TRADE MARKS ACT1955

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

Opposition by E T EVANS PTY LTD to Applications Nos 596206, 596207 and 596208 in the Name of MORTRACK PTY LTD

As provided in the transitional provisions of Part 22 of the *Trade Marks Act 1995* the provisions of the *Trade Marks Act 1955* continue to govern this opposition. Accordingly, unless otherwise specified, any reference to the Act in this decision is a reference to the *Trade Marks Act 1955.*

The Applications

On 15 February 1993 Mortrack Pty Ltd, of the Australian Capital Territory, (Mortrack), lodged three applications numbered 596206, 596207 and 596208 for the registration of the trade mark

Drape
Well

in respect of the following goods:

Number	Class	Goods
596206	24	Curtain styling heading tapes
596207	6	Curtain tracks and fittings in class 6
596208	20	Curtain rods and fittings of wood

All three applications were accepted in Part B of the Register on the basis of evidence of use of the trade mark and the acceptances were advertised in the *Official Journal* of 2 February 1995 (596206 and 596208) and 23 February 1995 (596207). Notices of opposition to applications 596206 and 596208 were lodged on 1 May 1995, and to application 596207 on 22 May 1995, by E T Evans Pty Ltd of Western Australia (ETE). The grounds of opposition were widely drawn but consisted essentially of allegations of prior use of and reputation in the mark by ETE.

The evidence

The evidence in the matter consists of:

evidence in support

declaration of Tudor John Evans , Managing Director of ETE, made 17 November 1995 (the first Evans declaration) together with Exhibits TJE1-TJE13

evidence in answer

declaration of Peter Moran (company director) made 22 April 1996 together with Exhibits PM1-PM7

evidence in reply

- declaration of Tudor John Evans made 8 August 1996 (the second Evans declaration) with Exhibits TJE14-TJE21
- declaration of Peter Stevens made 16 August 1996 with Exhibit PS1
- declaration of Geoffrey Clive Abbott with Exhibit GCA1

The opposition was set down for hearing on 18 February 1997 in Canberra. Mr Kelvin Lord of Lord & Company, patent attorneys, appeared for the opponent and Mr Tom Brennan of Corrs Chambers Westgarth, solicitors, for the applicant.

Background

The evidence of Mr Tudor John Evans is that his company adopted the trade mark "Drapewell" in respect of drapery and drapery hardware products in about 1979 and that in August 1982 he applied, on behalf of the company, to register that trade mark in Classes 20 and 24 in respect of curtain fabrics, curtain tapes, tracks, hooks, fittings and accessories. On the advice of Kelvin Lord & company that evidence of use of the mark would be necessary because of objections raised by the Trade Marks Office based on the descriptiveness of the mark the applications were allowed to lapse in 1985. At the same time two fresh applications were lodged in the same Classes and for the same goods only to meet the same objection. Those applications were also abandoned and lapsed in 1989. The mark was used after its adoption in 1979 on a range of drapery products, mainly in Western Australia but goods were also shipped to the Eastern States and in particular to a company, Superior Curtain Hardware in Sydney. In about 1983 ETE began selling "drapewell" products to Kenmare Fabrics in Melbourne and to Art-Track in South Australia. In march 1985 Mr Evans received a request by telex from Alan Price of A & J Price International of Melbourne for consent for him, Mr Price, to use the trade mark "Drapewell" in relation to his range of packaged tracks and wood sets and other pre-packaged products. Consent was given for the use of the mark in all States except Western Australia. In 1985 ETE was dealing with a company in Taiwan called PAO Company for the supply of wooden poles and tie back hooks. The artwork to be affixed to the products was supplied to the Taiwanese company by ETE. At the same time Alan Price was

also obtaining from the same Taiwanese company wooden poles to which was affixed the same trade mark supplied by ETE. Subsequently Superior Curtain Company of Sydney also obtained "Drapewell" wooden poles from Taiwan. Later the products were manufactured by another Taiwanese company, Taiwan Titan, which continued to use the trade mark. In about 1982 Mr Evans had requested a graphic designer, Peter Stevens of Perth, to prepare some artwork of the stylised form of the trade mark 'Drapewell' in the form which is the subject of this opposition. That stylised form of the trade mark as well as the plain form of the word was used by ETE extensively since 1982. In about 1983 Mortrack commenced use of the trade mark DRAPEWELL in New south Wales and the ACT. Mortrack was initially called Heyson Pty Limited and was registered as such in 1982. Mr Evans disputes the statements by Mortrack in a declaration filed in support of its applications that the company was incorporated in 1978 and commenced selling "Drapewell" products in 1984 throughout Australia.

