

**CASE NOTE: TELSTRA CORP V ROYAL & SUN ALLIANCE INSURANCE AUSTRALIA**

NATHAN ARCHIBALD<sup>1</sup>

[83] This case questioned the extent of copyright in a television commercial and whether this was infringed by another who copied the characters and dramatic story of the original when producing their own commercial. The case also dealt with the simultaneous action, under the tort of passing off and its statutory counterpart in the *Trade Practices Act 1974* (Cth), in relation to this copying. The case is noteworthy because it shows how the concomitant actions relate to each other and illustrates that neither statute covers the field — meaning the abysmal failure of one action does not prevent success in another.

**Facts**

The original advertisement the case concerned was created in 1991 for Telstra's campaign for the Yellow Pages.<sup>2</sup> It featured a character 'the Goggomobil man' and his wife, portrayed by the actor Tommy Dysart and his real life wife Joan Brokenshire. In the ads the actor uses the Yellow Pages to locate parts for his 1954 Goggomobil, an obscure German motorcar.<sup>3</sup> Famously, he has to spell the name of the car over the phone in his heavy Scottish brogue, 'G-O-G-G-O'. The ads proved popular with the public, creating valuable brand affinity for the Yellow Pages.<sup>4</sup> The character itself gained iconic status and the phrase used in the ad entered popular lexis. A short lived recording career began for the actor based on the character and the phrase.<sup>5</sup> Buoyed by its popularity Telstra aired the ads extensively between 1992–96 and again in 1998.<sup>6</sup> In 1998, a new ad [84] featuring the character was created and aired. In 1994, Telstra allowed Mobil to use the character in a commercial for its retail petrol. By 2000 the actors' contracts with Telstra had ceased.

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<sup>1</sup> BA/LLB (Hons) (Syd), Solicitor, Sparke Helmore.

<sup>2</sup> *Telstra Corp v Royal & Sun Alliance Insurance Australia* [2003] FCA 786, [4] ('*Royal & Sun Alliance*').

<sup>3</sup> For those confused about what a Goggomobil is you can visit one at <[www.oldclassicar.co.uk/50\\_goggomobil.htm](http://www.oldclassicar.co.uk/50_goggomobil.htm)>.

<sup>4</sup> For example Professor Rob Widing a Marketing Professor at the University of Melbourne said that 'the campaign and its central character became well known, well liked, well accepted and were likely to be considered funny and engaging': *Royal & Sun Alliance* [2003] FCA 786 [8].

<sup>5</sup> For the brave music collector, copies of the CD single can still be purchased from <[www.aeroplanerecords.com.au/artists/D/dysart\\_tommy.htm](http://www.aeroplanerecords.com.au/artists/D/dysart_tommy.htm)>.

<sup>6</sup> *Royal & Sun Alliance* [2003] FCA 786 [7].

In May 2000, Royal & Sun Alliance acquired Shannon's, a specialist insurer for vintage, classic and unique motor vehicles. Royal decided to expand Shannon's business through an advertising campaign and so commissioned the Wilson Everard agency, which in late 2001 pitched the idea of using the actor Tommy Dysart to reprise his role as the Goggomobil man.<sup>7</sup> The ad was to copy all the elements of the Yellow Pages ad — the wording of the script, location, character, etc, but instead of searching for parts for his car, the character would search for insurance, and without success until he contacts Shannon's insurance. With an eye on the implications in copyright, the script for this ad was sent to Telstra seeking their authorisation to reproduce these elements of the original Yellow Pages commercial.<sup>8</sup> Telstra it seems were not convinced by Shannon's assertion that Telstra would benefit by way of free indirect publicity for the Yellow Pages.<sup>9</sup> Probably they were more concerned that their character advertising a range of products would dilute the Yellow Pages brand equity. Because of this refusal, a second script was created which was meant to have a completely new look and was to have significant changes to the script so as not to resemble the original Yellow Pages ad in any substantial way. This script was subsequently produced into a 30 second ad and shown in Australian capital cities between April 2002 and June 2002.<sup>10</sup>

This first televised Shannon's ad could be distinguished from the Yellow Pages ad by the substitution of a Green car for the Yellow one in the original ad, and because it had the character talking on his mobile phone in the driveway, instead of inside on his home phone.<sup>11</sup> But significant amounts of the lines in the original script were reproduced including the, by now famous, out-loud spelling of the name of the car over the phone. A second ad was produced and aired between June and September 2002, and again in March 2003. Radio ads were also aired in conjunction with this campaign. These TV and radio ads were meant as a follow up and provided more detailed information about Shannon's car insurance policies. The TV ad was significantly different to the first as it was shot in an all white studio, with the character alone with a Green Goggomobil, and featured exchanges between Dysart

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<sup>7</sup> Ibid [12].

