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## Looking at smells and sounds: graphical representation of new trade marks

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New *Trade Marks Act* in  
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**Lauren Eade**

GILBERT + TOBIN

The *Trade Marks Act 1995* (Cth) allowed registration for the first time of a number of new forms of trade marks, including trade marks for colours, sounds and scents. There are some special problems for these new trade marks that do not exist for 'old' trade marks such as words and devices.

The first hurdle that must be met by any trade mark applicant is that of graphical representation. Graphical representation is required under reg 4.3(7) of the *Trade Marks Regulations 1995* (Cth). Under s 40 of the Act, it is a ground for rejection of an application if a mark cannot be represented graphically. The purpose of graphical representation of trade marks is so that other traders can search the Register to determine whether there is any risk in using a particular mark or whether that mark is available for registration.

All trade marks under the 1955 Act were by definition capable of graphical representation, being visible words and other signs. This is still the case for 'new' shape and colour trade marks which can be represented in much the same way as old device marks. There are, of course, questions about how *best* to represent these types of marks to maximise the monopoly afforded by registration (for example, how many perspectives of a shape are enough? Should a colour be described by colour name, colour name and shade description, or industry standard colour system?). But these are not unique to the new marks.<sup>1</sup> However, some new marks do face special problems in that it can be very difficult, if not impossible, to describe them accurately due to their very nature.

### Colour trade marks

Possible problems arise with colour trade mark applications, not because colours cannot be accurately graphically represented — clearly, a swatch of the actual colour claimed could represent a colour perfectly adequately — but because the databases offered for public searching by most Trade Marks Offices around the world represent marks in black and white. Verbal colour descriptions such as 'purple' are somewhat unsatisfactory as they clearly encompass any number of shades and tones. For example, Cadbury brand chocolate is packaged in purple packaging (dark purple),<sup>2</sup> but so is Milka brand chocolate (light purple, or lilac).

The United States Trade Marks Office at one stage had an elaborate cross-hatching system for colour designations on trade mark representations.<sup>3</sup> An example of this scheme in action is the trade mark below (Registration 701832),

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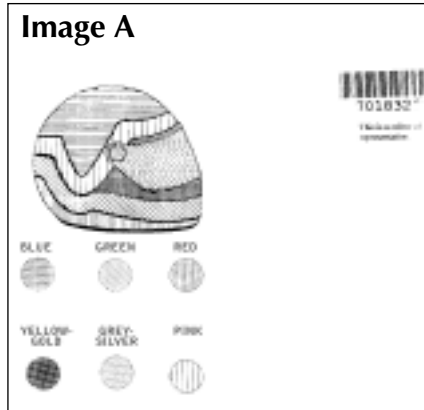
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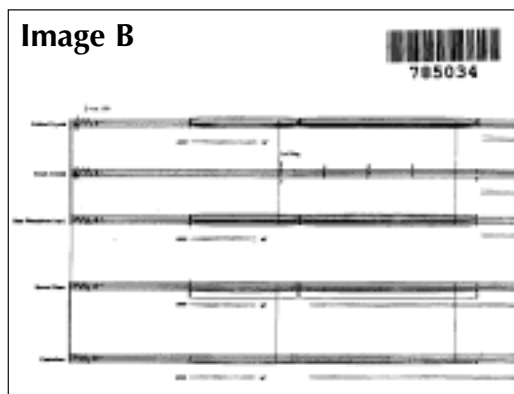


which was filed in Australia using the cross-hatching system (see Image A).

The cross-hatching system was in fact even less accurate than a plain words colour description, as each hatching style was used to encompass a range of tones and even colours; for example, the same cross-hatching was used to indicate both red and pink. The scheme has since been abandoned.

Highly specific graphical colour representation systems are also available (for example, the Pantone Matching System, which describes colours and tones by reference to numerical and letter combinations) and have been used in industry for many years. However, these systems generally only make sense in combination with an appropriate reference chart. These are not widely available and as such these systems are not of much assistance to the layperson searching the Register.

Applicants can take some comfort, however, as at least at present the Australian Trade Marks Office practice is to allow bare colour names to be used to describe colour trade mark applications. A sound approach for applicants is to draft colour mark



descriptions broadly by reference to colour names, and restrict the descriptions during the examination process if required to do so by the Trade Marks Office. As more applications are filed it may be necessary for applicants to describe colours with greater specificity (for example, 'dark purple' rather than just 'purple') so as to distinguish their applications from others already on the Register.

**Sensory trade marks**

More significant problems arise in the case of the two types of trade marks that can be described as 'sensory' rather than merely visual; that is, scent and sound trade marks. Marks of this kind may face a substantial hurdle under s 40. Unlike the marks above, it is obviously not possible to provide a picture of a sensory mark. Indeed, IP Australia typically indexes such marks without even a title;<sup>4</sup> the description of the mark is placed in the endorsement.