Mr Moran in his declaration stated that the Mortrack business was carried on by a partnership from 1978 until the incorporation of Heyson Pty Ltd in September 1982 and that that company then continued to carry on the business until it changed its name to Mortrack Pty Ltd in March 1993. Mortrack began to use the trade mark "Drapewell" in 1983 on goods imported from a Taiwanese company PAO (Thailand) Co Ltd. The order was made through A & J Price International of whom Alan Price was an owner. The decision to use the trade mark was made by Peter Moran, his brother David and Alan Price and Mr Moran was not aware of any other person using the mark. Alan Price encouraged Mortrack to adopt and use the trade mark. In 1984 other companies , such as Superior Curtain Hardware Pty Ltd, Drapery Hardware Pty Ltd and A & J Price International to each other's knowledge were also importing goods bearing the "Drapewell" mark from PAO, and later from Taiwan Titan Enterprises Co Limited ("TTE"), and distributing them in the Eastern States. The artwork for the stylised DRAPEWELL mark was prepared by PAO and approved by Mortrack.

proprietorship

This opposition resolves itself into the single question of the proprietorship of the trade mark DRAPEWELL. Mr Evans of ETE claims that his company adopted and began to use the mark in 1979 while Mortrack by its own admission commenced to use the mark in 1983. Who then is the proprietor of the mark? Much of the argument centring on whether Mortrack actually did commence to use the mark in 1983 or, as Evans claims, no earlier than 1985 is largely irrelevant to the decision on the matter. The concept of proprietorship was explained By McGarvie J at first instance in *Settef v Riv-Oland Marble* 10 IPR 402 at 413:

> Acquiring proprietorship
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> At common law (which in the present context is treated as including the principles of equity), property in a trade mark could only be acquired by public use of the mark as a trade mark. The right of the proprietor of a trade mark was to prevent its use as a trade mark by other persons. The original remedy for the protection of this right was an injunction to restrain infringement. Principles as to the way in which the discretion should be exercised to protect a trade mark by injunction were settled by the Court of Chancery. The cases which settled these principles established the types of trade marks in which a person would be recognised as having a right of property which would be protected by injunction: *G E Trade Mark* [1973] RPC 297 at 324-7 per Lord Diplock.
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> 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. A person who becomes proprietor of a trade mark in this way is entitled at common law to restrain a person who later commences to use the trade mark.
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> The proprietor is not entitled to restrain a later user who is an honest concurrent user of the trade mark. For example, a person who innocently commences to use the trade mark, unaware that this infringes the proprietor's right is an honest concurrent user. At common law neither the proprietor nor the honest concurrent user could restrict the other from using the trade mark, but each could restrain a usurper who used the mark: *G E Trade Mark*, supra, at 326. The rights of concurrent users are discussed in more detail later.
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> 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. Settef claims to be the first person to have used the trade mark in Australia and therefore to have been proprietor at common law in Australia.

The right to claim proprietorship of a mark within the meaning of s.40(1) therefore depends on first use of the mark in Australia. The meaning of the word "use" in the Act (and there is no relevant difference between the concept of use at common law and that used in the Act) is to be understood in the context of the definition of "trade mark" in s.6(1) of the Act: *W D & H O Wills (Australia) Ltd v Rothmans Ltd* (1956) 94 CLR 182 at 191; *Estex Clothing Manufacturers Pty Ltd v Ellis & Goldstein Ltd* (1967) 116 CLR 254 at 271. That definition is as follows:

> "trade mark means -
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> (a) except in relation to Part XI, a mark used or proposed to be used in relation to goods or services for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the goods or services and a person who has the right, either as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person ; ...

The word "use" itself is defined in s.6(2) as follows:

> (2) In this Act -
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> (a) references to the use of a mark shall be construed as references to the use of a printed or other visual representation of the mark; and
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> (b) references to the use of a mark in relation to goods shall be construed as references to the use of the mark upon, or in physical or other relation to, goods.

It is essential therefore that the use relied on by a person claiming proprietorship of a mark be use for the purpose of indicating or so as to indicate a connection in the course of trade between the relevant goods and that person.

