FEDERAL COURT OF AUSTRALIA

Workplace Institute Limited v IBM Australia Limited [2019] FCA 1339

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| File number: | VID 651 of 2019 |
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| Judge: | **O'CALLAGHAN J** |
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| Date of judgment: | 20 August 2019 |
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| Date of publication of reasons: | 22 August 2019 |
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| Catchwords: | **PRACTICE AND PROCEDURE** – application for interlocutory injunction – trial of proceeding to commence in three months – unnecessary and undesirable to assess prima facie case – balance of convenience favours respondent – injunction if granted would change status quo – applicants unable to explain delay in bringing claim for interlocutory relief – application refused |
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| Cases cited: | *Australian Competition and Consumer Commission v Pacific National Pty Ltd* [2018] FCA 1221  *Capgemini US LLC v Case* [2004] NSWSC 674  *Hexal Australia Pty Ltd v Roche Therapeutics Inc* [2005] FCA 1218; (2005) 66 IPR 325  *Nintendo Co Ltd v CARE* [2000] FCA 1538; (2000) 52 IPR 34  *Zuellig v Pulver* [2000] NSWSC 7  Meagher, Gummow and Lehane’s *Equity Doctrines and Remedies*, Fifth Edition, 2015 |
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| Date of hearing: | 15 August 2019; 16 August 2019 |
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| Registry: | Victoria |
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| Division: | General Division |
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| National Practice Area: | Intellectual Property |
|  |  |
| Sub-Area: | Trade Marks |
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| Category: | Catchwords |
|  |  |
| Number of paragraphs: | 72 |
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| Counsel for the Applicants: | P D Crutchfield QC with L A Merrick and M B Fleming |
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| Solicitor for the Applicants: | Tisher Liner FC Law |
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| Counsel for the Respondent: | M J Darke SC with D B Larish |
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| Solicitor for the Respondent: | Baker & McKenzie |

ORDERS

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|  | | VID 651 of 2019 |
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| BETWEEN: | WORKPLACE INSTITUTE LIMITED  First Applicant  SKILLING AUSTRALIA FOUNDATION LIMITED  Second Applicant | |
| AND: | IBM AUSTRALIA LIMITED  Respondent | |
|  |  | |
| AND BETWEEN: | INTERNATIONAL BUSINESS MACHINES CORPORATION (and another named in the Schedule)  First Cross-Claimant | |
| AND: | WORKPLACE INSTITUTE LIMITED (and another named in the Schedule)  First Cross-Respondent | |

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| JUDGE: | O'CALLAGHAN J |
| DATE OF ORDER: | 20 AUGUST 2019 |

THE COURT ORDERS THAT:

1. The applicants’ application for interlocutory relief dated 17 June 2019 be dismissed.

THE COURT DIRECTS THAT:

1. The respondent file and serve an outline of submissions on the question of costs, not exceeding 3 pages, by 4pm on 27 August 2019.
2. The applicants file and serve an outline of submissions in reply, not exceeding 3 pages, by 4pm on 3 September 2019.

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.

REASONS FOR JUDGMENT

(Revised from transcript)

**O’CALLAGHAN J:**

## Introduction

1. By an originating application dated 17 June 2019, the applicants seek interlocutory relief against the respondent, which in its amended form is in these terms:

1. Subject to order 2, until the determination of this proceeding or further Order of the Court discharging or varying this Order, the Respondent, whether by itself, its officers, employees or agents or otherwise howsoever, be restrained from offering to provide, providing, facilitating, promoting or launching in Australia a vocational education and training program for high school students under and by reference to the names “P-TECH”; and/or “PATHWAYS IN TECHNOLOGY” without the knowledge and consent of the Applicants.

2. Order 1 does not apply to prevent the Respondent from taking preparatory steps towards the implementation of its vocational education and training program for high school students under and by reference to the names “P-TECH”; and/or “PATHWAYS IN TECHNOLOGY” at:

(a) the NSW P-TECH Schools (as defined at paragraph 112 of the affidavit of Jade Moffat dated 29 July 2019) (**Moffat Affidavit**); and

(b) the Proposed QLD P-TECH Schools (as defined at paragraph 112 of the Moffat Affidavit),

provided that such preparatory steps do not involve public use of the names “P-TECH”; and/or “PATHWAYS IN TECHNOLOGY”.

1. The second applicant, Skilling Australia Foundation Ltd (**SAF Ltd**) operates the Skilling Australia Foundation (the **Foundation** or **SAF**). Until about 30 June 2016, the Foundation was operated by the first applicant, Workplace Institute Limited (**WIL**). The applicants say that, together with the Foundation, they operated and operate as “a group of related companies with similar charitable purposes”. The Foundation “works to support young Australians … to forge career pathways through training and meaningful employment”, relevantly by promoting a “P-TECH” program.
2. The respondent, IBM Australia (**IBMA** or the **respondent**), is the Australian subsidiary of International Business Machines Corporation (**IBM**) (together, the **IBM entities**).

