

# SUPREME COURT OF QUEENSLAND

CITATION: *The Architects (Australia) Pty Ltd t/a Architects Australia ACN 010 362 937 v Witty Consultants Pty Ltd & Anor* [2002] QSC 139

PARTIES: **THE ARCHITECTS (AUSTRALIA) PTY LTD**  
**TRADING AS ARCHITECTS AUSTRALIA ACN 010 362 937**  
(plaintiff)  
v  
**WITTY CONSULTANTS PTY LTD ACN 068 449 776**  
(first defendant)  
**MICHAEL WITTY**  
(second defendant)

FILE NO/S: 2255 of 2002

DIVISION: Trial

PROCEEDING: Civil Trial

ORIGINATING COURT: Brisbane

DELIVERED ON: 20 May 2002

DELIVERED AT: Brisbane

HEARING DATE: 18 – 19 April 2002

JUDGE: Chesterman J

ORDER: 

1. That the first defendant, whether in trade or commerce, by itself, its servants or agents be restrained from advertising, promoting, selling, offering to sell, supplying or offering to supply its services or those of others under or by reference to the name “Architects Australia” or any other name substantively identical with or deceptively similar thereto, including the name “architects australia.com.au”.
2. That the first defendant be restrained from using in conjunction with the sale or promotion of its services or those of others the name “Architects Australia” or any other name substantially identical with or deceptively similar thereto, including the name “architectsaustralia.com.au”.
3. That the first defendant forthwith do all such things as may be necessary to deregister the domain name “architectsaustralia.com.au” and to remove the public display of that domain name.

4. **That the second defendant be restrained from aiding, abetting, counselling or procuring or in any way being directly or indirectly knowingly concerned in any conduct of the first defendant as described in orders a, b and c above.**

CATCHWORDS: TORT – Passing off – Where defendant used same name as plaintiff to market its business – Whether plaintiff had goodwill in the name “Architects Australia” – Whether words “Architects Australia” were distinctive of the plaintiff’s business

TORT – Passing off – Whether disclaimer effective to prevent confusion

TRADE PRACTICES – Consumer protection – Misleading and deceptive conduct – Whether defendant’s use of same name as the plaintiff was likely to mislead or deceive

CORPORATIONS LAW – DIRECTOR’S LIABILITY – Where director authorised and directed the actions of the first defendant – Whether director personally liable for conduct of company

*Fair Trading Act 1989 (Qld)*, s 38, s 40(f) and s 98(2)  
*Trade Practices Act 1974 (Cth)*, s 52, s 53(d) and s 80(1)

*AG Spalding Bros v AW Gamage Ltd* (1915) 84 LJ Ch 449, (considered)

*British Telecommunications Plc v One In a Million Ltd* (1999) 1 WLR 903, (applied)

*C Evans & Sons Ltd v Spritebrand Ltd* [1985] 1 WLR 317 (cited)

*Cadbury Schweppes Pty Ltd & Ors v Pub Squash Pty Ltd* [1980] NSWLR 851, (cited)

*Campomar Sociedad Limitada v Nike International Limited* (2000) 202 CLR 45, (applied)

*ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302, (cited)

*Dodds Family Investments Pty Limited (formerly Solar Tint Pty Limited) & SWD Group Pty Limited (trading as Solar Tint) v Lane Industries Pty Limited*, Unreported FC 18 May 1993, (approved)

*Equity Access Pty Ltd v Westpac Banking Corporation* (1990) 12 ATPR 40-994, (distinguished)

*Henderson v Radio Corporation Pty Ltd* (1960) 60 SR (NSW) 576, (followed)

*Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* [1977-1978] 140 CLR 216, (considered)