<sup>8</sup> Ibid [17].

<sup>9</sup> For example, Wilson Evarand's advice to Shannon's was that the ad 'would generate extraordinary levels of media attention ... and naturally Yellow Pages will get some publicity spin off': *ibid* [16].

<sup>10</sup> Ibid [27].

<sup>11</sup> Ibid [20].

and a voiceover. It copied none of the story of the Yellow Pages ad, nor any of the script, location etc, but did use the famous Scottish pronunciation of the ‘O’s’ in ‘G-O-G-G-O’ when giving the telephone number, i.e. ‘One...three... “O”... “O”...three...nine...“O”... “O”...six.’<sup>12</sup>

### **No Copyright in ideas alone**

Telstra claimed that Shannon’s commercials were an infringement of its rights under the *Copyright Act 1968* (Cth), as it reproduced substantial amounts of the script and the dramatic work which make up its own commercial. Telstra brought infringement proceedings in the Federal Court in April 2003.<sup>13</sup> On 1 August 2003, Merkel J handed down his decision, which held that Shannon’s conduct was not tantamount to an infringement of copyright.

The existence of copyright in the commercial was not controversial as between the parties.<sup>14</sup> The court further allowed copyright in a script, even though, as is common in the advertising industry, a script per se was never written, only a synopsis was written, from which the actors and production team would [85] improvise.<sup>15</sup> Merkel J admitted that a comparison between the ‘scripts’ revealed some resemblance in relation to the theme or concept relating to the character, the car, and the dramatic events constituting the ad.<sup>16</sup> His Honour also said that there were similarities in the enthusiast’s character and his Scottish pronunciation particularly in the spelling out of the letters of the name of the car.<sup>17</sup> Justice Merkel stated, however:

those resemblances relate to the ideas and concepts copied rather than to their expression... the first Shannon’s advertisement conjures up the first Goggomobil advertisement and its and concepts but does not reproduce a substantial part of the substance or expression of the dramatic events comprising that advertisement.<sup>18</sup>

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<sup>12</sup> Ibid [19].

<sup>13</sup> The matter was heard in the Federal Court in Melbourne on 8 – 14 April 2003.

<sup>14</sup> *Royal & Sun Alliance* [2003] FCA 786 [31].

<sup>15</sup> Ibid [38].

<sup>16</sup> Ibid [45].

<sup>17</sup> Ibid.

<sup>18</sup> Ibid [48].

So, put plainly, the story of a middle-aged man with a heavy Scottish brogue searching for help for his beloved unique car is an idea. The production of this idea into a 30 second television ad, including dialogue, characterisation, location and cinematography is the expression. Shannon's copied the idea exactly, but this idea is not protected. They copied the expression in a way, but not in a substantial way. They changed enough of it so that there is no objective resemblance, only an evocation of the original.

### **The Passing Off/Misleading Conduct Action**

In the attendant cause of action Telstra argued that the Goggomobil character was recognisable and distinctive of the Yellow Pages and that the use of the character was a misrepresentation that was likely to lead the public to believe that there is a connection between the Yellow Pages and Shannon's.<sup>19</sup> This is conduct prohibited by ss 52, 53(c) and 53(d) of the *Trade Practices Act 1974* (Cth).<sup>20</sup> Further, Telstra argued they suffered damage because of the misrepresentation leading to the erroneous belief, which qualified it to run the co-existing passing off action.