**Sound trade marks**

That said, sound trade mark applicants have been provided with a relatively simple solution, as the Trade Marks Office has accepted that a musical score notation of the sound claimed is acceptable graphical representation.<sup>5</sup> This largely replicates overseas practice, for example that of the United States Patents and Trademarks Office. Only four of the 11 Australian sound trade mark registrations presently use this kind of representation.<sup>6</sup>

Representations of sound trade marks of any kind can be fairly confusing to the layperson. For example, the extent of the monopoly claimed in Registration 785034 would be unlikely to be apparent to the person unfamiliar with the Dolby Digital signature tune, whether that person relied on the graphical representation (see Image B) or on the endorsement:

The trade mark consists of the sound of a musical tune consisting of a crescendo and decrescendo played by a rubbed crystal, base waterphone, bowed piano, and contrabass, during which five notes are played by a struck crystal, lasting for a duration

of approximately three seconds.

Of course, some sounds are not conducive to representation by musical score. In this case, applicants have no choice but to describe the sound in words. An infamous example is Unilever's New Zealand Trade Mark Registration 247094 for 'a squeak produced by the friction of thumb or forefinger on dishware'. A less successful attempt was Harley Davidson Inc's United States Trade Mark Application 74/485,2234 for the 'exhaust sound of applicant's motorcycles, produced by V-Twin, common crankpin motorcycle engines when the goods are in use', which was ultimately abandoned. The Australian Trade Marks Office *Examiner's Manual* itself suggests that an acceptable graphical representation of a sound trade mark would be 'CLIP, CLOP, MOO' so long as this was coupled with an appropriately descriptive endorsement such as 'the sound of two steps taken by a cow on pavement, followed by the sound of a cow mooing'.<sup>7</sup> These verbal descriptions of sounds are, if anything, even less clear than musical notations.

It is doubtful that graphical representations of sound of the above kinds are consistent with the policy behind the graphical representation requirement; that is, that the Register should be readily searchable. Certainly the references in sound trade mark endorsements to the recorded examples of sound trade marks supplied by applicants for sound trade marks to the Trade Marks Office are of no use whatsoever to those searching the Register, as they are inaccessible other than by means of a request under the *Freedom of Information Act 1982* (Cth).

However, the very low number of sound registrations means that at present all registrations can be searched easily enough, even if that does involve hunting up a musical instrument (and, if necessary, a musician) to work out the sound claimed. Should further sound registrations accumulate in the future, however, graphical representation of sound trade marks may become a more problematic issue.

### Scend trade marks

In the case of scents, the situation is even more complex. A scent that smells

like something else is readily described; hence the Trade Marks Office in its *Examiner's Manual* selected the relatively comfortable example of 'the scent of apple blossoms', a trade mark already registered in England. The only Australian mark accepted for registration was for the 'smell of beer' on dart flights.<sup>8</sup> Pending Application 936188 claims 'the smell of lemon for tobacco', and has received an adverse report. In the US, scent registrations have been obtained for the smell of grape,<sup>9</sup> cherry<sup>10</sup> and bubblegum<sup>11</sup> for industrial oils. These scents, then, would not at first glance appear to present problems. However, a trade mark application for the 'smell, aroma, or essence of cinnamon' was rejected in England, in part because the description of the mark was too subjective to amount to a sufficiently accurate description of the trade mark.<sup>12</sup>

But what of 'invented' or combined scents? Existing chemical and sensory notation systems for scents have been developed both in the chemical industries and in those industries where scent is critical (for example, perfume and food industries). These systems can vary from complex charts to descriptions reminiscent of those of a wine critic.<sup>13</sup> The only thing the systems have in common is that they are completely inaccessible to the layperson and as a result do not 'represent' anything about the mark claimed at all. Such representations have been rejected in England as unintelligible to people inspecting the Register.<sup>14</sup> The Australian Trade Marks Office *Examiner's Manual* is silent on the issue of how scent marks should be graphically represented. It therefore remains to be seen how the Trade Marks Office will deal with such applications; there appears to be little or no international experience with the issue.<sup>15</sup>

### Conclusion

Whether or not an applicant for a new trade mark can ultimately establish that their application is capable of distinguishing their goods or services, it is likely that at least some applications will fail at the first hurdle of graphical representation. A great deal of care should be taken when drafting

applications for colour, sound and scent trade marks to ensure that the graphical representation requirements are met. While it is desirable to frame a trade mark description as broadly as possible so as to increase the monopoly afforded by registration, it may be necessary for new trade mark applicants to be rather more specific when describing new trade marks than usual.

A sound strategy is to file an application with a broad description but to have already prepared a 'fall back' narrower description which can be used to amend the application if the Trade Marks Office requires. The narrower description should ideally be prepared prior to filing so that an applicant can be sure that the mark is in fact capable of specific description before wasting prosecution costs. ●

Lauren Eade, Lawyer,  
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### Endnotes

1. As to the most appropriate means of drafting endorsements for graphical marks so as to maximise the available monopoly; see *Levi Strauss & Co Ltd v Kimbyr Investments Ltd* (1993) 28 IPR 249.

2. Indeed, the colour purple (with and without the colour white) has been the subject of numerous Australian trade mark applications for Cadbury, all to date unsuccessful; see, for example, *Re Cadbury's Application* (2002) 55 IPR 561, Australian trade mark Applications 700809, 700810, 779336, 887589, and 887590. Cadbury's purple and purple/white Applications 926127, 938287, 938288, 947010 and 947011 are presently under examination.

