



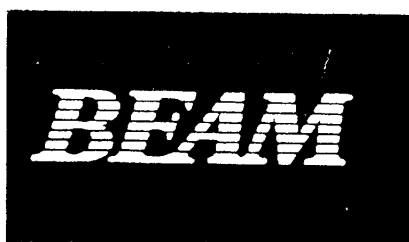
## TRADE MARKS ACT 1955

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

Re: Opposition by KOH ELECTRONICS TRADING to trade mark application number 543153 in the name of LIBRA ELECTRONICS PTY LTD

#### **Background**

Application number 543153 was lodged, on 28 September 1990, in the name of LIBRA ELECTRONICS PTY LTD (the applicant). The application was for registration of the word BEAM, as depicted below, and was advertised as accepted in the *Official Journal* of 15 August 1991 for a statement of goods subsequently amended to read, "Personal computers and computers and computing systems for business use" in Class 9.



Notice of opposition to the mark's registration was lodged on 23 September 1991 by KOH ELECTRONICS TRADING (the opponent). There were 15 various grounds stated in the notice but those which the supporting evidence went towards, and which were later pursued in depth at the hearing, can be summarised as relating to: s.40 of the Act, that the applicant was not entitled to claim to be the proprietor of the trade mark; s.28, that the mark's use by the applicant would be likely to deceive or cause confusion and would not be entitled to

protection in a court of justice; and that the applicant had not discharged its initial onus of showing that it is entitled to registration of its application.

### **The evidence**

The service and lodgment of the opponent's and applicant's respective evidence in support, answer and reply in the matter was completed by 15 November 1993. This evidence comprised:

#### *Evidence in support*

Statutory declaration by Raymond Kai Chuan Koh dated 6 May 1992 and Exhibits A to D.

#### *Evidence in answer*

Statutory declaration by Vijay Gulani dated 17 May 1993 and Exhibit 1

#### *Evidence in reply*

Statutory declaration by Raymond Kai Chuan Koh dated 11 Nov 1993 and Exhibit A

The essential features of the opponent's and applicant's evidence were as follows. The opponent company alleged that, since April 1987, it had used virtually the same mark as is presently applied for in Australia on computer systems and monitors. These goods were exported to Australia and were sold to various companies, including the applicant, who acted as distributors. This was said to be shown by various invoices and brochures listing the sale of computing equipment. The opponent registered virtually the same mark in Singapore on 29 June 1987 and it alleged that it owned the artistic copyright in the artistic work in the mark. The applicant alleged that it had a reputation for the mark in Australia and lodged copies of advertisements, magazine articles to show the manner of promotion. It said that it had been the first to adopt and use the mark in Australia for personal computers and assembled computer systems.

On 25 November 1993, the opponent applied for a hearing under the provisions of reg.49 and the matter was set down before me, as the Registrar's delegate, in Sydney on 4 March 1994. The opponent was represented at the hearing by Mr Trevor Stevens of Davies Collison Cave, patent attorneys. Appearing on behalf of the applicant was Mr Wayne Willis of F.B.Rice & Co.

### **Submissions**

Mr Stevens said that the opponent would be relying in its submissions upon three main grounds. These were the proprietorship of the mark in question, the possible deception and confusion caused if the mark was registered by the applicant, and the initial onus upon the applicant to show it was entitled to register the mark. Each of the related issues would be addressed in turn. He said that the issues needed to be assessed as at the date of lodgment of the application - 28 September 1990. From the declaration of Mr Gulani lodged as evidence in answer, it would appear that the applicant commenced business in October 1987 and first applied the mark to personal computers (PCs) in November 1988. The opponent had first commenced use of exactly the same mark in April 1987 which was before these dates. He alleged that the present mark was a blatant copy of that owned by the opponent. He pointed to the case of the *Thunderbird Trade Mark* 131 CLR 592 which he said was analogous to the present situation in that the issue in question was one of proprietorship. The present case involved the import of parts produced by one entity which were assembled into final product for sale by another. In *Thunderbird*, the use by the original producer was not on the goods finally offered for sale but on invoices and shipping documents. The claim to proprietorship by the original owner of the mark had not been shown to have been disturbed by such events. On the question as to the continuing ownership of a mark when used on the same goods, or goods of the same description, he further referred me to the case of *Rolewa Rentals Pty Ltd v Champagne Moet et Chandon* (1985) AIPC 90-238, and *Australian Law of Trade Marks and Passing Off* (Second Edition) by D.R.Shanahan at p.158 re *Hick's* case (1897) 22 VLR 636 regarding

the successful claim for proprietorship of a mark by the original user when that mark had been used by different parties on "the same kind of thing".