*Kalamazoo Pty Ltd v Compact Business Systems Pty Ltd*  
 [1990] 1 Qd R 231, (applied)  
*Lego Australia Pty Ltd v Paul's (Merchants) Pty Ltd* (1982)  
 42 ALR 344, (cited)  
*Office Cleaning Services Ltd v Westminster Window and  
 General Cleaners Ltd* (1966) 63 RPC 39, (distinguished)  
*Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd*  
 [1981-1982] 149 CLR 191, (cited)  
*Paula Brock v The Terrace Times Pty Ltd* (1982) ATPR 40-  
 267, (cited)  
*Performing Right Society Limited v Ciry l Theatrical  
 Syndicate Limited* [1924] 1 KB 1, (applied)  
*Select Personnel Pty Ltd v Morgan & Banks Pty Ltd* (1998)  
 12 IPR 167, (applied)  
*Taco Co of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR  
 177, (applied)  
*Wah Tat Bank Ltd v Chan Cheng Kum* [1975] AC 507 at 514-  
 5, (cited)  
*Westinghouse Electric Corporation v Thermopart Pty Ltd*  
 [1968] WAR 39, (cited)  
*Yorke v Lucas* [1985] 158 CLR 661, (applied)

COUNSEL: Mr. J. A. Logan SC for the plaintiff  
 Mr. N. J. Thompson for the defendant

SOLICITORS: Kerin & Co Solicitors for the plaintiff  
 McLaughlins Solicitors for the defendant

### **Factual circumstances**

- [1] **CHESTERMAN J:** The plaintiff's correct name is "The Architects (Aust.) Pty Ltd". It trades under the name "Architects Australia". The only shareholders are Mr Graham Kildey and his wife. The plaintiff conducts an architectural practice engaging principally in commercial and large residential projects.
- [2] The plaintiff was incorporated on 29 March 1982. At all times since it has been, and is now, registered by the Board of Architects Queensland, under the name of Mr Kildey and "The Architects (Australia) Pty Ltd". It did not register its trading name under the *Business Names Act* 1962 (Qld) until 22 October 2001. Its entry in the white pages of the telephone directory is "Architects Australia Pty Ltd".
- [3] The first defendant is a company the shares in which are held by the second defendant, Mr Michael Witty and his wife who are its sole directors. It was established to operate an Internet-based directory advertising the services of Australian architects throughout Australia and the world. This directory operates under the name "architectsaustralia.com.au". The plaintiff disputes the use of the name.
- [4] The plaintiff's practice is based in Brisbane although it has designed and supervised construction projects in both London and Spain under the name "Architects

Australia". The value of building projects in which the plaintiff has been involved ranges from \$300,000 to more than \$100,000,000. Mr Kildey owns several other companies engaged in property development. Approximately half of the plaintiff's work is the provision of architectural services to those companies. The other half is the provision of those services to unrelated clients.

- [5] The plaintiff does not advertise. None of the work performed by Architects Australia is obtained by that means. New clients usually approach the plaintiff because they are familiar with its work, or have a personal relationship with Mr Kildey, or have been recommended to it. Mr Kildey gave evidence of several projects it had undertaken since 1983 under the name "Architects Australia". The plaintiff's trade name together with a large stylised double "A" logo appears on the plaintiff's letterhead, business cards and other documents.
- [6] The second defendant, Mr Witty, has practised as an architect since 1976. On 2 January 2001 he registered the name "Michael Witty Architects Australia" under the *Business Names Act 1962 (Qld)*. In December 2000 he applied to register the Internet domain name "architectsaustralia.com.au". This was granted on 3 January 2001, and from that time Mr Witty has utilised the first defendant to promote and develop a directory of architects.
- [7] The directory is entirely electronic and exists only on the Internet. It provides a service by which architects can register their names and businesses on the directory as a method of advertising. Architects listed on the web site pay an annual registration fee of \$550 to the first defendant.
- [8] The first defendant's efforts to promote the website have been relatively conventional. It has used direct marketing techniques, including mail outs and phone calls, as well as conspicuous placement of billboards, newspaper and magazine advertisements. Noteworthy is the first defendant's use of a large roadside billboard. At various times since October 2001, the first defendant has displayed this billboard at Kingsford-Smith Drive in Brisbane, and at other prominent locations in the Gold Coast, Adelaide, Melbourne Perth and Sydney. This advertising campaign has led to a substantial number of listings on the first defendant's directory which now lists more than 200 architectural practices.
- [9] Someone who consults the first defendant's website will read, as part of its promotion, the following:
- "Who are we? . . .  
We are architects providing a means by which a potential client can access information about architects via a purpose designed data base website 24 hours a day 365 days a year."

