

Year-in-Review

A Closer Look at Practice Changing Cases

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A Pragmatic Flavour to 2010/2011.

- *Health World Ltd v Shin-Sun Australia Pty Ltd* (2010) 85 IPR 362
- *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144
- *Food Channel Network Pty Ltd v Television Food Network GP* (2010) 86 IPR 437
- *Optical 88 Ltd v Optical 88 Pty Ltd* (2010) 89 IPR 457.

Health World Ltd v Shin-Sun Australia Pty Ltd

“.....the curious character of the Full Court’s conclusion, where there are two rival traders who have lost no opportunity to attack each other’s attempts to register trade marks both before the registrar and in four sets of court proceedings which have so far been heard by 10 judges, that neither of them is aggrieved, and each is to be regarded as falling within a class of inter-meddlers, lacking any interest to be protected.”

French CJ, Gummow, Heydon and Bell JJ

French CJ, Gummow, Heydon and Bell JJ:

- “aggrieved” in trade mark legislation to be “liberally construed”.
- Full Court (and in *Kraft’s* case) was wrong to insist on the person claiming to be aggrieved showing a possibility of appreciable disadvantage

*“... Health World and Shin-Sun are **rivals** in selling the health products in question. They are in the **same trade**, and they **each trade in the class of goods in respect of which the challenged mark is registered.**”*

E & J Gallo Winery v Lion Nathan Australia Pty Ltd

- High Court stripped the requirement that, in order to use the trade mark the owner must have subjective knowledge of the trade in its goods in Australia

French CJ, Gummow, Heydon, Crennan and Bell JJ:

“The capacity of a trade mark to distinguish a registered owner’s goods from those of others, as required by s 17, does not depend on whether the owner knowingly projects goods into the Australian market. It depends on the goods being in the course of trade in Australia.”

Food Channel Network Pty Ltd v Television Food Network GP

- Full Court of the Federal Court “applied the brakes” to a shifting onus issue
- Television’s argument (that the onus under s 58 had shifted to the trade mark applicant) was an “unnecessary distraction”
- the Full Court took the opposite view to the trial judge as to the effect of the confused ownership evidence:
“In this state of confusion, the incidence of the onus of proof means that the clear lack of evidence as to prior use is a fatal defect in the opponent’s case, not in the applicant’s.”

Optical 88 Ltd v Optical 88 Pty Ltd

- Applicant/trade mark holder = Hong Kong company, **Optical 88 Ltd**
- Respondent/removal applicant = Australian company, **Optical 88 Pty Ltd**
- Both offer optometry services and a retail services in respect of optical and eye care products
- Optical 88 Ltd did not have a business presence in Australia but owned several Australian trade mark registrations for its “Optical 88” mark and logos.
- Optical 88 Ltd sued Optical 88 Pty Ltd for trade mark infringement (s 120)
- Optical 88 Pty Ltd applied to remove Optical 88 Ltd’s Australian trade mark registrations for non use (s 92)

Optical 88 Ltd’s evidence:

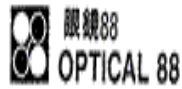
- a practice of issuing cash coupons and bonus coupons with goods purchased from or repaired by its stores
- Australian residents purchased glasses from Optical 88 Ltd stores in Hong Kong:
 - had them posted to their Australian address;
 - ordered more glasses following their return to Australia;
 - returned their glasses for repair in Hong Kong
- cash coupons and bonus coupons were packed in with the new or repaired glasses when they were dispatched to the customer in Australia.

- Optical 88 Pty Ltd argued that the Australian transactions were no different to the “direct order” purchases of cigarettes in *Rothmans Ltd v W D & H O Wills (Aust) Ltd*
- Yates J disagreed:
“.....By sending the cash coupons and bonus coupons to customers in Australia, the applicant was not only seeking to foster and encourage further purchases from these customers, but was also signifying its preparedness to do so on a “mail order” basis....There is, in my view, no doubt that the use of the [mark] on the bonus coupons and cash coupons was to distinguish the applicant from other retailers, including those in Australia, and to seek to attract custom away from other retailers, including those in Australia, by offering incentives to customers, in the form of these coupons, to purchase their optical goods and related services from the applicant.”

