

HENKEL WASHES AWAY RECKITT BENCKISER TRADE MARKS AND INTERIM INJUNCTION IN DISHWASHER PRODUCT STOUSH

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Legal Briefings - By **Emma Iles, Anna Vandervliet and Byron Turner**

The Federal Court has recently published its decision following the first instance trial on the merits in the ongoing stoush between Reckitt Benckiser (**RB**) (manufacturer of FINISH dishwasher products) and Henkel (manufacturer of SOMAT dishwasher products).

In September 2021, RB was successful in obtaining an urgent interim injunction against Henkel, restraining the launch of Henkel's 'Somat Excellence 4 in 1' dishwasher gel capsules, based on a prima facie case of trade mark infringement. We previously reported on this decision of Justice Halley [here](#).

Despite this initial victory, following detailed consideration of the issues and evidence (including additional expert evidence) in a full trial on the merits, Justice Rofe has found in Henkel's favour. Significantly, RB not only failed to persuade Justice Rofe that Henkel had infringed two trade marks relating to the appearance of Finish 'Powerball' capsules or engaged in misleading and deceptive conduct or passing off, but her Honour also held that RB had failed to use its own marks as trade marks in the relevant non-use period, and determined that RB's marks should be removed from the register.

This decision has important lessons for brand owners seeking to protect and enforce 'secondary' or subsidiary branding elements, namely:

1. the need to ensure that subsidiary branding elements are used consistently and prominently across the life of the trade mark registration;




2. the need to use subsidiary branding elements to designate trade origin independently of the main brand; and
3. the difficulties that brand owners can face in enforcing trade marks that could be said to perform a functional role, such as depicting product appearance, particularly in the context of 'low involvement' consumer products where the brand name can be considered the primary differentiator for the consumer. In this context, additional and deliberate effort may be required to ensure the use of a subsidiary mark follows principles (1) and (2) above.

BACKGROUND

RB owns two trade marks that relate to its FINISH branded dishwasher capsules (the **FINISH marks**). The dishwasher capsule market in Australia is dominated by FINISH, which represented approximately two-thirds market share as at July 2021. Henkel's SOMAT brand, whilst established internationally for some time, first entered the Australian market in August 2021.

RB claimed that Henkel's proposed use of the SE Logo (pictured below) constituted trade mark infringement, as well as misleading and deceptive conduct under the Australian Consumer Law (**ACL**) and passing off.

Henkel cross-claimed for removal of the FINISH marks on the basis that RB had not "used" the marks during the relevant period.

Trade marks owned by RB	Logo on RB's Finish products	Logo on Henkel's Somat products
<p style="text-align: center;"><u>COMBINED.PNG</u></p> 	<p style="text-align: center;"><u>COLUMN 2.PNG</u></p> 	<p style="text-align: center;"><u>COLUMN 3.PNG</u></p> 
<p>Source: Australian Trade Marks Register (Registrations 1008914 and 1211311)</p>	<p>Source: Click here</p>	<p>Source: Orders of Justice Halley dated 3 September 2021 in proceeding number NSD823/2021</p>

FEDERAL COURT DECISION

In summary, the Court held that the SE Logo did not infringe either of the FINISH marks, and that RB had also failed to establish passing off and misleading and deceptive conduct.

The Court further upheld Henkel's cross-claim, on the basis that RB had not used the FINISH marks during the relevant period.

NON-USE OF RB MARKS

The 914 mark

Henkel claimed that RB had not used the 914 mark, including on the basis that:

- product images (of which several were put into evidence by both sides) used by RB on their packaging and in advertising were not substantially identical to the 914 mark;
- even if those product images were found to be substantially identical to the 914 mark, their use was not “use as a trade mark”, because RB merely used them to identify the product (ie. type of dishwashing tablet) for sale;

RB put forward various examples of what it considered constituted use, including three commercials in relation to its FINISH Quantum Ultimate product and images from advertisements placed on the Amazon online store.

The Court agreed with Henkel's position that RB had not used the 914 mark.

The Court held that the product images of the capsules were presented in a functional way, highlighting the cleaning benefits of the product, rather than to “*designate trade origin*”. In coming to this view, the Court noted the fleeting appearance of the product images in the commercials being considered, and the lack of any impression left on the consumer by these images.¹ The Court distinguished this use from the prominent use of the FINISH brand name, which was used throughout the commercials.

Equally, in relation to the advertisements on Amazon, the Court considered that as a factual matter a consumer would not be “*confronted*” by the relevant product images when undertaking searches for the FINISH products. The Court also considered that, again, the product images were not being used as a badge of origin, but rather “*to highlight particular technical attributes of the tablets*”.

The 311 mark

Henkel submitted that, to the extent that it was used in product packing by RB, the 311 mark is merely *“used as a small, constituent part of the stylised trade mark FINISH, being the red Powerball placed over the second ‘i’”*. Henkel further characterised the mark as a *“limping trade mark, needing the crutch of [FINISH]”* to designate origin of the goods.

RB on the other hand highlighted the visual and conceptual distinctness of the mark, which it submitted was recognisable due to the contrast of colours used (blue and red), the central positioning of the red ball, and its association with the concept of the “Powerball”, which is an identifiable part of the FINISH brand.