The words "Architects Australia" are given prominence on the home page and, if I have the terminology right, the designation "architectsaustralia.com.au" is used as an organisation name as well as a site name.

- [10] Mr Witty claims that he was unaware of the plaintiff's business when he registered the domain name. He states that he first became aware of the plaintiff's name "Architects Australia" in September 2001 upon reviewing the Architects Roll of Queensland for the Year 2001 published in the Queensland Government Gazette. There is no reason to question Mr Witty's evidence in this regard. It is supported by

the fact that the plaintiff did not advertise its business, nor register the name “Architects Australia” as a business name until 22 October 2001, after Mr Kildey had notice of the first defendant’s activities.

### **The plaintiff’s claim**

- [11] The plaintiff claims that the defendant has engaged, and continues to engage, in conduct that is misleading or deceptive or likely to mislead or deceive in contravention of s. 52 and of s. 53(d) of the *Trade Practices Act* 1974 (Cth). The latter section provides:

“53 A corporation shall not, in trade or commerce, in connection with the supply or possible supply of goods or services or in connection with the promotion by any means of the supply or use of goods or services –  
(d) represent that the corporation has a sponsorship, approval or affiliation it does not have;”

Alternatively, the plaintiff claims contravention of ss. 38 and 40(f) of the *Fair Trading Act* (Qld) 1989. In respect of these statutory claims the plaintiff seeks injunctive relief available under s. 80(1) and s. 98(2) of the Commonwealth and Queensland Acts respectively.

- [12] Further and alternatively, it is alleged that the similarity between the trading name of the plaintiff and the domain name of the first defendant is such as to give rise to an action for passing-off. The essence of the plaintiff’s claim in this respect is that the use and promotion by the first defendant of the domain name “architectsaustralia.com.au” is a transgression upon the goodwill attaching to the plaintiff’s trade name “Architects Australia”. The plaintiff fears that the similarity between the titles will lead to confusion and the diversion of business.

### **Passing-off**

- [13] The plaintiff must establish:
1. That it holds goodwill or reputation in a specific trade or business;
  2. That the defendant has misrepresented, intentionally or unintentionally, that a connection exists between the defendant or the defendant’s goods, services or business, and the plaintiff or the plaintiff’s business; and
  3. That the plaintiff has suffered, or is under threat of, damage either by diversion of custom, diminished reputation or some other like form of damage.

### **Goodwill**

- [14] The essence of an action for passing-off remains the protection of goodwill attaching to a business or commercial venture: *Campomar Sociedad Limitada v Nike International Limited* (2000) 202 CLR 45 at p. 88. The plaintiff must prove that it is the holder of goodwill, as embodied in the warmth of public sentiment towards its product, service, name or other feature unique to its business.
- [15] The plaintiff must demonstrate that its name bears a distinctive character which is recognised as such in a particular market: *Dodds Family Investments Pty Limited (formerly Solar Tint Pty Limited) & SWD Group Pty Limited (trading as Solar Tint)*

*v Lane Industries Pty Limited*, Unreported FC 18 May 1993, per Gummow, French and Hill JJ.

