Proof of Deception and Character Merchandising Cases

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Recent developments in the action of passing-off and the application of s 52 of the *Trade Practices Act* 1974 (Cth) indicate that Australian courts are prepared to grant greater protection to character merchandisers than previously provided. This paper briefly examines the history of the use of passing-off to protect character merchandising and goes on to examine those recent developments which have increased the scope of the passing-off action.

The classic action for passing-off was enunciated in the early case of *Reddaway* v *Banham*.[1] In that case, passing-off was formulated as a misrepresentation by one trader that his goods were those of a rival trader. This classic formulation was extended over time,[2] and later Lord Diplock's statement in *Erven Warnink B V* v *J Townend & Sons (Hull) Ltd*[3] became the standard statement of the 'extended' action for passing-off as follows:

> (1) A misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so.[4]

This action may therefore provide protection for a character merchandiser where the defendant's conduct wrongly suggests that the defendant's product has some connexion with the plaintiff and where that conduct damages the plaintiff's goodwill.

THE COMMON FIELD OF ACTIVITY PROBLEM

Historically, passing-off was difficult to establish when the activity complained of was in a different field to that of the person bringing the action.[5] If a common field of activity was required, the scope of protection for a character merchandiser would be little, since it would be legally open for any trader to

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1 [1896] AC 199, 209 per Lord Herschell.

2 S K Murumba, *Commercial Exploitation of Personality* (Sydney, Law Book Co, 1984).

3 [1979] AC 731.

4 Id, 742; for recent Australian formulations see *Cadbury-Schweppes Pty Ltd* v *The Pub Squash Co Ltd* [1980] 2 NSWLR 865 per Powell J; also repeated by his Honour in *Fletcher Challenge Ltd* v *Fletcher Challenge Pty Ltd* [1981] 1 NSWLR 196, 204.

5 Eg *McCulloch* v *Lewis A May (Produce Distributors) Ltd* (1947) 65 RPC 58; *Wombles Ltd v Wombles Skips Ltd* [1977] RPC 99; *Lyngstad* v *Anabas Products Ltd* [1977] FSR 62.

use the mark if that trader was not operating in the same field of activity as the plaintiff.

However, the need for a common field of activity has been rejected in Australia, with the leading case being *Henderson* v *Radio Corporation Pty Ltd.*[6] In that case, two well known ballroom dancers succeeded in an action to stop the makers of gramophone records from using photographs of the plaintiffs on record covers. The action succeeded, despite the fact that the two parties were engaged in different business activities (ie professional ballroom dancing, and the making and distributing of records, respectively). The Full Court of the New South Wales Supreme Court also disapproved of the 'common field' requirement once the plaintiff had proved deception and damage.[7]

In the later case of *M K Hutchence & Ors* v *South Seas Bubble Company Pty Ltd & Ors*,[8] Wilcox J suggested that 'the better view' was that there was no need for a common field of activity[9] and subsequent cases have taken this as well established in Australia.[10] Nevertheless, the *IPAC* report[11] suggests that 'the closer the connexion between the fields of activity of the plaintiff and the defendant the greater will be the likelihood of success in the action'.[12] This view is really based on the traditional 'deception' requirement for a passing-off action, since the closer the business connexion the more likely it is that a purchaser may infer some connexion. It is this requirement of deception which constitutes a major limitation for the character merchandiser.

THE NEED FOR DECEPTION

The traditional passing-off action provides no actual right of property in the mark or character protected.[13] It is not enough, so it is said, that the defendant has appropriated the mark or character if what is done does not involve misrepresentation.[14] Many character merchandising cases have supported the

[6] (1960) SR (NSW) 576; also *Totalizator Agency Board* v *Turf News Pty Ltd* [1967] VR 605.

[7] Id, 592–3 per Evatt CJ and Myers J; also *Hogan & Ors* v *Pacific Dunlop Limited* (1988) 83 ALR 403, 431 per Gummow J in relation to s 52 of the *Trade Practices Act* 1974 (Cth).

[8] (1986) 64 ALR 330.

[9] Id 340; and also *Children's Television Workshop Inc* v *Woolworths (NSW) Limited* [1981] RPC 187.

[10] Eg *10th Cantanae Pty Ltd* v *Shoshana Pty Ltd* (1987) 79 ALR 279, 318 per Gummow J; also similar to his Honour's comments in *Hogan & Ors* v *Pacific Dunlop Limited* (1988) 83 ALR 403, 427–8; but see *Tracey Lee Wickham* v *Associated Pool Builders Pty Limited & Ors* (1988) 12 IPR 567, 577 per Spender J.