3. Arden T *Protection of Nontraditional Marks* INTA New York 2000.

4. The title 'The Trade Mark is described in the endorsement' is substituted.

5. The ATMO *Examiner's Manual* states in Pt 10 para 3.3.3:

A sign consisting of a musical sound might be most appropriately represented in the form of musical notation, however, this will depend on the trade mark.

6. Registrations 785034 for the Dolby Digital signature tune, 844282 in

the name of Intel, and 898130 and 893621 for the Twentieth Century Fox theme.

7. *ATMO Examiner's Manual*, Pt 21 Ch 5.3.

8. Lapsed Application 700019.

9. United States Trade Mark Registration 2,568,512.

10. United States Trade Mark Registration 2,463,044.

11. United States Trade Mark Registration 2,560,618.

12. *In the Matter of Application*

*No 2,000,169* (unreported, English Trade Marks Office 19 December 2000).

13. See, for example, the notations systems reviewed in Lyons D 'Sounds smells and signs' (1994) 7 IPLB at 75-77.

14. *In the Matter of Application No 2,000,169*, above note 12 at 5-8.

15. No 'invented' scents appear to have been registered as trade marks anywhere in the world.

## Viennetta ice cream heats up court: distinctiveness in shape trade marks

Catherine Lee

CLAYTON UTZ

What do the Jaguar car, the Toblerone triangular chocolate box, the McDonald's fries packet and the Coca-Cola bottle have in common?

And how about Guylian chocolate shells, the Conewich ice cream cone bread and the bottle for the Ambi Pur air freshener? The first group contains famous shapes which have been accepted for registration as shape marks in Australia, whereas the second group contains those shape marks which have been refused registration.

The recognition of the shapes as trade marks is a relatively new concept. Prior to the *Trade Marks Act 1995* (Cth), the shapes of products could not be registered as trade marks. However, the 1995 Act now expressly includes shapes as 'signs' which are capable of being registered.<sup>1</sup> As with other types of marks such as words and devices, the shapes of goods are only registrable if they can distinguish the goods to which they are applied from similar goods in the marketplace. The English High Court recently considered the requirement of distinctiveness in relation to the registration of the shape of the Viennetta ice cream dessert as a

trade mark under the *Trade Marks Act 1994* (UK).<sup>2</sup>

### Facts

In 1982 Walls, a Unilever company, launched a 'pre-formed ice cream dessert' under the trade mark Viennetta in the UK. In 1994 Unilever applied to register the three dimensional shape of its ice cream dessert 'Viennetta' as two trade marks (see diagrams on p 38). It applied for the marks for the original dark chocolate and new white chocolate versions of the dessert. Unilever supported its applications with evidence of use of the marks. The UK Registry found that was sufficient to accept the applications for registration and duly advertised them.

Nestlé opposed the registration of both marks on several grounds. Its main arguments were that the shape of the Viennetta had resulted 'from the nature of the goods themselves' and that the marks were not capable of distinguishing or had not acquired distinctiveness in the marketplace. If Nestlé succeed on either of these grounds of opposition, Unilever could

not register the trade marks. After evidence had been filed and a hearing conducted, the Registrar rejected the opposition to the dark mark but upheld it in relation to the white mark. Both sides appealed to the English High Court.

### 'A shape which results from the nature of the goods themselves'

Nestlé argued that both the dark and white Viennetta products were always sold and advertised with prominent use of the word mark 'Viennetta'. The product itself is the three dimensional ice cream with chocolate and fancy topping. It submitted that this shape made the product different from others and was the 'nature of the goods'.

This argument was inconsistent with previous English case law. Earlier decisions of the English High Court and European Court of Justice in *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd*<sup>8</sup> suggested that this exclusion intended to prevent registration of basic shapes which should be available for public use, such as naturally occurring shapes, rather than artificially created ones. Since the Viennetta had an artificially created shape, Jacob J found that Nestlé failed on this point. However, His Honour could not say that Nestlé's argument was beyond all hope and accordingly he referred a question to the European Court on this point.

### Issue of distinctiveness

This was the main issue in the case and arose essentially in relation to the dark mark. Unilever's evidence purported to show that the dark mark was not 'devoid of any distinctive character' because its extensive use of the mark proved it had 'acquired a distinctive character'. This evidence consisted of two broad aspects: evidence of use and its manner, and an opinion poll. Nestlé did not dispute the evidence.

Following its launch in 1982, Viennetta was an instant success. By the time Unilever applied to register the shape marks in 1994, it had sold nearly 170 million packs of the dessert with a value of nearly £250 million. Although the dark mark was the main and original form of Viennetta, the success

of the product also led to the introduction over time of variants with different flavours: mint and strawberry in 1987, chocolate in 1989, cappuccino in 1990, praline in 1991 and white chocolate in 1993.

