



## TRADE MARKS ACT 1955

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

Re: Opposition by Cannon Kabushiki Kaisha to trade mark application number B466669(14), CANNON, filed in the names of Robert James Brook and Rachel Brook trading as The Cannon Watch Company.

On 10 June 1987 Robert James Brook and Rachel Brook filed trade mark application number 466669 to register the word **CANNON** for watches. Their mark came to examination and a number of objections were raised amongst which was the citation of Canon Kabushiki Kaisha's trade mark A329416(14), **CANON**, registered since 27 February 1979 for a *clock with calculator*. The examiners found the application mark, **CANNON** substantially identical and deceptively similar to **CANON**, and raised an objection under section 33 of the Trade Marks Act. Mr and Ms Brook met this objection with evidence of use, and satisfied the examiners that the mark, through honest concurrent use, was entitled to acceptance under the provisions of section 34(1). The evidence showed that **CANNON** had been quite extensively used by Mr and Ms Brook and their predecessors, in relation to watches, from as early as 1978 - nine years, that is, before lodgement.

Canon Kabushiki Kaisha (hereafter Canon Kabushiki) are opposing this mark. It served evidence on Mr and Ms Brook supporting its opposition. They then responded with service of evidence in answer. Canon Kabushiki notified the Registrar that it did not intend to serve

evidence in reply, and the matter of the opposition was therefore set down for hearing in Sydney on 7 July 1994. This hearing was conducted before me. The opponent, Canon Kabushiki, was represented by Ms Fleur Hinton of the Sydney firm of Spruson and Ferguson. The applicants, Mr and Ms Brook, were represented by Mr Richard Cobden of Counsel.

The evidence supporting the opposition consists of a declaration from Thomas James Redmond. Mr Redmond is general manager (administration) of Canon Australia Pty Limited, a wholly owned subsidiary of Canon Kabushiki. His declaration, executed 21 June 1993, bears eight annexures. Broadly, Mr Redmond describes the history of Canon Kabushiki, its adoption of the **CANON** trade mark, the company's activities with a recital of its extensive sponsoring campaign, and an account of incidents showing confusion between the marks **CANNON** and **CANON**.

The evidence in answer comprises two declarations. The first is from Robert James Brook. It was sworn 19 January 1990 and six exhibits are annexed. Mr Brook is both a partner and managing director of The Cannon Watch Company. He describes the business activities of The Cannon Watch Company, including sales and turnover, since 1978. The second declaration in the evidence in answer is from Steve Gleiber. His declaration was sworn 20 September 1993 and bears seven annexures. Mr Gleiber is a 'financial controller' for The Cannon Watch Company. He gives some further details of sales and turnover of goods bearing the **CANNON** trade mark, and of the business activities conducted by The Cannon Watch Company in the years 1990 - 1993. He too gives an account of confusion between the marks **CANNON** and **CANON**, citing two instances where enquiries were received by his firm, regarding the supply of **CANON** typewriters and photocopiers.

### **Grounds of the opposition**

The grounds of opposition are stated in the notice of opposition as follows:

- (a) The Applicant is not the proprietor of the opposed trade mark.
- (b) The opposed trade mark is not distinctive of the Applicant's goods.
- (c) The registration or use of the opposed trade mark is likely to cause deception or confusion by reason of its close resemblance to one or more trade marks of the Opponent used for the same or similar goods or description of goods.
- (d) The Applicant does not manufacture, sell or otherwise deal in the goods for which registration is sought and at the date of the application for registration, the Applicant has no real intention of doing so.
- (e) Registration of the opposed trade mark would prejudice the Opponent in the conduct of its business.
- (f) By reason of the reputation and rights acquired by the Opponent, the use of the opposed trade mark by the Applicant in relation to the goods in respect of which registration is sought would be misleading or confusing and an infringement of the Opponent's said rights
- (g) Use or registration of the opposed trade mark by the Applicant would be contrary to law or morality and/or contrary to public interest.
- (h) The opposed trade mark would be disentitled to protection in a Court of Justice
- (i) By reason of the matters set forth in any one or more of the foregoing paragraphs the Registrar in the exercise of his discretion ought to refuse registration of the opposed trade mark