[11] Industrial Property Advisory, Committee, 'Legal Protection of Character Merchandising in Australia' (March, 1988). A report to the Hon Barry Jones, MP, Minister for Science, Customs and Small Business.

[12] Id 25.

[13] The proprietary right traditionally protected by passing-off is the goodwill associated with a name or mark, not the name or mark itself — *Erven Warnink's* case [1979] AC 731, 741 per Lord Diplock.

[14] Id 742; for the 'deception test' commonly applied in Australia see *Australian Woollen Mills Ltd* v *F S Walton and Co Ltd* (1937) 58 CLR 641, 658 per Dixon and McTiernan JJ.

traditional deception requirement.[15] However, the recent approaches of Pincus J in *Hogan & Anor* v *Koala Dundee Pty Ltd & Ors*[16] and Gummow J in *Hogan & Ors* v *Pacific Dunlop Limited*[17] have cast some doubt on the scope of the deception requirement in character merchandising cases.

Before focusing on the judgment of Pincus J in *Koala Dundee's* case, *Henderson's* case is worthy of some attention. In that case, it was suggested that no injunction could be granted because there was no damage. However the NSW Supreme Court, on appeal, upheld the grant of an injunction, and the relevant part of the joint judgment of Evatt CJ and Myers J noted:

> It is true that the coercive power of the Court cannot be invoked without proof of damage, but the wrongful appropriation of another's professional or business reputation is an injury in itself, no less, in our opinion, than the appropriation of his goods or money.[18]

The joint judgment had earlier found that the class of persons for whom the record was primarily intended 'would probably believe that the picture of the respondents on the cover indicated their recommendation or approval of the record'.[19] Nevertheless, the statement quoted above suggests that there may be an alternative basis for the decision, namely, the wrongful appropriation of the plaintiff's personality.[20]

CHANGES IN THE DECEPTION REQUIREMENT

In *Koala Dundee's* case, Pincus J refers to *Henderson's* case to support statements by him which could be interpreted as a dramatic suggestion that using a name or image without authority constitutes passing-off even *without* deception.[21]

The applicants in the *Koala Dundee* case represented interests associated with the film 'Crocodile Dundee'. It was alleged that the respondents, who operated two shops called 'Dundee Country', had used the name 'Dundee' and the koala image in selling their goods in breach of the law on passing-off and s 52 of the *Trade Practices Act* 1974 (Cth). Pincus J awarded an injunction on the basis of the passing-off action and also made some important comments about the need for deception.

[15] Eg *M. K. Hutchence & Ors* v *South Sea Bubble Company Pty Limited & Ors* (1986) 64 ALR 330, 340 per Wilcox J; *10th Cantanae Pty Ltd & Ors* v *Shoshana Pty Ltd* (1987) 79 ALR 299, especially 302 per Wilcox J, 319 per Gummow J; *Wickham* v *Associated Pool Builders Pty Ltd & Ors* (1988) 12 IPR 567, 577 per Spender J.

[16] (1988) 83 ALR 187.

[17] (1988) 83 ALR 403.

[18] [1960] SR (NSW) 576, 595.

[19] Id 591.

[20] McLelland has suggested that *Henderson's* case recognised that there could be 'non-deleterious' injuria to a plaintiff's goodwill which could be established without recourse to the elements of confusion or deception; McLelland, 'New Horizons in Passing-Off' (1961) 3 SydLRev 525, 532 (but cf John Irvine, 'Appropriation of Personality' in Gibson (ed), *Aspects of Privacy: Essays in Honour of John M Sharp* (Toronto, Butterworth & Co (Canada) Ltd, 1980), 163, especially 195–210).

[21] (1988) 83 ALR 187, 198.

Conflicting survey evidence was presented in the case relating to whether consumers were deceived into believing there was a commercial arrangement between the parties. The results of these surveys, according to Pincus J, illustrated 'the incongruity of basing this sort of suit on the issue whether the public has been misled about licensing arrangements'.[22] His Honour suggested that, in reality, purchasers have very little reason to be interested in licensing arrangements.

