

## TRADE MARKS ACT 1995

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

Re: Request pursuant to Section 81 by Chill Refrigeration and Air Conditioning Pty. Limited to correct the Register in relation to trade mark registration No. 1057434 “SUMMIT” AND DEVICE in the name of Bruce Ian Larter - and - Application pursuant to Section 203 to review decision of Registrar by Bruce Ian Larter

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<b>DELEGATE:</b>	<b>John Spence</b>
<b>REPRESENTATION:</b>	<b>Requesting Party:</b> Ms. Pip Madgwick, Solicitor, of HWL Ebsworth, Lawyers <b>Review Applicant:</b> Ms. Jane Owen, Solicitor, of Middletons Lawyers.
<b>DECISION:</b>	<b>2009 ATMO 14</b> Request for cancellation of assignment pursuant to Section 81 – exercise of right to be heard pursuant to Section 203 – competing claims to priority - allegedly fraudulent assignment – bona vacantia – setting aside of assignment

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### Background

1. On 27 May 2005 Mr. Bruce Ian Larter (“the Review Applicant”) lodged in his own name an application for registration of the following trade mark, namely:



This application, which claimed rights in respect of the specification of goods “Refrigerated ‘water chiller’; refrigerating equipment” and located in Class 11 of the International Classification of Goods and Services, was allocated the official filing number 1057434.

2. In due course, the “SUMMIT” AND DEVICE application proceeded to examination and the Examiner’s first report issued by official letter dated 11 August 2005. A copy of the said Examiner’s report is annexed to the Statutory Declaration of Daphne Raiti

made on 14 November 2008 (at pages 43 to 45). The sole substantive objection raised by the Examiner was that pursuant to the provisions of Section 44 of the *Trade Marks Act, 1995* (“the Act”) the application No. 1057434 was not entitled to proceed to acceptance because of its close resemblance to the prior conflicting entries Nos. 583757 “SUMMIT” (word mark) and 583758 “SUMMIT” AND DEVICE. Those registrations were recorded as being held in the name of a different (though arguably related) entity as owner, namely the company Mountain Fountain Company Pty. Limited and in respect of which Mr. Larter was a director and shareholder. In order to overcome this objection and to satisfy the Examiner, Mr. Larter completed and executed the document which is central to this matter, namely the letter of assignment dated 20 September 2005 from the then-recorded owner Mountain Fountain Company Pty. Limited to himself and purporting to transfer rights in respect of the cited registrations Nos. 583757 and 583758. The said assignment document was set out on paper bearing the letterhead of Mountain Fountain Company Pty. Limited, it was signed on behalf of that company by Mr. Larter in his capacity as director, and it had the company seal affixed to it. That assignment together with an Application to Record Assignment or Transmission form (Form 6) was forwarded to the Trade Marks Office by Mr. Larter by covering letter dated 20 September 2005. The assignment of the prior existing “SUMMIT” registrations Nos. 583757 and 583758 to Mr. Larter was duly recorded on the Official Trade Mark Records on or about 28 September 2005.

3. As a consequence of that assignment, Mr. Larter was able to place himself in the position where the objection which had earlier been raised by the Examiner on the basis of the prior conflicting entries Nos. 583757 and 583758 was able to be met and overcome. However, despite having recorded the assignment to him of those registrations, subsequently no attempt was made by Mr. Larter as the applicant of No. 1057434 to respond to or overcome the Examiner’s objection within the prescribed period and in due course, that application having expired, it was recorded as having lapsed on 14 December 2006. Subsequently belated endeavours appear to have been made successfully to restore the “SUMMIT” application and it is recorded as having been revived on or about 2 July 2007. In due course the application was able to proceed, and the acceptance of No. 1057434 was advertised in the Official Journal of Trade Marks dated 1 November 2007. The Certificate of Registration was sealed on

