IP @ Ashurst

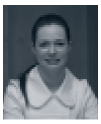
October 2018

From the Editors

Welcome to the October 2018 edition of *IP @ Ashurst*.

In this edition, we cover the latest developments in IP law over the last few months, including cases relating to patents, marketing and advertising, copyright, and trade marks.

We hope you enjoy this edition.



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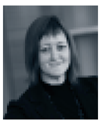

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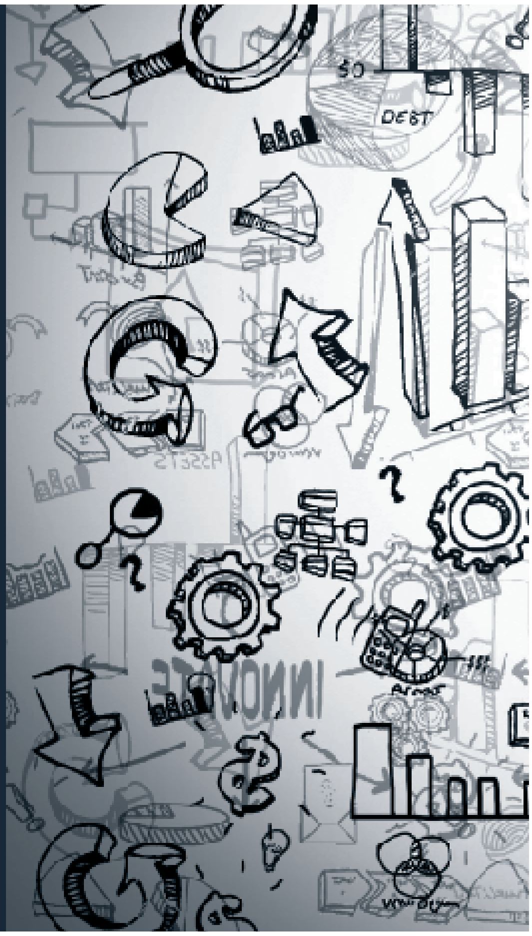
Managing Intellectual Property FIRM OF THE YEAR **2018**

Ashurst has been recognised as the Managing IP 2018 Australia Trade Mark Contentious IP Firm of the Year

Contents

Frucor loses the battle to register “V” green as a colour trade mark

***Frucor Beverages Limited v The Coca-Cola Limited Company* [2018] FCA 993**



WHAT YOU NEED TO KNOW

- This case highlights the challenges of securing registered trade mark rights for non-conventional signs like colour and the need to ensure that the evidence can persuasively demonstrate that the colour has become recognised as a distinctive trade mark, by and of itself.
- It also serves as a timely reminder to double check that all details of a trade mark application are accurate before filing with IP Australia.

WHAT YOU NEED TO DO

- Take care to accurately specify the trade mark, particularly in the case of non-traditional signs, and to ensure that the application complies with the relevant parts of the *Trade Marks Act* and *Trade Marks Regulations*.
- Stringently examine the evidence used to support an application for a colour mark to ensure that it establishes that consumers have been educated to see the colour as a brand rather than as a reference to flavour, type or some other characteristic.

THE CHALLENGES OF MONOPOLISING COLOUR

Traditionally a sign which consisted of a colour or a combination of colours could not be registered as a trade mark in Australia. Of course, colours can and often do perform the trade mark function of uniquely identifying the commercial origin of products or services. Amendments to the *Trade Marks Act* in 1995 accepted that non-conventional signs such as colour could be registrable as trade marks in Australia, so long as they were capable of distinguishing the goods and services of the trade mark applicant from those of other persons.

Because a colour is not inherently capable of distinguishing the products of one business from another, a trade mark applicant must provide evidence which persuasively demonstrates that the relevant buying public have come to regard the particular colour as a badge of origin, before a trade mark registration can be secured for that colour.

