC202001123 and *Hashtag Burgers Pty Ltd v In-N-Out Burgers, Inc* (2020) 385 ALR 514; [2020] FCAFC 235; BC2020013021 (*Hashtag Burgers*).
4. *Hashtag Burgers*, above, at [83].
5. Above.
6. *Hashtag Burgers*, above n 3, at [83].
7. Above.
8. Above n 1.
9. *Red Bull Australia Pty Ltd v Sydneywide Distributors Pty Ltd* (2001) 53 IPR 481; [2001] FCA 1228; BC200105204 and *Sydneywide Distributors Pty Ltd v Red Bull Australia Pty Ltd* (2002) 234 FCR 549; 55 IPR 354; [2002] FCAFC 157; BC200202932.
10. In *WD & HO Wills (Aust) Ltd v Philip Morris Ltd* (1997) ATPR 41-590 at p 44,146.
11. *Hashtag Burgers*, above n 3, at [93].
12. *Hashtag Burgers*, above n 3, at [102].
13. *Jones v Dunkel* (1959) 101 CLR 298; [1959] ALR 367. The failure of certain witnesses to give evidence gives strength to the inference that what they would say would be adverse to their case.
14. *Hashtag Burgers*, above n 3, at [98].
15. *Hashtag Burgers*, above n 3, at [104].
16. Above n 1, at 657.
17. *Hashtag Burgers*, above n 3, at [104].
18. McDonald’s Asia has four registrations for the term BIG MAC in relation to goods in classes 29, 30, 28, 32, 25, 16, 41. They also own Big Mac Attack for class 16 and 41 goods and services. Each is marked with an endorsement that “Registration of this trade mark shall give no right to the exclusive use of the surname ‘MAC’”. “Grand Big Mac” has been accepted and is awaiting advertisement according to the register. The registration is for Hamburger sandwiches in class 30. By the way, JC Penney Corp Inc also owns the terms BIG MAC for class 25: work clothes.
19. *Allergan Australia Pty Ltd v Self Care IP Holdings Pty Ltd* (2020) 156 IPR 413; [2020] FCA 1530; BC202010488.
20. Above, at [406].
21. Above.
22. *Morning Star Co-operative Society Ltd v Express Newspapers Ltd* (1979) 5 FSR 113 at p 117 (EWHC).
23. Above n 19.
24. Above n 3.
25. *Hashtag Burgers*, above n 3, at [104].
26. *Mars Australia Pty Ltd v Sweet Rewards Pty Ltd* (2020) 81 IPR 354; [2009] FCA 606; BC200904981.
27. See M Elmas “Brisbane-based burger chain under fire from McDonald’s over ‘Big Pac’” *SmartCompany* 15 November 2018 www.smartcompany.com.au/business-advice/legal/burger-urge-big-pac-mcdonalds/.
28. See M Elmas “Joke’s over: Burger Urge deletes posts mocking Sizzler after federal court filing” *SmartCompany* 22 June 2020 www.smartcompany.com.au/startupsmart/startupsmart-intellectual-property/burger-urge-sizzler/. That presence has now come to an end after 35 years; see P Loomes “Sizzler will serve its final cheese toast this weekend” *news.com.au* 13 November 2020 www.news.com.au/finance/business/retail/sizzler-will-serve-its-final-cheese-toast-this-weekend/news-story/ec8a706763454867eabdc1195c0d2e8a.
29. See V Brown “Macca’s at war with Aussie fast food chain Burger Urge over ‘Big Pac’ alpaca burger” *news.com.au* 14 November 2018 www.news.com.au/lifestyle/food/eat/maccas-at-war-with-aussie-fast-food-chain-burger-urge-over-big-pac-alpaca-burger/news-story/9704d7296ca0b4cd5591504cd96db3a3.
30. See *Hashtag Burgers*, above n 3, at [104].

The emperor's nifty new clothes? Some thoughts on "non-fungible tokens" and IP law

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Key takeaways

- Non-fungible tokens (NFT) relate to the ownership of a blockchain token and only in exceptional cases include ownership of the underlying asset or any IP rights therein.
- Owning an NFT is not the same as owning the original work.
- It is the perceived singularity and scarcity of an NFT which gives it its market value. The actual rights bestowed upon the owner of the NFT vary widely and depend on the terms governing each NFT.
- Any IP rights an NFT purchaser obtains will depend on the sale contract. NFT terms do not usually assign any IP or copyrights but tend to grant purchasers a non-exclusive licence to use a digital version of work in a non-commercial manner.
- Issues arise where the seller of the NFT is not the copyright owner.
- NFTs can be a means of generating future revenue streams for right holders.
- Whether an NFT can itself attract copyright protection is unlikely.

Introduction

It has been hard to miss the recent spate of headlines heralding the rise of NFTs as the latest cryptographic trend. Although NFTs began to appear in mainstream consciousness in 2017, the recent NFT-mania has been spurred on by media coverage of NFTs selling for record-breaking sums, be it singer Grimes getting millions of dollars for NFTs,¹ the Nyan Cat being sold as NFT² or veteran actor William Shatner selling Shatner-themed NFT trading cards.³ Why, you may ask, would someone pay \$69.3 million for a JPG file⁴ by artist Beeple or \$2.5 million for the world's first Tweet⁵ when, often, purely digital content remains easily accessible, for free, with a quick internet search? Whatever the motivation, for many creatives, NFTs represents a novel

opportunity to digitise and monetise an ever-expanding array of art, collectibles and other assets in the digital world.

With the legal waters around this latest viral phenomenon being largely untested, the following will look at some of the intellectual property questions posed by NFTs.

What are NFTs?

Like their counterpart "fungible tokens" (eg cryptocurrencies such as Bitcoin, Ether or Dogecoin), "non-fungible tokens" or "NFTs" are based on blockchain technology. An NFT is a unique, non-interchangeable cryptographic token, which is recorded and traded via blockchain technology and which can be used to track and certify ownership of physical and digital assets. Blockchain technology is broadly defined as the use of an open ledger of information which is distributed and verified across a peer-to-peer online network. It provides transparent peer-to-peer transactions and an irreversible, secure and time-stamped record of those transactions.

An NFT can — in theory — enable instant verification of authenticity by virtue of being recorded on a blockchain, which functions as a digital, distributed or decentralised ledger recording ownership and history of transactions relating to each NFT in publicly accessible and immutable form. However, while NFTs can authenticate the work and the chain of title, it should also be considered that if an original entry on the blockchain ledger falsely asserts proprietary rights in a work, the creation of an NFT will not heal this mistake but merely propagate incorrect information. A similar issue arises in the context of using blockchain technology to combat counterfeit goods. Information on the blockchain will only ever be as accurate as the data that has been entered.

Nonetheless, it is the perceived authenticity, singularity and scarcity of an NFT which gives it its market value. The ability to verify the provenance of an NFT, in addition to its utility, appears to be an important factor driving demand and NFTs are being embraced by creators, brands, investors and consumers as a promising

new model of digital ownership and a means of generating new revenue streams in the fields of sport, music and gaming, to name a few. For artists, musicians and other creators who typically rely on third parties to host or sell their work (eg galleries, streaming services, auction houses, etc), NFTs offer the potential of cutting out the middle-man in order to directly manage future income streams from the resale of their works.

How does it work?

By “minting” an NFT, the token created is permanently tied to a pre-existing digital or physical object. Creating NFTs and trading these on a blockchain is relatively straightforward and usually attracts a fee (or “gas”). Various crypto platforms have developed simple means of enabling creators to upload and validate digital assets on the blockchain, such as image, video or audio files or other metadata. This creates a one-of-a-kind, codified record of provenance that cannot be altered. While every NFT is a unique token on the blockchain, their actual rarity varies from them being like the Mona Lisa painting, where there is only one definitive version, to being like a trading card, where there are hundreds of numbered copies of the same artwork.⁶ The newly minted NFT can then be traded on the relevant marketplace. While most NFTs, such as those created using Ethereum’s ERC-721 or ERC-1155 token standards, are part of the Ethereum blockchain,⁷ other blockchain solutions have their own NFT token standards, compatible wallet services and marketplaces. It is currently not (yet) possible to operate across separate blockchain solutions so certain NFTs will only be available on certain platforms.

