



TRADE MARKS ACT 1955

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

Re: Opposition by CHAMPAGNE LOUIS ROEDERER to registration of trade mark application number 566767 in the name of RESOURCE MANAGEMENT SERVICES PTY LIMITED

Background

Application number 566767 was lodged, on 7 November 1991, in the name of RESOURCE MANAGEMENT SERVICES PTY LIMITED (the applicant). The application was for registration of the words CRYSTAL RIDGE for the statement of goods subsequently amended to read, "Wines excluding champagne" in Class 33. The mark was advertised as accepted in the *Official Journal* of 30 July 1992.

Notice of opposition to the mark's registration was lodged on 30 October 1992 by CHAMPAGNE LOUIS ROEDERER (the opponent). The opposition was based on multiple factors but the main grounds, as stated in the notice and as pursued at the hearing in the matter, may be summarised as relating to: s.33 of the Act, that the mark closely resembles one or more of the opponent's prior registered trade marks for the same or similar goods, numbers A384160 (CRISTAL) and A384167 (CRISTAL label); and under s.28, that the mark's use by the applicant would be likely to deceive or cause confusion, would be contrary to law and would not be entitled to protection in a court of justice.

The evidence

The service and lodgment of the opponent's and applicant's respective evidence in support and in answer in the matter was completed by 28 October 1993. The opponent advised, on 28 January 1994 that it would not be filing any evidence in reply. The evidence which was lodged comprised:

Evidence in support

- * Statutory declaration by Fabrice Bastard Rosset dated 27 July 1993.

Evidence in answer

- * Statutory declaration by James Llewlyn Williams dated 27 October 1993

In his declaration forming the evidence in support, Mr Rosset, the Assistant General Director of the opponent, said that his company was the registered proprietor of trade mark registration number A384160 (CRISTAL) which was registered for champagne wines. He said that the opponent had sold champagne under that mark in Australia from 1965 to the present time. Annexed to his declaration were schedules showing registrations of the opponent's mark throughout the world, details of shipments of CRISTAL champagne to Australia, a list of advertisements where the mark was used and a list of the opponent's agents in Australia since 1916.

The applicant's evidence in answer comprised the declaration by Mr Williams which included his resumé, announced that the applicant was prepared to exclude "champagne" from the statement of goods, gave the history and background to the applicant's goods and its choice of the mark, included a development plan with respect to the launch of the applicant's products and gave details of future planning in relation to the marketing of those goods.

On 8 September 1994, 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 18 October 1994. The opponent was represented at the hearing by Mr Gerard Skelly of Spruson & Ferguson, trade mark attorneys. Appearing on behalf of the applicant was Mr John Fitzpatrick of Norton Smith & Co, Solicitors & Attorneys accompanied by Mr James Williams.

Submissions

Mr Skelly said that the opponent would be relying upon ss.28 and 33 of the Trade Marks Act in the present proceedings and that each of the related issues would be addressed in turn.

He said that, with respect to the objection under s.33, the opponent was relying upon its own previously registered marks, registration numbers 384160 (the word CRISTAL) and 384167 (the word CRISTAL with other material in a composite label device) - both covering "champagne wines". He said that, as per Evershed J in *Smith Hayden & Co Ltd's Appn* (1946) 63 RPC 97, notional use was claimed for the marks on all of the goods covered by the registrations. He said that the tests to be used when comparing marks for substantial identity and deceptive similarity were outlined in *Shell Co of Australia v Esso Standard Oil (Australia) Ltd*, 109 CLR 407. When looking at the deceptive similarity of marks, consideration should be given to the "doctrine of imperfect recollection". He referred to the *Pianotist Co's App'n* (1906) 23 RPC 774 where it was said that all of the surrounding circumstances, such as the marks themselves, the goods they covered and the way they were marketed, should be considered when the deceptive similarity of marks was being considered. He said that, with respect to marketing of the goods involved, champagne wines and still wines were sold side by side in self service situations, as were cheap and expensive wines. The words CRYSTAL and CRISTAL were similar in spelling and pronunciation. Mr Skelly said that the word RIDGE, which formed part of the

applicant's mark, was a common and non-distinctive word used in wine marks on the Australian Register and he quoted several examples. He said that the opponent's and applicant's marks were therefore deceptively similar and it was quite possible that confusion could occur as to their ownership. He referred for support here to the case of *Seven Up Co v Bubble Up Co Inc* (1987) 9 IPR 259. He also cited the Registrar's decision of 28 March 1991 in *Gayl Rich & Associates Pty Limited v Chanel Ltd* (unreported) where the acting Hearing Officer decided that there was a likelihood that the mark CRISTALLE would be imperfectly recollected as CRYSTAL SEVEN, commenting that both ends of a market should be considered. Mr Skelly said that the present instance was an identical situation and submitted that the marks CRISTAL and CRYSTAL RIDGE were deceptively similar.