Unfortunately for Shannon's, the market research it commissioned about its ad betrayed them in court. These reports stated that all members of the focus groups recognised the character from the Yellow Pages ad and thought because of the characterisation and story that the ad was related to the use of the Yellow Pages or connected or associated with it in some way.<sup>21</sup> This connection was an integral part of the strategy they admitted to — an opportunistic and irreverent ambush marketing ploy, which would give them the benefit of an already [86] recognised and loved character, with a minimum of output. Evidence from the principles of the Wilson Everard Agency gave evidence that the effectiveness of the campaign hinged on this pre-existing public connection with the character.<sup>22</sup> The Court rejected the argument

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<sup>19</sup> Ibid [50].

<sup>20</sup> *Trade Practices Act 1974* (Cth) s 53 states: 'A corporation shall not, in trade or commerce... (c) represent that goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits they do not have;' or '(d) represent that the corporation has a sponsorship, approval or affiliation it does not have'.

<sup>21</sup> Evidence was given from reports from Klein & Associates, Shannon's market researchers, who showed the Shannon's commercial to focus groups and found that all members recognised the character in the Shannon's ad as 'an historic, outstanding, iconic and much loved Yellow Pages television commercial': *Royal & Sun Alliance* [2003] FCA 786 [55].

<sup>22</sup> Ibid [13].

that the absence of any Yellow Pages branding and instead the use of Shannon's branding on the ad, gave a supposition that the ad had no connection with the Yellow Pages.<sup>23</sup> Rather, the Court thought that because of the suggestive connection of the Goggomobil man and the Yellow Pages the public would assume some sort of connection or association, even though Shannon's was the sole branding. The Court referred to this as the phenomena of secondary branding, where a word, character, symbol or image, on its own, provides instant recognition with a particular product or business.<sup>24</sup> The Court here likened the association of the Goggomobil man and the Yellow Pages to the association made by Tamberlin J in *Twentieth Century Fox Film Corp v South Australian Brewing Co Ltd*<sup>25</sup> between the fictional Duff Beer and the Fox owned television show 'The Simpsons' when he found that the South Australian Brewing Co had contravened the *Trade Practices Act*.<sup>26</sup>

Therefore in relation to the first televised Shannon's ad, which mimicked closely the story of the Yellow Pages ad, elements of contravention of ss 52, 53(c) and 53(d) of the *Trade Practices Act 1974* (Cth) and the elements of a passing off action were satisfied, Merkel J stating:

I am satisfied that the overall impression created by the showing of the first Shannon's advertisement upon a significant portion of the ordinary and reasonable members of the relevant class of the public was that Yellow Pages is in some way associated or connected with the advertisement.<sup>27</sup>

An injunction was therefore granted restraining further broadcast of the ad.<sup>28</sup> However the second television ad and the corresponding radio ads were not deemed to offend. Telstra had no proprietary rights over the character per se,<sup>29</sup> so ads that featured him in a context that was not similar to the Yellow Pages ad was not passing off or Misleading. The question of damages was referred for settlement by mediation.

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<sup>23</sup> Ibid [77].

<sup>24</sup> Ibid [57].

<sup>25</sup> (1996) 66 FCR 451.

<sup>26</sup> Ibid 466.

<sup>27</sup> *Royal & Sun Alliance* [2003] FCA 786, [76].

<sup>28</sup> Ibid [84].

<sup>29</sup> Ibid [82].

## **Conclusion**

This case re-affirmed the strict boundary that courts need to apply between ideas and expression in copyright cases. Telstra was not able to encroach on the public domain of ideas by using copyright to protect imitation of its commercial. It was successful, though, in protecting itself from the explicitly similar commercial in passing off/misleading conduct, because of the substantial connection in the eyes of the public between the dramatic scenario, the character and the Yellow Pages. This decision therefore gives those that can be sued in passing off or under the *Trade Practices Act*, namely trading corporations and the like, an impetus to more seriously consider their conduct when using characters, images, words and concepts strongly identified with another business. A cursory reference to the principles of copyright law and their reticence to protect ideas will not provide a safe harbour for ambush marketers and other imitators that seek to benefit from the valuable goodwill of another. To artists, producers and/or owners of creative works, the case demonstrates that where their works have been the subject of such colourable imitation by a corporation in the course of advertisement, they may find an action in passing off/misleading conduct provides more protection than copyright ever will.