Mr Stevens said that the first declaration by Mr Koh showed that the opponent had first adopted, used and applied for registration of the trade mark in Singapore in early 1987, and then used it in Australia from April 1987 on computer systems and monitors, together with related products. Such use was shown in the invoices included in the exhibits which were public documents used in normal commerce. These listed "BEAM" computer goods which were itemised for delivery to addresses in Australia. He said that this was use as defined in the Act in s.107(2A)(b)(ii).. Such use was referred to in the *Thunderbird* case, supra, where use on a "loosely assembled hull" equated to use on the final product - a fully assembled motor boat. In the present case, the opponent had made out its claim to proprietorship based on authorship, first use and application for registration. Mr Stevens said that several of the opponent's brochures showing use of its mark were attached as an exhibit to the Koh declaration. These had been used by the applicant in relation to the distribution and sale of the opponent's goods in Australia. Mr Stevens said that this was exactly the same mark which the applicant had said it had adapted after it had commenced business in October 1987. In the case of *Settef S.p.A. v Riv-Oland Marble Co (Vic) Pty Ltd (1988)* 12 IPR 321, where the matter came before the full Federal Court, it was found that the overseas company achieved proprietorship of the mark because of initial minor use despite admitted distinctiveness which had been achieved by the local company. He further cited the instance of *Seven Up Co v O.T. Ltd (1947)* 75 CLR 203 at 211 where the judge said that "...the court...seizes upon a small amount of use..." in determining proprietorship. There was an onus on the applicant to show proprietorship of its mark. To do this, it consequently needed to show the origin of the mark and this it had not done. In his second declaration, Mr Koh had declared that the applicant had not been incorporated until January 1989, which placed in doubt Mr Gulani's claim in his declaration that the applicant had first applied the mark to goods in November 1988. He said that, in the exhibit to that declaration, the applicant was referred to as the "local distributor" of the Beam PC. Despite

unsupported statements by Mr Gulani in his declaration regarding certain trade practices in the computer industry, the matter of proprietorship of a trade mark was not decided in this way. Mr Stevens said that the opponent did supply workable units in Australia. Therefore, its use of the mark on goods in Australia was not limited to computer component parts as had been alleged by Mr Gulani. Notwithstanding this, as was shown by the *Thunderbird* case, component parts of computers and related hardware amounted to goods of the same kind as fully assembled PCs.

He said that the onus was on the applicant to satisfy the Registrar that it had met all of the grounds of objection and in a case where there was any doubt as to whether another party has a better claim as to the ownership of a mark, the Registrar should refuse registration in the public interest.

With respect to the issue of the objection under s.28 of the Act, Mr Stevens said that he acknowledged that the Registrar's current practice regarding such objections required that an opponent must successfully show blameworthy conduct on behalf of the applicant in addition to deception and confusion if the mark was granted registration. However, he maintained that, if I decided that the opponent was successful on the grounds of proprietorship, then that finding would constitute the necessary blameworthy conduct on behalf of the applicant. In any case, given the present mark was an exact copy of the mark lodged for registration at the Singapore Trade Mark Registry, the applicant had breached the opponent's copyright in using the mark for its own purposes. He argued that it was shown in various U.K. cases on the same point, such as the *Karo Step* case 1977 RPC 255 and the *Oscar* case 1979 179 RPC, that the Registrar could have jurisdiction regarding copyright as it applied to matters raised under s.28. Given that both marks were exactly the same, he said that I should infer that the applicant had breached the opponent's copyright and that this also constituted the necessary ground of blameworthy conduct which was a prerequisite for finding that s.28 had been breached.

He concluded his submissions by asking that costs be awarded against the applicant.

In reply, Mr Willis said that the BEAM trade mark was known throughout Australia by purchasers of the goods in question. Those purchasers knew that the mark belonged to the applicant and this represented a significant reputation in the market place for his client. Therefore, he said, the matter of proprietorship was the nub of the opponent's case, as opposition under s.28 relied upon reputation - something which the applicant had acquired in respect of its mark. He said that the applicant had adapted the mark and had not stolen it as claimed by the opponent. The main case which dealt with such matters was the *Seven Up* case, supra. The law appeared to be that what occurred in overseas jurisdictions did not have any influence over affairs within Australia unless a superior right to proprietorship in a mark was established in this country by prior and significant use. He said that Mr Gulani could authoritatively comment on the practices of Australian PC assemblers in Australia, whereas Mr Koh could not. Mr Gulani claimed in his declaration that PCs assembled in Australia could contain components from overseas bearing various trade marks. The completed PC then had the assembler's trade mark attached so it could be offered for sale in the Australian market place. Mr Willis said that Mr Koh in his second declaration conceded that the goods made by the opponent and imported into this country did not have a trade mark attached. He said that it was never the opponent's intention to use the mark on goods in Australia and the present case could there be distinguished from the *Thunderbird* case, supra, as, in that instance, it had been intended that the mark should continue to be used on the fully assembled product.