These grounds are broad and general and go well beyond matters supported either by Canon Kabushiki's evidence, or by the arguments put by Ms Hinton at hearing. Specifically, there is no support for grounds (a), (d), (g) or (h). The only support for ground (b) is a faint argument that **CANNON**, the mark in suite, fails to achieve distinctiveness through confusion and deception: that being the case I do not intend to consider the distinctiveness of this mark in terms of section 25. Ground (e) was mentioned by Ms Hinton as a prerogative for raising the question of whether section 34 had been properly applied; however, she did

not point to any evidence to show that registration of **CANNON** would prejudice the opponent in the conduct of its business, and I find that this ground has no support.

Evidence and argument go to only three of the nine grounds, namely

ground (c) - which equates to a claim that the mark fails under the provisions of section 33;

ground (f) - which is a claim that the mark fails under the provisions of section 28(a) (and through the assertion that it is likely to deceive and confuse, Ms Hinton suggests that **CANNON** is not distinctive); and

ground (i) - which claims that the Registrar should exercise his discretion and refuse registration.

Ms Hinton commenced her submission, however, with argument that the evidence for acceptance of Mr and Ms Brook's trade mark **CANNON** does not warrant acceptance under the terms of section 34(1) of the Act. This ground is not specified in Canon Kabushiki's notice of opposition. Ms Hinton says that she considers that it is comprehended within the section 33 ground, further, that it goes towards the Canon Kabushiki's claim that the trade mark **CANNON** would prejudice the conduct of its business, and lastly that I should take this issue into account in determining whether in the exercise of discretion, I should refuse this trade mark application.

Taking these three points in order, first is Ms Hinton's claim that the section 33 ground allows her to argue the issue of whether the provisions of honest concurrent use are correctly applied. I do not consider that nomination of the likelihood of deception and confusion is equivalent to nomination of the ground that the provisions of section 34 are wrongly applied. Certainly, it is a fact that the section 33 objection has been resolved by way of section 34; however, raising the issue of 34 only at the hearing, could very well render the other side unprepared and disadvantaged. On the other hand, sub-section 50(2) authorises me to take matters into account regardless of whether or not those matters form a

part of the evidence, and section 33, which generates the involvement of section 34, concerns the probability of confusion and deception. This raises the issue of public interest, and public interest is good reason for the Registrar to invoke the provisions of sub-section 50(2). In so doing, of course, it would in the main be necessary for me to adjourn proceedings so that the other side could adequately prepare a response. At this hearing, however, Mr Cobden did not seriously oppose Ms Hinton's right to argue section 34, and further, it was clear that he had no difficulty in responding to the questions raised. In view of the public interest concerns, and Mr Cobden's apparent preparedness, I have decided to hear Ms Hinton's section 34 argument. In doing so, however, I caution that where grounds are not clearly nominated in the notice of opposition, the opponent may well find they are excluded from the Registrar's consideration.

Ms Hinton's second claim is that the section 34 ground forms a part of ground (e) and is in some way responsible for prejudicing Canon Kabushiki's business. As I mentioned above there is neither argument nor evidence to support this claim and I shall not consider it further.

Ms Hinton's third claim is for the section 34 argument to be admitted in consideration of the exercise of discretion. I think I do not need to take this matter any further than as above in the discussion relating to section 33.

I will therefore consider the arguments for the opposition, first in relation to the section 33 ground, and here I will deal with the submissions that the provisions of s34 are not justified; second with the section 28 ground; and third with the question of discretion.

