



TRADE MARKS ACT 1995

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

Re: Opposition by Malaysia Dairy Industries Private Limited to applications under section 92 of the Act by Kabushiki Kaisha Yakult Honsha to remove from the Register trade mark registration numbers 566131 and 566132 in Classes 29 and 32, respectively.

Background

Two applications, under s.92(4)(b) of the *Trade Marks Act 1995* (the Act), for the removal from the Register for "all the goods for which the trade mark[s] may be registered", of registration numbers 566131(29) and 566132(32), both of which comprise the trade mark as shown below, were filed by Kabushiki Kaisha Yakult Honsha (the applicant) on 15 February 1999. In accordance with the regulations, the applications for removal were each accompanied by a statutory declaration, here by Stephen Kenneth Plymin dated 15 February 1999, stating that an inquiry had been conducted by the applicant into the use of the marks and setting out the findings of that inquiry.



Accordingly, the relevant three year period of alleged non-use under s.92(4)(b) commenced on 15 January 1996 and ceased on 15 January 1999. The applications for removal were advertised in the *Australian Official Journal of Trade Marks* of 11 March 1999. The owner of the subject trade mark, Malaysia Dairy Industries Private Limited (the opponent), filed notices of opposition to the applications, under s.96 of the Act, on 11 June 1999.

The matter came before me, as a delegate of the Registrar of Trade Marks, in Melbourne on 5 February 2001. Dr John Emmerson QC with Mr Adrian Ryan of Counsel, instructed by

Mallesons Stephen Jaques, appeared for the opponent; while Mr Graham Clarke of Counsel, instructed by Watermark, appeared on behalf of the applicant.

Evidence

The evidence in support of the opposition comprises two statutory declarations. The first is by Alfred Lim Jee Long, the opponent's Company Secretary (the Long declaration). The second is by David Greaves, Managing Director of Aquila Australis Pty Ltd, a distribution company seeking to sell the opponent's Vitagen product in Australia (the Greaves declaration).

In the Long declaration, the deponent declares that the opponent is a leading dairy and beverage manufacturer in Singapore and Malaysia that exports its products to many overseas countries and regions. The opponent has registered the subject trade mark in a number of countries. Mr Long indicates some correspondence evidencing his company's attempts to obtain an Australian distributor for the opponent's products during the period 1993 to 1998. The Long declaration also shows that the opponent was eventually successful in obtaining a potential Australian distributor - Aquila Australis Pty Ltd. At about the same time as it was attempting to obtain an Australian distributor, the opponent was developing its product in a Ultra High Temperature (UHT) variety and in a Tetra Brik ® pack to enable it to have a longer shelf life for transport to Australia. Mr Long further says that a number of brochures were sent to Aquila Australis for the purpose of distribution to potential buyers and to display at product presentations. He also attaches, to his declaration, correspondence between the opponent and Mr Greaves, in the period February 1998 and January 1999, regarding applying to Australian Quarantine and Inspection Service (AQIS) for an import permit.

The Greaves declaration outlines the history of the dealings between the opponent and Aquila Australis. Mr Greaves describes his marketing strategy for the opponent's products and details the procedure for getting such a product onto Australian supermarket shelves. He states that he made a number of presentations to buyers of a number of organisations using the brochures provided by the opponent. He said that he did not have any samples of the actual product to use in the presentations as there was no import permit and the quarantine period for the goods exceeded the product shelf-life. He says that he was keen to obtain the Vitagen product for distribution in Australia. He sent an AQIS application for importation

permit to the opponent for completion. He has since drafted and sent a distribution/agency agreement to the opponent in September 1999.

There is no evidence of any application for an import permit being completed and forwarded to AQIS. Nor is there evidence of any distribution agreement between the opponent and Mr Greaves, although it was apparent that the opponent and Mr Greaves intended to enter such agreement in due course.

The applicant did not file any evidence in answer.

Submissions and analysis

Both Dr Emmerson and Mr Clarke made quite comprehensive submissions in relation to the matter before me. I will not repeat them in detail here but I will refer briefly to any points made by the respective parties which I consider are relevant in explaining my decision.

