
Legal Issues in Sports Marketing

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Introduction

The Market

With the increasing professionalisation and commercialisation of sports, there is no denying that the sports industry is a multi-million dollar business.

The latest Australian Bureau of Statistics figures, which relate to calendar year 1995, indicate that the sporting industry in Australia is worth approximately \$2 billion annually in facilities, employment, sales of goods and services.¹ These figures do not include the extraordinary explosion of sports business activity since June 1995, including multi-million dollar rugby, rugby league, triathlon, swimming, athletics, hockey and cricket deals (with pay television spin-offs). The figures also do not include the economic impact of major events such as the Australian Formula 1 Grand Prix, IndyCar or, in 2000, the Olympic and Paralympic Games.

The figures also only include a combined sponsorship and advertising sum of \$175m, a figure that has been outstripped by an unknown multiple in the last few years. There have never been any reliable figures for Australian sports sponsorships but, according to the International Events Group ("IEG"),² 1996 saw North American corporations spending US\$3.54 billion on sports sponsorship alone, an increase of 15% over 1995. At least 45 North American companies spent over US\$10m each in rights fees in 1996. Some spent over US\$100m. These amounts do not include additional leverage expenditure such as advertising and promotion to support the sponsorship – often, the leverage expenditure exceeds the sponsorship expenditure.

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1 Australian Bureau of Statistics, Sports Industries Australia 1994-5, ABS Catalogue No 8686.0 (30/1/97).

2 IEG Sponsorship Report Vol 14 No 24, 18/12/95.

IEG's predicted 1996 world wide sponsorship was a staggering US\$13.5 billion, with US\$2.7 billion contributed by Pacific Rim companies.³ Much of that activity relates to the Australasian region, or Australian businesses involved in sports events and facilities in Asia. The Australian sports marketing business is very sophisticated and is successfully exporting its expertise.

The sponsorship market continues to flourish in Australia not only as more sports follow the North American model but also with the advent of pay television (which increases the amount of airtime, and therefore sponsor attractiveness, given to sports).

The Players

Various legal and business relationships are integral to the staging of a sporting event, whether it is on a local, national or international scale. This paper highlights some of the important legal issues pertinent to the relationships between the key stakeholders in a sporting event. Any particular sporting event involves multifarious stakeholders, including:

- event organiser
- venue owner
- licensee/merchandiser
- sponsors
- broadcasters/media
- sports teams or franchises
- athletes.

Each of these stakeholders will have different interests generally or different interests for different events. For example, a venue will act in its own commercial interests to sell "rights" such as signage, personal seat licences, concessions and naming rights but for a particular event there might be different sponsorship, broadcasting or other revenue requirements that necessitate the renegotiation of any or all of these interests. Further, the marketing of the athletes or teams participating at the venue itself will impact upon the venue and the event as sponsors and merchandisers seek leverage from point of sale activities, broadcasting cross-promotions, merchandise promotion, co-branding of the event, the team and its sponsors and the like.

The one thing that is certain about any sports marketing arrangement is that an agreement between two parties almost always will affect, or be affected by, the interests of many more.

This paper

The issues raised in this paper cover a number of different areas of the law. The

3 *Ibid.*

purpose of the paper is not to solve these issues nor does it offer a comprehensive discourse on the various areas of the law covered. Rather, the purpose is to highlight the issues, draw attention to the complexity of relationships, and offer some practical suggestions as to how to minimise legal liability and maximise commercial profitability of these relationships.

Firstly, the paper addresses what is meant by sports marketing. Next, we outline potential intellectual property rights subsisting in the event, the owner of those rights, forms of protection and remedies for infringement of those rights. Then, the paper focuses on more specific issues relating to licensing and merchandising, sponsorship, ambush marketing and trade practices implications. Following this is an outline of the legislative regime for the protection of intellectual property rights in the Sydney 2000 Olympic Games. The paper concludes with a discussion of the Court of Arbitration for Sport, a body which will be increasingly relevant in a commercial context as Olympic sports in particular compulsorily assign disputes (and those involving Olympic participants and their personal sponsors) to this body.

Although the paper is written from the perspective of the person attempting to maximise the commercial benefits from the relevant arrangements, issues relevant to other key stakeholders will be addressed as they arise.

1. What Is Sports Marketing?

The idea that sport is merely a hobby or past-time is archaic. For many people, sport in the '90's is business. Sports marketing creates and maximises commercial opportunities for each of the key participants in a sporting event.

The objectives will include:

- to create quasi-property rights in events, athletes and images to maximise commercial returns through those creations;
- to protect one's so-called proprietary interest in these properties against duplication, competition and unauthorised exploitation by those not paying rights fees;
- to leverage associated businesses;
- to integrate services and delivery opportunities (for example, companies like International Management Group no longer just manage athletes, models and celebrities but also own events, produce individual and corporate merchandise, have their own television production off-shoots etc);
- to create an association in the minds of the public between sponsors, the sport and the relevant personnel in order to attract greater sponsorship revenue and sell merchandise; and
- to sell subscription television, telephony and multi-media applications using sport as both a medium and a bait.

In order to achieve most of these objectives, it is vital that one can establish a property capable of protection in an event. To this end, the judicious use of intellectual property rights is an important, although by no means the only, methodology.

2. Identifying And Securing Intellectual Property Rights In An Event

Intellectual property rights in an event are a lucrative asset and it is important to sports marketers to:

- create properties that will give rights capable of legal protection (and sale for profit); and
- design and implement an identification and protection strategy (the geographic extent of the strategy being dictated by the scale of the event).

Intellectual property rights may exist in, for example, logos, mascots, names, visual image, anthems, team or individual athlete uniform designs and colours and an athlete's or team's reputation.

A modern feature of sports marketing is not only securing the entire property in a particular event but – in many instances – creating a new event (whether in competition with an existing event or otherwise) upon which commercial opportunities can be leveraged and exploited. For example, the current grand prix triathlon circuit involves the creation of a distinct event, the trade marking of an event logo, the commercial involvement (with consistent sponsorship) of various athletes, integrated broadcasting, advertising and sponsorship, and a distinct merchandising strategy. The Uncle Toby's super series is another event created entirely for television.

Perhaps the best example of intellectual property exploitation is the International Olympic Committee. Ticket sales – which themselves are sports marketing activities – account for a small proportion of Olympic games revenue. Revenues are obtained primarily from the sale of broadcasting rights and the licensing of the Olympic rings to TOP (“The Olympic Partnership”) and other sponsors and service providers. Apart from the leveraging opportunities available from Olympic sponsorship and some minor hospitality benefits, the only tangible benefit from an Olympic sponsorship is a licence to use the rings, whether it be a world wide licence or one involving a narrower territory and limited to particular goods and services. To the IOC, absolute protection of the rights to the Olympic rings is fundamental to the commercial viability of the enterprise.

Intellectual property rights subsisting in an event may fall within one or more of the following:

- a) copyright;
- b) trade marks;
- c) designs;
- d) confidential information; and
- e) reputation/goodwill (a quasi-intellectual property right).⁴

⁴ Certain processes might also be capable of patent registration, although in the sports context the application is limited.

Addressing the following series of questions will assist in the development and implementation of a protection strategy:

- Who is the owner of the intellectual property rights?
- Is an assignment, licence or consent required? If so, what are the formal requirements, if any?
- Is formal registration required?
- If the event is on an international scale, what international protection is available?
- What is the duration of protection? Are there procedures in place to ensure timely renewal applications?
- What constitutes infringement?
- What remedies are available?

What follows is a discussion of each of these questions under the identified categories.

(a) Copyright

Australian copyright law is contained in the *Copyright Act 1968* (Cth). Copyright protection is afforded to the material form in which an idea is expressed. It does not protect the idea itself.⁵

Does copyright subsist?

Copyright protection is afforded to “works”⁶, defined as literary, dramatic, musical or artistic works⁷ and “subject matter other than works”,⁸ defined as sound recordings, cinematograph film, television and sound broadcasts and published editions of works. This would include, for example, drawings of logos or mascots and television or sound broadcasts of sporting events.

Both works and subject matter other than works must be reduced to a material form for copyright to subsist. Furthermore, works must be original.⁹ A work is original if it is the product of the author’s skill labour or judgment and not copied from another.¹⁰

Sports events themselves generally do not qualify for copyright protection. However, a possible exception exists where the sport involves choreography, such as synchronised swimming, ice dancing, figure skating, gymnastics and the like. Other generally available material, such as match programs and fixture lists, also are capable of copyright protection. Indeed, in a recent United States case,¹¹ a Federal

5 S Ricketson *The Law of Intellectual Property* (1984) at 49.

6 *Copyright Act 1968* (Cth) s.32.

7 *Ibid*, s.10.

8 *Ibid*, ss.89-92.

9 *Ibid*, s.32.

10 *Sands & McDougall Pty Ltd v Robinson* (1917) 23 CLR 49.

District Court judge found that a portable electronic beeper device created by the defendant and Motorola Inc (which provided real time information about NBA games, such as scores, possession statistics and the like) “misappropriated the essence of NBA’s most valuable property – the excitement of an NBA game in progress” entitling NBA to injunctive relief. The decision was overturned on appeal,¹² but it demonstrates some of the real difficulties faced by sports marketers. It also raises the issue of how information, which in a hard copy form would be capable of copyright protection, might be protected in other ways when the information is appropriated. Indeed, since this case the NBA has entered into another dispute with America On-Line about the latter’s ability to provide real time sports news based on instant access to non-copyrightable raw data.¹³

The ability of an athlete to assert intellectual property rights over their own particular style (a so called “sports move”), which raises copyright issues, also is dealt with below in the context of trade marks.

The Owner?

As a general rule the author of a literary, dramatic, musical or artist work is the owner of any copyright subsisting in it.¹⁴ The author is the person responsible for reducing the work into a material form, not the person who supplies the idea.¹⁵

Assignment

If the event organiser or other body nominated to control the intellectual property rights in an event is not the owner of the copyright then it may be desirable to obtain an assignment so that copyright in the work or other subject matter may be exploited to its full potential and appropriate infringement proceedings instituted in order to protect those rights.

Where a sport commissions creative talent to design logos and the like, it is vital to ensure that all copyright and other intellectual property rights are transferred, by the agreement, to the sport. A failure to do so will undermine the ability to merchandise effectively.

Copyright is personal property and may be assigned either totally or partially if in writing signed by or on behalf of the assignor.¹⁶

The event organiser should ensure that a total assignment of copyright in the work or other subject matter is made and not just a partial assignment of one or

11 *National Basketball Association v Sports Team Analysis and Tracking Systems Inc* 931 F Supp 1124 (SDNY 19/7/96).

12 *National Basketball Association v Motorola, Inc*, case nos 96-7975, 96-7983, 96-9123 (2nd Cir 1997), 30/1/97

13 Note, Harrington, “Sports Law Administration and Practice”, January/February 1997, page 7.

14 *Copyright Act* 1968 (Cth), s.35(2).

15 J Lahore *Copyright and Designs* Butterworths Sydney 1996, para [20,041].

16 *Copyright Act* 1968 (Cth), s.196(1), (3).

more of the exclusive rights of the owner's copyright. The agreement should specify clearly that it is an assignment as opposed to an exclusive licence authorising the licensee to do any act comprised in the copyright to the exclusion of all others.¹⁷ In the case of an exclusive licence, ownership of the copyright is not transferred but the exclusive licensee has concurrent rights of action for infringement. However, the exclusive licensee cannot sue an alleged infringer who has the consent of the copyright owner to do the alleged infringing act because the Act provides a defence to the alleged infringer to an action brought by the exclusive licensee in these circumstances.¹⁸ The only remedy available to the exclusive licensee will be an action for damages for breach of the exclusive licence agreement.

There will be circumstances for which it is not necessary to obtain a complete assignment, or simply not possible (for example, where the conduct of the event is contracted out to external management). Broadcasters of sporting events will be licensed to use event logos in their coverage, and often will be obliged contractually to do so in order to re-inforce the market perception of the brand. It is neither possible nor desirable for the broadcaster to obtain an assignment of those rights. Similarly, those involved in the merchandising of apparel might use event or team logos alone or in conjunction with their own motifs or designs. There are countless possibilities.

The general rule about copyright ownership is subject to the following exceptions (which may be excluded or modified by agreement):¹⁹

- a work produced by an employee under a contract of service belongs to the employer;²⁰
- the copyright in the work of a journalist made for the purpose of publication in a newspaper magazine or similar periodical is owned by the proprietor of the newspaper magazine or similar periodical;²¹
- any copyright subsisting in a photograph, painting, portrait or engraving commissioned for valuable consideration, belongs to the person commissioning the work but if that person makes known, expressly or by implication, to the author of the work the purpose for which the work was required, the author is entitled to restrain the doing, otherwise than for that purpose, of any act comprised in the copyright in the work.²²

The owner of copyright in sound recordings and cinematograph film is the maker unless the sound recording or cinematograph film was commissioned for valuable consideration, then the commissioner is, in the absence of any agreement to the

17 *Ibid*, s.10(1).

18 *Ibid*, s.121.

19 *Ibid*, s.35(3).

20 *Ibid*, s.35(6).

21 *Ibid*, s.35(4).

