

Monster Energy update

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Hansen Beverage Company, the purveyor of Monster Energy, the second-biggest selling energy drink in the world, did not have to prove their reputation in Australia was strong enough to found an action in passing off in order to stop Bickfords (Australia) Pty Ltd from hijacking their brand in this country.

In trying to stop Bickfords, Hansen had not relied simply on an action for passing off, a remedy designed to protect brand owners' reputation, but had included a claim under the consumer protection provisions of the Trade Practices Act 1974 (TPA), alleging misleading and deceptive conduct by Bickfords.

Hansen was disappointed last year when at first instance¹ Middleton, J held that on the evidence presented not enough Australian adult males between the ages of 18–30 (Hansen's stated target market) knew about Hansen's product to constitute sufficient reputation for either claim to succeed.

However, the Full Federal Court held unanimously last year on appeal from Hansen² that the standard to be applied to sufficiency of reputation that must be established in a TPA claim for misleading and deceptive conduct is not to be applied by reference to the aggrieved party's stated "target market", or even a narrower "relevant market" of persons. Rather the question to be answered is:

...whether a not insignificant number of persons *in the Australian community*, in fact or by inference, have been misled or are likely to be misled, even if those persons are mostly or exclusively extreme sports enthusiasts.³

The Full Court also expressly held that Part V of the TPA "... provides wider protection than passing off"⁴ and that ... "the sufficiency of the reputation which is required to be shown *may be less* in proceedings under the TPA than in proceedings alleging passing off."⁵

The Full Court remitted the question to the primary judge, but Bickfords settled the matter in December 2008, just after the appeal judgment was handed down. The Full Court did not provide any guidance in their judgment as to what "a not insignificant" number was, but Bickfords must have thought the threshold had been reached.

Hansen's Annual Report filed 2 March 2009 with the US Securities and Exchange Commission records, under Pt 1 Item 3 "Legal Proceedings":

In August 2006, HBC filed a civil action in the Federal Court of Australia, Victoria District Registry, against Bickford's Australia (Pty) Limited and Meak (Pty) Ltd. (collectively "Bickfords"), in which HBC sought an injunction restraining Bickfords from selling or offering for sale or promoting in Australia any energy drink or beverage under the MONSTER ENERGY™ or MONSTER™ marks or any similar marks, and further sought damages and costs. Bickfords cross-claimed seeking an order to restrain HBC from selling, offering for sale or promoting in Australia any drink product under the Monster Energy or Monster trade marks or any similar trade marks, and for costs. In December 2008, the parties entered into a confidential settlement agreement resolving the parties' disputes in the litigation. Pursuant to the terms of the settlement agreement, *Bickfords will cease all use of the 'Monster and Monster Energy marks in Australia (after depletion of its existing inventory) and will assign to HBC all trade mark applications and registrations which consist of or include the MONSTER ENERGY™ and MONSTER™ marks it has lodged throughout the world, including those lodged in Australia, New Zealand, Singapore, Malaysia, Hong Kong and Indonesia.*⁶

The TPA is useful even to a large multinational beverage manufacturer that has omitted to register its trade marks here, but wants to annex Australia, (and New Zealand, Singapore, Malaysia, Hong Kong and Indonesia) to its branded territory. Sponsoring elite international sports and other indirect global brand advertising seems to be enough to establish the necessary reputation in Australia for the purposes of a claim under the TPA.⁷

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Footnotes

1. *Hansen Beverage Company v Bickfords (Aust) Pty Ltd* (2008) 75 IPR 505; (2008) AIPC ¶92-292; [2008] FCA 406; BC200802057.
2. *Hansen Beverage Company v Bickfords (Aust) Pty Ltd* (2008) 171 FCR 579; 251 ALR 1; [2008] FCAFC 181; BC200810030.
3. Above n 2 at [48] (emphasis added).
4. Above n 2 at [39].
5. Above n 2 at [44] (emphasis added).
6. <http://investors.hansens.com/secfiling.cfm?filingID=1104659-09-13530> (emphasis added).
7. Above n 2 at [64].