- [16] It was contended for the defendants by Mr Thompson that the words “Architects Australia” were of a merely descriptive or generic nature, widely applicable in relation to architectural services. It was said that these terms were not practically unique nor highly distinctive and, thereby, did not justify the intervention of the Court.
- [17] It is true that generic and descriptive terms are not protected. In *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* [1977-1978] 140 CLR 216 at p. 229 Stephen J stated:
- “There is a price to be paid for the advantages flowing from the possession of an eloquently descriptive trade name. Because it is descriptive it is equally applicable to any business of a like kind, its very descriptiveness ensures that it is not distinctive of any particular business and hence its application to other like businesses will not ordinarily mislead the public. In cases of passing-off, where it is the wrongful appropriation of the reputation of another or that of his goods that is in question, a plaintiff which uses descriptive words in its trade name will find that quite small differences in a competitor’s trade name will render the latter immune from action . . . The risk of confusion must be accepted, to do otherwise is to give to one who appropriates to himself descriptive words an unfair monopoly in those words.”
- [18] This rule stems from the need to balance the plaintiff’s right to protect reputation and goodwill with the defendant’s right to compete freely, together with the right of consumers to be protected against both deception and monopolistic practices: *British Telecommunications Plc v One In a Million Ltd* (1999) 1 WLR 903 per Aldous L.J at p. 913; *Cadbury Schweppes Pty Ltd & Ors v Pub Squash Pty Ltd* [1980] NSWLR 851 at p. 858 per Lord Scarman.
- [19] The issue of distinctiveness is one of fact and degree, to be determined upon the available evidence. The words “Australia” and “architects” are ordinary words in common usage. They do not of themselves designate any particular entity or person and may readily be used in a descriptive manner. Mr Thompson submitted that it would be unfair if people were to be prevented from using those words in relation to a business involving architects in Australia. That would be so if what the plaintiff was seeking was to monopolise those words irrespective of the arrangement or structure in which they were used, but I do not think that that is the endeavour of the plaintiff in this case. The subject matter here is more specific. The name is not merely in a form which incorporates the words “architects” and “Australia”. Rather the construction of the name is simply “Architects Australia”, absent any further preposition, conjunction or adjective. Purely in terms of language, the composition chosen by the plaintiff for its trading name gives it a quality more than merely descriptive.
- [20] The plaintiff must still show, however, that the name is distinctive of its business. As a guiding principle, I adopt the view of Hill J in *Equity Access Pty Ltd v Westpac Banking Corporation* (1990) 12 ATPR 40-994 at p. 50,956, where his Honour said:

“Just as the distinction between descriptive and fancy names is not a distinction of law so too it is wrong to see the distinction in black and white terms. The reality is that there is a continuum with at the extremes purely descriptive names at the one end, completely invented names at the other and in between names that contain ordinary English words that in some way or other at least partly descriptive. The further along the continuum towards the fancy name one goes, the easier it will be for a plaintiff to establish that the words used are descriptive of the plaintiff’s business. The closer along the continuum one moves towards a merely descriptive name the more a plaintiff will need to show that the name has obtained a secondary meaning, equating it with the products of the plaintiff (if the name admits of this – a purely descriptive name probably will not) and the easier it will be to see a small difference in names as adequate to avoid confusion.”

- [21] Some emphasis was placed in submissions upon the passage of Stephen J that “a plaintiff which uses descriptive words in its trade name will find that *quite small differences* in a competitor’s trade name will render the latter immune from action” (emphasis added). The point in this case, however, is that there is no small difference between the trading name, under which the plaintiff has been trading since 1983, and the domain name adopted by the first defendant. The words in contest in this case are not merely similar, they are precisely the same. The extended suffix “.com.au” does not detract from this conclusion. It does no more than indicate that details of the business are to be found electronically, on the Internet.
- [22] While the words “Architects Australia” are descriptive to some extent, I am satisfied that they are sufficiently “fancy” to be distinctive of the plaintiff’s business and to identify it rather than any architect who practices in Australia. The case is different to the facts of *Office Cleaning Services Ltd v Westminster Window and General Cleaners Ltd* (1966) 63 RPC 39.
- [23] That the plaintiff’s trade name has never been used in an extensive advertising campaign does not diminish the substantial market recognition acquired by the plaintiff after more than 20 years’ trading. In fact it is significant that the plaintiff has succeeded in business without the need to advertise extensively. The fact that the plaintiff’s external clients are obtained principally through reputation is testament to the level of goodwill attached to the name “Architects Australia”.
- [24] Accordingly, I find that there is sufficient association between the trading name “Architects Australia” and the work, business and identity of the plaintiff to warrant protection.

### **Misrepresentation**

- [25] The critical question is whether the use of the domain name “architectsaustralia.com.au” in the circumstances is deceptive, or is likely to lead to the deception of persons within the market for architectural services. In *AG Spalding Bros v AW Gamage Ltd* (1915) 84 LJ Ch 449 Lord Parker said at p. 450:  
 “The basis of a passing-off action being a false representation by the defendant, it must be proved in each case as a fact that the false

representation was made. It may, of course, have been made in express words, but . . . the more common case is where the representation is implied in the use or imitation of a mark, trade name . . . with which the goods of another are associate in the minds of the public.”

