



TRADE MARKS ACT 1995

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

Re: Oppositions by P & T BASILE IMPORTS PTY LTD to applications under section 92 of the Act by SOCIÉTÉ DES PRODUITS NESTLÉ S.A. to remove trade mark numbers 617886(29), 621394(30) - **CAPRICCIO ITALIANO** - and 644673(29), 644674(30) - **CAPRICCIO** - in the name of P & T BASILE IMPORTS PTY LTD.

Background

Trade mark number 617886 is registered for the trade mark CAPRICCIO ITALIANO in class 29 of the *International (Nice) Classification of Goods and Services*, for the following goods:

Fish including tuna; preserved, dried and cooked fruits and vegetables, including sun dried tomatoes, olives, anchovies and mushrooms; jellies, jams, fruit sauces; edible oils and fats; and all other goods in class 29.

Its filing date was 8 December 1993. Trade mark number 644673 was divided from 617886, and is registered for the trade mark CAPRICCIO (being "part of" the earlier trade mark). It covers an almost identical statement of goods (with the addition of specific reference to "beans" and "cheeses") in class 29. As a divisional registration, it shares the same filing date as its "parent".

Trade mark number 621394 is registered for the trade mark CAPRICCIO ITALIANO in class 30, for the following goods:

All goods in class 30 excluding biscuits, flour and preparations made from cereals, bread, pastry, ice-cream and water ices, frozen confections, frozen desserts, and non-medicated confectionery.

Its filing date was 28 January 1994. Trade mark number 644674 was divided from 621394, so also shares that filing date. It is registered for the trade mark CAPRICCIO for the same goods as 621394 in class 30. The owner of all four trade mark registrations is P & T Basile Imports Pty Ltd ("Basile").

Applications under section 92 of the *Trade Marks Act 1995* ("the Act"), for removal of the subject trade marks from the Register for non-use were filed on 11 January 2000, by Société Des Produits Nestlé S.A. ("Nestlé"). They were advertised for opposition purposes in the *Official Journal of Trade Marks* dated 17 February 2000. Basile filed notices of opposition on 17 May 2000.

The applications for removal

The removal applications cited grounds under paragraphs 92(4)(a) and (b) of the Act. The ground ultimately relied on at the hearing was that set out in paragraph 92(4)(b):

- (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.

The relevant period of non-use ("relevant period") is from 11 December 1996 to 11 December 1999.

Mr Andrew Lockhart, legal practitioner, declared in the applications on behalf of Nestlé, that it was entitled to make application as a person aggrieved in terms of subsection 92(1), because it intended to use the trade mark CAPRICCIO in relation to "various food products". In addition, it had filed a trade mark application in Australia for CAPRICCIO in relation to those products.

The removal applications nominated complete removal from the Register of trade mark numbers 617886 and 621394 (for CAPRICCIO ITALIANO). However, partial

removal, for "All goods in Class 29 excluding, cheese, vegetables, namely tomatoes, mushrooms, eggplants, artichokes, onions, beans, peas, lentils and olives" was specified for trade mark number 644673 (for CAPRICCIO). And partial removal, for "All the goods other than tomato sauce and vinegar" was specified for trade mark number 644674 (also CAPRICCIO) in class 30.

The notices of opposition

The notices of opposition responded on the following grounds:

1. The applicant for removal was not a person aggrieved within the meaning of the Act.
2. On the day on which the application for the registration of the trade marks was filed, the applicant for registration had an intention in good faith
 - to use the trade mark in Australia; and/or
 - to authorise use of the trade mark in Australia in relation to the goods to which each respective non-use application related; and
 - the registered owner had used the trade mark in Australia in good faith.
3. The trade marks had remained registered during the relevant period, and during that period the registered owner had used the trade marks in Australia in good faith in relation to the goods to which each respective non-use application related.

The evidence

The evidence in support

The evidence in support of the opposition to removal (in relation to all four registrations) comprises two statutory declarations.

The first declaration is by Mr Angelo Basile, Financial Controller of Basile, and is dated 13 September 2000. This declaration attests to negotiations conducted during October 1999 by Mr Angelo Basile and his father Pasquale Basile, with Mr Guiseppe Camardo of the Italian company, Camardo SpA. According to the declaration, the

negotiations, which occurred during a regular visit to Europe by the Basiles to meet with their usual suppliers of food and wine products, related to "proposed pricing and quantities of our CAPRICCIO brand coffee". The declaration is supported by Exhibit AB-1, a relevant excerpt from "Angelo Basile's Travel Diary - October 1999".

