

When the balance is just not convenient

by Melissa Marcus

In *Organic Marketing Australia Pty Limited v Woolworths Limited* [2001] FCA 279 Katzmann J refused the application by Organic Marketing Australia Pty Ltd (**OMA**) for an interlocutory injunction to prevent Woolworths using the words "Honest to Goodness" as part of a massive advertising campaign. Her Honour was of the opinion that the balance of convenience did not favour the granting of the injunction, despite there being a serious question to be tried.

The Applicant

OMA is the registered owner in Australia of a composite trade mark consisting of the words "Honest to Goodness" and the image of a tulip stylised with leaves:

Honest to Goodness 

The trade mark is registered in four classes, namely classes 29, 30, 31 and 35, including for meat, poultry, dried and cooked fruits and vegetables, milk and milk products, as well as services, including retailing and wholesaling of health foods.

The evidence showed that OMA had authorised a related company (Purplebass Pty Ltd) to use the registered trade mark and the word mark "HONEST TO GOODNESS" in its boutique health food business. Purplebass had distributed products bearing the marks to over 350 speciality stores, including a business now owned by Woolworths.

The Woolworths' campaign

In early March 2011, Woolworths launched a major new nationwide advertising campaign featuring the well-known Australian chef, Margaret Fulton and using the words "Honest to Goodness". The campaign was in part an answer to Coles' large promotion featuring Curtis Stone. The Woolworths campaign was promoted via television commercials, in newspapers and magazine advertisements, in-store marketing and via catalogues delivered to homes. Large promotional displays for the campaign featured a life-sized cardboard cut-out of Ms Fulton and a logo carrying the words "Margaret Fulton's Honest to Goodness Family Meals". The words "Honest to Goodness" appear in much larger font to the words "Family Meals". As at 21 March 2011, Woolworths estimated that the direct cost of the campaign was \$3 million.

The injunction application

OMA sought an interlocutory injunction in mid March 2011 seeking to restrain Woolworths from infringing OMA's registered mark, and an order requiring Woolworths to remove all infringing conduct from its website and cancel registration of its domain name.

Gordon & Jackson enters a new era

Gordon & Jackson are about to enter a new and exciting era.

Leigh Jackson is retiring on 30 June. Members of the List recently voted resoundingly for partner Ross Gordon to continue as Clerk to the List.

The staff and members of the List wish to thank Leigh for his significant contribution over the last 14 ½ years and note how much we have enjoyed working with him. We wish Leigh a very happy and fruitful retirement.

The business name Gordon & Jackson will trade on and will continue to provide an expert level of representation and advice from our barristers and the same high level of service from our office staff.

Booking enquiries should be directed to the clerks you are familiar with, Ross Gordon and Michael Rowan, and, from July, to our new clerk, Susan Wilkes. We encourage solicitors to call in to meet with us and to discuss any particular requirements you may have.

Rod Randall appointed to the Supreme Court

Our congratulations to Rod Randall, long standing List member, upon his appointment to the Supreme Court of Victoria, as an Associate Justice.

Recent Seminar

The List's recent seminar entitled "Civil Procedure Reform" presented by list members Michael Heaton QC and Daniel Aghion and chaired by Richard Smith SC on 25th May 2011 was an outstanding success with 125 solicitors and List members attending. The papers are available on our website at www.gordonandjackson.com.au, Online Library.

Katzmann J confirmed that the two main enquiries in an application for an interlocutory injunction are:

1. whether the applicant has shown that there is a “serious question” to be tried. The applicant needs to show that it has a prima facie case in the sense that it can establish a sufficient likelihood of success to justify in the circumstances the preservation of the status quo pending the trial of the matter; and
2. whether the balance of convenience favours the granting of the injunction. This requires a balancing of factors such as whether damages would be an adequate remedy for the applicant in the event that the injunction is not granted and the applicant ultimately succeeds.

Serious question to be tried?

Woolworths argued that it used the words “Honest to Goodness” in a purely descriptive sense, not as a trade mark, and therefore it was not infringing OMA’s mark. Secondly, Woolworths argued that it was not using the words “Honest to Goodness” as a mark. Rather, Woolworths said that the mark it was using was the combination of the words “Margaret Fulton’s Honest to Goodness Family Meals”, and in many instances these words in combination with Ms Fulton’s image.

Katzmann J found that there was at least a prima facie case that Woolworths is using the phrase to denote a product (that is, that such use is as a badge of origin). Her Honour was influenced by the fact that the words “Honest to Goodness” appeared in larger script, presented with decorative flourishes in a way that might be seen as a brand, and that these words are the target of the viewer’s attention. Further, her Honour was of the view that the words “Honest to Goodness” can be regarded as a catchphrase rather than a description of meals.