11 February 2008, and that document issued in the name of Mr. Larter as the registered owner.

4. Some five months after the granting of registration in respect of No. 1057434 had been finalised, correspondence dated 29 July 2008 was received by the Trade Marks Office from HWL Ebsworth, Lawyers, acting on behalf of their client Chill Refrigeration and Air Conditioning Pty. Limited (“the Requesting Party”). The general tenor and the effect of that letter were to indicate that the trade mark registrations Nos. 583758 and 1057434 (but with no mention of No. 583757 at that point in time) had been “improperly registered” in the name of Mr. Larter and formally requesting that the Registrar correct the Register by noting the Requesting Party as the “proper owner” of “all trade marks identified by the name SUMMIT and SUMMIT FOR PEAK PERFORMANCE in class 11”. That request was made pursuant to the provisions of Section 81 of the Act. In the course of the said letter, HWL Ebsworth sought to indicate the relevant background and to explain the particular circumstances of the matter, and appropriate submissions and reasoning were put forward by that firm on behalf of their client. In essence, the contention which is put forward by the Requesting Party is that the company Mountain Fountain Company Pty. Limited which purportedly executed the assignment document had been dissolved some eleven years prior to the date of that document and no longer existed, so that the assignment could not be valid. Moreover the Requesting Party claims that it had earlier acquired the SUMMIT business including the relevant trade marks and that as a result its interest should be recorded on the Register as the proper and rightful owner. As to why this letter and its request should have issued at the particular time when it did and what it was that had occurred to alert the Requesting Party to the situation (particularly given the circumstances that no steps or action had been taken by that party in relation to the “SUMMIT” trade marks for an extended period of time) is not explained and remains unclear.
5. The request and the submissions of the Requesting Party were referred to Mr. Malcolm Lomasney, Assistant Director, Trade Mark and Designs Administration Section who duly gave his considered attention to this matter. Under delegated authority, and in the exercise of the Registrar’s discretion, Mr. Lomasney forwarded correspondence dated 13 August 2008 to Mr. Larter in the course of which the

Assistant Director indicated that, in view of the apparently improper nature of the assignment of the trade mark registrations Nos. 583757 and 583758 from Mountain Fountain Company Pty. Limited to Mr. Larter and having regard to the fact that the said assignment had been wrongly recorded on the Register, his intention was to amend the Register pursuant to the provisions of Section 81 of the Act by “deleting the assignment”. Mr. Lomasney then allowed a period of twenty-one days within which Mr. Larter could elect to be heard in the matter and consistent with the provisions of Section 203 of the Act.

### **Hearing**

6. On or about 20 August 2008 Mr. Larter requested a hearing in respect of the decision of Mr. Lomasney and he forwarded by credit card payment of the prescribed hearing fee. By official letters dated 8 October 2008 both Mr. Larter and HWL Ebsworth were informed of the Hearing date and of the relevant procedure which would apply. In due course this matter came before me, as the Registrar’s delegate, for Hearing in Canberra on 15 December 2008. At the Hearing the Requesting Party was represented by Ms. Pip Madgwick of HWL Ebsworth, Lawyers while Ms. Jane Owen of Middletons, Lawyers appeared for the Review Applicant (and being on behalf either of Mr. Larter or of the company Summit Refrigeration Products Pty. Limited as the permitted user of the “SUMMIT” trade marks). Ms. Madgwick appeared by conference telephone while Ms. Owen appeared by video link-up.

### **Evidence**

7. Prior to the Hearing, evidence was filed and served by both parties. The said evidence comprised the following, namely:
  - Statutory Declaration of Daphne Raiti made on 14 November 2008 together with accompanying attachments and filed on behalf of the Requesting Party (“the first Raiti Declaration”);
  - Statutory Declaration of Bruce Larter made on 21 November 2008 together with the accompanying Exhibits BL-1 to BL-12 inclusive and filed on behalf of the Review Applicant (“the Larter Declaration”);

and

- Statutory Declaration of Daphne Raiti made on 10 December 2008 together with accompanying attachments (“the second Raiti Declaration”).

The said evidence sets out collectively the relevant history and background to this matter so far as is within the present awareness and knowledge of the respective parties.

### **Submissions**

8. Prior to the Hearing both legal representatives provided written submissions on behalf of their respective clients. In addition, at the Hearing the legal representatives each put forward oral submissions. The respective submissions have received due consideration by me.