The second declaration is by Ms Patrizia Basile, Marketing Manager of Basile, and is also dated 13 September 2000. Ms Basile relates in her declaration a brief history of the family business, which was established in 1982 and is engaged in importing, distribution and supply of food and wine products from Italy, Spain and Greece into the Australian market. Its customers include major supermarket chains such as Coles and Safeway/Woolworths, independent supermarkets and delicatessens, and retailers such as Myer/Grace Bros and David Jones.

Ms Basile details the process whereby Basile identifies and develops new product lines of its own volition, to be labelled with one of its own trade marks. She declares that it is not uncommon for this process to take at least twelve months "because of the challenges associated with negotiation and sourcing products and packaging from foreign suppliers". Ms Basile declares that the trade mark CAPRICCIO ITALIANO had been used in good faith during the relevant period on "cheese, peeled tomatoes, and cannellini and borlotti beans". She also declares that the trade mark CAPRICCIO had been used in good faith in Australia in relation to "coffee, and fish products, namely tuna and anchovies", and that "it has always been P & T Basile's intention to use the CAPRICCIO trade mark in relation to coffee and fish products".

Ms Basile describes an exchange of correspondence that occurred in January and February 1996, between Nespresso Australia (described as a "unit" of Nestlé Australia Ltd) and Basile. The exchange concluded with the latter declining Nespresso's offer to purchase an "exclusive perpetual license to use CAPRICCIO in relation to coffee", because it was itself "in the process of developing a brand profile for CAPRICCIO".

Finally, Ms Basile gave details of negotiations that she had been involved in, during the relevant period, towards the labelling, supply and proposed launching of CAPRICCIO trade marked coffee, tuna and anchovy fish products.

Ms Basile's declaration is supported by Exhibits PBI - IX, containing photographs showing use of the mark CAPRICCIO ITALIANO on peeled tomatoes, borlotti beans, cannellini and cheese, and copies of invoices and correspondence, including the correspondence between Basile and Nespresso, described above.

The evidence in answer

The evidence in answer is comprised of a statutory declaration by Mr Jean-Jacques De Gruben, dated 4 April 2001 ("the Gruben declaration"). Mr Gruben is the General Manager of Nespresso Australia, a division of Nestlé Australia Ltd. He explains in his declaration that his company is the authorised user of the NESPRESSO trade marks in Australia, owned by Nestlé. The NESPRESSO trade marks are used in Australia and around the world, to identify a "portioned, encapsulated coffee and the machines and systems used to make espresso coffee from these capsules". This is known as the NESPRESSO system. The NESPRESSO system was launched in Switzerland in 1989, and in Australia in 1995. NESPRESSO system owners throughout the world belong to the NESPRESSO Club, through which the coffee capsules are sold to them. There are nine standard NESPRESSO coffee capsule varieties sold internationally for use with the NESPRESSO system. These cannot be used in any other kind of espresso coffee making machine. The trade mark identifying one of those capsule varieties is CAPRICCIO.

Mr Gruben declares that, although the component parts of the NESPRESSO system are manufactured at limited sites throughout the world, and are in general "uniform in their quality, packaging and branding", those sold in Australia, and distributed from here throughout the Pacific Rim area, cannot include CAPRICCIO coffee capsules. This is because of the existence of Basile's Australian registrations. According to Mr Gruben:

The inability to use the trade mark CAPRICCIO in Australia and the Pacific Rim is therefore a serious disadvantage to my company as it limits its activities in Australia and the Pacific rim area and causes increased cost due to the inability to use artwork and publicity material for the international NESPRESSO system. My company's commercial activities have been hindered and continue to be hindered by the CAPRICCIO registrations.

Finally, Mr Gruben describes in his declaration his understanding that the 1996 exchanges between his company and Basile actually concluded with Nespresso

Australia declining a counter offer made to it by Basile for the sale or licensing of the CAPRICCIO trade marks in relation to coffee. Mr Gruben also understood that, having been advised by Basile that it was not using the trade marks in relation to coffee, Nespresso Australia then considered pursuit of the alternative avenue of removal for non-use. It decided (in accordance with the timeframe set for an application under paragraph 92(4)(b) by subsection 93(2)) to review Basile's use of its trade marks at the end of five years from the filing dates of its registrations.

