**TRADE MARKS ACT 1995**

**DECISION OF A DELEGATE OF THE REGISTRAR OF TRADE MARKS WITH REASONS**

Re: Opposition by Line 6, Inc to registration of trade mark application 1013384(9, 38, 42) - **POD** - filed in the name of Apple, Inc.

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| DELEGATE: | **Iain Thompson** |
| REPRESENTATION: | **Representation**<br>**Applicant: Stephen Burley of Counsel instructed by Brian Elkington of Clayton Utz.**<br>**Opponent: Gary Fitzgerald of Counsel instructed by Griffith Hack.**<br>**Decision**<br>**S52 opposition – s42 not established, opposition established under sections 44, 58 and 59 and 60.** |
| DECISION: | **2009 ATMO 09** |

## Background

1. Apple, Inc ('the applicant') of Cupertino, California, USA, has filed application to register a trade mark current details of which are:

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|---|---|
| Application No: | 1013384 |
| Priority Date: | 30 January 2004 (3634623 – EM) |
| Goods/Services: | **Class: 9** Portable digital electronic devices and software related thereto; handheld digital electronic devices and software related thereto; digital audio players, including digital music players, and software related thereto; digital video players and software related thereto; MP3 players and software related thereto; handheld computers, personal digital assistants, pagers, electronic organizers, electronic notepads; telephones, mobile phones, videophones; computer gaming machines; microprocessors, memory boards; monitors, displays, keyboards, cables, modems, printers, disk drives; cameras, digital cameras; prerecorded computer programs for personal information management; database management software; character recognition software; telephony management software; electronic mail and messaging software, paging software; database synchronization software; computer programs for accessing, browsing and searching online databases; computer operating system software; application development tool programs for personal and handheld computers; handheld electronic devices for the wireless receipt and/or transmission of data, particularly messages; handheld electronic devices with video, phone, messaging, photo capturing and audio transmission functionality; handheld electronic devices that enable the user to keep track of |

or manage personal information; software for the redirection of messages, Internet e-mail, and/or other data to one or more handheld electronic devices from a data store on or associated with a personal computer or a server; software for the synchronization of data between a remote station or device and a fixed or remote station or device; but excluding digital signal processors for guitars and other musical instruments; none of the aforementioned being digital signal processing hardware and software used for audio signal manipulation

**Class: 38** Communication and telecommunication services; providing access to web sites on the Internet; delivery of digital music by telecommunications; providing wireless telecommunications via electronic communications networks; wireless digital messaging, paging services, and electronic mail services, including services that enable a user to send and/or receive messages through a wireless data network; one-way and two-way paging services

**Class: 42** Consultancy services relating to the design of portable and/or handheld digital electronic devices and/or digital music players and/or MP3 players; computer hardware and software consulting services; computer programming; support and consultation services for managing computer systems, databases and applications; information relating to computer hardware or software provided on-line from a global computer network or the Internet; creating and maintaining web- sites; all relating to portable and/or handheld digital electronic devices and/or digital audio players, including digital music players, and/or MP3 players and software related thereto

Trade Mark: POD

2. Following examination, the application was accepted for possible registration and advertised as such in the *Australian Official Journal of Trade Marks* on 2 March 2006.

3. On 31 August 2006, Line 6, Inc., ('the opponent') of Thousand Oaks, California, filed Notice of Opposition ('the Notice') to the registration of the trade mark. The Notice cites most available grounds of opposition – however, at the hearing of the matter, the opponent relied on grounds under sections 42, 44, 58, 59, 60, and 62 under the *Trade Marks Act 1995* ('the Act').

4. As a delegate of the Registrar of Trade Marks, I heard the matter in Canberra on 28 October 2008. Stephen Burley of Counsel instructed by Brian Elkington of Clayton Utz appeared by video link for the opponent. Gary Fitzgerald of counsel instructed by Griffith Hack made submissions in person.

## Evidence

5. Before outlining the evidence filed in this matter, I will observe that the applicant is the maker of an electronic device which is sold under the trade mark IPOD. The device is smaller than a cigarette packet and incorporates software and hardware which enables the manipulation and storage of data – typically music or other audio files but also pictures and video – and has ports for headphones and power supply and controls to access those media files and the volume at which they are replayed, the equalizer effects, and so forth. The trade mark and the portable digital music player sold under the trade mark IPOD are very well-known and could not (in my opinion) have escaped the attention of many consumers in Australia.

6. The evidence in support of the opposition includes, inter alia, a declaration by Michael Tony Dawes who is Managing Director of Music Link Australia Pty Ltd ('Music Link') which is a distributor of the opponent's products under the trade mark POD in Australia.

7. These opponent's goods, as I understand them, are electronic devices which take signal from electric guitars (and potentially other musical instruments although such use is not well documented in the opponent's evidence) and digitally process that signal to 'tone', 'shape' or modify the sound which is, or may be, further processed through an amplifier. Controls on the goods allow the user to specify the 'shape' or effect of guitar sound (such as, for example, 'wah-wah') that is desired for a particular performance.

8. Music Link has distributed the opponent's POD trade marked goods continuously since 1999 to 60 independent music retailers around Australia.

9. There are a number of different models of the opponent's product sold under trade marks which incorporate the word POD – for example, POD 2.0, POD XT, POD XT Pro, etc, which have various applications or functions.

10. Sales of the opponent's POD trade marked goods have been what I would characterize as respectable when the potential marketplace for such goods is kept in mind – in excess of 2000 units were sold under the trade mark since the inception of use in 1999 and before the priority date of the opposed application.

11. The opponent's goods have been used by such Australian bands as Silverchair and gained notice by the musical cognoscenti on that basis.

12. The opponent's goods sold under the POD trade mark have been promoted through music shops, at trade fairs, and 'trade' magazines; the goods sold under the opponent's POD trade mark are also promoted through the Internet website www.musiclink.com.au.