What constitutes a connection in the course of trade for establishing prior use of a mark in Australia was discussed by the High Court in *Moorgate Tobacco v Philip Morris* 3 IPR 545 at 557:

> "To establish prior use of the mark in Australia, Moorgate relies upon evidence that, during or in connection with discussions between Loew's and Philip Morris about the introduction of the low tar and nicotine cigarette in Australia, packets of cigarettes and associated advertising material displaying the name "KENT GOLDEN LIGHTS" were handed personally, or in one instance sent by mail, to representatives of Philip Morris in Australia. That evidence indicates that there were at least three occasions on which such cigarette packets and advertising material were so delivered. At the times when those items were so delivered, there was no intention on the part of Loew's that it would itself trade in the goods in Australia. Nor, for that matter, had it been decided what name would be used if Philip Morris were, under licence from Loew's, to commence to manufacture and market the goods in Australia at some indefinite future time.

> The court was referred to a large number of cases and to some administrative decisions in which consideration has been given to what constitutes a use or user of a trade mark for the purposes of the statutory notion of proprietorship of the mark before registration. 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 *(Re Registered Trade Mark "Yanx"; Ex parte Amalgamated Tobacco Corporation Ltd*, supra, at 204-5) or that the mark has been used in an advertisement of the goods in the course of trade (*Shell Co of Australia v Esso Standard Oil (Australia) Ltd*, supra, at 422). 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 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 connection in the course of trade between the new cigarettes and Loew's."

In order to establish use in the relevant sense then it must be 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 *Moorgate* case the Court found that there had been no 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.

I accept the evidence that ETE adopted and commenced to use the trade mark in 1979. There is first of all Mr Evans' statement to that effect in his first declaration. There is the evidence of Peter Stevens that he recalled receiving instructions from Mr Evans to do some design work for his company's trade mark DRAPEWELL "in the early 1980's" The trade mark in the form here in dispute is exhibited to his declaration as the design prepared by him at that time. There is the evidence of Geoffrey Clive Abbott, the managing director of a printing company who stated that according to his company's records his firm printed, on instructions from Mr Evans, a brochure containing the word DRAPEWELL. Exhibited to the declaration is a copy of what appears to be instructions for the installation of "Drapewell Curtain Tracks". On the back of that sheet there

appears the notation 45485/4/79 which Mr Abbott recognises as one of his firm's job numbers and the date 4/79, that is, April 1979. There are also the two applications for registration of the word DRAPEWELL lodged on 26 August 1982 which ultimately lapsed. Most of this evidence is largely circumstantial but taken together it satisfies me that it is probable that in fact ETE began to trade in the relevant goods under the trade mark in or about 1979 and that therefore ETE was the first user of the trade mark and entitled to be regarded as the proprietor of the mark in Australia at common law as explained by McGarvie J. Just what the relations between ETE and Superior, Price, Mortrack and other traders in the Eastern States were remains unclear.

honest concurrent user

Mr Brennan submitted that even if ETE were found to be the proprietor of the trade mark Mortrack should be entitled to registration in terms of s34 of the Act because of its long concurrent use of the mark. Section 34 is in the following terms:

> **34. (1)** In the case of honest concurrent use or of other special circumstances which, in the opinion of the Registrar, make it proper so to do, the Registrar may permit the registration of trade marks which are substantially identical or deceptively similar, or, but for the honest concurrent use or other special circumstances would be deceptively similar, for the same goods or services or other goods or services, by more than 1 proprietor subject to such conditions and limitations (if any) as the Registrar imposes.
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> **(2)** Where a person has, by himself or his predecessors in business, continuously used a trade mark before the use, or before the date of registration, whichever is the earlier, of another registered trade mark by the registered proprietor of that other trade mark, by his predecessors in business or by a registered user of that other trade mark, the Registrar shall not refuse to register the first-mentioned trade mark by reason of the registration of that other trade mark.

He relied, in view of Mortrack's own admission that it commenced use of the mark in 1983, on the provisions of subsection (1). The matters to be considered under that subsection were set out in the leading case of *Alex Pirie & Sons Ltd's Appn* (1932) 49 RPC. The principles of that case were applied in *K Mart Corporation v Artline Furnishers Supermarket Pty Ltd* (1991) 23 IPR 149. The matters considered in that case were:

1. The honesty of the concurrent use.
2. The extent of the use in area, duration and volume.
3. The degree of confusion likely to ensue.
4. Whether any instances of deception have occurred.
5. The balance of convenience.
6. The effects of any terms or conditions imposed.