The Gruben declaration is supported by Exhibits PD1 - 4, being printouts from the website www.nespresso.com, giving information about the NESPRESSO system, and copies of brochures from Australia and the US, highlighting the omission from Australian advertising of reference to the CAPRICCIO variety of coffee capsules.

The evidence in reply

The evidence in reply is comprised of five declarations in total. The first three declarations are all dated 13 July 2001, and are made by:

- Mr Domenic Lucarelli, National Accounts Manager for Basile
- Mr Santo Gervasi, owner of Gervasi Foodworks
- Mr Vincenzo Gualano, Sales Executive for Basile.

These declarations go to the declarants' knowledge of Basile's preparations in late 1999 (including sightings of relevant mock-ups of labelling), to launch a new coffee brand, CAPRICCIO, to the market.

The last two declarations are both dated 20 July 2001, and are by:

- Mr Bradley McOrrie, Managing Director of Intascan Lithographers (Aust) Pty Ltd
- Ms Patrizia Basile.

These declarations follow on from Ms Basile's declaration of 13 September 2000. They relate to the commissioning by Ms Basile, in February 2000, of Mr McOrrie's desktop publishing and design company to commence work on a label design for CAPRICCIO and CAFFE CAPRICCIO coffee products. This work had become

necessary because proofs designed in 1999 by the intended supplier, Camardo SpA, (already a regular supplier to Basile of coffee under a different trade mark) were found unsuitable by Ms Basile. According to Ms Basile's second declaration, the final label design was completed and forwarded to the Italian company "later in the 2000 calendar year".

The hearing

At the end of the evidence gathering stages, Basile requested a hearing of the opposition. This came before me, as a delegate of the Registrar, in Canberra, on 9 November 2001. Mr Colin Oberin, of Allens Arthur Robinson Patent and Trade Mark Attorneys, Melbourne, represented Basile. Ms Margaret Shearer, (accompanied by Ms Roslyn Vadala) of Banki Haddock Fiora, Sydney, represented Nestlé. A week before the appointed date, Ms Shearer advised the Trade Marks Office and Basile that Nestlé would not be tendering argument or seeking to rely on paragraph 92(4)(a) of the Act as a basis for removal at the hearing.

Both Mr Oberin's and Ms Shearer's submissions at the hearing were extensive and wide-ranging. The issues were considerably complicated by the fact that the hearing dealt with four different registrations for two different trade marks in two different classes, subject to removal applications specifying partial removal in two cases and full removal in the other two. Mr Oberin chose one method of tackling this problem, and Ms Shearer chose another. I do not propose to attempt to summarise here all the submissions put before me on the day. Instead, I will refer to them as relevant in the discussion below, where I have chosen yet a third method for untangling the respective fates of the four registrations.

However, I will note here that it was common ground between the parties that the word ITALIANO in two of the trade marks represented a minor difference, probably "not substantially affecting the identity" of the mark CAPRICCIO, for the purposes of assessing use of that trade mark under the Act.

Discussion

A person aggrieved

The first issue to be determined in relation to the four registrations in question is the status of the removal applicant as a person aggrieved, required by subsection 92(1) of the Act. This is a threshold test, the interpretation of which has been the subject of considerable attention by the courts. For example, see *Ritz Hotel v Charles of the Ritz* (1988) 12 IPR 417, *Kraft Foods Inc v Gaines Pet Foods Corporation* (1996) 34 IPR 198, and the analysis in Lahore, *Patents, Trade Marks and Related Rights* (2001), Chapter 7. The removal applicant's aggrieved status is to be determined as at "the date of commencement of the proceedings in which the claim for removal of the mark is made" (*Kraft Foods Inc v Gaines Pet Foods Corporation*, supra, at page 206).