22 *Ibid*, s.35(5).

contrary, the owner of any copyright.²³ The Australian Broadcasting Corporation and the Special Broadcasting Service Corporation own the copyright subsisting in a television or sound broadcast made by them otherwise, the person who is the holder of a licence or permit granted under the *Broadcasting Act* 1942 (Cth) is the owner of any copyright subsisting in a television or sound broadcast made by that person.²⁴

Registration Requirements?

One of the advantages of copyright is that, in Australia, there is no formal requirement of registration for obtaining copyright protection, provided the criteria for subsistence of copyright are satisfied. However, registration is required in jurisdictions such as the United States for works created there.

Apart from effecting registration of relevant marks, owners and users of marks must be particularly careful to ensure that their reproduction does not inadvertently diminish the status of the mark. This is particularly important in the case of mass market sports where the marketing imperatives mean that consumers are encouraged to identify with the marks in the same way as they identify with their sports heroes. There are a number of defensive mechanisms available to mark owners which are better dealt with elsewhere, but some mechanisms are:

- ensuring that the status of the marks *as trade marks* is highlighted in advertising and literature, particularly by appropriate use of the TM and ® symbols;
- use of the marks should remain uniform;
- the marks should only be used as adjectives and not as nouns, verbs or descriptions of the goods or services to which they relate;
- the trade marks should never be pluralised; and
- the market place must be monitored carefully and continuously to identify any other organised use or mis-use of the marks.

International Protection

Automatic international copyright protection is conferred on those copyright owners who are nationals of member countries of the Berne Union, the Universal Copyright Convention or other convention in the manner and to the extent provided by the particular revision or Act binding the relevant countries.²⁵ To ensure international protection, it is important to give a copyright notice where at all possible.²⁶

23 *Ibid*, ss.97 and 98.

24 *Ibid*, s.99.

25 Lahore, *supra* n.15, para [56,043].

26 The required copyright notice comprises a combination of *each* of the following: International copyright symbol, copyright owner *and* year of first publication; for example, © Lionel Hogg and Franki Ganter 1997.

Duration of Protection?

Generally, copyright subsists in:

- a work, from the time it is made until the expiration of 50 years after the expiration of the calendar year in which the author died.²⁷
- in sound recordings, cinematograph films and photographs, for a period of 50 years after the expiration of the calendar year of first publication.²⁸
- in television and sound broadcasts for a period of 50 years after the expiration of the year in which the broadcast was made.²⁹

Infringement

A person may directly or indirectly infringe copyright. Copyright in a literary, dramatic, musical or artist work is directly infringed if a person, not being the owner of the copyright, and without the licence of the copyright owner, does, or authorises the doing in Australia, of any act comprised in the copyright.³⁰ Indirect infringements involves:

- (a) the importation of infringing articles into Australia for trade purposes;³¹
- (b) the sale of, or any trade dealing with, infringing articles;³²
- (c) permitting a place of public entertainment to be used for a public performance of a literary, dramatic or musical work in infringement of copyright in the work.³³

It is not necessary that the infringing act be done in relation to the whole of the work or other subject matter but it must be the doing of an act in relation to a substantial part of the work or subject matter.³⁴ What is “substantial” is a question of fact in any particular case. The most important thing is that it is the quality of what is taken in relation to the work as a whole and not the quantity.³⁵ For example, the copying of an essential part of the work, although small in quantity, will nevertheless be an infringement.

Remedies

Where infringement has been detected, implementation of remedial measures should be swift. In summary, the remedies available for infringement are:

27 *Copyright Act 1968 (Cth)*, s.33(2).

28 *Ibid*, ss.93, 94 and 33(6).

29 *Ibid*, s.95(1).

30 *Ibid*, s.36(1) (Works) s.101(1) (subject matter other than works).

31 *Ibid*, s.37 (Works), s.102 (subject matter other than works).

32 *Ibid*, s.38 (works), s.103 (subject matter other than works).

33 *Ibid*, s.39(1).

34 *Ibid*, s.14(1).

35 *Hawkins & Son (London) Ltd v Paramount Film Service Ltd* [1934] 1 Ch 593.

- injunction, both interlocutory and final;³⁶
- ex parte orders;³⁷
- damages or an account of profits – an account of profits generally in the most effective remedy in a commercial context should injunctive relief be too late;³⁸
- additional damages for the flagrancy of the infringement;³⁹
- damages for conversion;⁴⁰
- delivery up of infringing articles.⁴¹

(b) Trade marks

Trade marks have a dual purpose of assisting a trader in establishing a reputation for her or his goods or services and benefiting consumers by enabling them to choose among competing goods or services confident that the goods or services sold under a particular mark will originate from the same source as they have previously.⁴²

Trade marks may be registered or unregistered. This section will only deal with registered trade marks. Protection of unregistered trade marks will be dealt with later.

Registered trade marks are regulated by the *Trade Marks Act 1995* (Cth). A trade mark is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.⁴³ A “sign” includes any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of package, shape, colour, sound or scent.⁴⁴

In the sporting context, an appropriately branded colour combination and style in apparel may be registrable to distinguish particular teams or competitions. For example, many sports competitions such as the American NFL and the new Australasian Super League have team jerseys or uniforms which are consistent in design amongst all teams – only the colours for each team vary.

The Owner?

The owner of a registered trade mark is the person or persons in whose name the trade mark is registered.⁴⁵

36 *Copyright Act 1968* (Cth), s.115(2).

37 Lahore, *supra* n.15, paras [36,639]-[36,760].

38 *Ibid.*

39 *Copyright Act 1968* (Cth), s.115(4).

40 *Ibid.*, s.116(1).

41 *Ibid.*, s.116(1).

42 J McKeough and A Stewart *Intellectual Property in Australia*, Butterworths, Sydney, p329.

43 *Trademarks Act 1995* (Cth) s.17.

44 *Ibid.*, s.6.

45 *Ibid.*, ss.27 and 28.

Assignment

A registered trade mark, or a trade mark whose registration is being sought, may be assigned, either totally or partially, in respect of the goods and/or services of which registration is sought or the trade mark is registered. But, the partial assignment of the geographical use of a trade mark is prohibited.⁴⁶

Although the *Trade Marks Act* 1995 does not require the assignment to be in writing, it is always prudent to reduce the assignment to writing and, as a matter of practice, a written assignment will be required as proof of the assignment upon application to the Registrar for the particulars of the assignment to be recorded in the register.⁴⁷

An assignment of the trade mark may be made, with or without the goodwill of the business concerned, in respect of the relevant goods and/or services. Under the 1995 Act this also applies to trade marks not yet registered, but in respect of which registration is being sought, in contrast to the position under the 1955 Act.⁴⁸

Registration Requirements?

To qualify for registration the trade mark:

- must not contain or consist of a sign that is prescribed under the regulations;⁴⁹
- must be capable of being represented graphically;⁵⁰
- must be capable of distinguishing the goods or services in respect of which the trademark is sought to be registered (either because the sign is inherently distinctive or if merely descriptive, it has acquired a secondary meaning in the market place);⁵¹
- must not contain or consist of scandalous matter, or its use be contrary to law,⁵²
- the use of which in relation to particular goods or services, must not be likely to deceive or cause confusion because of some connotation that the trade mark has;⁵³ and
- must not be substantially identical with or deceptively similar to a trade mark registered by another person in respect of similar goods or services or closely related services or goods.⁵⁴

To maximise protection, the event organiser and sponsor should choose a trade mark that is distinctive as possible and then launch an aggressive marketing campaign

46 *Ibid*, s.106.

47 *Ibid*, ss.107-110.

48 *Ibid*, s.106(3).

49 *Ibid*, s.39(1).

50 *Ibid*, s.40.

51 *Ibid*, ss.41(1) and (5).

52 *Ibid*, s.42.

53 *Ibid*, s.43.

54 *Ibid*, s.44.

to create in the minds of the public an association between themselves and the trade mark.

International Protection

International trade mark protection may be secured by application for registration of the trade mark in countries which are signatories to the Agreement on Trade-Related Aspects of Intellectual Property Rights. Member countries of the convention are listed in schedule 10 of the *Trade Marks Regulations* 1995. International trade mark protection is a particularly important element of an intellectual property protection strategy if the sporting event is likely to have international exposure.

Duration of Protection?

A monopoly is conferred over the use of the trade mark as a trade mark for a period of 10 years from and including the date the application for registration was filed.⁵⁵ Registration may be renewed for a further period of 10 years if a request is made to the registrar within 12 months after the initial period of registration has expired.⁵⁶ Otherwise, the registration ceases to have effect and the registrar must remove the trade mark from the register 12 months after the day on which the registration expired.⁵⁷

Infringement

A person infringes a trade mark if the person uses *as a trade mark* a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.⁵⁸ What should be noted is that the infringer must use the sign as a trade mark. A depiction in the course of comparative advertising by a competitor is not an infringement.⁵⁹ Furthermore, a person is not taken to have infringed the trade mark if the person establishes that the use is not likely to deceive or cause confusion.⁶⁰

The position is slightly different in respect of trade marks that are "well known" in Australia. What constitutes an infringement is broader. The use of a sign substantially identical with, or deceptively similar to, the well known trade mark in relation to categories of goods or services in respect of which the trade mark is not registered is an infringing use.⁶¹

55 *Ibid*, s.72(3).

56 *Ibid*, ss.75-77 and 79.

57 *Ibid*, s.78.

58 *Ibid*, s.120(1).

59 *Ibid*, ss.6 and 7.

60 *Ibid*, s.120(2).

61 *Ibid*, s.120(30).

The test for whether a trade mark is substantially identical with another trade mark is whether, judged by the eye, side by side, the infringer's trade mark has the essential features similar to that of the registered trade mark. If judged as a whole they differ only in minor respects then they will be substantially identical.⁶² The test for whether the trade mark/s are deceptively similar is to compare the impression prospective purchasers have of the registered trade mark based on their imperfect recollection of it and the impression created by the use of the infringer's trade mark.⁶³

It is not an infringement if a person uses in good faith:

- the person's name or name of the person's place of business;
- a sign to indicate the kind, quality, quantity, intended purpose, value, geographical origin or some other characteristic, of goods or services;
- a sign to indicate the time of production of goods or the rendering of services;
- the trade mark to indicate the intended purpose of goods (in particular as accessories or spare parts) or services;
- the trade mark for the purposes of comparative advertising.⁶⁴

Further a person does not infringe a registered trade mark if the trade mark has been applied to, or in relation to, the goods with the consent of the registered owner of the trade mark.⁶⁵ Nor is it an infringement to use an unregistered trade mark that is substantially identical with, or deceptively similar to, the registered trade mark if it has been continuously used in the course of trade in relation to those goods or services from a time before the date of registration of the registered trade mark.⁶⁶ However, if the unregistered trade mark has continuously been used only in particular area of Australia then, the exception only applies to that area.⁶⁷

Remedies

The remedies available for infringement of a trade mark are:

- injunction, final or interlocutory;⁶⁸
- ex parte interlocutory relief;⁶⁹
- damages or an account of profits;⁷⁰

62 *The Shell Company of Australia Limited v Esso Standard Oil (Australia) Limited* (1963-64) 109 CLR 407 at 414.

63 *Ibid* at 415.

64 *Trademarks Act* 1995 (Cth) s.122(1).

65 *Ibid*, s.123(1).

66 *Ibid*, s.124(1).

67 *Ibid*, s.124(2).

68 *Ibid*, s.126(a).

69 JW Dwyer and A Dufty *Patents, Trade Marks and Related Rights* Butterworths, Sydney 1996, paras [58,259]-[58,306].

70 *Trademarks Act* 1995 (Cth) s.126(b).

- delivery up or obliteration of the trade mark or destruction of the goods bearing the infringing mark.⁷¹

(c) Designs

Designs law in Australia is regulated by the *Designs Act 1906* (Cth). Monopoly rights in a design are acquired by registration under the Act. A “design” means features of shape, configuration, pattern or ornamentation applicable to an article, being features that, in the finished article, can be judged by the eye, but does not include a method or principle of construction.⁷² An “article” means any article of manufacture and includes a part of such an article if made separately,⁷³ for example, sporting equipment, clothing, footwear, toys and the like. By virtue of regulations made under the Act there are some articles, primarily literary or artistic in character, in respect of which designs cannot be registered.⁷⁴

The Owner?

The owner of an unregistered design is generally the author of the design.⁷⁵ Where a design is made in the course of employment the employer is the owner of the design.⁷⁶ Where a design is commissioned for valuable consideration it is the person commissioning the making of the design who is the owner.⁷⁷ The owner of the unregistered design is the person entitled to make an application for the registration of the design thus will be owner of the registered design.⁷⁸

Assignment

The rights of an owner in respect of a registered design are personal property and may be assigned in writing signed by or on behalf of the owner.⁷⁹ The assignee then must apply to the Registrar of Designs to register his or her title as owner of the design.⁸⁰

71 Dwyer and Dufty, *supra* n.69, p58,354; *Auguste Marechal & Ferdinand Ruchon v Neil M'Colgan* (1909) 18 RPC 262.

72 *Designs Act 1906* (Cth) s.4(1).

73 *Ibid.*

74 *Design Regulations* (SR 72 of 1982), reg 11. Designs articles on which there is printing book jackets, calendars, certifications, forms or other documents, dress making patterns, greeting cards, labels, leaflets, maps, plans, postcards, stamps or transfers that are for the purpose, and are capable, of being transferred to the surface of another article) and medals may not be registered.