**Section 33 and 34**

Ms Hinton's comments in relation to section 33 are brief. She says that the words **CANNON** and **CANON** only differed by one letter and that comparing them one to another they are clearly substantially identical marks. The goods of application for **CANNON** are *watches*, those comprehended by **CANON** under A329416(14) are *clock with calculator*. *Watches* and *clocks* she says are the same goods, or at least, are goods of the same description.

Mr Cobden points out that **CANNON** is an ordinary English word meaning a large mounted gun, and that **CANON** is a different word, with the variety of quite different meanings ranging through from a musical term and a church decree to a body of law. He submits that this difference in meaning precludes the mark in suit, **CANNON**, from being either substantially identical or deceptively similar to Canon Kabushiki's trade mark **CANON**. He also makes a somewhat tentative submission that a clock incorporating a calculator is neither the same good, or a good of the same description, as a watch.

The similarity of the marks **CANNON** and **CANON** I think, speaks for itself. As Ms Hinton points out, it is very likely the case that the average Australian is not fully aware of the meaning of *canon*, and in any case, in the spoken language there is absolutely no difference between these words. It may well be the case that the average person purchasing Canon Kabushiki's goods does not even register the spelling of this company's mark. Certainly the evidence from both Mr Redmond and Mr Gleiber indicates that there is in fact some confusion in the market, and failure to grasp the respective spellings must be a contributory factor. I agree with both the examiners and Ms Hinton that, patently, **CANNON** is almost identical with **CANON**, and I dismiss Mr Cobden's argument that the difference in spelling and the different meanings will preclude confusion. *Watches* and *clocks* (including *clocks with built in calculators*) are by nature the same - the principal difference being nothing more than size, shape and design; they are both for keeping time;

and they occupy the same trade channels all the way through from manufacture to the retail outlets. They are simply different kinds of timepieces and it would be a nonsense to hold them anything but the same goods, or, in their more extreme forms, goods of the same description. I find therefore that the application mark **CANNON** is substantially identical to Canon Kabushiki's trade mark **CANON** and that the goods claimed are the same as the goods comprised in Canon Kabushiki's trade mark registration number A329416(14). This gives rise to a serious objection under the terms of section 33 of the Act. An objection of this kind can only be put aside if the provisions of s34 are satisfied.

Ms Hinton argues that these provisions are not satisfied. As I understand her submission, they are fourfold. First, she points to evidence of actual confusion between **CANNON** and **CANON**, to the very slight difference between these words, to the similarity of the goods, and to the extensive reputation enjoyed by Canon Kabushiki for its mark **CANON**. She submits that against these facts, sufficient weight has not been given to the risk of confusion and that the provisions of section 34 are thus wrongly applied. Second, she attacks the evidence filed in response to the examination section 33 objection. Her complaint, I think, is that declarations from members of the trade show only that use has taken place in New South Wales and Queensland, and limited use of this kind does not justify the application of s34 when the section 33 objection is of such force. Third she says that an additional burden is placed on the applicants to justify registration of their mark because, through promotional activities associated with famous performers and sporting events (many of which have been televised to world wide audiences) Canon Kabushiki have achieved a remarkably high exposure for its mark **CANON**. Mr Redmond nominates these performers and events under paragraph 4 of his declaration. They include bodies such as The Australian Chamber Orchestra and the Sydney Theatre Company and events such as the 1976 Montreal Olympics, the World Cup Ski Championships and the Soccer World Cup. Fourth she says that as a result of great success in developing goodwill and fame in its trade mark and goods, Canon Kabushiki's trade mark has become a 20th Century icon.

The adoption by the applicants of a mark so similar to a mark of this standing is likely, says Ms Hinton, to greatly increase the risk of confusion, and this factor has not been given weight when considering the tests for section 34.

