



## TRADE MARKS ACT 1955.

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

Re: Opposition by Krone Aktiengesellschaft to the registration of trade mark application number 547038 in the name of R. and R.J. Brook trading as The Cannon Watch Company.

#### **Background:**

After examination, trade mark application 547038 was advertised as having been accepted for registration. The applicants are R. and R.J. Brook, trading as The Cannon Watch Company, who I will refer to simply as “the applicant” from this point onward.

The mark in question is the word KRONE. The goods originally specified were all goods in class 14; in general terms, watches, timepieces, jewellery and goods in precious metal. This was restricted, during examination, to “watches and clocks”. The application was further amended on 23.11.95, after the hearing, to read simply “watches”.

Registration of the application is opposed by Krone Aktiengesellschaft (“the opponent”) on various grounds. The opposition process has followed the course set out in the regulations. Both sides served evidence to support their positions and the opposition came on for hearing and decision by me, as a delegate of the Registrar of Trade Marks.

For reasons which will become clear, it is not necessary to traverse the evidence in detail. Suffice it to say that the opponent makes, and sells in Australia, information display systems that may incorporate a timekeeping function. The actual goods are the sort of electronically controlled illuminated displays used at places such as airports. Australian sales commenced in about 1986, though earlier use is asserted. The applicant, on the other hand, commenced to use the trade mark at a later date, but in respect of watches only. Both traders use the identical mark, KRONE.

At the hearing, the applicant was represented by Ms Sophie Goddard of counsel, instructed by the solicitor firm of Gibsons. The opponent was represented by its patent attorney, Mr Trevor Stevens, of the firm of Davies Collison Cave.

### **Issues and Decision:**

Mr Stevens commenced his argument by saying that the opponent's primary grounds were proprietorship (s40) and the existence of a conflicting prior registration (s33).

As to the first of these, he noted the position under established law, reviewed by Fullagar J in the High Court in *Aston v Harlee*, (1960) 103 CLR 391 at 398-399. This has long been accepted as applicable to proprietorship under section 40 of the *Trade Marks Act 1955*.

The right to registration depends, therefore, on proprietorship of a mark. The conception of proprietorship, other than proprietorship acquired by a user which has made the mark distinctive of the applicant's goods, is a difficult conception, but it has been explained by Dixon J. in *Shell Co. of Australia Ltd v Rohm and Haas Co*, where his Honour refers to the history of the English legislation. His Honour quotes Cotton L.J. as saying in *re Hudson's Trade Marks*: "The difficulty is this: Is a man to be considered as entitled to the use of any trade mark when he has never used it at all? That is a difficulty, but I think the meaning is this. If a man has designed and first printed or formed any of those particular and distinctive devices which are referred to in the first part of s 10, he is then looked upon as the proprietor of that which is under that Act a trade mark, which will give him the right so soon as he registers it." Dixon J. then sums up the position by saying: "It is clear enough from the course of legislation and of decision that an application to register a trade mark so far unused must, equally with a trade mark the title to which depends on prior user, be founded on proprietorship. The basis of a claim to proprietorship in a trade mark so far unused has been found in the combined effect of authorship of the mark, the intention to use it upon or in connection with the goods and the applying for registration". "Authorship", says his Honour a little later, "involves the origination or first adoption of the word or design as and for a trade mark."

Much of the force of Mr Stevens' argument depends on my accepting that "the goods" relevant to this application are in conflict with those on which the opponent has used its mark. For reasons which follow, I do not accept this. Thus, in the interest of brevity, I turn to the issue of the conflict of proprietorship claims in respect of non-identical goods.

Essentially, Mr Stevens argued that the present application can be defeated by prior use, by the opponent, of the trade mark KRONE in respect of goods which are not the same goods but which are of the same description as those set out in the application. He referred to *Rolewa Rentals v Champagne Moet et Chandon*, 85 AIPC 90-238. In that case, the hearing officer, Mr Hancock, relied on a principle which goes back to *Hicks's Case* (1897) 22 VLR 636 at 640.