On the question whether Woolworths was using a mark that is deceptively similar to the registered mark, her Honour stated that the argument that the words “Honest to Goodness” are an essential feature of the registered mark had some merit. Her Honour thought it was entirely feasible that a consumer with an imperfect recollection of the OMA mark would see the Woolworths sign and wonder whether there is an association or affiliation between Woolworths and the OMA business.

Balance of convenience

While OMA had acted swiftly in bringing the application, Katzmann J was firmly of the view that the balance of convenience weighed heavily against OMA. Her Honour stated that she was prepared to assume OMA could prove injury, although she noted that the evidence on this point was light on. There was some suggestion of damage to OMA’s business based on retail customer activity but there was nothing in evidence about potential damage to the applicant’s wholesale market.

However, the evidence showed that the potential damage to Woolworths caused by the granting of an injunction was significant including:

1. loss of sales in relation to campaign itself;
2. loss of customers to competitors due to the inability to properly advertise for six weeks;
3. loss of perishable stock; and
4. damage to reputation and reduction of customer goodwill (and damage to Ms Fulton’s reputation).

There was no doubt that Woolworths could meet any costs order made against it in the event that the injunction was not granted and OMA ultimately succeeded at trial. By contrast, despite giving the “usual undertaking as to damages” the Court was not satisfied that OMA could meet any award of damages in the event that the injunction was granted and OMA did not ultimately succeed. Similarly, personal undertakings from the OMA directors were also of no assistance. On this basis, balancing the various factors, the Court was satisfied that damages would be an adequate remedy for OMA and refused to grant the injunction.

Conclusion

The case shows the importance of carefully preparing evidence in support of an injunction. It is particularly important to develop a factual basis which will establish that damages will not be an adequate remedy. It was of course unfortunate for OMA that it was up against an opponent the size of Woolworths. The campaign roll out had clearly been massive. It is difficult in these circumstances to see how a small applicant could ever give a sensible undertaking as to damages. Does this indicate a need for reconsideration of this issue in such unequal circumstances?

The trial for this matter is set down for 18-22 July 2011.

Melissa practises in intellectual property, with particular interest and experience in trade marks, trade practices and marketing law, involving both commercial and disputes work. Melissa also practises in defamation law.



The Impact of the Treaties Between Australia and the European Community on Wine

by Marian Clarkin

In the commercial world, origin, reputation and brands equate with sales. This explains why the so-called 'Old World' wine producers of Europe sought to protect their interests and reputations by preventing 'New World' wine producing countries from misappropriating their **geographical indications** ("GIs"), names of places from which wine originates that may also be an indication of quality (e.g. Champagne, Chianti, Rioja), and **traditional expressions** ("TEs"), names traditionally used to describe wines and wine styles (e.g. Hock, Grand cru, claret, Fino). This rationale was behind the 1994 Agreement between Australia and the European Community on Trade in Wine, and Protocol ("Original Treaty"), the first treaty on wine between the EC and a significant wine-producing 'third country' (a country outside of the EC), which entered into force on 1 March 1994.¹

A new treaty ("New Treaty") was initialled on 5 June 2007, was signed on 2 December 2008 and took effect on 1 September 2010. It provides certainty in trade and additional guidance on the current list of GIs and TEs to be mutually protected, while forming the basis of further discussions.

While the Original Treaty's aim was facilitating and promoting trade between Australia and the EC², it imposed obligations on the Australian wine industry, with a view to protecting the wine industries of the EC's wine-producing Member States. The recognition by Australian law of the range of established registered European GIs and TEs has been a significant coup for EC wine producers. The trade off is that, in exchange, the EC has relaxed its substantial technical restrictions on the importation of Australian wine into the EU.³ As export is critical to the success of the Australian wine industry, it was necessary for Australia to comply with the conditions imposed by the Original Treaty, in order to continue exporting to our largest export market: the EU.