With respect to whether the goods covered by both marks could be considered of the same description, Mr Skelly referred to the areas which the High Court said, in the case of *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592, should be considered in determining the matter - the nature of the goods, their uses and the trade channels. In the present case, the applicant's goods excluded "champagne" but it was unclear whether this exclusion referred simply to true champagne or to all sparkling wines. He said that, in any case, there was overwhelming precedent where courts had found that wines, spirits and other alcoholic drinks had been found to be goods of the same description. Champagnes and still wines could be produced by the same makers, have the same distributors and be sold side by side in self-service outlets. He said that, despite any claims that the opponent's and applicant's goods were aimed at opposite ends of the market this was immaterial given the notional use imputed to both sets of goods. He referred for support here to the words of Burchett J in *Polo Textile Industries Pty Ltd and Anor. v Domestic Textile Corporation Pty Ltd* 26 IPR 246. He said that they were certainly goods of the same description and, because the marks were also deceptively similar, the present application offended the provisions of s.33(1).

With respect to the opposition as it was based on s.28(a) of the Act, Mr Skelly said that the issue was framed by Evershed J. in *Smith Hayden & Co Ltd's Appn*, supra, where he asked if the Registrar was satisfied that deception and confusion would not occur given the normal or fair use of the applicant's mark (here CRYSTAL RIDGE) on any of the goods applied for given the reputation of the opponent's mark (CRISTAL) for its own goods. He said that the relevant criteria to decide the matter were set out in the case of *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 per Kitto J and these had been followed in later cases. He said that the onus in the present case was on the applicant to show that there was no reasonable chance of confusion if its mark was registered. Although, as per the case of *Hermes S.A. v E.T.Swift & Co Pty Ltd 2* (1984) IPR 432, the opponent carried the initial burden of establishing some prior use or reputation, once this has been done, the onus shifted to the applicant to show that there was no reasonable likelihood of deception and confusion.

Mr Skelly then referred to the opponent's evidence which, he said, showed that the opponent had achieved a considerable local and international reputation for champagne and had Australian use since 1965. He said that the Australian reputation had become widespread with many mentions of the opponent's products in the Australian media. He said that it was obvious that the applicant was aware of this reputation and this was implicit in its own evidence. It did not matter if the applicant's present marketing was directed towards the lower end of the market, because consideration must be given to the notional use of its trade mark and also because the developmental plan submitted as part of the applicant's evidence was inconsistent with this claim, as was its original application for *all* wines. The development plan also did not exclude the possibility of the applicant producing sparkling wines at some future date.

Mr Skelly disputed the current Office practice of requiring blameworthy conduct to be shown on behalf of an applicant for a trade mark before an opposition under s.28 can succeed. He said that this practice at the opposition stage reversed the onus unfairly onto the opponent. He referred to recent decisions of the Federal Court regarding s.28 matters, such as *Johnson and*

Johnson Australia Pty Ltd v Kalnin (1993) 26 IPR 435 and *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495, saying that they made no mention of needing to show blameworthy conduct, in addition to the possibility of deception and confusion, at the registration stage. Notwithstanding this, he alleged that blameworthy conduct on the applicant's behalf, in the present instance, lay with the applicant initially applying for all wines in Class 33 for its mark, while being aware of the opponent's registered marks for champagne. Therefore, the present mark was not capable of becoming distinctive of the goods applied for. He cited the decision of Davies J in *Anheuser Busch Inc v Castlebrae Pty Ltd and Others* (1991) 23 IPR 54 for support here. He also said that recent Office decisions, such as *Forestell Security Securities (Aust) Ltd v BHP* (1992) AIPC 90-919 and *Greta Lingerie (Aust) Pty Ltd v Esprit De Corp* (1992) AIPC 90-923 had taken the line that, if a mark offended against s.33, then it was not entitled to protection in a court of justice.