The honesty of the concurrent use is fundamental to the applicability of the subsection 34(1): per Mr Myall in *Granada Trade Mark* (1979) RPC 303: "...if the concurrent use is not honest it is as nothing."

In the *K-Mart case,* supra, Mrs Farquhar said:

> The honesty of the concurrent use is fundamental to the applicability of this sub-section: if the concurrent use is not satisfactorily shown to be honest then I cannot apply the provisions of this sub-section. It follows that if the opponent calls the behaviour of the applicant into question, there is an onus on the applicant to satisfactorily explain that behaviour.

The circumstances surrounding the adoption of the trade mark by Mortrack have not been satisfactorily explained, especially the role played by Alan Price, who seems to be something of an *éminence grise*, in the affair. Mr Moran simply states that:

> The decision to first use the Mark was made between myself, my brother David and Alan Price. In 1983 I instructed a Taiwanese company, PAO (Thailand) Co Ltd ("PAO") to prepare an order of woodpole sets and other items of curtain hardware using the Drapewell name. The order was made through A & J Price International, of whom Alan Price was an owner. I recall that A & J Price International also ordered goods under the Mark.

He does go on to say that:

> At the time Mortrack first decided to use the Mark, I was not aware of any other person using the Mark, other than the contemporaneous orders of A & J Price International.

However,

> Alan Price of A & J Price International ...first suggested to me that Mortrack use the Mark as Mortrack's principal brand for curtain tracks and hardware; he encouraged Mortrack to adopt and promote its use.

The earliest documented contact between Alan Price and Mr Evans is a copy of a telex message, at Exhibit TJE3, which Mr Evans interprets as a "request" for "consent" to use the DRAPEWELL in Victoria. Mr Evans gives the date of March 1985 for that communication although the only date on it apart from a "Received" stamp bearing the date 28 September 1995, which evidently was the date of receipt of the photocopy, is the figures 4/3. The message reads:

> JOHN
> NEED A BRAND NAME FOR MY PACKAGED TRACKS AND WOOD POLE SETS AND OTHER PRE PACK
> THINKING MAYBE I CAN USE DRAPEWELL ??? FOR VICTORIA
> DO YOU HAVE ANY THOUGHTS ON MATTER
> MRGDS
> ALAN

I agree with Mr Brennan that that hardly appears to be the language of request but rather that of friends or business acquaintances sharing ideas. At any rate they were at that time on first name terms. Otherwise there is no indication of what their relations were in 1983 when the mark was adopted by Mortrack.

Again, the only indication of the extent of the use of the mark by Mortrack is contained in the statutory declaration of Peter Moran in support of acceptance of the application which was put in evidence by ETE. In that declaration Mr Moran states that the mark had been in use on Drapewell products throughout Australia. The Annexure B to the declaration which he said contained a list of customers who had purchased products from the Mortrack catalogue including Drapewell products is not in evidence. Mr Moran further states that since the inception of the brand name Drapewell the company had sold well over 50,000 Drapewell products, but no details are given. Again, the

Annexure D to the declaration which is said to be a table indicating units distributed of four basic Drapewell products from 1985 to 1994 is not in evidence. In Mortrack's own evidence in answer no attempt has been made to give any information as to the extent of the use of the mark by Mortrack..

As to the question of confusion, as the marks claimed by ETE and Mortrack are identical confusion and deception would be inevitable should the activities of the parties came into conflict, although there is no evidence of actual confusion to date. Mr Brennan also argued that the inconvenience to his client would be considerable given the 13-14 years of use of the mark by it. Nevertheless, for the reasons given above I must find that the evidence falls far short of being sufficient to enable me to apply the honest concurrent user provisions of s34.

Conclusion

I have found on the evidence that the opponent, ETE, is entitled to be considered to be the rightful proprietor of the trade mark DRAPEWELL by virtue of its first use of the trade mark in Australia. I have also found that the evidence is insufficient to make out a case of honest concurrent user in terms of s34(1) of the Act. It follows that the opposition has been successful and that the trade mark applications 596206, 596207 and 596 208 in the name of Mortrack Pty Ltd must be refused.

I award costs to the successful opponent E T Evans Pty Ltd.

Michael Homann
Hearing Officer

16 May 1997