IP round-up: Recent decisions from the Courts

Anna Kingsbury, Senior Lecturer in Law, University of Waikato

Oraka Technologies Ltd v Geostel Vision Ltd

(HC, Hamilton CIV 2005-419-809, 18 February 2009, Allan J)

This was a copyright case about asparagus grading equipment.

The third plaintiff, Mr Schwartz, developed the "Oraka grader" for grading asparagus spears. The Oraka grader involved a cup assembly used to transport and grade individual asparagus spears, and collection chutes designed to collect the spears when a cup assembly is electronically triggered. The cup assembly and the chute were the subject of this litigation. The first and second plaintiffs were companies in which Mr Schwarz had a significant shareholding and which played a role both in the development of the Oraka grader, and its sale to operators in New Zealand and overseas.

The second defendants, Messrs Paul Daynes and Gordon Robertson, were shareholders in the first defendant, Geostel Vision Ltd (Geostel). Mr Daynes was formerly associated with Mr Schwarz, but he subsequently incorporated Geostel with Mr Robertson, and engaged in competition with the plaintiffs both in respect of the sale of new graders, and in respect of the provision of replacement parts for the plaintiffs' grader. The third defendant was an engineering company that undertook for Mr Schwarz design, tooling and manufacturing work in respect of the cup assembly, but not the collection chute.

The plaintiffs sued all defendants for infringement of copyright, and they sued the third defendant for breach of fiduciary duty.

Copyright

The cup assembly

The plaintiffs claimed copyright in artistic works produced in the course of the development of the Oraka cup assembly, and which disclosed a number of specified design features. These works were drawings and sketches, a prototype and a mould. Some of the drawings were claimed to have been created by the third defendant on commission by the first or third plaintiff. This commission was claimed to be "express or implied" and entered into in or about 1993 by an agreement in terms of which the third defendant agreed to design and produce a tool for the manufacture of the Oraka cup assembly in accordance with certain design parameters provided by the first or third plaintiff. The claimed agreement imposed on the first or third plaintiff an implied obligation to pay the third defendant for the creation of the drawings, and that prior to the creation of the drawings the third defendant represented to Mr Schwarz or to the first plaintiff that the plaintiffs would own copyright in the tooling. The plaintiffs claimed that the implication that the drawings were produced pursuant to a commission was reasonable and equitable, obvious and necessary to give business efficacy to the agreement, including providing the first or third plaintiff with the right to take action against third parties for copyright infringement.

The plaintiffs alleged that the first and third defendants each infringed their copyright. They alleged that the first defendant manufactured and sold a cup assembly and chute that were substantial copies of the plaintiffs' copyright works, and that in doing so substantially reproduced the design features of the Oraka cup assembly and chute. They alleged that the third defendant infringed copyright in the cup assembly only, by manufacturing infringing works both for the first defendant and on its own account. The defendants did not accept that the plaintiffs owned the copyright in the cup assembly or the collecting chute, and denied infringement.

The Judge first considered ownership of copyright. Because the works came into existence in 1993 or 1994, ownership was to be determined in accordance with the Copyright Act 1962, particularly s 9. The Judge said that the effect of s 9(3) was that a person who commissioned a copyright work in the manner described by the sub-section became, in effect, the author of that work and entitled to take action for infringement, and that there was no material distinction for the purposes of this case between s 9(3) and s 21(3) of the Copyright Act 1994. The Judge quoted the Court of Appeal on the concept of commissioning in *Pacific Software Technology Ltd v Perry Group Ltd*,[1] and referred to *Plix Products Ltd v Frank M Winstone (Merchants) Ltd*.[2] The Judge said that it was unnecessary that commissioning be the subject of a written agreement, or any express agreement at all. Commissioning could be inferred in all the circumstances of the case, but a commissioning, express or implied, must involve an agreement to pay. The agreement must be a true consensus and not a mere unexpressed intention to pay or a unilateral expectation that there would be a payment.