Nestlé based its original claim to be a person aggrieved on its intention to use the trade mark CAPRICCIO on "various food products", and its filing of an application for the trade mark in relation to those products. Basile challenged this claim in all four of its notices of opposition. The details of Nestlé's trade mark application are not given in the removal applications, or referred to in the evidence, but Ms Shearer described it further in her submissions at the hearing. It is trade mark number 818386, filed on 23 December 1999, prior to the filing date of the removal applications, which was 11 January 2000. It covers the following goods, in Class 30:

Coffee and coffee extracts; coffee substitutes and extracts of coffee substitutes, preparations for making coffee; tea and tea extracts; cocoa and preparations having a base of cocoa; chocolate; confectionery; sweets; sugar; bakery products, pastry; desserts, puddings; ice cream; honey and honey substitutes; foodstuffs having a base of rice, of flour or of cereals, also in the form of ready-made dishes; sauces; aromatising or seasoning products for food; mayonnaise

Ms Shearer argued that the De Gruben declaration clearly shows Nestlé's intention and need to use the trade mark CAPRICCIO in relation to coffee in Australia, and that it has been prevented from doing so by the conflicting need to avoid infringement of all four of Basile's registrations. She said that:

While the class 30 registrations present a clear and present impediment to use of the trade mark on the present good of interest being coffee, the class 29 registrations, at least in part, present an impediment to future use of the trade

mark CAPRICCIO for coffee flavoured goods and other grocery items which the applicant may reasonably require.

The applicant is aggrieved by the class 29 CAPRICCIO registrations, as they would inhibit the prospects of reasonable brand extension in the future. It is usual in the grocery industry for a manufacturer to have brand extensions also within related product categories.

Mr Oberin conceded at the hearing, on behalf of Basile, that the evidence had demonstrated that Nestlé was a person aggrieved in relation to "coffee and coffee products". However, he said that because Nestlé lacked the necessary standing as a person aggrieved in relation to any of the other goods covered by his client's registrations, Basile had "no case to answer" in relation to those goods.

In *Kraft Foods Inc v Gaines Pet Foods Corporation*, supra, at pages 210-211, Sackville J observed:

In my view, the mere fact that a person has filed an application for registration of a trade mark, without more, is insufficient to establish that the person is appreciably disadvantaged, in a legal or practical sense, by the continued registration of an identical or deceptively similar mark. The position is likely to be different if the application for registration is accompanied by material that clearly demonstrates an intention to use the mark. If the application and supporting documentation are tendered in evidence in the removal proceedings, the inference would be (in the absence of further evidence) that the applicant for removal has a sufficient interest in the proceedings to be a "person aggrieved". Of course, it is also open to the applicant in the removal proceedings to adduce independent evidence to establish that it had used or intended to use the trade mark at the relevant time. But the fact of filing the application, of itself, does not establish that the applicant is a person aggrieved for the purposes of proceedings under s.23(1) of the [Trade Marks Act 1955].

Nestlé's application for the trade mark CAPRICCIO covers a broad range of goods in class 30, including coffee. Challenged on its status as a person aggrieved, it has provided convincing evidence to support its claim of intention to use the trade mark, at the relevant time, in respect of coffee. Therefore, I am not looking at the mere "fact of filing the application itself" as justification for Nestlé's standing.

As Ms Shearer pointed out at the hearing, a person does not need to be aggrieved in respect of all the goods covered by a registration, in order to be aggrieved by the registration as a whole. In *Ritz Hotel v Charles of the Ritz*, supra, McLelland J stated,

at page 455, that if a person was to show that he was a person aggrieved in respect of "some kinds of goods" in a "category" then he would "nevertheless have standing to claim removal of the mark in respect of the goods in [that category] without distinction." *Lahore*, supra, at 62,030, says that the only possible meaning attributable to McLelland J's use of the word "category" is "class".

Given the above, I find that Nestlé has the requisite standing as a person aggrieved in respect of trade mark numbers 621394 and 644674, being registrations for CAPRICCIO ITALIANO and CAPRICCIO for all goods in class 30, which includes coffee. However, I do *not* find Nestlé to be a person aggrieved in respect of trade mark numbers 617886 and 644673, for CAPRICCIO ITALIANO and CAPRICCIO in class 29. Despite Ms Shearer's suggestions that her client may one day "reasonably require" to use CAPRICCIO on, perhaps, coffee flavoured milk, or other coffee flavoured products in class 29, there is no evidence of any kind from Nestlé to support this. Its new application is for goods in class 30. Its declaration in evidence of proposed use of the trade mark and associated grievance in not being able to commence that use relates *only* to application of the mark to a single flavour of NESPRESSO coffee capsule, part of a highly specialised, integrated espresso-making system. Returning to *Ritz Hotel v Charles of the Ritz*, supra, at page 454, McLelland J gave general guidance on the meaning of "person aggrieved", saying:

...the expression would embrace any person having a real interest in having the register rectified, or the trade mark removed in respect of any goods, as the case may be, in the manner claimed, and thus would include any person who would be, or in respect of whom there is a reasonable possibility of his being, appreciably disadvantaged in a legal or practical sense by the register remaining unrectified, or by the trade mark remaining unremoved in respect of any goods, as the case may be, in the manner claimed.