Hence, the finding of passing-off in the *Koala Dundee* case is not based on the usual finding of a misrepresentation of a commercial connexion between the parties, since Pincus J admits that it 'cannot be held . . . that the public have been led to think there is a precisely known kind of commercial connection with Paul Hogan or the film.'[23] Instead, Pincus J refers to the fact that *Henderson's* case was decided on two grounds, the second being that the plaintiff's reputation had been wrongfully appropriated.[24] Further, his Honour refers to other cases where passing-off was made out *allegedly* because the public was deceived in some way. Pincus J suggests that the 'essence' of the wrong done in those cases:

> is not in truth a misrepresentation that there is a licensing or sponsoring agreement between the applicant and the respondent. It is in the second ground taken in the *Henderson* case, namely wrongful appropriation of a reputation or, more widely, *wrongful association of goods with an image properly belonging to the applicant.*[25] (emphasis added).

One possible interpretation of this part of the judgment is that no form of deception is required to establish a passing-off action provided there is an unauthorised use of the character's reputation. This interpretation, of course, depends upon equating 'wrongful appropriation' with 'unauthorised appropriation' as opposed to 'deceptive appropriation'.

An interpretation of Pincus J's judgment that dismisses the need for any kind of deception would suggest that the passing-off action, at least in so far as it relates to character merchandising, may be merging into the more general tort of unfair competition which embodies the principle that no-one should 'reap where he has not sown'.[26] However, Pincus J does seem to suggest that this would only apply to a celebrity who 'might otherwise have been able to get money for licensing the use of his name.'[27] The development of passing-off into a more general tort of unfair competition may be unlikely given the High Court decision of *Moorgate Tobacco Limited* v *Philip Morris Limited and Anor*[28] where Deane J expressly denied the existence of a tort of unfair com-

[22] Id 195.
[23] Id 198.
[24] Id 197.
[25] Id 198.
[26] For a discussion of the basis of this tort, Murumba, 18–21; Ricketson, 'Reaping Without Sowing: Unfair Competition and Intellectual Property Rights in Anglo-Australian Law' (1984) *UNSWLJ Special Issue* 1.
[27] (1988) 83 ALR 187, 200.
[28] (1985) 156 CLR 414; also *Cadbury Schweppes Pty Ltd* v *The Pub Squash Co Pty Ltd* (1980) 32 ALR 387; *Victoria Park Racing Grounds and Recreation Grounds Co Ltd* v

petition.[29] Deane J did go further, however, and added that the rejection of such an action had not:

> for example, prevented 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.[30]

In the *Koala Dundee* case, Pincus J stressed the use of the word 'association' by Deane J, (supra) for the purposes of supporting his view that the essence of the wrong did not have to be misrepresentation, but 'wrongful association' of goods with an image more properly belonging to another.[31] Even if Pincus J was not intending to completely do away with the requirement of deception his emphasis on the word 'association' dramatically increases the scope for a finding of passing-off even where no representation of *factual* connexion between the character and the product is shown.

The judgment of Pincus J recognises that the promotional use of personalities is not really intended to incite belief in a factual connexion, but acts instead on the emotions of the relevant purchaser. It is this emotional association between the product and the character which may constitute the necessary deception to found an action in passing-off. This readiness to grant relief on the basis of emotional 'associations' is a spectacular departure from the factual 'misrepresentation' requirement.

Therefore, even if passing-off does not formally merge into a tort of unfair competition, the use of the word 'association' by Deane J may continue to be relied upon in the future in order to prevent the appropriation of personality and reputation. It is interesting to note, however, that even though the passing-off claim was made out in *Koala Dundee*, Pincus J did not think it 'necessary'[32] to decide the claim under s 52 of the *Trade Practices Act* 1974 (Cth). The deception element may therefore be viewed as stricter under s 52 in the future where 'misleading or deceptive' conduct is specifically called for.[33]

In a more recent Federal Court decision of *Hogan & Ors* v *Pacific Dunlop Limited*,[34] Gummow J has suggested an alternative approach to the deception requirement which will make the element easy to satisfy in terms of character

Taylor (1937) 58 CLR 479, 509 per Dixon J; but *cf Hexagon Pty Ltd* v *Australian Broadcasting Commisssion* (1975) 7 ALR 233, 251–252 per Needham J.

[29] It is arguable that Deane J did not need to go this far since the defendant's actions did not seem 'unfair' on the facts of the case.

[30] (1985) 156 CLR 414, 445.

[31] (1988) 83 ALR 187, 198.

[32] Id 200.

[33] This view receives some support in *Pacific Dunlop* v *Hogan* (1989) 87 ALR 14, 34 per Sheppard J. It has also been said that 'confusion' is not enough in relation to s 52: see *McWilliam's Wines Pty Ltd* v *McDonald's System of Australia Pty Ltd* (1980) 33 ALR 394; *Parkdale Custom Built Furniture Pty Ltd* v *Puxu Pty Ltd* (1982) 149 CLR 191; *Peter Isaacson Publications Pty Ltd* v *Nationwide News Pty Ltd* (1985) 56 ALR 595, 604 per Beaumont J.