13. The balance of the evidence in support is a declaration by Jill Martin, of Calabasas, California. Ms Martin is General Counsel of the opponent and the relevant aspects of her evidence will emerge from the submissions that I set out below.:

> Line 6 is a leader in digital audio amplification, recording and manipulation technology. It is the owner of several patents and pending international applications in this area.
>
> Line 6 is the registered proprietor of the Australian Registered Trademark No. 809665 for the word mark "POD" in Class 9 for "Digital signal processing hardware and software used for audio signal manipulation; digital signal processors namely, digital signal processors for audio signal manipulation".
>
> This mark has been registered in Australia since 6 October 1999, pursuant to a convention application lodged in the United States of America on 6 April 1999 under Application No. 75/677, 802.
>
> Apple Computer, Inc applied on 30 July 2004 to register in Australia the word "POD" as a trade mark in classes 9, 38 and 42, by its application number 1013384. This application was made pursuant to a convention application No. 3634623, made in the European Community on 30 January 2004. Line 6 opposes the registration of this mark by Apple Computer, Inc.
>
> Line 6 released its first product for sale to the public in 1996 with a staff of 10 employees. By mid 2004, Line 6's staff had increased to over 180 worldwide with offices located in Agoura Hills, California, USA; Woodland Hills, California, USA; Rugby, UK; and Shenzhen, PRC. In late 2006, Line 6 had over 250 staff worldwide and it had offices in Calabasas, California, USA; Simi Valley, California, USA; Daventry, UK; and Shenzhen, PRC. Line 6 currently has a presence in over 60 countries worldwide.
>
> The concept for the trade mark POD and the product to which it was to be applied was first developed by Line 6 in 1997. These POD branded products were to be used to connect an electric musical instrument to a recording apparatus or, for live performances, to an amplifier. They were also used to manipulate or modify the sound of the electric musical instrument when being recorded or when being used live – in simple terms, to create various sound effect or audio styles for the instrument. Since their launch, the POD branded products have been marketed for electric guitars and electric bass guitars, due to the specific digital modeling targeted to these instruments. However, POD products could be used with any electric musical instrument, such as electric keyboards or electric violins, if the POD devices contained the right modeling targeted to those instruments. The product was conceived by Line 6 to have an "organic" shape. The

> name POD was chosen as an organic sounding name, which seemed to fit the product. The trade mark POD was first presented publicly at the Audio Engineering Society Convention in San Francisco, California, USA in 1998.
>
> In summary, Line 6 has applied the POD mark as a trade mark to such products first sold in the USA in December 1998 and first sold to Line 6's Australian distributor in December 1998 as well.

14. Much of the rest of Ms Martin's declaration goes to support or corroborate detail of Mr Dawes's declaration, so I will not elaborate on it now but may refer to it as is necessary in the course of my decision.

15. The evidence in answer is a declaration of Thomas R La Perle of Cupertino, California, who is Intellectual Property Counsel of the applicant.

16. Mr La Perle attests to the history of the applicant which is well known for its Apple trade marked computers and personal electronic devices such as its iPhone and iPod, trade marked goods the latter of which is (as discussed above) a mass storage device for media such as music, video, and pictures and the former being a mobile telephone, respectively. Associated with the iPod trade marked goods is an Internet based music and video sales service which is trade marked iTunes.

17. My personal observations are that the trade marks IPOD and IPHONE and the goods or services in relation to which they are used or applied are very well-known in the marketplace and the former may approach the status of being a brand icon.

18. Mr La Perle also attests to the history of the opposed application and the applicant's other trade mark registrations. I will address these factors as and when they become relevant in the course of my decision.

## Submissions and reasoning

19. As observed above, the opponent pursued grounds under sections 42, 44, 58, 59 and 60 of the Act. At the hearing and in written submissions the opponent expressly abandoned other grounds which were enlisted within the Notice. For the sake of completeness, I formally record that these abandoned grounds have not been established.

### Section 42

20. Section 42 of the Act provides:

**Trade mark scandalous or its use contrary to law**

> **42.** An application for the registration of a trade mark must be rejected if:
> (a) the trade mark contains or consists of scandalous matter; or
> (b) its use would be contrary to law.

21. In relation to the ground under section 42, Mr Fitzgerald submitted:

> Section 42 of the Act provides that an application for the registration of a trade mark must be rejected, if its use would be contrary to law.
>
> Based on the uncontested evidence, the Opponent submits the use of the Mark by the Applicant would be a contravention of ss 52 and 53 of the *Trade Practices Act 1974*. Use of the Mark by the Applicant in trade or commerce, by its application of the Mark to the goods and services described in the application, would be misleading or deceptive or likely to mislead or deceive, as to the characteristics, quality or origin of such goods and services (by suggesting an association with Line 6 or its POD branded products).
>
> The misrepresentation need only be likely to mislead or deceive. There is no requirement that actual deception be proved: *Sydneywide Distributors Pty. Ltd. v. Red Bull Australia Pty. Ltd.* (2002) 55 IPR 354, at par. [62]

22. Mr Burley replied that this ground could be subsumed into s 60 for present purposes.

23. I agree with Mr Burley that the ground under section 42 of the Act will not (in terms of section 52 of the *Trade Practices Act 1972*) here rise above section 60: section 60 requires to be established only that the use of the opposed trade mark be confusing or deceptive – however, section 52 places a higher requirement that the use of the opposed trade mark mislead or deceive. Thus, if the opposition is established in terms of section 60 of the Act, consideration of the ground under section 42 is (in the circumstances of this opposition) redundant: *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* [1982] HCA 44; (1982) 149 CLR 191.

## Section 44

24. In relation to the ground under section 44, Mr Fitzgerald submitted:

> The gist of section 44 is substantial identity or deceptive similarity between an applicant's mark and a mark registered by another person, in respect of similar or closely related goods or services. The comparison is between mark and mark*: Pfizer Products Inc. v Karam*, 2006] FCA 1663.
>
> The Mark is identical (not just "substantially identical") with the Registered Mark.

