

Mc'Donald's fails to prevent registration of “arch” trade mark

Posted on 01/09/2009 by [Kate Duckworth](#)

In June 2008 the case of *Intellectual Property Development Corporation Pty Limited v Primary Distributors New Zealand Limited* (CIV-2006-404-4695, Auckland High Court, 24 April 2008, Asher J) in the High Court was reported. In that case Primary Distributors accepted it had infringed

IPDC's HEFTY trade mark but the parties disagreed about an account of profits.

One of the key facts was that in January 2006 Primary Distributors sent an email to IPDC. An exchange of emails included this from Primary Distributor: “The Hefty brand will now continue in New Zealand”. IPDC did not complain until a cease and desist letter was sent in July 2006.

Primary Distributors claimed IPDC was not entitled to an account of profits for the period in which it knew Primary Distributors was infringing but did nothing about it.

Primary Distributors claimed IPDC had lost its rights through its inaction or alternatively its conduct amounted to waiver or acquiescence on or laches.

The High Court ruled that a plaintiff cannot stand by permit a defendant to make profits and then expect to claim those profits. An account of profits was not available for the period

between January and July 2006 when IPDC was aware of Primary Distributor's actions but did nothing.

Intellectual Property Development Corporation (IPDC) appealed to the Court of Appeal against the decision of Asher J in the High Court.

Having already conceded before the High Court that a court was entitled to refuse an account of profits when a claimant has neglected to take proceedings after becoming aware of the infringement, IPDC claimed that this would only be where there had been an inordinate delay, and this was not such a case.

The Court of Appeal ruled that mere delay was not a bar to seeking a remedy, unless the delay is inordinate or something more is present. The Court of Appeal ordered an account of profits from the time infringement began until the time infringement ended.

IPDC also requested an account of profits against the directors of Primary Distributors personally. Primary Distributors claimed that the directors should only be jointly and severally liable for an account of profits against the company, not liable for any personal profits the directors made. The Court of Appeal remitted this matter back to the High Court for determination.

Asher J did not deal with passing off in his decision in the High Court, so the Court of Appeal also remitted this issue back as well.

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World Trademark Review Daily 1 September 2009