TRIPS

The Original Treaty was separate from and consistent with the agreement on Trade-Related Aspects of Intellectual Property Rights ("the TRIPS Agreement"), which was signed in 1994. Both Australia and the EC separately agreed to ensure the integrity of GIs and TEs in the Original Treaty. The significance of the TRIPS Agreement is that it:

confirmed the position of the... [GI] and the Appellation of Origin within... intellectual property rights and implicitly set the principle of a specific protection independent of that of trademark law [emphasis added].⁴

Furthermore, GIs differ greatly from trade marks, as: *"the ...[GI] is recognized or even delimited by a public authority which exercises its right over this indication, whereas the mark is the result of private initiative."*⁵

Impact on Australian Intellectual Property Law

The Original Treaty had the effect of implementing EU law into Australian jurisprudence, which has caused problems within Australian intellectual property ("IP") law, as GIs are different from trade marks and have the potential to conflict with trade marks. However, the rationale from the Australian wine industry was to continue to prioritise the export potential of Australian wine.

While it is still possible to argue that various European TEs and GIs lost their distinctiveness in Australia, an essential requirement for protection under IP law, and became generic, the Original Treaty specifically ensured the protection of European GIs and TEs in Australia, which had no legal basis in Australia.⁶ When the Original Treaty was entered into, Australian winemakers and wine marketers named wines after generic styles. Therefore, the phasing out of European GIs and TEs represented a real concession.

Domestic Case Law

The Federal Court of Australia is the forum with exclusive jurisdiction for hearing and determining appeals against the decisions of the Registrar of Trade Marks under the *Australian Wine and Brandy Corporation Act 1980 (Cth)* ("AWBC Act") in relation to GIs.⁷ The difficulty of implementing European law into Australian law is demonstrated by *La Provence*⁸, where a pre-existing trademark, La Provence, for a wine produced in Tasmania conflicted with a European GI: Côtes de Provence. While the trademark was not registered, it had been in use as a label since 1989. The result of this case was that the respondents had to cease using an unregistered trademark for their wine, due to the existence of a conflicting European GI.

Another significant impact of the Treaty has been for the Australian wine industry to decide on Australian TEs and the names and specific boundaries of GIs. This was illustrated by the impact of the decision in *Koppamurra*⁹, concerning a dispute about the proposed name of a GI which represented a trademark infringement. An injunction was granted to the applicant to prevent the respondent from using their trade mark as a GI, and resulted in the GI being called Wrattontully instead of Koppamurra.

The difficulty of determining the boundaries for GIs was demonstrated in *Coonawarra*¹⁰, where a number of wine producers challenged the proposed boundaries for the Coonawarra GI in South Australia. A similar situation also arose in *Baxendale*¹¹, which concerned the boundaries of the King Valley. However, a positive outcome for the introduction of Australian GIs is that this has introduced certainty as to the source of grapes and wines.

Australia's concessions in the treaties represent pragmatic commercial decisions, in the interests of trade rather than having any basis in IP law. While the Australian wine industry is willing to change, it will take time and education for consumers to adapt. European GIs and TEs are yet to disappear from the Australian vernacular, as demonstrated by the GI, Champagne, which continues to be used as a generic description for sparkling wine.

Marian C. Clarkin specialises in commercial law and administrative law, and has a keen interest in wine.



¹ Beeston, J. 'The Wine Regions of Australia', Allen & Unwin, Sydney, 1999, at 1.

² Article 1, Original Treaty.

³ Taylor, W. 'Soothing the growing pains: Protection of geographical indications and traditional expressions', *Wine Industry Journal*, Vol.15, No.1, January - February 2000, at 33.

⁴ Tinlot, R. and Juban, Y. 'Different systems of geographical indications and appellations of origin. Their relations with international harmonisation' in *Bulletin De L'O.I.V.* 811-812, 1998, at 772.

⁵ Tinlot, R. 'Geographical indications - Future prospects: development of protection' in *Bulletin De L'O.I.V.* 855-856, 2002, at 368.

⁶ Lee, T.H.; Wall, P.J. 'International legislative issues,' in Stockley, C.S., Sas, A.N., Johnstone, R.S., Lee, T.H. (eds). *Maintaining the competitive edge: proceedings of the ninth Australian wine industry technical conference*, 16-19 July; Adelaide, SA; Winetitles: 3-5: 1996, at 4.

⁷ Section 40RF(2).

⁸ *Comité Interprofessionnel des Vins Cotes de Provence and Institut National des Appellations d'Origine v Stuart Alexander Bryce and Kay Mary Bryce* [1996] 742 FCA 1; 35 IPR 170.

⁹ *Koppamurra Wines Pty Ltd v Mildara Blass Ltd* [1998] 226 FCA (Unreported, von Doussa J, 3 March 1998).

¹⁰ *Coonawarra Penola Wine Industry Association Inc & Others and Geographical Indications Committee* [2001] AATA 844 (5 October 2001)

¹¹ *Baxendale's Vineyard Pty Ltd v The Geographical Indications Committee* [2007] FCAFC 122 (10 August 2007).