The authorities regarding "substantial identity" have recently been summarised by Justice Flick in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2008) 77 IPR 69, [41 — 43].The two main points are that where the marks are "substantially identical" is to be determined by the ordinary or usual meaning of such a phrase, namely that which is in substance the same or essentially the same and whether the marks are "substantially identical" requires a side-by-side comparison and depends on the Court's own judgment (*Shell v Esso* (1963) 109 CLR 407, 414 per Windeyer J). Justice Flick also discussed the meaning of the phrase "deceptively similar" in *Gallo* at [52 – 58].

Section 14 of the Act defines goods and services as being "similar" to other goods and services if "they are the same" or "they are of the same description". It is ultimately a question of fact to be determined in each case whether they are so similar.

The authorities regarding "goods of the same description" are usefully collected in the *Gallo Winery* case by Justice Flick, at [65 – 72]. See in particular: *Re Jellinek's Application* (1946) 63 IPC 59 per Romer J; *John Crowther & Sons Ld's Application* (1948) 65 RPC 369, 372; *Southern Cross Refrigerating Co. v Toowoomba Foundry Ply Ltd* (1954) 91 CLR 592, 606; 1 IPR 465; IA IPR 393; *Reckitt & Coleman (Aust) Ltd v Boden* (1945) 70 CLR 84, 90;

The factors which need to be considered in deciding whether they are similar include:

(a) the nature and characteristics of the goods or services themselves;

(b) their respective uses and purposes;

(c) their trade channels — how they are sold, advertised, promoted; when and where; how they are manufactured and regarded by those in the industry.'

In this case, the goods and services in the Mark and Registered Mark are so similar, because they:

(a) both are or relate to portable electronic digital audio or music devices, incorporating computer hardware and software;

(b) would be sold, advertised and promoted in similar ways, and involve overlapping customer bases.

Looking at the goods in Class 9 of the Mark and the Registered Mark, and putting to one side the proviso, there would be considerable overlap as to notional use in the following integers of the Statement of Goods for the Mark:

(a) "portable digital electronic devices and software related thereto";

(b) "handheld digital electronic devices and software related thereto";

(c) “digital audio players, including digital music players, and software related thereto”;

(d) “MP3 players and software related thereto”;

(e) “computer programs for accessing, browsing and searching online databases”;

(0 “computer operating system software”; and

(g) “handheld electronic devices with ... audio transmission functionality”.

Any notional use by Apple of the Mark for such goods would be “likely to deceive or cause confusion”.

In contemplating this, it is reasonable to assume that an Apple POD product for such goods would be sold, advertised and promoted in similar ways and to a similar degree, as its “ubiquitous” IPOD products for which:

(a) $15 million AUD was spent on advertising in Australia alone in 18 months [16];

(b) there has been extensive – omnipresent – marketing and advertising, and “cult branding” for a long time [15, 17, 21, 38];

(c) there is enormous on-line sales and promotion [23 – 26, 34].

See also La Perle, [42].

Such pervasive marketing would overwhelm and erode Line 6’s Registered Mark, and destroy its reputation in POD.

As to goods and services being “closely related”, this can be seen with various integers in the Class 38 and 42 descriptions of services for the Mark, compared to the goods described in the Registered Mark. Properly understood, the goods described in the Registered Mark cover notional uses for related services:

(a) “providing access to web sites on the Internet” and “delivery of digital music by telecommunications”, as described in Class 38 of the Mark; and,

(b) for “the design of portable and/or handheld digital electronic devices and/or digital music players”; “computer hardware and software consulting services”; “computer programming”; “support and consultation services for managing computer systems, databases and applications”; “information relating to computer hardware or software provided on-line from a global computer network or the Internet”; “all relating to portable and/or handheld digital electronic devices and/or digital audio players, including digital music players, ... and software related thereto”, as described in Class 42 of the Mark. 5

The main relevant cases are: *Caterpillar Loader Hire v Caterpillar Tractor* (1983) 1 IPR 265, 276 per Lockhart J; *Rowntree Mackintosh Plc v Rollbits* (1988) 10 1PR 539, 546 per Needham J; *Register of Trademarks v Woolworths* (1999) 45 1PR 411, 424 - 425 per French J. Note that the

requirement is not just that they be "related" but that they are "closely related".

*Substantial Identity/Deceptive Similarity*

The test for deceptive similarity depends on the context. In an enquiry under section 44, the comparison is between the trade marks as registered or applied for, assuming a notional use of both, that is, a normal and fair use for all goods or services covered by the registration or application being considered. "The question whether there is a likelihood of confusion is to be answered, not by reference to the manner in which the respondent has used its trade mark in the past, but by reference to the use to which it can properly put the trade mark." *Berlei Hestia Industries Ltd v The Bali Company Co Inc* (1973) 129 CLR 353,362 per Mason J

Looking at the surrounding circumstances, notional use of the marks would involve:

(a) use on goods and services which overlap, are similar or closely related;

(b) promotion and marketing of products to which the marks have been or would be applied in similar ways;

(c) with some probable purchasers being the same;

It is submitted that not only is it reasonable to infer some purchasers would have cause to wonder whether any POD products sold by Apple were from Line 6, but Mr Daws also provides a firm evidentiary foundation for such an inference: see Daws, [30].

It follows that the Mark should not be registered, as it is both identical with and deceptively similar to the Registered Mark: s. 44(1) & (2) of the Act.

25. Mr Burley submitted for the applicant that:

The test under section 44 requires that the Cited Mark be in respect of "similar goods or closely related services".