I have nothing before me to suggest that, at the time of filing its non-use applications, there was any reasonable possibility of Nestlé being "appreciably disadvantaged in a legal or practical sense" by the presence on the Register of either of Basile's registrations in class 29. Therefore, I find that Basile has no case to answer in respect of Nestlé's applications to remove trade mark numbers 617886 and 644673 from the Register. I will continue from this point to examine only the evidence and submissions from the opposing parties as they relate to Basile's two remaining registrations, 621394 and 644674 in class 30.

Burden on the opponent to establish use of the trade mark

Unless the standing of a removal applicant as a person aggrieved is properly challenged and found wanting (as in the case of Nestlé's applications to remove trade mark numbers 617886 and 644673) the onus, under section 100 of the Act, is upon the opponent. Responding to the ground for removal relied on by Nestlé in respect of trade mark numbers 621394 and 644674, Basile must demonstrate either:

- That it, or its assignee, has used the trade mark, or a substantially identical mark on the goods/services specified in the registrations, during the relevant period (paragraphs 100(3)(a) and (b)), or
- That it did not use the trade mark in relation to those goods and/or services during the relevant 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 time (paragraph 100(3)(c)).

Failing both of these, it is open to Basile to establish special facts or circumstances, or an overriding public interest, which might convince the Registrar that it is reasonable not to remove the trade mark from the Register even if the grounds on which the application was made have been established (subsection 101(3)).

Trade mark numbers 621394 and 644674, for the trade marks CAPRICCIO ITALIANO and CAPRICCIO, respectively, cover all goods in class 30, with the exclusion of "biscuits, flour and preparations made from cereals, bread, pastry, ice-cream and water ices, frozen confections, frozen desserts, and non-medicated confectionery". Nestlé's applications for removal cover all goods in respect of CAPRICCIO ITALIANO (621394) and all goods except for tomato sauce and vinegar in respect of CAPRICCIO (644674). Basile's evidence focussed mainly on the tinned vegetables, cheeses, tinned fish, etc, covered by its class 29 registrations. It noted that there was no challenge for it to answer in relation to its use of CAPRICCIO alone on tomato sauce and vinegar in class 30. Despite Basile's two registrations in class 30 covering all goods in that class (with some specific exclusions), the single item in that class to which the evidence relates is coffee. Detail is provided of preparations being made in the relevant period by both Angelo and Patrizia Basile for the launching of a new CAPRICCIO, or CAFFE CAPRICCIO, brand of coffee.

At the hearing, Mr Oberin argued that the evidence before me of these preparations was sufficient to defeat Nestlé's non-use applications as they relate to coffee and coffee products. He said:

By the time the non-use applications were served in early February 2000, P & T Basile had not only an established source of supply for [coffee and coffee products], they also had informed their sales staff and at least one of their established retail outlets. All that remained was for the labelling to be finalised before the product would have hit the shelves in Australia. It is safe to assume that had the non-use proceedings not intervened, CAPRICCIO Coffee would by now have been on retailers shelves for more than 12 months supplementing other CAPRICCIO and CAPRICCIO ITALIANO house brand goods of P & T Basile.

We accept that mere preliminary discussions and negotiations about whether a mark will be used are not sufficient trade in the goods to defeat a non-use application. However, the cases make clear that where a trading channel has already been opened, there may be use of the mark even prior to any actual sale of goods bearing the mark. In this case a trading channel had been opened in that both a source of supply and retail outlets for the product had already been established by P & T Basile who were already selling coffee from the same supplier (under another trade mark) and clearly had the capacity to import and sell CAPRICCIO coffee. P & T Basile were not merely considering whether to sell CAPRICCIO coffee in Australia, but were in fact already committed to doing so.