In order to substantiate his application to be placed on the Register for this word, he must have claimed to be the proprietor, and the word “proprietor” must be taken to mean the person entitled to the exclusive use of that name. If there is anyone else who would be interfered with by the registration of the word “Empress” in the exercise of a right which such person has already acquired to use the same word in application to the same kind of thing, then Hicks ought not to have been put on the Register for that trade mark”.

In *Rolewa Rentals*, the hearing officer treated “the same kind of thing” as a paraphrase of “goods of the same description”. The decision gives no authority for this step. It is not a step considered in any of the precedent cases he notes in his decision.

Mr Stevens also referred me to the case of *Magic Marker v Shachihata* (1984) AIPC 93-217. In that decision, Mrs Hanlon appears to have come to a similar conclusion, though it is very much obiter to her actual finding. As Shanahan notes at p 158 of *Australian Law of Trade Marks and Passing Off*, her decision, despite her comments at page 39,311 which support Mr Stevens’ line, produced a finding only under s 28(a). Mrs Hanlon had, on the other hand, refused in another instance to find that first use on clocks, prior to the date of application, “necessarily determines the opposition as far as watches are concerned” See *Hermes SA v E T Swift and Co Pty Ltd* 2 IPR 432 at 438.

I think the two former decisions, *Rolewa Rentals* and *Magic Marker*, may therefore be incorrect elaborations of the principle which flows from Hicks case. The point has yet to be judicially considered, but Shanahan, in the text above, also expresses some doubt about the extent to which *Hicks’s case* was taken in those decisions.

In *Hicks’s case*, a registration under the (Victorian) *Trade Marks Act 1890 (No 2)* was under attack. Even at that time, that act used words suggestive of s 33 of the later Commonwealth act of 1955. But it did not use them in relation to infringement.

Section 16 of the Victorian act prevented the registrar granting conflicting registrations for “the same goods or description of goods” in the lack of an order from the Supreme Court. Section 20 provided that “Registration of a person as proprietor of a trade mark shall be prima facie evidence of his right to the exclusive use of the trade mark, and shall after the expiration of five years from the date of the registration be conclusive evidence of his right to the exclusive use of the trade mark, subject to the provisions of this Act”. Section 20 does not define the goods for which that exclusive right was bestowed, but section 9 says that a trade mark must be registered for “particular goods or classes of goods”. Given that s 16 allows registration of identical trade marks when the goods are neither the same nor of the same description, the monopoly given by s 20 was clearly confined

(“subject to this act”) to the goods for which the mark was registered. Section 16 created, as s 33 does under the 1955 act, a system of buffer zones between monopolies.

Under s 16 of the Victorian act, an existing registration could, if goods of the same description were involved, interfere with another person’s ability to obtain his/her own registration. Under s 21, a person could not institute “a proceeding to prevent or to recover damages for the infringement of a trade mark” unless s/he had applied for registration and either been granted registration or had it refused. But neither under s 16 nor under s 21 could a prior registration for different goods interfere with the right of that other person to use his/her trade mark.

Under the (Commonwealth) *Trade Marks Act 1955*, the infringement test is even more explicit. That later act does not simply make a statement about the right to exclusive use of the trade mark. In addition, and unlike the early Victorian statute, infringement is defined in the act itself. By definition, under s 62(1), there can be no infringement if the mark of the alleged infringer is applied to goods not specified in the registration. By definition, therefore, one party cannot interfere with another party’s right to use a trade mark unless the same goods are at issue. It is only the existing right, the right to use a trade mark, which was considered in *Hick’s case*, not some future “right” to gain a registration, and in any case the 1955 act makes explicit provision for a prior user to gain registration.

Accordingly, I think Mr Stevens’ argument about proprietorship must fail, given the narrow infringement test at issue in *Hicks’s case* and under the 1955 act.