Goods are "similar" if they are "of the same description as that of the other goods" (s14(1) of the Act). In *Southern Cross Refrigerating Co v Toowoomba Foundry Ltd* (1954) 91 CLR 592 at 606 the High Court cited with approval *John Crowther & Sons (Milnsbridge) Ltd's Appn* (1948) 65 RPC 369 at 372:

> In arriving at a decision upon this issue the reported cases show that I have to take account of a number of factors, including in particular the nature and characteristics of the goods, their origin, their purpose, whether they are usually produced by one and the same manufacturer or distributed by the same wholesale houses, whether they are sold in the same shops over the same counters during the same seasons and to the same class or classes of customers, and whether by those engaged in their manufacture and distribution they are regarded as belonging to the same trade. In the case of *Jellinek's Appn,* Romer J classified these various factors under three heads, viz, the nature of

> the goods, the uses thereof and the trade channels through which they are bought and sold. No single consideration is conclusive in itself

In relation to "similar goods" the emphasized words in class 9 below "none of the aforementioned being digital signal processing hardware and software used for audio signal manipulation" ("the Disclaimer") mean that plainly none are for the same goods.

The question of whether the Cited Mark is for "similar goods" turns on a proper characterization of the "nature of the goods" in the Cited Mark. The two descriptions are (class 9):

> a. Digital signal processing hardware and software used for audio signal manipulation;
>
> b. Digital signal processors namely, digital signal processors for audio signal manipulation.

Plainly, each concern computer equipment and software used for a particular purpose, that being "audio signal manipulation". Plainly, each are concerned with a specific form of signal in a digital form.

The description of goods is a statement by the owner of the mark of the field of protection that it seeks for its trade mark. It is to be understood in an objective sense, and determined from the perspective of a trader desiring to know the field covered; *Nikken Wellness Pty Ltd v Van Voorst* [2003] FCA 816 at [44]. The description is to be strictly construed; *Nikken* at [40]; *Daiquiri Rum Trade Mark* [1969] RPC 600; *Unilever Plc v Johnson Wax Ltd* [1987] FCR 145.

Although none of the Opponent's evidence directly addresses the nature of the goods described in the Cited Mark, the evidence filed does demonstrate that the words "audio signal manipulation" convey to readers the understanding that the equipment is for the purpose of "adapting or changing" sounds in the sense that the *Macquarie Dictionary* defines "manipulate" as "to adapt or change (accounts, figures etc) to suit one's purpose or advantage".

Thus the evidence describes a device:

> ..used to connect a guitar to a recording device or for live performances to an amplifier. They can be used to tone or modify the sound of the guitar when being recorded or when being used live

(Daws, paragraph 10)

> ...they use a totally different technology involving physical modeling of amplifiers and instruments – to make guitars sound like the real thing, for example, creating reverb or wah-wah effects on a guitar.

(Daws, paragraph 11)

> ...used to manipulate or modify the sound of the electric musical instrument when being recorded or when being used in live – in simple terms, to create various sound effect or audio styles for the instrument.

(Martin, paragraph 10)

> Since their launch, the POD branded products have been marketed for electric guitars and electric base guitars, due to the specific digital modelling targeted to these instruments.

(Martin, paragraph 10)

Throughout the world, including Australia, the main consumers of the Goods are musicians. Other customers include producers of sound recordings and audio engineers.

(Martin paragraph 18)

> The foregoing indicates that the defining feature of the equipment in respect of which the Cited Mark is registered concerns digital, audio signal manipulation as achieved by the use of hardware together with software and/or a "signal processor".

The features of the devices used by the Opponent (described in Daws, paragraph 13) indicate the use of "high end" equipment to be used in conjunction with recording and amplification equipment that is used to modify sounds electronically produced typically, but not exclusively by a guitar.

The typical user of the audio signal manipulation equipment is a live performer, such as Silverchair and other well-known Australian musicians and bands – Daws, paragraph 11. No doubt many of the purchasers of such devices are professional musicians.

The evidence filed also indicates that the trade channels in which the goods of the Cited Mark are to be acquired are limited and specific to music shops – see Daws paragraph 8; Annexure 1 and are sold on displays alongside electrical guitars, expression pedals (a foot pedal for a guitar), stomp boxes, amplifiers and the like. That is consistent with the description for the class 9 goods.

*The Class 9 application*

Applicant's list of goods in class 9 in respect of which it seeks registration is set out below, with numbers indicating the different specific goods. Specific comments have been added in italics after each listed item. It will be noted that most of the goods listed are of no relevance to the goods of the Cited Mark. To the extent that there was initially a concern (pre-acceptance) that there was similarity, the Disclaimer has been added, which, the Applicant submits, legitimately removes that concern.

The contest distils to consideration of whether or not the specific audio signal manipulation equipment of the Cited Mark is "of the same description" as that listed below.

The Applicant submits that the Opponent has not discharged its onus of demonstrating that it is. In *Greeenpeace Australia Pacific Ltd v Taylor* (2004) 62 IPR 617 at [36] the Delegate said:

> In *Kellogg Co v Exxon Corp* (2001) 53 IPR 177 at 183, Hearing Officer Williams indicated that the appropriate course for the Registrar's delegate is to proceed on the assumption that goods and services are not closely related unless the contrary is established to

> the necessary degree. The Full Federal Court in *Registrar of Trade Marks v Woolworths Ltd*, above, explored the question of reversed onus under the new legislation in some detail. *In Torpedoes Sportswear Pty Ltd v Thorpedo Enterprises Pty Ltd* (2003) 204 ALR 90; 59 IPR 318, ... Bennett J dismissed the appeal, finding that the appellant had not adduced any convincing evidence to support its opposition case.

In the present opposition there is no credible evidence to suggest that the highly specialized equipment the subject of the Opponent's registration and description is the same as or similar to the range of goods within the Applicant's class 9 application. Most of the listed goods below are plainly not related. The balance are not shown to be. It is respectfully submitted that the Office was correct in accepting the Opposed Mark and that the evidence adduced in this opposition confirms, rather than contradicts, the correctness of that acceptance.