Intellectual property law implications

NFTs can be used to digitally represent a large number of tangible and intangible original assets. These can range from artworks, music, in-game assets (eg virtual currency and avatars), collectables (eg digital trading cards, such as the now-famous CryptoKitties, which are unique, collectable, digital cats written into the Ethereum blockchain, or videos of iconic sporting moments, such as NBA Top Shots), tokenised real-world assets (eg real estate, cars, racehorses, etc), as well as digital media, including GIFs and memes.

From an intellectual property law perspective, there are several different issues to consider.

Owning an NFT is not the same as owning the original work: Given that digital content can easily be replicated, adapted and shared, it is crucial to distinguish between ownership of the NFT and ownership of the underlying asset and the copyright or other IP rights existing in relation to the asset. NFTs are transferred by

connected “smart contracts” which set out the rights granted to the owner of the NFT. While there is no universally accepted definition of “smart contract”, these are usually seen as a type of coded instruction, which executes on the occurrence of an event, usually via the use of blockchain technology which records and also executes transactions. It should also be borne in mind that by their very definition smart contracts allow for little flexibility. The rights granted by an NFT depend on the contract and can vary widely between the different NFTs.

Any IP rights an NFT purchaser obtains will depend on the sale contract: NFT terms do not usually assign any IP rights but instead tend to grant purchasers a non-exclusive licence to use digital versions of a work in a non-commercial manner. Notably, ownership of the copyright in the associated content will only transfer via the NFT sale if this is expressly provided for and agreed to by the owner of copyright in the original work, which will, in most cases, be its author or creator. In the absence of express provisions in the smart contract, the purchase of an NFT will neither assign ownership of the digital asset (eg digital artwork, digital photograph of a real-life painting) or further underlying content (eg real-life painting) or any associated IP or copyrights.

In essence, NFTs are merely cryptographically signed receipts, which evidence that the purchaser owns a unique version (“token”) of a work. The purchaser of an NFT acquires little more than an interest in the metadata linked to copyright-protected content. This would only be different in the rare case where the NFT included the work itself “on-chain”, in which case the purchaser of the NFT may also be able to acquire the copyright in the work itself. Consequently, in the absence of an express assignment of the copyright via the smart contract, the original work can be further reproduced and commercialised by the artist, including through further NFTs, which may in turn devalue the earlier NFT by making it less scarce. Conversely, and in the absence of licence terms which provide otherwise, the purchaser of an NFT will not be able to reproduce, communicate to the public, make derivative works of, perform, display or distribute copies of the content. This is not dissimilar to purchasing a print of an original artwork in the analogue world, where a purchaser will own the print itself but will not own any IP rights in the original work and would be infringing copyright if they decided to create further reprints and sell these without the consent of the copyright owner.

The actual rights bestowed upon the owner of the NFT vary widely and depend on the terms governing each NFT: In the case of Cryptokitties, NFT owners

have:

... a limited, worldwide, non-exclusive, non-transferable license to use, copy, and display the Art for your Purchased Kitty for the purpose of commercializing your own merchandise that includes, contains, or consists of the Art for your Purchased Kitty ("Commercial Use"), provided that such Commercial Use does not result in you earning more than One Hundred Thousand Dollars (\$100,000) in gross revenue each year...⁸

By contrast, Mike Shinoda of the band Linkin Park sold the audio clip "Happy Endings" together with his artwork as an NFT, with the published terms of NFT sales providing:

Only limited personal non-commercial use and resale rights in the NFT are granted and you have no right to license, commercially exploit, reproduce, distribute, prepare derivative works, publicly perform, or publicly display the NFT or the music or the artwork therein. All copyright and other rights are reserved and not granted.⁹

It is also important to recall in this context that an NFT ultimately is merely a link to an original work stored on an NFT sale platform and that the underlying asset itself is, with very few exceptions, usually not secured on the blockchain. If the NFT sale platform ceases to exist or the link breaks, then the NFT link may point into nowhere, undermining the utility and value of the investment in an NFT, not to mention raising questions around what legal recourse might be available to a purchaser in the circumstances.

Where the seller of the NFT is not the copyright owner: Crucially, the seller of an NFT, in many cases, will not be the copyright owner of the work attached to the respective NFT.

Where the underlying work is in the public domain, creating an NFT linked to it will not change the copyright status of the underlying work, which remains in the public domain. Examples of this would be auctions of NFTs relating to famous paintings where the copyright term has expired.

Where the underlying work is copyright protected, and there is no consent from the owner of the copyright in the underlying work, things are more complex. Creating an NFT without the copyright owner's consent, or without a licence from the owner to this effect, could arguably be a copyright-infringing reproduction of the original work or amount to copyright-infringing communication to the public where the NFT does not include a copy of the underlying work but where the NFT's encoded metadata links to an infringing file. Another point to consider is that in addition to the copyright, the creator of the underlying work will also have moral rights in the original work which, depending on the jurisdiction, include the right of attribution and the right to the integrity of the work, which allows the author to

object to alteration, distortion, or mutilation of the work if this is prejudicial to the author's honour or reputation.

NFTs as a means of generating future revenue streams: As mentioned, NFTs are fundamentally smart contracts. By their nature, smart contracts can be coded to incorporate a range of other functionality and to contemplate additional applications beyond the immediate sale and purchase of the NFT itself. It is this particular functionality which makes NFTs so attractive for many creatives since it provides them with the possibility of generating ongoing revenue streams. For example, the smart contract underpinning the sale of an NFT may include terms which provide that the original creator or owner will receive automatic payment of a predetermined portion of the proceeds, or royalties, on all subsequent sales of the NFT. From an Australian law perspective, visual artists are entitled to resale royalties on certain commercial sales of their work under the Resale Royalty Right for Visual Artists Act 2009 (Cth). While the law extends to digital, video and multimedia artworks, it does not cover the private sale of artwork by one collector to another where there is no art market professional involved. For this reason, NFTs sold via online crypto marketplaces are unlikely to benefit from the Australian resale royalties regime unless sold by a gallery, museum, auctioneer or person otherwise in the business of art dealing. From an EU perspective, since some national copyright laws, such as Art 32 of the German Copyright Act 2016, provide that authors may participate in any subsequent increase in the value of their works, it could be argued that the smart contracts associated with the NFTs should automatically provide for the original author of a work to participate in any increases in the value of their works in case of a resale of the NFT. However, this is not free from potential pitfalls since the harmonised *droit de suite* regime under the EU Resale Rights Directive¹⁰ ties this unassignable, inalienable and unwaivable right to receive a royalty for any future resale of an artwork to the existence of a physical rather than a digital work of art. Where the ownership of the NFT and the physical artwork do not align, the resale right regime may arguably not apply. Similarly open, at least under EU law, is the question of digital exhaustion since the EU right of distribution under Art 4 of the EU InfoSoc Directive,¹¹ which is subject to exhaustion, appears to apply only to tangible objects and would therefore not apply to the (re)sale of an NFT.

Copyright protection for an NFT itself: Finally, whether an NFT can itself attract copyright protection is unclear at this stage. This seems unlikely where an NFT is a mere proof of ownership by way of an entry on a blockchain ledger, which is simply linking to an underlying asset but is not an original work in itself. This could be different where an original digital artwork is included in the NFT itself ("on-chain"), thereby meeting the originality threshold.

Conclusion

Like so many new technologies, NFTs do not sit squarely within the framework of existing copyright laws and pose various new legal questions. However, it is usually only a question of time before the law catches up.