The recent Federal Court decision of *Frucor Beverages Limited v The Coca-Cola Limited Company* [2018] FCA 993 has shown just how onerous it can be to establish that a colour has attained this secondary meaning, that being one of trade source.

BACKGROUND

In 2012, Frucor filed an application to register a colour trade mark for the shade of bright green that is applied to the cans and used on the branding of its energy drink 'V' ("V Green"). To comply with formality requirements under Australian trade mark law, an application for colour must include a pictorial representation showing the colour that is claimed and be supplemented by a written description of that colour.

It is not in dispute that V Green is classified under the Pantone Matching System, an internationally recognised system of standardising colour tones, as Pantone Colour 376C. Furthermore, Frucor had correctly described assigned V Green as Pantone Colour 376C in the written description. However, the colour represented on the colour swatch attached to the trade mark application was a considerably different shade of green.

Colour Swatch Attached to Frucor's Application: Pantone

V Green: Pantone Colour 376C

Although the trade mark application progressed through the examination stage and was accepted, The Coca-Cola Company (TCCC) successfully opposed its registration before the Trade Marks Office. The delegate of the Registrar of Trade Marks (Delegate) found that the disconformity between the colour of the swatch and the description of the colour caused the identity of the mark to be ambiguous and consequently unregistrable. Even leaving aside the ambiguity surrounding the identity of the mark, the delegate found that Frucor's evidence of use had also failed to establish that V Green was capable of distinguishing the "energy drinks" designated by the application

THE APPEAL

On appeal, Frucor argued that the ambiguity would be resolved as a matter of construction because any interested person inspecting the Trade Marks Register for colour marks would understand that the rendering of colour on a swatch could become corrupted during physical processes such as scanning or printing and would therefore readily regard the written description ie Pantone Colour 376C as a more reliable identifier of the colour of the mark. However, the court disagreed and held that the identity of the mark must be ascertained objectively rather than founded on Frucor's "subjective intentions or desires". In this case, a person presented with the conflict between the colour swatch and the written Pantone description could not be expected to know where the error would lie or how to resolve the conundrum. As such the application was found to be fatally flawed.

Frucor then attempted to resolve the ambiguity by seeking an amendment of the colour swatch. However, this request was refused by the Court because the substitution of the original swatch for a "markedly different green-coloured swatch" would substantially affect the identity of the mark as originally applied for, which is not permissible under the Trade Marks Act. The Court also deemed it inappropriate to entertain a belated amendment application by Frucor on the additional ground of correcting a clerical error or obvious mistake at such a late stage in the opposition proceeding particularly because amendments of this nature required action to be taken at the earliest opportunity.

Even assuming that the fatal flaw could have been remedied, the Court went on to find that the evidence of use provided by Frucor failed to establish that consumers would exclusively associate the V Green by itself (without relying on other elements of the product packaging, like the brand name and logo), with its energy drink 'V'. It was accepted that the evidence, which notably included consumer surveys, showed "substantial, consistent and conspicuous" use of the V Green.

Unfortunately, the Court concluded the questions posed by the surveys were too narrow and imprecise. In particular, the Court was unimpressed that the survey sample comprised only of people who had recently purchased energy drinks and that the respondents were not asked whether they exclusively identified V Green with Frucor's energy drinks. Furthermore, Frucor had introduced other flavoured variants of its "V" energy drink using different background colours. Each new flavour variant was represented by a different colour with the "V" logo as a unifying feature. The Court therefore concluded that consumers would understand Frucor's "V" logo to be the relevant badge of origin and would simply associate the V Green backdrop colour as denoting the original energy drink formula from the other flavour variants.

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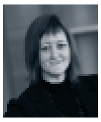

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Consumer Safety Standards: No Origo-nal verdict for Daiso franchisee

Director of Consumer Affairs Victoria v Origo & Co Pty Ltd (formerly Daiso (Australia) Pty Ltd) [2018] FCA 1111

WHAT YOU NEED TO KNOW

- A franchisee of Japanese retail company Daiso has been found to have contravened a number of mandatory safety standards in relation to the sale of products in the Daiso range.
- The Court viewed favourably the franchisee's cooperative approach to dealing with the regulator, resulting in the Court making orders on terms substantially similar to those agreed between the parties.
- Amongst other orders, a pecuniary penalty of $355,000 was ordered.