*Class: 9*

> (1) Portable digital electronic devices and software related thereto; the evidence fails to demonstrate that once one leaves aside digital signal processing hardware for audio signal manipulation (which is disclaimed), there are any similar goods which, having regard to trade channels for such equipment (that is, music stores) would properly be regarded as "goods of the same description". In the absence of such evidence, the opposition raised against this class of goods must fail.
>
> (2) handheld digital electronic devices and software related thereto; in addition to the comment made for (1), there is no evidence to suggest that devices for audio signal manipulation are properly described as "handheld". The evidence suggests that the devices are more akin to foot pedals.
>
> (3) digital audio players, including digital music players, and software related thereto; the Cited Mark concerns "audio signal manipulation". It is submitted that a common view of "digital audio players" is that it they accurately reproduce sound. Digital signal manipulation is antithetical to that idea.
>
> (4) digital video players and software related thereto; plainly not similar
>
> (5) MP3 players and software related thereto; plainly not similar
>
> (6) handheld computers, personal digital assistants, pagers, electronic organizers, electronic notepads; plainly not similar
>
> (7) telephones, mobile phones, videophones; plainly not similar
>
> (8) computer gaming machines; microprocessors, memory boards; plainly not similar
>
> (9) monitors, displays, keyboards, cables, modems, printers, disk drives; plainly not similar
>
> (10) cameras, digital cameras; plainly not similar

(11) prerecorded computer programs for personal information management; plainly not similar

(12) database management software; character recognition software; plainly not similar

(13) telephony management software; electronic mail and messaging software, paging software; plainly not similar

(14) database synchronization software; computer programs for accessing, browsing and searching online databases; plainly not similar

(15) computer operating system software; plainly not similar

(16) application development tool programs for personal and handheld computers;

plainly not similar

(17) handheld electronic devices for the wireless receipt and/or transmission of data, particularly messages; plainly not similar

(18) handheld electronic devices with video, phone, messaging, photo capturing and audio transmission functionality; plainly not similar

(19) handheld electronic devices that enable the user to keep track of or manage personal information; plainly not similar

(20) software for the redirection of messages, Internet e-mail, and/or other data to one or more handheld electronic devices from a data store on or associated with a personal computer or a server; plainly not similar

(21) software for the synchronization of data between a remote station or device and a fixed or remote station or device; plainly not similar

(22) but excluding digital signal processors for guitars and other musical instruments; plainly not similar

none of the aforementioned being digital signal processing hardware and software used for audio signal manipulation.

Services in classes 38 and 42

The position in relation to the classes of services in the Trade Mark Application is yet more tenuous for the Opponent. No credible evidence to suggest that the services of the Opposed Trade Mark are “closely related” to the goods of the Cited Mark.

In order to be “closely related”, there must be some form of relationship between the services covered by one mark and the goods covered by another; the relationship in most cases will be defined by the function of the service with respect to the goods. Thus services that provide for the installation, operation, maintenance or repair of goods are likely to be treated as closely related to them, for example, television repair services

and television sets – see *Woolworths v Registrar of Trade Marks* (1999) 45 IPR 411 at 424 –425.

Since well before the filing date it may be accepted that the public has been aware of the diversity and range of uses to which computer equipment may be put. There is no credible suggestion that any of the following services is relevantly "closely related", or would be regarded by the consumer as being so related, to the identified audio signal manipulation equipment that is the subject of the goods of the Cited Mark.

*Class: 38*

(a) Communication and telecommunication services; plainly not closely related

(b) providing access to web sites on the Internet; plainly not closely related 6.1.4,62.1.4.044

(c) delivery of digital music by telecommunications; plainly not closely related

(d) providing wireless telecommunications via electronic communications networks; plainly not closely related

(e) wireless digital messaging, paging services, and electronic mail services, including services that enable a user to send and/or receive messages through a wireless data network; one-way and two-way paging services; plainly not closely related

*Class: 42*

(1) Consultancy services relating to the design of portable and/or handheld digital electronic devices and/or digital music players and/or MP3 players; there is no suggestion in the evidence that a person providing services for the design of digital electronic devices would be regarded as supplying services closely related to the supply of goods in the form of devices for audio signal manipulation. Indeed, there is no evidence from the Opponent to suggest that the trade channels for the supply of such services intersect at any point with the goods of the Cited Mark.

(2) computer, hardware and software consulting services; plainly not closely related

(3) computer programming; plainly not closely related

(4) support and consultation services for managing computer systems, databases and applications; plainly not closely related

(5) information relating to computer hardware or software provided on-line from a global computer network or the Internet; creating and maintaining web- sites; plainly not closely related

(6) all relating to portable and/or handheld digital electronic devices and/or digital audio players, including digital music players, and/or MP3 players and software related thereto; plainly not closely related

26. It is an obvious logical fallacy to hold that two specifications of goods or services can always be distinguished from each other by the simple expedient of entering an exclusion on the second of all of the goods or services in the first. This is partially because it is not possible to exclude in all circumstances goods which are of the same description as those goods from which the specification is sought to be distinguished.

27. On other occasions, the proposed exclusion may result in an incongruity. For instance, attempting to distinguish a registered specification of goods, "protective wear and coveralls" from the applied-for "dungarees, boiler-suits and similar clothing," by amending the latter to "dungarees, boiler-suits and similar clothing excluding protective clothing and coveralls" results in a misstatement - the goods are an incongruity as there are no such goods. The second specification is, as the result of the amendment, nonsense because dungarees, boiler-suits and similar clothing *are* protective clothing and coveralls. As will become clear, I think that it is plain that the applied-for specification as it stands is also a fallacy and does not reflect the goods which it is apparently intended to cover – this also has obvious ramifications in terms of section 59 of the Act.