Unilever also extensively advertised the Viennetta on television and in the press. These advertisements prominently used the word Viennetta (nearly always with the manufacturer's name 'Walls') as well as pictures of the product. They also emphasised the Viennetta's appearance as a whole and when sliced. Examples of such advertising include 'Pure white ice cream tantalisingly interleaved with crisp dark chocolatey layers' and 'The one slice of Viennetta with its irresistible crisp dark layers and sinfully rich ice cream never seems quite enough'.

An opinion poll was used by Unilever to demonstrate massive use of the product and consequently that the Viennetta had attained a significant degree of public recognition. This market research showed that 55 out of 82 respondents recognised the Viennetta in an ice cream line-up with three other similar products and nearly all of these people knew that Viennetta was made by Walls. However, it also revealed that 12 out of 82 respondents stated that one or more of the products were the Viennetta. Unilever argued that people recognise the Walls Viennetta product from its shape and that consequently the mark had attained a distinctive character in the marketplace. It did not make reference in its evidence to the misattribution of a minor portion of respondents.

Jacob J agreed that this evidence showed that the appearance of the product had achieved considerable recognition on its own as denoting Walls' Viennetta. However, his Honour noted that what was not proved was whether any member of the public would rely upon the appearance of the Viennetta *alone* to identify the goods; that is, that consumers recognise the product but do not think of it as a trade mark.

Jacob J stated:

There is a bit of sleight of hand going on here and in other cases of this sort. The trick works like this. The manufacturer sells and advertises his

product widely and under a well known trade mark. After some while the product appearance becomes well known. He then says the appearance alone will serve as a trade mark, even though he himself never relied on the appearance alone to designate origin and would not dare to do so. He then gets registration of the shape alone. Now he is in a position to stop other parties, using their own word trade marks, from selling the product, even though no one is deceived or misled (at [32]).

Accordingly, his Honour stated that for marks consisting of product shapes it is not enough to prove the public recognises them as the product of a particular manufacturer. It must be proved that consumers regard the shape *alone* as a badge of trade origin in the sense that they would rely upon that shape alone as an indication of trade origin, particularly to buy the goods. Although the requirement of distinctiveness is the same for all marks, the factual position concerning the shape of goods marks is different. The public expects word marks and devices to be used as trade marks, whereas with shapes they are likely to take the word mark used with the goods as the trade mark and the appearance as no more than the goods themselves. Indeed Jacob J concluded that the presumed expectation of a member the public is that the shape of Viennetta is there to make it attractive to the eye and to indicate its virtue as a delicious ice cream product.

This is reinforced by the advertising which entices the public to buy the product for its attractive design and taste, not think of the manufacturer, Walls.

Jacob J believed this conclusion to be consistent with the decision of the European Court in *Philips*. In that case it was said that it may be sufficient to show that the mark was distinctive if the trader can show either an association with it and no one else or a public belief that goods of that shape come from that trader. It was then for the national court to consider the 'presumed expectations' of the average consumer (who is considered by courts to be 'well informed and reasonably observant and circumspect') on these

Sample A



The White Mark

The Dark Mark



points. The European Court further stated that the identification of the product as originating from a given undertaking must be 'as a result of the use of the mark as a trade mark'. His Honour stated that more clarification in this area was required from the European Court. In the absence of additional guidance, Jacob J interpreted this passage to mean that mere product recognition and association with one trader is not enough — it must be shown that the public has come to recognise the shape as a badge of origin.

After applying these principles to the facts of this case, Jacob J refused the registration of the dark mark on two separate grounds:

- although substantial public recognition of the shape as that of a particular trader has been established (the product as Viennetta, a Walls product), it was not shown that the trader has used the shape to denote trade origin or that the public rely upon the shape to denote trade origin; and
- the shape had not acquired a sufficiently distinctive character because a minor but nonetheless significant proportion of respondents considered other similar shapes in use by other traders to be the Viennetta shape mark. To hold otherwise would be contrary to the principle that a trade mark must be a unique identifier which denotes one trader and not another.

Jacob J then referred the matter to

the European Court to determine whether public recognition of the shape as the goods of a particular trader without the further qualification of recognition as a trade mark is sufficient for the shape to acquire a distinctive character. He also referred a question based on whether confusion of a minor proportion of respondents (namely the 12 out of 82 respondents who stated that one or more of the products were the Viennetta) was irrelevant to the issue of distinctiveness.

A decision of the European Court is awaited to further shape trade mark law in this area. ●

*Catherine Lee,  
Solicitor; Clayton Utz, Sydney.*

### Endnotes

1. Section 6 of the *Trade Marks Act 1995* (Cth) states that 'sign' includes the following or any combination of the following: any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent.

2. *Société de Produits Nestlé SA v Unilever plc* [2002] EWHC 2709 (Ch) (18 December 2002).

3. *Philips Electronics NV v Remington Consumer Products Ltd* [1999] EWCA Civ 1340 (5 May 1999); *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* [2002] ETMR 955.

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# Unlocking the mysteries of fair basis: Lockwood v Doric

**Paul Kilborn**

FB RICE & CO

Lack of novelty and absence of inventive step are the most common grounds for courts finding patent invalidity. However, the judgment of the Full Federal Court on appeal in *Lockwood Security Products Pty Ltd v Doric Products Pty Ltd*,<sup>1</sup> discussed below, is a sobering reminder that when the ground of lack of fair basis is set running, it can have very sharp teeth.