He also said that the applicant had first declared that it intended to use the mark on all of the goods applied for. As the statement of goods originally included all wines, the fact that the applicant now was agreeable to specifically exclude champagne from its statement of goods, in an effort to overcome the opposition, meant that some doubt was cast on its real intentions in the matter. This was especially so given the inconsistencies in relation to the applicant's stated intentions in regard to use contained in its evidence in answer. Did it still intend to use the mark on, for example, *methode champenoise*, sparkling wines?

In reply, Mr Fitzpatrick introduced Mr Williams, the Managing Director of the applicant, who had made the Statutory Declaration filed as evidence in answer in the matter. Mr Williams said that he had long experience in the wine industry in Australia and had appeared as an expert witness in many court cases in relation to wine matters, both in this country and internationally. He said that the applicant had willingly agreed to exclude champagne from its statement of goods when requested by the examiner to do so as it did not have any intention of producing champagne. He said that this showed the applicant's *bona fides* in the matter because it did not wish to intrude into the area of production of the opponent. He

referred to the marketing plan for the applicant's wines which gave details of the intended promotion of two marks: DIAMOND RIDGE - to be used in a label for wines retailing in the eight to twelve dollar price range and CRYSTAL RIDGE - to be similarly used on wines, this time selling between six and eight dollars a bottle. The present mark was always intended to be used as a whole - the two words CRYSTAL RIDGE together - and the mark would always be referred to as that combination. This was to be compared to the opponent's one word mark, CRISTAL, which he said would be pronounced as KRIS-TAHL. He said that the opponent's Louis Roederer Cristal champagne cost around \$150.00 per bottle and such expensive wine would not be sold in close proximity to the applicant's comparatively inexpensive wines which would be displayed in self-select situations. In contrast, the opponent's champagne would be kept under lock and key and sold upon request. The CRISTAL champagne therefore did have a reputation amongst discerning purchasers who would not be deceived or confused between the two products selling at hugely different prices. He said that he had himself selected the name CRYSTAL RIDGE which had been inspired by a chain, or ridge, of crystal-like lights viewed at night from his office in Carlingford.

Mr Williams said that the applicant was well aware of the opponent's reputation for fine French champagne and at no time had considered or intended trading off that renown. However, he said that the opponent's reputation only extended to champagne, whilst the applicant was only interested in the comparatively cheaper still wine market. He produced bottles bearing the applicant's mark contained in a wine label and an empty champagne bottle bearing the opponent's mark. He invited me to compare both the difference in appearance of the marks in use and also the different shaped bottles. He said that, because of several factors, he did not consider that either the wine drinking public or bottle shop assistants would be confused if the present mark was registered. This was because of the fact that the present mark was for the two words CRYSTAL RIDGE as opposed to the opponent's one word mark CRISTAL, the different pronunciations of the words CRYSTAL and CRISTAL, the different appearance of the labels bearing the opposing

marks, the different location of the both sets of goods at the point of sale - reasonably cheap still table wines on one hand and expensive French champagne on the other, and the huge price differential between the applicant's and opponent's goods.

He said further that the applicant had been prepared at all times to exclude sparkling wines from its statement of goods but had agreed to specifically exclude champagne when this was suggested by the examiner. However, given that the applicant had no interest at all in producing sparkling wines under the mark, it was fully prepared to widen the exclusion in the statement of goods so that it read "Wines excluding sparkling wines".

Mr Fitzpatrick, in continuing for the applicant, recapped on the progress of the application, saying that the examiner had at first cited the Louis Roederer marks under s33(1) but had withdrawn the objections when "champagne" was excluded from the statement of goods. This meant that the Registrar had been satisfied that the marks could co-exist. He said that the reputation enjoyed by the opponent for French champagne actually benefited the applicant because no one would think that the opposing marks could be owned by the same proprietor. However, he said the opponent's reputation only extended to champagne and it had none at all in Australia for still wines. He said Mr Williams was an expert in respect of wines and he went over his submissions, saying that he would be aware of any possibility of confusion in the market place. He re-iterated the applicant's agreement to exclude all sparkling wines. He said that it would be impossible for the applicant's much lower priced wines to be competitively sold in a higher priced bracket. The Australian market place reality was that the highest priced still red wine was around \$110 a bottle, while the top price for still white wine was around \$30.

Mr Fitzpatrick disputed that the applicant's mark was not entitled to protection in a court of law, saying that the opponent had produced nothing to substantiate any such claims. He said that, once the present mark was registered, the applicant intended to proceed with sales of its still wines bearing the mark in association with its sister mark, DIAMOND RIDGE.