What the Cases Teach Us

1. *Comparison of Trade Marks: s 44 and s 120*

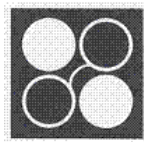
Optical 88 Ltd v Optical 88 Pty Ltd
Optical Ltd's registered trade marks



520707 (9)



1083966 (9 35)



1160979 (35)

1250545 (44)



1160985 (35)

1253320 (44)

Optical 88 Pty Ltd used:



OPTICAL 88

OPTICAL 88 Vision

OPTICAL 88 Vision Centre

OPTICAL 88 VIP Card



OPTICAL 88 (in Chinese characters)

Comparison of marks

What is the “essential” or “distinguishing feature”



“.....it is in our opinion very difficult to characterise the words “Crazy John” as an essential feature. The words form but part of a composite mark comprising a number of elements. The words themselves are not especially prominent and indeed are subsidiary to the fantasy character, which occupies the dominant position in the overall image. If anything, the words seem to identify the fantasy character, having regard to the deranged look on his face. The words also compete for attention with the letters “MW” which themselves occupy a central position on the stylised globe.”

Crazy Ron’s Communications Pty Ltd V Mobileworld Communications Pty Ltd (2004) 61 IPR 212



- “Optical 88” is the essential or distinguishing feature
- Depictions of spectacles underscore “Optical” and the circles are reminiscent of “88”
- *“...the logo is illustrative or supportive of and thus underscores the primacy of the collocation OPTICAL 88 as the name within the mark”*
- “Optical 88” (in Chinese characters) plays a secondary role – considering the mark as a whole *“and in an Australian context”*

“surrounding circumstances”

- Optical 88 Pty Ltd’s business had a significant Chinese customer base
- Conducted in Sydney suburbs having relatively high concentrations of Asian residents
- “Optical 88” was chosen because patients/customers from such communities would consider “88” to be propitious

“It is thus appropriate, in my view, to consider the question of deceptive similarity bearing in mind the background and ethnicity of customers attending or likely to attend the first respondent’s stores from which or in relation to which the alleged infringing conduct is said to have occurred.”

Deceptively Similar

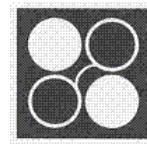
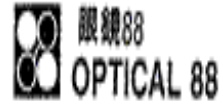
- OPTICAL 88 Vision
- OPTICAL 88 Vision Centre
- OPTICAL 88 VIP Card



- OPTICAL 88 +
OPTICAL 88 (in Chinese characters)



Deceptively Similar

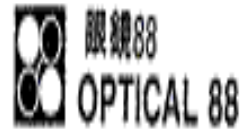


Substantially Identical

“Optical 88” (in Chinese characters)



Not Substantially Identical or Deceptively Similar



“Optical 88” (in Chinese characters)



Food Channel Network Pty Ltd v Television Food Network GP



Not deceptively similar

“Whether resemblance between different trade marks for goods and services renders them deceptively similar will depend upon the nature and degree of that resemblance and the closeness of the relationship between the services and the goods in question”.

Woolworths Ltd v Registrar of Trade Marks (1998) 42 IPR 615 at 624, French J

Ferrari SpA v Wicara Enterprises [2010] ATMO 96



- Both in respect of clothing (class 25)
- Substantially identical
- Annexure is a table of cases where Registrar compared device marks – very useful!

*Kelly Services, Inc. v Ford Kelly Executive
Connection Pty Ltd [2010] ATMO 72*

FORD KELLY EXECUTIVE CONNECTION

1105252 - acceptance advertised 27 July 2006

KELLY SERVICES

(and other “KELLY...” marks)

Kelly Services, Inc. v Ford Kelly Executive Connection Pty Ltd

Kelly Services, Inc.

- World-wide recruitment agency
- Annual revenue in US\$ billions
- Australian operations since 1988
- Previous judicial acknowledgment of reputation in Australia

The Hearing Officer took reputation into account for the comparison under section 44:

“... in this particular case, the opponent’s very significant presence in the recruitment marketplace at the time the opposed application was filed must be an important consideration. This, I believe, has given the word KELLY in the opponent’s trade marks a significance well beyond that of a common surname, in relation to recruitment services. This, in turn, must seriously increase the likelihood of ordinary persons being deceived or confused by encountering the same familiar name used in a similar trade mark in relation to the same services.”

