



TRADE MARKS ACT 1955
DECISION OF A DELEGATE OF THE REGISTRAR OF
TRADE MARKS, WITH REASONS

Re: Opposition by Ocean Spray Cranberries, Inc to the registration of trade mark application number 621028 in the name of The Sunraysia Natural Beverage Company Pty Ltd.

Background:

After examination, trade mark application 621028 was advertised by the Trade Marks Office as having been accepted for registration. The applicant is The Sunraysia Natural Beverage Company Pty Ltd, which I will refer to simply as “the applicant” from this point.

The trade mark in question is the word CRANTASTIC. The goods specified in the application are fruit juice, non alcoholic beverages and all other goods in international class 32. In general terms, this amounts to beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.

Ocean Spray Cranberries, Inc (“Ocean Spray”) has opposed registration of the application, on grounds that have narrowed down to one; proprietorship or prior ownership.

As set down 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, the provisions to which I will refer, below, are those of the 1955 act.

The opposition process has followed the course set out in the regulations. Both sides served evidence to support their positions and the opposition came on for hearing and decision by me, as a delegate of the Registrar of Trade Marks.

At the hearing, the applicant was represented by Stephen Wilson of the patent attorney firm of Griffith Hack. Ocean Spray was represented by Bruce Caine of counsel, instructed by Blake Dawson Waldron, solicitors.

Ocean Spray claims that it, and not the applicant, is the proprietor of the trade mark CRANTASTIC for cranberry juice products. Ocean Spray has previously registered that trade mark here for relevant goods. The registration itself, however, was not renewed and was, in consequence, removed from the register on 26.10.93. Beyond this, Ocean Spray claims that it has used the trade mark CRANTASTIC in Australia. Ocean Spray thus attacks the applicant's claim to proprietorship of the mark, in terms of s 40 of the *Trade Marks Act 1955*, on the date on which the application was lodged. That date was 24.1.94.

Argument and decision

The facts behind the opposition span a period of years. To get to the essentials of the arguments about this matter, it will probably be simplest if I set down, first, the facts which I take to be relevant to the matter. These come from four declarations, three from Ocean Spray and one from the applicant. I will put what I take to be the established facts into the two contexts which I see as appropriate.

1. Claimed rights arising from former registration

Ocean Spray has relied on a declaration by Lisa Lysko, Ocean Spray's legal counsel in the United States. Ms Lysko does not focus on the Australian situation alone, but her declaration does establish that Ocean Spray has previously registered the trade mark CRANTASTIC in Australia. It lodged an application to register that mark on 25.9.1986. The application was examined, accepted and registered, for "non-alcoholic beverages". Under the terms of s 53(2), it was deemed registered as of the date of application.

This is the beginning, according to Mr Caine, of Ocean Spray's claim to ownership. As Mr Caine argued the matter, authorship of the mark, plus the making of an application, backed up by a clear intention to use, gives Ocean Spray the basis of a claim to ownership of the mark in question. I am deliberately using the word "ownership". I borrow the terminology of the *Trade Marks Act 1995*, not because it is more modern, but because it emphasises that Mr Caine is arguing about property rights. These exist under common law and not under the *Trade Marks Act*.

Mr Caine went on to argue that this claim, flowing from the making of an application, had not been abandoned by the mere removal of the mark from the register. I therefore turn to that case, in the light of Mr Caine's argument. I will not repeat Mr Wilson's criticisms of Mr Caine's argument. It is enough to say that I agree with them entirely.

Mr Caine argued that this situation arises out of established case law. He noted the law flowing from *Shell v Rohm and Haas* (1949) 78 CLR 601. He noted that Ocean Spray can

defeat the present application by showing that Ocean Spray had a prior or superior title at the registration date.

In the decision in *Shell v Rohm and Haas*, Dixon J was concerned with various matters. One of them was the notion of proprietorship of a mark which had not already been used. Another was an anomaly in the framing of the Trade Marks Act 1905, as it then was. That wording of s 25 of that act was somewhat akin to s 33 of the 1955 act. However, it stipulated that the Registrar “shall not register” a mark that is deceptively similar to one “already on the register”. The section made no reference to a conflict among pending applications, or to their date of application; those were to be decided by a court. It was thus possible for a later lodged application to overtake another, provided that the Registrar was satisfied that they were not in conflict, and gain a place on the register. It could then, being registered, constitute a ground for opposition by another party.

The Shell Co had obtained such a registration, for DITRENE. Both the Shell Co and Rohm and Haas agreed, once this was done, that DITRENE and DITHANE were deceptively similar. That facet was not at issue before the court.

Dixon J maintained that the registration of DITRENE, the later application, was one that was wrongly made. He did this because it would interfere with the recording of Rohm and Haas as the lawful owners of DITHANE, the earlier mark. Dixon’s decision also goes to the issue of proprietorship. While it is sometimes difficult to separate that strand from the issue of conflicting registrations, they are distinguishable. Dixon J speaks, at page 630, in the following terms:

To the question whether the respondents’ title to the proprietorship of “Dithane” and their right to register it as their mark is superior to the appellants’ claim to use and register the conflicting mark “Ditrene”, I give an affirmative answer.