WHAT YOU NEED TO DO

- Work proactively with your advisors to ensure your business has in place an appropriate program for complying with all applicable laws and product standards.
- Do not assume that a product can be lawfully sold in one jurisdiction because it is compliant in another.
- If you believe your business is selling products that do not comply with applicable standards, take proactive steps to rectify the issue, and seek legal advice.

BACKGROUND

Origo & Co Pty Ltd (Origo), formerly known as Daiso (Australia) Pty Ltd, operates a number of Daiso franchise retail stores in Victoria and New South Wales. Daiso is a Japanese retail franchise that sells a range of affordable Japanese products, almost all priced at $2.80. Origo currently operates six stores in Victoria and one in New South Wales.

CONSUMER AFFAIRS VICTORIA INVESTIGATION AND ALLEGATIONS

Between 2011 and 2017, Consumer Affairs Victoria (CAV) inspectors began visiting Origo's stores to review Origo's compliance with Australia's consumer protection regime. Over 11 separate visits, CAV inspectors purchased or seized a range of Daiso products that were deemed not to comply with various mandatory safety and information standards.

CAV commenced proceedings against Origo in April 2017, alleging that Origo had supplied the following products in breach of applicable mandatory standards:

- **projectile toys:** lacked a compliant perimeter for high speed propellers and rotors, and failed to have warnings relating to the danger of injuries to the eyes and face;
- **toys for children up to and including 36 months of age:** contained or liberated small part, and thereby failing reasonably foreseeable abuse and small parts tests;
- **luggage straps**: did not have permanently attached the requisite prescribed warning;
- **cosmetics:** did not correctly list or display ingredients; and
- **sunglasses:** did not mark or attach the lens category number and description.
- CAV also alleged that Origo had engaged in misleading and deceptive conduct by providing sunscreen products marketed and labelled as "sunblock". The term "sunblock" is a misnomer because sunscreens filter to varying degrees but do not completely block sunburning radiation.

During the period of CAV's investigation, Origo sold 15,295 items of non-compliant products, generating a profit of $24,030.

PROCEEDINGS

After proceedings were commenced, Origo elected not to defend the matter and admitted liability in respect of the alleged contraventions. Origo and CAV also prepared a Statement of Agreed Facts (SOAF), and agreed a form of proposed declarations and orders for Justice Moshinsky to consider.

The parties proposed that Origo:

- be restrained from supplying, possessing or offering for supply goods subject to mandatory product standards for a period of three years, unless it carried out an agreed compliance program;
- pay for the cost of CAV destroying and disposing of all contravening goods seized through the investigation;
- pay a pecuniary penalty of $355,000;
- publish a public notice of its contravention and the availability of refunds (at Origo's expense) to customers who purchased the contravening goods; and
- pay $15,000 as a contribution to CAV's costs of the proceeding.

DECISION

Justice Moshinsky considered the suitability of accepting orders that are agreed by the parties to a proceeding. In this case, his Honour felt that the relevant questions to be determined were:

1. Is the Court sufficiently persuaded of the accuracy of the parties' agreement as to facts and consequences?
2. Is the penalty that the parties propose an appropriate remedy in the circumstances?

His Honour considered that Question 1 was satisfied, because the SOAF identified and particularised the matters in issue with precision, and contained sufficient indication of how and why the relevant conduct contravened the legislation.

In relation to Question 2, his Honour's view was that the orders were appropriate because:

> "...they serve to record the Court's disapproval of the contravening conduct, vindicate the Director's claim that Origo contravened the legislation, assist the Director in carrying out his regulatory duties in the future, inform the public of the contravening conduct, and deter other corporations from contravening the legislation."