Mr Oberin cited *"Hermes" Trade Mark* [1982] 8 RPC 425, *New South Wales Dairy Corporation v Murray Goulburn Cooperative Limited* (1989) 14 IPR 26, *Buying Systems (Australia) Pty Ltd v Studio SRL*, (1995) 30 IPR 517, and *Malaysian Dairy Industries Private Limited and KK Yakult Honsha* [2001] ATMO 40 (22 May 2001) in support of his argument.

Ms Shearer argued to the contrary, that the present case should be distinguished from any cases where preparations towards the launching of a trade mark have been "counted as use" for the purpose of thwarting a non-use application. She said this was because, unlike other cases:

There is no actual use of the trade mark on the relevant goods in that there is no proof of an actual sale. In the absence of actual use eventually, proof of preparations can not be seen as made with the appropriate existing intention to use.

Ms Shearer cited *Moorgate Tobacco Co Limited v Philip Morris Limited (No 2)* (1984) 156 CLR 414 and *Woolly Bull Enterprises Pty Limited v Reynolds* (2001) 51 IPR 149 ("the *Woolly Bull* case") in support of her position.

In the *Woolly Bull* case, Drummond J reviews many of the precedent cases where the issue of what might constitute use of a trade mark, for the purposes of rebutting an application for removal for non-use, has been examined. As with the issue of "person aggrieved", much judicial consideration has been given to this vexed question. At page 157, his Honour examines the findings of Gummow J in *Buying Systems (Australia) Pty Ltd v Studio SRL* (supra):

In Buying Systems (Australia) Pty Ltd v Studio SRL, the question was whether Buying Systems had used the mark (the word "Studio" in relation to fashion and hairdressing magazines) prior to the use of that mark by Studio SRL so as to defeat the latter's claim to registration as proprietor of the mark within s 40 of the 1955 Act. The critical date was 8 December 1983. In the period September to November 1983, Grand, the principal of Buying Systems, decided to set about publishing a new fashion magazine under the name "Studio Collections". He had business cards and letterheads with the word "Studio" printed. He contacted potential advertisers and solicited advertisements for the new magazine. Two of the organisations approached in this period ultimately took up advertising space in the first issue, which appeared in mid-1984...

...Buying Systems not only had an existing intention to trade in the magazine, it had gone beyond making preliminary arrangements to use the mark by December 1983. It had an objectively ascertainable commitment to offering to supply the magazine in trade demonstrated by its having purchased and used appropriate business cards and letterheads in connection with the proposed offering of the magazine and by having solicited advertisers for the magazine. *(In the absence of evidence as to the subsequent publication of the magazine, however, it may well have been difficult for Buying Systems to satisfy the Court that, by December 1983, it then had an intention to offer or supply goods bearing the mark in trade and had done things sufficiently unambiguous to objectively show that it had that intention.)* (Emphasis added.)

Drummond J clearly believes that the final publication of the magazine, even though it occurred some time outside the relevant non-use period, was nevertheless a pertinent factor in Gummow J's decision to accept Buying Systems' pre-publication activities as constituting use of its trade mark for the purposes of the Act.

Applying this reasoning to the case before him, Drummond J then says, at pages 160-161:

Though I have no doubt that Mr Birmingham was, at least in the period March-April 1996, trying hard to persuade Mr Warner to commit CUB to an arrangement with the first applicant under which CUB would produce and sell beer under the first applicant's registered mark or a version of it, his efforts were unsuccessful. His subjective intention, no doubt bona fide, was that the first applicant's mark be used in trade. But that is as far as the case for the applicants goes. It does not involve any use of the mark sufficient for the purpose of s 100(3)(a). *Though it is not necessary, for there to be such a use of a mark, that there be an actual trade in the sense of the offering for sale and the sale of goods bearing the mark, the owner will not use its mark unless it has so acted to show that it has gone beyond investigating whether to use the mark and beyond planning to use the mark and has got to the stage where it can be seen objectively to have committed itself to using the mark, ie, to carrying its intention to use the mark into effect.* (Emphasis added.)

