

1. The discussion in this question will proceed on the assumption that Mike, Alice and his Franchisees all import their CD's legally under the *Copyright Act (CA)* s44D sound recording importation provisions. There is nothing on the facts to suggest otherwise.

Beginning by identifying rights Mike may hold. Copyright may exist in the original logo design as an artistic work, as with Mike's photos. Mike's notes may attract Copyright as literary works.

There seems to be no question on any of these items that they are original and in material form.

An issue may arise in Mike's photographs taken overseas, and whether a connecting factor to Australia exists. Since, on the facts, we assume Mike is an Australian Citizen, this is enough of a connecting factor for an LDMA work like this.

Generally, Mike, as author of these works, would gain copyright himself. There may be an argument to be made that they actually belong to the partnership between himself and Alice, as they could be construed as in the course of his employment for the partnership. s35(6)

This argument does not appear strong, however, as Mike does not seem to be in a true employment relationship. Note also that a partnership cannot hold property itself, so Alice would need to argue an actual part share personally.

"World of Music" is probably too brief to be a copyrightable literary work (Exxon).

Other stakeholders in Copyright here may be the graphic designer, Jodie, who reworked the logo. No doubt this new logo would be a copyrightable artistic work, but given that the works of J and M are not separable in the final product, copyright would be shared between them.

Generally, contracting an individual to do work does not constitute an employment relationship, and thus s35(6) could not be used to gain copyright automatically from J. An explicit agreement would need to be made in the contract, or, if that didn't occur, M would need to get assignment of the right from J, to ensure no hassles when registering the mark and franchising.

Jodie also worked on the shop layout and colour scheme. The only category of copyright material this could maybe fall under would be artistic work.

The *Copyright Act*, however, provides an exhaustive definition of artistic work in s10, none of the sections of which seem to fit. It is not a painting, sculpture, engraving or photograph, nor a building or model of a building. The only part you could argue would be work of 'artistic craftsmanship'. Choosing a colour scheme, however, wouldn't seem to me to involve the necessary craftsmanship required by Coogi.

Gus' altered photos present a similar situation to Jodie's altered logo. The new work has inseparable contributions from the authors, and doing a favour does not constitute for a few CDs an employment relationship. Thus Gus would have a stake in the copyright of the new, altered photos and, although, Mike probably has an implied

licence to use them in his shop, he would need to seek the full rights from Gus before passing them on to franchisees or publishing them in the book.

Alice's compilation of the unwritten notes and photos could constitute a Published Edition, attracting copyright as a Part IV work. Note that although this gives her permission to make facsimile copies, this can only be done if she continues to have permission to use the photos and text contain therein.

If Mike is franchising he would need to ensure he acquired the right to make copies of the book from Alice. Note also that after the relationship falls apart, even if he didn't get rights from Alice, he could continue using the copies of the books he had, and if he wanted more copies he would only need to relay the content just enough to stop it being a facsimile copy.

Mike's registration of trade marks is presumably in a class relating to the supply of sound recordings, etc.

One requirement of Trademarking is that the mark be a sign used to distinguish goods and services as being from you (s17). s6 includes words and names as such signs, so Mike would be ok there.

After his application is made, the TMO may reject on certain grounds. The only ones at issue here might be the ability to distinguish and conflicting marks.

s41 deals with capacity to distinguish. Firstly on 'World of Music' probably not inherently adapted to distinguish. Firstly on 'World of Music' – probably not inherently adapted to distinguish, but might be to some extent adapted to distinguish. If any objections are raised, however, Mike could probably use s41 (6) to rebut on grounds of capacity to distinguish based on prior use.

On 'Mike's World...'

More inherently adapted, so less likely to be a problem, but note there has been no prior use of the name.

Conflicting marks will be rejected under s44 if the mark is substantially identical with or deceptively similar to a pre existing mark that covers similar goods or services.

No doubt 'World of Music' is identical to the musical instrument co's mark.

'Mike's World of Music' is probably at least deceptively similar. s10 defines this to be that it so nearly resembles the other TM that is likely to deceive or confuse. This taken with the imperfect recall idea from *Shell Co v Esso* would seem to indicate deceptively similar to world of music.

The key then is whether a Music Store is a similar good/service to supply of musical instruments.

s41 says the goods/services should be the same or of the same description. This would need to be argued on the facts. I would contend that selling CD's is not 'the same description' as supplying instruments.

If Mike was successful here, the TM would go to Opposition Phase, where the Instrument Co could oppose on the above grounds, or perhaps an argument under s58 that the applicant was not the true owner of the mark, as they had prior use of an identical mark (if they were prior).

Also s60 opposition on grounds that it is likely to deceive or confuse based on reputation established in its mark.

Once granted, Mike would earn the TM and would grant licences to his franchisees to use it.

If it weren't granted and the Instrument Co attempted to sue him, he may be able to use a Prior Use Defence s124 if he had been using it before the Instrument Co registered it or first used it.

Note though that his prior use was registered to Adelaide, so he would be restricted to using it there.

The question also arises whether Alice is violating a trademark by naming the store 'Music of the World'.

To infringe (s120(1)) directly (no question its directly as identical goods) she would need to use it as a mark, and it would need to be substantially identical/deceptively similar.

On a side by side comparison (*Shell vEsso*) the marks probably aren't identical, but an argument may be made that with imperfect recall this may be deceptively similar.

It could potentially relevant to the capacity to confuse that the shop is in the same place, and was called one thing one day and another the next.

Registration of a domain name does not bring with it a right to use that name as a trademark if it infringes an existing mark.

ICANN has dispute resolution procedures for dealing with situations like this (its 'UDRP') on top level domains like .com, but as this is .com.au, Mike would need to act under the corresponding policy of auDA – the auDRP.

No reason why he shouldn't trademark the logo as a sign being a badge of origin. The store's colour scheme is probably to abstract to trademark as a sign. Although colours can be the basis of a 'sign', it is not necessarily clear that the sign is being used as a TM – a badge of origin.

Mike would seek action against Alice under a passing off action. Such 'Get up' can be protected according to cases like *CGI Fridays*.

He would need to show

- business reputation or goodwill
- deceptive conduct by the plaintiff
- actual or possible damage

All these elements appear fairly plainly made out with damage being the dilution of his brand, etc.

Issue may be Alice's claim goodwill was her's, not Mike's. Would appear, however, that in acting as a franchisee, she could only be seen to be building goodwill of the franchises as a whole.

May be a confidential info issue here, as it appears A may have stolen M's supplier list.

Would need

- identifiable info
- the list
- confidentiality of the info
- Mike seems very strict on this

Then for breach

- conf info (from above)
- imparted in circumstances of confidence
- unauthorised use

Cases such as *Franklin v Giddins* show any industrial espionage could be 'imparted in confidence'.

The tough part here is proving she took it. If you can prove she took it and is using, Mike has a strong case for equitable breach of confidence.

Franchisees may have an action for breach of contract, with revocation of their licences before the contracts are up.