## The P-Tech Model

1. The “P-Tech Model” is an education model that was designed and developed in the United States by IBM in and from 2010 in partnership with local educators, initially in Brooklyn, New York. Since then, and with IBM’s involvement, the P-Tech Model has been implemented in schools in many countries. At its most general level, it involves partnering a high school, college (i.e. tertiary institution) and local industry to provide students with opportunities to participate in workplace experiences. It provides students with vocational guidance, training workshops and counselling services and creates a curriculum to enable students to graduate with tertiary credentials and the practical experience to work in fields relating to science, technology, engineering and mathematics (**STEM**).
2. Ms Moffat is the Corporate Social Responsibility Lead for IBM Australia and New Zealand at IBMA. She describes the P-Tech Model in a little more detail in her affidavit, in these terms (at [12]-[14]):

P-TECH is part of IBM’s global corporate social responsibility program and has the dual roles of seeking to address an identified skills shortage in science, technology engineering and mathematics (STEM) related fields and responding to educational disadvantage within communities. It is also a response to the recognition that for many emerging technology-related roles, sometimes called “new collar” jobs (for example, cybersecurity, cloud computing, cognitive business and digital design), knowledge and skills learned through hands-on engagement (such as internships or certification programs) can be more important than traditional learning pathways leading to tertiary qualifications.

The P-TECH Model has to date been fully implemented in 10 schools in Australia. Students who participate in the P-TECH program complete a senior secondary school qualification while undertaking an industry specific curriculum, work placements and mentoring that can lead to a Certificate II, Ill or IV vocational education and training (VET) qualification. P-TECH graduates can then go on to earn a tertiary qualification (for example, a diploma or advanced diploma), along with obtaining skills needed to enter the workforce.

Critical to the P-TECH Model is a collaboration between the educational sector and industry. Each P-TECH school has one or more industry partners which provide mentoring and internships to students to give them the skills needed in a particular field. For example, IBMA is the sole industry partner for the P-TECH program at Federation College in Ballarat and provides students with hands on workplace experience in IT, an industry mentor, links to employment and innovative learning opportunities. At Wyong High School, on the New South Wales Central Coast, the industry partners are currently IBMA, Mars Food Australia (**Mars**) and Sanitarium Health & Wellbeing Australia (**Sanitarium**) and industry opportunities are provided to students in IT and food science and technology. Other P-TECH schools have industry partners in health and bioscience, agriculture, aerospace, energy, and advanced manufacturing related fields.

1. IBM has implemented the P Tech Model in Australia under and by reference to trade marks, including P-TECH and PATHWAYS IN TECHNOLOGY (**IBM trademarks**).
2. In 2013, IBM and IBMA began to collaborate with the Foundation to introduce the P-Tech Model into Australia.

## The WIL Registered Mark

1. They did so, happily enough, until mid-May 2018, when IBM discovered that WIL had become the owner of Australian Trademark Registration No 1768414 for the following device mark in classes 35 and 41 for, among other things, education services and vocational training (the **WIL Registered Mark**):

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1. The WIL registered mark has a priority date of 3 May 2016. The applicants contend that SAF Ltd and SAF are authorised by WIL to use the WIL Registered Mark in connection with the Australian P-Tech program.