The Judge said that neither Mr Schwarz's sketches nor the prototype were before the Court, and there was no secondary evidence of their appearance. While that was not necessarily fatal, an assessment of originality in artistic works claimed to be copyright works required either a visual inspection of those works, or secondary evidence of their appearance. The Court had no evidence of the precise form of the sketches, either by description or by comparison with a model. The

1. *Pacific Software Technology Ltd v Perry Group Ltd* [2004] 1 NZLR 164 at [55].
2. *Plix Products Ltd v Frank M Winstone (Merchants) Ltd* (1984) 3 IPR 390, 411–422.

form of the prototype also could not be determined. While it was not in dispute that Mr Schwarz approached the third defendant with an idea for a cup assembly, and that the sketches and prototype constituted certain expressions of that idea, the precise expression to be found in the missing works could not be determined. The Court was accordingly unable to conclude that copyright existed in the missing works. It was likely that Mr Schwarz expended sufficient skill and effort for copyright to subsist, but the Court could not compare his work with the articles alleged to infringe copyright in the missing sketches and prototype. The sketches and prototype could not therefore found a claim for infringement.

The Judge then considered the commissioning of the cup assembly drawings prepared for Mr Schwartz by the third defendant. The Judge reviewed the evidence in detail, and said that he was satisfied that the third defendant did not charge the plaintiffs for the concept and design drawings and that no payment was made for those drawings. There was no evidence of an express agreement whereby the plaintiffs would pay for the drawings, and neither was there anything which might constitute a consensus as to payment. The third defendant simply accepted a request to prepare some drawings for consideration by Mr Schwarz, and did so. There was no mention of payment at the time, no subsequent request for payment, and no offer of it. The third defendant offered a free design service as a means of attracting business.

The Judge considered and rejected the argument that commissioning must be implied because of the need for business efficacy. The business efficacy test[3] required that the term to be implied must be reasonable and necessary in order to make an agreement work. No such term was required in the present case. The plaintiffs paid for tooling and for subsequent production, and the plaintiffs had the exclusive right to possess and use the tool for its lifetime, and were licensed to utilise the underlying intellectual property for that period. In addition, the Judge found that to imply a term here would be to subvert the statutory requirements of s 9(3) of the Copyright Act 1962, which set out the requirements for a valid commissioning. Those requirements were not met, and implication of the term sought by the plaintiffs would in effect confer upon them copyright entitlements not authorised by the Act.

The plaintiffs also argued that there was a trade custom by which the commissioning of designs is implied where a customer subsequently commissions the tooling, and the customer then owns the copyright. The Judge also rejected this argument. He referred to the factors required for the implication of a term by normal trade custom[4] and concluded that the evidence was insufficient to show that the term contended for constituted a notorious trade practice which goes without saying.[5] The term contended for was also not certain, and it was inconsistent with the express requirements of s 9(3) of the Copyright Act 1962, reaffirmed in s 21(3) of the Copyright Act 1994. The Judge therefore rejected the argument that there existed a trade custom to which the Court ought to have regard despite the clear language of s 9(3), and said that ownership of the copyright in the concept and design drawings rested with the third defendant. There was no agreement for payment in respect of those drawings, and payment was not sought because the third defendant offered a free design service. Payments made at a later time in respect of tooling and manufacture were irrelevant. The Judge said that, as a matter of policy, the Parliament had applied the long standing prima facie rule that an author is the first owner of copyright unless contrary arrangements are made. Where there is no commissioning that falls within the statute and no express agreement as to ownership of copyright, the author of a work is its owner. It was for the plaintiffs to establish ownership of copyright in the concept and design drawings, and they had failed to do so.

The Judge then considered the remaining drawings and the mould, and held that they simply copied or adapted the concept and design drawings and in effect were no more than a mirror image of those drawings. They were therefore of insufficient originality to qualify for separate copyright protection. The other claimed documents came into existence after the Geostel components were designed, and so could not found an argument for infringement in their own right.

The plaintiffs' copyright claim in respect of the cup assemblies failed.

The chutes

Geostel, the first defendant, accepted that between 2001 and 2003 it acquired and utilised the same chutes as were at times manufactured for the plaintiffs, and that if the plaintiffs had copyright in the Ziebe version two chute, then Geostel was in breach of that copyright.

The plaintiffs pleaded copyright in drawings, a prototype chute and a sketch. After consideration, the Judge found that the prototype was sufficiently original to attract copyright protection. Mr Schwarz gave photographs of his prototype to a Mr Ziebe and asked him to make chutes to the design. Mr Ziebe said that Mr Schwarz supplied photographs and rough sketches which illustrated his ideas, but that the whole of the design work, including specifications and details, fell to Mr Ziebe. Mr Ziebe claimed copyright in the Ziebe version one and two chutes, and said they were not commissioned because there was no agreement for payment.