Basile has made a stronger case than that before Drummond J, for its ability to follow through with preparations to the ultimate successful launching of a new product under its trade mark. However, manifestly, it was not *committed* to "carrying its intention to use the mark into effect" at the time Nestlé's removal applications were filed, in January 2000. Basile's CAPRICCIO coffee remains on the drawing board, and has not advanced onto distributor's shelves. Despite Mr Oberin's assertions that this situation is the direct result of the filing of Nestlé's removal applications, and attributable to no other cause, I cannot enter into speculation as to whether or not this is so. To take account of this argument in assessing Basile's use would be to extrapolate too far beyond the facts in evidence here. To adapt an old and familiar saying, for the success of Basile's case, the proof of its CAPRICCIO coffee would have been in the drinking, and to date there has been none available for that purpose. Under these circumstances and following the reasoning of Drummond J in the *Woolly Bull* case, I find that there has been no use by Basile of either of its trade marks in relation to coffee, during the relevant period.

Circumstances that were an obstacle to use

Mr Oberin also tendered alternative arguments to those discussed above. He suggested that, to the extent it may be necessary for me to do so, I should apply in his client's favour the findings of the *Woolly Bull* case in relation to circumstances that were an obstacle to use of the trade mark during the relevant period (paragraph

100(3)(c)). He said that the circumstances of an inappropriate label being sent by Basile's Italian coffee supplier on 27 October 1999 and its subsequent delay in providing a satisfactory and timely final proof as requested by Basile on 3 November 1999 occurred at a critical time. This delay, Mr Oberin submitted, was akin to a regulatory delay for pharmaceuticals. Because of it, Basile could not place an order and hence use CAPRICCIO on coffee within the relevant period.

Ms Shearer objected that Basile should not be able to rely on this ground of opposition to removal, as it had not been specified in the notices of opposition. In any event, she submitted, the difficulties faced by Basile in obtaining final proofs for its coffee labels certainly did not conform with the requirements of paragraph 100(3)(c), and were not supported by the findings in the *Woolly Bull* case.

I do not believe that Basile has disqualified itself from arguing its case under paragraph 100(3)(c), by not specifically mentioning it as a ground of opposition. The wording of the legislation is different in respect of oppositions to registration prosecuted under Part 5 of the Act from removal oppositions prosecuted under Part 9. Subsection 52(4) specifies that "the registration of a trade mark may be opposed on any of the grounds specified in Division 2 [of Part 5] and on no other grounds". Subsection 92(4) uses similar strict wording to limit the grounds under which a removal application can be made: "An application under subsection (1) or (3) [of section 92] may be made on either or both of the following grounds, and on no other grounds". However, the legislation makes no such proscription as to what might constitute grounds for opposition to such an application and what might not. Instead, section 100 describes the means by which an opponent might discharge its burden to establish "use, etc" of its trade mark, and be taken to have rebutted the allegation of non-use. There are no formal "grounds of opposition to an application for removal", as such.

Mr Oberin did not seek to introduce new evidence that might have surprised Nestlé in support of his arguments under paragraph 100(3)(c). He simply submitted that the existing evidence relating to coffee could be considered equally well under that paragraph, as under paragraph 100(3)(a). I do not believe that there is any compelling reason for me to disregard his submissions here.

Having said that, I do not accept that he has made a plausible case for his client within the meaning of paragraph 100(3)(c), either. I agree with Mr Oberin that the paragraph has a wider operation than the more narrowly worded subsection 23(4) of the Trade Marks Act 1955. However, I do not think it is broad enough to encompass what essentially comes down to a general lack of urgency in the dealings between Basile and its coffee suppliers. This is characterised by references in the correspondence such as "as you know, the whole of Italy is on summer vacation," and delays at the Australian end described as being "due to the Christmas trade". In the *Woolly Bull* case, Drummond J considered, at page 163, the report to the Minister for Science and Technology of the Working Party To Review the Trade marks Legislation, July 1992. The examples the Working Party gave of what it envisaged might, (under its proposed new non-use provision, now known as paragraph 100(3)(c)), constitute an obstacle to use of a trade mark, whether applicable to traders generally, or specific to the proprietor of the mark, were:

- Regulatory delay for pharmaceuticals
- Regulatory prohibition of use (eg tobacco products)
- Import restrictions
- Circumstances of war.

Drummond J then went on to say, at pages 163-164:

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 excuse 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. 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 removal 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.* (Emphasis added.)

Finally, he examined how often the circumstances that constituted an obstacle to use should exist during the relevant period (page 164):

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 (ie, more than a *de minimis* 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 to removal 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.