His Honour also cited in favour of granting the orders the High Court's statement in *Commonwealth v Director, Fair Work Building Industry Inspectorate* (2015) 258 CLR 482 that:

> "...such predictability of outcome encourages corporations to acknowledge contraventions, which, in turn, assists in avoiding lengthy and complex litigation and thus tends to free the courts to deal with other matters and to free investigating officers to turn to other areas of investigation that await their attention."

Turning to the appropriate pecuniary penalty, Justice Moshinsky concluded the amount of $355,000 was appropriate, because:

- the contraventions were serious, in that they put at risk the safety of consumers, but were not aggravated by any resultant loss or damage;
- the contraventions, while not deliberate, occurred repeatedly and over an extended period;
- the steps Origo took to address its compliance issues were inadequate, especially in respect of the independence and supervision of its compliance process; and
- Origo co-operated with CAV during inspections, follow up correspondence and legal proceedings.

As a result, his Honour decided to accept the consent orders, including the proposed pecuniary penalty, substantially in the terms proposed by the parties.

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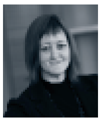

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Meriton pays the price for manipulating customer reviews

***Australian Competition and Consumer Commission v Meriton Property Services Pty Ltd (No 2)* [2018] FCA 1125**

WHAT YOU NEED TO KNOW

- After ruling in November 2017 that Meriton Property Services Pty Ltd had contravened the *Australian Consumer Law* (ACL), Justice Moshinsky has ordered Meriton pay a penalty of $3 million.
- Justice Moshinsky also ordered that staff of the hotel chain undertake a three-year Competition and Consumer Law Compliance Program, and restrained the company from filtering, selecting or limiting the guest email addresses for the TripAdvisor Review Express service for the same period.

REFRESHER: MERITON TRIPPED UP ON TRIPADVISOR

As we outlined in the March 2018 edition of IP @ Ashurst, Meriton Property Services was found to have breached sections 18 and 34 of the *Australian Consumer Law* (ACL) by manipulating which guests received an invitation to review a Meriton serviced apartment through TripAdvisor's Review Express service after their stay.

Meriton staff were instructed to invalidate the emails of any guests who had made a complaint, had a negative experience, or suffered a service disruption during their stay.

Justice Moshinsky concluded that Meriton's suppression of probable negative reviews improved the ratio of favourable to unfavourable reviews for Meriton properties on TripAdvisor, and in some cases improved the ranking of Meriton properties compared to nearby accommodation options.

The practice also meant that prospective guests did not receive an accurate impression of how often Meriton properties experienced service disruptions.

WHAT WAS THE JUDGE'S REASONING?

Pecuniary penalty

The main issue of dispute at this hearing was the size of the penalty to be paid by Meriton. Justice Moshinsky took into account a number of factors in finding that a penalty of $3 million was appropriate.

His Honour determined that the maximum penalty of $1.1 million per offence should be available for each of Meriton's 13 properties, because the manipulation affected each property's ratio and accuracy of reviews separately. The maximum penalty was therefore set at $14.3 million.

Justice Moshinksy then considered the following factors in reaching his decision:

- **Deterrence:** his Honour noted the considerable public interest in corporations observing the requirements of the ACL, and the primary purpose of civil penalties to deter companies from contravening the ACL or treating penalties as "an acceptable cost of doing business";
- **Capacity to pay:** although his Honour accepted that "a company's financial resources alone do not justify a higher penalty than might otherwise be imposed", he considered the scale of Meriton's business such that a large penalty was required to ensure specific deterrence and signal to the public the seriousness of contravening the ACL;
- **Impact on consumers:** his Honour took into account TripAdvisor's size and reach when considering the number of consumers and other businesses affected by Meriton's conduct;
- **Culture of non-compliance:** his Honour found that the misleading and deceptive practices were engaged in deliberately, systematically, and with the knowledge and sanction of senior management. Justice Moshinksy also concluded that Meriton staff were inadequately trained in consumer law compliance, and that the company's attempts at co-operation were undercut by misleadingly failing to disclose its suspension from TripAdvisor. However, his Honour did note as a substantial mitigating factor that Meriton had not previously been found to have contravened the ACL;
- **Loss and damage:** although the ACCC did not produce any evidence of actual loss or damage, Justice Moshinsky accepted that evidence of loss or damage to consumers or Meriton's competitors would nevertheless arise as a result of lost opportunity: consumers had lost the opportunity to accurately compare accommodation services, and competitors had lost the opportunity (while complying with the law) to receive their fair share of business;
- **"Course of conduct":** his Honour found that all of the contraventions arose from a single corporate policy relating to the Review Express system, which was implemented by the adoption of two practices: MSA masking and bulk withholding, which both had the effect of reducing the number of negative reviews of Meriton properties. This meant that a single penalty, rather than a concurrent penalty, was appropriate.

Other orders

Along with the pecuniary penalty, Justice Moshinsky ordered:

- a three-year injunction preventing Meriton from filtering, selecting or limiting the guest email addresses it supplies to TripAdvisor's Review Express service, unless a guest consents or doing so accords with TripAdvisor's rules or guidelines for submitting email addresses to Review Express; and
- Meriton staff to take part in a three-year Competition and Consumer Law Compliance Program, including developing policies on consumer law compliance, complaints handling, whistleblower protection, and compliance reporting.

The ACCC also sought an order that Meriton publish a correction both in hard copy at the receptions of their serviced apartments, and as a pop up on Meriton's home page.

However, due to the time that had elapsed and the fact that the offending conduct had occurred on the TripAdvisor website rather than Meriton's own site, Justice Moshinsky declined to make such an order.

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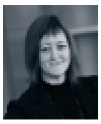

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Ten years of mud-slinging not an abuse of process: patent infringement fight continues

Australian Mud Company Pty Ltd v Coretell Pty Ltd (No 2) [2018] FCA 1109

WHAT YOU NEED TO KNOW

- The Federal Court has rejected an allegation of abuse of process against a patentee who litigated a family of patents in three separate proceedings over more than 10 years.
- The Court found that the patentee was entitled to follow a strategic course of conduct enforcing its patents, and upheld the infringement claims.

WHAT YOU NEED TO DO

- Patentees should carefully consider the manner in which they pursue the protection and enforcement of their patent rights.
- The case also serves as a reminder for patent licensees to ensure that their interests as licensee are entered on the Patents Register.

BACKGROUND

In the March 2011 edition of IP @ Blake Dawson, we reported on the Federal Court of Australia's finding that Australian Mud Company's innovation patent claiming "a device" was to be construed as meaning a unitary device, and was therefore not infringed by Coretell's tool comprising more than one part.

SAGA CONTINUES

Seven years on from that case, the saga between Australian Mud Company (AMC) and Coretell has continued.

In this latest case, the patent in suit, Australian Patent No. 2010200163 (Patent) was part of the same group or family of patents as the earlier proceeding and involved an invention concerning core sample orientation in mining. AMC is the owner of the Patent and Reflex Instruments Asia Pacific Pty Ltd (Reflex) claimed to be the exclusive licensee.

AMC and Reflex commenced proceedings in the Federal Court against Coretell and four other respondents alleging infringement of the Patent. There were three main issues for consideration before Justice Besanko:

- were the proceedings an abuse of process, such that they should be permanently stayed or dismissed?
- had the applicants established that the claims in the Patent were infringed?
- had Reflex established that it was the exclusive licensee of the Patent?

WERE THE PROCEEDINGS AN ABUSE OF PROCESS?

The applicants had previously brought other proceedings for the infringement of other patents in the same family. The respondents argued that when regard is had to those proceedings and certain other matters, the commencement and continuation of these proceedings was an abuse of process.

The respondents submitted that the applicants "had deployed a family of related patents strategically to embark on 10 years of patent litigation, in effect, litigating the same invention (extracted in four patents) in three separate sets of proceedings".