- [26] The question is whether the use of the same or a similar name is likely to give rise to a “sufficient degree of public confusion”: *Select Personnel Pty Ltd v Morgan & Banks Pty Ltd* (1998) 12 IPR 167 at p. 170 per McLelland J. If the answer is affirmative, the name adopted by the newcomer is deemed in equity to be an instrument of fraud. The applicable principle in the present case was given by Aldous L.J. in *British Telecommunications* at 920:

“There can be discerned from the cases a jurisdiction to grant injunctive relief where a defendant is equipped with or is intending to equip another with an instrument of fraud. Whether any name is an instrument of fraud will depend upon all the circumstances. ***A name which will, by reason of its similarity to the name of another, inherently lead to passing-off is such an instrument.***” (Emphasis added)

- [27] It is relatively easy to conclude from this point that the first defendant, in employing the exact terminology as the plaintiff, has equipped itself with such an instrument of fraud. I emphasise that the use of the word “fraud” in this context does not import a requirement of intention, nor do I find that the first defendant’s initial conduct was intended to deceive. There is considerable authority for the proposition that an action for passing-off may arise without deliberate fraud or any intention to deceive on part of the defendant: *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 per Lockhart J at p. 344; *Select Personnel Pty Ltd v Morgan & Banks Pty Ltd* (1998) 12 IPR 167.

- [28] Wolff CJ said in *Westinghouse Electric Corporation v Thermopart Pty Ltd* [1968] WAR 39 at p. 48 that:

“While it is not essential to prove that the defendant had any intent to deceive, the proof that it persisted in using the mark after attention had been drawn to the fact that it belonged to the plaintiff may be enough to establish what in equity is regarded as fraud, as distinct from the more rigid concept of the common law.”

That case concerned an issue of passing-off in respect of a trade mark. Nonetheless, I consider the scope of the principle to be wide enough to apply in the present case.

- [29] I accept that the first defendant was unaware of the plaintiff’s trading name when it registered the domain name. The plaintiff’s trade name was, however, brought to the attention of the first defendant at least by 26 October 2001, via a faxed letter sent by Mr Kildey’s solicitors to Mr Witty: “Our client has long been . . . trading as Architects Australia.” In response the defendants chose to retain its domain name and continued its marketing activities. On 2 November 2001, Mr Witty caused his solicitors to reply. This letter said:

“Our client denies your client’s assertion that any conduct of his has been misleading or deceptive . . . Our client’s business and the Internet site bear no resemblance to your client’s business.”

- [30] At this point it should have been clear to the defendants that their website had the potential to mislead and cause confusion. There was some evidence of confusion by architects who knew the plaintiff and by the financier of Mr Kildey's current projects.
- [31] An article in the *Courier Mail* of 2 January 2002 reviews the first defendant's web directory. It reads:  
 "Mr Witty established Architects Australia – an Internet directory of architects – to make the search simpler . . . Architects Australia is at [www.architectsaustralia.com.au/](http://www.architectsaustralia.com.au/)."
- [32] The plaintiff is a provider of architectural services. By contrast, the first defendant's sole activity is to provide a directory for potential consumers of such services to identify a suitable provider. It does not carry on the practice of architecture. The defendants emphasise this distinction to argue that there is and can be no competition between their business and the plaintiff's. Despite the similarity in name, their respective fields of endeavour are so different in kind that there can be no loss of good will to the plaintiff. They refer to *Lego Australia Pty Ltd v Paul's (Merchants) Pty Ltd* (1982) 42 ALR 344 in which the manufacturer of plastic components for irrigation was held not to misrepresent that its business was connected to the manufacture of plastic building blocks for children.
- [33] The point initially impressed me but a consideration of the authorities suggests that it is erroneous. For a start there is some similarity in the fields of endeavour in which both plaintiff and first defendant participate. It is true that they are not direct competitors in the market place for clients requiring architectural services. Nevertheless the nature of the first defendant's business, coupled with its use of the plaintiff's name has considerable potential to deprive the plaintiff of business and to diminish the value of its trading name. The first defendant's domain name is indistinguishable from the plaintiff's name but indicates that it is an Internet site. A potential client, knowing of the plaintiff by its trading name but misled by the first defendant's name into thinking the plaintiff could be contacted electronically by going to the first defendant's website, would not find the plaintiff there but would find many other architects from whom a choice could be made. There is no doubt that the public has confused the two businesses. The newspaper article demonstrates that.
- [34] It is, I think, clear from the cases that a misrepresentation of a connection between businesses is sufficient to ground an action in passing-off. There need not be an exact or even substantial similarity in the nature of the two businesses. In *Henderson v Radio Corporation Pty Ltd* (1960) 60 SR (NSW) 576 Evatt CJ and Myers J said (591):  
 "It is sufficient to refer to the statement by Romer LJ in *The Clock Ltd v The Clock House Hotel Ltd* . . . ' . . . No man is entitled to carry on his business . . . by such a name as to lead to the belief . . . that the business which he is carrying on has any connection with the business carried on by another man'."

