



Précis Paper

Taxiprop Pty Ltd v Neutron Holdings Inc [2020] FCA

1565

Abstract – A comprehensive discussion about the legally contentious facets of the 'Taxiprop' case and other key precedents, in addition to broader trade mark law commentary.

Discussion Includes

- Background
- The Rebranding Process
- The Importance of Evidence
- Control
- Infringement
- The Domain Name
- Comparing Arguments (Domain name, good faith and similarity of services)
- Abandonment
- Declarations

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Defamation Law Reform

1. In this edition of BenchTV, Edward Heerey QC (Barrister at Nigel Bowen Chambers) and Frances St John (Barrister at 10th Floor Chambers) have an in-depth discussion about the 'Taxiprop' case in light of all its trade mark law-related complexity; rebranding, evidence, control and infringement.

Background

2. Both presenters appeared in this case and were on side of Neutron Holdings.
3. This case is about a trade mark that was registered 15 years ago (in 2005). It is a plain word - LIME. It was registered in respect of services described by the general term, 'transport'. The broadness of the registration meant that it could theoretically apply to any type of 'transport' (e.g. air or sea).
4. The company which held that registration is a large taxi business. It is national and is a listed company. This was one of many trade marks in its portfolio.
5. The history of the use of this trade mark was limited. It had only been used in the context of taxis, which was one of the major issues in the case. The registration covered transport as a whole but the issue only dealt with taxis, initially.
6. The second aspect of the case was that the use on the taxis had been relatively small and had been effectively phased out before these two parties came into contact with each other.
7. The business commenced in 2008 and it specialised in large wheelchair accessible taxis within Sydney. At its peak, it had 50 vehicles.
8. The Sydney aspect meant that there was a geographical limitation. Furthermore, the type of taxis was another limitation. The use of the taxis decreased over time.
9. The group of companies that owned the trade mark are known as A2B. It was consolidating all of its various Australian brands.
10. On the other side of the case is an American company which is called Neutron Holdings. Neutron launched an electric bike scheme in the University of North Carolina, back in 2017. This has significantly grown in recent years.
11. These parties came into contact with each other first, when the LIME bike and scooter business was looking to launch in Australia. A trade mark application, was subsequently filed. It received an adverse report from the trade mark office because it involved LIME transport. The registration was still on the register.

The Rebranding Process

12. The fundamental aim was to build a national brand that was supported by an app, but there was a clear competition with Uber. As an outcome of this, the taxis were in the process of being rebranded. This included LIME.

13. That process occurred in 2016 - all the cabs came into the warehouse and were rebranded. From this point, the trade mark was no longer being used. The domain name was switched off at the end of 2016.
14. The rebranding process was very public in nature.
15. There was a public expression to not use the brand that was combined with a corporate decision that they are not going to use it. This is the lens, in terms of how to view the case.

The Importance of Evidence

16. There was no evidence of that mark being used. Neutron filed a non-use application in Australia. This was the starting point of the litigation and it prompted an unhappy response from the owner of the LIME trade mark.
17. Proceedings were mainly launched for trade mark infringement. The original non-use application became a cross-claim.
18. Section 92 of the *Trade Marks Act* (TMA), focuses on a 3 year period. The 3 years is up until 1 month before the application of removal is made.
19. The original non-use period went from August 2015 to August 2018.
20. Taxiprop filed its evidence in response to that non-use application. Evidence of use on the webpage, was a legally contentious point.
21. This ended in 2016. By filing a different cross-claim, it referred to a different 3 year period which started after the LIME webpage was switched off.
22. This whole situation gave rise to a different type of use that Taxiprop had commenced. It happened after they learnt of the non-use application. They specifically decided to defend their registration by putting LIME trade marks onto existing taxis.
23. Ultimately, Neutron was unsuccessful. The presenters argued that this was not an 'abuse of faith'. Placing the trade mark on only 2 out of 9000 cabs is not a proper use of trade mark.
24. In the 'Concord' case, there was a trade mark used on a 1 000 000 cigarettes but in the context of the English cigarette business, that was considered as not being in 'commercial use' and 'good faith'.
25. The judge said that the sole purpose of the registration is absolutely crucial to understand. This case is different from other 'good faith cases' because non-use is coupled with the express public disclaiming of this brand.
26. There was a large volume of evidence that the presenters had to counter.
27. The line of evidence was similar when it came to the question of removal. There was all sorts of evidence about how these services might overlap and how people might decide to use either a taxi or an electric bike.
28. There is evidence to support the overlap and also situations where there was no overlap.
29. There was expert evidence from a marketing academic that Neutron called, but the judge dismissed it. This occurred during the cross-examination stage.

Control

30. The next part of the case was to prove that use, equated to control by the company within the group of companies which is the trade mark owner. This issue has become a recurring theme within many other trade mark cases which involve corporate groups.
31. It is common practice for groups of companies to have a subsidiary company which holds its IP.
32. Taxiprop was the owner of all trade marks and it had 2 directors. One of them was the company secretary of the overall public business and he was personally involved in applying these marks to his taxis. The judge was satisfied that he was sufficiently involved and knew enough about what was going on.
33. There was sufficient control over the use of the trade mark by the corporate entity which owns the trade mark.
34. You can infer control because there was a unity of purpose.
35. The judge said that the unity of purpose was a natural and ordinary inference within the framework of corporate groups.
36. The use of the word, LIME in the domain name is another legally contentious issue. One of the uses relied on in the non-use period was 'use of a domain name'.
37. Taxiprop relied on use of LIME on certain websites, including a website that was used only to redirect users to A2B's booking website, which was branded with the mark it was actually using, 13CABS.
38. There are a lot of cases that say the use of a domain name is a trade mark use.
39. The Court found that there had been use of the trade mark under both cross claims for taxis. This raises the following question - what happens to the rest of the transport services which are in the registration?