### **Preliminary**

9. At the Hearing, there were two issues of an underlying and fundamental nature which were raised on a preliminary footing, namely:

#### **A. Locus standi**

10. At the commencement of the Hearing the issue was raised by Ms. Madgwick as to whether Ms. Owen properly had a right of appearance. The reasoning in this regard was based on the fact that the understanding prior to the Hearing was that Middletons represented Mr. Larter. However Mr. Larter is an undischarged bankrupt, and as such he requires the consent of the Official Trustee in Bankruptcy before he is able to be represented in such proceedings. By letter dated 10<sup>th</sup> December 2008, the Official Trustee indicated that it did not authorise Middletons “to appear for or in the interests of the Bankrupt Estate” and that it did not consent to Summit Refrigeration Products Pty. Limited doing so. Miss Owen argued that she was able to represent Summit Refrigeration at the Hearing because that company had continuously used the “SUMMIT” trade mark No. 1057434 since 2006 under licence from Mr. Larter and as permitted user. As such Summit Refrigeration has an interest in these proceedings and it should be able to participate. In response, Ms. Madgwick contended that Summit Refrigeration was not entitled to participate in the Hearing or to be heard because the earlier marks Nos. 583757 and 583758 were registered in the name of Mountain Fountain Company Pty. Limited and that no licence could be provided to Summit Refrigeration by that company since it was de-registered. Further, the subsequent

equitable assignment of those marks to the Requesting Party meant that Mr. Larter was not in a position to grant licensing rights in respect of same. Failing that argument, the purported assignment from Mountain Fountain to Mr. Larter was invalid and should be set aside with the effect that Mr. Larter was not in a position to appoint a permitted user. In any event there was no evidence of any licensing agreement or of the recordal on the Register of Summit Refrigeration as a party having an interest in the relevant marks. In relation to the later mark No. 1057434, that registration was obtained as a result of an improper assignment and it should be revoked so that Summit Refrigeration cannot be said to have an interest in that mark.

11. As a matter of practical expediency, at the Hearing I chose to adopt the course of allowing Ms. Owen to put forward her submissions and I gave her qualified standing on that occasion. In adopting that approach, I did not consider or determine the question of *locus standi* and I intentionally avoided that issue. I took the view that it was likely to have little effect on the merits and the final outcome if the submissions of Ms. Owen were to be allowed and considered and that those submissions might well be of assistance (and would presumably save valuable time and effort) if they were heard and taken into account. In proceeding in this way, I accepted the constraints urged upon me by Ms. Madgwick that I should do so on the assumptions that those submissions are to be treated with care, that they are to be given appropriate weight, and that they are to be confined to the later mark No. 1057434 and to a consideration as to what should happen in relation to that mark.
12. Should it be considered necessary for me to determine this issue, I would on balance take the view that this Hearing has been requested by Mr. Larter in the exercise of his right to be heard pursuant to Section 203 of the Act and in relation to a decision made against him in respect of the existing registration No. 1057434. As such the Hearing concerns Mr. Larter and Mr. Larter alone. That right does not extend to Summit Refrigeration (at least on the materials which are before me). On that basis, strictly speaking, I agree with Ms. Madgwick that there exists a real doubt as to the *locus standi* of Summit Refrigeration. I am also concerned at the potential conflict of interests which exists for Ms. Owen. In the course of correspondence and dealings preceding the Hearing, the understanding has been that Middletons represent Mr. Larter (see, for example, the letter dated 11 November 2008 from Middletons to IP

Australia in which Ms. Owen states that she will be representing Mr. Bruce Larter at the Hearing). Presumably that firm assisted Mr. Larter in the preparation of his evidence. It is, then, more than a little concerning (and somewhat convenient given the direction from the Official Trustee) that at the Hearing Ms. Owen should indicate that she is not representing Mr. Larter but rather that her firm represents Summit Refrigeration.

13. In any event, I have adopted the procedure of allowing the submissions of Ms. Owen but of treating those submissions with appropriate caution.

**B. Scope of Hearing**

14. In the course of the Hearing, Ms. Owen raised as an issue the likely scope and extent of the decision which would be made. The assumption on her part was that the Hearing would go beyond merely considering the question of the validity or otherwise of the purported assignment of the earlier registrations Nos. 583757 and 583758 and that a determination would be made as to the issue of the revocation of the existing registration No. 1057434 pursuant to the provisions of Section 84A of the Act. At that time, I indicated my understanding to be that the intended purpose of the Hearing (which had been requested by Mr. Larter) was to allow an opportunity for Mr. Larter to be heard in relation to the decision of Assistant Director Lomasney to amend the Register pursuant to the provisions of Section 81 by deleting the assignment from Mountain Fountain Company Pty. Limited to Mr. Larter and as provided for in Section 203 of the Act. On my understanding, that is all that I was proposing to decide. It was not my intention to address the revocation issue or to consider the application of Section 84A, and indeed before that matter could be addressed it would be necessary for a notice of intention to revoke to be issued by the Trade Marks Office and an opportunity given to the relevant parties to be heard. In the interests of clarity and certainty, I would reiterate my approach as being that this decision is limited in scope and that it is concerned only with the finding of the Assistant Director to delete the assignment which has earlier been recorded in respect of the "SUMMIT" registrations Nos. 583757 and 583758 and with providing Mr. Larter with the right to be heard in respect of that finding and by way of review. Whatever might happen in the future is a matter for another occasion. My present intention is to