We warmly welcome the following Readers who have commenced taking briefs:



Andrew Freadman BA, LLB (Monash) and Master Taxation (UNSW) FTIA

Andrew practices in the areas of:

- Taxation - including Revenue, Customs & Excise
- Corporations and Securities Law – including the law as it applies to statutory entities
- Competition & Consumer Law of the Commonwealth and as it applies to the States, formerly known as Trade Practices Law
- Superannuation Law

His practice includes advising, and litigation – both judicial (court) and merit review (AAT, VCAT and the Superannuation Complaints Tribunal). The practice extends to ‘white collar crime’.

Before joining the Bar, Andrew was a solicitor for 30 years.

Andrew has worked as:

- A director of the aggressive tax planning branch at the Australian Taxation Office (ATO), where he was involved in the analysis of local and offshore schemes and significant litigation.
- A principal legal officer with the National Corporate Regulator (NCSC) and Australian Securities Commission (now the ASIC) and was involved in; advising, drafting of instruments and significant compliance litigation.

Andrew also worked advising executive leadership within a Fund’s Manager (AXA), a public trustee company (National Australia Trustees) and a superannuation fund manager (DAF).

Andrew is a recognised academic as an adjunct lecturer in the Juris Doctor program at the Royal Melbourne Institute of Technology University (RMIT). There he is the subject coordinator of Competition and Consumer Law and lectures in Corporations Law, Takeovers, Mergers and Acquisitions. In addition, Andrew is an adjunct lecturer at the College of Law, Melbourne. Andrew is an author and editor of academic papers.

Andrew’s post graduate studies include Director’s Duties, Superannuation, Double Tax, International Anti-Avoidance provisions, Agreements and Derivatives. He was awarded the Postgraduate Research Prize (UNSW).



Karen J Le Faucheur (nee Grima) B.Comm/LLB (Hons) (Melb)

Before coming to the Bar, Karen was a Solicitor at Mallesons Stephen Jaques. She worked in the Dispute Resolution team on general commercial litigation matters including construction and contractual disputes. She also worked in Mallesons’ Sustainable Enterprises practice advising on the proposed emissions trading scheme and greenhouse and energy reporting.

She has instructed in a number of trials in the Supreme Court (in Victoria and NSW), interlocutory applications in the Supreme Court and Federal Court and arbitrations in the Court of Arbitration for Sport. She has also represented clients in civil proceedings in the County and Magistrates’ Courts.

Karen completed her Articles at Russell Kennedy and as a solicitor she worked and advised on a variety of matters, including banking and finance, contract disputes, coronial, defamation, equity, partnership disputes, tort and trade practices.

As a barrister, Karen is looking to establish a broad and varied practice before developing a specialty. She has a particular interest in consumer protection and class actions.

Areas of practice:

Alternative Dispute Resolution, Mediation
Commercial Law
Defamation, Media/Entertainment Law
Energy & Resources
Environmental Law (including climate change and carbon)
Equity & Trusts
Sports Law
Tort
Trade Practices



We welcome the following new members:



Paul Kounnas LLB, BA; Grad Dip International Law

Since coming to the bar Paul has obtained a broad range of experience, with a particular emphasis on the criminal law (including trials and appeals in the higher courts).

Paul also practises in the areas of Commercial and Corporate Law (Specifically Corporations Law), Guardianship (VCAT) & Mental Health (Protective Tribunals), Domestic Building (VCAT) as well as Planning, Workcover & Common Law, Worksafe, as well as Probate (and Mediation). Paul has also appeared as counsel assisting in inquests.

Paul is currently studying his Masters of Law (Commercial Law) with a focus on Corporate Crime, Insolvency and Corporations Law.

Paul volunteers at the St Kilda Legal Service, on a weekly basis and engages in pro bono work through the Duty Barrister scheme.

In addition, Paul sits on the board of directors of the GOCMV (Greek Community of Melbourne & Victoria) and has a good command of the Greek language.

Paul read with Aaron Schwartz of counsel.



Julian Snow B Sc (Hons), JD, GDLP

Julian is ready, willing and able to be briefed in any jurisdiction but does not look to accept briefs in 'crash & bash', family law cases or contested criminal matters.

GORDON & JACKSON
BARRISTERS' CLERKS

Owen Dixon Chambers West
205 William St Melbourne 3000
DX 94 Melbourne

Ph 9225 7333 Fax 9225 7907
Web www.gordonandjackson.com.au
Email clerks@gordonandjackson.com.au