75 *Designs Act 1906* (Cth) s.19.

76 *Ibid.*, s.19(3).

77 *Ibid.*, s.19(2).

78 *Ibid.*, s.20.

79 *Ibid.*, s.25C.

80 *Ibid.*, s.38.

Registration Requirements?

To qualify for registration the design must be:

- new; or
- original.

“A new design is one that has not been known or used before; an original design is presumably then an old design which is creatively given some novel application”.⁸¹ It is sufficient for a design to be new or original, originality in the sense of making a discovery is not required for novelty itself.⁸²

A design cannot be registered if it:

- differs only in immaterial details or in features commonly used in the relevant trade from a design previously registered published or used in Australia for the same article.⁸³ It must be more than a mere trade variant which any skilled tradesperson might make;⁸⁴
- is an obvious adoption of a design that was previously registered, published or used in Australia in respect of any other article.⁸⁵

International Protection

International protection for designs is conferred by the Paris Convention for the Protection of Industrial Property, the Hague Agreement concerning the International Deposit of Industrial Designs and the Agreement on Trade Related Aspects of Intellectual Property Rights. However, these conventions only provide international protection for industrial designs.

Duration of Protection?

Protection is afforded for an initial period of 12 months deemed to have commenced on the date on which the application for registration of the design was lodged and expires on elapse of a 12 month period commencing on the date the registration was actually made in the register.⁸⁶ This period may be extended by application for a further period expiring 6 years after the initial date of application for registration.⁸⁷ Two further extensions of 5 year periods each may be granted under the Act bringing the total possible term to 16 years from the lodgement date.⁸⁸

81 McKeough and Stewart, *supra* n.42, p191.

82 *Malleys Limited v J W Tomlin Pty Ltd* (1961) 35 ALJL 352 at 353; Lahore, *supra* n.15, para [66, 256].

83 *Designs Act* 1906 (Cth) s.17(1)(a).

84 Lahore, *supra* n.15, para [66, 279].

85 *Designs Act* 1906 (Cth) s.17(1)(b).

86 *Ibid*, s.27A(1).

87 *Ibid*, s.27A(2).

88 *Ibid*, s.27A(12), (13).

Infringement

A person infringes the monopoly in a registered design if he or she, without the licence or authority of the owner:

- applies the design or any fraudulent or any obvious imitation of it to any article in respect of which the design is registered;
- imports into Australia for sale or commercial use any article in respect of which the design is registered and to which the design or any fraudulent or obvious imitation of it is applied;
- sells or offers or keeps for sale or hire any article to which the design or any fraudulent or obvious imitation of it has been applied or in respect of which the design is registered and to which the design or any fraudulent or obvious imitation of it is applied.⁸⁹

A fraudulent imitation of a design is “a copy with differences which are both apparent and not so slight as to be insubstantial but which have been made merely to disguise the copying”. In this case, something more than visual comparison is required.⁹⁰ An obvious imitation of the registered design is “not the same, but a copy apparent to the eye notwithstanding slight differences”. In this case, visual comparison is sufficient to establish obvious imitation.⁹¹

Infringement is a question of fact for the eye of the Court by comparing the registered design with the alleged infringement. It is a subjective assessment not a matter of calculation or measurement nor a mere listing of points of variance and resemblance.⁹² When determining infringement, it is relevant to compare the novelty of the registered design with what has gone before. If only slight differences distinguish the registered design from what has gone before then slight differences between the alleged infringement and the registered design will be sufficient to avoid infringement.⁹³

Remedies

The remedies available for infringement of a design are:

- injunction, interlocutory or final;⁹⁴
- ex parte orders;
- damages for an account of profits;⁹⁵

89 *Ibid*, s.30.

90 *Malleys Limited v J W Tomlin Pty Ltd* (1961) 35 ALJR 352 at 354.

91 *Ibid*.

92 Lahore, *supra* n.15, para [70,092].

93 *Wanem Pty Ltd v John Tekiela* (1990) 19 IPR 435 at 440; Lahore, *supra* n.15, para [70,043].

94 *Designs Act* 1906 (Cth) s.32B(1).

95 *Ibid*.

- delivery up of infringing articles.⁹⁶

The court has a discretion to refuse to award damages or to make an order for an account of profits if the defendant satisfies the court that he or she was not aware at the time of infringement that the design was registered and that he or she had taken all reasonable steps to ascertain whether a monopoly in the design existed.⁹⁷

Overlap between Designs and Copyright

The overlap between designs and copyright is a difficult and complex area of the law. In the case of artistic works, the rights of a copyright owner in a two-dimensional artistic work include the right to reproduce the work in three-dimensional form.⁹⁸ The protection afforded by copyright produced an anomaly because copyright continued to protect an artistic work which did not necessarily qualify for design registration. Thus, copyright owners were seen to have excessive rights in respect of the industrial application of their artistic rights.⁹⁹

Dual protection is now prevented by ss74-77 of the *Copyright Act* 1968 for certain artistic works applied as designs, generally an “industrial application”.

(d) Confidential Information

Any information is capable of generating obligations of confidentiality provided it possesses the necessary quality of secrecy. Unlike copyright, an obligation of confidence will protect an idea without the need for it to be reduced to a material form and possess a quality of originality, provided it is confidential.

The importance of confidential information to sports marketing might not be immediately apparent. However, given the ambush marketing techniques undertaken by a number of major corporates, the confidentiality of many event related matters becomes paramount. For example, it might be important to organisers of a marathon to keep confidential all information relating to the marathon route (and impress that confidentiality on regulatory authorities such as councils whose permission might be required for staging of the event) until such time as the event organisers have secured billboard, signage and other logistical rights on the proposed course. Failure to do so might arm a potential ambusher with a number of competing advertising opportunities. Ambush marketing is discussed in more detail later in this paper.

Absent a contractual obligation, the basis of an action for breach of confidence rests in an obligation of conscience arising from the circumstances in which the information is conveyed. Attempts to categorise rights in information as proprietary

96 Lahore, *supra* n.15, para [70,186].

97 *Designs Act* 1906 (Cth) s.32B(2).

98 *Copyright Act* 1968 (Cth), ss.31(1)(a), 21(3)(a).

99 McKeough and Stewart, *supra* n.42, p195.

have been firmly rejected by the High Court of Australia.¹⁰⁰ Where the obligation of confidence arises from an express contractual agreement, it is most important that the confidential information is clearly defined. If the definition is too broad the obligation may not be enforceable on the grounds that it is a restraint of trade.¹⁰¹

Accordingly, it is vitally important that sensitive marketing and other information that needs to be disseminated is passed on under a strict, and clear obligation of confidence, whether that be to regulatory authorities, event sponsors, broadcasters or others involved with the event.

The obligation of confidence will subsist for so long as the information is not within the public domain.¹⁰² The test is not as simple as it first appears. The test is whether in the particular circumstances relative secrecy can be identified.¹⁰³

The Owner?

Absent a contractual relationship between the parties the person with standing to enforce an obligation of confidence is generally the person to whom the duty of confidence is owed, that person being the confider.¹⁰⁴ However in the case of an employment contract a term is usually implied into every contract of employment that any information discovered or created by the employee in the course of service will belong to the employer, therefore, it is the employer who has standing to sue.¹⁰⁵

Breach?

An obligation of confidence is breached by the unauthorised use or disclosure of the information for a purpose other than that for which it was disclosed. Breach can occur either intentionally or inadvertently.¹⁰⁶

Remedies

The remedies potentially available for breach are:

- Injunctions, interlocutory and final;
- Damages or account of profits.¹⁰⁷

100 *Breen v Williams* (1996) 70 ALJR 772 at 775, 780 and 803; *Morgate Tobacco v Philip Morris Ltd* (1984) 156 CLR 414 at 438.

101 Dwyer and Dufty, *supra* n.69, para [30,148].

102 *Saltman Engineering Co Ltd v Campbell Engineering Co Ltd* (1948) 65 RPC 203 at 215.

103 Compare *Franchi v Franchi* [1967] RPC 149 with *G v Day* [1982] 1 NSWLR 24; McKeough and Stewart, *supra* n.42, pp58-60.

104 McKeough and Stewart, *supra* n.42, p55.

105 *Ibid.*

106 *Seager v Copydex Ltd* [1967] 2 AllER 415; McKeough and Stewart, *supra* n.42, p66.

107 McKeough and Stewart, *supra* n.42, p82.

(e) Reputation/Goodwill

The reputation and goodwill of any of the key stakeholders associated with the event, merchandise, individual athletes' personality, unregistered trade marks, registered trade marks or designs may be protected by actions for passing off or contravention of ss52 or 53(c) or (d) of the *Trade Practices Act 1974* (Cth).

In a sporting context, these actions will be relevant where there is (say) an unauthorised use of a sports personality in advertising or marketing campaigns, the sale of imitation sporting equipment or apparel, the sale of sports equipment in deceptively similar packaging or the promotion of goods or services through a marketing campaign deceptively similar to that of an official sponsor.

The application of some of these principles is wider than is at first apparent, particularly in the context of conflicting loyalties and obligations in sport. For example, an athlete wishing to trade in his or her image may need the consent of a sporting authority to appear in advertisements for products of companies which are not sponsors of that sporting authority even if the athlete is not under a contractual obligation to first seek the permission of the authority. If Allan Langer wants to endorse product X and trade on his image as a Bronco to do so, he will need the permission of Super League to appear in the advertisement in his Super League jersey (a commercial reproduction of which otherwise would be unauthorised for copyright, design and trade mark reasons).

Passing Off

Passing off occurs where one trader misrepresents that his or her goods or services are those of, or are associated with, the plaintiff.

The three elements of a passing off action are:

- (i) the plaintiff has a distinctive reputation in its goods or services;
- (ii) there is a misrepresentation on the part of the defendant made during the course of trade; and
- (iii) the plaintiff suffered, or is likely to suffer, damage as a result of the defendant's act.¹⁰⁸

Reputation must be established at the date the infringing conduct occurred.¹⁰⁹ Further, it is not necessary that the plaintiff actually be conducting business in the jurisdiction in which the action is commenced. It is sufficient that the plaintiff has a distinctive reputation there.¹¹⁰

The type of indicium distinctive of the plaintiff's reputation can be a trade mark, trade name, get up or packaging of goods, descriptive material such as slogans and

108 *Reddaway v Banham* [1896] AC 199 at 204.

109 *Cadbury – Schweppes Pty Ltd v The Pub Squash Co Pty Ltd* (1980) 32 ALR 387 at 397.

110 *Conagra Inc v McCane Foods (Australia) Pty Ltd* (1992) 23 IPR 193.

television commercials for advertising campaigns or an individual's personality such as a famous sports person.

The types of misrepresentation that can occur are numerous. In a sports marketing context it can occur where a competitor of a licensee applies the official logo of the sporting event to its own goods or services or where a trader uses, without authorisation, an athlete's name, likeness, voice or picture to promote that trader's goods or services. However, the unauthorised use of an athlete's name or image will not always amount to a misrepresentation. It depends upon the context in which the name or image is used. If the context does not imply the athlete's consent to the use of his or her name or image then a misrepresentation will not have occurred.¹¹¹ This situation contrasts with the position in the United States and many European countries. In the United States, for example, athletes (and other celebrities) in various states have a proprietary right to exploitation of their image through privacy and publicity laws.¹¹²

In Australia at least, there is no tort of unfair competition.¹¹³ Therefore, there is no remedy for the misappropriation of reputation or goodwill in circumstances where the public have not been misled.

The remedies available are:

- interlocutory and final injunctions (even if the passing off is innocent provided that a likelihood of damage can be proved);¹¹⁴
- damages (substantial damages at common law will only be granted if the passing off is fraudulent) or an account of profits;¹¹⁵
- corrective advertising and apologies (a court will probably not order the defendant to publish a corrective statement however the costs incurred by the plaintiff in doing so can be recovered).¹¹⁶

Sections 52 and 53(c) & (d), Trade Practices Act 1974 ("TPA")

As an alternative to an action for passing off an action may be commenced under part VI of the TPA for conduct in contravention of ss52 or 53(c) or (d) (or the relevant State Fair Trading equivalent). These sections are concerned with misleading or deceptive conduct and representations that goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits that they do not have.

To establish a contravention of s52 the individual or sports marketing body

111 *Talmax Pty Ltd & Keiren Perkins v Telstra Corporation Limited* (1996) ATPR 41-535.

112 See, for example, Margolies, 'Sports Figures' Right of Publicity', (1994) 1(1) *Sports Lawyers Journal* 359.

113 *Morgate Tobacco Co Limited v Philip Morris Ltd* (1984) 156 CLR 414.

114 *Childrens Televisions Workshop Inc v Woolworths (NSW) Ltd* [1981] 1 NSWLR 273].

115 Dwyer and Dufty, *supra* n.69, para [80,041]; *Colbeam Palmer Ltd v Stock Affiliates Pty Ltd* (1970) 122 CLR 25.

116 *Star Micronics Pty Ltd v Five Star Computers Pty Ltd* (1991) 22 IPR 473 at 483-4.

must establish:

- (i) a corporation (unless a natural person is caught by the extended application of the Act);¹¹⁷
- (ii) engaged in conduct;
- (iii) that is misleading or deceptive or is likely to mislead or deceive; and
- (iv) the conduct occurred in trade or commerce.