make a decision only in relation to the finding of Mr. Lomasney in relation to the assignment issue. That issue is the only matter which is properly before me, because it is the only matter in relation to which the Assistant Director has made a finding, so that it is the only issue which can properly be said to form the subject-matter of this Hearing. The wider issues, namely as to whether the later registration No. 1057434 is revoked and what then happens to it, and what happens to the earlier registrations Nos. 583757 and 583758 if the purported assignment of same is invalid, are not dealt with in this decision and those issues remain for future determination.

## **The Law**

### *The Act*

15. Those provisions of the Act which are considered to be relevant to this matter may be summarised as follows, namely:

- Section 6 defines the expression “assignment” as follows:

*“assignment in relation to a trade mark, means an assignment by act of the parties concerned”*

- Section 17 provides a definition of what is a trade mark. Saliiently, a trade mark must serve to distinguish goods or services provided in the course of trade by one party from goods or services provided by any other person.
- Section 21 makes it clear that a trade mark registration is personal property, and that the equities in respect of a registered trade mark may be enforced in the same way as equities in respect of any other personal property.
- Section 22 provides that the registered owner may deal with a trade mark as its absolute owner (subject to any rights appearing in the Register to be vested in another person) with the exception of “a purchaser in good faith for value” and of notice of fraud on the part of the owner. Further, this section provides that equities in relation to a registered trade mark may be enforced against the registered owner, except to the prejudice of a purchaser in good faith for value.
- Section 81 provides that the Registrar may correct any error or omission made in entering in the Register any particulars in respect of the registration of a trade mark.
- Section 84A relates to the revocation of a registration. Section 84A (i) gives the Registrar the power to revoke a trade mark registration if the Registrar is satisfied that the trade mark should not have been registered, taking account of

all the circumstances that existed when the trade mark became registered, and if it is reasonable to revoke the registration taking account of all the circumstances.

Sections 84A (2) and (3) set out the factors to be considered and the circumstances to be taken into account in determining whether revocation should occur, and including “special circumstances”.

Section 84A (4) provides that a trade mark registration may be revoked only if the Registrar gives notice of the proposed revocation within twelve months of registering the trade mark and to the registered owner and any person recorded as claiming a right or interest in respect of the trade mark.

Section 84A (5) requires the Registrar to give each of the relevant parties the right to be heard before revoking a trade mark registration.

Section 84 C (5) provides that if after the revoking the registration of a trade mark the Registrar revokes the acceptance of same, the Registrar may but need not examine the application again under Section 31.

Section 84D provides that an appeal lies to the Federal Court from a decision of the Registrar to revoke the registration of a trade mark under Section 84 D.

- Section 88 (2) (b) allows an application for rectification to be made to a Court on the ground that an amendment of the application for the registration of a trade mark was obtained as a result of fraud, false suggestion or misrepresentation.
- Sections 106 to 111 inclusive of the Act (Part 11) ) address the issue of the assignment of a registered trade mark and the relevant procedure for the recording of same on the Register. In particular Section 106 (1) provides that a registered trade mark, or a trade mark whose registration is being sought, may be assigned or transmitted, while Section 106 (3) makes it clear that the assignment or transmission may be with or without the goodwill of the business concerned.
- Section 152 provides that a person must not intentionally make or cause to be made a false entry in the Register, and it imposes the penalty of two years imprisonment.
- Section 203 provides that the Registrar may not exercise a power under this Act in any way that adversely affects a person applying for the exercise of that power without first giving that person a reasonable opportunity to be heard.
- Section 217 (2) provides that if, at any time after a trade mark is registered, the Registrar is satisfied that the person in whose name the trade mark is registered had died (or, in the case of a body corporate, had ceased to exist) before registration was granted, the Registrar may amend the Register

substituting for the name entered in the Register the name of the person who should be the registered owner of the trade mark.

