



Insight

Media & Communications

Autumn Edition - May 2009

In this edition:

- Coca-Cola “Myth Busting” Campaign Declared Misleading by ACCC
- Family First deal ushers in voluntary ban on alcohol advertising
- AANA hoses down “Greenwashing”
- The fight’s on: Google opens up competition as trade mark protection reduced
- Ice TV wins High Court copyright case against Nine Network

Coca-Cola “Myth Busting” Campaign Declared Misleading by ACCC

An action by the Australian Competition and Consumer Commission (**ACCC**) against Coca-Cola South Pacific Pty Ltd (**Coca-Cola South Pacific**) has forced the beverage giant to publish corrective advertisements in relation to its “myth busting” campaign.

On 11 October 2008, Coca-Cola South Pacific published an advertisement featuring actress, Kerry Armstrong, entitled “Kerry Armstrong on Motherhood and Myth-Busting”. The advertisement referred to a number of alleged myths about the product “Coca-Cola” (**Coca-Cola**):

“Myth. Makes you fat. Myth. Rots your teeth. Myth. Packed with caffeine.”

On 18 October 2008, Coca-Cola South Pacific published a further advertisement:

“To all our customers...we felt it was time to state the facts and help you understand the truth behind Coca-Cola.”

In early 2009, the ACCC assessed the advertising campaign against section 52 of the *Trade Practices Act 1974* (Cth) (**Act**) and, as a result, commenced court proceedings against Coca-Cola South Pacific.

The ACCC believed that the advertising campaign had the potential to mislead consumers by representing that, amongst other things, Coca-Cola does not contribute to weight gain, contains less caffeine than an equivalent amount of tea and does not contribute to tooth decay.

In court-enforceable undertakings accepted by the ACCC, Coca-Cola South Pacific agreed to:

- publish corrective advertisements in various newspapers, and on the Coca-Cola website, for a period of 28 days;
- publish the correct levels of caffeine on the Coca-Cola website for 6 months; and
- implement a trade practices law compliance review.

The ACCC action against Coca-Cola demonstrates the perilous environment created by recent media interest, and governmental concern, in relation to an “epidemic” of childhood obesity. Advertisers should be aware of the current spotlight on nutritional and health claims in advertising, which are not only subject to the various codes administered by the ASB, but also the possibility of ACCC proceedings.

Insight - Media & Communications

Autumn Edition - May 2009

Family First deal ushers in voluntary ban on alcohol advertising

In an attempt to control binge-drinking, the Distilled Spirits Industry Council of Australia (**DSICA**) has announced that it will implement a 12-month voluntary ban on alcohol advertising during sporting events televised before 9pm on free-to-air and subscription television. The ban, however, will not apply to on-field advertising and sponsorships.

DSICA members to whom the ban will apply include Bacardi Lion Pty Ltd, Jim Beam Brands Australia Pty Ltd, Brown-Forman Australia (Jack Daniel's, Southern Comfort), Diageo Australia Limited (Bundaberg Rum, Smirnoff Vodka, Gordon's Gin), Maxxium Australia Pty Ltd (Maker's Mark Bourbon, Canadian Club), Moet Hennessy Australia Pty Ltd, Suntory (Aust) Pty Ltd (Midori) and William Grant & Sons International Ltd (Glenfiddich).

The initiative is seen largely to be part of a deal negotiated with Family First Senator, Steve Fielding, to avoid the Senator's bid for a comprehensive ban on alcohol advertising and sponsorships of sports, and for the Senator to vote down the federal government's "alcopops" bill.

Commentators suggest that the ban has the potential to devastate the professional sports industry and adversely impact network revenue. As such, it is expected that advertisers will become more innovative in relation to how they advertise alcohol products. For example, it is likely that money not spent on advertising will be spent on sponsorship packages.

The wine and brewing industries have decided not to participate in the initiative. Winemakers' Federation of Australia chief executive, Stephen Strachen, claims that the nominal level of wine industry advertising during sports programs, in comparison to other industries, demonstrates that wine industry advertising is not an issue.

The voluntary ban, which is to apply from 1 July 2009, will be evaluated after 12 months to determine its effectiveness in reducing binge drinking.

AANA hoses down "Greenwashing"

Having consulted its members, community groups and environmental advocates about the need to better regulate environmental claims in advertising, the Australian Association of National Advertisers (**AANA**) has recently decided to develop and implement a self-regulatory code called the "Environmental Claims Advertising and Marketing Code" (**Green Code**).

The purpose of the Green Code will be to combat "greenwashing" by ensuring that advertisers are accurate and honest when making environmental claims in advertising. Greenwashing occurs when an advertiser, through an advertisement, makes an unsubstantiated environmental claim about a product or service.

The Green Code has emerged in response to a rise in consumer awareness about the environmental impact of the products and services they consume. It has also emerged in the context of various cases of alleged "greenwashing" against large companies such as Saab, Woolworths and Origin Energy.

