

INTELLECTUAL PROPERTY

Avoiding IP infringement

Recently, a number of AAAA members have received correspondence from Toyota alleging infringement of their intellectual property (IP) rights, passing off, misleading or deceptive conduct and false and misleading representations and demanding compensation and undertakings to avoid further legal action.

What is the issue?

Many AAAA members supply and install spare parts and other goods or services which are specially designed or adapted for different vehicle brands and models.

For marketing purposes, it is often necessary to reference a particular make or model to enable consumers to identify the right goods or services for their vehicle. For example, to indicate to a customer that a particular model of shock absorber is “suitable for Toyota Landcruiser vehicles”.

However, if you refer to the trade mark or IP in the wrong way, you may expose yourself to an infringement claim. For example, a reference to an aftermarket part as “Toyota Landcruiser shock absorber” would likely result in allegations of trade mark infringement, misleading conduct and/or passing off as the trade mark is not being used to describe the part or its intended use and gives a consumer the misleading impression that Toyota is the manufacturer of the part.

Another example of potential infringement is the use of photographs without the copyright owner’s consent.

To avoid IP infringement allegations, AAAA members must be proactive in understanding their legal obligations and following the recommendations outlined in this article.

What does the law say?

AAAA members may be able to defend their use of a trade mark by relying on the various defences available in the *Trade Marks Act 1995* (Cth) (**Act**) or by disputing the validity of the trade mark owner’s claim (i.e. if they have not successfully satisfied the elements of trade mark infringement).

Elements of infringement

To establish infringement of a trade mark, the trade mark owner must show that the alleged infringing trade mark:

1. was used “as a trade mark” (i.e. as a badge of origin);
2. is substantially identical or deceptively similar to the registered trade mark; and
3. was being used in relation to:
 - a. the goods and/or services specified in the registration (s120(1)); or
 - b. goods and/or services of the same description as, or closely related to, those specified in the registration (s120(2)); or
 - c. unrelated goods or services but because the trade mark is well known in Australia, the use of the trade mark would be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark and for that reason, the interests of the registered owner are likely to be adversely affected (s120(3)).

Defences

If the above elements are made out, there are various defences to infringement available under



the Act. Below are some examples particularly relevant to the allegations being made against some AAAA members.

1. Use permitted to describe goods or services

Section 122(1)(b) of the Act provides a defence if that person’s use of the trade mark was in good faith and relates to:

- the characteristics, value, kind, quality, quantity, intended purpose or geographical origin of goods/services, or
- the time of production of goods or rendering of services.

To establish the good faith element of the defence, the person using the trade mark must show that they did not intend to trade off the goodwill of the registered owner. Good faith may be difficult to prove if the trade mark is given a degree of prominence or emphasis.

For the purpose of relying on section 122(1)(b), the way the goods or services are described is of critical importance. The description of the goods or services must be a description of the type of goods or services in question rather than by reference to the trade mark.

For example, the word “Toyota” in “Toyota shock absorbers” when referring to aftermarket shock absorbers would likely be deemed to be used as a **trade mark** rather than merely as a descriptive device. As such, it would be infringing the rights of the trade mark owner.

2. Use permitted to indicate intended purpose

Sections 122(1)(c) of the Act permits the use a trade mark where it is used in good faith to indicate the intended purpose of goods (in particular spares parts and accessories) or service (i.e. “spare parts suitable for Toyota vehicles”).





Importance of using “suitable for use with”, “suitable in” or “compatible with”

It must be clear that the goods and services supplied are not the trade mark owner’s goods or services.

The case of *Nokia Corp v Mai* (2003) 59 IPR 413 (**Nokia**), is instructive for understanding how the defence works in situations where a supplier is selling accessories or spare parts designed to be used with particular goods or services.

In *Nokia*, a vendor was selling protective cases for mobile phones from a stall in a shopping centre. The words “NOKIA” and “FOR NOKIA” featured on the vendor’s products. Nokia, who is the registered owner of the trade mark NOKIA became aware of the products and commenced legal action against the vendor for infringement of its trade mark rights.

The court found that the vendor was unable to rely

on the defence of descriptive/indicative use because the words NOKIA and FOR NOKIA mislead consumers into thinking they were either manufactured or endorsed by the Nokia organisation.

The court further indicated that it would be difficult to rely on the defence of descriptive/indicative use, unless words such as “suitable for use with”, “suitable in” or “compatible with” are used when referencing a trade mark.

3. Use “likely to deceive or cause confusion”?

A defence may be available to infringement proceedings brought under s120(2) of the Act if it can be established that the actual use of the alleged infringing trade mark “is not likely to deceive or cause confusion”.

In relying on this defence, relevant surrounding circumstances may be considered to negate possible deception or confusion.

Unjustified threats

When issuing a “letter of demand” or “cease and desist” letter alleging IP infringement, the person alleging the infringement must be able to substantiate their claim. If there is no substance to an infringement claim, remedies may be available to the recipient of the allegations containing “unjustified threats” including the ability to apply to the Federal Court of Australia for a declaration that the threats are unjustified, to seek injunctive relief to prevent further threats and to claim damages suffered as a result of the threats.

What should you do?

It appears that Toyota (and potentially other car manufacturers) are proactively searching automotive aftermarket websites and other marketing communications for examples of infringing conduct. Due to the high volume of potential claims, it is important to act immediately to ensure your websites and marketing content is compliant with IP laws.

Recommended steps:

1. Contact Industry Legal Group for more advice and assistance with compliance;
2. Conduct a comprehensive audit of all marketing and other content (including websites and other sales platforms) to identify and remedy any potentially infringing conduct;
3. Ensure that any content does not create a mistaken or misleading impression;
4. Promptly address any infringement or misleading information - For example, if you are selling an aftermarket part that is suitable for “Toyota” vehicles, make sure the use of any “Toyota” branding is used in good faith to indicate the intended purpose of the part by describing the part as “**suitable for use with**”, “**suitable in**” or “**compatible with**” Toyota; and
5. Implement a process for reviewing new content for IP infringement.

If you receive any correspondence alleging infringement, contact Industry Legal Group immediately for advice.



NEED ASSISTANCE

Industry Legal Group can assist AAAA members with IP audits and compliance to avoid the risk of infringement claims.

Contact Industry Legal Group on 1300 369 703 or aaaa@industrylegalgroup.com.au if you have any question relating to this article or to discuss any legal issues that arise in your business.