Person aggrieved

The first sub-section of Part 9 of the Act reads as follows:

Application for removal of trade mark from Register etc.

92. (1) A person aggrieved by the fact that a trade mark is or may be registered may, subject to subsection (3), apply to the Registrar for the trade mark to be removed from the Register.

The threshold question regarding whether the applicant was a "person aggrieved" was not in issue. It was agreed between the parties at the hearing that the applicant had the requisite standing as a person aggrieved to seek the removal of the trade mark. Given that agreement, I note that the remaining relevant sub-sections of s.92 of the Act read:

(4) An application under subsection (1) or (3) (non-use application) may be made on either or both of the following grounds, and on no other grounds:

- (a) that, on the day on which the application for the registration of the trade mark was filed, the applicant for registration had no intention in good faith:
- (i) to use the trade mark in Australia; or
 - (ii) to authorise the use of the trade mark in Australia; or
 - (iii) to assign the trade mark to a body corporate for use by the body corporate in Australia;

in relation to the goods and/or services to which the non-use application relates and that the registered owner:

- (iv) has not used the trade mark in Australia; or
- (v) has not used the trade mark in good faith in Australia;

in relation to those goods and/or services at any time before the period of one month ending on the day on which the non-use application is filed;

(b) that the trade mark has remained registered for a continuous period of 3 years ending one month before the day on which the non-use application is filed, and, at no time during that period, the person who was then the registered owner:

- (i) used the trade mark in Australia; or
- (ii) used the trade mark in good faith in Australia;

in relation to the goods and/or services to which the application relates.

Opposition

In relation to an opposition to a non-use application under the Act, s.96(1) allows:

96.(1) Any person may oppose an application under section 92 by filing a notice of opposition with the Registrar or the court, as the case requires.

Unlike s.92.(1), where only an aggrieved person may apply to have a mark removed from the Register, s.96.(1) allows any person to oppose that application. In this instance, as with the majority of oppositions to removal, it is the registered owner of the registration involved which has opposed the action sought.

Onus

The Act provides:

Burden on opponent to establish use of trade mark etc.

100.(1) In any proceedings relating to an opposed application, it is for the opponent to rebut:

...

(c) any allegation made under paragraph 92(4)(b) that the trade mark has not, at any time during the period of 3 years ending one month before the day on which the opposed application was filed, been used, or been used in good faith, by its registered owner in relation to the relevant goods and/or services.

...

(3) For the purposes of paragraph 1(c), the opponent is taken to have rebutted the allegation that the trade mark has not, at any time during the period referred to in that paragraph, been used, or been used in good faith, by its registered owner in relation to the relevant goods and/or services if:

(a) the opponent has established that the trade mark, or the trade mark with additions or alterations not substantially affecting its identity, was used in good faith by its registered owner in relation to those goods or services during that period; or

...

(c) the opponent has established that the trade mark was not used by its registered owner in relation to those goods and/or services during that period because of circumstances (whether affecting traders generally or only the registered owner of the trade mark) that were an obstacle to the use of the trade mark during that period.

Under s.100, the onus is clearly upon the opponent to prove that it had, at some time during the three year period referred to, used the trade mark, "or the trade mark with additions or alterations not substantially affecting its identity", or that circumstances existed that were an obstacle to its use during that period. Accordingly, I must decide, as the Registrar's delegate, whether the opponent has met that onus sufficiently by clearly showing that the registered trade mark has been used in the course of trade, or that there existed circumstances which prevented its use.

However, notwithstanding the above, under the terms of subsection 101(3), the Registrar has a discretion not to remove the trade mark under attack. This discretion hinges on the Registrar being satisfied that even though the removal grounds have been made out, it is reasonable to leave the trade mark on the Register.

Use

On behalf of the opponent, Dr Emmerson argued two alternative propositions. In the first instance, he argued that the use and distribution of brochures and booklets in Australia bearing the trade mark constituted use of the mark during the relevant period, for the purposes of s.100(3)(a). He said that at the time of the presentations, there was an existing intention to offer to supply goods bearing the trade mark. His alternative proposition was that if the above presentations did not constitute use of the trade mark, then its non-use was because of circumstances that were an obstacle to use during the relevant period.