Although it is not necessary that the athlete or sports marketing body has a distinctive reputation in the marketplace in order to establish that conduct is misleading or deceptive, under the TPA a distinctive reputation in the minds of the public will assist the plaintiff in establishing that the conduct was misleading or deceptive. However it is not necessary to prove that there was any intention to mislead or deceive, nor is it necessary to prove that consumers were in fact misled or deceived provided they were likely to be misled or deceived.

The meaning of “misleading or deceptive” is not defined by the Act. The meaning attributed to the concept by the courts is conduct which leads, or is likely to lead a person into error.¹¹⁸ However, conduct which merely causes confusion or uncertainty is not misleading or deceptive.¹¹⁹

Whether the conduct is misleading or deceptive is a question of fact to be decided by considering the conduct in the context in which it occurs. Firstly, it is necessary to identify the target audience then the question is considered by reference to all who fall within it including the intelligent and not so intelligent but not the unusually stupid.¹²⁰

An element of the factual matrix in which the conduct occurs is the use of a disclaimer. For example, if a trader has applied a sports logo to unauthorised merchandise and included a disclaimer on the label of the merchandise then it may prevent conduct contravening the section. However, this will depend upon the size of the label, the size of the wording of the disclaimer, and whether or not the consuming public would be likely to look at the label.¹²¹ A good example of this is a recent Federal Court decision involving boot-leg recordings of Michael Jackson on a compact disc clearly marked “unauthorised” – the court held that the conduct was neither misleading and deceptive nor in breach of passing-off principles.¹²² This finding was despite novel suggestions of counsel that the word “unauthorised” might suggest a title to an album that Michael Jackson would be likely to produce.

Section 52 has been successfully invoked in a number of cases where the defendant has used the name or image of a well known personality to endorse or

117 *Trade Practices Act 1974*, s.4(1) (“TPA”).

118 *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191.

119 *McWilliams Wines Pty Ltd v McDonalds System of Australia Pty Ltd* (1980) 49 FLR 55.

120 *Taco Company of Australia v Taco Bill Pty Ltd* (1982) 42 ALR 177 at 203.

121 *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191 at 200.

122 *Sony Music Productions Pty Ltd v Tansing* (1993) ATPR 41-271.

promote a product. Where the use of the personalities name or image is unauthorised and the advertisement contains some express or implied representation of an association then misleading or deceptive conduct is generally established.¹²³ In *Talmax Pty Ltd v Telstra Corporation Ltd*¹²⁴ the Queensland Court of Appeal held that the unauthorised use by Telstra of Olympic swimmer Kieren Perkins' image in an advertisement in association with accompanying text that implied Perkins was a member of the "Telecom Dolphins" (expressly stated to be Telecom sponsored), gave a clear impression that Telstra had Perkins' consent to what was published. Damages were awarded for loss of opportunity to exploit Perkins' name, image and reputation.

To establish a contravention of s53(c) or (d) the plaintiff must establish:

- (i) a corporation (unless a natural person is caught by the extended application of the Act);
- (ii) in trade or commerce;
- (iii) 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;
- (iv) represented that goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits they do not have or represent that the corporation has a sponsorship, approval or affiliation it does not have.

Although s53(c), (d) and s52 overlap, the significant difference between the two sections is that a person who has contravened s53 is guilty of an offence punishable by a fine.¹²⁵

The word "sponsorship" has been suggested to mean something along the lines of a "certification trade mark"¹²⁶ In a commercial context sponsorship conveys that a person or organisation wholly or partly finances some activity.¹²⁷ The word "approved" has been treated as meaning "to confirm authoritatively; to sanction; to pronounce to be good; commend".¹²⁸ An example of the latter is *Wickham v Associated Pool Builders Pty Ltd*.¹²⁹ In that case the use of former world champion swimmer Tracey Wickham's name and image in connection with the respondent's pools after termination of an endorsement agreement was not sufficient to amount to a representation of sponsorship but it did amount to a form of approval.¹³⁰

Although the above sections are consumer protection provisions, under part VI of the TPA any person who suffers loss or damage may commence an action under

123 *Wickham v Associated Pool Builders Limited* (1988) ATPR 40-910.

124 (1996) ATPR 41-535

125 TPA, s.79(1).

126 *McDonalds System of Australia Pty Ltd v McWilliam's Wines Pty Ltd* (1979) ATPR 40-140.

127 *Shoshana Pty Ltd v Tenth Cantanae Pty Ltd* (1988) ATPR 40-833.

128 *McDonalds System of Australia Pty Ltd v McWilliams Wines Pty Ltd* (1979) ATPR 40-140.

129 (1988) 12 IPR 567

130 *Ibid*; compare *Honey v Australian Airlines Ltd* (1990) 18 IPR 185.

the Act for a contravention of either of these two sections.

The remedies available are:

- injunctions, interim and final;¹³¹
- damages;¹³²
- ancillary orders;¹³³
- corrective advertising.¹³⁴

It is a defence to a contravention of the sections if the defendant establishes that the contravention:

- was due to a reasonable mistake;
- was due to reasonable reliance on information supplied by another person (this does not include a person who was a director, servant or agent of the defendant);
- was due to the act or default of another person or to some cause beyond the defendant's control and the defendant took reasonable precaution and exercised due diligence to avoid the contravention;¹³⁵
- was committed by the publication of an advertisement, the defendant being in the business of publishing, and that the advertisement was received in the ordinary course of business and the defendant did not know and had no reason to suspect that its publication would amount to a contravention.¹³⁶

The TPA not only allows a plaintiff to sue the defendant primarily liable for the contravention but also persons who are involved in the contravention such as someone who has been in any way, directly or indirectly, knowingly concerned in or party to the contravention.¹³⁷

There is a substantial body of case law on the protection of reputation and goodwill in Australia,¹³⁸ and until Kieren Perkins' recent Court of Appeal victory over Telstra many sportspeople, entertainers and celebrities had great difficulty in obtaining relief from Australian courts against the commercial exploitation of their image without their consent. Sportspeople often are embroiled in disputes relating

131 TPA, s.80.

132 *Ibid*, s.82.

133 *Ibid*, s.87.

134 *Ibid*, s.80A.

135 *Ibid*, s.85(1), (1A).

136 *Ibid*, s.85(3).

137 *Ibid*, s.75B(1).

138 See for example: *Tolley v Fry* [1931] AC 333 (where defamation was used as a vehicle to provide relief to an amateur golfer who had been connected commercially with a chocolate manufacturer); *Henderson v Radio Corporation Pty Ltd* (1960) 60 SR (NSW) 576; *Hogan v Pacific Dunlop Limited* (1988) ATPR 40-914; *Hogan v Koala Dundee Pty Ltd* (1988) ATPR 40-902; *Honey v Australian Airlines Ltd* (1989) 14 IPR 264.

to the use of their image because of the expectations of team sponsors with whom they do not have direct contractual arrangements. To attempt to solve this problem, increasingly it is becoming typical for teams only to allow sponsors to claim the general endorsement as a team as a whole rather than particular individuals in the team.

3. Licensing Intellectual Property Rights

An objective of sports marketing is to maximise the number of commercial opportunities associated with a sporting event. Licensing the intellectual property associated with a sporting event is one of the most lucrative aspects of sports marketing.

Licensing of intellectual property involves reciprocal benefits to both the licensor and the licensee in the form of royalties and increased profits due to the association with the event. In contrast to an assignment, a licence ensures ownership and control of the intellectual property remains with the licensor.

A copyright license, to one or more licensees, may be granted in respect of any one or more of the exclusive rights comprised in the copyright.¹³⁹ Alternatively, an exclusive licence may be granted provided it is in writing signed by or on behalf of the owner of the copyright.¹⁴⁰ An exclusive licence authorises the licensee to do an act comprised in the copyright to the exclusion of all others as well as being given concurrent rights with the owner to commence proceedings for infringement of copyright to which the licence relates. Thus, it is extremely important that the licence agreement clearly defines the rights being granted under the agreement.

The registered owner of a trade mark may authorise other persons to use the trade mark in relation to the goods and/or services in respect of which the trade mark is registered.¹⁴¹ A licensee of the use of a trade mark is an "authorised user" of the trade mark. Such a person is someone who uses the trade mark in relation to goods or services under the control of the owner of the trade mark.¹⁴² Use of the trade mark under the control of the owner includes the case where the owner of the trade mark exercises quality control over the goods or services or exercises financial control over the user's relevant trading activities.¹⁴³

The significance of being classified as an authorised user is that the Act clearly sets out the powers of the authorised user of a registered trade mark these being subject to contrary agreement. Most importantly, these powers include the right to bring an action for an infringement if the registered owner refuses or neglects to do so, the right to give permission to any person to apply the trade mark in relation to goods or services in respect of which the trade mark is registered or the right to

139 *Copyright Act 1968* (Cth), s.196(1).

140 *Ibid*, s.10(1).

141 *Trade Marks Act 1906* (Cth), s.20(1).

142 *Ibid*, s.8(1), (2).

143 *Ibid*, s.8(3), (4).

give permission to any person to alter, deface, add to, remove, erase a registered trade mark in relation to goods or services in respect of which the trade mark is registered.¹⁴⁴

Although the licence is not required to be in writing if the registered owner of the trade mark and the licensee wish to apply to have the particulars of the licence recorded in the register, proof of the licence will have to be produced in order to satisfy the Registrar of the particulars of the agreement.¹⁴⁵

The registered owner of a design may grant a licence in respect of that design.¹⁴⁶ Although the licence is not required to be in writing, the licensee must apply to the Registrar to register his or her title so that the particulars of the licence may be recorded on the register and in order to satisfy the Registrar of his or her title, the licensee will need to produce a written licence agreement.¹⁴⁷

Besides the initial issues concerning the right to licence and the formal requirements, a sports organisation will be concerned with a number of other issues, including:

- clearly defining the objectives of the licensing relationship;
- ensuring the licensee can meet production requirements;
- imposing and maintaining standards of quality;
- incorporating a right to terminate the licence agreement if production requirements cannot be met or the quality of the goods or services falls below the imposed standard;
- clearly defining the duration of the licence agreement, any restrictions on use of the licensed subject matter, or geographical restrictions;
- a clearly defined formula for calculating royalty payments and the method of collection;
- including a clause in the licence agreement preventing the licensee from granting a sublicense without the consent of the licensor;
- indemnities should be obtained from the licensee for any product liability claims arising from defective merchandise.

Sports marketing – like any form of marketing – requires consistency of image to be effective. Adequate controls in the licensing agreements are vital to ensure that the desired imagery of the event or team is conveyed to the public. It is also vital to teams to fulfil the legitimate requirements of their sponsors. If products are defective or in short supply or otherwise cause embarrassment, this reflects badly on the team and the overall marketing relationship.

144 *Ibid*, s.26(1).

145 *Ibid*, ss.113-118.

146 *Designs Act* 1995 (Cth), s.25C(1).

147 *Ibid*, s.38A.

United States Developments

Intellectual property laws vary between jurisdictions, however a recent article written by three United States attorneys indicates both the potential application of certain laws and the lengths to which a person's imagination can be stretched to enable the possible exploitation of talent. In an article published in the *National Law Journal* in 1996,¹⁴⁸ the attorneys argue that recent patent, copyright and trade mark law developments suggest that athletes might have exclusive rights in sports "moves", such as slam dunks, pitching stances, golf swings and Fosbery Flops, developed by them.

The suggestion is that if an athlete has developed a unique move or a distinctive style, then the athlete is capable of patenting his or her invention (or asserting copyright protection in the choreography) so as to prevent any other athlete from using the move in competition without their permission. The authors go on to suggest that – in the interest of fair competition – sports organisations might attempt to require the holders of patented moves to make those moves available to all competitors in exchange for payment of a royalty.

The concepts seem far fetched under current Australian laws. However, the authors make a more mainstream suggestion relating to the use of trade marks and note that the NBA has successfully registered and asserted trade mark rights in its logo of a basketball player dribbling a basketball. Similarly, the Kareem Abdul Jabbar "Skyhook" currently is the subject of two pending trade mark applications. Naturally, these are two dimensional frozen depictions, but the authors suggest that (given technological developments and market place realities), real time, three dimensional movements of a sports figure might well soon be capable of trade mark protection. This would require legislative amendment in Australia.

As referred to earlier, the National Basketball Association recently brought proceedings against Motorola and Sports Team Analysis and Tracking Systems Inc.¹⁴⁹ At first instance, the Federal Court ruled that the NBA has an interest in the protection against the commercial misappropriation of its games and enjoined STATS and Motorola from continuing to market Motorola's handheld scoring update beeper. The basis of the injunction was that the defendants had misappropriated the NBA's most valuable property "the excitement of an NBA game in progress". The case was overturned on appeal,¹⁵⁰ but it illustrates the difficulties of protecting sports properties against innovative exploitation.

Since then, the NBA has filed proceedings against America On-Line, claiming that the on-line computer service's dissemination of real time NBA game data is a

148 Kunststadt, Kieff and Kramer, "Are sports moves next in IP law?", 1996 *National Law Journal* (20/5/96).

149 *National Basketball Association v Sports Team Analysis and Tracking Systems Inc* 931 F Supp 1124 (SDNY 19/7/96).