The respondents placed great reliance, by way of analogy, on the approach taken by the English Courts to a patentee's application to amend a patent after an unsuccessful defence to a validity challenge.

The respondents' submissions, and the abuse of process argument, were rejected by Justice Besanko. His Honour found no evidence of a deliberate strategy by the applicants to engage in 10 years of litigation, which his Honour thought would be "bizarre and contrary to the applicants' own interests". His Honour did not find the English authorities relied upon by the respondents to be persuasive.

HAD THE APPLICANTS ESTABLISHED INFRINGEMENT OF THE PATENT?

Infringement was admitted by all but one of the respondents, Goldview Asset Pty Ltd (Goldview). The applicants claimed that:

(i) Goldview was the owner of a property at which tools which infringe the Patent had been kept since at least September 2010;

(ii) Goldview authorised the infringing acts of the other respondents; and

(iii) Goldview was a joint tortfeasor with the other respondents.

In relation to claim (i), his Honour held that because the infringing tools were kept by Goldview at the premises for trade purposes with the intention of them being used in trade, Goldview thereby infringed claims in the Patent.

For similar reasons, in relation to claim (ii), his Honour found that Goldview authorised the infringement of claims in the Patent.

In addition or in the alternative, his Honour found that Goldview was a joint tortfeasor in the infringement of claims in the Patent, noting that the sole director and secretary of Goldview (who controlled and directed each of the other respondents) pursued a course of action or common design which infringed claims in the Patent and so Goldview was a party to that concerted action or common design.

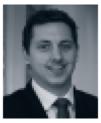
WAS REFLEX THE EXCLUSIVE LICENSEE OF THE PATENT?

The respondents admitted that Reflex was entered on the Patents Register as having an entitlement by way of licence to exploit the Patent and that that has been the case since January 2016. The respondents did not admit that Reflex was the exclusive licensee of the Patent prior to January 2016.

A witness for the applicants produced a document entitled "Confirmatory Patent Licence Deed" dated 13 January 2016, which included a clause defining the "Exclusive Licence Period" as commencing on 1 July 2007. The witness' evidence was that Reflex had the right to deal with the tools, which were subject of the patents.

His Honour agreed with the applicants' submission that their witness' evidence was sufficient to prove the existence of the licence. As the witness' evidence was not seriously challenged, and there was no evidence of any other party lawfully exploiting the invention, his Honour held that Reflex was the exclusive licensee of the Patent from 1 July 2007.

AUTHORS



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No escape for Wentworth pirates with site-blocking orders granted

Foxtel Management Pty Ltd v TPG Internet Pty Ltd [2018] FCA 933

WHAT YOU NEED TO KNOW

- The Federal Court has handed down its sixth decision considering the application of section 115A of the *Copyright Act 1968* (Cth) (Copyright Act).
- ISPs have been ordered to block access to 28 online locations which have the primary purpose of facilitating the infringement of copyright.
- The orders made relate only to nominated domain names. For new domain names in relation to the infringing online locations, the Court established a mechanism to extend the orders. Completely new sites will need to be the subject of separate proceedings.
- The copyright owners will have to pay compliance costs to the ISPs for the site-blocking.

BACKGROUND

On 19 June 2018, Justice Nicholas of the Federal Court handed down the latest decision in the series of site-blocking cases. His Honour ordered various ISPs to take reasonable steps to disable access to 28 online locations, which his Honour determined had the primary purpose of facilitating the infringement of copyright in films and television broadcasts on a large scale.

The copyright material in this case consisted of each episode of the third season of the Foxtel television series *Wentworth*.