The Judge held that the Ziebe chutes were materially different from Mr Schwarz's prototype, and that the Ziebe chutes qualified for separate copyright protection. The Judge agreed that there was no evidence of a relevant commissioning, and said that Mr Ziebe owned the copyright in the Ziebe chutes. As a result, the plaintiffs lacked standing to sue Geostel for infringement.

Breach of fiduciary duty

The Judge considered the argument that, if the third defendant was the owner of the copyright in the designs and tooling for the cup assembly, then it was under a fiduciary

3. *BP Refinery (Westernport) Ltd v Shire of Hastings* (1977) 16 ALR 363, 376.
4. *Woods v NJ Ellingham & Co Ltd* [1977] 1 NZLR 218, *Westpac Banking Corporation Ltd v Ancell* (1993) 4 NZBLC 103 (CA).
5. Citing *Everist v McEvedy* [1996] 3 NZLR 348, 360.

duty to hold its rights in trust for the first and third plaintiffs.[6] The Judge said that this argument was untenable and must fail. It was founded on the proposition that it was a breach of fiduciary duty for the third defendant to assert (correctly) that it, rather than the plaintiffs, was the owner of copyright in the drawings concerned. It could succeed only where evidence existed of an underlying agreement between the parties, pursuant to which the third defendant was obliged to exercise its rights to copyright in the interests of the plaintiffs, and not otherwise. There was no evidence of any such agreement.

Result

The result was that the plaintiffs' claim failed. The third defendants were granted a declaration that they owned copyright in the relevant drawings. The defendants were entitled to costs.

Comment

This case highlights two important issues in New Zealand copyright law. The first is the commissioning rule, which has recently been reconsidered by the Ministry of Economic Development. In this case, the parties clearly gave no prior thought to the issue of copyright ownership, and in the end copyright remained with the designer/author only because of the absence of payment on the facts. The opposite result would have eventuated had there been payment, and the outcome seems to have been based on little more than chance.

The second and broader issue the case highlights is the level of protection available to artistic works in New Zealand copyright law. In many jurisdictions, copyright protection would not be available for the design of an asparagus grader. It is at least arguable that this is the subject-matter for which patent law was designed. If the asparagus grader, or elements of its design, were not patented or patentable, and if they were not the subject of registered design protection, then it is arguable that copyright protection should not be available either, and that competition should prevail.

Heinz Watties Ltd v Goodman Fielder Consumer Foods Pty Ltd

(HC, Auckland CIV 2007-404-6946, 10 December 2008, Stevens J)

This was an oral judgment on a pleading issue in an appeal from a decision of the Assistant Commissioner of Trade Marks.

The appellant, Heinz Watties, appealed against the decision of the Assistant Commissioner revoking its PRAISE trade mark on the grounds of non-use, under s 66(1)(a) of the Trade Marks Act 2002. The appeal centres on the interpretation of s 66 of the Trade Marks Act 2002.

This particular decision related to an application by the respondent, Goodman Fielder, to amend or expand the grounds relied on for revocation. Goodman Fielder had initially relied solely on s 66(1)(a), alleging a continuous period of three years or more following the date of registration during which the trade mark was not put to genuine use in the course of trade in New Zealand. Goodman Fielder sought to amend or expand the grounds relied upon for revocation to include s 66(1)(b), namely, that "except as provided in subsection (3) ... the use of the trade mark has been suspended for an uninterrupted period of three years".

Goodman Fielder relied on s 66(1)(a) which appeared to be the appropriate basis for relief, even after all the evidence had been placed before the Assistant Commissioner. The issue as to whether s 66(1)(b) of the Act was available in addition to s 66(1)(a) was discussed before the Assistant Commissioner, but in light of the available evidence counsel for Goodman Fielder did not consider it appropriate to press for its addition. However, after the appeal was filed, the appellant filed further evidence. Goodman Fielder thought this evidence was potentially relevant to possible relief under s 66(1)(b), and filed a notice of application for leave to amend or add to the statutory basis for revocation to include s 66(1)(b) of the Act on 25 January 2008. The appellant opposed the application.