[34] (1988) 83 ALR 403.

merchandising practice. In that case, the applicant owners of the copyright in the 'Crocodile Dundee' film brought an action against the respondent company, which had marketed shoes by drawing on elements of the well-known 'knife scene' in the 'Crocodile Dundee' film. It was held that the respondent was in breach of s 52 of the *Trade Practices Act* 1974 (Cth) and was also guilty of passing-off. Gummow J also suggested:

> The misrepresentation may be actionable as passing-off even though the effect thereof is not to divert sales to the public of goods or services from the defendant to the plaintiff. This is because the effect of the misrepresentation complained of may be to misappropriate the plaintiff's business goodwill .... However, in each case, the damage to the goodwill of the plaintiff is actionable only because of apprehended or actual deception of the relevant section of the public by the defendant's conduct.[35]

Gummow J therefore clearly postulates the need for deception and makes a finding of deception on the facts. This finding, however, is based on an 'imputed' state of knowledge in relation to the television viewers who saw the relevant advertisement. Thus Gummow J finds that:

> Many of those television viewers would be aware in a general way of business practices whereby licences for reward were given for marketing of products in association with representations of well known fictional characters and whereby persons in the public eye agreed to associate themselves with the marketing of products.[36]

This was an interesting finding given that three members of the public who gave evidence swore that they did not believe there was an association between the makers of the advertisement and the makers of the Crocodile Dundee film.[37] Further, the four members of the public who did perceive some 'permission' were vague about the form that permission took.[38] However, if the courts are prepared to assume that people are generally aware of licensing arrangements in relation to celebrities, (as Gummow J does) the deception requirement will not be such an obstacle for the character merchandiser in the future.

These differing conceptual approaches of Gummow J and Pincus J received support in the Full Federal Court from Beaumont J and Burchett J, respectively, in their consideration of the appeal from the decision in *Hogan & Ors* v *Pacific Dunlop Limited.* In *Pacific Dunlop Limited* v *Hogan & Ors*[39], Beaumont J considered that:

> The question for the Judge to decide in the present case was whether a significant section [of the public] would be misled into believing, contrary to the fact, that a commercial arrangement had been concluded between the first respondent and the appellant under which the first respondent agreed to the advertising.[40]

[35] Id, 427.
[36] Id, 424.
[37] Id, 415.
[38] Id, 416–418.
[39] (1989) 87 ALR 14.
[40] Id, 42–43.

His Honour concluded that the evidence at first instance, particularly evidence of the widespread practice of character merchandising, entitled Gummow J to answer that question in the affirmative. Hence, despite the limitations in Hogan's submissions concerning the belief of members of the public in the existence of an agreement between Hogan and Pacific Dunlop, Beaumont J was prepared to accept that a substantial number of people would be deceived into believing that Pacific Dunlop had Hogan's consent to the advertisements. Burchett J agreed with Beaumont J[41] but preferred to reject Pacific Dunlop's appeal on the basis of principles akin to those expressed by Pincus J in the *Koala Dundee* case.

He considered the issue of Hogan's consent to the advertisement as a side issue[42] and that the real issue was whether the appellant had made suggestions that 'may inveigle the emotions into false responses.'[43] In stating this he was referring to the emotional response engendered in viewers who would associate a desirable character (Crocodile Dundee) with the appellant's product, thus fostering a favourable inclination towards it:

> The suggestion in the present case, . . . was of an endorsement of the appellant's shoes by Mr. Hogan's almost universally appreciated Crocodile Dundee personality, and through that of an association between Mr. Hogan and the product so endorsed.[44]

In Burchett J's opinion, this suggestion of emotional association of a character with a product may constitute the necessary deception to found a passing-off action or one pursuant to s 52:

> It would be unfortunate if the law merely prevented a trader using the primitive club of direct misrepresentation, while leaving him free to employ the more sophisticated rapier of suggestion, which may deceive more completely.[45]

Burchett J conceded that the suggestion of association which allegedly constituted deception may be vague but did not consider that incompatible with its great effectiveness.[46] Indeed, he considered the medium of television an ideal method by which vague associations could be conveyed with great effectiveness:

> The whole importance of character merchandising is the creation of an association of the product with the character; not the making of precise representations. Precision would only weaken an impression which is unrelated to logic, and would in general be logically indefensible. . . . The only medium likely to convey the vague message of character merchandising, while giving it the force and immediacy of an exciting visual impact, is television.[47]

[41] Id, 44.
[42] Id, 45.
[43] Id, 46.
[44] Ibid.
[45] Id, 47.
[46] Ibid.
[47] Id, 45.