Both counsel referred to *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No. 2)* (1984) 156 CLR 414 (the *Moorgate* case) as showing what was required for there to be a use of the applicants' mark sufficient to answer the respondent's allegation of non-use. That case was concerned with whether what had been done in the course of establishing trading relations between an overseas trader and an Australian trader amounted to a use in Australia of the trade mark of the overseas trader. The specific issue for determination was whether, at the time Philip Morris applied for registration of the mark in question, Moorgate was already the proprietor of that mark for the purposes of s 40 of the *Trade Marks Act 1955* because it had previously used the mark as a trade mark in Australia. Moorgate relied on the fact that, in connection with discussions with Philip Morris about the possible introduction of its low tar cigarette in Australia, Moorgate's overseas predecessor, Loew's, sent packets of cigarettes and

associated advertising material displaying a version of the mark to representatives of Philip Morris in Australia. In the leading judgment, Justice Deane said at 433 - 434:

The cases establish that it is not necessary that there be an actual dealing in goods bearing the trade mark before there can be a local use of the mark as a trade mark. It may suffice that imported goods which have not actually reached Australia have been offered for sale in Australia under the mark ... or that the mark has been used in an advertisement of the goods in the course of trade: ... In such cases, however, it is possible to identify an actual trade or offer to trade in the goods bearing the mark or an existing intention to offer or supply goods bearing the mark in trade. In the present case, there was not, at any relevant time, any actual trade or offer to trade in goods bearing the mark in Australia or any existing intention to offer or supply such goods in trade. There was no local use of the mark as a trade mark at all; there were merely preliminary discussions and negotiations about whether the mark would be so used. The cigarette packets and associated advertising material were delivered to Philip Morris to demonstrate what Loew's was marketing in other countries and what Philip Morris might market, under licence from Loew's, if it decided to manufacture and trade in the goods in Australia and to use the mark locally at some future time. There was no relevant trade in the goods in Australia and the delivery of the cigarette packets and associated material to Philip Morris did not, in the circumstances, constitute a relevant user or use in Australia of the mark 'KENT GOLDEN LIGHTS' for the purpose of indicating or so as to indicate a connexion in the course of trade between the new cigarettes and Loew's.

His Honour made that comment in the context of explaining what was necessary to establish use of a mark in Australia by an overseas trader, although there was no actual dealing in goods bearing the mark in this country, in the sense of there being no actual sales or offers of sale of the goods here. It would seem then that where an overseas trader has, in some way, committed goods for export to Australia, by actually shipping them or by earmarking them for export in some other way, then this should be considered to be actual trade in the marked goods in Australia sufficient to show use of the mark here where the foreign goods have been offered for sale in Australia under the mark, although none have yet arrived here. Further, where such a commitment of the goods has occurred, there will be "an existing intention to offer or supply such goods in trade" - as per Justice Deane in the *Moorgate* case, sufficient to show use of the mark in Australia where the mark has been used in advertising, in this country, their availability for future purchase here. However, there needs to be more than a present intention to offer goods - there needs to be a readiness and ability to fulfil any acceptances to the offer.

This is demonstrated by the undisturbed finding of Justice McGarvie in *Settef SpA v Riv-Oland Marble Co (Vic) Pty Ltd* (1987) 10 IPR 402. One issue there was whether an Italian company, Settef, had used its "Riv-Oland" word mark in Australia before 1978 so as to

become the proprietor of the mark here and thus entitled to the registration of the mark which it obtained in that year. Justice McGarvie said at 417:

I consider that it follows from the authorities that a mark is used as a trade mark only if it is used with a view to facilitating or promoting the operation of a trading channel which in a business sense had already been opened to Australia. The mark must be used for the purpose of trade ... The forwarding of samples and brochures [in 1967] is not sufficient to indicate that Settef was ready and willing to fulfil such orders as it received from Australia. The purpose of these items may well have been to ascertain whether there was a market in Australia sufficient for it to be worthwhile for Settef to export here. Use of the mark in such preliminary activities would not be a use in the course of trade: *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2)* (1984) 59 ALJR 77 at 83.