Counsel were agreed that the application fell to be determined under r 11 of the High Court Rules. The Judge said that an alternative basis for dealing with the application might be under the inherent jurisdiction of the Court.[7] The Judge said that the starting point for any discussion on the contents of an application for revocation was reg 95 of the Trade Marks Regulations 2003, which set out the information required for an application for revocation. Regulation 95(f) required that an application for revocation must contain "the grounds for revocation". The Judge observed that it did not in terms state whether the grounds referred to were the factual grounds or the statutory bases for revocation arising under the Act, and consideration with s 66(1) of the Act did not conclusively resolve the point.

The Judge said that at the time of applying for revocation an applicant was unlikely to know all or perhaps any of the facts relevant to whether use of the trade mark had been "suspended for an uninterrupted period of three years". Any knowledge relating to what occurred within the business of the owner of the trade mark, or what was in the mind of the owner of the trade mark when steps which may or may not amount to suspension were taken, would be unknown, and could only be known after the respondent had placed its evidence before the Assistant Commissioner. In light of the lack of clarity in reg 95(f), the Judge considered that all that was required was for the applicant to place the relevant factual material then known before the Commissioner. Thereafter, the facts would emerge through the interlocutory and hearing phases. The appropriate statutory bases for revocation, if available, would only finally be known once all of the evidence was in and once it had been subject to testing at the hearing before the Assistant Commissioner. Any failure to particularise the precise statutory basis for seeking revocation would not mean that the application for revocation was invalid or ineffective. It would also still qualify as "the application for revocation" which was the trigger point for the restriction in s 66(3) of the Act. There was no good reason why it should not be open for an applicant who advanced only one ground in the application to include a

6. Relying on *Watson v Dolmark Industries Ltd* [1992] 3 NZLR 311.
7. Citing *NZ Magic Millions Ltd v Wrightson Bloodstock Ltd* [1990] 1 NZLR 731, 743.

further ground at a later point in the proceeding if evidence emerged to support it. The date of "the application for revocation" as a basis for reliance on s 66(3) would still be the date of the original application. Even if an applicant were required to specify both the factual basis and the statutory ground(s) relied upon, this ought not to preclude the possibility of later amendment by addition (once new factual material emerged) to the original application for revocation.

The Judge said that there was power in r 11 to allow the amendment. In this case, the amendment was simply allowed in order to permit the respondent to raise as a further basis that identified in s 66(1)(b). This was quite different from adding a fresh cause of action.[8] The Judge considered that it was in the interests of justice that the amendment be allowed. The fact that the application to amend was made after the hearing of the application and during the appeal process was not determinative. What was important was that when the High Court came to address the appeal it was in a position to deal with the real controversy between the parties. It was also in the interests of justice that the trade mark register be kept "clean". There was a public interest in ensuring that trade marks which are not used or have been suspended for the required period are not allowed to remain on the register. This public interest in favour of "cleaning" the record and potentially enhancing competition in the marketplace was the policy rationale underlying the statutory provision allowing applications for revocation.[9] Allowing the application would mean that all aspects of the interpretation of s 66(1) of the Act would be able to be thoroughly addressed at the hearing. All relevant factual questions under s 66(1)(a) or (b) could be considered.

There was no relevant delay. There was also no real ground of prejudice. The appellant would be able to argue both the interpretation and any factual matters pertaining to both s 66(1)(a) and (b). The critical point in the revocation process was the date upon which the application for revocation was made. Section 66(3) and (4) dealt with the relevance and applicability of resumed use. Section 66(3) provided that the registration of a trade mark must not be revoked on the grounds in subs (1)(a) or (b) if that use was commenced or resumed after the expiry of the three year period and before the application for revocation was made. The focus was upon the facts prior to the application for revocation. Here, as at the date of application for revocation, the appellant had not put the PRAISE trade mark to genuine use for a continuous period of three years or more following the actual date of registration. The Assistant Commissioner ordered that the PRAISE trade mark be removed from the register. Adding to the available grounds for relief once evidence emerged to support that ground did not prejudice the appellant.

The Judge held that it should be open to the respondent to argue on the resumed appeal that, depending on the facts as found by the High Court, revocation on the basis of s 66(1)(b) was available as a possible basis for relief. The application to refer to s 66(1)(b) of the Act as a basis for relief was therefore granted. Costs were reserved.

Westbray Ltd v Ferrero S.p.A.

