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TRADE SECRETS

Welcome to edition 10 of Trade Secrets, where we cover all things related to product and service development, importing, manufacturing, marketing, distribution and selling.

We hope you enjoy the read.

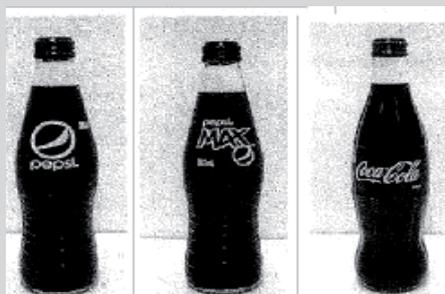


COCA-COLA SHAPE TRADE MARK BEING TESTED



Coke has brought an action against Pepsi, who has started using a similarly shaped bottle. Coke has a trade mark for the shape of its "pinched in" bottle.

In addition to trade mark infringement, it is also alleging that Pepsi is engaging in misleading and deceptive conduct.



In its Statement of Claim, Coke says that Pepsi has been selling its drink in the similar containers for at least five months. Coke wants all infringing bottles to be handed over for destruction, together with all supporting "stationary, signage and promotional material".

The misleading conduct allegation will be difficult to establish, as the Pepsi bottle is clearly branded as "Pepsi".

However, Coke's trade mark is for the shape of the bottle, so one question will be whether the Court will focus purely on the shape elements of the two bottles, and ignore other marketing and branding elements.

We presume Pepsi will argue that its brand recognition will defeat any confusion and that its bottle is different. In a market of brand savvy consumers and with many bottle shapes existing, small differences maybe sufficient to distinguish its bottle.

We will keep you informed. Although, we think Pepsi will have some problems defending the shape trade mark action.

ACCC EXERCISES NEW POWERS

Since April, 2010, the ACCC has had new powers to issue substantiation notices, infringement notices and public warning notices. After this article, we discuss the new powers in more detail.

The ACCC have started using these new powers:

- the ACCC issued a public warning notice to warn consumers about the conduct of Halkalia Pty Ltd, Heartlink Enterprises Pty Ltd and National Semi-Retired Group Pty Ltd in relation to possibly misleading job advertisements. The companies claimed that the purchasers of a delivery business could earn between \$900 and \$2,000 per week for between 3 to 4 days work. The notice was issued following a complaint from individuals who paid between \$10,000 and \$30,000 for the business, where no purchaser achieved the projected income and in most instances received no income at all;
- the ACCC has issued Infringement Notices against 6 businesses, for

various forms of misleading conduct. In the first of these, a penalty of \$6,600 was paid by ACA Constructions Pty Ltd on the basis that ACA was falsely claiming on its website that it was a member of the Master Builders Association and the Housing Industry Association, when it was not.

The ACCC's third new power is to issue a Substantiation Notice. We are not aware of the ACCC issuing any of these, although it is likely it has done so, with the claims questioned being substantiated.

ABOUT ACCC'S NEW POWERS



In April 2010, a number of new reforms came into effect. These reforms form part of the Australian Consumer Law which becomes fully operational from 1 January 2011.

Under the legislative changes, the ACCC has new powers to issue infringement, substantiation and public warning notices.

INFRINGEMENT NOTICES

An Infringement Notice may be issued by the ACCC where it has reasonable grounds to believe that a person has contravened consumer protection laws. Contraventions include unconscionable conduct, certain unfair practices, pyramid selling and certain product safety and product information provisions. The ACCC must issue an Infringement Notice within 12 months of the alleged convention, with the penalty amount in most cases to be paid within 28 days (in an amount of \$6,600 for a corporation or \$1,320 for an individual per alleged contravention).

Failure to pay the penalty amount within the time frame stipulated may result in

the ACCC commencing court proceedings. If the penalty is paid, the ACCC cannot commence court proceedings in relation to that alleged contravention. Importantly, payment is not taken as an admission of liability for a contravention of the Act.

SUBSTANTIATION NOTICES

The ACCC may issue a Substantiation Notice requiring disclosure of information and/or production of documents capable of substantiating or supporting a claim or representation made. These notices are a preliminary investigative tool and thus do not require a person to prove that a claim or representation is true or not misleading.

There is no requirement to provide the information or documentation where such information or documentation may incriminate the person or expose them to a penalty.

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ABOUT ACCC'S NEW POWERS

▼ Continued...