Infringement

40. Taxiprop argued a case of infringement. This party aimed to retain the broadest possible registration.
41. It was argued that there was an overlap in the services. The services provided by Neutron was described as 'micro-mobility' - dockless bikes and scooters that can be booked via apps and found on the street. QR codes are vital within this process.
42. There was a great degree of emphasis on how Uber operates and its emphasis on the LIME bike business in the US. The LIME business in the state of Seattle involved a pilot program with 'pods' (little vehicles). The convergence of carshare services was the prime point.
43. This situation also highlighted the importance of discretion due to convergence. The discretion is covered by Section 101 of the TMA.
44. Under Section 100, the trade mark owner has the onus to prove the use of the mark. If use has not been proved, there is then a discretion for the Court to retain some or all of those goods and services in registration, despite the fact that it has not been used.
45. It is at this point of the case, that Neutron succeeded.

- 46. Nothing ought to remain in the registration except taxi services.
- 47. In analysing the infringement case, it became clear that any injunction would have to be based on infringement of a mark that was limited to taxis.
- 48. Eventually, the registration was cut back from transport.
- 49. In Court, the presenters argued that there is a public interest in not allowing an unused mark.
- 50. The trial judge quoted Justice Brennan from the High Court of New Zealand who said 'use it or lose it'.
- 51. Trade marks are not creatures of statute.
- 52. The legislation covering trade marks simply provides a way of registration and a test for infringement.
- 53. There is an strong public interest in unused trade marks not being retained on the registers of national trade mark offices.
- 54. They are abandoned vessels in the shipping lanes of trade.

The Domain Name

- 55. The use of the word, LIME in the domain name is another legally contentious issue. One of the uses relied on in the non-use period was 'use of a domain name'.
- 56. They claimed that websites existed. These websites make no material difference in the case.
- 57. The 13Cabs website is the main point of consumer-business interaction. There are a lot of cases that say the use of a domain name is a trade mark use.

Comparing Arguments (Domain name, good faith and similarity of services)

- 58. Taxiprop claimed that the precedents claimed that the use of a domain name is trade mark use and that is the end of it. They argued that there was no need to go any further.
- 59. The trial judge held that those cases do not stand for an unqualified proposition. Neutron argued that because the public was redirected straight from the LIME domain name to the 13Cabs website, they were not likely to understand that LIME was being used as a trade mark.
- 60. The majority judgment of the 'Solihart' case was in sync with the judgment in focus. There is use in a domain name even if it just redirects the consumer.
- 61. Mr Quinn had been working in the warehouse for over forty years. He was mostly involved with repairing taxis and was also witness to the rebranding process.
- 62. Recording the old labels was not a part of his standard protocol. Mr Quinn's spreadsheet had a few errors and inconsistencies, but he was perfectly candid about it.
- 63. The rest of the judgment is about infringement and misleading conduct. Fundamentally, this gave rise to the following issue - if the mark is limited to taxis, could you then conclude that electric bike/scooter hiring services are of the same description?
- 64. In terms of the booking dispatch system, the judgment conveyed that it was an inherent and central aspect of taxi services. The judge ultimately decided in the favor of Neutron.

- 65. As for the passing off and misleading conduct case, the judge found that there was barely any residual reputation.
- 66. Taxiprop invested a special focus into Uber within the context of similarity and consumer perception. Uber was an investor in LIME bikes and it was visible on the Uber application, hence LIME was going to be a part of 'transport' as a service offering.

Abandonment

- 67. His Honor did not consider Neutron's argument of abandonment under Section 88.
- 68. Abandonment is hard to prove.
- 69. Only a handful of cases have ever tried to argue common law abandonment. The evidence needs to show a real intention to abandon the mark and such that you can lose all ownership of it.

Declarations

- 70. Ultimately, in the second judgment, the Court granted the declaration that was sought for that infringement.
- 71. There is a declaration that the use by Neutron of the LIME on its electric bikes and scooters did infringe that registration up until the date that the registration was removed.
- 72. The damages had been separated out as is very common in IP cases. There were no obvious lost sales that resulted from the use of the LIME trade mark.
- 73. Prior to the proceedings, there was a suggestion that Taxiprop could resort to a 'quia timet injunction' in respect of the trade mark infringement. However, this never went ahead.
- 74. Taxiprop's claim was primarily based on Neutron's trade mark application, which included vehicles other than scooters and bikes.
- 75. This case teaches us that a declaration does not automatically follow from a finding. There must be some practical utility.
- 76. It is difficult to prove a lack of 'good faith' and a lack of control within a corporate group.
- 77. The defendant continues to use the trade mark to date.
- 78. After the substantive judgment, there was another argument between the parties about the extent of infringement up until the date that the mark was removed.

BIOGRAPHY

Edward Heerey QC

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Edward mainly conducts trials and appeals in the Federal Court of Australia in Sydney and Melbourne. He also appears in patent and trade mark opposition proceedings at IP Australia, in the Australian Copyright Tribunal and the Australian Competition Tribunal. Edward is also a registered Trade Marks Attorney and a Senior Fellow of the University of Melbourne Law School where he teaches in the post-graduate intellectual property programs.

Frances St John

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Frances specialises in intellectual property, including copyright, patents, trade marks, designs, breach of confidence, and false advertising. She regularly appears, led and unled, in the Federal Court, Supreme Court, Federal Circuit Court, and IP Australia. She is recognised as one of Australia's leading IP junior barristers by Doyle's Guide to the Australian Legal Profession and Best Lawyers. Frances used to be an Associate to Justice Greenwood of the Federal Court of Australia.

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