The Court considered whether the 311 mark had been used as a component of a larger composite mark. The test adopted was *“[W]hether the component created “a separate and distinct commercial impression” from the other components, so that it might be said of the distinct component that it performs a trade mark function.”²*

The Court determined that there was no evidence of use of the 311 mark on its own, and that the alleged composite mark did not give the impression of several distinct trade marks.

RB was therefore found not to have used either the 914 or the 311 mark during the relevant period. The judge also refused to exercise the discretion available to allow the marks to remain on the register.

INFRINGEMENT OF RB MARKS

In considering whether Henkel’s use (or proposed use) of the SE logo infringed the FINISH marks, the Court considered:

1. whether Henkel’s use of the SE logo constituted “use as a trade mark”; and
2. whether the SE logo was “deceptively similar” to the FINISH marks.

On “use as a trade mark”, the Court emphasised the importance of context and referred to the expert evidence adduced, which had found that dishwasher capsules are a “*low involvement*” product for consumers, as compared to other more significant purchases, such as the dishwasher itself. The evidence established that this influenced the basis on which consumers differentiate products, with the experts agreeing in the case of dishwasher capsules that the primary differentiator would be brand name. Given the Henkel products clearly and prominently used the SOMAT brand on packaging and advertising materials, the Court found that “*there is little likelihood that consumers would think that the SE...products come from the same source as the FINISH products*”. The Court concluded that the use of the SE logo in this context did not constitute use as a trade mark in these circumstances.

Given this determination, the Court did not strictly need to consider whether the SE logo was deceptively similar to the FINISH marks, though findings were still made. Ultimately, based on various differences between the SE logo and the FINISH marks (including use of a red oval rather than red circle, and symmetry vs asymmetry of the white “burst” in the background of both images), the Court found that the impression created by both images was substantially different such that they were not deceptively similar.

ACL AND PASSING OFF

RB contended that consumers familiar with the well-known FINISH products, including the image of the FINISH gelcap with a white and blue swirl and blue ball, would likely (particularly in the “*hurried and cognitively overwhelming supermarket environment*”) view the SE logo and be misled or deceived into thinking the SE products were associated with the FINISH brand. RB provided evidence of what it considered to be the relevant class of consumers for these products, and relied on consumer research reports commissioned by Henkel as demonstrating what it said to be potential for confusion between the two products.

Henkel argued that the ACL and passing off claims should be dismissed: firstly, as RB did not enjoy any reputation in the red Powerball in combination with the colours blue and white as claimed (the **Claimed Indicia**), in isolation from the FINISH trade marks; and, secondly, as the SE products did not resemble the FINISH products.

The Court agreed with Henkel’s argument that RB did not enjoy sufficient reputation in the Claimed Indicia. Consistently with the findings on RB’s trade mark infringement case, the Court held that there was no real likelihood of confusion between the SE and FINISH products, in part due to the prominence of the distinctive brand names. The differences in packaging overall were also considered to be important distinguishing features. The ACL and passing off cases were both dismissed.

WHERE TO NOW?

Justice Rofe has ordered the parties to provide orders reflecting her reasons within 14 days. It remains to be seen whether RB will appeal this decision. However, in circumstances where it obtained the benefit of an interim injunction and is subject to 'the usual undertaking as to damages', the potential liability for damages under that undertaking is likely to provide additional incentive for an appeal.

TAKEAWAYS

This decision provides some salient guidance for businesses seeking to enforce trade mark and related rights in product get-up, as well as businesses seeking to defend or avoid allegations of infringement. In particular:

1. Urgent interim injunctions remain a powerful and effective tool to protect the strength and value of an established brand, and to protect market share. Prior to launching new brands or products in Australia, businesses need to be aware of their competitors' brands and reputation and consider the infringement risk.
 2. The factors considered by the Court in an application for an urgent interim injunction are different to those considered by the Court at a trial on the merits, and the evidence and arguments deployed by the parties may also differ at these different stages. This means that success at an interim stage does not guarantee ultimate success. This carries a risk of compensation being owed by the brand owner pursuant to the undertaking as to damages if it turns out that the interim injunction was wrongly granted.
 3. Trade marks should be used consistently and in a form that as closely as possible resembles the registered mark. If the trade mark that is being used no longer closely resembles the registered mark, businesses should consider applying to register the mark in the current form.
 4. Secondary or subsidiary trade marks can play an important role in a stable of brands, but not every element used on product packaging or advertising will satisfy the requirement that it is used 'as a trade mark'. Businesses should make sure that any secondary marks are used prominently and independently of the primary brand to increase the likelihood that these marks act as trade marks in their own right.
 5. An application to remove a trade mark from the register can be an effective defensive strategy to an allegation of infringement, and trade mark owners run the risk of losing their registered rights if the mark has not been used 'as a trade mark' in the period prior to enforcement.
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1. At [164]-[166], quoting Justice Kitto in *Shell Company of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 at 425.
2. At [192], quoting *Colorado Group v Strandbags Group No 2* (2006) 69 IPR 281 at [8].

KEY CONTACTS

If you have any questions, or would like to know how this might affect your business, phone, or email these key contacts.



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