According to Justice McGarvie, a present intention to offer goods with the mark on them is not sufficient to constitute use of the mark unless there then exists "a trading channel which in a business sense had already been opened to Australia".

In a recent decision of the Federal Court, Justice Drummond in *Woolly Bull Enterprises Pty Ltd v Reynolds* [2001] FCA 261 (15 March 2001), as yet unpublished, (the *Woolly Bull* case) has also said:

If a single user of the mark during that period is sufficient to disentitle a person from making an application for removal based on s 92(4)(b), the opponent must be entitled by s 100(3)(a) to rebut the allegation on which such a removal application is based by proving a use (in good faith) on just one occasion during the three year period.

Dr Emmerson pointed to the chronology of the activities in Australia on behalf of the owner of the trade mark, as shown in the evidence, including the presentations made by Mr Greaves of Aquila Australis to various buyers. These, he said, amounted to "an existing intention to offer (albeit not immediately) goods bearing the trade mark." On this point, he distinguished the present instance from the *Moorgate* case where, he said, there had been no presentation of the mark in any form to a potential buyer.

Mr Clarke, in his turn, argued that the evidence relied upon by the opponent was insufficient to satisfy the onus on it to show that use had occurred during the relevant non-use period. He pointed to what he said were several discrepancies in that evidence, saying that the instances to which the opponent had referred were not the kind of use which would equate to proper use of a trade mark. These included:

- There was no actual sale of goods;
- Mr Greaves' presentations did not constitute relevant trademark use because:
there was no product he could actually sell,
there was no distribution agreement between him and the opponent in place, and
there was no AQIS approval applied for by the opponent nor obtained;
- The requirements that Mr Greaves detailed in his declaration at para. 18 regarding introducing a product onto the market had not been fulfilled;
- There was no evidence of a distribution agreement between the opponent and Mr Greaves;
- There was no evidence of any applications actually made to AQIS; and
- There was no evidence of any sales plan formulated by the opponent.

Having considered the respective advocates' submissions and reviewing the evidence, I believe that while the evidence does show some intention by the owner to offer its goods in Australia, there is no evidence that any real avenue for sales had been opened. The evidence indicates to me that the opponent had not progressed beyond preliminary activities designed to open that trading channel. The opponent was certainly, from the evidence, not ready to fulfil any orders that might have arisen from Mr Greaves' presentations, there was no distribution agreement in place, and there was no AQIS import approval given, or any approval sought.

Accordingly, I find that the acts referred to by the opponent do not, to my satisfaction, constitute use of the trade mark during the relevant period.

With respect to the opponent's alternative claim, under s.100(3)(c), that if the mark had not been used, then there were circumstances which were an obstacle to that use, Dr Emmerson pointed to Article 19 of the *Agreement on Trade-Related Aspects of Intellectual Property*, which states that "circumstances arising independently of the will of the owner of the trade mark which constitute an obstacle to the use of the trade mark, such as import restrictions or other government requirements for goods or services protected by the trade mark, shall be recognised as valid reasons for non-use." He said that in the present case, the evidence showed that there were several obstacles of this sort which had prevented it from being used.

Those obstacles were:

- The transport distance from Singapore to Australia, combined with the high perishability and short shelf life of the bottled product;
- The difficulty in finding a suitable Australian distributor;
- The difficulty in obtaining AQIS approval, in the light of the need to identify genetically modified components.

On the applicant's behalf, Mr Clarke submitted that there was no relevant obstacle to trade mark use. He submitted that for s.100(3)(c) to be satisfied, the "obstacle" must at least comprise circumstances beyond the reasonable control of the opponent.

He submitted that:

- The opponent had had no problems finding a suitable distributor; indeed Mr Greaves contacted it about filling that role in December 1997.
- The opponent never applied for AQIS approval.
- The opponent chose not to seek AQIS approval for its product made in Singapore.
- The opponent chose to move to Malaysia.
- The opponent knew that Malaysia was in a different position so far as AQIS was concerned.
- The opponent did not take reasonably diligent steps to meet the inspection requirements of AQIS.

