

AUSTRALIA



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1. Case Report	<p>Cassidy v. Saatchi & Saatchi Australia Pty Limited [2004] FCAFC 34 Full Court of Federal Court of Australia</p>
Topic:	Trade Practices, liability of advertising agencies for misleading advertising material
When:	25 February 2004
Where:	Australia
What Happened:	<p>Saatchi & Saatchi's (advertising agency) creatives prepared and designed draft newspaper advertisements promoting its client's (NRMA) health insurance services in 2001.</p> <p>These advertisements were held to be misleading and deceptive. The Australian Securities and Investments Commission (ASIC) sued both NRMA and Saatchi & Saatchi as "principal contraveners".</p> <p>Saatchi's legal counsel argued that its client was not a "principal contravener" as it did no more than prepare the draft ads for the NRMA in the knowledge that, if approved by NRMA's in-house clearance staff and solicitor, they were then likely to be published as part of an advertising campaign.</p> <p>The Federal Court at first instance (single judge) held NRMA liable for the misleading and deceptive conduct, but did not find Saatchi & Saatchi liable as a "principal contravener".</p> <p>ASIC appealed against this decision with respect to Saatchi, however the Full Federal Court (3 Judges) dismissed this appeal.</p>
Comments:	<p>This decision should be contrasted with the <i>John Bevins</i> decision, discussed below, as in the John Bevins case the Court found at first instance that the advertising agency was 'knowingly concerned' with publication of the misleading ads. This finding was however reversed on appeal.</p> <p>The outcome of these cases does depend on the facts in each particular case, however prudent advertising agencies will take heed of the comments of the judges in both these cases by ensuring their vigilance in the enforcement of their internal trade practices compliance programmes and encourage their clients to do the same.</p>

2. Case Report	<p>Medical Benefits Fund of Australia Ltd v Cassidy John Bevins Pty Ltd v Cassidy [2003] FCAFC 289 Full Federal Court of Australia</p>
Topic:	Trade Practices, liability of advertising agencies for misleading advertising


	material
When:	16 December 2003
Where:	Australia
What Happened:	<p>John Bevins (advertising agency) prepared a series of TV, newspaper and billboard advertisements concerning health insurance for its client MBF.</p> <p>Some of these advertisements were held to be misleading and deceptive to consumers in that they implied no waiting periods applied when in fact the print disclaimers in the advertisements held that long waiting periods did in fact apply before health rebates could be claimed. Bevins was not aware that the ads were misleading.</p> <p>ASIC (Australian Securities and Investments Commission) brought proceedings against MBF, and also against Bevins as an accessory to the contravening conduct.</p> <p>The Federal Court at first instance (single judge) held that Bevins was “knowingly concerned in, or a party to, the contravention” and was therefore held accessorially liable for the contravening conduct, even though its conduct was non-intentional. MBF was found to have engaged in misleading and deceptive conduct as the “principal contravener”.</p> <p>Both MBF and Bevins appealed against this decision and the Full Federal Court (3 judges) upheld Bevins’ appeal, overturning the finding of accessorial liability against Bevins. MBF was partially successful in its appeal. MBF’s appeal against the finding of “principal contravener” was dismissed, however the orders for corrective advertising made against MBF were varied on appeal. MBF was ordered to publish corrective written newspaper advertisements only, not both newspaper and television corrective advertising, as ordered by the judge at first instance.</p>
Comments:	ASIC has sought special leave to appeal the decision in favour of Bevins to the High Court of Australia and the High Court is yet to rule on whether special leave will be granted.