(HC, Wellington CIV 2007-485-460, 11 December 2008, Dobson J)

This was a successful appeal against a decision of the Assistant Commissioner of Trade Marks, in which two grounds of opposition to a trade mark application were upheld. The appeal was not opposed.

The appellant, Westbray, applied to register the mark TICK TOCK in respect of tea in class 30 in July 2005. The respondent, Ferrero, had had registrations in New Zealand since 1973 for the trade mark TIC TAC and had marketed its mint candy products using that trade mark continuously since 1993. Ferrero opposed Westbray's application, relying on ss 17(1)(a), 25(1)(b) and 25(1)(c) of the Trade Marks Act 2002. The Assistant Commissioner upheld the opposition under s 17(1)(a) and s 25(1)(c) but held that the opposition on s 25(1)(b) was not made out. The finding under s 17(1)(a) essentially depended on the Assistant Commissioner being satisfied that Ferrero had established a reputation and awareness of its TIC TAC trade mark in New Zealand so that Westbray's TICK TOCK mark would be likely to deceive or cause confusion. The finding of the likelihood of confusion under s 17(1)(a) led the Assistant Commissioner to also reach the view that the similarity would be taken as indicating a connection in the course of trade between Ferrero's goods and those of the appellant, in relation to s 25(1)(c).

The Judge first considered the approach to the appeal, referring to *Austin, Nichols v Stichting Lodestar*[10] noting that the extent of consideration a Court exercising a general power of appeal gives to the decision appealed from is simply a matter for the judgment of the Court on appeal. That meant the basis for and extent of respect afforded to factual findings or technical attributes of the decision-maker appealed from was an entirely context-specific assessment for the Judge on appeal. There was no presumptive level of respect or deference to the decision-maker.

Section 17(1)(a) provides that the Commissioner must not register as a trade mark or part of a trade mark any matter the use of which would be likely to deceive or cause confusion. The Assistant Commissioner found that the use by the appellant of its TICK TOCK mark for tea would be likely to deceive or cause confusion within the meaning of s 17(1)(a). The Assistant Commissioner relied on evidence of market surveys recognising a significant level of brand recall within New Zealand for TIC TAC. On this ground, Westbray's appeal was on the basis that the decision failed to have regard to a number of relevant steps in the reasoning process, before such a finding under s 17(1)(a) could be sustained.[11]

8. Referring to *Chilcott v Goss* [1995] 1 NZLR 263 (CA), *Attorney-General v Carter* [2003] 2 NZLR 160 (CA) and *Elders Pastoral Ltd v Marr* (1987) 2 PRNZ 383 (CA).
9. *La Chemise Lacoste v Crocodile Garments Ltd* (HC, Wellington AP32/02, 18 November 2002, Ronald Young J).
10. *Austin, Nichols v Stichting Lodestar* [2008] 2 NZLR 141 (SC).
11. *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50.

The Judge said that it was for the Court to determine the likelihood of deception or confusion, guided by the evidence of trade circumstances. It was necessary to consider how the trade marks would be regarded and how they would be pronounced and heard by those to whom they would be presented in the course of trade. The impression or idea conveyed by the marks was important in assessing how they would be recalled.

The Assistant Commissioner had held that visually the marks were not identical, but were similar, that aurally there was significant similarity between the two, and taking into account the principle of imperfect recollection the similarity of the marks was enhanced further, and that indeed to all intents and purposes they became the same. It was also found that there was "a high degree of conceptual similarity" between the two marks. Westbray submitted that the two marks were distinguishable, arguing that its mark comprised two four letter words whereas Ferrero's comprised two three letter words, suggesting a measure of difference in appearance. It also argued that the second of the words "TOCK" and "TAC" would be pronounced differently. Further, that TICK TOCK is an English word which designates the ticking of a clock, whereas TIC TAC would be seen as a foreign word, the phonetic equivalent of TIC TAC meaning bookmaker's telegraphy by arm signals, or an abbreviation of the name Tic Tac Toe being a game otherwise known as Noughts and Crosses. Also, it argued that conceptually the trade marks were quite different and that that further distinguished them. It suggested that TICK TOCK conveyed the passing of time, that it was time for a break in the activities of a day and therefore "time for tea". In contrast, she suggested TIC TAC would be seen as a foreign word, perhaps made up or used because of its somewhat catchy sound.