The Green Code will extend the protection provided to consumers under section 52 of the Trade Practices Act 1974 (Cth), which provides that advertising must not be misleading or deceptive, and section 1.4 of AANA Code of Ethics, which provides that advertisements must not present products or services in a way which implies a benefit to the environment which the products or services do not actually have. In particular, it will require advertisers to:

- substantiate any environmental claims about products or services;
- demonstrate that their environmental claims represent a significant benefit to the environment; and
- not mislead consumers into believing that an environmental practice has been voluntarily adopted when, in fact, it is legally required to be adopted.

Complaints made under the Green Code will be adjudicated by the Advertising Standards Board (**ASB**).

The AANA anticipates that the Green Code will be published by mid-2009 and will be operational from early 2010.

The fight's on: Google opens up competition as trade mark protection reduced

Over the past month Google has made two prominent alterations to its AdWords policy, both of which will become effective in June of this year.

The first of these changes, and that which will have greater effect in geographical terms, is a liberalisation of Google's trade mark policy with respect to keyword searches. Prior to the change, announced in early May, Google did not allow anyone to buy someone else's trade mark as a trigger for an advertisement except in four countries: the US, Canada, the UK and Ireland. In all other countries, Google's policy was to investigate the complaints of trade mark owners where other parties had used their trade marks as triggering keywords.

As of 4 June, this will change in 190 additional regions, where the use of trade marks as keywords will no longer be investigated. The list of affected countries includes some Asian nations, such as India, Japan, Thailand and Vietnam, but does not include EU countries (excluding the UK and Ireland), or Australia, China, New Zealand or Taiwan. Trade mark owners in these latter countries will continue to enjoy relatively greater trade mark protection.

Google's second policy change, which affects US territory and users only, is that from 15 May 2009 it will be accepting advertisements containing trade mark terms (with the advertisements to begin appearing from 15 June). It had previously been Google policy not to accept advertisements containing others' trade marks, with the effect – according to Google – that retailer and distributor advertisements, in particular, could not be sufficiently descriptive. A supermarket chain, for example, would have to advertise "cola" instead of specific brands, whilst an athletic shoes store couldn't advertise the actual shoe brands it stocked.

Both of these measures are likely to increase Google's revenue, but it has been suggested that this might not necessarily cover the resulting legal costs. Already Google is facing three court actions in the US, commenced by companies who allege that Google has infringed their trade marks by allowing others to bid on them as keywords. In a 2006 French case, LVMH Moët Hennessy Louis Vuitton succeeded in establishing trade mark infringement against Google (a decision which Google has now appealed).

In any event, trade mark owners selling into countries affected by the keyword policy change, and the US in particular, should take into account that Google will no longer be playing the monitoring role it once did.

It will therefore be more important for those owners to be vigilant in protecting their intellectual property and pursue appropriate remedies against those whose purchase of keywords constitutes trade mark infringement or gives rise to other legal causes of action.

Insight - Media & Communications

Autumn Edition - May 2009

Ice TV wins High Court copyright case against Nine Network

A recent decision of the High Court of Australia in *IceTV Pty Ltd v Nine Network Australia Pty Ltd* has limited the protection of copyright in compilations and databases in Australia.

The facts

Australian free-to-air commercial television broadcaster, Nine Network Australia Pty Limited (**Nine**), produces weekly schedules of the programs to be broadcast on its network (**Weekly Schedules**). The Weekly Schedules include time and title information, additional programming information and program synopses, and are provided to “aggregators” who produce aggregated program guides for publication across different media (**Aggregated Guides**).

IceTV Pty Limited (IceTV) provides a subscription-based electronic program guide, the “IceGuide”, to consumers for use in connection with digital recording devices (**IceGuide**). The IceGuide lists the details of free-to-air television programs approximately one week in advance of broadcast.

In creating the IceGuide, IceTV predicted the time and title information of programs using previous IceGuide schedules. IceTV then referred to the time and title information contained in the Aggregated Guides to check the accuracy of the IceGuide. Where discrepancies were found, the IceGuide was amended to reflect the Aggregated Guides. It was alleged by Nine that this conduct infringed the copyright in Nine’s Weekly Schedules.

The issue

IceTV accepted that copyright subsisted in the Weekly Schedules. The key issue was, therefore, whether the reproduction by IceTV of the time and title information in the Aggregated Guides was the reproduction of a substantial part of the Weekly Schedules.

The Federal Court proceedings

Based on the Federal Court of Australia’s decision in *Desktop Marketing Systems Pty Ltd v Telstra Corporation Ltd* (**Desktop Marketing**), the Federal Court focussed on whether IceTV had “appropriated” the “skill and labour” expended by Nine in creating the Weekly Schedules. In *Desktop Marketing*, it was held that copyright subsisted in telephone directories because Telstra had expended a substantial amount of “labour and expense” in preparing them, and the misappropriation of Telstra’s labour and expense was an infringement of such copyright.