## What is fair basis?

Fair basis is a requirement that exists in two guises under the *Patents Act 1990* (Cth) and the *Patents Regulations 1991* (Cth). The first is in the attribution of a priority date to a claim.<sup>2</sup> In this context, a claim will be entitled to the priority date of the earlier document (for example, a Paris Convention basic application, or a parent of a divisional application) if it is fairly based on the disclosure of the earlier document. This is sometimes referred to as 'external fair basis'. Its second guise is in the requirement for a claim to be fairly based on the matter described in that specification.<sup>3</sup> This type of fair basis is sometimes referred to as 'internal fair basis'. Generally, the courts have regarded internal and external fair basis as being essentially one and the same and readily borrow precedent from one guise to assist in determining fair basis in the other.

Whether a claim is fairly based depends upon there being 'a real and reasonably clear disclosure' in the body of the specification of the matter claimed.<sup>4</sup> Furthermore, if the claim as expressed 'travels beyond' the matter described in the specification, then the fair basis requirement is not satisfied.<sup>5</sup> The notion of 'travels beyond' requires consideration of what is truly disclosed by the specification in terms of a 'real and reasonably clear' disclosure rather than a mere coincidence of language between the claims and the body of the specification.<sup>6</sup> In other words, a court

will seek to determine what is the actual nature of the invention described in the specification and not simply rely on what the specification asserts the invention to be.

## Lockwood

The patent in the Lockwood appeal related to door latch assemblies. These assemblies commonly include a turn knob or handle, which is located on the inside of the door and is rotated to withdraw the latch bolt into its casing. Manufacturers of latch assemblies had sought to improve their security by including a key operated lock, which operates to releasably hold the turn knob or handle against rotation. These locks were typically arranged so that they could be operated from the inside but not the outside of the door. This prevents an intruder gaining entry through, for example, a window, and leaving through the door with large objects. However, it had been well recognised in Australia that this arrangement could lead to serious problems. A person may inadvertently leave the key in the outer lock and close the door behind him. Or the key might be misplaced after the person arrives at home, having shut the door behind him. In either case, the person is locked inside the house. This is a potentially dangerous situation if, as in the case of fire, the person needs to leave the house quickly.

The patent specification included an 'object statement':

It is an object of the invention to provide a key controlled latch which can be released from a locked condition by use of a key at the outside of the door or other member with which the latch is used.

It had one 'statement of invention' ('consistory statement'), which described a latch having the features of typical latch assemblies 'characterised in that it includes lock release means which is responsive to operation of the second

actuator to render the locking means inactive'.

The specification had a brief section describing particular forms of the features of the invention as being 'preferred' or which 'may' be present and quickly launched into a description of a particular embodiment of the invention with reference to a number of drawings.

There were 33 claims, of which claims 1 and 33 were the sole independent claims. The remaining claims depended directly or indirectly from claim 1. Claim 33 was an omnibus claim directed to the specific embodiment. Claim 1 defined a latch assembly in terms of six elements, five of which were admitted by Lockwood to be typical of existing latch assemblies. The sixth element was the 'lock release means which is responsive to the operation of the second actuator so as to thereby render the locking means inactive'. The patentee relied on this sixth element to distinguish his invention from the typical latch assembly that was well known in Australia before the priority date.

All three judges (Wilcox, Branson and Merkel JJ) agreed with the trial judge's finding that all claims but the omnibus claim were invalid. The Court identified the problem to be solved as the inside lock of a latch assembly not being responsive to the outside actuator. In so doing, the Court placed significant reliance on the object statement in formulating the problem. Moreover, the evidence demonstrated that this problem had been widely perceived in the trade.

Wilcox J characterised the 'invention' described in the specification as solving the problem of the inside lock not being responsive to the key, or other outside actuator, 'by simply making it so' (somewhat like waving a magic wand) and thereby did not reflect the real and reasonably clear disclosure of the specification. He concluded that the specification only provided a real and

reasonably clear disclosure of the matter covered by the omnibus claim. However, he held claim 1 to be not fairly based. Merkel J considered that the 'merit' of the invention disclosed in the specification and the real and reasonably clear disclosure concerned the manner in which an outside actuator can achieve the object of providing a key controlled latch which can be released from the opposition by the outside actuator. He did not believe this to be that which was embodied in claim 1. He characterised claim 1 as being wide enough to embrace any form of lock release means operable by an actuator on the outer side of the latch assembly, notwithstanding that that type of lock release was not invented by the patentee and so does not use the patentee's inventive steps disclosed in the specification.

Significantly, the Court held that all claims depending from claim 1 were also invalid. There is no detailed explanation for this outcome. Possibly the Court believed that any claim depending from an independent claim lacking fair basis is automatically invalid. Alternatively, the Court may have felt that the specification did not provide a real and reasonably clear description of an embodiment that fell between the broad statement of invention and the examples. All this is conjecture and the actual reasons may be clarified if there is an appeal to the High Court.