The Judge said that the differences between the words as they appear, and aurally as they would sound, were relatively subtle. If they were to be used for similar goods, then the Judge doubted that the differences would be sufficient to avoid the risk of deception or confusion. As to the idea or concepts behind them, the allusion to passing of time inherent in TICK TOCK would be likely to trigger such an association for a substantial portion of potential buyers of tea. On the other hand, the Judge did not accept that TIC TAC would readily trigger the concept of either something foreign, or a game like Noughts and Crosses, or even less likely a somewhat arcane description of bookmakers' sign language. Rather, Ferrero's strong reputation for its small mints was most likely to convey their product as the immediate connotation of the words TIC TAC, which for most New Zealanders was the only connotation likely to arise when TIC TAC was mentioned. The Judge said that, cumulatively, those points of comparison were not decisive against the prospect of deception or confusion.

The Judge found that the similarities between the trade marks were both visual and aural. Both contained two short words, both beginning with "t". "TIC" was common to both, although in TICK TOCK, there was a silent "k" at the end. Aurally, the second word would always be pronounced differently, but there was likely to be a similar rhythm in their pronunciation, in that there was a degree of alliteration, the words were easily articulated and lent themselves to being uttered quickly. These similarities were possibly heightened by the absence of distinctive or clearly identifiable differences in the concepts behind the respective marks. It therefore became important to analyse the wider context in which the existing marks were, and the proposed mark would be, used. The Assistant Commissioner found the goods to be dissimilar, and the Judge agreed. The goods in respect of which registration was sought were quite different from those in respect of which Ferrero's marks were registered, and it was unlikely that goods bearing the two marks would be positioned alongside or near each other in supermarket outlets or in dairies or petrol stations.

The Judge found that the Assistant Commissioner's reasoning had omitted the critical analysis as to whether confusion or deception was likely to arise when the appellant would only use TICK TOCK for tea, being a substantially different product from the TIC TAC candy mints for which Ferrero enjoyed such a strong reputation. The products were of a starkly different type, and would be most unlikely to be presented to purchasers alongside each other, and indeed the profile of potential purchasers was also likely to be different. TIC TACs were prominently displayed near point-of-sale counters in dairies, service stations and supermarkets, whereas tea was commonly presented to purchasers in the shelves of supermarket aisles. TICK TOCK on its own would not be treated by someone requesting it as a sufficient description, they would use "TICK TOCK tea". In contrast, TIC TAC mints, if ever requested, were sufficiently identified by simply using the trade mark on its own. These relevant distinctions were sufficient to eliminate the realistic prospects of confusion or deception as between the products for which Ferrero enjoyed such a strong reputation utilising its trade mark TIC TAC, and the fair and notional use of TICK TOCK as a brand for tea.

The Judge referred to the 10 propositions on whether a mark is likely to deceive or cause confusion set out by Richardson J in *Pioneer Hi-Bred* and said that that the Assistant Commissioner's decision showed no recognition of at least the following two points:

1. In considering the likelihood of deception or confusion all the surrounding circumstances have to be taken into consideration, including the circumstances in which the applicant's mark may be used, the market in which his goods may be bought and sold and the character of those involved in that market [...]
2. It is in relation to commercial dealings with goods that the question of deception or confusion has to be considered, and the persons whose states of mind are material are the prospective or potential purchasers of goods of the kind to which the applicant may apply his mark and others involved in the purchase transactions.

The Judge said that *Pioneer Hi-Bred* placed considerable weight on the dissimilarity of the goods involved, and was satisfied that in this case the dissimilarity was decisive against the prospect of deception or confusion. The same word would often be registered to different owners for different products. The Judge said[12] consumers were aware that different producers are responsible for different goods, notwithstanding the same or substantially similar names. However

12. Referring to *Jaguar Cars Ltd v Manufacture Des Montres Jaguar SA* [2006] IEHC 103.

the Judge accepted that the presumption that consumers will distinguish between the origins of disparate goods marketed using the same name did not arise as strongly where the name was not an ordinary English word. Any made-up word was likely to convey that it was distinctive to one trade mark owner. Here, "tick-tock" was included in the New Oxford Dictionary as a noun meaning the sound made by a large clock. It was likely to be used for a variety of goods and services, for instance where timeliness is relevant. The breadth of its possible application meant consumers were likely to be alive to the different origins of dissimilar goods using this same name, or a variant on the letters in it.