This willingness to accept the existence of deception either by presuming that consumers are aware of the practice of character merchandising or by relying on subtle and vague associations between the character and the product, greatly expands the application of the tort of passing-off in the area of character merchandising.

In the process of expanding the scope of passing-off, Beaumont J and Burchett J also dealt a blow to the doctrine of erroneous assumption which constituted a potential obstacle to those seeking to establish deception on the basis that consumers would assume that a commercial relationship exists between an advertiser and the character used to promote the advertiser's product. This doctrine was espoused by the Full Court of the Federal Court in *McWilliam's Wines Pty Ltd* v *McDonald's System of Australia Pty Ltd.*[48] In that case, the contention was rejected that a plaintiff could rely on the belief of consumers that the defendant would be required to obtain the consent of the plaintiff before exhibiting advertising of the type under discussion. This was done on the basis that consumers making such an assumption were labouring under an erroneous assumption about the law and the defendant's conduct only 'acquires deceptive quality because persons under the influence of erroneous ideas draw erroneous inferences concerning it'.[49]

Beaumont J dealt with this notion very briefly when he said:

> the case does not depend upon any erroneous assumption. Either the advertisements do, or they do not, carry with them a message or suggestion of the first respondent's agreement with their tenor. If they do, there is a misrepresentation.[50]

Burchett J, on the other hand, considered the doctrine irrelevant in view of his decision to base his judgment on the emotional association between the product and the character rather than on the beliefs of consumers concerning licensing agreements. But he did say that even if he were to decide the matter exclusively on that basis then the doctrine did not apply for two reasons. First, consumers would not be basing their conclusion that there was a commercial agreement between the parties on any assumption of law but on the 'correct perception of what normally happens in commercial and advertising practice'.[51] Secondly, he stated that 'if intentional advantage is taken by a corporation of a misconception harboured by some consumers, . . . it will not be open to the corporation to rely on the misconception . . .'.[52]

REMAINING LIMITS ON CHARACTER MERCHANDISING

Some caveats need to be placed on any suggestion that these approaches provide an absolute protection for character merchandisers against unauthorised

[48] (1980) 33 ALR 394.
[49] Id, per Smithers J at 403.
[50] *Pacific Dunlop* v *Hogan* (1989) 87 ALR 14, 44.
[51] Id, 47–48.
[52] Id. 48.

use of their characters by others. The first of these caveats was provided by Sheppard J, the dissenting judge in *Pacific Dunlop* v *Hogan*. He was of the opinion that a number of factors precluded any suggestion that the advertisements were deceptive or even confusing. In reaching this conclusion he relied in particular on the fact that the character in the advertisement clearly was not Paul Hogan and a 'vagueness and uncertainty' of the witnesses about whether they believed Hogan had approved of the advertisement.[53]

Sheppard J did not embrace Burchett J's concept of a vague but effective emotional association between the character and the product and noted that 'none of the witnesses gave evidence that Mr Hogan had endorsed or sponsored the shoes even indirectly.'[54] Indeed, he impliedly rejected Burchett J's approach when he acknowledged the advertisement:

> would be likely to give to the appellant's product the advantage or the prospect of being well regarded by the public because in some unspecified way the appellant's shoes had become associated with the film, the knife scene, the character Crocodile Dundee and thus Mr Hogan himself.[55]

For Burchett J such unspecified association was the very act of deception giving rise to an action in passing-off.

Coupled with Sheppard J's judgment is the decision in *Honey* v *Australian Airlines Limited*[56] which re-iterates the point that not every unauthorised use of a character's image constitutes passing-off. Gary Honey is a well known athlete, having successfully represented Australia at both the Olympic and Commonwealth level. Without his consent, a picture of him 'in action' was used by Australian Airlines on one of a series of posters which Australian Airlines produced and distributed to schools and sporting clubs and associations. The same picture was also used by the second defendant, a charismatic religious organisation, in a religious book that it published. The poster had an Australian Airlines logo and the words 'Australian Airlines' on it together with Honey's name. The book produced by the second defendant did not refer to Honey by name.