Cf Woolworths Ltd v Registrar of Trade Marks (1998) 42 IPR 615 and C A Henschke & Co v Rosemount Estates Pty Ltd (2000) 52 IPR 42

2. *Section 59: Applicant not intending to use the trade mark*

Food Channel Network Pty Ltd v Television Food Network GP

The Full Court on s 59:

“The intention must exist at the date of the application...”

TRADE MARKS ACT 1995 - SECT 59

Applicant not intending to use trade mark

The registration of a trade mark may be opposed on the ground that the applicant does not intend:

- (a) to use, or authorise the use of, the trade mark in Australia; or
- (b) to assign the trade mark to a body corporate for use by the body corporate in Australia;

in relation to the goods and/or services specified in the application.

Pre *Food Channel*, there were different views as to when intention is to be assessed:

1. at the time of filing the application: *Health World Ltd v Shin-Sun Australia* (2008) 75 IPR 478 (FC);
2. at the time of filing the Opposition: *Sapient Australia Pty Ltd v SAP AG* (2002) 55 IPR 638 (ATMO); *Lahore Patents, Trade Marks and Related Rights*;
3. at the close of evidence: *Americana International Limited v Suyen Corporation* [2008] ATMO 4

Arguments for why s 59 requires consideration of the intention post-filing:

- the section is written in the present tense;
- it complements s 58, which considers intention at the date of lodgement and accommodates s 108, which was introduced into the 1995 Act to facilitate the recordal of assignments of pending applications;
- insistence on confirmation of a “filing date” intention makes s 59 redundant because the question is already asked in s 58.

Suyen Corporation v Americana International Ltd.

These quandaries were discussed by by Dodds-Streeton J. Her Honour noted:

“While the Full Court has now confirmed that the intention under s 59 must exist at the date of the application, the arguments in support of the contrary view were not addressed and a number of potential inconsistencies and uncertainties remain.”

The ATMO is “*dancing carefully*” (Michael Arblaster, Deputy Registrar of Trade Marks)

Registry decisions:

Trade Mark applicant did not participate in proceedings

- *Next Retail Limited v Elektroteknik Sanayi ve Ticaret Limited Sirketi* [2010] ATMO 16 – onus shifted s 59 made out
- *Nokia Corporation v Gavin Hutcheson* [2011] ATMO 10 – onus not shifted – s 59 failed

3. Onus in Oppositions

Onus: Federal Court Decision Tree

“..the court should consider whether the trade mark should clearly not be registered”

- *Lomas v Winton Shire Council* [2002] FCAFC 413 at [17]
- *Torpedoes Sportswear Pty Ltd v Thorpedo Enterprises Pty Ltd* [2003] FCA 901
- *Kowa Co Ltd v NV Organon* [2005] FCA 1282
- *Health World Ltd v Shin-Sun Australia Pty Ltd* [2006] FCA 647

“...the opponent has to establish a ground of Opposition, although not clearly establish such a ground...” (balance of probabilities)

- *Pfizer Products Inc v Karam* [2006] FCA 1663 at [26]
- *Clinique Laboratories Inc v Luxury Skin Care Brands Pty Ltd* [2003] FCA 1517
- *Chocolate Guylian NV v Registrar of Trade Marks* (2009) 180 FCR 60

Not resolved.....

- *Woolworths Ltd v BP Plc* [2006] FCAC 52 at [84]
“It is appropriate that the question be considered by a Full Court with the benefit of submissions from the parties...” Sundberg and Bennett JJ

Still waiting...

- *Woolworths Ltd v BP Plc* [2006] FCAFC 132
- *Food Channel Network Pty Ltd v Television Food Network GP* [2010] FCAFC – “not necessary to decide here”

“The Registrar of Trade Marks’ current practice is to require that a ground of opposition be established on the balance of probabilities.”

Unilever PLC v Kailis Organic Olive Groves Ltd [2008] ATMO 95

Chocolaterie Guylian Nv V Registrar Of Trade Marks (2009) 82 IPR 13 at [26]

Hills Industries Ltd v Bitek [2011] FCA 96.

“The conflict cannot be resolved at first instance and must be resolved in the Full Court. As I indicated in Kowa Co Ltd v NV Organon, I favour the reasoning of Gyles J in Clinique Laboratories Inc v Luxury Skincare Brands Pty Ltd 61 IPR 130 but thought because of Lomas v Winton Shire Council and comity I should follow the other line of authority. That is still my view, notwithstanding the criticism of that approach in Pfizer Products Inc v Karam.”