## The issues in the proceeding

1. In this proceeding, the trial of which will commence before me on 19 November, three months from now, on an estimate of seven days, the applicants seek, among other things, to restrain IBMA from promoting and offering to provide a vocational education and training program for high school students under and by reference to the name and trademark P-TECH PATHWAYS IN TECHNOLOGY without the licence authority of the applicants, on the ground that IBMA has infringed the WIL Registered Mark in contravention of s 120(1) of the *Trade Marks Act 1995* (Cth) (the **Trade Marks Act**), and because IBMA has contravened s 18 of the Australian Consumer Law (the **ACL**). There is also a passing off claim. The ACL and passing off claims are based on alleged representations, in relation to the implementation of the P-Tech Model at the schools in New South Wales and Queensland, that the P-Tech Model is the applicants’ program or is sponsored by or approved by the applicants or that IBMA has the sponsorship or approval of, or an association with, the applicants in respect of the P-Tech Model.
2. By its defence, IBMA pleads that, when used in connection with educational and vocational training and ancillary goods or services, the IBM Trade Marks, namely P-TECH and PATHWAYS IN TECHNOLOGY, indicate one or both of IBM or IBMA or an association with one or both of them.
3. As to the trade mark infringement case, IBMA admits that P-TECH PATHWAYS IN TECHNOLOGY is substantially identical with and deceptively similar to the WIL Registered Mark, but denies that IBMA has used P-TECH PATHWAYS IN TECHNOLOGY as a trade mark in the course of trade; and says that if IBMA’s conduct would otherwise involve infringing the WIL Registered Mark pursuant to s 120(1) of the Trade Marks Act, then IBMA has a defence under s 122(1)(fa) (because it would obtain registration pursuant to one or more of ss 44(3)(a), 44(3)(b) or 44(4)) and by operation of s 124 (prior use).
4. As to the ACL case, IBMA pleads a general denial to the claims, including a denial that its conduct has occurred in trade or commerce.
5. By cross-claim, IBMA alleges that the WIL Registered Mark should be cancelled under s 88(2)(a) of the Trade Marks Act, because its registration could have been opposed under one or more of the grounds in ss 58, 59, 60 and 62A and under s 88(2)(c).
6. IBMA and IBM allege that the applicants have contravened the ACL, engaged in passing off and made unjustified threats. They also allege that, by reason of their reputation and goodwill, the applicants’ use of one or both the marks P-TECH and PATHWAYS IN TECHNOLOGY without their licence constitutes a contravention of the ACL and passing off.

## The application for interlocutory relief

1. The applicants relied on four affidavits of Andrew Sezonov, General Manager of the corporate group comprising SAF, SAF Ltd and WIL, affirmed 1 July, 15 July, 5 August and 15 August 2019; and on an affidavit of Simon Whatmore, a Policy Consultant at SAF affirmed 15 July 2019.
2. IBMA relied on these affidavits:
3. affidavit of Grace Suh, Vice President Education and Corporate Social Responsibility, IBM, sworn 26 July 2019;
4. affidavit of Jade Moffat, Corporate Social Responsibility Lead, IBM Australia and New Zealand, affirmed 29 July 2019; and
5. affidavit of Elisabeth White, Solicitor, sworn 29 July 2019.
6. The parties filed written submissions, and made oral submissions at the hearing on Thursday and Friday last week. A large part of those submissions was dedicated to the question of whether the applicants have a prima facie case.

### Prima facie case

1. In circumstances where the trial of this proceeding will commence in three months’ time, and for other reasons set out below, it is, in my view, both unnecessary and undesirable to enter upon a consideration of the merits of the applicants’ case, or of IBMA’s defences to it and the cross-claim of the IBM entities. Compare *Hexal Australia Pty Ltd v Roche Therapeutics Inc* [2005] FCA 1218; (2005) 66 IPR 325 at 340 [78] (Stone J); *Australian Competition and Consumer Commission v Pacific National Pty Ltd* [2018] FCA 1221 at [45] (Beach J).
2. I turn first to consider the question of the balance of convenience.

### Balance of convenience

1. In order to explain where the balance of convenience lies, it is necessary to recite a little of the history of the involvement of the parties in their respective efforts to introduce and implement the P-Tech Model to Australia.
2. It is uncontroversial that IBM and IBMA introduced the P-Tech Model to the Australian Federal Government, to State Governments, and to Australian educators and industry representatives. For example, in December 2013, IBM jointly hosted with Mr Wyman, the CEO of the Foundation, a round table meeting, attended by representatives of the Victorian and Commonwealth Governments (including Senator Scott Ryan, the Assistant Minister for Education) and the industrial and educational sectors, at which Mr Litow, the president of the IBM International Foundation, gave the keynote address about the role that P-Tech could play in alleviating ICT skills shortages in Australia.
3. In March 2014, Mr Stevens, the Managing Director of IBMA, facilitated a panel discussion at the annual forum of the Business Council of Australia, at the request of its CEO, Ms Jennifer Westacott, to explain the P-Tech Model.
4. Those, and other activities in which IBM, IBMA and the Foundation were involved, led to an announcement in October 2014 by the Prime Minister, Mr Turnbull, and the Minister for Education, Senator Birmingham, of a P-Tech pilot program in Australia. It included the announcement of a $500,000 grant to establish a P-Tech program in Geelong, Victoria, which in August 2015 was used to establish a pilot program at Newcomb Secondary College, with the support of IBM. In November of the same year, IBMA representatives began discussions with Federation College in Ballarat, Victoria in relation to implementing the P-Tech Model there. That school was launched as a P-Tech school at the same time as Newcomb Secondary College, by the Prime Minister and Senator Birmingham.
5. IBMA has also made grants of money to assist in the development of a national P-Tech Model, including, in August 2016, a $250,000 “Impact Grant” to the trustee of the Foundation. Since 2013, IBMA has made financial contributions of over $1.4 million in respect of the introduction and implementation of the P-Tech Model in Australia, including grants of more than $500,000 to the trustee of the Foundation.
6. At around the same time, the Australian Government also set up a National Advisory Committee for P-Tech to drive and oversee the implementation of the P-Tech pilot in Australia. IBMA, the Foundation, and representatives of government and the pilot program schools were appointed members of the Committee.
7. IBMA also employed and funded, and continues to employ and fund, the industry liaison officer for Federation College, Ballarat in Victoria, a position that, it is common ground, is critical to the success of the implementation of the P-Tech model.
8. An example of an image that was used at the launch of the P-Tech program at Federation College in Ballarat in November 2015 is as follows:



1. An example of a different image used at Newcomb Secondary College, Victoria in February 2016 is as follows:



1. In May 2016, the Australian government announced that it would expand the P-Tech program to another 12 school sites around the country, including by providing an additional $4.6 million in funding.
2. IBMA has recently become a formal industry partner for two P-TECH pilot schools in Australia, in addition to its partnership with Federation College.
3. In June 2018, at Mr Wyman’s request, IBMA became a formal industry partner for Wyong High School in New South Wales, in addition to the existing industry partners. Following the loss of its P-TECH government funding, IBMA has also been funding and employing the industry liaison officer for the Wyong High School.
4. In September 2018, IBMA also became a formal industry partner for Newcomb Secondary College.
5. In September 2018, IBMA and the NSW Government agreed to partner in developing additional P-Tech partnerships. In December 2018, IBMA agreed to establish three new P-Tech schools on the NSW Central Coast, viz: Tumbi Umbi, Henry Kendall and Kariong Mountains High Schools (**NSW P-Tech Schools**). Their staff and students have been informed that the schools are going to become P-Tech schools and they have participated in workshops regarding the P-Tech Model.
6. In May 2019, the NSW Government announced that that there would be three P-Tech Schools in NSW in 2020.
7. On 24 May 2019, Kariong Mountains High School announced that it was becoming a P-Tech school.
8. Ms Moffat says that IBMA plans that the official announcement of the NSW P-Tech Schools will be made in October or November this year and that the P-Tech Model will be implemented in the NSW P-Tech Schools at the beginning of the school year in February next year.
9. In June 2019, IBMA also commenced discussions with the Queensland government regarding the establishment of P-Tech schools. It has been agreed to rollout four schools in the Gold Coast and another four elsewhere in Queensland (**Proposed Qld P-Tech Schools**). These schools are presently planned to commence in about July next year.
10. IBMA submits that it will suffer substantial harm if an injunction of the type that the applicants seeks were to be granted. It says so for the following reasons.
11. First, IBMA submits that it would suffer considerable harm from not being able to rollout the P-Tech Model under the mark P-TECH. It says that if IBMA were to be restrained from using the mark P-TECH pending the hearing and determination of the applicants’ claims, it would need to approach the New South Wales Government and the P-Tech schools about whether they wished to proceed with the program under a different name, in circumstances where the evidence shows, in relation to the New South Wales P-Tech schools, that the preparations are at an advanced stage. In that regard, IBMA relies on the evidence of Ms Moffat that such an outcome is likely to be unpalatable to the NSW Government and to the P-Tech schools, including because they will not be able to be part of the global P-Tech model, and because it will be inconvenient having to re-educate teachers and students in the community about a new name, aside from the reputational damage to the NSW Government and P-Tech schools.
12. IBMA also relies on the evidence of Ms Moffat, to the effect that, in the event that the NSW Government and P-Tech schools decide to proceed with the implementation and rollout of the P-Tech Model under a different name, it is highly unlikely that IBMA would then revert to the P-TECH name should it be successful in this proceeding at a final hearing. It would also follow that it would be unlikely that the name would be used in the Queensland schools.
13. IBMA also points to other negative consequences that would be involved with any renaming of the P-Tech Model, including that it would be more difficult for it to promote it to industry and education sector partners, given that it is heavily reliant on the promotion of the success of the P-Tech Model globally, and that there would be adverse reputational effects for IBMA and for the P-Tech Model generally.
14. Next, IBMA submits that if an interlocutory injunction were granted, its plans for the proposed Queensland P-Tech schools would have to be put on hold until after the hearing, such that it would be unlikely that the P-Tech Model could be rolled out there until at least February 2021, not July next year as is currently planned.
15. IBMA also submits that an interlocutory injunction would have substantial consequences for its reputation generally and in respect of its involvement in P-Tech, and that if it were restrained from using P-Tech, that would impede its ability to use aspects of the global P-Tech Model and its associated material.
16. In contrast, the applicants were not able to point to any particular harm that might result if, between now and November this year, all parties continue to proceed by doing that which they have been doing since 2013, namely working in conjunction with government, industry and educators to support schoolchildren to forge career pathways through training and meaningful employment under the P-Tech Model.
17. In his reply oral submissions, senior counsel for the applicants submitted that absent an injunction of the type sought “IBM could flood the market between now and the trial. They would be free to do whatever they want”. It was further submitted that, without interlocutory relief, by the time the parties get to trial, “the Foundation could have been pushed to one side”.
18. I am unable to accept that submission. There is no evidence that IBMA plans to “flood the market” and that possibility is, with respect, inconsistent with the history of the implementation of the P-Tech Model in Australia, which demonstrates that the establishment of P-Tech schools in different parts of the nation takes considerable time, because it is necessary to identify appropriate schools, to retain industry collaborators, and to secure sufficient funding from various stakeholders, among many other things. The notion that in such circumstances IBMA could, or would want to, flood the market between now and November (or at any time) seems to me, with respect, to be fanciful.
19. The applicants also identified in their written submissions at [48] what is referred to as “unquantifiable and irreversible harm” that may result absent an injunction. But those matters were not referred to by senior counsel in the course of his oral submissions. In any event, they are without sufficient evidentiary foundation or are otherwise speculative.
20. For those reasons, the balance of convenience clearly favours the respondent.