28. I consider that the evidence makes it plain that the registration which is here sought of the word POD is intended to extend the protection afforded by the applicant's registered trade mark iPod to the goods sold under that trade mark by registering the similar trade mark POD. The goods in question are digital mass storage devices which use a software algorithm to compress or shrink digital musical information to a play rate of 128 kbps (or 128,000 bits per second), the digital information is thus reduced to less than one-tenth its original size. (A raw music file on CD is – or plays at – 1411 kbps.) Beyond this, each iPod sold incorporates a graphical equalizer control which contains preset 'acoustic', 'Latin', 'pop', 'rock', 'concert hall', and 'loudness' 'environments' or some 15 other settings to tailor recorded music to the listeners' tastes or preferences or what is being played. Such equalizer presets are possible as a result of audio signal manipulation.

29. Thus, to claim via the exclusion in the specification of goods that the applicant's goods are not, or do not incorporate, or rely on, "digital signal processing hardware and software used for audio signal manipulation" might be regarded as unsound.

To my mind the goods are very obviously digital signal processing (and storage) hardware and software used for audio signal manipulation. 'Digital signal processing' and 'audio signal manipulation' are the *fortes* of the applicant's goods and are their *raison d'etre:* without such facility they would cease to be.

30. Thus, comparing the goods according to the tests proposed by Counsel in the light of the meaningless exclusion, the goods enlisted on the opponent's specification, "Digital signal processing hardware and software used for audio signal manipulation; digital signal processors namely, digital signal processors for audio signal manipulation," must be either the same goods as the applicant's goods or goods of the same description as the applicant's goods, since this is a great part of what the applicant's goods do and how they function.

31. I record, for the sake of completeness, that the trade marks of the parties are identical and that the registration on which the opponent relies has a priority date earlier than that of the opposed application.

32. The opponent has established its opposition under section 44 of the Act.

## Section 58

33. Section 58 of the Act provides:

> **Applicant not owner of trade mark**
> **58.** The registration of a trade mark may be opposed on the ground that the applicant is not the owner of the trade mark.
> Note: For ***applicant*** see section 6.

34. Ownership of a trade mark arises through first user of the trade mark or the application to register it as a trade mark, whichever is the earlier. The opponent has used the trade mark POD in Australia since 1999 which is earlier than the date of this opposed application which has a priority date of early 2004.

35. Mr Fitzgerald submitted for the opponent:

> Line 6 first used the Mark in Australia (and elsewhere throughout the world) for portable electronic digital audio or music devices, incorporating computer hardware and software.
>
> Dixon J said in *Shell Co. (Aust) Ltd. v. Rohm and Haas Co*. (1948) 78 CLR 601, at 627-628:

> ... Authorship ... involves the origination or first adoption of the word or design as and for a trade mark.'

Further, as Holroyd J explained in *Re Hicks' Trade Mark* (1897) 22 VLR 636, at 639-40 (cited by Dixon J in *Shell* at 628):

> `A person cannot be properly registered unless he is the proprietor. [The] Proprietor is the person who at the moment he makes application to be registered is entitled to the exclusive use of the name ... A man cannot be said to have adopted a name if someone else has done so before him. ....
>
> In order to substantiate his application to be placed on the Register for this word he must have claimed to be the proprietor, and the word "proprietor" must be taken to mean the person entitled to the exclusive use of the name. If there is anyone else who would be interfered with by the registration of the word "Empress" in the exercise of a right which such person has already acquired to use the same word in application to the same kind of thing, then Hicks ought not to have been put on the Register for that trade mark.'

36. It is thus necessary for the goods in question to be the 'same kind of thing' in order for this ground to be established. As previously discussed, I consider the nature of the applicant's goods to be such that the exclusion within the opposed specification of goods is essentially meaningless. I am satisfied that the applicant's goods (which, also as previously discussed, are understood to be those currently sold by it under the trade mark iPod or IPOD) may come within the description, "Digital signal processing hardware and software used for audio signal manipulation; digital signal processors namely, digital signal processors for audio signal manipulation".

37. It is also necessary, for an opponent to establish this ground of opposition, that the trade marks in question be at least 'substantially identical', as explained by Gummow J in *Carnival Cruise Lines Inc v Sitmar Cruises Limited* [1994] FCA 936; (1994) Aipc 91-049; (1994) 120 ALR 495, at paragraph 61.

38. The trade marks in question are, of course, identical.

39. The trade marks being identical, the goods being the same kind of thing and the opponent's use of the trade mark being earlier than the priority date of the opposed trade mark, the opponent has established its ground under section 58 of the Act.

**Section 59.**

40. Section 59 of the Act provides:

**Applicant not intending to use trade mark**

**59.** 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.

Note: For ***applicant*** see section 6.

41. In *Americana International Ltd v Suyen Corporation* [2008 ATMO 4] , Hearing Officer Debrett Lyons summarised case law under section 59 in the following way:

- ✓ filing an application for registration raises a prima facie presumption of intention to use in favour of the applicant (*Aston v Harlee Manufacturing* Company [1960] 103 CLR 391 at 401);

- ✓ that presumption is rebuttable (*Sapient Australia Pty Ltd and Sapient Corporation v SAP* Aktiengesellschaft [2002] ATMO 31; *Danjaq, LLC v Resource Capital Australia Pty Ltd* [2004] ATMO 18);

- ✓ once rebutted, the onus of proof shifts to the applicant (*Sapient*; *Danjaq*);

- ✓ where, under the *Trade Mark Act 1955*, a non-use applicant carried the initial onus of proof, case law supported the view that only slight evidence was required to shift the onus to the proprietor of the registration (*Estex Clothing Manufactures Pty Ltd v. Ellis and Goldstein Ltd* [1966] HCA 81; (1967) 116 CLR 254);

- ✓ a mere allegation of lack of intention to use is not enough by itself to shift the onus (*Medley Distilling Co v Croakers Gully Australia Pty Ltd* (2000) 53 IPR 430; *NSW Lotteries Commission v Novamedia* BV 52 IPR 638, *Torrag Pty Ltd v Pah Pty Ltd* 70 IPR 349);