Expect no change to ATMO practice

4. Sub section 122 (1)(a)(i): Use of own name

TRADE MARKS ACT 1995 - SECT 122

When is a trade mark not infringed?

(1) In spite of section 120, a person does not infringe a registered trade mark when:

(a) the person uses in good faith:

(i) the person's name or the name of the person's place of business;

successfully raised in *Optical 88*

- few Australian cases in which s 122(1)(a)(i) has been raised and when it was raised it failed
- first respondent's name was "Optical 88 Pty Ltd". The alleged infringing marks comprised "Optical 88" in conjunction with additional elements
- This did not diminish the defence.

- The applicant conceded that the defence covered use of the words "Optical 88" notwithstanding the absence of the corporate designation "Pty Ltd"; *Parker-Knoll Ltd v Knoll International Ltd* [1961] RPC 346
- As to the other indicia, his Honour found that:
"It makes no difference that the first respondent has used its name in association with additional matter (such as, for example, "Vision Centre" or "Vision" or "VIP Card") or other indicia (such as the name "OPTICAL 88" (in Chinese characters) or the first respondent's logo). This is because, in each case, infringement only arises by use of the name OPTICAL 88 (the first respondent's name). Absent the use of that name, there would be no infringement of these marks in these instances. The defence bites when the use of the person's name is the reason for the finding of infringement (provided the use has been in good faith)".
- There was considerable evidence about the respondent's adoption and use of the "Optical 88" name which, his Honour accepted, was in good faith.

5. *Non Use - s 92: The Discretion under Section 101(3)*

TRADE MARKS ACT 1995 - SECT 101

Determination of opposed application

(1)

(2)

(3) If satisfied that it is reasonable to do so, the Registrar or the court may decide that the trade mark should not be removed from the Register even if the grounds on which the application was made have been established.

Austin, Nichols & Co Inc v Lodestar Anstalt
[2011] FCA 39.

- “Wild Geese” whiskey
- The trade mark was not used in Australia during the relevant period owing to:
 - (a) sourcing difficulties;
 - (b) the trade mark holder being engaged in worldwide litigation over the rights to the WILD GEESE name; and
 - (c) problems promoting the product.
- Lodestar argued that (a), (b) and (c) amounted to obstacles to use within s 100(3)(c) or, alternatively the judge should exercise his discretion to refuse removal s 101(3).
- Lodestar lost on the obstacle grounds but succeeded on discretion.

Cowderoy J found:

- Lodestar's use of the "Wild Geese" trade mark in other jurisdictions (distribution in 34 countries) during and after the non-use period had been substantial.
- international publicity is a legitimate factor influencing his discretion. However, an international profile would not be relevant "*unless such profile is of such magnitude as to risk the possibility of confusion in Australia should the trade mark be removed*"
- Lodestar had also independently attained a limited profile for its Wild Geese whiskey in Australia (120 cases sold between 2008 and 2010 with attendant promotional materials).
- there was a small amount of brand recognition and it was sufficient that the public might be confused if the mark was removed
- Discretion exercised; registration maintained

6. *Section 90: Requirement to give Notice to the Registrar of Revocation Applications*

TRADE MARKS ACT 1995 - SECT 90

Duties and powers of Registrar

- (1) An aggrieved person applying to a prescribed court under this Division must give notice of the application to the Registrar.

Section 90 is sometimes overlooked

Yarra Valley Dairy Pty Ltd v Lemnos Pty Ltd

[2010] FCA 1367

- notification was given after the initial hearing (the Registrar did not wish to intervene)
- *Hall v Lewis* (2004) 64 IPR 61 - application under s 88 was dismissed because of non-compliance with s 90
- Middleton J's response was more benign, he overruled *Hall v Lewis*:
"I would not regard any failure of giving notification as impacting on the jurisdiction of this court to grant relief in relation to the cancellation action based on ss 62 or 88(2)(a) of the TMA. With respect, I do not agree with the decision in Hall v Lewis, to the extent it decided that the consequence of non-compliance means the court has no jurisdiction. Undoubtedly, the requirements in s 90 are couched in mandatory terms, but the consequence of non-compliance is not that the court lacks jurisdiction to proceed, but may mean the court should not grant the relief sought without giving the Registrar of Trade Marks the notification so that an appearance can be made if necessary."