3. Legislation	Designs Act 2003 (Cth)
Topic:	Registration of Designs
When:	Comes into effect on 17 June 2004
Where:	Australia
What Happened:	<p>A new registration system for industrial designs will come into effect on 17 June 2004.</p> <p>OBJECTIVES OF NEW DESIGNS ACT</p> <ul style="list-style-type: none"> improve enforcement of registered designs against infringers clarify definitions streamline application procedure make dispute resolution procedures more effective implement stricter registration eligibility and infringement tests <p>SOME KEY CHANGES</p> <ul style="list-style-type: none"> • New definition of a ‘design’ – applies to the ‘overall appearance of a product resulting from one or more visual features’ (visual features include shape, configuration, pattern and ornamentation and can serve a functional purpose, however do not include the materials used, the

	<p>'feel' or indefinite dimensions of a product).</p> <ul style="list-style-type: none"> • Term of registration reduced from 16 years to 10 years • Previous Designs Act examined novelty of design at time of application. New Act will only examine novelty of design at the request of any person or the Registrar after registration. Applications will simply pass a formalities check prior to being registered and published. • Under the previous Designs Act, the threshold for registration of a design was that it must be 'new or original'. New Act imposes a more stringent test – design must be 'new and distinctive'. • A design cannot be considered 'new' if it is identical to another design. • Test for 'new and distinctive' is one of substantial similarity to the overall impression of another design. • Prior art base in comparison of 'new and distinctive' now expanded to include designs published in other countries. • Infringement test has been expanded- a registered design will be infringed if another product is identical, or substantially similar in overall impression to that registered design. • There is a 'spare parts exception', providing a complete defence to infringement, allowing both the registration of component parts of a product and the use of design registered parts for repair purposes.
Comments:	<p>These amendments are long overdue, replacing the former <i>Designs Act 1906</i>. These changes will hopefully make registered design protection more certain and thus a more attractive form of intellectual property protection in Australia for industrial designs than has previously been the case.</p>

4. Topic:	Misleading advertising by the media
Who:	Australian Competition and Consumer Commission (ACCC)
Legislation	<p>Sections 52, 65A and 83(3) of the <i>Trade Practices Act 1974</i> (Cth) (TPA). The Commercial Television Industry Code of Practice, which covers the matters prescribed in section 123 of the <i>Broadcasting Services Act 1992</i> (Cth), will be amended to require the full disclosure, either during the program or in the credits, of any commercial agreement between a licensee, producer or presenter and a third party to endorse or feature that third party's products in a factual program (being a current affairs, documentary or infotainment program).</p>
When:	2004
What Happened:	<p>The ACCC will conduct investigations as to potential breaches of the TPA in respect of any of the following types of advertisements:</p> <ul style="list-style-type: none"> • advertising pre-produced by agencies; • advertising prepared by advertisers and submitted to media outlets for publication; • advertorials where media outlets or particular employees/presenters endorse or appear to endorse a product; • infomercials; or • promotion of products in the guise of current affairs reportage or lifestyle programs, in particular where the program purports to be credible investigative journalism and the product is actually being promoted, including by linking to the program's website. <p>If advertisements contain misleading and deceptive statements, publishers and broadcasters may also be found liable of misleading and deceptive conduct under section 52 of the TPA.</p>

	<p>The only defences available to publishers or broadcasters who are faced with an action under section 52 of the TPA are:</p> <ol style="list-style-type: none"> 1) that the subject program is not an advertisement under section 65A of the TPA; or 2) where the subject program is an advertisement, they “did not know and had no reason to suspect” that the publication would amount to a contravention of the TPA under section 83(3) of the TPA. <p>However, it will be difficult for the publishers and broadcasters to rely on the defences where:</p> <ul style="list-style-type: none"> • advertising claims appear on their face to be extravagant, particularly if they relate to weight loss, exercise or curatives, or representations as to future matters; or • the representations appear to be clearly contrary to generally known facts, or if it may be reasonably apparent on the face of the advertisement that a claim is false, or misleading and deceptive; or • the publisher/broadcaster may have been put on notice of grounds to query the advertisement’s accuracy (e.g.: if the publisher is aware of ACCC concerns or pending court proceedings about the goods or services in the advertisement); or • the publisher/broadcaster may have had previous experience or complaints that indicate an advertisement may give rise to compliance problems.
Comments:	<p>More consumers rely on the advertising industry and media for information in respect of goods or services that the consumer intends to purchase. Recent trends have therefore seen advertising moving away from the traditional discreet format to becoming promotions or endorsements that are integrated into programming. As a result, there is now an increase in the media’s involvement in the production and scripting of advertising content.</p> <p>The media will now be held more accountable for advertising content and to ensure that advertisements do not breach the TPA. It is therefore strongly recommended that proper systems and procedures are implemented to prevent publication of false or misleading and deceptive advertisements.</p>