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Footnotes

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10. *Directive 2001/84/EC of the European Parliament and of the Council of 27 September 2001 on the resale right for the benefit of the author of an original work of art* L 272/32.
11. *Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonisation of certain aspects of copyright and related rights in the information society* L 167.

Politically (in)correct: copyright and trade mark rights in the era of “culture jamming” activism

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The June 2021 decision of Burley J in *AGL Energy Ltd v Greenpeace Australia Pacific Ltd*¹ (*AGL v Greenpeace*) provides useful guidance on the permissibility of culture or brand jamming activism and the use of a target’s corporate logos for political comment or criticism, finding that some of Greenpeace’s uses of the AGL logo amounted to copyright infringement whereas those that mimicked AGL’s own advertising neither infringed AGL’s trade mark or copyright. The findings mean that Greenpeace will be able to continue using some aspects of its campaign.

Key lessons

- Use of a corporate trade mark, including a registered logo, which identifies the relevant brand or company for the purposes of critical comment, parody or satire will generally avoid trade mark infringement on the basis that it is not “use as a trade mark”.
- Each case will turn on its facts but there remains a risk that use of a corporate logo may amount to copyright infringement unless it can be demonstrated that such use constitutes a fair dealing with the copyright work for the genuine purpose of parody or satire.
- Mere criticism is not enough to engage the defence to copyright infringement of criticism or review and such criticism or review must be tied to the work in question not to an individual or organisation.

Procedural background

In May 2021, Greenpeace launched a media campaign across a number of internet and social media platforms targeted at Australian energy company, AGL. Greenpeace’s “brand jamming” campaign followed the release of a report entitled “Coal-faced: exposing AGL as Australia’s biggest climate polluter”² which was commissioned by Greenpeace and raised questions about AGL’s ongoing operation of coal-burning power stations and questioned AGL’s commitment to renewable energy targets as a result. Greenpeace claimed that it was drawing attention to AGL’s alleged contribution to

climate change contrary to its “curated” sustainable public image with a focus on undermining AGL’s claimed green credentials.

The Greenpeace campaign, “AGL: Australia’s Greatest Liability”, drew inspiration from the visual styling of AGL’s advertisement campaigns with the addition of tag lines such as:

- “Generating Pollution For Generations”
- “Leaving a Mess For the Next Generation” and
- “Still Australia’s Biggest Climate Polluter”

It also used the blue colouring and imagery and the AGL logo repurposed with the tag line “Australia’s Greatest Liability” (the “modified AGL logo”) alongside the Greenpeace logo (see, for example, the below online banner and billboards, as reproduced in the judgment³).



AGL made an urgent application within 2 days of the launch of Greenpeace’s campaign with the Court proceeding to hear the matter on a final basis within a month of commencement of the proceedings.

AGL claimed that Greenpeace’s use of the modified AGL logo constituted both trade mark and copyright infringement. This was on the basis that the original AGL logo is a registered trade mark⁴ and an artistic work in which copyright subsists. The AGL trade mark

(as reproduced in the judgement) is set out below:



AGL stated that it did not seek to limit public debate or prevent Greenpeace from campaigning or providing information to consumers. However, AGL took umbrage with the use of its logo as part of Greenpeace’s campaign.⁵

There was no dispute that AGL was the registered trade mark owner or owner of copyright in respect of the AGL logo but Greenpeace contended that its use of the modified AGL logo was lawful on two bases:

1. Its use of the mark was not use “as a trade mark” either at all or at least in relation to the relevant goods and services for which the AGL logo was registered.
2. The use of the modified logo engaged the exceptions to copyright infringement in relation to fair dealing of a copyright work for the purpose of parody or satire or, alternatively, criticism and review.

What was the infringement position?

Trade mark

Burley J held that Greenpeace did not infringe AGL’s registered trade mark on the basis that the modified AGL logo was only used to identify the AGL brand so as to identify AGL as the subject of criticism and not as a trade mark used in relation to the relevant goods and services for which it was registered.⁶

Importantly, his Honour held that Greenpeace’s use of the modified AGL logo would have amounted to infringing use if:

... it would appear to consumers that the modified AGL logo possessed the character of a brand that Greenpeace was using in relation to the registered services so as to indicate a connection in the course of trade between those services and Greenpeace ...⁷

Accordingly, AGL’s trade mark infringement claim was dismissed.

Copyright

Australia has several specific “fair dealing” defences to copyright infringement, the most relevant of which is for “parody or satire”. This defence was introduced in

2006 and was intended to “promote free speech and Australia’s fine tradition of satire”. The terms “parody” and “satire” are not defined in the Copyright Act 1968 (Cth), leaving their interpretation somewhat ambiguous.⁸

Until the recent judgment of Katzmann J in *Universal Music Publishing Pty Ltd v Palmer (No 2)*,⁹ the most helpful judicial guidance comes from a case which predates the enactment of the statutory defence.

*TCN Channel 9 Pty Ltd v Network 10 Pty Ltd*¹⁰ concerned the re-broadcast of clips on the Australian television show *The Panel*. In that context, it was held, based on the Macquarie Dictionary definition of the terms, that “the essence of parody is imitation”, whereas “satire is described as being a form of ironic, sarcastic, scornful, derisive or ridiculing criticism of vice, folly or abuses, but not by way of an imitation or take-of”. This quote was applied to the “parody or satire” defence in the case of *Pokemon Company International, Inc v Redbubble Ltd*,¹¹ (*Pokemon*) where it was noted that “difficult questions of characterisation arise where a work has been used in a modified form”, and that it was important for courts to ensure that parody or satire is not “used as a shield to avoid intellectual work in order to benefit from the notoriety of the parodied (or satirised) work”. However, it is worth noting that the *Pokemon* decision is under appeal.

In addition to being a parody or satire, a work must be considered a “fair dealing” in order to fall within the relevant exception to copyright infringement. This is always a question of fact and degree, with relevant considerations including the nature and purpose of the use of the work, the type of work being copied, whether a licence was sought, the effect of the reproduction on the market for the original work, and the amount of the original work that was reproduced. In the *Pokemon* case, it was held that the works in question (user-made art pieces which were sold on the RedBubble website) did not fall within the fair dealing parody or satire defence, because the purpose for which they were created was commercial gain, not to make any commentary on *Pokemon*, *Nintendo*, or anything else.

In the *AGL v Greenpeace* case, Burley J found that the use of a copyright work will be use falling within the fair dealing defences for the purpose of parody or satire in circumstances when “the impugned work is used ‘to expose, denounce or deride vice’, often in the context of a humorous or ridiculous juxtaposition.”¹²

Burley J noted that the purpose of the allegedly infringing work had to be considered in the relevant context from the perspective of an ordinary member of the public.¹³ The subjective belief of the alleged infringer

is therefore not relevant to the inquiry. While the defence is not limited to the copyright work only, some nexus is required between the work and its creator or the copyright owner.

As a result, Burley J found that some of Greenpeace's use of the modified AGL logo satisfied the necessary purpose and the parody or satire exception applied. This was particularly so of the Greenpeace campaign materials which "juxtapose[d] the AGL corporate branding style with an obviously non-corporate message . . ." which his Honour found "[m]any would see . . . as darkly humorous, because the combined effect is ridiculous".¹⁴

However, Greenpeace's use of the AGL logo in some advertisements such as those featuring images of protestors with billboards (except one), providing factual information or encouraging consumers to "Tell AGL's CEO to do the right thing and ditch coal for renewables"¹⁵ did not satisfy the criteria for the parody or satire exception. In this context his Honour stated that the defence must apply to critical comment or the work. His Honour held that Greenpeace's campaign was "critical of AGL as a company, and would not be understood to represent criticism or review, whether of the AGL logo or any other work".¹⁶

Burley J only considered the criticism or review alternative exception in respect of the limited materials that were not held to engage the parody or satire exception to copyright infringement. However, the criticism or review exception was found not to apply to the impugned works.