These, then are the relevant statutory provisions which frame the determination of this matter.

#### *Presumption of Validity*

16. At general law, there is a *prima facie* presumption in favour of the party who is recorded as the owner of property. Under the provisions of the Trade Marks Act, in relation to the three existing registrations Nos. 583757, 583758 and 1057434 the presumption operates in favour of Mr. Larter as the party who is presently recorded as the registered owner of those marks. The registered owner will have the benefit of *prima facie* validity and statutory priority. Additionally because Nos. 583757 and 583758 have been registered since 1994 and take priority from 4 August 1992, the provisions of Section 234 of the Act apply in relation to those registrations with the effect that they are taken to be valid in all respects after a period of seven years from the date of registration unless postponing conduct (as described in the Section) is made out. In relation to real property, the corresponding presumption which is created under the Torrens system is referred to as “indefeasibility of title” and it is expressly provided for in the relevant legislation of each State (for example, in Section 42 of the Real Property Act 1900 (N.S.W.)). Many of the decided cases relating to the issue of indefeasibility of title as it applies to real property have relevance and application in relation to property law generally (see, for example, *Bursill Enterprises Pty. Limited v. Berger Bros. Trading Co. Pty. Limited* (1971) 124 CLR 73 and *Breskvar v. Wall* (1971) 126 CLR 376). Both in relation to real property and personal property (and relevantly applying to trade marks), it is well-established and clear that there are exceptions to the general presumption of validity. In particular, the existence of the element of fraud will always constitute postponing conduct which will serve to set aside the presumption. In the event of fraud, the presumption is readily able to be overcome.

#### *Fraud*

17. In relation to the matter presently before me, the essential issue is whether the purported assignment of the earlier registrations Nos. 583757 and 583758 from

Mountain Fountain Company Pty Limited to Mr. Larter constituted fraudulent conduct on the part of Mr. Larter and if so whether that assignment should be set aside on the basis of postponing conduct on his part. The issue of fraud has been the subject of extensive judicial pronouncement. In particular, there are many cases relating to transactions affecting the title of real property which address the issue of fraud (see, for example, *Gibbs v. Messer* (1891) A.C. 248, *Assets Co. v. Mere Roihi* (1905) AC 176, *Barry v. Heider* (1914) 19 CLR 197, *Lapin v. Abigail* (1930) 44 CLR 166, *Abigail v. Lapin* (1934) 57 CLR 58, *Latec Investments Limited v. Hotel Terrigal Pty. Limited (in Liq)* (1965), 113 CLR 265, *Frazer v. Walker* (1967) 1 AC 569 and *Breskvar v. Wall* (1971) 126 CLR 376). In relation to the application of those equitable principles which are appropriate, many of the elements of the cases relating to real property and the pronouncements expressed therein are also relevant and applicable to personal property.

18. In broad terms, fraud has the general meaning of obtaining a material advantage by unfair or wrongful means. Fraud is proved when it is shown that a false representation has been made knowingly, recklessly, or without belief in its truth. In setting aside transactions which are fraudulent, equity imposes a personal obligation on a party who has acted in a fraudulent manner to give up the fruits of unconscionable conduct. Having regard specifically to the context of trade mark law, the notion of fraudulent conduct has received considerable attention. In *Farley (Aust.) Pty. Limited v. J.R. Alexander & Sons (Qld) Pty. Limited* (1946) 75 CLR 487 (decided under the 1905 Act), the respondent had surreptitiously applied for registration after assuring the applicant for rectification that it was discontinuing use of the trade mark. Proceedings for rectification were not instituted until after seven years had elapsed from the date of registration. In ordering rectification, Justice Williams stated:

“It was contended that the fraud referred to in S. 51A was fraud on the Registrar of Trade Marks. I can find nothing in the section or in the Act to limit the meaning of fraud in this way. The Act does not give an express statutory right of rectification on the ground of fraud. It merely saves the right in such an event to apply for rectification after seven years. Fraud is conduct which vitiates every transaction known to the law. It even vitiates a judgment of the court. It is an insidious disease, and if clearly proved spreads to and infects the whole transaction. A registration of a trade mark procured by fraud, whether another trader or the Registrar was defrauded, would be equally open to attack. In most cases a registration obtained in fraud of the rights of another

trader would also involve a fraud on the Registrar. The respondent gave evidence of extensive use of the trade mark after the date of registration. But where the original registration was procured by fraud, the use to which a monopoly so obtained was subsequently put could not cure the initial invalidity.”