In relation to what constitutes an obstacle to the use of the trade mark during the relevant period. I note that this aspect was also considered by Justice Drummond in the *Woolly Bull* case, supra, at para. 55. His Honour said there that:

In my opinion, circumstances within s 100(3)(c) will only exist when events arise that are capable of disrupting trade in the area of commercial activity in which goods bearing the registered owner's mark are traded. For the statutory defence to be made out, those circumstances must cause (in a practical business sense) non-use of the particular mark by the owner, whether or not they have an impact on any persons other than the owner of that mark who are also involved in that same area of commercial activity. *There must be a causal link shown between the relevant circumstances and the mark's non-use* (emphasis added). This requirement arises from the fact that s.100(3)(c) creates an excuse only where the mark has not been used by the registered owner "because of" circumstances etc. It will not assist the opponent to show the existence of an impediment to use of the kind referred to in s.100(3)(c) if he does not also establish that, but for that impediment, he would have used the mark.

...

There is also a question whether circumstances that constitute an obstacle to use of the mark must exist throughout the whole of the three year period if they are to be sufficient for the purposes of s 100(3)(c) or whether it is enough that they exist during a part (no doubt during more than a *de minimis* part) of that period. The latter view is, in my opinion, the better reading. For the reasons given, a single bona fide use of the mark during the relevant three year period is, by force of s.100(3)(a), an answer to an application for removal for non-use. An obstacle of the kind referred to in s.100(3)(c) to the use of the mark that operates only for part ... of the three year period provides the same justification for non-cancellation as does a single user of the mark in the relevant three year period, but only provided the opponent establishes that the mark would have been used during that part of the three year period but for the existence then of the obstacle. A use of the mark which it is shown would have occurred during part of the three year period, but for the existence of the obstacle during that part of the period, has, in my opinion, the same claim to be recognised as excusing non-use that an actual use during that particular part of the period has.

Dr Emmerson has said that the trade mark owner wished to trade in Australia but was thwarted in doing so because of transport and distribution problems, and also the difficulties in gaining Australian government approvals, saying that these were "circumstances arising independently of the will of the owner of the trade mark". However, the evidence does not demonstrate that the transport distance from Singapore to Australia, combined with the high perishability and short shelf life of the bottled product, provided an obstacle to the opponent using the trade mark at some time during the relevant period. What it does show is that the opponent, as at February or March 1998, had developed a UHT product bearing the VITAGEN trade mark (Long Declaration at paragraphs 7 and 8, and Greaves Declaration at paragraph 9). An advertising brochure sent to Mr Greaves on 3 March 1998, declared that the UHT variety of VITAGEN was "[a] totally stable, handy Tetrabrik (sic) which can be stored at ambient temperatures yet still has a shelf-life of 8 months! ... (and) is enjoyed throughout in (sic) Asia & Europe." (Greaves Declaration, Exhibit DG1). Therefore, if this variety of the product was currently being sold throughout Asia and Europe, and had the shelf-life advertised, it appears that this does not provide an obstacle to the use of the trade mark.

Likewise, the evidence does not demonstrate that the difficulty in providing a suitable Australian distributor provided an obstacle to the opponent using the mark in Australia. The opponent's evidence indicates that the opponent was approached by Mr Greaves' company and was in the process of arranging for the distribution of the VITAGEN product in Australia. Indeed, the correspondence exhibited in the Long Declaration indicates that Mr Greaves was most enthusiastic about distributing the product. However, the opponent did not

appear to reciprocate that enthusiasm. In my opinion, any delays would appear to be within the control of the opponent.

I am also not satisfied that the failure to obtain AQIS approval to import the product is the kind of circumstance contemplated in the *Agreement on Trade-Related Aspects of Intellectual Property* - or by Justice Drummond in the *Woolly Bull* case, supra. While it is true that the trade marked product could not be used in Australia without AQIS approval, the lack of approval does not arise independently of the will of the opponent. The evidence shows that the reason approval was not obtained from AQIS is that neither the opponent nor Mr Greaves' company had submitted an application.