### The status quo

1. I also accept the respondent’s submission that were interlocutory injunctive relief of the kind sought by the applicants to be granted, it would prevent the respondent from continuing to do all sorts of things that it has done, and plans to continue to do, to implement and develop the P-Tech program in schools in Australia. At the same time, however, the Foundation, against which the IBM entities seek no injunctive relief, would remain un-constrained to continue in its efforts to assist with the implementation of the same program. As senior counsel for the respondent submitted, that would work significant change to the status quo, not preserve it. In my view, that is another reason why the interlocutory orders sought by the applicants should not be made.
2. I now turn to the question of delay.

### Delay

1. It is clear from the sworn testimony of Mr Sezonov, the general manager of the group which comprises the Foundation, SAF and WIL, that the applicants were aware of IBM’s use of the mark P-TECH in a manner which they now contend infringes WIL’s registered trade mark or contravened the ACL, from mid-2018.
2. In his affidavit affirmed on 15 July 2019 Mr Sezonov deposes that, from mid-2018, he “became aware of an instance in which IBM or IBM US use the mark ‘P-TECH’ in a manner suggesting it was … the owner of the mark …”. He further deposes that on 1 June 2018, Ms Suh of IBM in New York wrote to Mr Wyman at the Foundation, requesting that the Foundation transfer its trade mark to IBM. He then says that IBM subsequently started “to engage in self-promotion and a marketing campaign claiming credit for the success of the Australian P-TECH Program”. After referring to what he described as “the breakdown” of the Foundation’s relationship with IBMA and IBM, Mr Sezonov then lists various alleged uses of the Foundation’s mark by IBM and IBMA, from December 2018 until May 2019.
3. In his first affidavit affirmed on 1 July 2019, Mr Sezonov further deposes that in January 2019 he was told by the Foundation’s New South Wales based P-Tech program manager that she had heard that IBM had met with the New South Wales Department of Education, and had engaged in discussions about the P-Tech program. Having been told that, Mr Sezonov, procured (so it must be inferred) the Chairman of the Foundation to write a letter dated 30 January 2019 to the General Counsel of the New South Wales Department of Education, including as follows:

It has recently come to the Foundation’s attention that your Department was approached by IBM Australia in the latter half of 2018 regarding the potential of establishing new P-Tech partnerships in New South Wales in 2019 …

We further understand that representatives of the Department visited existing P-Tech partnerships in Port Stephens and Wyong in November 2018, and that the Department has provisionally approved the establishment of a new IBM-led P-TECH partnerships at Riverside Girls High School for 2019 (and potentially others) with announcements expected in the coming weeks.

…

I write to inform you that the [Foundation] owns (through its related entity Workplace Institute Ltd) the P-TECH name and trade marks in Australia (No 1768414), the domain, Facebook and Twitter accounts.