The Judge allowed the appeal in respect of s 17(1)(a), finding no sufficient likelihood of deception or confusion under s 17(1)(a) as to prevent the Commissioner from registering the trade mark.

Section 25(1)(c)

The Judge said that the Assistant Commissioner, in finding that registration mark would be contrary to s 25(1)(c), did not consider how the use of TICK TOCK for tea would be taken to indicate a trade connection between the appellant's tea and Ferrero, or how the use of TICK TOCK for tea would be likely to prejudice Ferrero's interests as owner of TIC TAC. The Judge said that potential consumers would not always assume a trade connection merely because of the same or similar names used for disparate goods.[13]

The Judge found that the dissimilarity of the goods was a strong indication against there being a trade connection between TICK TOCK tea and TIC TAC mints. New Zealand consumers might well have TIC TAC "brought to mind" when confronted with TICK TOCK tea, but not go on and assume from the similarity of name that there was a connection between the producers of the dissimilar products. A connection in the course of trade required more than a tenuous association such as this extent of similarity in the names. The dissimilarity of goods also rendered the prospect of harm less than real and tangible. A loyal buyer of TIC TAC mints was hardly likely to think less of that product (or its manufacturer) because of an adverse experience with TICK TOCK tea.

The Judge also allowed the appeal on the s 25(1)(c) ground, and held that the appellant's application should proceed to registration.

Maxim Group Ltd v Jones Publishing Ltd & Ors

(HC, Auckland CIV 2008-404-008179, 16 December 2008, Randerson J)

The plaintiff (Maxim) operated a business specialising in creative design work and associated activities. For five years to November 2008, Maxim had provided design and other services to the First, Second and Third Defendants (the Jones Group). The Fourth and Fifth Defendants substantially owned the Jones Group, which published a number of magazines prepared for specific clients.

Maxim had carried out creative work for the Jones Group for a number of years. In this case, it claimed that it had undertaken work for it was owed payment, and that the debt was accumulated over the period May to October 2008.

There was evidence that from early August 2008 Maxim was aware that the Jones Group had financial difficulties. In or about October 2008, the Jones Group entered into an agreement with a company under which it granted a licence to produce some of its magazines. When Maxim became aware of this it sought interim injunctive relief against the Jones Group which included restraining the companies in the group from using, publishing, selling or distributing identified magazines containing the work which Maxim said it had created. Then on 5 December 2008 the Jones Group went into voluntary administration under Part 15A Companies Act 1993, and a meeting at which creditors would consider the future of the Jones Group, was to take place on 18 December 2008, after the decision in this case. Maxim amended its application to seek an order that Jones Publishing Ltd, Top Gear NZ Ltd and Dish Publishing Ltd cease use, publication, sale, or distribution to third parties entities of all creative work identified in schedule one to the statement of claim, except for Dish Magazine. It also sought an order that Jones Publishing Ltd, and Dish Publishing Ltd establish an interest bearing solicitors trust account, for payment of all monies received from the assignment, grant of licence, use or sale of existing and future editions of Dish Magazine. The monies, including interest, were to be retained in the solicitors' trust account pending trial of these proceedings.

Part 15A of the Companies Act required that during the administration of a company, a proceeding against the company or in relation to any of its property could not begin or continue except with the administrator's written consent or with the permission of the Court. The administrators of the company had not and under s 239ABE the Judge had to decide whether permission to continue the proceeding should be given and, if so, whether Maxim should be granted interim relief.

The Judge first considered the merits of Maxim's application for interim relief since the strength or otherwise of Maxim's case was material in deciding whether permission to continue the proceeding should be granted. Maxim's claim against the Jones Group was in breach of contract. There was no copyright cause of action, although Maxim's claim to intellectual property in its "creative work" relied on its ownership of copyright in that work.

Maxim claimed that its contractual relationship with the Jones Group was governed by its terms of trade which it said were known to and accepted by the Jones Group. Maxim claimed that the terms of trade meant that the intellectual property rights arising from the work it carried out for the Jones Group remained its property and could not be utilised or acted upon by the Jones Group until the work was paid for in full. Once payment was made, the Jones Group had a licence to use the design work for the specific project for which it was intended but not for other projects without Maxim's consent. In relation to the commissioning rule in s 21(3) of the Copyright Act 1994, Maxim said that the consequences as to ownership which would otherwise arise

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13. Referring to *Jaguar Cars Ltd v Manufacture Des Montres Jaguar SA* [2006] IEHC 103 and *Intel Corporation Inc v CPM United Kingdom Ltd* [2007] R.P.C. 35.

under s 21(3) were overridden by the terms of trade, which constituted an "agreement to the contrary" in terms of s 21(4) of the Copyright Act.