Mr Cobden responded to the first and second of Ms Hinton's arguments by submitting that the evidence, particularly as it emerged in Canon Kabushiki's evidence for the opposition, demonstrated that the applicants are entitled to register their trade mark under the terms of sub-section 34(2) of the Act. The section reads as follows:

34. (1) In case of honest concurrent use or of other special circumstances which, in the opinion of the Registrar, make it proper so to do, the Registrar may permit the registration of trade marks which are substantially identical or deceptively similar, or, but for the honest concurrent use or other special circumstances would be deceptively similar, for the same goods or services or other goods or services, by more than 1 proprietor subject to such conditions and limitations (if any) as the Registrar imposes.

(2) Where a person has, by himself or his predecessors in business, continuously used a trade mark before the use, or before the date of registration, whichever is the earlier, of another registered trade mark by the registered proprietor of that other trade mark, by his predecessor in business or by a registered user of that other trade mark, the Registrar shall not refuse to register the first-mentioned trade mark by reason of the registration of that other trade mark.

He pointed out that the only evidence put forward by Canon Kabushiki to show that they use the mark **CANON** on watches, comes from Exhibit G to the Redmond Declaration. This is a catalogue nominated *Canon Promotional Items 1991*. Amongst items listed in this catalogue are a variety of clocks and watches on some of which, (A-25) the word **CANON** is clearly visible - on others however (B-10) the trade mark **SEIKO** is visible. Mr Redmond explains this in paragraph 5 of his declaration. He says

Exhibit G is a catalogue from 1991 showing the various promotional items which the Opponent distributes on a worldwide basis. Included in this brochure are watches and clocks. None of the watches or clocks is manufactured by the Opponent or any of its related companies.

Mr Cobden submits that this evidence clearly implies that Canon Kabushiki does not manufacture clocks or watches. Further, as it would have been very much in Canon Kabushiki's interest to demonstrate its use of the **CANON** mark on watches and clocks, and no evidence has emerged, Mr Cobden submits that I can infer that there has never been any use. If the proprietor of the cited mark has not used it then in order to meet the conditions of subsection 34(2) it only remains for Mr and Ms Brook to show that they, or their predecessor, used the mark **CANNON** prior to the registration date for A329416(14). That date is 27 February 1979. The first use claimed for **CANNON** (undisputed by Canon Kabushiki) is put in 1978. This established, says Mr Cobden, that the trade mark **CANNON** is entitled to proceed under the provisions of subsection 34(2). He points out that the discretion operating in subsection 34(1) is absent from 34(2), and proposes that on the evidence that the application mark was in use before both the registration of the cited mark, and before any use of that mark, the application mark should proceed under the terms of 34(2).

In relation to Ms Hinton's third and fourth arguments Mr Cobden broadly objects. He says there is no evidence to support the contentions that the trade mark **CANON** gained widespread exposure at the sporting events and at performances given by the bodies mentioned in the Redmond declaration. Of those events listed by Mr Redmond some are certainly well known - for instance the World Soccer Cup and the Montreal Olympics - but, Mr Cobden objected, the claim they were seen by massive world television audiences who, at the same time were regaled with Canon Kabushiki's promotional material, should not be given any weight unless that claim was supported by facts. There is no such support,

nor is there any support for the claim that **CANON** is a 20th Century icon. Thus, he said, I should give these submissions no weight at all.

I will consider the overall effect of these submissions in terms of section 34(1) per the tests set in *John Fitton & Company Limited's application*, (1949) 66 RPC 110 viz :

- (1) the quantum of concurrent user shown by the Applicant having regard to duration, area, and volume of trade and to the goods concerned
- (2) the degree of confusion likely to ensue from the resemblance of the Applicant's and Opponent's marks,
- (3) the honesty of the concurrent user,
- (4) whether instances of confusion have been proved, and
- (5) the relative inconvenience which would be caused to the parties if the Applicant's mark should be registered.