Final orders were made on 15 June 2021 restraining Greenpeace from infringing copyright in AGL's logo and requiring Greenpeace to remove certain reproductions from all online locations controlled by it and to cease communicating the infringing images. At the time of writing, the appeal period had not yet expired but it is arguable that Greenpeace achieved the publicity it sought from the campaign.

What's the damage for the subject of a brand jamming campaign?

It is difficult to quantify the damage brand or culture jamming campaigns may cause brand owners in purely monetary terms. This is because such targeted campaigns are not limited to current or prospective customers but are more broadly focused on public consciousness raising about certain issues, as is evident from Greenpeace's campaign concerning AGL.

One recent example of the damage associated with the unauthorised use of a copyright work for the purpose of political campaign is Universal Music's proceedings against Clive Palmer. In this context, the Australian Federal Court delivered a judgment on 30 April 2021,

Universal Music Publishing Pty Ltd v Palmer (No 2),¹⁷ which considered damages arising from Mr Palmer's unsuccessful defence to copyright infringement on the basis of fair dealing for the purpose of satire.

The dispute relates to the use of the Twisted Sister song, "We're Not Gonna Take It", by Clive Palmer who is an Australian businessman and the founder and leader of the United Australia Party (UAP). Mr Snider is the composer and singer of the Twisted Sister song.

During the 2019 Australian elections, the UAP campaign featured the song "Aussies Not Gonna Cop It" to the tune of Twisted Sister's song. In about November 2018, Mr Palmer authorised the creation of a recording of that song (the UAP recording).¹⁸ He also authorised the synchronisation of the UAP recording with at least 12 video advertisements for the UAP (the UAP videos).¹⁹ Importantly, a licence for the Twisted Sister song was sought from Universal and a licence fee of \$150,000 + GST for eight months, subject to a signed contract and the approval of Mr Snider (the Twisted Sister singer) was considered too high.²⁰

Universal sued Mr Palmer for copyright infringement. In an alternative defence, Mr Palmer claimed that the UAP recording and videos did not infringe Universal's copyright because the incorporation or reproduction of the musical and literary works constituted "fair dealing for the purpose of parody or satire" within s 41A.²¹

Katzmann J found that the dealings in the copyright works were neither fair nor for the purpose of parody or satire and therefore the defence failed.²² Her Honour found that damages under s 115(2) of the Copyright Act can and should be assessed in accordance with the user principle.²³

She went on to determine the appropriate amount to be \$500,000, representing the value of a notional or hypothetical licence fee for the use of the copyright works during the period of the infringements.²⁴ Universal has also established a case for additional damages which, having regard to all the relevant circumstances, she assessed at \$1,000,000.²⁵

Therefore, it would appear that the Australian Federal Court is willing to order significant damages under the user principle as well as additional damages in circumstances where a party has engaged in copyright infringement and the parody or satire exception has been held not to apply.

Conclusion

Burley J's decision in *AGL v Greenpeace* demonstrates that the context and purpose of the use of a target's branding will be determinative of whether trade mark or copyright infringement allegations can be substantiated or whether a relevant exception may apply.

His Honour also made it plain that the fair dealing exceptions to copyright infringement were not designed to protect a copyright owner's reputation, saying:

... copyright protects the owner's interest in the artistic work, it does not provide a mechanism for protecting a copyright owner's reputation. Indeed s 41A is a defence that specifically permits an infringement of copyright for the purpose of parody or satire ... activities that intrinsically involve irony, sarcasm or ridicule to emphasise and promote criticism of the subject work, or its owner or creator's conduct.²⁶

Therefore, brand owners and those creating brand jamming campaigns need to keep the purpose of the relevant campaign or use front and centre either to defend infringement allegations or successfully establish infringement and seek an injunction. Caution is required when using or modifying a target's brand for the purposes of activism or corporate disruption and as the *Universal Music* case demonstrates, damages may be significant if the requisite objective intention is not satisfied in the view of the ordinary member of the public exposed to the relevant campaign.

It is worth noting that in the event that the advertising is factually misleading or incorrect, there are additional remedies available including under the Australian Consumer Law and this may provide another avenue for brand owners to stop such authorised use of their brand in the future.



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Footnotes

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2. *D Rooke Coal-faced: exposing AGL as Australia's biggest climate polluter* (May 2021).
3. Above n 1, at [4] and Annex A: Example(s) of Publication to the reasons for judgment.
4. Australian registered trade mark no 1843098.
5. Above n 1, at [5].
6. Above n 1, at [102].
7. Above n 1, at [101].
8. Above n 1, at [39].
9. *Universal Music Publishing Pty Ltd v Palmer (No 2)* (2021) 158 IPR 421; [2021] FCA 434; BC202103305.
10. *TCN Channel Nine Pty Ltd v Network Ten Pty Ltd* (2001) 108 FCR 235; 184 ALR 1; [2001] FCA 108; BC200100361.
11. *Pokemon Company International, Inc v Redbubble Ltd* (2017) 351 ALR 676; 129 IPR 1; [2017] FCA 1541; BC201711560.
12. Above n 1, at [42].
13. Above n 1, at [43]–[44].
14. Above n 1, at [63].
15. Above n 1, at [23].
16. Above n 1, at [92].
17. *Universal Music Publishing Pty Ltd v Palmer (No 2)* (2021) 158 IPR 421; [2021] FCA 434; BC202103305.
18. Above at [3].
19. Above.
20. Above n 17, at [71]–[77].
21. Above n 17, at [26].
22. Above n 17, at [531].
23. Above n 17, at [532].
24. Above n 17, at [479].
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Designs Act Amendments: total renovation or superficial touch-up?

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Key takeaways

- Proposed reforms to the Designs Act 2003 (Cth) (Designs Act) make some long-awaited and much-needed changes to the registered designs system but do not address many of the fundamental issues facing Australia's designers.
- The reforms include the introduction of a grace period and the prior use infringement exception, changing the standard of the informed user, and the empowerment of exclusive licensees to bring infringement proceedings.
- Many see these proposed reforms as mere "touch ups" to a flawed and underutilised system.
- IP Australia's Design Review Project appears to be a more promising reform opportunity for this troubled area of intellectual property law.

Introduction

Introduced to the Senate on 2 December 2020, the Designs Amendment (Advisory Council on Intellectual Property Response) Bill 2020 (Cth) (Designs Bill) proposes a handful of reforms to the Designs Act.

Its genesis lies in a 2015 report of the Australian Council on Intellectual Property (ACIP) following its review of the designs law system, which made 23 recommendations for reform (ACIP Report). In May 2016, the Federal Government responded to the recommendations in the ACIP Report, accepting many of them. Also, in 2016, the Productivity Commission handed down a final report into Australia's intellectual property (IP) arrangements following a 2-year inquiry (PC Report). Whilst the PC Report canvassed all of Australia's IP regimes, including registered designs, the government's response (released in August 2017) did not specifically address any of the design issues raised.

Design reform resurfaced in late 2019 when IP Australia consulted with stakeholders on the ACIP Report recommendations accepted by the government. The Designs Bill proposes to implement a small handful of these recommendations. However, several important reforms are absent from the proposed legislation. For example, it does not harmonise Australia's design laws

with international treaties, make customs notices available to registered design owners or allow design registration for part of a product (thereby protecting product ranges). Nor does it address the more difficult question of whether stronger IP protection should be available to designers, either by offering automatic protection for designs without registration, or lengthening the period of protection. One must wonder whether any "touch up" legislative amendment will do much to address the systemic issues underlying the current designs law.

Thankfully, IP Australia is currently engaging in "a more holistic review of the design ecosystem"¹ — the Designs Review Project. Following 1 year of research, including extensive consultation with stakeholders, IP Australia will introduce a proposed range of short and long-term reforms to designs laws in Australia.

The touch up

Without a doubt, the changes that will be brought about by the Designs Bill are useful and necessary. They will ameliorate basic procedural issues that contribute to the underutilisation of Australia's designs system.