The Judge found two factual difficulties with Maxim's claim. First, the Jones Group denied it was ever bound by, or even aware of, Maxim's terms of trade. Second was the difficulty of identifying exactly what parts of the various publications were claimed to be Maxim's creative work. Maxim identified a number of elements of specific magazines published by the Jones Group which it claimed were its creative work, including the logo/masthead for the publications identified, the design grid, typography, layout and in some cases photographs, diagram style and graphic elements. The Judge said that apart from the references to the logo/masthead, there was no specificity or identification in the evidence of any particular photographs, layout, diagrams or graphic elements which are alleged to have been created by Maxim, and no identification as to when any particular elements were created or provided by Maxim to the Jones Group. It was not possible to identify which elements of Maxim's claimed creative work had been paid for and would therefore, on Maxim's case, be available for use by the Jones Group.

The Judge said that since the trading relationship between Maxim and the Jones Group had existed for some five years, it was reasonable to infer that substantial elements of the work undertaken by Maxim had been paid for in earlier years. The Judge also said that it was reasonably clear on the evidence that reliance by Maxim on the written terms of trade was not sustainable. If they were known by the Jones Group (despite its denial) then there was a strong case for concluding they were either varied or waived by the conduct of the parties.

The Judge set out the legal elements of a copyright claim, saying that Maxim must first establish that it owned copyright in an original work of the kind described in s 14 of the Copyright Act. The Judge found a lack of specificity of evidence as to whether Maxim's claimed work would qualify as an "artistic work" or "literary work" or "compilation". The Jones Group argued that copyright in the typographical arrangements of the published editions of the subject magazines belonged to the Jones Group as publisher, citing s 5(2)(e) of the Copyright Act 1994. The Judge said that since a substantial part of Maxim's claim to ownership of its creative work was in respect of the typography, design and layout of the subject magazines, its claim to copyright in that respect was most unlikely to succeed, as prima facie, ownership of the copyright in the typographical arrangements of these publications belonged to the Jones Group.

The Judge said that there could be copyright subsisting in elements independently from the typographical arrangements, referring to elements such as photographs, specific graphics or drawings provided by Maxim. However, there remained an ownership question arising from the commissioning rule in s 21(3) of the Copyright Act. This meant that, to the extent that the Jones Group requested Maxim to provide works falling within s 21(3)(a) for which the Jones Group had paid or agreed to pay, then the Jones Group as the commissioning party was the first owner of any copyright in the work unless, in terms of s 21(4), there was an agreement to the contrary. The Judge said that there was no dispute that the Jones Group requested and agreed to pay for all the work Maxim carried out, and that, given the sharply contrasting evidence as to the terms of trade alleged, the absence of any documentary evidence to show that the Jones Group were aware of the terms of trade as Maxim alleged, and the actual pattern of trading between the parties, the prospects of Maxim being able to establish a contrary agreement under s 21(4) were weak.

The Judge also said that, even if Maxim established that it owned copyright in some elements, to the extent that the magazines had already been published, Maxim had authorised their publication in terms of s 16(1)(i) of the Copyright Act, and there was therefore no infringement. No material had been placed before the court to demonstrate the prospect of an infringement of copyright in future publications, and there was no material to enable assessment of the extent of any losses which might be sustained by Maxim if it could establish an infringement of copyright. Maxim's prospects of establishing liability at trial were therefore very weak.

The Judge went on to consider balance of convenience and overall justice, but said that because the Jones Group was in voluntary administration, those issues were dominated by the potential effect on the creditors if interim relief were granted. After reviewing the applicable statute and authorities, the Judge said that he was not persuaded it would be right to grant permission for Maxim to continue this proceeding even if that were limited to seeking interim relief. The Judge dismissed the application for an interim injunction, and the application under s 239ABE of the Companies Act 1993 for permission to continue the proceeding. The first, second and third defendants were entitled to costs on a 2B basis.