(1) The quantum of concurrent use of the trade mark **CANNON** is established by the Brook and Gleiber declarations. Briefly, this mark has been applied to watches by Mr and Ms Brook or their predecessor, since 1978. Mr Brook states in paragraph 4 that as early as 1979 these goods were being retailed across the country, through Myers stores, K-Mart stores, and through Hoffmanns jewelry stores. By 1982 the price list exhibited as Annexure 2, shows them being sold at a string of outlets from Mackay to Hobart, and from Broken Hill to Perth. From 1979 to 1987, sales have shown a constant and impressive growth, and by the date of lodgement annual total sales were in the vicinity of \$1 million. Advertising has been widespread and extensive. Mr Gleiber says in paragraphs 6 to 12 of his declaration that **CANNON** watches have been advertised through many retail catalogues (with distribution figures in the order of half to two million) and through trade shows. Mr Brook, in his paragraph 10, illustrates that his business too has also been active in the sponsorship field. He exhibits in annexure 6, a 1989 Belvoir Street Theatre program in which the Cannon Watch Company is acknowledged as a sponsor, and an (apparently 1989) edition of *The Sydney Swan*, the official newsletter of the AFL football team, which acknowledges Cannon Watch Company's support. Taken as a whole, this use is impressive. The trade mark has been developing from 1978 and by lodgement, in June

1987, it is clear that considerable investment had been undertaken and substantial goodwill achieved. Moreover, at no time in these course of this nine years was there any attempt by Canon Kabushiki to restrain this trade. I give no weight to the Cannon Watch Company's sponsorship of theatre and sports events - these occurred after lodgement - but I find that by June 1987 Mr and Ms Brook had, through successful and extensive use of their mark, good reason to turn to the provisions of sub-section 34(1).

(2) The degree of confusion likely to ensue from the resemblance of the applicants' mark **CANNON** and opponent's mark **CANON** is clearly high. The marks I have found are substantially identical, there is nothing more than a minor difference in spelling, and what amounts to some esoteric differences in meaning. However, section 34(1) provisions are not limited to marks which are only marginally likely to create a minor degree of confusion. The factor of confusion clearly has to be weighed, but as per Lord Justice Hanworth, in *Alex Pirie & Sons*, (1933) 50 RPC 147 at 213, section 34

... is a section which does not carry with it a limitation as to there being a slight possibility of deception, for its words indicate that the Registrar may permit the registration of the same trade mark, or of nearly identical trade marks, for the same goods by more than one proprietor. It seems to indicate that the powers of the Court [and the Registrar] can be exercised even when there is likely to be confusion between the marks.

I agree with Ms Hinton, that here the likelihood of confusion is significant, but I find the use achieved for **CANNON**, sufficiently impressive to outweigh these concerns.

(3) The honesty of Mr and Ms Brook's use of **CANNON** has not been brought into question either by the evidence, or in Ms Hinton's submissions. I adopt the words of Mr Justice Wynn-Parry in *Electrix Ld* [1957] RPC 369 at 379 in finding that the use of **CANNON** is clearly established and as no one has sought to challenge the honesty of the

user, and as there is nothing in the material before me to raise any doubt as to the applicants' honesty, I find this test satisfied.

(4) Instances of confusion have been proved. However, during the long course of time while the applicants were developing their market, Canon Kabushiki has not, it seems, taken any steps to restrain Mr and Ms Brook from continuing with their mark even though it, or its agents, knew some customers were experiencing confusion. This seems to me to imply that they did not consider the degree of confusion to be of much importance. I also consider, that given the similarity of **CANNON** and **CANON** and the extent of the trade, that the number of instances of confusion noted in the evidence - no more than a dozen in total - is quite surprisingly small. This I might speculate, may in some measure be due to the fact (evident from the Redmond evidence) that Canon Kabushiki's reputation does not reside with clocks and watches. But in any case, I find that the instances of confusion, considered against the established reputation in **CANNON**, do not override the mark's qualification for acceptance under section 34(1).