Introduction of a grace period and the prior use infringement exception

Most significant amongst the reforms are proposed s 17(1) of the Designs Bill, which mandates that, for the purpose of deciding whether a design is new and distinctive, any publication or use by the registered owner, their predecessor in title, or the creator of design in the 12 months before the priority date must be disregarded. In effect, the section creates a 12-month "grace period" for prior use or publication by owners and creators.

This reform was strongly supported by respondents to IP Australia's consultation on the accepted ACIP recommendations: 20 out of 22 respondents supported the proposal and the remaining two supported the introduction of a 6-month grace period. It will mean that designers will no longer find themselves in the unfortunate but common position of being unable to register their designs after they "market test" products, or share images including on social media, prior to applying for registration.

Two important limitations are placed on the new s 17(1). First, the provision will only apply to publication or use that occurs on or after the commencement of the section, regardless of whether the 12-month period has begun. Secondly, the grace period will not apply to prior publications made by foreign design offices or international organisations.

A new s 71A is also proposed to work in tandem with the grace period. Under this section, an exception to infringement will exist where an activity that would otherwise be an infringement of the design in question is undertaken during the grace period.

Change from the standard of the informed user to a person familiar with the product

The statutory standard relevant in determining whether one design is substantially similar in overall impression to another (for the purposes of determining distinctiveness and infringement) will be changed to reflect the position set out in *Multisteps Pty Ltd v Source & Sell Pty Ltd*,² which is already the “preferred approach in the courts”.³ This means that, rather than applying the standard of the informed user, which requires the hypothetical person to be a “user” of the product or similar products to which the design applies, that person will simply need to be familiar with the product or similar products. This is a common sense amendment that is likely to provide more certainty in disputes and may reduce reliance on expert witnesses.

Removal of the requirement to request registration to prevent an application lapsing

The proposed amendments in Sch 3 to the Designs Bill will remove an unusual aspect of the Designs Act. The current option to publish the design only (and not register it) will be removed and a request for registration of a design will be deemed to have occurred if an actual request is not made within 6 months of the application. These changes will assist applicants navigate design registration (particularly those without legal representation).

Section 75(1A) will also be inserted into the Designs Act to provide relief for potential infringers if the relevant infringement occurred after the design application was filed but before the design was registered (where the potential infringer did not have actual or constructive knowledge that an application had been filed).

Introduction of a revocation right where certification obtained by fraud, false suggestion or misrepresentation

The Designs Act currently provides for revocation of a design registration where *registration* was obtained by

an act of fraud, false suggestion or misrepresentation. The Designs Bill will introduce an equivalent revocation right where *certification* was obtained by such an act.

Exclusive licensees empowered to bring infringement proceedings

This amendment will bring the Designs Act in line with other IP regimes in Australia.⁴ Currently, only the registered owner has standing to bring proceedings for infringement of a registered design. This reform will have real practical benefits: foreign owners often exclusively license their design to an Australian entity. If such a design is infringed in Australia, the licensed entity (which is likely to have the most significant commercial exposure as a result of the infringement) is currently forced to rely on the foreign owner’s interest in protecting its Australian-based registration.

What lies beneath

The conduct of the Designs Review Project by IP Australia confirms that the reforms contained in the Designs Bill are only part of the solution. Beyond the grace period, the proposed reforms are mostly superficial “touch ups” of a system that is struggling to stay relevant to the very industry it is intended to protect.

The Australian designs ecosystem

There is no denying that the Australian design registration system has stagnated. In the 16 years between 2001–2 and 2016–17, 2500 to 3000 design applications were filed in Australia each year.⁵ In contrast, the number of applications globally each year doubled.⁶ Amongst the 16 years of records of nearly one million Australian businesses surveyed by IP Australia during their year of “exploratory research”, only 4400 businesses held one or more design rights.⁷ In Australia, an average of one in 297 businesses owns a design right.⁸ In the design rights-intensive businesses (businesses that constitute the top 5% of Australian businesses in terms of the number of design rights per employee) that number rises to an average of one in 21 businesses.⁹ IP Australia’s research also shows that the number of registered design applications per employee fell over the 16 years surveyed: by 15% across all Australian businesses and by 5% across design-intensive businesses.¹⁰ In a survey issued to design industry participants, 47% of respondents stated that they do not usually seek to protect their designs.¹¹

The inertia of the registered design system in Australia stands in contrast to the value of the design industry itself. This industry contributes, on average, 3.4% of Australia’s GDP, or \$61.1 billion per annum.¹² An

additional \$6.4 billion is created by people in design-related occupations employed outside the design industries (for example, industrial designers employed in household appliance industries).¹³

Not only is the Australian designs ecosystem sluggish, IP Australia's recent research indicates that it does not perform its basic function of protecting and enforcing Australian designs particularly well. IP Australia conducted twin surveys: one of design right applicants and one of design industry members.¹⁴ These surveys revealed that, while 27% of applicant respondents believed that a third party had copied their design, almost one in four of those respondents took no action.¹⁵ Of the industry respondents, 55% thought that a third party had copied their design, but over a third took no action.¹⁶ The costs of enforcing designs has created a perception that enforcement action is not financially sensible.¹⁷ The fact that a significant minority of respondents who believed their designs had been copied took no action suggests a lack of faith in the ability of the registered design system to protect and enforce Australian designs. One industry respondent commented:

My experience to date has been an unwillingness for companies to see value in Australian based designers and makers, as their investment will be lost when a larger company infringes on the product.¹⁸

Further, both the applicant and industry surveys revealed that awareness of design rights was the lowest of all IP rights, and substantially so.¹⁹ 66% of industry respondents reported being aware of design rights, significantly less than the 100% in relation to copyright, 99% for trade marks and 98% for patents.²⁰ Considering those who were aware of design rights were more likely to participate in the surveys, this statistic is alarming.

Automatic protection for designs

A key consequence of the low awareness of registered design rights in Australia, even amongst industry participants, is that many designers do not know that if they do not register their design, it will likely not be protected. This leaves many designers with no recourse when their designs are copied by others. The introduction of a grace period should help address this issue as it may provide designers with the opportunity to remedy the situation by registering their design. However, the design is only protected for a relatively short period (discussed more fully below).

The key options available to bolster protection for designs are based on automatic protection, either by:

- introducing an unregistered design right (UDR), as in the UK and the EU and/or
- amending the infamous “copyright-design overlap” found in Part III, Division 8 of the Copyright

Act 1968 (Cth) so that copyright protection is not automatically lost upon the commercialisation of a design

Unregistered design rights

The nuanced approach to designs in the UK provides an interesting perspective on possible structural change. Whilst a detailed review is beyond the scope of this article, the UDR system in UK sits within the Copyright, Designs and Patents Act 1988 (UK), and works concurrently with the UK's registered designs system. The key differences between the UK UDR and registered designs systems are reflected in the levels of protection afforded. First, UDRs are protected for up to 15 years or, if articles are made to the design within the first 5 years, 10 years²¹ (as opposed to up to 25 years for registered designs).²² Secondly, the circumstances of infringement are narrower for UDRs, where (unlike registered designs) the infringement must be intentional.²³ Thirdly, UDRs can only protect three-dimensional designs,²⁴ whilst registered designs can also protect two-dimensional features.²⁵

Copyright protection for designs

Reforming the Australian copyright/design overlap to extend the circumstances in which designs are protected by copyright is another avenue by which protection afforded to designs could be bolstered. Almost all designs start their life in the form of a work capable of protection by copyright (for example, an original design drawing for a chair would be protected as an artistic work). However, once the relevant design is commercialised (for example, by making a commercial quantity of the chair according to the design), the underlying copyright is rendered unenforceable where the design relates to three-dimensional features. Copyright is also “lost” if the design is registered.