At the initial trial, Justice Bennett had held that only the skill and labour of drafting the Weekly Schedules, not the skill and labour of making programming decisions, was relevant to the issue of substantiality. IceTV had copied no more than “slivers” of time and title information from the Aggregated Guides and those “slivers” were not of a sufficient quantity or quality to be considered a substantial part of the Weekly Schedules.

By contrast, on appeal, the Full Court held that the skill and labour of making programming decisions was also relevant to the issue of substantiality. The time and title information was the “centrepiece” of the Weekly Schedules and, by copying the Aggregated Guides, IceTV had appropriated Nine’s skill and labour and infringed Nine’s copyright in the Weekly Schedules.

The High Court proceedings

The High Court (in two separate judgments) unanimously reversed the decision of the Full Court and held that IceTV had not copied a substantial part of the Weekly Schedules.

The Court affirmed the general rule that copyright does not protect mere facts or information. The commercial value of facts or information is irrelevant as copyright will only protect the particular form of expression of facts or information.

The Court noted that, in order to assess substantiality, it is necessary to consider the quantity, as well as the quality, of what was copied. A critical factor affecting quality is the “originality” of the part copied.

Infringement of a “substantial part”

Justices French, Crennan and Kiefel held that the expression of the time and title information did not require mental effort or exertion on Nine’s part. Such information could only be conveyed in a limited manner. Accordingly, the expression lacked the requisite originality for the part copied to be considered a substantial part of the Weekly Schedules.

Justices Gummow, Hayne and Heydon held the originality of the Weekly Schedules lay not in the time and title information, but in the selection of that information.



Ice TV wins High Court copyright case against Nine Network, continued . . .

Justice Bennett had correctly excluded the skill and labour of making programming decisions from the issue of substantiality as it was directed to Nine's business of programming rather than the form of expression of the Weekly Schedules. Their Honours also held that the Full Court had approached the issue of substantiality at "too high a level of abstraction", preferring to protect Nine's interests against competition over the interests of consumers in accessing program guides by way of new technologies.

Relevance of "skill and labour"

Finally, the Court criticised the Federal Court's focus on whether IceTV had "appropriated" Nine's skill and labour and suggested that the decision of Desktop Marketing had been misapplied. While Desktop Marketing was not directly relevant (as it concerned the issue of copyright subsistence), the Court noted that it should be treated with caution, in particular, its emphasis on labour and expense and misappropriation.

Justices French, Crennan and Kiefel noted that Nine's skill and labour was relevant but should not distract from the issue of substantiality. The key question was whether Nine's skill and labour was directed to the originality of the particular form of expression of the time and title information. In this case, Nine's skill and labour in making programming decisions was not directed to the originality of the particular form of expression of the time and title information.

The level of skill and labour expended by Nine in expressing the time and title information was minimal, as the particular form of expression was largely dictated by the nature of the information itself.

Justices Gummow, Hayne and Heydon noted that the appropriation of an author's skill and labour was not determinative of the issue of infringement. To focus on it was to take a "fundamental departure" from the text and structure of the Copyright Act as the Act does not protect skill and labour of themselves, and the concept of "misappropriation" does not exist in the Act.

The implications

The effect of the High Court's decision is that the protection of copyright in compilations and databases in Australia is limited. In determining whether a substantial part of a compilation or database has been copied, a Court will be required to consider the originality of the expression of the part copied. It will also be required to consider whether the author's skill and labour was directed to the originality of that expression.

The decision will have a significant impact on businesses which publish information of a generic nature. Other businesses may now be able to use such information in certain circumstances without the fear of copyright infringement.

Key Contacts

Melbourne

Dan Pearce, Partner
T: +61 (0)3 9321 9840
E: dan.pearce@holdingredlich.com.au

Marilyn Awad, Senior Associate
T: +61 (0)3 9321 9850
E: marilyn.awad@holdingredlich.com.au

Sydney

Ian Robertson, Partner
T: +61 (0)2 8083 0401
E: ian.robertson@holdingredlich.com.au

Sonia Borella, Partner
T: +61 (0)2 8083 0412
E: sonia.borella@holdingredlich.com.au

Brisbane

Paul Venus, Partner
T: +61 (0)7 3135 0613
E: paul.venus@holdingredlich.com.au

Disclaimer

The information in this publication is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, we do not guarantee that the information in this newsletter is accurate at the date it is received or that it will continue to be accurate in the future.

Melbourne

350 William Street, Melbourne VIC 3000
T +61 (03) 9321 9999 F +61 (03) 9321 9900

Sydney

Level 65, MLC Centre, 19 Martin Place, Sydney NSW 2000
T +61 (02) 8083 0388 F +61 (02) 8083 0399

Brisbane

Level 1, 300 Queen Street, Brisbane QLD 4000
T +61 (0)7 3135 0500 F +61 (0)7 3135 0599