5. Topic:	Shape trade marks
Who:	Delegate of the Registrar of Trade Marks
Legislation:	<i>Trade Marks Act 1995 (Cth) (TMA)</i> <i>Cadbury Schweppes Proprietary Limited, Effem Foods Pty Ltd v Société des Produits Nestlé SA [2003] ATMO 74 (2 December 2003)</i>
When:	December 2003
What Happened:	<p>Société des Produits Nestlé SA (<i>Applicant</i>) filed an application for registration of a shape mark for the annular shape of its confectionery in class 30. The representation of the mark was as follows:</p> <div style="text-align: center;">  </div> <p>The registration of the mark was opposed by Cadbury Schweppes Proprietary Limited and Effem Foods Pty Ltd (<i>Opponents</i>). The significant ground of opposition argued by the Opponents was under section 41 of the TMA, that is,</p>

	<p>the Applicant's shape mark lacked inherent distinctiveness.</p> <p>This opposition was upheld by the delegate on the basis that, without the Applicant's prominent trade mark 'LIFE SAVERS' being embossed on one side of the confectionery, the shape mark lacked inherent distinctiveness.</p> <p>Further, the delegate also found that the Applicant had only ever used the shape mark with the 'LIFE SAVERS' trade mark embossed upon it. As such, the Applicant had not used the shape mark as it had been filed, and was compelled to assess the distinctiveness of the mark as an unused mark.</p> <p>In finding that the Applicant's mark lacked inherent capacity to distinguish, the delegate found that other traders had a need to use the shape on similar goods and also found that the shape was, to an extent, dictated by function. The delegate also took note of the simultaneous existence of identically shaped candy in overseas markets which indicated that the shape in question could not be considered to be inherently distinctive.</p> <p>The delegate also found that it is not the length or extent of the use of such a sign per se which is to be assessed to determine distinctiveness, but rather the length of time and the extent to which the sign has been used as a trade mark and is recognised by the public as such. Accordingly, the delegate found that, while there had been some attempts by the Applicant to educate the public about the 'candy with the hole', these attempts were deficient.</p> <p>The delegate also commented on the embossing on shape marks and found that whether or not embossing forms part of a shape mark will depend on the relative size of the embossing and the relative size and strength as a trade mark of the shape on which it is embossed. The delegate found that embossing becomes part of the shape mark where the goods are small and the words or other material are prominently embossed onto them and it is impossible to separate the embossing from the shape itself.</p> <p>The representation of the Applicant's mark on the application form was also found to be inadequate as it did not clearly show all features of the trade mark, notably there was nothing which indicated the size of the hole in relation to the size of the candy. Further, it is essential that all surfaces of shape marks must be shown on the application form which is readily reproducible.</p>
Comments:	<p>This decision highlights an important point for owners of potential shape trade mark applications in that the owners need to file clear and full representations of all surfaces of the shape marks.</p> <p>While this decision reinforces recent shape mark cases which indicate that shape marks will lack inherent adaptation to distinguish as a result of functionality and the need of other traders to use the shape on similar goods, the delegate makes some interesting remarks concerning the relationship between embossing on a product and the actual size of the good.</p>

6. Legislation	Spam Act 2003
Topic:	Spam - electronic commercial messaging
When:	12 December 2003 - Enforcement from 10 April 2004
Where:	Australia
What Happened:	Australian businesses and some businesses outside Australia will be required to comply with this new legislation. The Spam Act 2003 (Act) became law on 12 December 2003, although the penalty provisions do not take effect until 10

April 2004.