He said that the word "use" was applied in different contexts throughout the Act. However, he said that he believed that the most pertinent case which dealt with the concept of use in relation to proprietorship was *Shell Company (Australia) Limited v Rohm and Haas Co* (1949) 78 CLR 601 where Dixon J at 627 and 628 said that the basis of a claim to ownership of a mark so far unused was found in the combined effect of authorship, intention to use and application for registration. The mark had most certainly been used by the

applicant or its predecessor in business for at least two years before the present proceedings commenced. With respect to the opponent's alleged use of the mark on invoices, and whether this equated to use for the purpose of establishing proprietorship, Mr Willis said that the authorities were unclear on that point. He said that *Shanahan* in his book at page 34 quotes the case of *Angoves Pty Ltd v Johnson* (1982) 43 ALR 349 in saying that invoices equated to use within the meaning of s.6(2)(b). However, he said that a reading of that case does not in fact reveal such a precedent. In the case of *Prosimmon Golf (Aust) Pty Ltd v Dunlop Australia Ltd* (1987) 9 IPR 425, although a genuine invoice was considered to equate to sufficient use, the circumstances were different in that the goods also bore the mark and the invoice merely evidenced the sale. In contrast, on the question of proprietorship, Hearing Officer Homann, in *Dimtsis & Anor v The Agricultural Dairy Industry Authority of Epirus, Dodoni S.A.* (1991) AIPC 90-831, quoted McGarvie J in the first instance of the case of *Settef S.p.A. v Riv-Oland Marble Co (Vic) Pty Ltd* 10 IPR 402 at 413 who said that, at common law, property in a trade mark can only be gained by public use. The full Federal Court decision in that matter was about whether proprietorship could be abandoned and whether it could be extinguished by non-use, and did not go as far as proposed by Mr Stevens regarding minimal use leading to a successful claim of proprietorship. Similarly, Mr Stevens' reference to s.107 was incorrect because that section referred to the false application of trade marks and could not be extended to the present situation of proprietorship. Mr Willis said that the opponent here was relying upon non-public or "secret" use - of which the market was largely unaware - on which to base its claim of proprietorship. He further said that I should not consider the subject of copyright in the mark stemming from the opponent's alleged use in Singapore as the circumstances surrounding the ownership of the art work were not known to the Registrar.

He finished his submissions by seeking costs in favour of the applicant.

## **Discussion**

### *Section 28 - Deception and confusion*

The provisions of this section of the Act read as follows:

A mark -

- (a) the use of which would be likely to deceive or cause confusion;
  - (b) the use of which would be contrary to law;
  - (c) which comprises or contains scandalous matter; or
  - (d) which would otherwise be not entitled to protection in a court of justice,
- shall not be registered as a trade mark.

The test to be applied under paragraph (a) of these provisions, on which the opponent partly relies, has been well established by cases such as *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592s where it was said:

Registration should be refused if it appears that there is a real risk that the result of the user of the mark will be that a number of persons will be caused to wonder whether it might not be the case the two products come from the same source.

That risk must extend to a substantial number of people: *Kendall Co v Muslyn Paint and Chemicals* (1963) 109 CLR 300.

Following the High Court decision in *New South Wales Dairy Corporation v Murray Goulburn Co-operative Company Ltd* 18 IPR 385 (the *Moo* case) the Registrar now follows the practice as laid out in the decision of Hearing Officer Homann in *Titan Manufacturing Co v John Terrence Coyne* 22 IPR 613 - that is, that all paras of s.28 should be read together. This means that, should I find that the marks are likely to deceive or cause confusion, then it will also be necessary to find that the mark would not be entitled to protection in a court of justice.