A Substantiation Notice must be answered within 21 days and penalties may apply where false or misleading information is provided. Non-compliance may result in an infringement notice penalty of \$3,300 for a body corporate or \$660 for an individual, or in some cases an order from the Court for an amount up to \$16,500 for a body corporate or \$3,300 for an individual.

PUBLIC WARNING NOTICES

The ACCC may issue a Public Warning Notice to alert consumers to a suspected breach of certain provisions of the TPA. Such notices may be issued where the ACCC has reasonable grounds to suspect that the conduct may constitute a contravention of a provision of the TPA, is satisfied that one or more persons has suffered (or is likely to suffer) detriment as a result of the conduct and is satisfied that it is in the public interest to do so.

One of the key considerations that the ACCC will take into account in deciding whether to issue a Public Warning Notice is whether it considers there to be an imminent need to inform consumers of the suspected breach.

A Public Warning Notice may also be issued where a person refuses or fails to respond to a Substantiation Notice.

LAWYER IN HOT WATER WITH THE ACCC



The Australian Competition and Consumer Commission ("ACCC") has commenced Federal Court proceedings with the principal lawyer of a small Melbourne Law Firm for alleged misleading and deceptive conduct.

The conduct is alleged to have occurred from at least July 2010 when Pippa Sampson, Principal Lawyer at Goddard Elliott, was representing video stores in small debt recovery matters.

The ACCC claims (among other things) that Sampson said in four debt collection letters and notices to addressees that, unless the debt was paid or the addressee was successful in defending himself or herself in any legal proceeding, Goddard Elliott could enter judgment without obtaining an order from the Court. Furthermore,

the letters said that Goddard Elliott could itself enforce judgment by way of a warrant, garnishee order and/or an order against the addressee's wages which would be served upon their employer. These are actions which only a Court can order or undertake.

The ACCC is now seeking declarations, injunctions, corrective advertising, the implementation of a Trade Practices Law Compliance Program and costs against Sampson.

The matter exemplifies the importance of being careful to provide all relevant facts in business relationships, not just those that support your cause. In the wrong circumstances, failing to say something, may be misleading.

BLACK & WHITE CABS TO PAY \$120,000 FOR THIRD LINE FORCING



The Federal Court has ordered that Black & White Cabs Pty Ltd pay \$120,000 for third line forcing. Black Cabs required some taxi operators to exclusively use the Cab charge Payment System when processing electronic payments.

Third line forcing involves the supply of goods or services, on condition that the purchaser acquires goods or services from a particular third party. Consumers need to be free to

choose from whom they acquire other goods or services.

Black and White Cabs admitted the contravention and the penalty was agreed with the ACCC and was put to the Court. The penalty represented a discount for the guilty plea before trial and the conduct was for a period of three months in 2009.

TRADE MARKS IN SEARCH ENGINE KEYWORDS



We see many complaints from clients whose competitors use their trade mark in internet search keywords. Doing this means that when someone searches on our client's trade mark, the competitor's site also appear. There is no settled law on this practice in Australia. However, two recent cases from the European Court of Justice may give clarity.

In summary, these changes may make it slightly easier to register trade marks as keywords with Google and other search engine providers. However, care must still be taken by the advertiser to ensure such use complies with the law and does not confuse the public as to the origin of

advertised goods and services.

In one case, the Court held that it was not necessarily an infringement by a company to purchase and use a competitor's trade mark, provided that the link or advert shown did not confuse the users of the search engine.

In the second case, between Google France and Louis Vuitton Malletier, the Court held that Google was not liable for trade mark infringement as a result of a customer using its AdWords service because Google itself was not 'using' the trade mark.

ONE PRICE AND RESTAURANT MENUS



We have previously covered the "clarity in pricing" requirement that traders must advertise a single price for goods or services. The classic example is that a motor trader can no longer list the car price, dealer delivery, GST, stamp duty or rego separately (or not at all).

The ACCC has now taken successful action against two restaurants for breaching the all-inclusive pricing law on their

menus. Georges Bar and Grill's and Steersons Steakhouse's menus did not state the full price a customer would pay on a Sunday or a public holiday. Both menus had a qualification adding a surcharge for these days.

Each restaurant was fined \$13,200. We mentioned above the ACCC's use of Infringement Notices, some of which were for the same type of conduct.

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The IP + trade team offers expertise to innovators, manufacturers, suppliers and distributors in:

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