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Practice Group:

*Intellectual Property
Litigation*

Local Directories Wins in Telstra Dispute Over Yellow

By Lisa Egan (LE) and Kate Richie (BRR)

Local Directories has had another Federal Court victory in its long running dispute against Telstra. Telstra claimed that by its use of the colour yellow for phone directories, Local Directories had engaged in misleading and deceptive conduct and passing off. The Court dismissed these claims and upheld that Telstra's advertisements published in certain Yellow Pages directories were in fact misleading. Lisa Egan, Partner, who acted for Local Directories, discusses the various aspects of the case and the lessons for brands.

BRR We're joined once again by Lisa Egan, who is a Partner in the Intellectual Property team at K&L Gates; Lisa, thanks for your time on the phone.

LE Thanks Kate, pleasure to be here.

BRR Local Directories has successfully defeated Telstra again in the battle for phone directories, with Telstra's claim against Local Directories for misleading and deceptive conduct in their use of the colour yellow, being dismissed by the Federal Court. Now Lisa, you acted for Local Directories so I am sure that you are all too aware of this case's long history. Can you tell us a little bit about it?

LE Sure, it certainly does have a long history. The claim by Telstra was initially brought in 2007, so this battle has been going on for seven years now. The original claims were both for copyright infringement of the listings data in the white and yellow pages directories, as well as the misleading and deceptive conduct claims in relation to use of the colour yellow. The copyright part of the case was heard first and that was determined there was no copyright in the listings data and, therefore, there couldn't be any infringement. That decision was important because it focussed on the fact that listings data – the actual information itself, so your name and phone and address – was not actually capable of copyright protection, and what Telstra did in collating and ordering that information, didn't convert it to something that was capable of copyright protection.

Then the balance of the case, which dealt with the claims of use of the colour yellow by Local Directories, was heard last year in February 2013, and judgment was just recently been delivered. In the latest judgement, the Courts dismissed Telstra's claim that Local Directories had engaged in misleading and deceptive conduct and passing off, by using the colour yellow on its directories and in its marketing, including in its online apps and its website as well. The Court also found that some advertisements, which were published by Telstra in its own Yellow Pages, were in fact misleading as they gave a misleading impression of the use of Local Directories' products in particular regions.

BRR Now Lisa, this case in particular focusses, as you mentioned, on the use of colour. How difficult is it for a brand to have, I guess, a monopoly on

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the use of a particular colour?

LE Well, it is very difficult to effectively own a colour; I think that's for pretty good reasons. Ultimately, colours need to be available for all businesses to be able to use. But having said that, it is possible to register as a trade mark a colour, or a combination of colours. It's not an easy thing to do though and in order to be able to do that a business really needs to show that it's used a colour for a very long period of time and it's used it as a trade mark.

In this case, Telstra's actually trying to register the colour yellow as a trade mark, but that's been opposed by Local Directories and is still at the Trade Mark Office level. In the absence of a registered trade mark, it can be even more difficult to establish reputation in a single colour, and the most recent judgment we've had confirms that the court actually noted that consumer law isn't an instrument for creating a monopoly in a primary colour.

BRR **Makes sense. Well, why was Local Directories ultimately successful in this case?**

LE Local Directories put on quite a lot of evidence that yellow is the accepted industry colour for classified phone books, and that was accepted by the Court and, in fact, was conceded in Telstra's own evidence. So it's not a colour that's associated with one particular company but with an industry at large. Also, Local Directories had done enough to distinguish its directories by its own brand and its own format that it had adopted, which was a more localised and compact format than that of Yellow Pages. So it had its own distinguishing features that were recognised by consumers in the market place. Also, it had been trading since 1994 and only started using the colour yellow on its covers in 1996, and Telstra waited some 10 years before it made any complaint about that; that was also a relevant factor, particularly, over that period of time, Telstra's own directories had changed in the way they looked and in how much yellow they used, whereas the Local Directories product was quite consistent over that period.

BRR **And I guess, just as a wrap up, what are some of the, I guess, the key take outs from this case for other brands?**

LE I think in this case, Local Directories really backed itself with its unique selling proposition to be an alternative to Telstra's Yellow Pages and to really be able to compete with it in particular markets. It's important, I think, for brands to know how to differentiate themselves from their competitors to make the most of their unique position, and to do that in a way which promotes their own brand in the market, without treading on any legitimate rights of competitors. Equally, when you're faced with competition, as Telstra was in this case, it was clear from the judgment that the law will not support what's otherwise legitimate competition, and the best way usually, of combating the challenges brought by competitors, is to deal with them in the market place.

BRR **Some great tips there from Lisa Egan who is a Partner in the Intellectual Property Team at K&L Gates. And of course listeners, if you have any questions you can send them through either using the panel on your screen or otherwise via email to law@brrmedia.com.**

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Authors:

Lisa Egan

lisa.egan@klgates.com

+61.3.9205.2099

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