The copyright/design overlap is a complex area of IP law, but the effect of the overlap is that very few designs, once commercialised or “industrially applied”, are protected by copyright in Australia. By contrast, designs in many European countries such as Denmark can be protected by both copyright and design law and there is no need to select one or the other.²⁶

Current status

The introduction of automatic protection for designs which meet certain requirements was considered, and rejected, in the PC Report. The Productivity Commission described extending automatic protection to design rights as “a blunt instrument for encouraging socially beneficial innovation” which “risks importing the multitude of drawbacks embedded in the (unregistered) copyright system to the designs system”.²⁷

There is a range of views on this topic, but it should not be taken for a given that stronger IP protection stifles innovation and social benefit.²⁸ Rather, robust IP laws ensure that creators have the security and incentive to create, thereby stimulating innovation and benefiting Australian society and economy. Providing immediate protection for eligible designs would offer a starting point to ensure that such security and incentives are provided in Australia. The absence of automatic protection for design creators is at odds with the automatic protection afforded to copyright owners, begging an important question: why are furniture or fashion designers afforded less protection than painters and sculptors?

Longer duration of protection

Apart from innovation patents (which are currently being phased out), designs have the shortest term of protection across all forms of Australian IP: a 5-year initial term, with renewal for another 5 years available upon application. Originally, registered designs were protected for a term of 16 years. The reduction to 10 years was justified on the basis that Australia was an importer rather than exporter of intellectual property.²⁹ Not only did shortening the protection term consign Australia to remain an “importer” of designs, it also failed to acknowledge and protect the work of Australian designers. Consultations with designers invariably reveal that 10 years is not long enough in terms of a design’s life cycle³⁰ and that this drives designers to create their works overseas.³¹

One of the concerns with this limited duration is that consumers are able to obtain “replicas” of Australian designs a few short years after the original’s release. People who trade in counterfeit goods are able to copy and profit off designs even while the original articles are still available in the market without infringing any design rights (assuming the designer has taken steps to obtain registration).³² The replica industry poses numerous problems for the Australian designs industry including “[devaluing] the public perception of the original design”, reducing income for the designers, creating “customer confusion and dissatisfaction”, and “[contributing] to a culture where design and designers are not valued”.³³

It is worth noting that, to join the Hague Agreement (discussed below), Australia would need to extend the minimum term of protection to 15 years. Whilst there is support for this extended protection in the context of Australia becoming a party to the Hague Convention,³⁴ some argue that an even longer protection period is warranted to support Australian designers.

Harmonisation with international law

The *Hague Agreement Concerning the International Registration of Industrial Designs* (Hague Agreement) provides a system for the international registration of

designs. It allows design owners to “easily and swiftly acquire design protection in multiple markets.”³⁵ Ensuring that Australia participates in the international design jurisdiction is essential considering the importance of designs to Australia’s export businesses. IP Australia’s recent research found that businesses in rights-intensive industries that hold a registered or certified design right are more likely to participate in global value chains.³⁶ It also found that, amongst all Australian businesses, the ownership of a registered design is a “forward indicator of more [research and development] R&D and more exports”.³⁷ IP Australia concluded that a business’ use of design rights as part of their “competitive strategy to manage the intangible aspects of products” is a strategy that is “highly relevant to globally active [businesses]”.³⁸ Given the link between registered design rights and exporting products to overseas markets, international harmonisation should be at the forefront of Australia’s design reform to enable more efficient and effective protection.

The ACIP Report recommended, and the government accepted, that IP Australia should commence an investigation into the implications of joining the Hague Agreement. The PC Report also endorsed this recommendation. In 2018, IP Australia completed an economic analysis which explored “the costs and benefits to Australia of joining the Hague Agreement”,³⁹ followed by public consultation and an updated report. IP Australia is continuing to monitor this issue and does not preclude Australia becoming a signatory to the Hague Convention based on its economic analysis alone.⁴⁰

It is worth noting that the free trade agreement between Australia and the UK agreed in principle on 16 June 2021 requires that Australia will make “all reasonable efforts to join the UK as a member of the multilateral Hague Agreement”.⁴¹

Availability of customs notices for registered designs owners

Owners of trade marks, copyright, protected Olympic expressions and the indicia and images associated with major international sporting events such as the ICC T20 World Cup are legislatively empowered to lodge a Notice of Objection (commonly known as a customs notice) with the Australian Border Force (ABF). Such a Notice enables the ABF to seize goods covered by the Notice that *appear* to infringe IP rights and are intended for use for commercial purposes.

No such remedy is available for owners of registered designs. As a result, a design’s right owner is powerless to stop the importation of counterfeit goods at the border. This represents a significant loss of opportunity to prevent counterfeit goods from entering the market in the first place. While ACIP recommended that the

government consider introducing such a measure for registered designs,⁴² the government subsequently declined to implement such a change as “it would pose a range of practical difficulties, and would be resource-intensive for the Australian Border Force to implement.” The Productivity Commission, in the PC Report, “elected to not re-prosecute the case”⁴³ for this reform and there does not appear to be any present intention for this position to change at the government level.

Registration for parts of products

The reality of the design cycle (particularly in furniture and lighting) is that new products are usually released as part of a wider product range with a common design theme, and designers often do not initially know which product within that range is likely to be successful.⁴⁴

Currently, with some narrow exceptions, designs may only be registered in Australia in relation to the visual appearance of a *whole* product. While s 22 of the Designs Act allows a design application to be made in respect of “one design that is a common design in relation to more than one product”,⁴⁵ the registration must still relate to a whole product and questions of newness and distinctiveness are considered in light of the product as a whole. Further, IP Australia flagged this provision in February 2021 as “difficult to understand, interpret, and consistently apply due to [its] vague wording”⁴⁶ and is currently undertaking further analysis on the issue.⁴⁷

In some other jurisdictions (including the EU and the UK), designs may be registered for *parts* of products. This confers broader rights than a whole-of-product registration because infringement can occur by dealing in a wider range of products, so long as they include the registered part. Some suggest that this ability to register variants of a design, and pay a single application fee, would help reduce the cost and complexity of protecting designs and more accurately reflect how designs are created and commercialised. However, the potential costs savings may not arise where the product range includes substantially different articles (as other jurisdictions with this provision require that products within the registered range do not differ in substance).

In the PC Report, the Productivity Commission considered that it was “. . . not been able to identify a net benefit case for allowing the registration of design variants for a single fee”⁴⁸ as the “limited benefits” were outweighed by potentially significant detriments — including increased time and costs in the application and examination process, and the broadening of design rights. This area requires further consideration given 18 of 20 industry respondents who provided a submission to IP Australia at the end of 2019 felt that some change

should be made to Australia’s approach to the registration of partial designs across multiple products.⁴⁹

Next steps

Whilst the Designs Bill involves some welcome changes, amending around the edges of the Designs Act does not address the real issues facing Australia’s design industry. The introduction of the grace period, whilst important, will simply allow more designers access to a flawed system. In that context, IP Australia’s ongoing research and investigation of designs reform as part of the Designs Review Project, which has involved significant industry consultation, is a welcome step on the continuing path to improvement. It is imperative to the health of Australia’s design “ecosystem” that the longer-term reforms that will hopefully flow from this project grapple with the fundamental issues facing what many designers see as an overcomplicated, underutilised and unsatisfactory system.



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Footnotes

1. IP Australia, IP Australia is undertaking a holistic review of the design economy, 12 March 2020, www.ipaustralia.gov.au/beta/designs-review.
2. *Multisteps Pty Ltd v Source & Sell Pty Ltd* (2013) 214 FCR 323; 309 ALR 83; [2013] FCA 743; BC201303318.
3. IP Australia *Response to public consultation: Implementing accepted recommendations from the Advisory Council on Intellectual Property Review of the Designs System* (May 2020) 5.
4. Copyright Act 1968 (Cth), s 119; Trade Marks Act 1995 (Cth), s 26 (although this provision extends to “all authorised users” using a registered trade mark “under the control of the owner”); Patents Act 1990 (Cth), s 120.
5. IP Australia, *Valuing Designs: The economic impact of design rights in Australia* (2020) 7.
6. Above.
7. Above n 5.