…

Therefore, without prejudice, I am writing to request a meeting, as a matter of urgency, to discuss this matter and seek clarification on the status of this potential announcement before the NSW Government makes any commitments …

…

1. It is apparent from that letter that the Foundation believed that IBM had approached the New South Wales Department of Education to expand the P-Tech programs into new schools and that there had been provisional approval of that course by the Department.
2. As senior counsel for IBMA submitted, it is telling that the Foundation did not also write to or otherwise contact IBM or IBMA, nor did it cause to be initiated any court action with respect to the conduct that they apprehended was occurring until mid-June this year.
3. Having heard no response to his 30 January letter, on 8 March 2019 the Chairman of the Foundation again wrote to the General Counsel of the New South Wales Department of Education, relevantly in the following terms:

I refer to my previous letter to you … to which I did not receive a reply. The failure to respond to the issues raised in my Letter, which were expressed to be time-sensitive, is unacceptable.

Mr Simon Whatmore, on behalf of [the Foundation], has advised me through his multiple telephone discussions with you and your staff that you have been unable to confirm whether or not:

(a) representatives of the Department visited existing P-TECH partnerships in Port Stephens and Wyong in November 2018; or

(b) the Department or Minister of Education has provisionally approved the establishment of a new IBM-led P-TECH partnership at Riverside Girls High School for 2019 or any others (sic) in NSW.

…

I hereby put you on notice that the Foundation has, through its legal advisers, issued IBM Australia with a cease and desist letter in respect of breaches by IBM Australia of the Foundation’s intellectual property rights, including its registered trademark (No. 1768414) …

…

Any announcement of a P-TECH partnership by the NSW government could potentially breach the Foundation’s intellectual property rights, including a pre-existing right to use the name P-Tech in Australia.

…

For the avoidance of any doubt, the Department, government, [and] Ministers Office … is hereby put on notice that any such P-Tech announcement would likely be in breach of the Foundation’s intellectual property and a cease and desist letter issued to IBM Australia.

1. As senior counsel for the respondent submitted, that letter shows that the Foundation was aware of conduct in respect of which it brings this proceeding in January this year. It is also clear, from the terms of the cease and desist letter set out below, that the Foundation had been aware since March 2019 of the causes of action available to it in respect of the conduct of which complaint had been made to the New South Wales Department of Education. The cease and desist letter is a letter from the solicitors for the applicants to solicitors for IBM and IBMA, dated 1 March 2019. Relevantly it provided as follows:

…

As your client is aware our client owns and uses the names P-TECH and Pathways in Technology (the **Marks**) in Australia. It has lodged trademark applications for same … In addition, our client has registered the trademark No. 1768414 (in classes 35 and 41) with the priority date of 3 May 2016 (the **Trademark**), which incorporates the Marks.

…

Recent behaviour by your client has made it clear we need to re-state some of the key facts in this dispute and remind your client it has no right to use the Marks in Australia and doing so is a breach of our client’s rights, at common law and pursuant to the *Trade Marks Act* and your client’s conduct is also in breach of sections 18 and 29 of the *Australian Consumer Law*.

…

IBM USE OF THE MARKS IN AUSTRALIA

…

It is important to understand that until mid-2018 when it became apparent a dispute had arisen, your client was involved in only one of the pilot sites in Australia (namely Ballarat). At that time, it had no involvement in any other sites and your client’s media coverage which suggest otherwise is misleading and deceptive.

IBM’S BREACH OF OUR CLIENTS MARKS AND INTELLECTUAL PROPERTY RIGHTS

…

Our client has become aware of a number of instances where your client has used Marks in a manner which suggests that it is the owner of the Marks in statements about the P-TECH Australia pilot which are just plain false, deceptive and misleading. These include:

…

Approaching the NSW Department of Education to discuss implementing a P-TECH program in NSW schools utilising our client’s Marks.

…

IBM claiming responsibility for ownership of the Australian schools operating the Pilot and using the name P-Tech in various articles …

…

Your client’s conduct can only be described as misleading and deceptive to the public, schools, industry partners and the Australian government (Commonwealth and State) … The conduct amounts to:

* 1. A breach of the *Trade Marks Act 1955* (Cth)
  2. Commission of the tort of “passing off”; and
  3. Contravention of sections 18 and 29 of the Australian Consumer Law in that you are falsely or misleading representing (sic) to others that your client’s program are (sic) those of our client and/or are of a similar style or model of our client and/or that your client’s services are affiliated with or connected with our clients.

…

Your client has falsely promoted itself in Australia and throughout the world as the party responsible for the implementation of a P-TECH Model in 110 schools.