Honey brought an action in passing-off and pursuant to s 52 against both defendants but his application was unsuccessful. Northrop J was of the opinion that having particular regard to those to whom it was addressed, the Australian Airlines poster did no more than promote sport and the promotion of Australian Airlines was so minor as to negative any suggestion that Honey was being represented as endorsing Australian Airlines.[57] In the course of his

[53] Id, 33.
[54] Id, 30.
[55] Ibid.
[56] (1989) 14 IPR 264.
[57] Id, 278. An appeal by Gary Honey, was unanimously rejected by the Full Court of the Federal Court in Judgment No 283 of 90. The court said at p 16 of its judgment:

> It is a reflection of the increasing commercialism or materialism of our society, conditioned by ever more pervasive advertising, that the use of the name or image of a person, whether a well-known sportsperson or a person otherwise prominent in the community, will often be perceived by those who see or hear the material as representing that the celebrity has consented . . . to the use of his name or image in a way

judgment, Northrop J cited with approval[58] a statement by none other than Pincus J that:

> passing off is not necessarily constituted by the mere . . . use of someone's name or picture or the name or picture of a well-known fictitious character, in an advertisement.[59]

The actions against the second defendant were also dismissed on the basis that its use of the photo did not suggest an association between it and Honey and, on the further ground, that Honey was not so well known amongst the book's readers as to be recognised simply by his photo without written identification.

These findings are not inconsistent with the more liberal definitions of deception espoused in the *Koala Dundee* case and *Hogan's* case but do suggest that those cases have not completely removed the necessity to establish deception.

CONCLUSION

Any attempt to distil definitive principles out of the decided cases is fraught with difficulty and will remain so in the absence of a High Court decision dealing with the issues and amplifying that part of the judgment of Deane J in the *Moorgate* case referred to by Pincus J. In particular, the relevance of Deane J's judgment to character merchandising cases as opposed to general passing-off cases would have to be decided. Nevertheless some views can be expressed with varying degrees of confidence.

The principle which can be stated with the greatest confidence is that the courts are willing to readily infer that average members of the community are aware of the commercial practice of licensing the use of characters for advertising purposes.[60] Further, the doctrine of erroneous assumption which was previously relied upon to prevent such an inference being of assistance to a plaintiff has been effectively nullified.[61] Whilst it has not been expressly disavowed, Beaumont J's judgment in *Pacific Dunlop* treated it in a cavalier and dismissive manner. In addition, Burchett J's statement that corporations may not take advantage of erroneous assumptions will effectively neuter the oper-

> which will convey endorsement of . . . the commercial enterprise concerned or the products or services which it markets.

[58] Id, 282.

[59] *10th Cantanae Pty Ltd* v *Shoshana Pty Ltd* (1987) 79 ALR 279, 306.

[60] This concept has received previous support in *Children's Television Workshop Inc* v *Woolworths (NSW) Limited* [1981] RPC 187, 190 where Helsham CJ said: 'It is well known that the creators of these types of fictional characters license others to manufacture or deal in the product representations of those characters; a number of witnesses gave evidence of their understanding of such a practice, and this evidence satisfies me that the purchasing public would be well aware of this'.

[61] It should be noted that some doubt has been previously cast on the scope of the doctrine although not in relation to its application to character merchandising. See *Taco Co of Australia Inc* v *Taco Bell Pty Ltd* (1982) 42 ALR 177, 200 per Deane J and Fitzgerald J.

ation of the principle. The only doubt on this was cast by Sheppard J in his dissenting judgment in *Pacific Dunlop* where he suggested, without deciding the issue, that the doctrine may still apply in s 52 actions but not to passing-off actions.[62]

The doctrine of erroneous assumption is also deprived of effect by the concept of emotional association developed by Pincus J and Burchett J. If this concept is generally accepted, proof of deception will be a relatively simple task. The association in question may be quite vague and even something the consumer may not be consciously aware of, provided it has the effect of provoking a favourable response in the consumer towards the advertiser's product. If this view is accepted, it will have greatest application to television advertisements which have the capability to suggest a vague though favourable response with the necessary effectiveness to deceive.

The final point to be made is that there appears to be little support for that interpretation of Pincus J's judgment in the *Koala Dundee* case which suggests that deception is no longer a necessary element of passing-off. The High Court decision in the *Moorgate* case, *Honey's* case and the three judgments in the *Pacific Dunlop* case all suggest that deception remains an element of passing-off. What is clear is that there is a tendency to infer the existence of deception in circumstances which would not previously have given rise to such an inference.

[62] See *Pacific Dunlop* v *Hogan* (1989) 87 ALR 14, 33–34.