150 *National Basketball Association v Motorola Inc* case nos 96-7975, 96-7983, 96-9123 (2nd Cir 1997), 30/1/97.

wrongful commercial exploitation of the NBA's assets in violation of New York common law.¹⁵¹ The information provided by America On-Line includes the score, time remaining, foul shots, and other key information and statistics of ongoing games.¹⁵² Under current Australian law it does not appear that the NBA would have any common law or statutory right to prevent a so called misappropriation in this manner.

4. Sponsorship Issues¹⁵³

This section is directed particularly at sponsors of sporting teams or sports organisations, but also is relevant to sponsoring individual athletes. By highlighting the legitimate concerns of sponsors, it is also intended to be helpful to sports seeking the sponsorship dollar.

An effective sports sponsorship package is not about throwing money at sport and moving onto the next deal. It is about involvement and support of the sponsorship for the mutual benefit of the sponsor and the sport. The sponsor's legal rights must be considered against the backdrop of sponsorship objectives and performance benchmarks. It is vital for sponsors to secure the rights that they want, the ancillary rights that they need (but did not realise that they wanted) and to legally protect their investments. In doing this, a well drafted sponsorship agreement is an essential tool for any company seeking to maximise the benefits from its sponsorship marketing exercise.

There is nothing magical in the law relating to sponsorship. However, what is important is an understanding of the relationship between the parties and the commercial objectives of the marketing process. Drafting a sponsorship agreement in isolation or in ignorance of that relationship is a disservice to one's client.

Statement of Objectives

The execution of the sponsorship agreement should be the beginning and not the end of the relationship. The agreement must facilitate this. The agreement should start with a statement of the respective objectives of the sponsor and sport and then detail how each of these objectives will be met and evaluated over time. Most importantly, it must document how both sponsor and sport will assist in achieving the other party's objectives.

The sponsor's objectives might include (for example) public profile, brand recognition, product sales, consumer loyalty, corporate image, corporate hospitality and staff morale. The sport's objectives might include (for example) funding

151 *National Basketball Association v America On-Line* SDNY 28/8/96.

152 (1996) 14 *Sports Lawyer* 8.

153 Parts of this section of the paper are extracted (and updated) from a previous publication, L Hogg. 'Advising Sponsors of Sport', (1995) QLSJ 25(4) 367. Interested readers should refer to that publication for a more comprehensive treatment of this subject.

infrastructure or a specific project, junior development, increased profile, expansion into another territory or community awareness of health and fitness.

Pre-requisites to Contracting

Before entering into a sponsorship agreement, the sponsor must be certain about what the sport might offer and the ability of the sport to deliver.

Most sponsors seal the deal in principle and then call the lawyer to document the agreement. This can be too late, because the lawyer will point out not only the tangible rights that the sponsor wants but the necessary ancillary rights that the sponsor must also secure to make the sponsorship effective. If the deal is done, it is hard to renegotiate for these ancillary rights.

Disclosure of Information

The agreement must contemplate a full and frank exchange of information. Relevantly:

- Full disclosure of all existing and contemplated sponsorship arrangements by the sport and the sponsor. Disclosure should extend to known sponsorship arrangements of related parties such as governing bodies.
- The sponsor will be concerned about team members of the sport having potentially conflicting endorsement agreements.
- There may be useful mutual business opportunities between the network of sponsors or cross-promotional possibilities for the sport with other sports sponsored by the sponsor.
- There should be early and continual contractual disclosure of the sport's marketing programmes and other promotional activity to enable the sponsor to obtain a free ride and maximise its investment.
- There should be early and continual contractual disclosure of the sport's research and demographic information about team patrons, club members and the like to assist the sponsor in targeting this market.
- Where a sponsor proposes to support a one-off event, it is important for the sponsor to examine the ability and credentials of the event organisers to deliver their promises. Cancellation or failure of the event can be devastating to the image of the sponsor.

Legal Hurdles

It is often difficult for sports to deliver what the sponsor envisages. Largely, this is due to the multifarious interests in sport.

Some of the principal difficulties, for which the best possible contractual solutions must be found, include:

- The existence and requirements of competing sporting bodies. If you elect to

sponsor a team in a competition, your sponsorship arrangements will only be with that team. The governing body and mezzanine bodies will not be controlled. The team's ability to deliver certain commercial results to the sponsor might be hindered by these other bodies.

- A sponsor will not want the value of its sponsorship dollar eroded by a high profile team member endorsing a rival product. Similarly, it is unreasonable for a sponsor to obtain a free ride on the valuable image of a team player. It may be necessary to negotiate compensation flow-through clauses for the benefit of individual participants.

Conversely, a sponsor of an individual sportsperson will want to extract the maximum publicity from an athlete at the time of greatest achievement, for example an Olympic gold medal. This might be difficult if Olympic team rules require the athlete to use apparel branded with a competitor's mark.

- One cannot effectively acquire naming rights to an event or a venue without having practical control of the event or the venue. Naming or title rights are contractual not proprietary. Their protection and value is dependent almost entirely on market usage. Accordingly, it is imperative that:
 - the sport and all third parties having control or use of the venue or the event agree to take control subject to the sponsor's legitimate naming rights;
 - short agreements be executed by the third parties to confirm the sponsor's rights; and
 - the sport is contractually obliged to prevent interference by third parties with these rights (including terminating service contracts if necessary).

The sport must also be contractually obliged to ensure, as far as possible, that naming rights are respected in ticketing, cross-promotions and media coverage. The denial of media accreditation to broadcasters unwilling to respect naming rights often is a powerful incentive.

- The ability of the sport to deliver the event or venue itself should be considered. What rights does the sport have? Does it have a licence to compete in the particular event? Is the sport empowered as a matter of law to enter into commercial arrangements?
- If the sponsor is to use trade and other marks of the sport (logos, business names, merchandise, designs etc), a full audit of these rights must be undertaken. Does the sport have title or an assignable licence to those rights? Have any agreements been executed that might diminish these rights? Do the rights remain current? Need any other legal steps be taken prior to contracting to better secure and protect these rights?

The resolution of each of these issues must be a condition precedent to the operation of the sponsorship agreement.

Protecting the Sponsor's Investment

All sponsorships will be different, but at the core of each is an investment by the

sponsor in the success of the sport. To protect that investment, the sponsorship agreement must focus on protecting the mutual advantages conferred by the sponsorship. From the sponsor's perspective, there are a variety of issues, and some major issues are outlined below.

Control by the Sponsor

Subject to the sport's right of autonomy and the nature of a sponsorship as a marketing partnership, the sponsor must address what rights of control it regards as paramount to the protection of its interests and the success of the sponsorship.

For example:

- The right to approve the business plan of the sport prior to making sponsorship funds available.
- The right to attend board meetings and appoint representative directors (extreme care must be taken where the sponsor seeks to appoint a director).
- For a major sponsor, the right to approve of all other sponsors (provided that the sponsor acts reasonably to protect its commercial interests only).
- The right to control or influence the public image or promotion of the sport or the team. This will be vital where the sponsor has created an event as a promotional vehicle rather than joined in an existing venture eg. Uncle Toby's Ironman, St George Triathlon Grand Prix, Vitari Beach Volleyball, Super League.

Looking into the future

The sponsorship agreement must also foresee future needs of the sponsor, for example:

- Sponsors need to plan for material changes to the events sponsored by them or to the events in which they have sponsored participants. This is of particular importance for long term agreements. For example, one might not wish to be locked into a long term agreement with the Australian Rugby League giving the recent divisions caused by the Super League breakaway.
- The right to renew the sponsorship on expiry, if possible at an entry level price. Securing this option is vital to the success of any sponsorship.
- Although a long-term sponsorship is designed to associate a brand with an image, commercial circumstances might change. A sponsor will require the flexibility in the future to change the public face of the sponsorship because (for example):
 - the company name changes.
 - the company enters into a new market that it would prefer to promote.
 - the sponsorship is a brand sponsorship and the company wants to swap brands.
 - legislation (such as prohibiting or limiting tobacco or alcohol advertising) might impact upon the utility of the sponsorship and the sponsor would

prefer to substitute a new non-offending product (for example, a soft drink) rather than terminate the relationship.

- The sponsor will not want the value of the sponsorship being diminished by the sport granting further rights to others. For example, if a sponsorship involves naming rights and substantial signage at a ground, then the sponsor might require (either as part of the original package or as a right of first refusal with additional payment) substantial signage or naming rights over any future development of the ground such as new grandstands.

Insurance

Insurance is always a last resort and is not a substitute for proper planning. However, insurance can be vital to various aspects of a sponsorship, and the obligations to obtain and maintain insurance (particularly by the sport) should be outlined in the agreement. Some relevant insurance issues include:

- The sponsor should be a named beneficiary of the sport's public liability insurance policy. This insurance obligation should be used to support a general indemnity by the sport against third party claims made on the sponsor. The sponsor should take legal advice about the particular policy requirements and should not leave it to the insurance broker to advise that the sponsor's interests are protected.
- Death and disgrace insurance might be appropriate where a sponsorship campaign centres upon the public image and profile of a particular sportsperson.
- If sponsoring a one-off special event, consider inserting the requirement for event cancellation insurance to protect from significant and unexpected financial losses.
- Bonus incentive insurance can, for a premium far less than the contingency payment, provide to a sport a financial windfall based on success.

Intellectual Property

The sponsorship agreement will encourage and oblige the sport to utilise the sponsor's intellectual property rights for promotional purposes through signage, merchandising, supportive advertising and the like. It is vital that the sponsorship agreement contains strict controls on the use of the sponsor's intellectual property rights and appropriate protection for those rights. The sport must be prohibited from using the sponsor's marks outside strictly pre-agreed parameters without consent. If the sponsor seeks to use the sport's marks, similar protection might be required by the sport.

The sponsor will also be concerned about devaluing its mark even where the mark is used in the manner contemplated by the sponsorship agreement. For example, sponsors will be delighted that their brands appear on sports merchandise but will be concerned if the quality of that merchandise is defective or

unacceptable - this reflects on the sponsor as much as the sport. Controls in the agreement about product quality and other related issues ought to be addressed at the outset.

The sport's or any licensee's public liability insurance must extend for the benefit of the sponsor in the event that there is a public liability claim about defective merchandise.

Other Legal Issues

The following are some further items that sponsors should consider including in formal sponsorship agreements. This is not an exhaustive checklist, but rather some important and often overlooked suggestions:

- Sponsors must have brand exclusivity, and particular focus must be directed towards defining widely the identity of the direct and indirect competitors of the sponsor. Category exclusivity is becoming a difficult thing to define and, as some businesses develop their services, conflicts might arise. For example, if SUNCORP-Metway Limited was to obtain category exclusivity for banking services for a particular event, it might be concerned about National Mutual being a co-sponsor (with category exclusivity for insurance services) given SUNCORP-Metway's involvement in the insurance market as well. Definitions must be closely monitored and considered.
- Third parties must be controlled as far as possible to ensure that sponsorship rights are acknowledged.
- There must be an agreed procedure for public relations disasters.
- There must be agreed procedures obliging the sport to protect the sponsor's advertising value.
- The sport must be prohibited from assigning or charging the benefit of the sponsorship agreement without the consent of the sponsor.
- There should be an appropriate dispute resolution procedure outside of the courts; for example, compulsory mediation or arbitration. This is particularly important because sponsorship is a relationship marketing exercise, and the public perception of that relationship will be undermined should the matter be dragged through the courts.
- The sponsor should obtain a broad indemnity from the sport against prospective liabilities including public liability (which should be supported by appropriate insurance) and intellectual property infringements.
- Although the sponsorship is a marketing partnership in the loose sense, there must be a formal disclaimer of the agreement being a legal partnership, joint venture, principal and agent relationship or entitlement to pledge credit. At the end of the day, the sponsor is utilising the sport as a marketing vehicle. It does not want to be liable for the sport's debts.
- A commercially effective marketing arrangement involves, as far as possible, a monopoly of the sport, the team and the sponsor. This might create difficulties

under the *Trade Practices Act* and ought to be addressed at the outset and in the contract.

- A confidentiality agreement to prevent leaks of commercially sensitive promotional or other arrangements is mandatory.

Extracting the Sponsor from a Bad Deal

If a sponsorship runs into difficulties, there are only two ways out - relying on the law to save the sponsor or having appropriate triggers built into the sponsorship agreement at the outset.

As a general rule, the law will be of little assistance unless the fundamental nature of the sponsorship changes or there has been a major misrepresentation.

Accordingly, it is important for the sponsor to outline in the agreement its legitimate commercial interests and ensure that it has a contractual right of termination or partial refund of sponsorship moneys if these interests are not satisfied.

Depending upon the particular sponsorship there will be clearly definable circumstances in which the sponsor must reserve a right to terminate the agreement, for example:

- Material unremedied breaches.
- Ceasing to carry on business.
- No longer competing at the same level and therefore no longer attracting the same media attention (the Super League clause).
- Undermining the commercial efficacy of the agreement by conducting major events at a competing venue (in the case of a naming rights sponsorship).
- Unforeseeable legislative changes, such as tobacco and alcohol advertising prohibitions or restrictions.
- Disrepute and disgrace. Morality clauses often are difficult to interpret but are essential to the image of the sponsor. They apply equally to team sponsorships and personal endorsements. Indeed, some United States sponsors are insisting on athletes undergoing drug testing prior to executing endorsement contracts.
- Irreconcilable sponsorship conflicts, particularly with team members or governing bodies, undermining or threatening the visibility and success of the sponsorship.
- Failure to meet major objective performance milestones.