He also referred to the tests contained in the case of *Smith Hayden & Co Ltd's Appn*, supra, saying that these had all been satisfied. He said that the applicant's and opponent's goods were not the same and that the wines would not be sold side by side, despite being available for purchase in the same outlet. Any possibility of "imperfect recollection" would be negated by the huge price differential between the goods. He said that, in any case, the applicant's marks comprised two words and was pronounced differently to the one French word comprising the opponent's mark. Because of this there was no chance of deception or confusion occurring.

Discussion

Section 33

Sub-section 33(1) reads:

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 test to be applied under s.33 of the Act may be stated as follows, paraphrasing and adapting the words of Evershed J. to the present situation in *Smith Hayden & Co Ltd's Application*, supra, in which he compared the test under s.12 of the Trade Marks Act 1938 (UK), which corresponds to s.33 of the Trade Marks Act 1955 (Cth):

The questions for my decision (...) have been formulated, and I think accurately formulated, as follows:

...

"Assuming user by the opponent of its marks CRISTAL with or without devices in a normal and fair manner for any of the goods covered by the registration of that mark (..). is the Registrar satisfied that there will be no reasonable likelihood of deception and confusion amongst a substantial number of persons if the applicant also uses its mark CRYSTAL RIDGE normally and fairly in respect of any goods covered by their proposed registration?"

In considering the question of whether the mark in question is caught by the provisions of s.33, I must firstly determine whether it is substantially identical with, or deceptively similar to, the marks owned by the opponent.

To judge whether the subject mark is substantially identical to the opponent's mark, it is necessary to carry out a straight comparison of the two marks. In the case of *Shell Co (Aust) Ltd v Esso Standard Oil (Aust) Ltd*, supra, the words of Windeyer J. are pertinent:

In considering whether marks are substantially identical they should, I think, be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or similarity that emerges from the comparison ...

In my opinion, the marks are not substantially identical. The marks have distinct differences which are readily observed. Although containing the disputed word CRYSTAL the applicant's mark also contains the word RIDGE. The opponent's mark is the French word CRISTAL solus, or that word in a label device. I therefore find that the marks are not substantially identical and move on to decide if the marks are deceptively similar. Sub-section 6(3) defines a mark as deceptively similar if it is likely to deceive or cause confusion.

Here the marks should not be placed side by side but consideration should be given to any common net impression inferred from the two marks. I refer here to the judgment in *Australian Woollen Mills Ltd v F.S. Walton & Co Ltd* (1937) 58 CLR 641, where Dixon and McTiernan JJ. said:

In deciding this question, the marks ought not, of course, to be compared side by side. An attempt should be made to estimate the effect or impression produced on the mind of potential customers by the mark or device for which the protection of an injunction is sought. The impression or recollection which is carried away and retained is necessarily the basis of any mistaken belief that the challenged mark or device is the same.

The words CRISTAL and CRYSTAL are spelt and, I believe, would usually be pronounced differently. The word CRISTAL is only used on champagne and I think most people buying such a product would make the assumption that it was of French origin. Most wine drinkers would be aware of the recent publicity about agreements between Australia and France regarding restrictions on the naming of wines from French wine regions - notably Beaujolais and Champagne. Therefore, being aware that champagne, by definition, can only emanate from the Champagne district of France around Reims and Epernay, purchasers of the opponent's undoubtedly French product would be inclined to pronounce the word CRISTAL in the French manner, with the influence on the second

syllable and using a long A - as in KRIS TAHL. I realise that the word RIDGE is included in a number of Australian wine trade marks but its use here is combined with the word CRYSTAL. I feel that the words CRYSTAL RIDGE suggest a geographical term in this country and would, in my mind, be seen as a fanciful reference to the area of the wine's production. Therefore, I do not agree that there is a common nett impression which could be inferred from the marks.