8. Above n 5.
9. Above n 5.
10. Above n 5, at 8.
11. IP Australia, *Protecting Designs: Design innovation, copying and enforcement in Australia* (2020) 4.
12. IP Australia, *Defining Design: Design's role in the Australian economy* (2020) 11.
13. Above.
14. Above n 12, at 4.
15. Above n 12, at 5.
16. Above.
17. Above n 12.
18. Above n 11, at 16.
19. Above n 11, at 10.
20. Above.
21. Copyright, Designs and Patents Act 1988 (UK), s 216.
22. Registered Designs Act 1949 (UK), ss 7 and 8.
23. Compare above n 21, s 226(2) and above n 22, s 7(1).
24. Above n 21, s 213.
25. Above n 22, s 1(2).
26. For a further discussion of this issue, see M Olsen “The Great Danes: can Australia learn from Denmark on design protection?” (2016) 29(4) *Australian Intellectual Property Law Bulletin* 96.
27. Productivity Commission *Intellectual Property Arrangements: Productivity Commission Inquiry Report No 78* (23 September 2016) 361.
28. See, for example, page 2 of above n 27 which quotes Stiglitz:

... a poorly designed intellectual property regime — one that creates excessively “strong” intellectual property rights — can actually impede innovation. ... Knowledge is the most important input into the production of knowledge. Intellectual property restricts this input; indeed, it works by limiting access to knowledge.
29. Above n 27, at 353.
30. M Olsen “Designing a better system? Failure of the Productivity Commission IP Report to deliver meaningful change for designers” (2018) 30(10) *Australian Intellectual Property Law Bulletin* 231.
31. Authentic Design Alliance *Response to Federal Government Report into Proposed Changes to Intellectual Property Laws per the Productivity Commission Report* (14 February 2017) 3.
32. Of course, designers may have recourse to the Australian Consumer Law or the tort of passing off, but this is not guaranteed and is a high threshold.
33. Above n 27, 343.
34. Advisory Council on Intellectual Property *Review of the Designs System: Final Report* (March 2015) 10.
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36. Above n 5, at 4.
37. Above.
38. Above.
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43. Above n 27, at 342.
44. Above n 30, at 232.
45. Designs Act 2003 (Cth), s 22(1)(b).
46. IP Australia, Legislative uncertainty about the requirements of a common design, February 2021, www.ipaustralia.gov.au/policy-register/legislative-uncertainty-about-requirements-common-design.
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48. Above n 27, at 359
49. Above n 3, at 3.

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IP Australia’s natural immunity to COVID-19 trade marks

Michael Cassidy, Gina Tresidder and Kate Littlewood RUSSELL KENNEDY

Introduction

IP Australia has taken a hardline stance against trade mark applications containing references to COVID-19. Sidestepping the normally lengthy window for overcoming objections, IP Australia is issuing immediate Notices of Intention to Reject trade mark applications for these marks. The Notice of Intention to Reject signals that the Examiner considers there is no further action the filer can take that will convince the Examiner to withdraw the objection, and limits the filer to filing a final response or requesting a hearing within only 2 months.

Key points:




- Australian trade mark applications which contain references to COVID-19 are receiving objections on the basis they are scandalous, among other objections.
- IP Australia is also short-circuiting the normal 15 months plus a window for overcoming objections by issuing Notices of Intention to Reject in many cases.
- Applications for marks that only contain COVID-19 references are the most likely to receive early Notices of Intention to Reject.
- There is a question as to whether references to COVID-19 are legitimately scandalous in Australia and perhaps there may be a reasonable basis to challenge this objection. Nevertheless, the descriptiveness of the COVID-19 term is likely to remain an issue.

Filings for COVID-19 marks

Since March 2020 there has, unsurprisingly, been a large number of trade mark applications filed for “COVID-19”, “CORONA”, “CORONAVIRUS” marks (hereafter COVID Marks) in Australia. In response, IP Australia has taken the unusual step of immediately issuing a Notice of Intention to Reject these applications, concluding the marks are unregistrable and that arguments are unlikely to change their position.

From our review, at least the following 21 trade mark applications for COVID-19, CORONA or similar marks

have been rejected by IP Australia using this method:

Number	Mark	Classes
2072950	CoronaClean	3, 5
2076813	COVID-19	41
2076981	Coronavision	41
2077626		45
2077634	COVID-19	16, 25
2077666	Coronavirus	41
2078493	Coronavirus	9
2078868		3
2078885		41
2079051	Corona-virus resistant	3
2079578	Covid Confirm	10
2080743	19-COVID-2020	25
2082196	Love in the time of COVID-19	16
2084582	CovidKey	6
2085564	CORONAVIRUSUX	9, 16, 18, 21, 24, 25, 26
2085849	Covid-19	28
2085850	Corona	28
2087021	Corona	28
2087022	Covid-19	28
2090787	Covid-19	14
2107323	COVID-19	9, 41

What is IP Australia doing differently?

During examination, when IP Australia determines that there are issues with a trade mark application, they will issue an examination report outlining the issues. The filer will then have at least 15 months to overcome the objections, including the option to file multiple responses, evidence and arguments.

However, in response to these COVID Marks, IP Australia is in most cases simultaneously issuing their examination report and a Notice of Intention to Reject.

While used only occasionally, a Notice of Intention to Reject immediately signals that IP Australia considers there is no further action the filer can take that will convince the Examiner to withdraw the objection. It also limits the filer to having only two months to file a response or request a hearing. A Notice of Intention to Reject is normally only issued after the filer has made multiple responses and IP Australia considers that further submissions will not be effective, typically because the submissions are simply repeating or restating previous arguments.

Why are the COVID-19 Marks being rejected?

Based on a sample of the examination reports, provisional refusals, and notices of intention to reject, it appears that IP Australia is primarily rejecting these applications under s 42 of the Trade Marks Act 1995 (Cth) on the basis that registration of COVID-19 Marks would be scandalous or offensive to ordinary Australians in view of the detrimental impact of the pandemic in Australia.

As many practitioners are aware, given Australia's irreverent culture, trade marks are rarely rejected on the grounds that they are scandalous. However, this objection is more commonly seen in some Asian countries, particularly in relation to marks which reference nudity or sexuality.

In addition to s 42, as one would expect it appears that a number of these COVID applications have received additional grounds of rejection, such as that "COVID-19" is not distinctive as it is descriptive when used in relation to products or services related to the pandemic (medical supplies and services, cleaning products and services, etc).

Section 42(a) — scandalous matter

From the cases we have reviewed, when a COVID application has received a Notice of Intention to Reject, it has been on the basis it contains scandalous matter under s 42(a) of the Act. Judicial consideration of this ground is sparse and it largely falls to the plain meaning of s 42(a) of the Act: "An application for the registration of a trade mark must be rejected if: (a) the trade mark contains or consists of scandalous matter".

Which raises the question, "scandalous to whom and when?", in response to which the approach of the courts and IP Australia,¹ appears generally to be whether the mark would currently be offensive to a portion of ordinary Australians with neither thick nor thin skin. It is a challenging balancing act considering what is or is not offensive to the broader community. Decision-maker Mr Myall effectively sets a perhaps unachievable

Goldilocks standard in UK case *Hallelujah Trade mark*:

... religious and moral standards are changing, sometimes quite rapidly, it seems to me that the Registrar should only follow where others have given a clear lead. While he must not remain isolated from the day to day world, frozen in an out moded set of moral principals, he must equally not presume to set the standard. He must certainly not act as a censor or arbiter of morals, nor yet as a trend setter. He must not lag so far behind the climate of the time that he appears to be out of touch with reality, but he must at the same time not be so insensitive to public opinion that he accepts the registration a mark which many people would consider offensive ...²

Further guidance from IP Australia's Examiner's manual advises that while phonetic equivalents of swear words like PHAR QUE are acceptable, overt phonetic equivalents like FUCT are not. Of course, some cases are easier than others, and trade marks containing personal abuse, racial or ethnic abuse, religious intolerance or abuse of the national flag are clearly scandalous.