At 593 their Honours said:

"The remedy in passing-off is necessarily only available where the parties are engaged in business, using that expression in its widest sense to include professions and callings. If they are, there does not

seem to be any reason why it should also be necessary that there be an area, actual or potential, in which their activities conflict. If it were so, then, subject only to the law of defamation, any business man might falsely represent that his goods were produced by another provided that other was not engaged . . . in producing similar goods. This does not seem to be a sound general principle . . . . Once it is proved that A is falsely representing his goods as the goods of B, or his business to be the same as or connected with the business of B, the wrong of passing-off has been established . . . .”

- [35] According to the High Court in *Campomar Sociedad Limitada v Nike International Limited* (2000) 202 CLR 45 at 89:

“The decision . . . in *Henderson* marked the rejection in Australia nearly 40 years ago of the requirement apparent in some English decisions . . . that there be a ‘common field of activity’ between the commercial activities of the parties.”

The result in *Campomar* supports the plaintiff’s position. *Campomar* was a manufacturer and retailer of perfumes which it called “Sports Fragrances”, the evident purpose of which was to overpower or disguise odours produced by athletic activity. It sold them under the name “Nike Sport Fragrance” but it had no connection of any kind with Nike International, the well known manufacturer of sports clothing and footwear. *Campomar*’s products were displayed for sale with other similar products, one range of which was made by Adidas, a competitor of Nike International.

- [36] These facts produced the conclusion that *Campomar* represented that its product “was in some way promoted or distributed by Nike International itself or with its consent and approval”. (88). The court said (88-89):

“The injuries against which goodwill is protected in a passing-off suit are not limited to diversion of sales by any representations that the goods or services of the defendant are those of the plaintiff. . . . In more recent times there has been development both in the nature of the ‘goodwill’ involved in passing-off actions and in the range of conduct which will be restrained. In *Moorgate Tobacco*. . . Deane J spoke with evident approval of:

‘The adaptation of the traditional doctrine of passing-off to meet new circumstances involving the deceptive or confusing use of names, descriptive terms or other *indicia* to persuade purchasers or customers to believe that goods or services have an association, quality or endorsement which belongs or would belong to goods or services of or associated with another or others’.”

- [37] *Campomar*’s misrepresentation could not have resulted in the loss of sales to Nike International which did not make any products of the kind sold by *Campomar*. The injunction was granted to prevent *Campomar* from profiting from Nike International’s goodwill by its misrepresentation that its goods or its business were connected with or associated with it.

