

Can I get that in writing?

Miller v JLCS Pty Ltd [2007] FCA 74

Louis Vuitton fails to prevent sale of counterfeit goods

In the recent Federal Court decision *Louis Vuitton Malletier SA v Toea Pty Ltd & John Michael Rosenlund* [2006] FCA 1443, Louis Vuitton was unsuccessful in arguing that by failing to prevent the sale of counterfeit goods at market, the market operator and manager had implicitly concurred in the infringement of Louis Vuitton's trade mark registrations and were therefore liable as well.

There was evidence that three of the stall holders at the Carrara market in Queensland, which is operated by Toea Pty Ltd and managed by John Rosenlund, had been selling counterfeit Louis Vuitton merchandise such as handbags, wallets and scarves. "...why would you pay that kind of money when the copies are so good?" one stallholder at the market was alleged to have said.

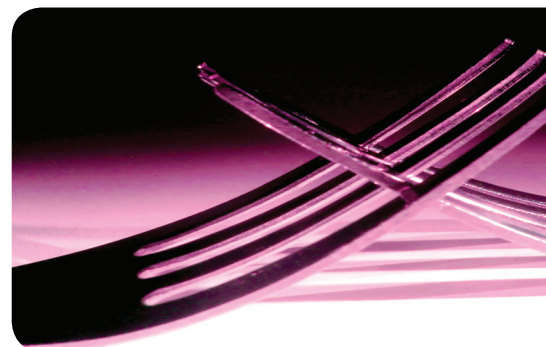
Dowsett J found that the market operator's control of the market premises was not sufficient to show that it shared a common purpose with any of the infringing stallholders and that "it would have been virtually impossible for the [market operator and manager] to control stallholders so as to prevent infringement, save in the case of the most blatant misconduct". It was necessary to show that the market operator and manager had acted in concert with each stallholder in committing the act of infringement. The evidence suggested that the manager and therefore also the market operator, wished to deter infringement. Dowsett J was satisfied that the infringing conduct of the stallholders was not such as to lead the market operator and manager to the conclusion that there would be further infringement. As to the common purpose (required to make out liability on the part of the market operator and manager) he said that there was none: the market operator's purpose was "to conduct an efficient and profitable market" and that of each stallholder "the successful conduct of his or her stall". The decision is likely to be closely scrutinised in Australia.

There are two basic tenets to bear in mind when commercialising a trade mark: ensure that any agreement concerning rights in a trade mark is in writing and make sure the true owner has registered the relevant trade mark. The value of these two simple guidelines was aptly illustrated by the recent case in the Federal Court of *Miller v JLCS Pty Ltd* [2007] FCA 74 decided by Sundberg J on 9 February 2007.

A father and son (Harold and Saul Miller) found themselves in dispute with a second son and his business partner (Lionel Miller and Joel Distiller) over rights to the trade mark SQUIRES LOFT. There was no written agreement (though an unsigned draft licence agreement was in evidence). His Honour had to determine ownership of the trade mark SQUIRES LOFT and the arrangements governing its use largely on the basis of the oral testimony of the parties.

Use of a name in a business may evidence a licence rather than ownership. Sundberg J found that Lionel Miller and Joel Distiller were the true owners of the SQUIRES LOFT trade mark and that they had granted Harold and Saul Miller a licence to use that trade mark in connection with a restaurant in Melbourne city for the life of that restaurant. His Honour conceded that the actual word 'licence' had not been used at the relevant time by the parties but this circumstance was not fatal: "The word 'licence' is a pleader's attempt to fit their [Lionel and Joel's] laymen's understanding or language into a lawyer's pigeonhole. Lionel and Joel's language, or the understanding they allowed to develop, was to the effect that Harold and Saul could use the name Squires Loft in running their restaurant."

When applying for registration of a trade mark, make sure that the claim to ownership is correct, otherwise the registration may be invalid. Saul Miller had obtained registration of the SQUIRES LOFT trade mark in his own name. Sundberg J ordered that the trade mark registration be removed on the same grounds that registration of it could have been opposed, including that Saul was not the true owner and that the Registrar of Trade Marks had accepted the trade mark for registration on the basis of representations that were false in material particulars and also on the ground that an entry had been made on the Register as a result of fraud, false suggestion or misrepresentation.



Threats of infringement require that the trade mark be validly registered. His Honour agreed that Saul's lawyers had made unjustified threats when demanding that use by a third party of the SQUIRES LOFT trade mark under licence from Lionel and Joel cease as it constituted infringement of Saul's trade mark registration. Since the registration was invalid there could be no such infringement. Sundberg J agreed with the reasoning of Cotton LJ in the English patent case of *Challender v Royle* (1987) 4 RPC 363: "I cannot see how, if a patent is invalid, there can be any act done in infringement of a legal right when the legal right depends only on the validity of the patent." Put another way, threats of infringement are unjustified if the trade mark has not been validly registered as in this case.

If there is any doubt about the ownership of a trade mark, registered or not, seek legal advice.



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