- ✓ inferences can be drawn to indicate a lack of intention to use (*Danjaq*; *Sapient*);

- ✓ prior or concurrent actions between the same parties can be a source of inference (Phillip *Morris Products SA v Sean Ngu* [2002] ATMO 96; *Sapient*; *Danjaq*);

- ✓ non-use does not by itself infer lack of intention to use (*Aston v Harlee*; *Torrag*);

- ✓ failure to respond to an allegation can draw an adverse inference (*Jones v Dunkel* (1959) 101 CLR 298 at 312);

42. Here the opponent points to the evidence of the applicant which shows use of the trade mark IPOD or iPod by the applicant in relation to an electronic digital mass storage device of the type generally described above in paragraph 5 of these reasons. There is no mention of the use or intended use of the trade mark POD. The problem for the applicant lies within subsection 7(1) of the Act which provides:

> **7 Use of trade mark**
>
> (1) If the Registrar or a prescribed court, having regard to the circumstances of a particular case, thinks fit, the Registrar or the court may decide that a person has used a trade mark if it is established that the person has used the trade mark with additions or alterations that do not substantially affect the identity of the trade mark.
>
> Note: For ***prescribed court*** see section 190.

43. In *Americana International Limited v Suyen Corporation* [2008] ATMO 4, Hearing Officer Debrett Lyons also observed:

> Under the above referred to sections of the relevant Acts, cases where substantial identity has been found include: *Kendall Co v Mulsyn Paint & Chemicals* (1963) 109 CLR (POLYKIN and POLYKEN); *Seven Up Company v O.T. Ltd* (1947) 75 CLR 203 ('7UP in a circle' and '8UP in a square'); *Pelican Trade Mark* [1978] RPC 424 (PELICAN and PELIKAN); *Pelikan International Handelsgesellschaft Mbh & Co Kg v Lifinia Pty Ltd* (1994) 30 IPR 615 (PELICAN and PELIKAN); *Shachihata Industrial Co Ltd v Magic Marker Corp* (1984) 3 IPR 519 (LIQUID CRAYON and LIQUID CRAYONS); Re Applications By Stratco Metal Pty Ltd (1984) 4 IPR 48 (CLICKFAST and KLICK-FAST); *Michael Sharwoood & Partners Pty Ltd And Others v Fuddruckers Inc* (1989) 15 IPR 188 (FUDRUKKERS and FUDDRUCKERS); *Re Application By Jacuzzi Inc* (1990) 17 IPR 414 (AERO and AEROSPA - on spa equipment); *Re Application By Fastrack Racing Pty Ltd* (1994) 29 IPR 193 (FASTRACK and FAST TRACK); Sportscraft Consolidated Pty Ltd v General Sportcraft Co Ltd (1993) 27 IPR 74 (SPORTCRAFT and SPORTSCRAFT); Alexander v Tait-Jamison (1993) 28 IPR 103 (ECO-FARM and ECO-FARMS); *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495 (FUNSHIP and FUN SHIP); *Warner-Lambert Co v Harel* (1995) 32 IPR (DERMOFILM and DERMAFILM); *and Bull SA v Micro Controls Ltd* (1990) 19 IPR 299 (MICROL and MICRAL). In these decisions, the trade marks involved have been found to be 'substantially the same mark' to quote D.R.

> Shanahan in *Australian Law of Trade Marks and Passing Off*, or, as Justice Gummow referred to it, 'substantially identical' in *Carnival Cruise Lines*, supra.
>
> To contrast the above decisions, the following trade marks have been found to be neither 'substantially the same mark' or 'substantially identical': *"Otrivin" Trade Mark* [1967] RPC 613, (OTRIVIN and OTRIVINE); *Lonza Ltd v Kantfield Pty Ltd (T/A Martogg & Co)* (1995) 33 IPR 396 (FORTEX and FOREX); *Photo Disc Inc v Gibson and Another* (1998) 42 IPR 473 ('PHOTO-DISK' - with descriptive phrase and arabesques and PHOTODISC), although in the latter decision, the delegate observed that if the trade marks had been PHOTO-DISK and PHOTODISC, solus, she would have found that the trade marks were substantially identical.

44. Here the trade marks IPOD (which the applicant has shown that it has used) and POD (which it proposes for registration) are not substantially identical – the alphabetical letter lies at the beginning of the word IPOD and is thus stressed and of importance in distinguishing between the trade marks: the first syllables of the trade marks are of greater significance: see *Re London Lubricants (1920) Ltd's Application* (1925) 42 RPC 264.

45. Further, the letter 'I' does not immediately appear to be of the same class of indicia as the word CHOC which could be discounted when comparing the trade marks CHILL and CHOC CHILL for substantial identity in *PB Foods Ltd v Malanda Dairy Foods* Ltd [1999] FCA 1602.

46. The trade marks IPOD and POD are thus not substantially identical and the letter 'I' is an addition or alteration which substantially affects the identity of the applied-for trade mark. The applicant cannot, thus, rely on the provisions of subsection 7(1) to establish use of the opposed trade mark.

47. The evidence as to the applicant's lack of intention to use the trade mark POD, as a brand extension or adjunct, is not strong but is sufficient to shift the onus onto the applicant. As previously noted by a hearing officer, in *Apple Computer Inc. v Gundy Computer Services Pty Ltd* [2008] ATMO 33, the opponent's other trade marks in evidence comprise, if anything, brand extension of a family of "I" marks comprising IMOVIE (823818), iphoto Express (713721), IBOOK (791679), IMAC (852574), ITUNES (867199), IPICTURE (868361), IDVD (872123), ISCHOOL (890365), IPHOTO (899344), ICHAT 929441), IPHONE (930990), ICAL (936630), IWRITE (970169), IMIX (1026733), ILIFE (951841), IMAC (771023), IWORK (1014342), ICALC (1048348), and iSight (965581).