Are COVID Marks scandalous?

Given the broad effect of the pandemic on the community, there is likely widespread descriptive use by businesses of the term COVID/CORONAVIRUS in describing and promoting their products and services, from cleaning products, to face masks to entertainment. However, based on our experience and online searches, such use does not appear to be creating upset or outrage in the community.

Even the Federal Government has pending applications such as COVIDSAFE (Nos 2091935, 2091936, etc) which have objections but have not received Notices of Intention to Reject. This mark is the name of the government's well known, if unpopular, mobile application COVIDSAFE, yet there does not seem to be any public concern at this use of COVID.

It is reasonable to consider then that COVID Marks are not scandalous or offensive in and of themselves in the way swear words are typically considered to be. It is not as if the widespread use of these terms by government officials, the media, or businesses is upsetting the community (beyond the weariness and fatigue of the pandemic persisting which many of us feel) which contrasts sharply with the reaction one might expect of a truly scandalous mark. One would expect there to be some reaction if government officials, media, and businesses were to use swear words or blasphemous statements as unapologetically as they reference COVID-19.

If the COVID Marks are to be considered scandalous, as the Office considers them to be in some cases, how so? Perhaps the most likely scenario in which the marks would offend the general public would be if COVID

Marks were registered by an opportunistic party seeking to use the trade marks to profit by improperly seeking to stop descriptive use by the general public or other traders.

While abuse and misuse of any trade mark are concerning, and the rights granted by a trade mark are often misunderstood by the general public, it is not hard to imagine that people would be more offended than normal if a registration for COVID-19 or CORONAVIRUS were granted and then abused by an owner. However, essentially this objection comes back to the descriptive element of the mark with the aggravating factor being the tragedy, loss and impact suffered by many as a result of the pandemic. We consider this an awfully stretched interpretation of scandalous matter and unlikely to be the intention of s 42(a).

Overall, it is hard to see how a reference to COVID-19 with other words is in and off itself scandalous. Moreover, considering specific examples like No 2078868



for hand sanitiser and No 2072950 CoronaClean for detergents and disinfectants, which are perhaps largely descriptive, it is hard to see how these marks are likely to be used in a way that is scandalous. Particularly at a level that it is so clear that a Notice of Intention to Reject should be issued on that ground alone.

Are all COVID-19 Marks being rejected?

IP Australia is not taking this hardline approach with all trade marks that contain COVID-19 references. IP Australia tends to allow fairly independent decision making by their Examiners. So while a review of the Trade Mark Register suggests that Examiners are primarily taking this hardline approach of issuing the Notice of Intention to Reject for trade marks which only comprise a COVID-19 reference or only comprise that reference along with other descriptive words, the pattern is not consistent enough to formally draw this conclusion.

Some examples of COVID Marks which the office has registered are as follows:

Number	Mark	Classes
2076229	COVIDEX	5
2082050	eHealthier's Interim COVID Behavioral Vaccine	44
2091534	DisCovid	5
2138749	COVIDX	5

Likewise, some examples of COVID Marks for which the office has not issued a Notice of Intention to

Reject:

Number	Mark	Classes
2088963		41
2091935	COVIDSAFE	9, 42, 44
2091936	BE COVIDSAFE	9, 42, 44
2091937		9, 42, 44
2094308	Covid Couple No cure and Contagious	25
2099439	covid19-clean	35
2101141	C.A.V.E - Covid Assessed Venue of Excellence	41, 42
2105381	Sadies COVIDKILL-19 Micro-Organism Decontaminant	5, 35
2106483	CovidPass	42
2106709	COVID CUBE	10, 44
2115891	CovidSafe Air	11, 40
2121340	MyAus COVID-19	9, 41, 44
2122043		43
2147040	COVID 19 SENTINEL	1, 5, 42, 44
2147404	AntiCoV-ID	5
2147565	SKYCOVID19	5
2151480	CovidTongue	1
2152545	COVID-SEROINDEX	1, 5, 10
2177472	COVIDWARE	39

If there were a uniform approach being taken at IP Australia, it would be hard to see why No 2099439 COVID19-clean and No 2115891 CovidSafe Air have not received a Notice of Intention to Reject, and yet No 2072950 CoronaClean has received such a Notice. The only clear line appears to be that applications which only refer to COVID-19 with no other material appear almost certain to receive a s 42(a) objection and a Notice of Intention to Reject.

Conclusion

While we maintain scepticism over the appropriateness of the s 42(a) objection in relation to most if not all

COVID Marks, it seems clear that a distinctiveness objection would generally be appropriate. In some circumstances, COVID-19 trade mark use which is potentially misleading might also be more deserving of receiving s 43 likely to deceive or confuse objection. While No 2084582 CovidKey for “door openers, non-electric” would be unlikely to be covered by a distinctiveness or likely to confuse objection, it is equally unclear how such a mark for door openers is scandalous and deserving of the Notice of Intention to Reject that it has received.

Regardless of the merits of the scandalous objection, it is clear that many filings for COVID Marks, particularly those which contain no other elements, may have been filed in bad faith by opportunistic parties hoping to somehow profit from a registration for “COVID-19” and should not be registered. Taking swift action by issuing Notices of Intention to Reject sends a clear message and removes these applications quickly from the Register. Ultimately by denying registration to many of these COVID Marks, IP Australia is preventing unproductive disputes over clearly descriptive use and potentially (intentional or unintentional) abusive uses of these registrations.

Moving forward, it is worth keeping an eye out to see if this might signal a shift in the practice of issuing Notices of Intention to Reject at IP Australia. Perhaps they may start issuing these notices much earlier to hopeless applications, particularly for nuisance applications which remain common on the Register.

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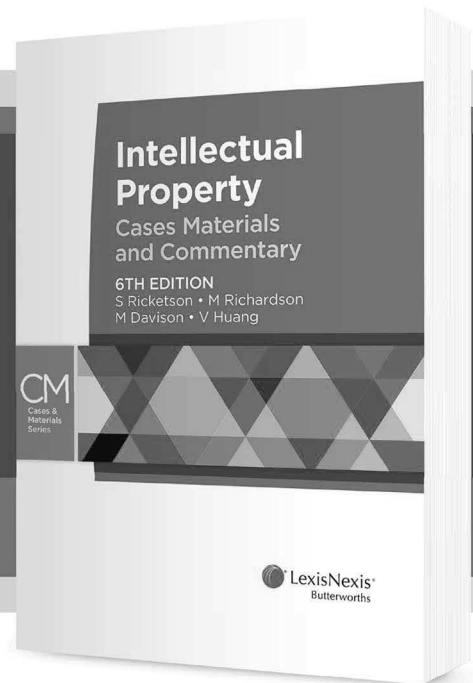
Footnotes

1. See IP Australia *Trade Marks Manual of Practice and Procedure: Scandalous signs* (12 March 2021) Pt 30.2 <https://manuals.ipaustralia.gov.au/trademark/2.-scandalous-signs>.
2. *Hallelujah Trade mark* [1976] RPC 605 at [607].

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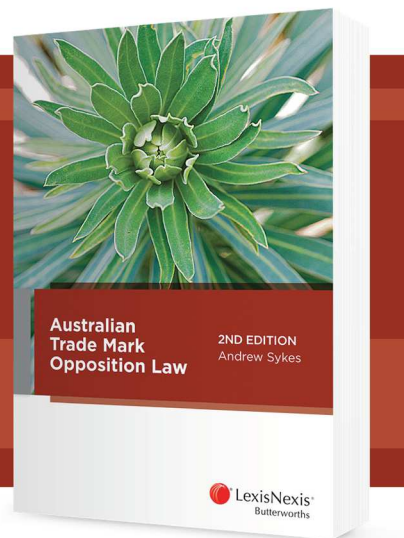
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