What is Spam?

Under the Act, spam is “unsolicited commercial electronic messaging”.

What is an electronic message?

An electronic message includes:

- e-mail messages;
- Short Message Services (SMS) text messages;
- Multimedia Message Services (MMS) messages; and
- Instant Messaging.

It does not include ordinary voice to voice telephone calls, so that telemarketing is not directly affected by the Act.

What is a *commercial* electronic message?

An electronic message is a commercial electronic message if the content of the message (including the presentation of the message, and links or email links in the message) contains an invitation to do business or has any one of the 13 commercial purposes set out in the Act. Those purposes are broadly defined to cover offers to supply goods and services, as well as, amongst other things, advertising or promoting interests in land or business and investment opportunities. It does not matter whether what is being promoted is illegal, or does not exist - if the message contains an invitation to do business then it is caught by the Act.

If the message is purely factual, or does not contain an invitation to do business (such as sending a computer program, even if it includes a virus) it would not come within the definition of a commercial electronic message.

What is an Australian link?

The prohibition on unsolicited commercial electronic messages only applies if the message has an Australian link. However, this is defined in very broad terms - including when the message is sent from Australia, to an address in Australia, is accessed in Australia, its recipient is located in Australia, or its sending is authorised in Australia. This means that the Act will even apply to messages sent between two parties residing overseas if it transpires that a message is accessed while one of those overseas residents is in Australia.

Exempt Messages

A special class of “designated commercial electronic messages” can be sent to recipients without their consent, although the messages still need to contain specific information about the organisation or individual who authorised the sending of the message. This class includes any message that only contains factual information; is authorised by a government body, registered political party, religious organisation or charity or charitable institution; or is from an educational institution with which the account holder has a relationship as a past or present student, or as a family member of that student.

Prohibition on Address Harvesting

The Act also prohibits the use, supply or acquisition of address harvesting software, or any list created using address harvesting software. Address harvesting software is software which is designed for searching the Internet for electronic addresses and collecting or in any way harvesting those addresses.

Consent

Commercial messages should only be sent with consent. This may be express consent from the person you wish to contact, providing you with a direct

	<p>indication that it is acceptable to send the message, or messages of that nature. It is also possible to infer consent based on a business or other relationship with the person, and their conduct.</p> <p>Identification Commercial messages should always contain clear and accurate identification of who is responsible for sending the message, and how they can be contacted. Details that are provided must be reasonably likely to be accurate for a period of 30 days after the message is sent.</p> <p>Unsubscribe or Opt Out Facility Commercial messages should contain an unsubscribe facility, allowing people to indicate that such messages should not be sent to them in future.</p> <p>All commercial electronic messages must contain a functional unsubscribe facility, allowing people to opt-out from future messages. Any such opt out request must be complied with. The Act specifies that, where an individual opts out, that person’s consent has been withdrawn within five working days from the date that the unsubscribe request was sent where the request was an electronic unsubscribe message, or five working days from the date that the unsubscribe request was delivered by post or some other means.</p> <p>The unsubscribe facility must also be reasonably likely to remain accurate and functional for a 30 day period.</p> <p>Penalties and Enforcement The Australian Communications Authority is responsible for enforcing the provisions of the Act. A range of options are available to enforce the prohibitions contained in the Act including formal warnings, infringement notices and court actions.</p>
Comments:	<p>It has been acknowledged for some time that the growing volume of spam is causing serious difficulties with the development of online communication and the online economy and this legislation is intended to address this problem from an Australian perspective. It extends to organisations outside Australia if commercial electronic messages are sent to or from Australia, or with an “Australian link” referred to above.</p> <p>Commercial messaging can be compliant with this legislation by following the three essential steps of obtaining consent, providing identification and an unsubscribe facility.</p>