In assessing the reputation of the applicant and the opponent in relation to the mark in Australia, the relevant date is the date of lodgment of the opposed application - *Southern Cross*, supra, - 28 September 1990. I accept from the applicant's evidence that, at the relevant date, it had a well established reputation in this country for the mark. For its part, the opponent has simply not produced any evidence to show that it had any public reputation itself in Australia for the mark as at the relevant date. Section 28(a) is essentially

concerned with the public interest and precludes registration where the opponent's mark is well known in the market place so that use of the applicant's mark is likely to deceive or cause confusion. Thus that provision is concerned not so much with the prior use of the mark as a trade mark but with its market reputation. I must agree here with Mr Willis that the opponent has not shown that it has established such a reputation for the mark in this country. For the foregoing reasons, I find that use of the applicant's mark will not lead to deception or confusion. I am therefore satisfied that the requirements of paragraph 28(a) have not been made out.

Given the above, I need not proceed further in relation to the s.28 objection. However, for the record, I note that there is nothing before me to show that there has been any blameworthy conduct on the part of the applicant nor any other circumstance which would disentitle the mark to protection in a court of justice. It would appear that the mark was used by the opponent in Singapore and has been copied in detail by the applicant for use in Australia. However, it has not been shown by evidence or in Mr Stevens' submissions that such use, however much it may have been "sharp business practice" - the *Yanx* case, supra, was in breach of the law. The question of copyright is not within the Registrar's competence to decide, despite Mr Stevens' assertions to the contrary. Notwithstanding this, I fail to see how I could infer that the applicant has breached the opponent's copyright when I cannot be certain of whether the opponent in fact is the copyright holder of the artwork in the mark in this country. Therefore, the requirements of paragraph 28(d) have also not been made out. The opponent's case in terms of s.28 must therefore be dismissed.

#### *Section 40 - Proprietorship*

The provisions of s.40, so far as is relevant here, are that:

A person who claims to be the proprietor of a trade mark may make application to the Register for registration of that trade mark in Part A or Part B of the Register

On that subject, McGarvie J said in *Settef*, supra, at 413:

The basic common law principle is that the first person who uses a trade mark of an appropriate type within a country becomes the proprietor of the mark there: *Re Registered Trade Mark "Yanx"*; *Ex parte Amalgamated Tobacco Corp Ltd* (1951) 82 CLR 199 at 203; *Thunderbird Products Corp v Thunderbird Marine Products Pty Ltd* (1974) 131 CLR 592 at 603; *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2)* 59 ALJR 77 at 83.

...

In considering who, within s.40(1) of the Act, was at the time of Settef's application for registration the proprietor of the trade mark, one considers who at common law was the proprietor in Australia: *The Shell Co of Australia Ltd v Rohm & Haas* (1949) 78 CLR 601 at 625 and 627.

In other words, the first user of the mark in Australia (for relevant goods and prior to the date of application) becomes the proprietor at common law. That proprietorship, however, is limited to "the same kind of thing", per Holroyd J in *Re Hick's trade mark* (1897) 22 VLR 636 at 639. Any small amount of use will suffice, but the effect of the act relied on to constitute use must be the creation in the minds of those concerned of an impression that goods of a particular trader are being offered for sale in Australia. This has been affirmed in later cases such as the *Seven Up* case, supra, where Williams J. said at 211, "But the position is different if at that date the mark has become identified with the goods of the foreign trader in Australia because those goods have been brought into Australia by the foreign trader himself or by some importer or in some other manner."

I am not concerned, in deciding the issue of proprietorship, with the question of whether the opponent's and applicant's marks are so alike as to lead to the deception or confusion of customers. That question is relevant in relation ss.33 and 28, but not to s.40 which only applies when the marks are identical or so similar as to be virtually the same mark - *The Kendall Co v Mulsyn Paint and Chemicals* (1962-63) 109 CLR 300; *Tavefar Pty Ltd v Life Savers (Australasia) Ltd* 12 IPR 159. In the present case, the marks used by both parties are one and the same, and both parties are claiming to be the first user and therefore proprietor of the mark in this country for the goods included in the specification

I think there are three matters which need to be decided in determining the question of proprietorship in this instance. Firstly, was the use of the mark, which had been "adapted" by the applicant, the first use of the mark in Australia or did the opponent first sell goods under the mark? Secondly, if the opponent is shown to have used the mark first - as allegedly shown in the invoices lodged as evidence in answer - was such use non-public or public use? Lastly, if the opponent's use was first, was that use on the "same" goods or not?

In determining first use in this country, I have considered the submissions of both attorneys and the evidence lodged on both sides. The opponent has said that it first used the mark here in April 1987 and submitted copies of invoices confirming this. The applicant, on the other hand, has claimed that it first used the mark in or about November 1988. However, there is no documentary evidence of this and the mark was not applied for until 28 September 1990. I think that it is obvious then that the opponent was the first to project goods into the Australian market place under the mark concerned.