Mr Stevens also relied on section 33. Under this heading, he noted that the opponent holds several registrations for the trade mark KRONE. Despite having registrations for an identical trade mark, the opponent can succeed in its opposition under s 33 only if the goods specified in any of those registrations are either the same goods or are “goods of the same description” as any of those listed in the application. This is because s 33 specifies that:

(1) Subject to this Act, a trade mark is not capable of registration by a person in respect of goods if it is substantially identical with or deceptively similar to a trade mark which is registered, or is the subject of an application for registration, by another person in respect of the same goods, of goods of the same description as those goods or of services that are closely related to those goods, unless the date of registration of the first-mentioned trade mark is, or will be, earlier than the date of registration of the second-mentioned trade mark.

The most relevant registration, on which the opponent relies, is number 353444, which specifies:

Telecommunications, high voltage switch gear and (sic) information systems included in Class 9, namely electro-technical apparatus and devices especially for telecommunication and heavy current engineering, electrical contacts of small scale, such as are used for edge

connectors and low-current multi-core cable connectors, plastic moulding for connectors and boxes for connectors and parts thereof and therefor.

Mr Stevens argued that the term “goods of the same description” should not, as Shanahan says at p 192 of the book to which I have referred, per *J Lyons & Co’s application*, [1959] RPC 120, be limited to covering only goods that are analogous, or are mere substitutes or alternatives for each other. There can be no dispute with that principle, or with his second argument, that the matter must be looked at from a business and commercial point of view. But I do not agree with his third argument, that watches and information systems are goods of the same description merely because there would be deception or confusion if identical trade marks were used on both lines. The latter outcome is something which will depend on both the reputation and the nature of the mark itself. Therefore the conclusion to such a question cannot bear directly on the sameness or otherwise of the description of the goods in question, though it may be suggestive.

Ms Goddard argued that the goods specified in the opponent’s registration are limited to “information systems ... namely electro-technical apparatus and devices ... for telecommunication and heavy current engineering”. However, this is too narrow a reading. The key word is “especially”, which appears in the register but not in Ms Goddard’s paraphrase. “Especially” means particularly, but “particularly” is not an absolute limit. I therefore do not agree that the opponent’s trade mark is registered only for goods which are for use in these particular fields.

Ms Goddard also referred to the classic tests of nature, uses and trade channels, as per *Jellinek’s application* 63 RPC 59, (the PANDA case).

To cut a long story short, I do not think that watches, even at their broadest, are goods of the same description as the opponent’s information systems, even taking that statement as broadly as possible. It is true that the nature of both may be, in bald terms, electronic. But the two lines of goods go into different markets and are used for essentially different purposes. The one set are for personal use, worn to tell the time and perhaps to perform other secondary functions such as showing the date, measuring elapsed time and serving as an alarm clock. The other set are for the public display of information which varies, such as flight times, the price of petrol or advertising information, or which is otherwise in the nature of a message.

Accordingly, the opposition must fail.

Mr Stevens had submissions to make to address this contingency. He had anticipated the restriction of the application and argued strongly that the applicant had suffered a drastic reduction in its claims. As he put it, the reward for the applicant is in getting anything at all. He argued, in effect, that the opponent had incurred all the costs of contesting a broad application, only to be eluded by one

which has been reduced in scope at the eleventh hour. In such a position, the opponent should be awarded costs, he argued, as compensation for the late and drastic restriction.

In fairness to the opponent, I must agree that the restriction was unfortunately timed. However, I must disagree on the question of costs. It seems to me that this case is little different from many in which, after a decision is given by the hearing officer, restriction is required of an applicant if registration is to proceed. In such a case, each party will generally bear its own costs on the basis that neither has succeeded outright.

In the present case, the applicant has reconsidered its position in the light of submissions at the hearing. Though the opponent has been able to convince the applicant to give up a big part of that which it initially sought, there is no suggestion that the deleted goods were the entire target of the opponent's endeavours. Overall, then, each side has thus had about the same extent of success through the opposition process. The opponent's costs were all incurred in the knowledge that there was a risk of failure. To reverse the analysis used by Mr Stevens, the reward for the opponent is perhaps that it, rather than the applicant, has had any success at all. Each side should bear the costs of its activities, and I make no award as to costs.

In the absence of an appeal from this decision, I direct that the application be registered.

T. Williams  
Hearing Officer.  
4 March 1996