The agreement must also regulate how existing and future sponsorship funds are dealt with on termination, whether there is any right to suspend payments and related financial matters.

5. Ambush Marketing

Ambush or parasitic marketing poses a significant problem for the organisers and sponsors of any major sporting event. It is the unauthorised association by businesses of their names, products, brands or services with an athlete, event or sports organi-

sation through a vast range of marketing activities.¹⁵⁴ It is referred to as “ambush” marketing because the marketing activities are usually undertaken immediately preceding or during an event by a competitor of an official sponsor or licensed merchandiser to achieve the greatest commercial impact. Typically, it involves marketing strategies designed by competitors of official sponsors to undermine those sponsorships or obtain a free ride on the event. It is often perfectly legal.

Why is it a cause for concern?

Ambush marketing is a cause for concern to all key participants for the following reasons:-

- loss of revenue to all concerned;
- the sponsor’s rights exclusivity is diluted causing the sponsor to either withdraw or demand a reduction in the sponsorship amount;
- the long term relationship between the sponsor and sport may suffer;
- the integrity of the event is diminished;
- the ability of the sport to attract funds suffers as does its ultimate survival.

Ambush techniques

The ambusher’s techniques may be either domestic or international depending upon the commercial significance of the sporting event. The following are some common examples of ambush marketing, no doubt there are many other techniques:-

- unauthorised or pirate merchandise sold through mail order, street vending or distributed as prizes in competitions;
- unofficial publications such as programs, guides, maps, books, diaries, calendars or newspapers;
- promotional activities such as competitions, billboard, press and television advertisements or publicity stunts;
- unauthorised broadcasts, films, videos, photography, telephone, trade or information lines;
- unofficial corporate hospitality programs.¹⁵⁵

Any of these activities may be carried out independently of the others and once only. Alternatively, they can be a part of much larger orchestrated ambush marketing strategy.

The problem with ambush marketing

It is not always an easy task to determine if particular ambushing activities are

154 N Couchman *Ambush/Parasitic Marketing and Sport*, Professional Direction Ltd London 1992, p3.

155 *Ibid*, pp7-9.

unlawful. Protective and remedial measures provided by the law have been discussed in Part II of this paper. However, proprietary rights in the event will not necessarily be infringed where the ambusher is merely taking advantage, although unfairly, of a short coming in an official sponsor's marketing campaign. In Australia, the law does not recognise a tort of unfair competition.¹⁵⁶

The best solution to this problem is formulation of a pro-active prevention strategy (by both the sport and the sponsors) which minimises the threat of ambush through implementing practical counter measures. Not only will it reduce the immediate and long term effects of ambush marketing but it will encourage future investment in sport.

Suggested prevention strategies

Some of these strategies include:

- Implementing an intellectual property rights protection strategy.
- Negotiation of a clean venue hiring agreement. To ensure that ambush activity is eliminated the venue (the playing field, stands, and the public areas) should be free from all signage, advertising and concessions. The same applies to areas outside the venue which are visible from within the venue by spectators or television cameras.¹⁵⁷
- Ensuring licensing, sponsorship and other commercial support contracts clearly define the respective duties and obligations of the parties particularly in respect of assisting implementation of legal action.¹⁵⁸
- The area within and outside the venue should be patrolled to control the sale of unauthorised merchandise. The use of anticipatory injunctions should be considered where appropriate.¹⁵⁹
- Contractual arrangements with sports teams and individual athletes to establish their obligation to exclusively promote and use the sponsor's products including an obligation on those participants who have an existing relationship with a competing sponsor restricting use of that sponsor's logos or products during competition and training. Clauses such as these should be drafted carefully to ensure that they are not in restraint of trade or in breach of Part IV of the *Trade Practices Act 1974* or the State Competition Policy Reform Acts¹⁶⁰ or act as an inducement to breach of contract.

156 *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (1984) 156 CLR 414 at 445-6.

157 Couchman, *supra*, n.154, p17.

158 S Rofe, 'Guide to IP Aspects of Sports Marketing', (1994) 7 APLB 45 at 49.

159 *Redland Bricks Ltd v Morris* [1970] AC 652. Plaintiff must show very strong probability that the threatened infringement of the plaintiff's rights will cause grave damage.

160 *Competition Policy Reform (Queensland) Act 1996; Competition Policy Reform (New South Wales) Act 1995; Competition Policy Reform (Victoria) Act 1995; Competition Policy Reform (South Australia) Act 1996; Competition Policy Reform (Tasmania) Act 1996; Competition Policy Reform (Western Australia) Act 1996; Competition Policy Reform (Northern Territory) Act 1996; Competition Policy Reform (Australian Capital Territory) Act 1996.*

- In the lead up to the event, the sponsor should launch an aggressive marketing campaign promoting the fact of sponsorship in order to establish a firm association in the minds of the public between the official sponsor and the event.¹⁶¹ Westpac Bank and Ansett, two of the official sponsors of the Sydney 2000 Olympics, are already aggressively marketing their official link with the 2000 Olympics.
- Official broadcasters should be required to vet advertising material in the run up to and during the event for ambush material. Official sponsors may also insist on the first right of refusal or first negotiation of advertising air time during an event.¹⁶²
- Ensuring a commitment to and an awareness of, the sponsors goals and public relations strategies by all participants at all levels.
- Impose contractual restrictions on all bidders for commercial rights (including sponsorship categories) not to engage in ambushing should the bids be unsuccessful. Even if this is difficult to define, it plants the message with respective offenders at an early stage.
- Consider at the outset whether there is a need to acquire advertising space (billboards etc) within the vicinity of the venue or in other strategic places to minimise possibilities of ambush by known ambushing competitors. In 1996, some non-Olympic sponsors actually bought strategically located *buildings* in Atlanta for client entertainment and signage around the marathon route.
- Sports must be prepared to back their sponsors publicly and to disavow any association with an ambusher. In taking any such action, one must have careful regard to defamation laws. One major organisation recently advertised nationally thanking its official sponsors and saying “no thanks” to (unnamed) ambushers seeking a free ride on the event.
- Ticketing restrictions, including preventing re-use of tickets or licensed products (such as prize giveaways).
- Many sponsorship agreements now include clauses giving sponsors a right to sponsorship fee rebates (on pre-determined scales) if ambush occurs. This emphasises the seriousness of the issue to the sport in guaranteeing sponsor exclusivity.

For the budding ambusher, a well known American sponsorship attorney has suggested some guidelines for legal ambush marketing by the non-sponsor. They are not exhaustive or fool proof, but generally apply to Australian conditions:

- tie in with a related organisation (ie. a particular team, a player or a special or handicapped version of the same event) (for example, the television and print media marketing campaigns launched by Qantas and the National Australia Bank (the “Team National” campaign) linking themselves with various olympic athletes).

161 P Bowden, *Ambush Marketing* (1994), IBC Sports Marketing Law Conference.

162 Couchman, *supra* n.154, p18.

- avoid use of official symbols and trade marks of the main event;
- do not use the main event's name in the headline of advertisements or in the name of promotions;
- keep the period of ambush short to minimise any serious damage or interim injunctions;
- if there may be a possibility of confusion, consider using a disclaimer which specifically states non-affiliation (of course, the use of disclaimers admits the possibility of confusion);
- where possible, use clearly geographic rather than trade mark type names, for example "you'll win tickets to the rugby league game between Brisbane and Canberra" rather than "you'll win tickets to the rugby league game between The Broncos and The Raiders";
- congratulatory advertisements should not contain "sell" copy and should be one time only.¹⁶³

6. Part IV Trade Practices Implications

In negotiating contracts between athletes or sponsors or granting licences of intellectual property rights, the event organiser must be aware of the potential application of the provisions of Part IV of the *Trade Practices Act 1974* (the "TPA") and the State Competition Policy Reform Acts.¹⁶⁴ The State Competition Policy Reform Acts enact the Competition Code (the Schedule version of Part IV) as a law of the relevant State with the effect that Part IV now has a much broader scope of application.

The provisions of Part IV (and the Schedule version) relevant in the sports marketing context are:

- Contracts, arrangements or understandings containing an exclusionary provision or substantially lessening competition;¹⁶⁵
- Secondary boycotts;¹⁶⁶
- Misuse of market power;¹⁶⁷
- Second and third line forcing.¹⁶⁸

The scope of this paper is not broad enough to canvass the complex issues relating to the application of the competition provisions of the TPA. Instead, the application of the Act to sports clubs or associations and the circumstances in which there is potential for contravention of the Act is discussed, and application of the

163 Examples extracted and modified from Mary Hutchings Reed, *IEG Legal Guide to Sponsorship* 1989.

164 See footnote 160.

165 TPA, s.45(2).

166 *Ibid*, ss.45D, 45 DA. Boycott provisions re-enacted, including additional provisions, by *Workplace Relations and Other Legislation Amendment Act 1996* (Cth).

167 TPA, s.46.

168 *Ibid*, s.47(1).

intellectual property exemption, are highlighted.

Application of the Act

The TPA applies to foreign, trading or financial corporations or corporations incorporated in a territory.¹⁶⁹ It is a question of fact in each case whether a particular sports organisation can be said to be a trading corporation. In circumstances where the sports organisation derives money from sponsorships, derives income from exploiting intellectual property rights and charge the public admission prices for the event, it will be a trading corporation.¹⁷⁰

The application of the Competition Code, by the State Competition Policy Reform Acts, is much broader. It is not necessary to establish that a sporting organisation is a “corporation” within the definition of that term under the TPA. Both individuals and bodies corporate incorporated or registered in the relevant state are now subject to Schedule version of Part IV.

There is the potential for contravention of Part IV (and the Schedule version) in the following circumstances:

- *Agreements imposing restraints upon athletes limiting or preventing them from endorsing or promoting goods or services other than those of the event or official sponsor of an event or imposing obligations on the athlete to positively promote only the official sponsors of the event.* Such a restraint is unlikely to constitute an exclusionary provision as it is not an agreement made between competitors.¹⁷¹ However, it may have the purpose, effect or likely effect of substantially lessening competition.¹⁷² “Competition” is a reference to competition in any market in which a corporation to the agreement supplies or acquires goods or services.¹⁷³ In this case the relevant market could be for the acquisition of the athletes services. Whenever considering the application of the TPA to a restrictive condition in an athlete’s contract it should be kept in mind that the definition of “services” under the Act does not include the performance of work under a contract of service. However, it does include the performance of work under a contract for services.

Alternatively, if such a restraint is sought to be enforced by both the event organiser and a sponsor, having the effect of hindering the supply of services by the athlete to a third person, that conduct may constitute a secondary boycott, prohibited by s45D, if it substantially lessens competition in the market for the acquisition of the athlete’s services.
- *A clause prohibiting athletes or sports teams from competing in rival competitions.*

169 *Ibid*, s.4(1).

170 *Hughes v Western Australian Cricket Association* (1986) 69 ALR 660; *News Ltd v Australian Rugby Football League Ltd* (1996) 139 ALR 193.

171 TPA, s.4D(1).

172 *Ibid*, s.45(2)(a)(ii) or (b)(ii).

173 *Ibid*, s.45(3).

Such a clause appearing in a contract between an event organiser and an individual athlete may, if it has the purpose, effect or likely effect of a substantially lessening competition in the market for the acquisition of the athlete's services in contravention of the Act if it is a contract for services.¹⁷⁴

If such a clause was part of a contract between an umbrella sports organisation (such as a League) and member clubs it could amount to an exclusionary arrangement or understanding between the clubs being a per se contravention of the Act. In such a case it is not necessary to prove a substantial lessening of competition in the relevant market. An exclusionary provision is defined as a contract arrangement or understanding between two or more competitors with the purpose of preventing, restricting or limiting the supply or acquisition of goods or services.¹⁷⁵ These very issues were considered in the much publicised case of *News Ltd v Australian Rugby Football League Ltd*.¹⁷⁶ The full Federal Court held unanimously that the clubs were in competition with each other for the services of a competition organiser (the Australian Rugby League or News Ltd) as well as being in competition for the services of premier players in the competition otherwise than under a contract of service providing the necessary horizontal element required by s4D(1).¹⁷⁷

- *Refusing to grant a licence in respect of intellectual property rights in an event.* Even if it were found that the owner of the intellectual property rights possessed a substantial degree of market power in the relevant market a refusal to licence intellectual property is unlikely to contravene s46(1) as it will not satisfy the test for taking advantage of that power.¹⁷⁸ Exercising such a right is not one that the intellectual property owner would be unlikely to exercise or could not afford to exercise under competitive conditions.¹⁷⁹
- *Granting of an exclusive intellectual property licence in respect of a certain territory.* Whether such conditions in intellectual property licences contravene the Act will depend upon the intellectual property right involved and the way the licence is drafted. If the licence relates to a registered design and the condition relates to goods in respect of which the design is registered and to which it is applied then the condition will be exempt from the application of ss45 and 47.¹⁸⁰ If however the licence relates to copies of the work or other subject matter in which copyright subsists then it will not have the benefit of the exemption provided by the Act as this only relates to the original work or subject matter in which the copyright subsists.¹⁸¹ If the condition is in a licence of a registered trade

174 *Ibid*, s.45(2)(a)(ii) or (b)(ii) and (iii).