### Conclusion

What can we learn from the *Lockwood* decision? Clearly, one should avoid the use of object

statements that include a reference to the actual solution provided by the invention. It is also advisable to avoid having 'all one's eggs in the same basket' by relying on a sole broad independent claim. The specification should describe at least one intermediate embodiment of the invention falling between the invention in its broadest aspect and the detailed embodiment. These intermediate embodiments should be drafted as independent 'statements of invention' to increase the likelihood that they will be read as a 'real and reasonable clear disclosure' of the invention. Likewise, it is advisable to have at least one independent claim of intermediate scope falling between the broadest claim and the specific example described in the specification. ●

*Paul Kilborn,*

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### Endnotes

1. (2003) 56 IPR 479.
2. For example, ss 43, 86-93.
3. Section 40(3).
4. *Rehm Pty Ltd v Websters Security Systems (International) Pty Ltd* (1988) 81 ALR 79 at 93 and *Leonardis v Sartas No 1 Pty Ltd* (1996) 67 FCR 126 at 142 and the cases there cited.
5. See for example, *Olin Corporation v Super Cartridge Co Pty Ltd* (1977) 180 CLR 236 at 240; *Kimberly-Clark Australia Pty Ltd v Arico Trading International Pty Ltd* (2001) 177 ALR 460.
6. *Atlantis Corporation Pty Ltd v Schindler* (1997) 39 IPR 29.

## Win for Arsenal

The *Australian Intellectual Property Law Bulletin* has followed the UK case of *Arsenal Football Club v Reed* (see (2003) 15(9) IPLB 125; (2002) 15(7) IPLB 89; and (2002) 15(5) IPLB 57), which has finally been decided in Arsenal's favour. The football club triumphed in its action against unauthorised merchandise vendor Matthew Reed in the UK Court of Appeal. Earlier this year Justice Laddie of the English High Court caused controversy when he refused to follow the clear view of the European Court of Justice (ECJ) that trade mark infringement had occurred, on the basis that the ECJ had no jurisdiction to examine the facts of the case. Now the Court of Appeal, while vindicating Laddie in his approach to the powers of the ECJ, has overruled him on the law and the facts and found for Arsenal. ●

Source: [www.law-now.com](http://www.law-now.com).

# Earth Closet orders: amendments to pleadings in patent cases

**Andrew Fox**  
GRIFFITH HACK

The Federal Court of Australia in *A'Van Campers Pty Ltd v Camoflag Pty Ltd* [2003] FCA 353; BC200301841 (23 April 2003) recently reviewed the basis upon which costs may be awarded in respect of the amendment of pleadings in a patent infringement matter.

The applicant alleged infringement by the respondent of a patent entitled 'Campervan' and a registered design in respect of a 'Campervan'. The respondent had filed a defence and cross-claim for revocation of the patent and the design on the ground of invalidity. By way of motion filed nine months after its defence, the respondent sought leave to file and serve an amended defence, amended cross-claim and amended particulars of invalidity. The motion was heard before Justice Merkel on 23 April 2003.

## Proposed amendments

The proposed amendments that were in contention at the hearing related to the particulars of invalidity. These amendments fell into three categories. The first category sought to put in issue the fair basing of amendments made by the applicant to the patent claim shortly prior to its registration. The second category related to additional prior art upon which the applicants now sought to rely. The additional prior art was not identified by the respondent until about September 2002, being about six months after its defence and cross-claim were filed. The third category of amendments sought to provide further particulars of the allegation that the applicant was not the inventor of the patent or the author of the design.

## Nature of costs order in dispute

While the applicant formally opposed the proposed amendments, no ground was put forward for disallowing them. Rather, the real contest between the parties related to whether the amendments should be allowed only

upon the making of what is known as an *Earth Closet* or a *See v Scott-Paine* order.

The effect of such an order is to allow the amendments to be made but then to give the applicant a period of time in which to consider, in light of the amendments, whether it wishes to maintain that the patent or design in suit is valid and continue with the infringement action, or whether it wishes to consent to the revocation of the patent or design. Should the applicant wish to maintain the validity of the patent or design and continue with the infringement action, Merkel J noted that the only order for costs would be the ordinary order for costs upon amendment; namely, that the respondent should pay the costs thrown away by reason of the amendment. However, if the applicant elected to consent to revocation of the patent or the design, then his Honour noted that the effect of an *Earth Closet* order would be that the respondent would be given the costs of the proceedings up until the date of filing its original particulars of invalidity, and that the applicant (patentee) would then be given the costs of the proceedings thereafter.

The rationale for the making of an *Earth Closet* order is said to be that if the respondent had exercised reasonable diligence prior to filing its original particulars of invalidity, then it would have uncovered and pleaded the prior art. Accordingly, the applicant, at that early stage, may then have elected to give up the patent or design rather than to waste time and money on the proceedings for the period between the date of the respondent's original pleading and the date of the amended pleading.