The orders largely mirror those handed down in *Roadshow Films Pty Ltd v Telstra Corporation Limited* [2016] FCA 1503 (as discussed in our December 2016 *IP Update), Universal Music Australia Pty Limited v TPG Internet Pty Ltd & Ors* [2017] FCA 435 (as discussed in our June 2017 edition of *IP @ Ashurst), Roadshow Films Pty Ltd v Telstra Corporation Limited* [2017] FCA 1041, *Foxtel Management Pty Limited v TPG Internet Pty Ltd* [2017] FCA 1041 (both discussed in our October 2017 edition of *IP @ Ashurst) and Roadshow Films Pty Limited v Telstra Corporation Limited* [2018] FCA 582 (as discussed in our June 2018 edition of *IP @ Ashurst*. These decisions relate to section 115A of the Copyright Act, which provides a "no-fault" remedy for content holders to pursue organisations (via their ISPs) which operate websites that have the primary purpose of providing access to copyright infringing material.

His Honour grouped the target online locations into 15 categories consisting of a primary domain name and various secondary domain names at which the same content can be found (eg Sockshare: sockshare.net, sockshare.bz, sockshares.stream). Each of the locations facilitated the download of copyright infringing material, either directly or by linking to other websites. One website, torrents.me, both allowed users to download torrent files of the copyright infringing material and provided users with a list of sites from which the user could access other torrent files. All of the relevant target online locations were found to have infringed or facilitated infringement of Foxtel's copyright in *Wentworth*.

THE ORDERS

Justice Nicholas made the following orders:

- The ISPs must, within 15 days, DNS block (or equivalent) the nominated websites and redirect users to a website which will display a prominent message that the original website has been disabled because the Court has determined that it infringes copyright or facilitates copyright infringement.
- The orders will be in place for 3 years (and can be extended upon application).
- For any new domain names for these websites not already covered by the orders, the copyright owners can file proposed orders to extend the injunction to the new online location/s, which the Court may grant without further hearing if the ISPs do not object to the orders.
- To block entirely new websites, the copyright owners will need to initiate new proceedings.
- The copyright owners must pay the ISPs' compliance costs of $50 per domain name of the websites.

LOOKING FORWARD

The decision further supports the precedent set by the earlier site-blocking cases for broadly consistent orders where online locations (whether websites or otherwise) are found to have the primary purpose of infringing or facilitating the infringing copyright.

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Odds favour Sportsbet in interlocutory injunction over CrownBet's relaunch of SPORTINGBET brand

***Sportsbet Pty Ltd v Crownbet Pty Ltd* [2018] FCA 1045**

WHAT YOU NEED TO KNOW

- In June 2018, CrownBet Pty Ltd (CrownBet) announced that it would be adopting the brand name SPORTINGBET, a name used previously by a subsidiary of CrownBet. This announcement was the result of a transaction which prevented CrownBet from using its CROWNBET name going forward.
- On 21 June 2018, Sportsbet Pty Ltd (Sportsbet) sought an application for an interlocutory injunction to restrain CrownBet from offering betting or wagering services using the name SPORTINGBET. In July 2018, the Federal Court granted an interlocutory injunction in favour of Sportsbet.
- Although the SPORTSBET and SPORTINGBET names had co-existed in the past, in the period since use of the SPORTINGBET name was discontinued, Sportsbet invested significantly in its brand awareness. As a result, it was found that a substantial number of bettors would likely be led into error by the two names, or be likely to assume a trade association between the parties.

WHAT YOU NEED TO DO

- If wishing to reintroduce a brand name or trade mark into the market, consider if there are any new traders or established traders that may have developed a similar brand name in that time.
- A significant investment in advertising can increase brand awareness, even within a short period of time such as 2 to 3 years.
- If reintroducing a brand name, consider the relevant customers and the growth of the market. If a large number of customers are new to the industry, it is likely that they may not be aware of brands that were used in the past.
- If customers learn of a brand through word of mouth recommendations, chances of confusion between similar brand names is more likely when searching for these brand names.

BACKGROUND

CrownBet

CrownBet, formerly BetEasy Pty Ltd, was sold by Crown Resorts Ltd in December 2017. In March 2018, CrownBet acquired William Hill Australia Holdings Pty Ltd (William Hill), which is the owner of a number of other wagering operators, including Sportingbet Australia Holdings Pty Ltd (Sportingbet Australia). As a result, CrownBet acquired a number of trade marks for SPORTINGBET.