The second question, that of whether that use as listed on the invoices is public use, is similar to the situation considered by Hearing Officer Homann in *Kronborg Isager v Boboli International Inc* 1989/90 18 IPR 526, where the opponent relied on correspondence, invoices and shipping documents relating to the consignment of goods to Australia to show first use. Mr Homann relied there upon the findings in the *Thunderbird* and *Settef v Riv-Oland* cases, supra, for support in finding that these documents constituted sufficient use for proprietorship purposes. Notwithstanding this, Mr Willis has said that Mr Shanahan, in his book, incorrectly refers to the *Angoves Pty Ltd v Johnson* case, supra, in declaring that use on "invoices", as well as "advertisements and shopping bags and such" is sufficient to show use for the purposes of s.6(2)(b). Despite Mr Willis' assertions, I think that such an inference is legitimate given references to all three manners of use throughout the case. Mr Willis has further challenged Mr Stevens' assertion that the reference to "invoices" in s.107(2A)(b)(ii) supports the opponent's case regarding use when this section of the Act is limited to the false application of trade marks. However, I think that it is fair to say that, if

an invoice can be evidence of a mark being falsely applied, then it should also be taken into account for the purposes of alleged legitimate use. Here, the evidence in support includes invoices addressed to several entities, namely, Matheno Pty Ltd, Techmore Pty Ltd, Transcomp and Universal Defence Systems Pty Ltd, and the applicant company. Copies of correspondence between the opponent and the applicant were also lodged as evidence concerning the supply of BEAM products. Additionally, brochures were lodged which showed the proprietor of the mark as Beam Technology (Mfg) Pte Ltd. This apparent anomaly was addressed by Mr Koh in his declaration when he said that this was an error and should be read as being the opponent. As he also states that this company is wholly owned by the opponent and that company's address is the same as the opponent, I am prepared to accept that these brochures, together with the other material, constitute first use by the opponent, as contemplated in the *Boboli* and the *Seven Up* cases, supra, - i.e. "a very small amount of use" sufficient to establish proprietorship in Australia.

The last question to be determined, and that upon which the case, in my estimation, mostly depends, is whether the opponent's first use was use upon the same goods as the goods included in the specification of the application. Mr Willis said, in quoting Mr Gulani, that it is the practice of computer assemblers in Australia to purchase component parts from a wide source of specialised suppliers - one of whom in the present case is the opponent - assemble them into complete units and apply their own trade marks. The goods are then usually sold as the product of the assembler bearing its own mark. He used the analogy of a motor vehicle assembler using many parts from various sources. He said that the public would not expect the manufacturer of, for example, a motor vehicle gearbox to be the final producer of the car. He said that such was the case in the present instance. On the other hand, Mr Koh has said, in his second declaration, that some of the invoices exhibited in his first declaration show that "sets" of goods or systems for personal computers, constituting workable units with keyboard and separately supplied monitor, were sold to Australian distributors. Mr Stevens said that this equated to the goods, particularly "computer systems", as stated in the present application's schedule and that the prior use shown by the

opponent was not limited to computer component parts. I am inclined to the latter point of view. I am no expert on how many computer parts it takes to form a workable computing system. However, the variety of computer parts sold by the opponent in Australia, as is evidenced by the invoices, and the opponent's claim that the sum of certain consignments formed "workable unit(s)", would make it likely that the goods, in total, equate to the "same kind of thing", as per the *Hicks* case, supra, to the goods claimed in the specification of goods of the present application.

Having considered all of the foregoing, I have come to the conclusion that there is a strong question of doubt as to whether the applicant is the proprietor of the mark. I think it is much more likely that the opponent was the first user of the subject mark for the appropriate goods in Australia and is therefore entitled to be considered the proprietor of the mark in this country. I have therefore decided that the opposition, as it is based on this ground, succeeds.

### **Decision**

In summary then, I have decided that, although the opponent has failed to be successful in its opposition under s.28 that deception or confusion would ensue if the mark was registered, it has been successful under s.40 by showing it was the first user and therefore proprietor of the mark in Australia. The applicant has not, to my satisfaction, discharged its initial onus of showing that it is entitled to registration. I accordingly refuse this application. Both sides sought costs in the matter but I can see no reason why they should not follow the result. I therefore award costs to the opponent.

Ian Forno

Hearing Officer

24 June 1994