(5) The inconvenience which would be caused to Mr and Ms Brook through a denial of trade mark rights in **CANNON** would clearly, at this stage, be very serious. They have established a market which it is in their interest to protect, and a trade mark on whose goodwill that market is clearly very dependent. Canon Kabushiki have not demonstrated that any serious disadvantage will fall to them through allowing **CANNON** to proceed to registration. On this test too, I find in favour of allowing the application.

In relation to each of these five criteria I agree then with the examiner, that the provisions of section 34(1) are properly applied. The matters raised by the opponent's evidence, and in Ms Hinton's submissions have not shown any cause for me to find that acceptance, as it relies on subsection 34(1), is at fault. Harking back for a moment to Ms Hinton's argument and the issue of the likelihood of deception and confusion, I can add that I could not assume

simply from the fact of high profile television exposure of a cited trade mark, that the burden on the applicants will necessarily increase. Depending on the focus of the promotion, one possibility is that the advertising could drive home the difference between the marks. Be that as it may, in relation to the television exposure achieved by Canon Kabushiki, I acknowledge Mr Cobden's objection that evidence here does not show the extent of promotion and that Mr Redmond's statements and opinions can not be given as much weight as they would have been had they been more extensively supported.

In sum, I find that the opposition does not succeed in respect of the application either on the ground based on section 33, or on the submission that the provisions of section 34(1) were inappropriately applied.

In light of this finding I do not need to deal at any length with Mr Cobden's submissions that the opposition itself, by failing to show trade mark use of **CANON** on watches, has brought about grounds on which I may apply the provisions of sub-section 34(2). However, I will comment that to meet the conditions for section 34(2), there must be more than a mere inference that the cited mark was not in use any earlier than the subject mark. Therefore, while I understand Mr Cobden's argument, and agree that one possible reading of the evidence supports his contentions, it would not be appropriate to apply the provisions that basis. The provision requires more than a mere inference - there must be evidence to show whether the cited mark came into use, and when that was - and if that history is not to be had, then the applicant must rely on declaratory evidence from people who through their trade connections, are in a position to swear, and do swear, that prior to the critical date, the cited mark was not in use.

### **Section 28(a)**

On the basis of the reputation claimed by Canon Kabushiki in its trade mark **CANON**, Ms Hinton submitted that the applicants failed to meet a very heavy onus to show that their trade

mark use was not likely to deceive or cause confusion. She referred to the now well established Official practice developed from the Registrar's interpretation of the *Murray Goulburn Co-operative Co. Limited v The New South Wales Dairy Corporation* (1990) AIPC 90-664, and said that the matter of blameworthy action as a necessary condition for establishing the section 28(a) ground, had been ignored in the **BAND>> IT** (*Johnson & Johnson -v- Kalnin*, 26 IPR 435) and **FUNSHIP** (*Carnival Cruise Lines Inc -v- Sitmar Cruises Ltd* - not yet published) cases and that I should do likewise. Mr Cobden said that I should stand by the practice which was now firmly settled and should remain firmly settled until such time as the courts addressed the issue and, as may be, confirmed or revised the directives laid down by the full Federal Court.

The Registrar's practice in this matter is fully settled (Practice Note of AOJTM 19 September 1991 and **TITAN** 22 IPR 613). Therefore, in addition to the shortcomings discussed above in relation to showing widespread exposure of its mark, there is no hint of any blameworthy action and I find that the opposition ground relying on section 28(a) does not succeed.

### **The exercise of discretion**

I have found that this trade mark is well qualified to meet the provisions of section 34(1) and I have not been shown any good reason to exercise discretion and refuse the application. On the contrary, I find no reason to interfere with the progress of this mark to registration. Accordingly I dismiss the opposition and order that unless the matter is appealed, trade mark application number B466669 should proceed to registration.

### **Costs**

The applicants, Mr and Ms Brook are successful and are entitled to their costs which I accordingly award to them.

Helen R. Hardie  
19 December, 2000