…

1. The 1 March cease and desist letter goes on to demand certain undertakings, the substance of which is the same as the relief sought in this proceeding. The letter continues:

If this matter cannot be resolved on the terms outlined above, and your client fails to provide the undertakings or having provided them, fails to comply with them, our client may commence proceedings against your client without further notice, seeking the full range of remedies available to it …

1. The IBM entities’ lawyers responded to the cease and desist letter by letter dated 8 March. That letter, among other things, rejected each of the claims made on behalf of the Foundation and put IBM’s case that it is the author and owner of the relevant marks in the United States; that it is the author, first user and owner of the marks in Australia in relation to educational, vocational and related services; that use of the marks in Australia by SAF has been use of the marks on IBM’s behalf and with IBM’s consent in relation to the P-Tech model; and that IBM did not permit or authorise WIL or SAF to file any applications to register any trade mark incorporating the marks.
2. To adopt the submission made on behalf of the respondent by senior counsel: “Now, notwithstanding that complete rejection of their claims, the applicants, following receipt of this letter on 8 March 2019 did absolutely nothing for 3 months. They did not do a single thing more before writing to IBM’s solicitors with a further cease and desist letter on 6 June 2019”.
3. Further, as senior counsel for the respondent also submitted, during that three month period IBMA intensified its activities and took further steps to expand the P-Tech program in Australia, including by making future commitments involving third parties. In particular, during the 3-month period it determined the locations of the NSW P-Tech Schools and met with their principals. Further, the expansion of the P-Tech Model to the NSW P-Tech Schools was publicly announced. IBMA provided a P-Tech flyer to potential industry partners for the NSW P-Tech Schools and commenced discussions regarding the Proposed Qld P-Tech Schools. IBM also hosted a “Think Summit” in Sydney, during which there was a P-Tech panel discussion.
4. The 6 June 2019 cease and desist letter repeated the claims that IBMA had engaged in conduct that was misleading or deceptive and had infringed the marks, and that the alleged misuse of the applicants’ intellectual property in the P-TECH name and trade mark would cause the applicants significant, and inestimable, damage. The letter also repeated demands for written undertakings to cease the relevant conduct and demanded a response within 7 days. The letter is exhibit AES-20 to the affidavit of Mr Sezonov affirmed on 1 July 2019.
5. The IBM entities’ lawyers responded by letter dated 11 June 2019, in which, among other things, it was pointed out that the letter of 6 June related to matters which had been the subject of a dispute between their respective clients, and the subject of correspondence, for a period in excess of 10 months.
6. This proceeding was commenced on 17 June 2019.
7. The applicants have not proffered any explanation for the delay, other than to say that before deciding to commence this proceeding the Foundation had not been “fully aware” of the nature of the discussions between IBMA and the Department of Education in New South Wales or that IBMA was seeking to implement the P-Tech model. In my view, that submission is not consistent with the emphatic assertion of rights, and the demands made, in the first cease and desist letter, and I do not accept it.
8. In the absence of any sufficient explanation for the delay in commencing the proceeding, (which could have happened in early March this year, rather than mid-June), and in the absence of any additional explanation as to why the claim for interlocutory relief was not pressed until mid-August, in my view, that is, along with the considerations concerning the balance of convenience and the status quo that I have dealt with above, a further reason as to why injunctive relief sought by the applicants in this case should not be granted. As Campbell J said in *Capgemini US LLC v Case* [2004] NSWSC 674 at [40]:

If interlocutory relief is to be sought, it should always be sought promptly: *Zuellig v Pulver* [2000] NSWSC 7 at [36] – [37]. The court is always entitled to use, as a litmus test of the seriousness of the infringement of a plaintiff’s rights which is occurring, how fast the plaintiff reacts to the infringement of its rights. It is not only as an example of the equitable doctrine of laches that delay is relevant on an application for an interlocutory injunction; it is also as an admission by conduct about how serious the infringement of the plaintiff’s rights is. Thus, it is a matter which goes to the balance of convenience and not merely to the question of whether there is a serious question to be tried, which might be met by a defence of laches at the trial.

1. The passages from the judgment of Rolfe J in *Zuellig* to which Campbell J referred are as follows:

Each case must, of course, be judged according to the facts. However, in the present case there was no acceptable reason, so far as the evidence has disclosed, why the plaintiff did not move several weeks before it did. As Young J observed in *Network Ten Limited v Fullwood* (4 December 1995 - unreported):-

“Finally, the Court expects in cases of interlocutory injunction that people will act promptly. As I sit here in this duty list, if a person has let a week go by it is only in a very strong case that I can be persuaded to grant an injunction or grant short service because if a person is to seek an injunction it should be sought promptly.”

Subsequently his Honour said, after considering certain submissions in relation to this matter:-

“However, there is a separate principle that on an interlocutory injunction the Court in its discretion will refuse the injunction if there has been delay which is not adequately explained. I do not consider that the delay has been adequately explained in this case. Accordingly, in my view, the defendants are ahead on this second matter.”