Mr Skelly said, and I agree with him, that I should impute notional use to the goods of both marks and that that I should consider whether purchasers of both products would be liable to "imperfect recollection" with respect to the marks.. This means that, despite Messrs Fitzpatrick and Williams' claims that the CRYSTAL RIDGE mark would only be used on wines costing around six to eight dollars a bottle and that CRISTAL is only used on champagne costing \$150.00 a bottle, I should consider that both of the marks are used on their respective goods at both ends of the market. I agree with Mr Skelly that the goods of both marks can be considered as goods of the same description. Both goods are wine, despite the exclusion in the applicant's statement of goods and the narrow goods of the opponent. However, I still think it is fair to take into consideration that the champagne comprising the opponent's goods is, as I have already said, French by definition and therefore imported. The cheapest French champagne on the market costs around \$35.00 a bottle and the upper end would extend into the realm of several hundred dollars. On the other hand, I am aware from my own experience that Australian wines start at three or four dollars a bottle and extend to around \$110.00 at the upper end of the scale for good still red wine. Australian wine producers are forbidden from using the word champagne to describe their sparkling wines and, in any case, the applicant has offered to exclude these from its present statement of goods. Given that a person buying champagne would be outlaying a minimum of \$35.00 a bottle, I am of the opinion that they would take some care in their selection. On the other hand, a purchaser of a still wine, although paying very little for his or her wine at the lower end of the scale would be alerted by the higher price and different shaped bottle, even if he or she imperfectly recollected the words CRISTAL and

CRYSTAL RIDGE. Conversely, at the upper end of the scale of still wines, I believe that he or she would take as much care with their purchase as the buyer of a French champagne would. I must agree with Mr Williams where he said that the wines of both parties would not be sold side by side. It is my experience that French champagnes and still wines, even if sold chilled, are separately displayed in bottle shops.

Given the foregoing, and the fact that the applicant has agreed to widen the exclusion to its goods from "champagne" to "sparkling wines", I am of the opinion that there is very little possibility of the marks being considered deceptively similar, even considering notional use and taking into consideration the concept of imperfect recollection. Here I think the present case can be distinguished from the case of *Gayl Rich & Associates Pty Limited v Chanel Ltd* (unreported) referred to by Mr Skelly regarding whether there was a likelihood that the mark CRISTALLE would be imperfectly recollected as CRYSTAL SEVEN. In the latter case, the goods were exactly the same. In the present instance, there is some distinction - "champagne" compared to "wines excluding sparkling wines" - despite the goods being of the same general distinction.

I therefore find that the mark cannot be considered deceptively similar to the opponent's marks. For the foregoing reasons, I find that the opponent's objection, as it is based on s.33, must fail.

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*, supra, where it 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 law. I have considered Mr Skelly's submissions regarding the need to show blameworthy conduct in the circumstances of an application for registration. However, despite the inconvenience that the Office practice might have for opponents relying upon s.28, the practice of requiring some blameworthy conduct in all applications under that section has been followed without being judicially overruled for some time and I can see no reason to break with this in this decision.

In assessing the reputation of the opponent's marks in Australia, the relevant date is the date of lodgment of the opposed application - *Southern Cross*, supra. I accept from the opponent's evidence that, at the relevant date, the opponent had a well established reputation in this country for its marks, in particular the word CRISTAL - although it would seem only to be so for champagne wines. The champagne, for which the opponent has achieved its reputation, is imported from France, is very expensive and, I would estimate, not be sold in a wide range of outlets - mainly because of the cost of keeping a supply of expensive champagne in stock for a limited market. It is thus a very narrow reputation amongst a restricted clientele. There has been no evidence put forward by the opponent to show any significant degree of deception caused by the applicant's mark or, indeed, any deception or confusion at all. Therefore, I cannot accept the opponent's assertion that a substantial number of persons would be confused or deceived as to the origin of the two marks in question.

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. I cannot agree with Mr Skelly that blameworthy conduct lies with the applicant originally applying for all wines in Class 33. It was quickly agreeable to exclude champagne from its statement of goods when requested by the examiner and I can see no ulterior motive in applying for "wines", the original statement of goods, when that is what the applicant produces - albeit only of the still variety. Additionally, the opponent has not been successful in its opposition under s.33 and so therefore the findings in *Forestell Security Securities (Aust) Ltd v BHP* and *Greta Lingerie (Aust) Pty Ltd v Esprit De Corp*, both supra, do not arise. 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.

Conclusion

I find that the opponent has failed on all of the grounds relied upon in the notice of opposition. I therefore dismiss the opposition. Notwithstanding the foregoing, I think that it is clear that the applicant, on its own admission, does not intend to use the mark on all of the goods claimed. At the hearing, both Mr Williams and mr Fitzpatrick offered to exclude sparkling wines from the statement of goods. I feel that this would reduce any possibility of confusion in the market place. In consequence, I will amend the statement of goods to widen the exclusion to the goods from "champagne" to "sparkling wines". Then, subject to any appeal from this decision, the mark should proceed to registration.

I can see no reason why costs should not follow the result and I accordingly award costs in the matter to the applicant.

Ian Forno
Hearing Officer

27 January 1995