The evidence also shows that Mr Greaves forwarded a copy of an AQIS import approval form to the opponent in May 1998. The opponent sought information regarding genetic manipulation of ingredients from its suppliers. It did not receive all the information until 16 November 1998. By this time, it had decided that it would move its production plant from Singapore to Malaysia and, therefore, decided not to obtain approval for its existing products but instead to await production from its Malaysian factory.

From all of this, I am not satisfied that the opponent has proved that the mark would have been used during the relevant period but for the existence of an obstacle arising independently from the will of the owner. The circumstances appear to have emerged either because of conscious decisions by the opponent, or by a lack of urgency in its attending to the AQIS application.

Registrar's discretion

Determination of opposed application—general

101.(1) Subject to subsection (3) and to section 102, if:

- (a) the proceedings relating to an opposed application have not been discontinued or dismissed; and
- (b) the Registrar is satisfied that the grounds on which the application was made have been established;

the Registrar may decide to remove the trade mark from the Register in respect of any or all of the goods and/or services to which the application relates.

(2) Subject to subsection (3) and to section 102, if, at the end of the proceedings relating to an opposed application, the court is satisfied that the grounds on which the application was made have been established, the court may order the Registrar to remove the trade mark from the Register in respect of any or all of the goods and/or services to which the application relates.

(3) If satisfied that it is reasonable to do so, the Registrar or the court may decide that the trade mark should not be removed from the Register even if the grounds on which the application was made have been established.

In deciding an opposed removal application, the Registrar (or a court) is called on to exercise a discretion. The Registrar or a court "may" remove a registration. The proper exercise of that discretion by the Registrar will generally be as per *Ritz Hotel v Charles of the Ritz*, (1988) 12 IPR 417, at 482:

If the condition of exercise of the court's power has been established, the entry of the mark should be expunged, or the mark should be removed, as the case may be, "unless sufficient reason appears for leaving it there: cf Application by Carl Zeiss Pty Ltd (1969) 122 CLR 1 at 11 and Astronaut trade mark [1972] RPC 655 at 672.

However, the decision of the Registrar is an administrative one, unlike the decision of a court in what may otherwise be the same matter - see the decision of Jacobs J in *The Queen v Quinn, ex parte Consolidated Food Corporation* 138 CLR 1 at 10. Thus, there may be matters which affect the exercise of the discretion by a court but which are beyond the Registrar's competence to decide. Nevertheless, as was said by Deputy Registrar Hardie, as the delegate of the Registrar, in *Figgins Holdings Limited v Beltrami SpA* 46 IPR 411 at 418:

Under subsection 101(3) the Registrar needs to be "satisfied that it is reasonable" to leave a mark on the Register even when the grounds on which the removal application is made have been established. This requires the Registrar to be satisfied that there is sufficient reason for leaving it there. The reason would need to be based on special facts and circumstances, or an overriding question of public interest. The onus for showing that those circumstances exist is on the opponent to the removal application.

I have had regard to the evidence served in this matter and to the submissions made by counsel from both sides at the hearing in deciding, as the delegate of the Registrar, whether there is sufficient reason to leave the present trade mark on the Register. In that respect, there is nothing that I can see which might convince me, as the delegate, to exercise the Registrar's discretion in favour of the opponent in this case. I cannot see any public interest in leaving trade marks on the Register which appear, on the evidence and submissions before me, not to have been used in Australia on the goods covered by the specifications and during the critical period or, for that matter, *ever* to have been used in Australia.

Conclusion

I find that the opponent has not, to my satisfaction, discharged the onus placed on it under the Act of showing why the mark, the subject of these registrations, should not be removed from the Register on the grounds of non-use during the period in question. Accordingly, I find that the opponent has been unsuccessful in its opposition to the applicant's action under s.92.

Having so found, I direct, subject to any appeal from this decision, that the trade marks covered by registration numbers 566131 and 566132 should be removed from the Register for all the goods for which they are registered.

Costs

Both parties sought costs in the matter. However, as the applicant has been the successful party in the present instance, it is entitled to his costs. Thus, I award costs against the opponent, in accordance with the Official scale.

Ian Forno
Hearing Officer

22 May 2001