1. The applicants relied on the decision of Goldberg J in *Nintendo Co Ltd v CARE* [2000] FCA 1538; (2000) 52 IPR 34 for the proposition that delay should only tell against an applicant if, during the period of delay, the respondent has substantially altered its position. They rely on the following passages at [25]-[27]:

25. The applicants first became aware of the existence of the Da’ Super Mario character in or about August 1999. Information was conveyed to the American Nintendo company in or about August 1999 or shortly thereafter and nothing seemed to occur until February 2000 when the applicants were instructed by the American company to send letters of demand to the interests who were involved with the Da’ Super Mario character. The delay between August 1999 and February 2000 has not been explained. Between February 2000 and June 2000 there was a further delay but that delay has been explained in part by the need for the applicants and their solicitors to be satisfied that the activities of the wrestler were being continued and to identify the particular parties involved. In this respect I note that the second respondent was only registered as a company on 11 May 2000, on which date the first respondent became a director of that company.

26. Between June 2000 and October 2000 there has been further delay but that delay has been explained by the solicitor for the applicants by reference to negotiations and discussions which occurred between the parties in relation to seeking to resolve the issues which had arisen and by the applicants seeking to obtain undertakings from the respondents which would be sufficient to obviate the necessity to have recourse to court proceedings. Delay of itself is not a disentitling factor: *Wickham v Associated Pool Builders Pty Ltd* (1986) 7 IPR 392 at 400. Nevertheless delay must be considered in the context of the circumstances which have occurred because if the delay has caused the respondents to alter their positions substantially in relation to the manner in which they have conducted their affairs, incurred liabilities, and incurred costs, that would be a matter to be taken into account in deciding whether or not interlocutory relief should be granted.

27. Although there has been delay, that delay does not appear to have caused the respondents to have acted substantially in a way which has resulted in prejudice if I am now to grant interlocutory relief. It does not appear that they incurred substantial costs in the interim period which will be thrown away if an interlocutory injunction is now granted. Nor does it appear that there will be a need for substantial alteration to their manner of carrying on their activities or presenting the structure of their activities or their business. Although costs may be incurred in having to prepare fresh posters or fresh promotional cards displaying the wrestlers for distribution, those costs would be well protected by an undertaking as to damages.

1. I do not read those passages, however, to mean that there is any inflexible rule that delay will not tell against an applicant for interlocutory relief, absent the showing of prejudice by a respondent. Like all discretions, whether or not an interlocutory or interim injunction should be granted, depends upon the facts of each case, and the particular nature of the need for a court to intervene, or not, pending the final determination of the rights of the parties. In my view, there is no reason why, in an appropriate case, delay of itself may (not must) be fatal. See Meagher, Gummow and Lehane’s *Equity Doctrines and Remedies*, Fifth Edition, 2015 at [21-375] (“Obviously if the delay is coupled with some such factor as the intervention of third-party rights or prejudice to the defendant, an interlocutory injunction should be refused just as a final injunction should be refused. But authority is not wanting that on an interlocutory application – where different principles apply from those which would be applicable on a final hearing – mere delay of itself can (not must) be fatal. Why should a court grant urgent relief when the plaintiff’s tardiness in applying for it casts doubt on the reality of the alleged injury?”). In any event, as I have described above, in this case IBMA has taken various steps in relation to further implementing the P-Tech Model in schools in NSW and Queensland during the period of the early March to mid-June delay. And the rights of third parties are also obviously implicated here. As counsel for IBMA submitted, the grant of an interlocutory injunction may result in the P-Tech Model not being implemented in the NSW P-Tech Schools until after trial, and would result in a delay in rolling out the P-Tech Model for the Proposed Qld P-Tech Schools, as a result of which students, schools and the education community would lose the substantial benefits to be obtained from the P-Tech Model.

## Disposition

1. For the reasons set out above, the application for interlocutory relief must be refused because: (i) the balance of convenience clearly favours IBMA; (ii) the granting of the interlocutory relief sought by the applicants would significantly alter, not maintain, the status quo; and (iii) the applicants were unable to explain the significant delay in bringing their claim for interlocutory relief.
2. The respondent seeks its costs of the application. I will accordingly direct that the respondent file and serve an outline of submissions, not exceeding 3 pages by 27 August, and that the applicants file and serve an outline of submissions, not exceeding 3 pages, by 3 September.

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| I certify that the preceding seventy-two (72) numbered paragraphs are a true copy of the Reasons for Judgment herein of the Honourable Justice O’Callaghan. |

Associate:

Dated: 22 August 2019

SCHEDULE OF PARTIES

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| --- | --- |
|  | VID 651 of 2019 |
| Cross-Claimants |  |
| Second Cross-Claimant: | IBM AUSTRALIA LIMITED |
| Cross-Respondents |  |
| Second Cross-Respondent | SKILLING AUSTRALIA FOUNDATION LTD |