In *Montana Tyres Rims & Tubes Pty. Limited v. Transport Tyre Sales Pty. Limited* (1998) AIPC 91-427 at 37,418 Justice Wilcox noted that the words “fraud, false suggestion or misrepresentation” were relatively new to Australian trade marks legislation but that they had been used in patents legislation, in which context (in the decision of Justice Lockhart in *Prestige Group (Australia) Pty. Limited v. Dart Industries Inc.* (1990) AIPC 90-715 at 36, 592) they have been said to be “of the wide import” and to be “based on equitable notions of good faith, fairness, conscionable conduct and honesty”. Fraud in the sense of deliberate intent to deceive is not required. In *Campomar Sociedad Limited v. Nike International Limited* (2000) AIPC 91-540 the High Court held that in the context of Section 61(1) of the 1955 Act (corresponding to Section 234 (2) ), “fraud” requires more than “sharp business practice” and the court looks for active deception, the saying or doing of something misleading, the lulling of the applicant for expungement into a state of false security, or a breach of confidence which has been reposed by that party in the applicant for registration. The authors of *Shanahan’s Australian Law of Trade Marks* 2008, 4<sup>th</sup> edition, Lawbook Co., at page 482 propose that there may be a ground for rectification if a wilful misrepresentation is made to the Registrar and presumably also where the applicant has failed to disclose a material fact in circumstances obliging disclosure.

#### *Fiduciary Duty*

19. It may be that the conduct of Mr. Larter in his dealings with the companies January Industries Pty. Limited and Chill Refrigeration and Air Conditioning Pty. Limited goes beyond the issue of fraud and extends to a broader duty to act in good faith. In this regard, in *Hospital Products Limited v. United States Surgical Corporation* (1984) 156 CLR 41 96-7 Justice Mason said:

“The accepted fiduciary relationships are sometimes referred to as relationships of trust and confidence or confidential relations (cf *Boardman v. Phipps* (1967) 2 AC 46 at 127, (1966) 3 All ER 721 at 758-9)) viz trustee and beneficiary, agent and principal, solicitor and client, employee and employer, director and company and partners.

The critical feature of these relationships is that the fiduciary undertakes or agrees to act for or on behalf of or in the interests of another person in the exercise of a power or discretion which will affect the interests of that other person in a legal or practical sense. The relationship between the parties is therefore one which gives the fiduciary a special opportunity to exercise the power or discretion of that other person who is accordingly vulnerable to abuse by the fiduciary of his position. The expressions “for” “on behalf of”, and “in the interests of” signify that the fiduciary acts in a “representative” character in the exercise of his responsibility, to adopt an expression used by the Court of Appeal.”

The distinguishing characteristic of a fiduciary relationship is that its essence or purpose is to serve exclusively the interests of a person or group of persons; or, to put it negatively, it is a relationship in which the parties are not each free to pursue their separate interests.

20. In 1996 there took place a sale of the SUMMIT business from a party related to Mr. Larter (and presumably either Signature Down Holdings Pty. Limited or Summit International Products Pty. Limited) to January Industries Pty. Limited. On one argument, that sale included the “SUMMIT” trade marks. Mr. Larter was closely involved in that transaction and he presumably had full knowledge of it. Subsequently Mr. Larter was employed as Technical Director of the new owner for the period of some two years, so that he was well aware of the use of the “SUMMIT” trade marks by January Industries Pty. Limited. Either on the basis of principal and agent (see *Keith Henry & Co. Pty limited v. Stuart Walker & Co. Pty Limited* (1958) 100 CLR 342 at 350) or by virtue of the relationship of employer and employee (see *Boston Deep Sea Fishing and Ice Co. v. Ansell* (1888) 39 Ch D 389, Mr. Larter arguably owed a duty to act in good faith at least in relation to January Industries Pty. Limited. Upon the subsequent transfer of the business to Chill Refrigeration and Air Conditioning Pty. Limited, an event of which Mr. Larter is likely to have had constructive notice, it may be that some form of that duty remained in respect of the said sale. In relation to the later registration No. 1057434, Mr. Larter arguably had an obligation to the Registrar to disclose the existence of the material fact which was known to him in relation to the purported assignment, namely that Mountain Fountain Company Pty. Limited had been deregistered. For present purposes I do not need to go so far as deciding whether or not there existed a fiduciary relationship such that Mr. Larter owed a duty to January Industries Pty. Limited to act in good faith and not

to act in a manner contrary to the rights which that company had acquired from Mr. Larter's corporate structure in respect of the "SUMMIT" trade marks. I am, however, mindful of the statement of Justices Mason and Deane that:

"Equity looks to unconscionable conduct . . . ., especially when unconscionable conduct is associated with fraud, accident or surprise."

(*Legione v. Hately* (1983) 152 CLR 406 at 444). It seems to me that the conduct of Mr. Larter suggests that he may have acted in breach of a fiduciary duty or at the very least that he has acted in bad faith or in an unconscionable manner.

*Bona Vacantia*

21. In the course of presenting her arguments, Ms. Owen has put forward the submission that as a matter of law when Mountain Fountain Company Pty. Limited was deregistered on 26 April 1994 the property of that company vested in the Crown by virtue of the doctrine of *bona vacantia* ("ownerless goods"). On this reasoning, and pursuant to the provisions of Section 576 of the Corporations Law as it then was (corresponding to Section 601 AD (2) of the current Corporations Act, 2001), the two earlier trade mark registrations Nos. 583 757 and 583 758 did not pass to January Industries Pty. Limited and then in turn to Chill Refrigeration and Air Conditioning Pty. Limited, and indeed they were not able to do so, because the ownership in respect of those registrations had already vested in the Australian Securities Commission (as it then was).
  
22. At first glance, the argument of *bona vacantia* which is put forward by Ms. Owen might seem self-defeating and in the nature of a sacrificial gesture. However in fact this approach is a clever strategic move on the part of Ms. Owen and one which is taken in order to secure the broader objective. If the assignment of the earlier registrations were to be declared invalid, it follows that there would exist at least the possibility that No. 1057434, having been granted on an improper basis, would be revoked. On the other hand, if the earlier registrations were subject to the doctrine of *bona vacantia*, the position would be that those registrations might be said not to have existed as at the time of the assignment from Mountain Fountain Company Pty. Limited to Mr. Larter or (if they existed at all) to have been held in the hands of the

Crown. On that basis the effect would be that the objection earlier raised by the Examiner in respect of No.1057 434 and based on conflict with the prior existing entries (and in the name of a different party) could not be raised or relied upon so that the later registration No. 1057 434 would then be entitled to remain. Arguably, the result would be as though the objection had never been raised. More importantly, if *bona vacantia* applied, both Mr. Larter and the company Summit Refrigeration Products Pty. Limited (as the permitted user) would avoid the potential risk of liability for trade mark infringement in the event that the Register were to be amended to record Chill Refrigeration and Air Conditioning Pty. Limited as the registered owner.

23. I consider the *bona vacantia* argument to be unsatisfactory and for a number of reasons. A company does not necessarily abandon a trade mark merely by changing its situation by liquidation, winding up or dissolution, and there may be residual goodwill even after such an event has occurred (see *Malibu Boats West Inc. v. Catanese* (2000) AIPC 91-605). In this instance there can be no question of abandonment. The “SUMMIT” trade marks have been in continuous use by the Requesting Party or a predecessor in title since 1996 and that use is ongoing. Moreover the Requesting Party is in the position of being a bona fide purchaser for value without notice in respect of the earlier registrations Nos. 583 757 and 583 758, and it has acquired, either by the purchase of the company assets or by use and established reputation, the goodwill in the “SUMMIT” trade marks. As such the claim to entitlement on the part of the Requesting Party supersedes the arguable position of the Crown, for the simple reason that to all intents and purposes the title in this instance has not been vacant. Further, Mr. Larter has known of the interest of the Requesting Party in respect of the “SUMMIT” trade marks and he has done nothing to challenge or contest that situation. A form of estoppel can arguably be said to operate against Mr. Larter and to prevent him relying upon any benefit in his favour of operation of *bona vacantia*. In any event, the former Corporations Law (and presumably its contemporary equivalent) provides for alternative steps and mechanisms which have not as yet been explored. Section 575 (1) of the Law provided that where, after a company has been dissolved, it is proved to the satisfaction of the Commission that an administrative act should have been done by or on behalf of the company if the company still existed, the Commission may do that act or cause that act to be done. Section 574 (3) provides that if a person is aggrieved

by the cancellation of the registration of a company the Court may, on being satisfied that it is just that the registration of the company be reinstated, order the reinstatement of the registration of the company at any time within fifteen years after the cancellation. In short, in this instance I do not accept the *bona vacantia* argument and I am not persuaded by it. I see the reliance on the *bona vacantia* argument as being opportunistic in nature.