Through these transactions, CrownBet became the third largest online wagering operator in Australia. However, the terms of the sale of CrownBet and purchase of William Hill included that CrownBet was no longer permitted to use the CROWNBET or WILLIAM HILL brands in connection with its services.

Consequently, in June 2018, CrownBet announced that it would adopt the brand name SPORTINGBET for its business, which was used by Sportingbet Australia from 2002 to 2015. The SPORTINGBET brand achieved significant recognition during this time, however when acquired by William Hill, the SPORTINGBET brand was largely discontinued from around April 2015, and had not been used since August 2016.

Sportsbet

Sportsbet is one of the largest online wagering operators in Australia. It is the owner of six registered Australian trade marks containing the word SPORTSBET, and operates its website at www.sportsbet.com.au. Sportsbet offers its betting services online through its website, its mobile App, and also by telephone.

When certain regulatory restrictions were lifted in 2008, Sportsbet began promoting the SPORTSBET brand extensively throughout Australia, including online, television, print, radio, social media and sponsorship arrangements. Its marketing expenditure was substantial, and significantly, since March 2015, Sportsbet increased its marketing expenditure, partly due to the fact that the SPORTINGBET brand was no longer being used in Australia. Sportsbet was able to demonstrate that consumer engagement with its social media pages had increased over the last 5 years, and that its reputation was considerable. This included results of a survey that showed Sportsbet has the highest unprompted "top of mind awareness" in the online wagering or betting market amongst current bettors.

The online betting market

The evidence in the case of the online betting market demonstrated that there was a significant and large number of new bettors who had joined the market since January 2015. These numbers were so large that the "new bettors" population was a substantial portion of the overall active betting marketing in those years. Significantly, the evidence showed that a major proportion of the new bettors were young adults aged between 18 and 24 years. In addition, a substantial percentage of Sportsbet's new online customers were also in this age bracket.

The evidence also demonstrated that customers chose Sportsbet based on word of mouth recommendations, and accessed Sportsbet via a mobile device (either through the App or mobile website). The evidence showed that this was because bettors are often betting in a group environment, and on special racing or sporting event days. This was important evidence because it came to show that there was an increased chance of confusion by customers who were undertaking searches for "Sportsbet" in a group environment on their phone.

Findings

The Court held that Sportsbet had established a strong prima facie case to grant an injunction. The Court found that there was a high brand recognition of the SPORTSBET name, and that this had increased markedly in the last 3 years as a result of substantially increased marketing expenditure. The Court held that a substantial number of bettors would be likely to be led into error that CrownBet's services were Sportsbet's services, or that there was a trade association between SPORTINGBET and SPORTSBET.

These findings were based on a number of aspects of the online betting market, including that the online wagering business has grown significantly in recent years. In addition, many interactions with the Sportbet services are spontaneous and undertaken on mobile devices, meaning customers are less focused when undertaking this search, increasing the chances that customers would be confused by a company of a similar name.

The Court considered the evidence submitted by CrownBet that the SPORTINGBET trade mark had been used extensively in Australia previously, including for 11 years during which it was in competition with Sportsbet, yet there was little evidence of any confusion between the brands. However, the Court considered that the current circumstances were materially different from those that existed prior to 2015, including that Sportsbet had significantly increased the brand awareness of its SPORTSBET name.

The Court weighed up both parties' positions should an interlocutory injunction be granted or not. On the balance of convenience, the Court granted an interlocutory injunction due to the damage that would be caused to Sportsbet, which would be difficult to quantify, and also that there would be impact on consumers who would be confused by the similar brand names in the marketplace.

Outcome

As CrownBet was restrained from adopting the SPORTINGBET name, at the date of publication CrownBet announced it was adopting the brand name BETEASY, one of its previous brand names which was discontinued in 2015.

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