175 *Ibid*, s.4D(i).

176 (1996) 139 ALR 193.

177 *Ibid* at 336-343.

178 SG Corones, *Restrictive Trade Practices Law*, Law Book Co Sydney 1994, p226.

179 *Queensland Wire Industries Pty Ltd v Broken Hill Pty Co Ltd* (1989) 167 CLR 177.

180 TPA, s.51(3)(a)(i)(iv).

181 *Ibid*, s.51(3)(a)(i)(v).

mark to an authorised user, it does not have the benefit of the exemption relating to licences of trade marks as it does not relate to the kind, quality or standard of the goods bearing the mark.¹⁸²

In those instances where the licence does not have the benefit of the exemption it may constitute a contract with the purpose, effect or likely effect of substantially lessening competition in the relevant market or amount to exclusive dealing.¹⁸³ However, in these circumstances, it may be possible to argue that the territorial restraint is pro-competitive in the sense that such a restriction is necessary in order to protect the licensor's investment and render the licence commercially viable for potential licensees.¹⁸⁴

- *Clauses imposing restraints as to the quality or standard of merchandise produced under a licence.* Such restrictions in relation to registered design and trade mark licences will take the benefit of the exemption in s51(3). Otherwise, they will generally not be regarded as anti-competitive since their purpose is merely to protect the licensor's goodwill or reputation.¹⁸⁵
- *Restraints on sublicensing.* These provisions will not have the benefit of the s51(3) exemption. However, the Trade Practices Commission in its background paper on the Application of the Trade Practices Act to Intellectual Property¹⁸⁶ states that these restrictions will not contravene the Act since the intellectual property owner is free to determine the number and identity of licensees just as it is free to grant an intellectual property licence.¹⁸⁷

Remedies

If a clause in a contract contravenes Part IV and cannot be severed from the rest of the agreement, the remedies under Part VI of the TPA will be available.¹⁸⁸ These include:

- injunctions (final and interim);¹⁸⁹
- damages;¹⁹⁰ and
- ancillary orders, including a declaration that the contract is void *ab initio*.¹⁹¹

182 *Ibid*, s.51(3)(c).

183 *Ibid*, s.47(1), (2), (10).

184 Corones, *supra* n.178, pp388 and 390.

185 *Ibid*, p395.

186 Trade Practices Commission, *Application of the Trade Practices Act to Intellectual Property*, Commission Canberra 1991, para [5.50].

187 Corones, *supra* n.178, pp397-398.

188 The effect of the State Competition Policy Reform Acts is that Part VI of the TPA applies to a contravention of the Competition Code. The Acts also make provision to avoid the doubling-up of liability.

189 TPA, s.80.

190 *Ibid*, s.82.

191 *Ibid*, s.87.

7. Legislative Protection For Sydney 2000

Intellectual property rights in the Olympics are protected by the:

- *Olympic Insignia Protection Act 1987* (Cth) (as amended by the *Olympic Insignia Protection Amendment Act 1994* (Cth); and
- *Sydney 2000 Games (Indicia and Images) Protection Act 1996* (Cth) (as amended by the *Sydney 2000 Games (Indicia and Images) Protection Amendment Act 1997* (Cth).

The enactment and strengthening of this legislation is a recognition by the Federal Government of the need to protect the commercial opportunities associated with the use of Olympic intellectual property. In particular, the focus has been on reducing the impact of ambush marketing on the sponsorship and licensing revenues expected to be generated from the Sydney 2000 Olympics.¹⁹² The main thrust of this legislative regime is to give the Sydney Organising Committee of the Olympic Games (“SOCOG”) a statutory monopoly, and regulate the use for commercial purposes, of intellectual property in the Sydney Olympic Games.

Corporates involved in marketing products or services seeking leverage from the Olympic games, even three years out from the event, should tread extremely carefully in light of this legislation. If there is any suggestion that their marketing activities might directly or indirectly connote a relationship with the Olympic Games, they should seek legal advice before proceeding.

Olympic Insignia

The *Olympic Insignia Protection Act 1987* provides protection for certain olympic insignia. The olympic insignia protected and the forms of protection are:

- Copyright and design protection is given to the interlocking olympic ring symbol.¹⁹³
- Design protection is given to a design which incorporates a representation of the protected olympic symbol or the olympic torch and flame. An application must be lodged with the designs office which maintains a separate register for olympic designs.¹⁹⁴ Only the Australian Olympic Committee Inc (“AOC”) may apply to register a design incorporating either the olympic symbol or the olympic torch and flame. The register is open for public inspection.
- A registered olympic design is protected for a period of 12 years commencing on the day the design was registered.¹⁹⁵

192 Sydney 2000 Games (Indicia and Images) Protection Bill 1996, Explanatory Memorandum.

193 *Olympic Insignia Protection Act 1987* ss.5 and 6, (“OIPA”).

194 *Ibid*, ss.8 and 10.

195 *Ibid*, ss.2(1), and 11.

- The Act provides the depiction of the olympic torch and flame symbol, which may differ between a particular summer or winter olympic games, to be prescribed as an artistic work.¹⁹⁶ It is then eligible for registration as a design. Where it is registered as a protected design, protection lasts for 3 years but not more than 4 years before the opening of the olympic games.¹⁹⁷ The period of protection ends on 31 December after the closing of those olympic games unless ended earlier under the Act.
- An olympic symbol, a protected design, and an olympic motto (whether expressed in English - “faster, higher, stronger” - or expressed in Latin - “citius, altius, fortius”) may not be registered as a trade mark.¹⁹⁸

Where a person reproduces a protected design, or an obvious imitation of it, without authorisation, the AOC or the holder of a licence with the consent of the AOC may commence infringement proceedings in the Federal Court.¹⁹⁹ Remedies for infringement include injunctive relief and either damages or an account of profits.²⁰⁰ Alternatively, relief may be sought at common law for passing off or under the consumer protection provisions of the *Trade Practices Act* or the State Fair Trading equivalents where the conduct of the alleged infringer is misleading or deceptive.

Sydney 2000 Games Indicia and Images

The *Sydney 2000 Games (Indicia and Images) Protection Act 1996* (as amended) makes provision for the regulation of the use for commercial purposes of the indicia and images associated with the Sydney 2000 Olympic Games and the Sydney 2000 Paralympic Games. The object of the legislation is to protect the revenue raising ability of the Sydney Games bodies against ambush marketing by providing them with the right to use and licence others to use the prescribed indicia and images.²⁰¹ The Act ceases to have effect at the end of 31 December 2000.²⁰²

The Act makes provision for the establishment and maintenance of a register of licensed users open for public inspection.²⁰³ A licensed user is required to enter certain particulars in the register.²⁰⁴ If a licence is revoked by SOCOG an appropriate notation must be made on the register.²⁰⁵

Protected Sydney 2000 Games indicia (expressed in English or another language) are:²⁰⁶

196 *Ibid*, s.2A(1).

197 *Ibid*, s.2(1).

198 *Ibid*, s.19.

199 *Ibid*, ss.8 and 9.

200 *Ibid*, s.9.

201 *Sydney 2000 Games (Indicia and Images) Protection Act 1996* s.3 (“SGPA”).

202 *Ibid*, s.55.

203 *Ibid*, s.16.

204 *Ibid*, s.17.

205 *Ibid*, s.17(2).

206 *Ibid*, s.8(1).

- Games City, Millennium Games, Sydney Games, Sydney 2000, any combination of the word “Games” and the number “2000” or the words “Two Thousand”;
- Either “Olympiad” or “Olympic”;
- Either “Share the Spirit”, “Summer Game” or “Team Millennium”;
- Any combination of “24th”, “Twenty-fourth” or XXIVTH” and the word “Olympics” or “Games”;
- Any combination of a word in list A with a word, words, phrase or number in list B:

List A	List B
Olympian	Games
Olympics	Bronze
	Gold
	Green and Gold
	Medals
	Millennium
	Silver
	Spirit
	Sponsor
	Summer
	Sydney
	Two Thousand
	2000

The protected Sydney 2000 Games images are:²⁰⁷

- Any visual or oral representations that, to a reasonable person, in the circumstances of the presentation, would suggest a connection with the Sydney 2000 Olympic Games.

The Sydney 2000 olympic image, launched in late 1996, which combines colours and shapes evocative of Australia’s history, environment and lifestyle in the shape of a running athlete and boomerang²⁰⁸ and the three olympic mascots launched on 24 January 1997, (Syd the Platypus, Millie the Echidna and Ollie the Kookaburra)²⁰⁹ are protected Sydney 2000 Games images.

The Act prohibits persons, other than SOCOG or a licensed user, from using Sydney 2000 Games indicia and images for commercial purposes.²¹⁰ A licence may grant rights over all or some of the indicia and images and may impose conditions on their use.²¹¹

207 *Ibid*, s.9.

208 Comment, “SOCOG Launches Olympic Image Campaign”, (1996) 2(8) *Licensing News* 3.

209 *The Weekend Australian* January 25-26 1997 at p3.

210 SGPA, s.12.

211 *Ibid*, s.12(4).

A person uses Sydney 2000 Games indicia and images for commercial purposes if he or she applies the indicia or images to goods and services for advertising or promotional purposes, or to enhance the demand for the goods and services and the application would suggest to a reasonable person that the first mentioned person is or was a sponsor of or the provider of other support for the Sydney 2000 Olympic Games or an event organised by a games body.²¹² “It is not enough to suggest some vague, undefined connection with the Olympic Games or the Olympic movement in general”.²¹³ A precise association with the Sydney 2000 Games is required.

However, the Act does not specifically provide a defence for inadvertent involvement in a contravention.

The ways in which the indicia and images are taken to have been applied to goods and services are extensive and include:²¹⁴

- woven in, impressed on, worked into, or affixed or annexed to, goods;
- applied to any covering, document, label, reel or thing in or with which the goods are, or are intended to be, dealt with or provided in the course of trade;
- use on a sign board or in an advertisement (including a television or radio advertisement) that promotes the goods and services;
- used in an invoice, price list, catalogue, brochure, business letter, business paper or other commercial document that relates to the goods or services;
- where goods are imported into Australia for the purpose of sale or distribution with the Sydney 2000 Games Indicia or Images already applied then the indicia or images are taken to have been applied to the goods.

The original Act was strengthened by the *Sydney 2000 Games (Indicia and Images) Protection Amendment Act 1997*. Either SOCOG or a licensed user now may commence an action against not only those who engage in ambush marketing directly, but against those who are involved in a contravention of the Act. A person is involved in a contravention of the Act if he or she:²¹⁵

- attempts to contravene the Act;
- aids, abets, counsels or procures a contravention;
- induces, attempts to induce, whether by threats or promises or otherwise, a contravention;
- has been in any way, directly or indirectly, knowingly concerned in, or party to, a contravention;
- has conspired with others to contravene the Act.

A provision with virtually identical terminology is s75B(1) of the TPA. It has

²¹² *Ibid*, s.11.

²¹³ *Australian Olympic Committee Inc v Baxter & Co Pty Ltd* (1996) 36 IPR 621 at 632.

²¹⁴ SGPA, s.10.

²¹⁵ *Ibid*, s.13A.

been interpreted to require at the very least an element of intent based on knowledge of the elements of the contravention.²¹⁶

Since the Amendment Act makes use of existing concepts and unless the context requires otherwise then it is taken to carry with it settled meaning.²¹⁷

Legal practitioners advising ambush marketers on how to structure their marketing activities so as to avoid liability under the Act should keep this provision in mind. If the activities are subsequently found to contravene the Act arguably, the legal practitioner having knowledge of the facts which give the infringer's conduct its character is "involved in" the contravention.

A defence is provided for those who use Sydney 2000 Games indicia or images for the purposes of, or connection with, the provision of information or for the purposes of criticism or review²¹⁸ and to the existing owners of trade marks or designs registered under the *Trade Mark Act 1995* or *Designs Act 1906*.²¹⁹ However, existing owners of registered trade marks or designs will be caught by the Act if use of the trade mark or design suggests a connection with the Sydney 2000 Games.²²⁰

Either SOCOG or a licensed user (with the written consent of the licensing body)²²¹ can commence proceedings against an unauthorised user and seek relief under the Act which includes:

- interim injunctions.²²²
- injunctions.²²³
- damages, if loss is suffered.²²⁴
- corrective advertising, by such means (including a broadcast) as the court think fit.²²⁵
- remedies provided by either the common law or the *Trade Practices Act 1974* or State equivalent.²²⁶
- seizure and forfeiture by Australian Customs of goods bearing unlicensed Sydney 2000 Games indicia or images imported into Australia.²²⁷

Eligibility Requirements for Licensees

SOCOG has already granted a number of licences to reproduce the Sydney 2000

216 *Yorke v Lucas* (1985) CLR 661 at 670.

217 *Ibid* at 668.

218 SGPA, s.25.

219 *Ibid*, s.24.

220 *Australian Olympic Committee Inc v Baxter & Co Pty Ltd* (1996) IPR 621 at 633.

221 SGPA, s.26.

222 *Ibid*, s.44.

