

Can you replicate overseas products?

» YOU DISCOVER A GREAT IDEA FOR A NEW BEVERAGE WHILE ON AN OVERSEAS TRIP AND COME BACK TO REPLICATE A SIMILAR PRODUCT IN AUSTRALIA WITH THE SAME BRAND NAME. COULD YOU GET AWAY WITH IT? SHARON GIVONI REPORTS.

The above scenario is based on real life facts which involved the Monster Energy drink. The case was heard in the Federal Court – read on to find out what actually happened.

The facts.....

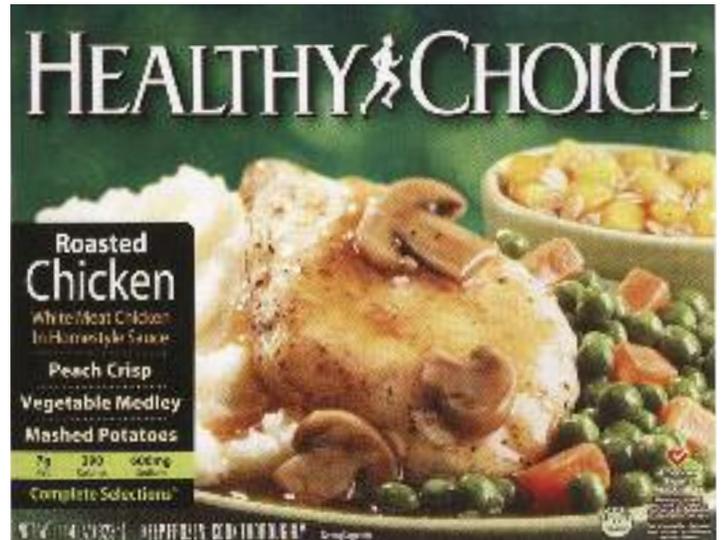
Monster Energy energy drink was launched in the US by Hansen Beverage Company in 2002. The drink has been primarily marketed to 18-30 year old males and is reportedly the second biggest selling energy drink in the world behind “Red Bull”.

Despite its international success (selling in 27 countries), Hansen has never sold its energy drink in Australia, although the drink can be purchased here via eBay.

Bickfords (Australia), an established beverage company based in Adelaide, has products including cordials, ‘Old Style Soda’ drinks, ‘Aqua Pura’ water, ‘Apple Maid’ juices, ‘Iced Coffee Mix’ and “Spritz”.

An idea is born

After an overseas trip to the United States in 2005, Bickfords’ MD was impressed and inspired by the success of Hansen’s Monster Energy drink. Australian trade mark searches back at home indicated that the



Above: ConAgra US’ Healthy Choice.



Left: Mimicked in Australia by McCains.

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words Monster and Monster Energy had not been registered as trade marks and Bickfords approached Hansen with a view to entering into a licensing arrangement. When nothing eventuated Bickfords developed and launched its own energy drink using the same brands, Monster and Monster Energy. It also made trade mark applications in Australia for these brand names.

Hansen fights back

When Hansen discovered Bickford’s Monster Energy drink was selling in Australia it commenced legal proceedings against Bickfords in the Federal Court of Australia under the Trade Practices Act for misleading and deceptive conduct and the common law tort of passing off claiming that Bickfords had wrongly copied its energy drink.

Spot the difference

As the judge noted, there are numerous similarities between the Bickfords and Hansen cans of energy drink. Both:

- are called Monster Energy;
- are sold in “supersize” black cans;
- have three different versions of the drink in colour variants (orange, blue and green); and
- state website addresses for the drinks.

In addition, Hansen’s can diagonally displays the slogan ‘Unleash the Beast’ and Bickfords slogan had a similar theme, namely “Find the Monster within” (also diagonally).

Issues in the case

There was no dispute that the similarities between the products could mislead or deceive consumers for the purposes of the Trade Practices Act and the tort of passing off.

However, in order to actually *win* the case, Hansen had to establish that it had developed a sufficient “spillover” reputation in Australia in its Monster Energy such that a significant proportion of the target market (being young adult males) would likely be misled if someone other than Hansen used the brand name.

What happened

The court took the view that Hansen did not have a sufficient reputation in the Monster Energy and Monster marks to establish misleading and deceptive conduct or passing off by Bickfords. The judge commented that, based on the evidence, it appeared that the use of the mark Monster Energy by Hansen in Australia was ‘fleeting’, ‘occasional’ and ‘incidental’.

Most use was in relation to secondary exposure of the brand on banners at extreme sports competitions which appeared on internet webcasting, television, DVDs and the like for example, extreme sportspersons wearing Monster Energy branded clothing and/or headgear.

On this basis, Hansen’s action for passing off and misleading and deceptive conduct failed. As for Bickford’s trade mark application, there is a prohibition on a trader registering a foreign mark for use in Australia, provided that its claim is not affected by fraud, breach of duty or bad faith (which on the evidence could not be established).

A step back in time: Healthy Choice

Interestingly, the case echoes a similar scenario back in 1991, involving another US company, giant ConAgra, which had a successfully marketed Healthy Choice frozen dinners in the United States since 1989 (the brand still exists today – www.conagrafoods.com/consumer).

After becoming aware of the US brand, Australian frozen food manufacturer, McCain Foods (Aust) developed its own varieties of Healthy Choice dinners in Australia and lodged a trade mark application for the name in Australia which was available as the ConAgra has not protected its trade mark here.

ConAgra sued McCain claiming that the same name and similar product get up was misleading and amounted to passing off of its own Healthy Choice brand. Again, this is all well and good so long as you can show that you have a reputation amongst the target consumers in the first place. On the evidence, ConAgra could not establish there was a substantial number of people in Australia who were aware of its



Monster: legal hassles over branding.

Healthy Choice products and in Australia. It lost the case and McCain still sells Healthy Choice meals today.

Lessons learned

The law in this area is perhaps well summed up by the judge in the Hansen case he emphasised that the law promotes innovation and local competition. The courts therefore avoid making orders to protect persons *who do not establish* on the evidence that their brand is sufficiently well known in Australia.

In the Monster case, the judge found that Bickfords did not use the Monster brands to confuse people but rather, because it was impressed with the success of Hansen’s drink.

The cases demonstrate that international brand owners should seek trade mark protection for their key brands as soon as they start contemplating selling a product in the Australian market. Equally, and perhaps more relevantly for readers, Australian food and beverage companies need to protect their brands in overseas target markets (in a fashion context, the owner of the Australian designer jeans label “Tsubi” learnt this lesson the hard way when it recently had to change its name when used overseas to Ksubi after a trade mark infringement dispute with the US shoe label Tsubo).

Not the last word

Despite the above, anyone wanting to replicate products from overseas in Australia should take extreme care. Trade mark searches are important and remember that if there is sufficient “spillover” reputation in Australia (such that the target market is already aware of the overseas brand) this will give the overseas company rights over your use. This will come down to a question of fact and legal advice is always warranted as this is a complex area of the law.

In any event, this is not the last word on the matter. Hansen filed an appeal against the Federal Court decision in April this year. It will be interesting to see how the appeal case is decided.



Sharon Givoni is an intellectual property lawyer at her company Sharon Givoni Consulting (www.sharongivoni.com.au). She has numerous clients in the food and beverage industry.

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Keith Who?