48. The the applicant does not later rebut the inference raised in its evidence – that it might be inferred from the lack of evidence of intention to use the trade mark POD, and focus on the use of the trade mark IPOD, or iPod, that the application was filed for strategic purposes rather than a genuine intention to use the trade mark as filed: *Sapient Australia Pty Ltd and Sapient Corporation v SAP Aktiengesellschaft* [2002] ATMO 51.

49. The opponent has established its ground under section 59 of the Act.

## Section 60

50. Section 60 of the Act provides:

> **Trade mark similar to trade mark that has acquired a reputation in Australia**
>
> **60.** The registration of a trade mark in respect of particular goods or services may be opposed on the ground that:
>
> (a) it is substantially identical with, or deceptively similar to, a trade mark that, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, had acquired a reputation in Australia; and
>
> (b) because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.
>
> Note 1: For ***deceptively similar*** see section 10.
> Note 2: For ***priority date*** see section 12.

51. To satisfy section 60, the opponent has the burden of establishing the following elements:

- a pre-existing trade mark;
- substantial identity or deceptive similarity between the applied-for trade mark and the pre-existing trade mark;
- the acquisition of a reputation in Australia by the pre-existing trade mark; and
- a likelihood that, because of that reputation , use of the applied-for trade mark would be likely to deceive or cause confusion.

52. The relevant principles as to the assessment of the likelihood of confusion, etc, are set out by French J in *Registrar of Trade Marks v Woolworths* [1999] FCA 1020 at paragraph 50:

In *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* [1953] HCA 73; (1954) 91 CLR 592 at 594-5, which concerned the 1905 Act, Kitto J set out a number of propositions which have frequently been quoted and applied to the 1955 Act. The essential elements of those propositions continue to apply to the issue of deceptive similarity under the 1995 Act. Applied also to service marks and absent the imposition of an onus upon the applicant they may be restated as follows:

(i) To show that a trade mark is deceptively similar to another it is necessary to show a real tangible danger of deception or confusion occurring. A mere possibility is not sufficient.

(ii) A trade mark is likely to cause confusion if the result of its use will be that a number of persons are caused to wonder whether it might not be the case that the two products or closely related products and services come from the same source. It is enough if the ordinary person entertains a reasonable doubt.

It may be interpolated that this is another way of expressing the proposition that the trade mark is likely to cause confusion if there is a real likelihood that some people will wonder or be left in doubt about whether the two sets of products or the products and services in question come from the same source.

(iii) In considering whether there is a likelihood of deception or confusion all surrounding circumstances have to be taken into consideration. These include the circumstances in which the marks will be used, the circumstances in which the goods or services will be bought and sold and the character of the probable acquirers of the goods and services.

(iv) The rights of the parties are to be determined as at the date of the application.

(v) The question of deceptive similarity must be considered in respect of all goods or services coming within the specification in the application and in respect of which registration is desired, not only in respect of those goods or services on which it is proposed to immediately use the mark. The question is not limited to whether a particular use will give rise to deception or confusion. It must be based upon what the applicant can do if registration is obtained.

In respect of the last proposition, Mason J observed in *Berlei Hestia Industries Ltd v The Bali Company Inc* [1973] HCA 43; (1973) 129 CLR 353 at 362:

> "...the question whether there is a likelihood of confusion is to be answered, not by reference to the manner in which the respondent has used its mark in the past, but by reference to the use to which it can properly put the mark. The issue is whether that use would give rise to a real danger of confusion."

53. Reputation is to be assessed according to the test set out in *McCormick & Company Inc v McCormick* [2000] FCA 1335 by Kenny J at paragraph 81:

> What is intended by the word "reputation" in s 60? The word is defined in *The Macquarie Dictionary* as follows:
>
> > reputation ... 1. the estimation in which a person or thing is held, esp. by the community or the public generally; repute ... 2. favourable repute; good name ... 3. A favourable and publicly recognised name or standing for merit, achievement, etc. ... 4. The estimation or name of being, having done, etc, something specified.
> >
> > Cf. *The Oxford English Dictionary.* In s 60, the word is, I think, apt to refer to "the recognition of the McCormick & Co marks by the public generally".
>
> Does the evidence establish that in Australia before 9 March 1992 the McCormick & Co marks were recognised by the public generally and, because of that, the use by Mary McCormick of her marks would be likely to cause the public confusion, as for example, by the public's mistakenly attributing a business connection between the two or attributing her product to the company?

54. I have no doubt that the opponent's goods have established a reputation in Australia within the musical industry – amongst players of electric guitars in particular. While the evidence does not show particularly strong sales the marketplace in not particularly large and the participants in the musical industry are generally well informed about the products available to them to enable them to perform.

55. As stressed above, the issue of confusion or deception is to be considered within the full scope of the opposed application. Within the full scope of the applied-for application are goods which are, I have decided, either the same goods or goods of the same description as the goods in respect of which the opponent's trade mark has established its reputation. Although the tests of 'the same goods or goods or the same description' are not usually a part of the considerations under section 60, it might be here considered to be a short-hand way of stating that the use of the opposed trade mark would, *a fortiori*, confuse or deceive in terms of section 60.

56. The opponent has established its ground under section 60.

## Section 55

57. Section 55 of the Act provides:

**Decision**

**55.** Unless the proceedings are discontinued or dismissed, the Registrar must, at the end, decide:

(a) to refuse to register the trade mark; or

(b) to register the trade mark (with or without conditions or limitations) in respect of the goods and/or services then specified in the application;

having regard to the extent (if any) to which any ground on which the application was opposed has been established.

Note: For ***limitations*** see section 6.

58. I refuse to register application 1013384.

## Costs

59. Having been successful, the opponent is entitled to its costs which I order at the official scale.

Iain Thompson
Hearing Officer
Trade Marks Hearings
29 January 2008