## Is an Earth Closet order mandatory or discretionary?

Merkel J observed that, until recently, *Earth Closet* orders tended to be made as a matter of course. However, his Honour noted that in two recent cases courts had highlighted the fact that such an order

can cause injustice in some circumstances. Accordingly, the better approach is that the question of whether such an order should be made lies in the discretion of the Court. In this regard, Merkel J referred to the decisions of Laddie J in *GEC Alsthom Ltd's Patent* [1996] FSR 415 and Sundberg J in *Wimmera Industrial Minerals Pty Ltd v RGC Mineral Sands Ltd* [1999] 46 IPR 173.

In *GEC Alsthom* Laddie J noted that a patentee could prepare its case at its own speed and then, when thoroughly ready, serve its statement of claim and any particulars of infringement on its competitor. Then its competitor would try to put together, within a timetable set by the Court, an attack on validity. In the majority of cases, this defence would only be the first attempt at mounting an attack, since searching for prior art is frequently time consuming and difficult. As a result, in most cases the attacking party has little practical alternative to putting forward additional prior art as the case proceeds towards trial. Accordingly, the existence of the possibility of an *Earth Closet* order can act as a serious impediment to the attacking party by, potentially, forcing it to elect not to plead more recent, and probably better, art. Laddie J added that the existence of an *Earth Closet* order is 'frequently seen as a gift from heaven by patentees with very weak patents'.

In *Wimmera Industrial Minerals*, Sundberg J made similar observations regarding the purpose and operation of *Earth Closet* orders.

In the earlier decisions of Laddie J and Sundberg J it was held that the Court should determine, in its discretion, the appropriate order as to costs by taking into account all the relevant facts and evidence. Importantly, Sundberg J stated:

In exercising its discretion the Court should be aware that the order is capable of working an injustice to a defendant, by enabling a patentee with

what it knows to be a weak patent to discontinue largely at the defendant's cost [at 176].

Merkel J noted that in the UK *Earth Closet* orders are usually made in patent cases but have also been made in registered design cases. He saw no reason in principle for differentiating between patent and registered design cases in respect of this type of order.

### Application of law to the present case

His Honour said that the first question to be resolved in determining whether an *Earth Closet* order should be made relates to whether, by making reasonably diligent enquiries, the respondent could have discovered sooner the availability of the prior art and the other defences upon which it now sought to rely.

Overall, Merkel J accepted that reasonably diligent enquiries if made earlier in these proceedings would probably have resulted in most, if not all, of the present amendments being made at an earlier stage. However, he was not satisfied that the amendments came about as a result of any neglect or lack of

diligence on the part of the respondent. In addition, the respondent's explanation regarding why the amendments were now sought, the applicant's awareness of the risk of such amendments being made later in the proceedings, and the fact that the prior art and fair basing amendments only related to part of the proceedings, all led him to the conclusion that it was inappropriate to make an *Earth Closet* order in the present case.

Importantly, Merkel J identified that the refusal to make such an order at this stage did not preclude the applicant from making such an application to the Court as may be appropriate in respect of costs in the event that it decided to discontinue its claim and accept revocation of its patent and design.

In the end, the Court allowed the amendments sought and ordered that the respondent pay the applicant's costs thrown away by reason of the amendments. The applicant was ordered to pay 75 per cent of the respondent's costs of the motion. ●

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## What colour is your trade mark?

**Stephen Whybrow**

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Companies will now be able to register single colours as European Community trade marks following a significant decision by the European Court of Justice (ECJ). The ECJ held that single colours are registrable if the mark fulfils certain conditions and does not conflict with the public interest by unduly restricting the availability of colours for other brand owners who offer goods and services similar to those for which registration was sought.

In 1996 Libertel, the Dutch telecoms group, applied for the registration of an orange colour as a trade mark for telecommunications related goods and services. The mark for which registration was sought was an orange rectangle described as 'orange'. The Benelux registry, BTMO, refused the application so Libertel appealed to the

Supreme Court of the Netherlands. The Supreme Court considered the issue of distinctive character and referred four questions to the ECJ relating to the Trade Marks Directive (89/104/EEC).

The four questions referred were as follows.

1. Is it possible for a single colour to acquire distinctive character for certain goods and services?
2. If so,
  - (a) in what circumstances may a colour possess distinctive character; and
  - (b) does it make a difference if the application is for a wide range of goods and services?
3. Should account be taken of whether there is a general interest in the availability of that colour?
4. Should account be taken of the actual facts of the case, including

the use made of the sign and the manner in which it is used?

The ECJ first considered whether a colour by itself could constitute a trade mark. It decided that this was possible provided that the colour is a sign capable of graphic representation that distinguishes the goods or services of one undertaking from another. The ECJ held that any graphic representation must satisfy the *Sieckmann* (C-273/00 [2002] ECR I-745) criteria; that is, it must be clear, precise, self-contained, easily accessible, intelligible, durable and objective. The ECJ stated that a sample of a colour on paper would not satisfy these criteria as it could fade with time and therefore was not durable. The ECJ indicated that a sample together with a description may constitute a graphic representation and the use of an internationally recognised colour code, for example Pantone, would satisfy the requirements, as it is precise and stable.