223 *Ibid*, s.43.

224 *Ibid*, s.46.

225 *Ibid*, s.45.

226 *Ibid*, s.47.

227 *Ibid*, ss.33, 34, 35.

image and mascot in the core categories of apparel, pins and accessories. The successful bidders not only met the 8 key criteria of sufficient manufacturing capabilities, quality, creativity, distribution, marketing, Australian made content, environmental standards and innovation, but each exhibited a clear understanding of olympism.²²⁸

Restraint of Trade Issues

Mastercard International has suggested that it may sue SOCOG for restraint of trade in granting an exclusive licence to arch-rival Visa International for monopoly use of its cards at Games sites.²²⁹ The granting of the exclusive sponsorship deal to Visa has raised interesting issues on whether the grant of an exclusive licence over intellectual property rights is in breach of the doctrine of restraint of trade or a breach of part IV of the *Trade Practices Act 1994*.

8. Court Of Arbitration For Sport

The Court of Arbitration for Sport (“CAS”) was established in order to facilitate the expeditious resolution of sports related disputes through an arbitration procedure.

We have included a brief discussion about the CAS because it has the potential to affect the rights and interests of many people involved in the sports marketing industry. This is because all Olympic sports eventually will have, as part of their rules, the compulsory referral of disputes to the CAS. Whilst non-party corporates cannot be obliged to use this forum, if they have (for example) sponsored athletes who are required to sign team agreements referring sponsorship disputes to the CAS, the sports marketing companies inevitably will be affected by the court.

Created in 1983, the CAS is an institution independent of any sports organisation. It is administered by the International Council of Arbitration for Sport (“ICAS”). The CAS now has 150 arbitrators from 37 countries, each having specialist knowledge in arbitration and sports law. CAS’ head office is situated in Lausanne, Switzerland with two decentralised courts, one in Sydney, Australia and the other in Denver, USA. Ad hoc courts are also set up on occasions like the Olympic Games to facilitate the speedy resolution of disputes.²³⁰

The CAS is composed of two divisions, the ordinary arbitration division and the appeals arbitration division. Arbitration filed with the CAS is assigned by the court office to one of these two divisions according to the nature of the dispute between the parties.²³¹

228 Comment, “7 Snare Olympic Prize”, (1996) 2(5) *Licensing News* 1.

229 *The Weekend Australian*, Tuesday 11 February 1997.

230 International Council of Arbitration for Sport (ICAS), *Court of Arbitration for Sport (CAS)*, (1996).

231 Code of Sports-related Arbitration, s.20.

Perceived Advantages of Arbitration Procedure before CAS

In summary, the stated advantages of using the court are:

- it avoids complex conflicts of laws issues relating to the applicable law, before the CAS, the parties are free to choose the applicable law;
- disputes are settled by arbitrators with a specialist knowledge of sports law;
- it avoids the formalism of a court procedure, the procedure before CAS being governed by a “Code of Sports-related Arbitration” which includes a set of Procedural Rules that are simple and flexible;
- disputes are resolved quickly;
- first instance decisions are final and binding, appeals are only available in limited circumstances;
- the procedures are confidential, unlike ordinary court procedures; and
- it is relatively inexpensive.²³²

Jurisdiction: “Sports Related Disputes”

The type of disputes that can be submitted to CAS may be any dispute directly or indirectly related to sport. For example, disputes arising from sponsorship contracts, contracts for the granting of television rights to a sports event, contracts between an athlete and his or her manager, or disputes over decisions taken by a sports organisation such as disciplinary decisions or decisions regarding the qualification of athletes, etc.²³³ The open-ended concept of “sports related disputes” will empower the CAS to appropriate to itself a wide jurisdiction.

Those disputes arising from a legal relationship between parties are referred to the ordinary arbitration procedure. Those disputes arising from decisions of sports tribunals are referred to the appeals arbitration procedure.²³⁴

Any individual or legal entity with capacity to act, for example, an athlete, a club or a sports association or federation, etc., can refer a dispute to the CAS. However, for the jurisdiction of CAS to be invoked, the parties must agree to it in writing. For example, either by inserting an arbitration clause in a contract or in respect of decisions made by sports bodies or the agreement may be the result of an arbitration clause having been inserted into the statutes or regulations of the body. Often it is made a condition of entering a competition that any disputes will be referred to the CAS.²³⁵

Procedural Rules

The Procedural Rules applicable to arbitration before the CAS are contained in the Code of Sports-related Arbitration. To submit a dispute to the CAS, an applicant

²³² ICAS, *Guide to Arbitration*, Court of Arbitration for Sport Lausanne 1996, pp7-9.

²³³ *Ibid*, p10.

²³⁴ *Ibid*.

²³⁵ *Ibid*, p11. This is the case with all Australian Olympic Team contracts.

must send the CAS court officer a request for arbitration (ordinary procedure) or a statement of appeal (appeals procedure) the contents of which must comply with the Code. Generally, an arbitration request or statement of appeal is filed briefly stating reasons, the defendant then submits an answer, further written submissions are exchanged if required, finally the parties are summoned to a hearing for the taking of evidence and oral pleadings.

The parties may be represented or assisted during the hearing by a person of their choice, who need not be a lawyer.²³⁶ They are also free to choose an arbitrator from a list of 150 persons designated by the ICAS. Hearings generally take place at the seat of arbitration being, Lausanne, Switzerland, Sydney, Australia or Denver, USA. The arbitration is conducted in French or English. In certain circumstances, the parties may choose another language.²³⁷

How long do the procedures take?

Generally, ordinary procedures last between 6 and 10 months. Appeals procedures can result in an award being pronounced within 4 months of filing the statement of appeal. In urgent cases, interim measures may be ordered within a very short time frame.²³⁸

Is a CAS Award Binding?

A CAS award is final and binding upon the parties from the moment of its pronouncement.²³⁹ The award may be executed under the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards to which nearly 100 countries are signatory.²⁴⁰

Are CAS Awards Appealable?

The decisions of CAS are final.²⁴¹ Only in limited circumstances can an appeal be made to the Swiss Federal Tribunal such as lack of jurisdiction, irregular formation of the arbitration panel, the lack of a decision on one of the major points of the application, violation of the rights of the parties to be heard or lack of equal treatment, incompatibility of the award with public policy.²⁴²

Thirty days from the date when the award is communicated is the time limit for

236 *Ibid*, p12-13.

237 *Ibid*, p12.

238 ICAS, *Court of Arbitration for Sport* (CAS), (1996). Ad hoc courts were established for the Atlanta Olympics, convening and deciding within hours; see below for details. Cyclist Kathy Watt's pre-Olympics selection dispute was formulated, filed, heard and determined within days. The procedures are quite flexible.

239 RR46 & 59, *Procedural Rules*.

240 ICAS, *Court of Arbitration for Sport* (CAS), (1996).

241 RR46 & 59, *Procedural Rules*.

242 ICAS, *Guide to Arbitration*, *supra* n.232, p16.

challenging an award.²⁴³

Confidentiality

The ordinary arbitration procedure is highly confidential, unless the parties agree otherwise. However, there are no particular rules of confidentiality applying to the appeals arbitration procedure. An award may be published by the CAS, unless the parties agree otherwise.²⁴⁴

Advisory Opinions

Special provision is made for an advisory procedure which allows certain bodies to request an advisory opinion from the CAS about any legal issue with respect to the practice or development of sport or any sports related activity and not the subject of a dispute. If a request is accepted, the CAS President forms a panel of one or three arbitrators from the CAS list to consider the questions formulated by the President. The panel may request additional information before rendering its opinion. The opinion may be published with the consent of the requesting party. The opinion is not a binding arbitral award.²⁴⁵

The Resolution of Disputes arising during the Olympic Games

Forming an integral part of the Code of Sports-related Arbitration is the "Rules for the Resolution of Disputes Arising During the Olympic Games". These rules provide for the resolution by arbitration of any dispute arising during the Olympic Games and which result from or affect the holding of the Olympic Games.²⁴⁶

For the duration of the Olympic Games an ad hoc division of the CAS is established, the seat being determined by the President of the ad hoc division.²⁴⁷ Disputes are resolved by means of a Panel consisting of 3 arbitrators from the list of arbitrators designated by the ICAS.²⁴⁸

The procedural rules for arbitration before the ad hoc division are basically the same as those before the CAS under ordinary circumstances. But, the Rules for the Resolution of Disputes Arising During the Olympic Games makes special provision for the resolution of disputes within a much shorter timeframe.

Generally, the panel will give a decision within 24 hours of the lodging of the written application for arbitration.²⁴⁹ In cases of extreme urgency, the President of the ad hoc division or the Panel may grant a stay of the effects of a challenged decision or grant any other preliminary relief without hearing the respondent first.

243 *Ibid.*

244 *Ibid.*, pp17 and 20.

245 RR60-62, *Procedural Rules*.

246 Article 1, Rules for the Resolution of Disputes Arising During the Olympic Games.

247 Articles 2 and 7.

248 Article 11.

249 Article 18.

However, that decision ceases to have effect when the Panel either makes a final award or refers the dispute to arbitration by the CAS.²⁵⁰

The decision is enforceable immediately and cannot be appealed against or otherwise challenged.²⁵¹

A further advantage to the parties is that the proceedings under these rules are free of charge.²⁵²

9. Conclusion

Although this is quite a long paper, it really is a superficial analysis of some of the various sports marketing legal issues. A brief summary of the intellectual property aspects of this paper appears on the attached table.

As noted at the outset, there are so many stakeholders in sport that inevitably there will be both conflicting and complementary interests and aspirations that need to be accommodated in any sports marketing arrangement. It is important for practitioners acting in this field to be aware of the multifarious interests of the stakeholders in order to best represent the interests of their clients.

250 Article 14.

251 Article 21.

252 Article 22.

Guide to Intellectual Property Aspects of Sports Marketing

	Copyright Act 1968	Trademarks Act 1995	Designs Act 1906
Subject matter	<ul style="list-style-type: none"> • promotional song • anthem • logos/banners • photographs of athletes • TV and sound broadcasts of sporting event: ss32, 89-92 	<ul style="list-style-type: none"> • logos • slogan • shield • words • team colours • aspect of packaging of merchandise: s6 	Design applicable to:- <ul style="list-style-type: none"> • sporting equipment • toys • apparel • footwear • containers and packaging: s4
Owner	<ul style="list-style-type: none"> • author/maker or employer • person commissioning the work • holder of licence under Broadcasting Act 1942: ss35, 97 & 98 	<ul style="list-style-type: none"> • registered owner: ss27 & 28 	<ul style="list-style-type: none"> • author or employer • person commissioning design: s19
Registration	not required	formal registration	formal registration
International Protection	Yes	Yes	Industrial designs only
Duration of Protection	<ul style="list-style-type: none"> • life of author plus 50 years • 50 years from first publication or broadcast: ss33, 93-96 	<ul style="list-style-type: none"> • 10 years plus renewal for further 10 years: ss72 & 77 	<ul style="list-style-type: none"> • possible term of 16 years: s77A
Infringement	<ul style="list-style-type: none"> • unauthorised doing of any of exclusive rights of owner • importation for sale or hire • sale and other commercial dealings: ss36-38 	<ul style="list-style-type: none"> • use of a sign as a trademark that is substantially identical or deceptively similar to the registered trade mark: s120(i) 	<ul style="list-style-type: none"> • application of fraudulent or obvious imitation of design: s30
Remedies	<ul style="list-style-type: none"> • Injunction • Anton Pillar Order • Damages or Account of Profits • Additional damages • Delivery up: ss115, 116 	<ul style="list-style-type: none"> • Injunction • Damages or Account of Profits: s126 	<ul style="list-style-type: none"> • Injunction • Damages or Account of Profits: s32B

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	Confidential Information	Goodwill/Reputation Passing Off/TPA	Contract
Subject matter	<ul style="list-style-type: none"> • training methodology • proposed marketing campaign 	<ul style="list-style-type: none"> • personality of athlete • trademarks (registered or unregistered) • designs • the event • packaging of merchandise • advertising campaigns 	<ul style="list-style-type: none"> • confidentiality agreements • sponsorship contracts • player contracts • licensee agreements
Owner	<ul style="list-style-type: none"> • person to whom obligation of confidence is owed 	<ul style="list-style-type: none"> • person, club, association, company etc whose reputation is misappropriated 	<ul style="list-style-type: none"> • promisee
Registration	not required	not required	not required
International Protection			
Duration of Protection	<ul style="list-style-type: none"> • Whilst information remains confidential 	<ul style="list-style-type: none"> • Whilst reputation still attaches 	<ul style="list-style-type: none"> • Whilst contract is in force
Infringement	<ul style="list-style-type: none"> • Unauthorised use or disclosure of information 	<ul style="list-style-type: none"> • misrepresentation of an association with the plaintiff • engaging in misleading or deceptive conduct: s52 TPA • falsely representing sponsorship approval or affiliation: s53(c), (d) 	<ul style="list-style-type: none"> • breach of contract
Remedies	<ul style="list-style-type: none"> • Injunction • Damages or Account of Profits • Delivery up 	<ul style="list-style-type: none"> • Injunction • Damages or Account of Profits • Remedies under TPA as above and corrective advertising ss80, 82, 87 	<ul style="list-style-type: none"> • Damages • Specific Performance • Restitution