- [38] The first defendant's use of its domain name represents that there is a connection or association between it and the plaintiff's business to those in the market for architectural services and who have some knowledge of the plaintiff's activities. This is a case in which the first defendant's activities are likely to divert business from the plaintiff. It does not matter that the business may not go directly to the first defendant. The first defendant's business will be enhanced if members of the public resort to its website because they think it is the plaintiff's venture.
- [39] Nor does it matter that the plaintiff's business is confined to South East Queensland while the first defendant's website may be accessed from anywhere in the country or, indeed, overseas. To the extent that the first defendant uses its name and advertises in the same geographical area as the plaintiff, the plaintiff's goodwill is diminished. See *Taco Co of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177.
- [40] The plaintiff's case is strengthened by the decision of the Court of Appeal in *British Telecommunications*, the facts of which are broadly similar. In that case, the plaintiffs were well known and very substantial British corporations. They included, in addition to the telecommunications company, an airline, two large retailers and an internationally known bookmaker. The defendant registered domain names on the Internet which were identical to the names of the plaintiffs with the addition of the Internet suffix ".com". The defendant was described as a dealer in Internet domain names which it registered and sold. It  
 " . . . made a speciality of registering domain names for use on the Internet comprising well known names and trademarks without the consent of the person . . . owning the goodwill in the name or . . . mark."
- Apparently the owners of the goodwill paid to acquire the domain name rather than risk suffering the mischief that might be occasioned if someone else were to own it. The plaintiffs declined to pay, instead seeking injunctions restraining the defendant from using the names. They were successful and an appeal was dismissed.
- [41] It does not appear from the judgment what particular harm might have been done to any of the plaintiffs by reason of the use of the domain names. The court proceeded on the basis earlier referred to that it will restrain the use of a name which, by reason of its similarity to another name, will facilitate to passing-off because the creation of the new name is "an instrument of fraud".
- [42] That case was stronger than this in the sense that the defendant registered the domain names in effect to extort money from the plaintiffs. No improper motive can be attributed to Mr Witty. Nevertheless the review of the authorities conducted by the court in *British Telecommunications* appears to suggest that a name identical to or indistinguishable from a name to which is attached the goodwill of another, is itself an instrument of fraud, the use of which will be restrained because of its potential for mischief. That feature is present in this case.
- [43] The defendants contend that the capacity for misunderstanding is eliminated by the application of a disclaimer to the website. Whether a disclaimer is enough to cure a misrepresentation is a question of fact: *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* [1981-1982] 149 CLR 191 at p. 210 per Mason J and at p. 213 per Murphy J. In the present case the disclaimer was the subject of an undertaking

given to the court on 20 March 2002 to publish a statement on the website in the following terms:

“This website is in no way connected with the architectural company The Architects (Aust) Pty Ltd T/A Architects Australia.”

- [44] The defendants contend that its disclaimer was placed on the website by 22 March 2002. At some point the wording of the disclaimer has changed from the terms of this undertaking. The change is subtle, but the effect in my opinion is significant. The disclaimer now states: “This website is in no way connected with The Architects (Aust) Pty Ltd.”
- [45] The disclaimer is inadequate for two reasons. First, it no longer refers to the trading name with which this dispute is concerned. In this sense, it does nothing to dispel the potential confusion that may arise.
- [46] Second, it is only located on the website. It has not been incorporated in the general advertising and promotional campaign conducted by the first defendant.
- [47] On balance, I conclude that the use of “architectsaustralia.com.au” in the circumstances amounts to an instrument of fraud. The similarity between the plaintiff’s trading name and the first defendant’s domain name is such that there exists an inherent risk that reasonable consumers may be misled or confused.

### **Trade Practices claims**

- [48] Mere uncertainty or wonder on part of consumers will not be sufficient for the conduct to be a contravention: *Paula Brock v The Terrace Times Pty Ltd* (1982) ATPR 40-267; *Parkdale* at 210. For the reasons already outlined there is a substantial risk that consumers in the relevant class will be led into error as to the identity of the first defendant, as well as to the nature of the services that it offers.
- [49] The degree of potential confusion is sufficient to characterise the conduct of the first defendant as misleading and deceptive for the purposes of s. 52 of the *Trade Practices Act*. There is also the potential for consumers to be misled into the view that there is an affiliation between the business of the plaintiff and the first defendant. I find accordingly that the conduct of the first defendant amounts to a representation of “affiliation” under s. 53(d).

### **The liability of the second defendant**

- [50] Paragraph 5 of the statement of claim alleges that the second defendant, as director and controlling mind of the first defendant, was knowingly concerned in the first defendant’s conduct. The phrase “knowingly concerned in” was discussed in *Yorke v Lucas* [1985] 158 CLR 661, where at p. 670 their Honours Mason ACJ, Wilson, Deane and Dawson JJ concluded:
- “There can be no question that a person cannot be knowingly concerned in a contravention unless he has knowledge of the essential facts constituting the contravention . . . In our view, the proper construction of par. (c) requires a party to a contravention to be an intentional participant, the necessary intent being based upon knowledge of the essential elements of the contravention.”