The ECJ then considered whether there was a general interest in a particular colour remaining available to all. The relevant public was deemed to be the average consumer who was reasonably well informed and reasonably observant and circumspect. The average consumer is rarely able directly to compare two coloured products, which means that the number of shades of colours available to use as a

trade mark are limited. If a trade mark which gives a monopoly over the use of a single colour was granted it could create an unjustified competitive advantage for one trader, especially if the mark covered many classes of goods or services. The ECJ concluded that the number of classes applied for must be considered when assessing whether to grant an application for a colour mark.

The ECJ then looked at the circumstances where a trade mark may be considered to be distinctive. It confirmed that the purpose of a trade mark is to guarantee the identity of the origin of the marked goods or services to the consumer by enabling them to distinguish the goods easily from others with a different origin. Of course, the average consumer is not able directly to compare marks and will not have a perfect recollection of a mark but they will rely on their memory. It was held to be inconceivable that a mark could acquire distinctiveness without any prior use, save in exceptional circumstances. However, it is possible for a mark to acquire distinctiveness in relation to the goods or services to which it is applied once the relevant public has become familiar with the mark.

The current situation can be summarised as follows.

- A single colour, not spatially delimited (for example in a rectangle), may have distinctive

character provided it can be represented graphically.

- A single colour may be distinctive if the relevant public can identify the goods or services for which the mark is sought as originating from a particular undertaking.
- When considering whether to register a mark, a registry should review the number of goods and services applied for and whether the registration would be contrary to the general interest of not unduly limiting the number of colours available to use for similar goods and services.
- In assessing whether a trade mark has distinctive character, all the relevant circumstances of the case, in particular any use of the sign in respect of which the trade mark is sought, should be taken into account.
- Although colour trade marks have been allowed in national registries, they are not frequently or easily granted. This decision sets out the parameters clearly and gives straightforward guidance for those seeking colour trade marks. ●

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## New Trade Marks Act in New Zealand

**Jill Newton**  
WATERMARK

The *Trade Marks Act 2002* (NZ) received Royal Assent in late 2002. Those sections of the new Act relating to regulation making powers and powers to establish a Maori advisory committee are now already in force. After the regulations have been made and the Maori advisory committee is in place, the remainder of the new Act will also be in force and the *Trade Marks Act 1953* (NZ) will be repealed. The new Act is expected to commence by the end of August 2003.

However, transitional provisions of

the new Act provide for the 1953 Act to continue in force and apply in respect of:

- an application for the registration of a trade mark received by the Commissioner before the commencement of the new Act, until that trade mark is registered;
- an application received before the commencement of the new Act for alteration, renewal, assignment, expunction or cancellation of a registered trade mark; and
- any proceedings commenced under

the 1953 Act before the commencement of the new Act.

Further, the new Act will not invalidate the registration of a trade mark that was valid immediately before the commencement of the new Act.

### Key changes *Registrability*

The new Act, unlike the 1953 Act, has a presumption of registrability.

There are several general absolute grounds under the new Act for refusing registration, including if the

use or registration of the mark is considered likely to offend a significant section of the community, including Maori.

The current distinction under the 1953 Act between Pt A and Pt B of the *Trade Marks Act* has been removed in the new Act, which provides that a trade mark registered under the 1953 Act is deemed to be a registered mark under the new Act whether it was registered under Pt A or Pt B under the 1953 Act. For new registrations the mark is simply required to have a 'distinctive character'.

The new Act specifically includes 'shape', 'smell', 'sound' and 'taste' in the definition of 'sign'.

#### ***Protection for well known trade marks strengthened***

Unlike the 1953 Act, registration may be prohibited under the new Act where the trade mark application covers a mark that is similar to a well known mark, even if the relative goods and services are different. As a result there are no provisions under the new Act for defensive trade marks. (A trade mark that was registered as a defensive trade mark under the 1953 Act will be deemed to be a registered trade mark under the new Act but cannot be revoked for non-use until three years from the commencement of the new Act.)

#### ***Removal for non-use***

The period of non-use leading to removal has been reduced under the new Act from five to three years. The only exception is that a trade mark, other than a defensive trade mark, registered within the period of five years before the commencement of the Act cannot be revoked for non-use until five years after its actual date of registration.

#### ***Generic marks***

Under the new Act a trade mark may be removed if, in consequence of acts or inactivity of the owner, the trade mark has become a common name in general public use for a product or service in respect of which it is registered. Despite considerable lobbying against this provision, the test under the new Act is now 'general public use' rather than 'trade use' as under the 1953 Act.

#### ***Comparative advertising***

Under the 1953 Act comparative advertising was prohibited in relation to all Pt A and some Pt B marks. The new Act clarifies that a registered trade mark is not infringed if it is used in comparative advertising provided the use is not contrary to honest practices in industrial or commercial use or, without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

#### ***Renewals***

Under the new Act the initial registration and any subsequent renewal period is 10 years as opposed to the current seven/14 year period under the 1953 Act.

#### ***Counterfeiting***

Provisions under the new Act make it a criminal offence to counterfeit a registered trade mark, whereas previously in New Zealand trade mark owners had civil remedies only. ●

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