## **Findings**

24. In relation to the purported assignment of the earlier “SUMMIT” registrations Nos. 583 757 and 583 758 from Mountain Fountain Company Pty. Limited to Mr. Larter, there can be no room for doubt that that transaction was improper. The relevant assignment document appears as an attachment to the first Raiti Declaration (at page 51). That document is not in the form of a deed but rather it is a unilateral statement made by Mr. Larter and headed “To whom it may concern”. There exist real questions as to the adequacy of that document to satisfy the formal requirements of a valid assignment, and in particular there is an apparent lack of consideration. In addition, the assigning document uses the letterhead of Mountain Fountain and it bears the common seal of Mountain Fountain at a time when that company had long since ceased to exist, a fact of which Mr. Larter was well-aware. Further, Mr. Larter purported to execute that document in his capacity as a Director of Mountain Fountain even though he could not say that he held that office at the relevant time. The assignment document thereby created and the representations expressed therein were false and they were deliberately and knowingly so. Mr. Larter also falsely represented the true nature of that document to the Trade Marks Office and he withheld relevant information as to the correct state of affairs. In so doing Mr. Larter has sought to secure an improper advantage for himself and he has engaged in postponing conduct. On that basis, the recordal of the purported assignment of Nos. 583757 and 583758 cannot be allowed to remain unaddressed and there is no choice but to cancel the assignment.
25. It then follows that the later registration No. 1057434 improperly remains on the Register since the attaining of acceptance of same was obtained by virtue of Mr. Larter’s improper conduct. Accordingly that registration must be revoked and the

application then needs to be submitted to fresh examination. In that regard, the correct procedure is as follows. This matter involves a decision under Section 81. The “SUMMIT” registration No. 1057434 cannot be revoked under Section 81 but only under Section 84 A. The fact of registration is not a “particular” within the meaning of Section 81 so that a trade mark which is wrongly registered, even though that registration may have been the result of an error, cannot be removed under Section 81 but only under Section 84A.

## **Decision**

In relation to the only substantive matter before me in respect of which I am presently required to give a decision, namely whether Assistant Director Lomasney was correct in his ruling that the earlier assignment in respect of Nos. 583757 and 583758 was improperly recorded and should be deleted from the Register pursuant to the provisions of Section 81, I find that the Assistant Director was correct in reaching his finding and in making that decision. Clearly, the provisions of Section 109 (2) and Regulation 10.1 (a) require a proper transmission of title to be established. If it emerges that the submitted documentation is deficient and fails to establish transmission of title, the Registrar cannot record the assignment (see *Re Application of Tashounidis* (1996) 35 IPR 305). However, it is apparent that the matter does not end there. Obviously, it follows that if the assignment in respect of the prior cited registrations Nos. 583757 and 583758 is overturned there must be consequences in relation to the granting of registration in respect of the later “SUMMIT” AND DEVICE trade mark No. 1057434. The issue then remains, what is to happen in relation to that registration? In this regard, I would indicate that I will be making the recommendation that the existing registration No. 1057434 be revoked pursuant to Section 84A and that a Notice of Revocation as required by that Section be issued to the relevant parties.

## **Costs**

This Hearing was not by way of an Opposition. It was set down in order that the Review Applicant could exercise his right to be heard pursuant to Section 203 of the Act. Nonetheless this matter has required the expenditure of considerable time and effort by both parties and in particular it has involved the preparation of evidence and

submissions as well as the appearance at the Hearing. The Requesting Party has sought a direction for costs and, the costs going with the cause in the usual event, as is the proper course I award costs in favour of the Requesting Party and as assessed and determined by the Taxing Officer.

John Spence  
Hearing Officer  
Trade Marks Hearings  
10<sup>th</sup> February 2009