[51] The second defendant has known of the essential facts since at least 26 October 2002. From that point onwards, the second defendant was knowingly concerned in the first defendant's conduct in breach of the Act. A similar conclusion follows at common law in respect of passing-off. It is well-established that where a managing director is the driving force behind the commission of a tort of the company, s/he may be personally liable for the tort: *Performing Right Society Limited v Ciry l Theatrical Syndicate Limited* [1924] 1 KB 1 at 14-15 per Atkin LJ; *Wah Tat Bank Ltd v Chan Cheng Kum* [1975] AC 507 at 514-5. In *Kalamazoo Pty Ltd v Compact Business Systems Pty Ltd* [1990] 1 Qd R 231 Thomas J said at 258 that:

“In the usual course a director who procures or directs his company to perform a tortious act will be liable along with the company.”

[52] The evidence is that the second defendant did direct the first defendant to engage in the actions that amount to the passing-off. As intention is not an element of the tort, it is unnecessary to consider the state of mind of the second defendant: *C Evans & Sons Ltd v Spritebrand Ltd* [1985] 1 WLR 317. It follows that the second defendant is liable.

### **Relief**

[53] The claim and statement of claim were filed on 8 March 2002. The matter came before the Chief Justice on 20 March 2002, when it was ordered that pleadings be dispensed with. The plaintiff claims, inter alia, damages and an account for profits, but no evidence was led as to the quantum of damages suffered by the plaintiff or profits obtained by the defendant.

[54] The primary remedy sought by the plaintiff is an injunction permanently restraining the first defendant from using the domain name “architectsaustralia.com.au” in connection with its business.

[55] In his submissions, Mr Thompson contended that any damage suffered by the plaintiff was speculative and did not warrant injunctive relief. He referred to the potential for damage as “wrapping up a guess in speculation”. The applicable principle is that where a name is inherently deceptive, injunctive relief is appropriate despite the fact that the name has not actually been used to pass off: *British Telecommunications* at p. 914-5. Hence, the plaintiff need not show that **actual** damage has occurred to its business. Rather, the jurisdiction is enlivened upon the likelihood of damage.

[56] Mr Thompson submitted in response that an injunction would potentially inflict great harm on the defendants. The first defendant has spent approximately of \$370,000 in marketing its website. These funds, it claims could be wasted if the defendant was forced to abandon its domain name. The potential harm to the defendants, according to Mr Thompson, was much greater proportionally than the risk posed to the plaintiff.

[57] In my view this was not established on the evidence. The website can be cheaply altered. The first defendant tendered no evidence to prove that it would lose substantial custom if it were forced to modify its name, and I think that this submission is at best doubtful. I do not therefore consider the defendants' submissions as to hardship to be compelling.

- [58] I add that the defendants' submissions on this point were also self-defeating. The defendants cannot consistently assert that there is no distinctive significance in the name "Architects Australia", and then complain that the loss of their domain name, phrased as it is in identical terms, would of itself cause significant loss of custom.
- [59] The defendants also submitted a defence of laches on the basis that the plaintiff took approximately 6 months to commence proceedings. Delay of itself is not a defence and, even if it were, a period of 6 months is not over long. The defendants were placed on notice of the plaintiff's intentions by its facsimile of 26 October 2001.

### **Judgment**

- [60] I order that:
- a. That the first defendant, whether in trade or commerce, by itself, its servants or agents be restrained from advertising, promoting, selling, offering to sell, supplying or offering to supply its services or those of others under or by reference to the name "Architects Australia" or any other name substantively identical with or deceptively similar thereto, including the name "architects australia.com.au".
  - b. That the first defendant be restrained from using in conjunction with the sale or promotion of its services or those of others the name "Architects Australia" or any other name substantially identical with or deceptively similar thereto, including the name "architectsaustralia.com.au".
  - c. That the first defendant forthwith do all such things as may be necessary to deregister the domain name "architectsaustralia.com.au" and to remove the public display of that domain name.
  - d. That the second defendant be restrained from aiding, abetting, counselling or procuring or in any way being directly or indirectly knowingly concerned in any conduct of the first defendant as described in orders a, b and c above.
- [61] I give the plaintiff leave, should it so desire, to make subsequent application to the Court in respect of damages.