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UGG Boots

The usage of the words 'UGG' and 'UGH' in relation to sheepskin boots by Australian manufacturers came to the attention of IP Australia through the Department of Foreign Affairs and Trade and media reports. The issue has provoked considerable media attention as manufacturers of sheepskin boots expressed their concern over action taken by the owner of trade marks containing UGH and UGG. There was discussion over whether these words can function as trade marks or are really generic terms.

The issue first attracted media attention when American-based company, UGG Holdings Inc (a subsidiary of Deckers Outdoor Corporation), apparently threatened to litigate against Australian exporters and United States importers of sheepskin boots may have been using the terms UGG and UGH in trade marks, as descriptions of their goods or in relation to Internet activities. Deckers Outdoor Corporation owned registered trade marks in Australia for the words UGH-BOOTS and UGH, and for a logo featuring the words UGG, AUSTRALIA and a stylised picture of the SUN (the UGG logo). They are also the owner of trade marks in the United States.

When were Deckers' trade marks registered?

The term UGH-BOOTS was registered in Australia as a trade mark by an Australian in 1971, while UGH was registered by the same owner in 1982. Both trade marks

were sold to UGG Holdings Inc in 1996 as a result of a private business transaction. In 1999 UGG Holdings Inc successfully registered the UGG logo.

Prior to registration, the Registrar of Trade Marks considers whether a trade mark has any descriptive or generic meaning that may make it unsuitable for registration. In the event that a mark passes this test, there is an opportunity for a concerned third party to oppose registration on a range of grounds including a belief that the mark is generic.

Based on information available at the time, the UGH marks were found to be suitable for registration and in the absence of any successful opposition actions were subsequently registered. In the case of the UGG logo, the Registrar was of the view that the combination as a whole met registrability requirements.

Current situation

To date, there have been three applications for removal for non-use for trade mark registrations owned by Deckers Outdoor Corporation. These removal applications have all been filed by Australian business owners and all three were opposed by Deckers.

On 11 August 2006 the Registrar of Trade Marks issued a decision relating to non-use of a stylised form of the word UGG. The decision was that the trade mark (number 785466) had been used in Australia in the



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three year period ending 30 June 2004. Therefore the particular trade mark in question will remain on the register.

It is important to recognise that trade mark number 785466 is a composite trade mark and trade mark protection only applies for the way the mark looks or appears in its entirety (see below), rather than the words used within it.



A previous decision on 16 January 2006 did result in the removal of the trade mark UGH-BOOTS (trade mark no. 245662). In this case the Registrar determined that the trade mark had not been used in Australia within the three year period ending 30 November 2003 and was therefore removed from the register as of 22 February 2006.

Similarly, the trade mark number 373173 (UGH) was also removed from the Registrar due to non-use. The trade mark was removed on 27 March 2006 after Deckers Outdoor Corporation withdrew their opposition.

It should be noted that once decisions are issued by IP Australia, they may also be subject to appeal to the Federal Court.

Does an Australian trade mark provide protection if you are trading on the Internet?

A trade mark registered under Australia's trade mark laws only provides rights for trade within Australia's borders. Trade mark laws are national laws and each country registers and protects trade marks within their own jurisdiction.

The Internet provides easy access to global markets and takes no account of national borders. If you are trading on the Internet you need to understand the laws of the country into which you are selling goods or services. If you place an offer for sale on the Internet in Australia that invites purchase from overseas, this can amount to trading overseas and could leave you vulnerable to legal action and expensive litigation. Likewise an overseas proprietor selling goods in Australia via the Internet may infringe an Australian trade mark.

Can Deckers Outdoor Corporation enforce their trade marks?

Trade mark owners will always seek to protect their rights through available legal means and have every right to take infringement action where appropriate. It may be possible to successfully defend an infringement action if use has been clearly descriptive rather than of a trade mark nature, but this is a complicated area and IP Australia cannot advise on the likely outcomes of such a defence. Affected Australian businesses are strongly advised to seek legal advice from professionals well versed in trade mark law.

If a trade mark has become generic, a case may be made before a court for removal of that mark from the register of trade marks. Only the court system can give a definitive answer about whether a term is generic. The question of whether the term UGG or UGH is generic has not been considered by the courts.

What has been done to prevent situations like this from arising?

IP Australia is raising awareness about the importance of understanding prospective markets prior to filing to reduce the possibility of litigation. Information is also provided in relation to potential conflicts



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between trade marks and domain names through trade on the Internet. IP Australia is committed to improving knowledge of intellectual property amongst the general business community.

What action has the Government taken?

While the Australian Government is naturally concerned about the implications of the current issue for our manufacturers, the enforcement of trade mark rights is a private legal matter between the relevant parties. As IP Australia is not an enforcer of IP rights it does not have a basis for intervention in any dispute.

In an effort to ensure that businesses involved in the manufacture of sheepskin boots are well aware of potential conflicts in connection with trade mark matters, IP Australia has made contact with industry representatives to provide correct and up-to-date information to the sector. This organisation will continue to monitor the dispute and provide information as is appropriate.

Who can help?

Advice and assistance from an IP professional should be sought. A list of IP professionals can be found on the IP Australia website, www.ipaustralia.gov.au.

Disclaimer:

This information is intended to help the reader gain a basic understanding of some IP principles. It is not designed to provide legal, business or other relevant professional advice. IP Australia recommends that you seek independent legal, business or other relevant specialist advice.

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