Assessed against the criteria outlined by the Working Party and Drummond J, Basile's case under paragraph 100(3)(c) falls short of the mark. Firstly, because an unhurried pace of negotiations towards the eventual launch of a new product is not a circumstance on par with the "regulatory prohibition of use" and "circumstances of war" envisaged by the Working Party as constituting obstacles to use within the meaning of the new provision. The procurement of acceptable label proofs would surely not represent an insurmountable hurdle to a company whose primary goal was to get its new brand of coffee onto the shelves. Secondly, irrespective of the question of the credentials of the obstacle to Basile's use, I do not have before me even a single example clearly showing a causal link between that obstacle and Basile's lack of use within the relevant period. I am not satisfied on the evidence that, if only the Italian supplier had produced acceptable proofs at any specific point in proceedings, Basile would have used either of its trade marks on coffee prior to November 1999. This is despite the fact that Basile had been on notice since early 1996 that another company was very interested in its use of the CAPRICCIO trade mark in relation to coffee. Indeed, as I have noted earlier, Basile had declined Nespresso Australia's offer at that time because it said it was currently "developing its brand profile".

The Registrar's discretion

Mr Oberin's final submissions in support of his client's case dealt with the exercise Registrar's discretion, under subsection 101(3), to decide that a trade mark should not be removed from the Register, even though the grounds on which the removal application was made have been established. He submitted that it was in the overriding public interest that the well-known CAPRICCIO and CAPRICCIO ITALIANO trade marks should continue to be owned exclusively by Basile. Further, he said that to remove them from the Register, allowing Nestlé's application to proceed and hence allowing its use of CAPRICCIO on coffee, would lead to deception and confusion of consumers. This would be because a "well established house mark of a company known to supply coffee (P & T Basile) would be used on coffee by a different proprietor (Nestlé)". Mr Oberin cited *Paragon Shoes Pty Ltd v Paragini Distributors (NSW) Pty Ltd* (1988) 13 IPR 323 in support of these arguments.

In *Figgins Holdings Pty Ltd v Beltrami SpA* (1998) 46 IPR 411, Deputy Registrar Hardie said, at pages 418 - 419:

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 do not believe that Basile has discharged its onus in this case. Basile's evidence of use on tinned tomatoes, etc in class 29, is not sufficiently extensive or broad-based enough to support Mr Oberin's contentions that its reputation would automatically cross over to disparate goods in class 30. I have found the evidence of use in respect of coffee wanting, and no other evidence of use on any other goods in class 30 has been forthcoming. This situation is distinguishable on several points from *Paragon Shoes Pty Ltd v Paragini Distributors (NSW) Pty Ltd*, supra, quoted by Mr Oberin, not least because the only goods at issue there were shoes. There is not, so far as I can see, sufficient reason for leaving Basile's two registrations in class 30 on the Register for any of the goods in respect of which they are not, and have never been, used. Notwithstanding this position, I am mindful that Nestlé's removal application for

registration number 644674, for CAPRICCIO, excluded "tomato sauce and vinegar", and so Basile was not required to substantiate its use upon those items.

Decision

With regard to trade mark numbers 617886 and 644673, for CAPRICCIO ITALIANO and CAPRICCIO in class 29, Basile has successfully challenged Nestlé's standing as a person aggrieved. Without that standing, Nestlé was not entitled to make its applications for removal. Accordingly, I hereby dismiss its applications and refuse to remove registration numbers 617886 and 644673.

The situation is different for trade mark numbers 621394 and 644674, for CAPRICCIO ITALIANO and CAPRICCIO in class 30. In respect of those registrations, Nestlé has proved its standing as a person aggrieved, and is thereby properly entitled to make its applications for removal. The opponent, Basile, has not discharged the onus upon it to rebut Nestlé's allegations of non-use. Therefore, the removal applicant has been successful in these matters. I now dismiss the oppositions and direct that registration number 621394 be removed from the Register in its entirety, and registration number 644674 be removed for all goods, except for "tomato sauce and vinegar". Should the Registrar be served with a notice of appeal within one month from the date of this decision, I direct that the registrations shall not be removed until the appeal has been decided or discontinued.

Costs

Both parties have claimed costs in this opposition, but each has been partially successful against the other in the outcome. Under these circumstances, I consider it appropriate that each side bears its own costs.

Claudia Murray
Hearing Officer
22 February 2002