Dixon J went on to note the history of the matter, including the adoption of DITHANE by the respondents, Rohm and Haas. It was this use and adoption that he said was important. He concluded, still on p 630:

These facts give a prima facie right to the respondents to register “Dithane” which the application of the appellants to register “Ditrene” could not defeat or displace unless facts existed giving the appellants, the Shell Co of Australia Ltd, a prior or superior title to register the conflicting mark “Ditrene”.

Under the act with which he was concerned, only the court could consider the proprietorship of pending applications. In the case of conflict, the Registrar was able to refuse to register any

of them until a court had clarified the position. The position now is different, and I must assess the entitlements of the applicant and of Ocean Spray. However, I am not exercising the discretion of a court of law and the rights I am to decide are not property rights so much as entitlements to registration. It would be an unusual thing if the register of trade marks was to create a property right. To say that the right that matured from an application for registration could then survive the removal of the registration would be remarkable.

As Dixon J had said at p 629:

... the legislation ascribes proprietorship to trade marks when application to register them is made notwithstanding that the proprietor's right cannot rest on any prior user because hitherto the marks have not been employed...

It is true that, in the oft quoted passage at page 627, Dixon J says:

It is clear enough from the course of legislation and of decision that an application to register a trade mark so far unused must, equally with a trade mark the title to which depends on prior user, be founded on proprietorship. The basis of a claim to proprietorship in a trade mark so far unused has been found in the combined effect of authorship of the mark, the intention to use it upon or in connexion with the goods and the applying for registration.

What he refers to there is a claim to proprietorship, and consequently a claim to being registered as a registered proprietor under the Trade Marks Act. A claim to proprietorship is a claim to registration, but nothing more than this. It carries with it an assertion that a property right exists under the act. Dixon J surely does not suggest that a new property right has been created under common law by the making of an application.

McTiernan J makes the same point at p 631. He refers to the effect of the provisions giving an applicant an inchoate title to the trade mark and an inchoate right to its use: (The word inchoate means, per the *Macquarie Dictionary*: 1. just begun; incipient. 2. immature; rudimentary. 3. lacking organisation; unformed). McTiernan continues: "...the title and right would cease if registration were refused, but if granted the title and right would be confirmed and endure for the term of the registration."

Similarly, Latham CJ notes, at page 619 of the same case, that "There are no provisions in the Commonwealth Act making registration or application for registration the equivalent to user of a trade mark". This is a point in contrast with section 19 of the law of the United Kingdom - see p 628, and Dixon J's reference to the U.K. legislation and law.

Latham CJ continued, noting that marks could be registered, even if unused. “When and if he obtains registration, he acquires rights which date back to the date of his application (s. 47) but until he obtains registration he is, if he has not already used his trade mark and thereby acquired rights, in the same position with respect to the mark as any other member of the public. But it is the granting of registration, and not the making of the application, which gives him for the first time a right to the exclusive use of the previously unused mark.” Those rights, however, were under the Act, as a registered proprietor, not under the common law as a true proprietor.

Mr Caine has argued that property rights came into existence when Ocean Spray’s application was registered. He argued that, at that time, Ocean Spray was the undisputed author of the mark in Australia and that it had a clear and evident intention to use the mark. He went on to argue that the result of this lodgement took on a life of its own, creating some sort of common law right. He argued that the common law right so created was not abandoned and did not end with the removal of the registration. This right, he argued, lived on and was sufficient to defeat the present applicant’s claim to ownership when it, in its turn, lodged the present application.

This is an interesting theory but I cannot accept it. The only proprietorship rights granted by registration are the rights of a registered proprietor. The property rights under the Act are only a very limited species. Once registration ceases then those rights cease also. I reject the suggestion that merely having once had a registration, itself unsupported by use, gives Ocean Spray any standing as the proprietor, or true owner, at common law, of the trade mark CRANTASTIC. The rights that it had as a registered proprietor ended with the removal of the registration in question.

Such a position is consistent, as Mr Wilson argued, with the Registrar’s practice under s 72. That section deals with the status of un-renewed trade marks. It provides that an un-renewed trade mark which has been removed from the register will none the less be deemed to be registered for the purposes of examination of pending applications unless certain conditions are met, as they were in this case. The existence of such a section shows that the scheme of the act does not support the sort of undying claim for which Mr Caine argued.

I am not, in such a case, called on to consider Mr Caine’s argument that Ocean Spray had not abandoned the rights created by the application. This argument was based on the decision of McGarvie J in *Settef v Riv-Oland*, 10 IPR 402 at 420. However, it is flawed. Once the trade mark was removed from the register, all rights under the act ceased. There had been no

use of the mark, so there was was nothing else for it to be able to abandon. The question does not arise.

Rights arising by use?

The essential evidence here comes from declarations by Ray Quinlan, a business consultant employed by Ocean Spray, and by Rita Saddik, who is a director of a company which imports and distributes American food and beverage lines.

Mr Quinlan declares as to the initial trials or marketing of cranberry juice products. He was formerly employed by S.P.C. Limited (“SPC”). SPC had, in 1988, entered into a contract with Ocean Spray under which SPC was engaged to manufacture Ocean Spray’s cranberry based sauces. Subsequently, Mr Quinlan was also involved in discussions about the grant of a licence to allow to SPC for the distribution and marketing of “some of” Ocean Spray’s drinks in Australia. The evidence shows that he was described, to the Marketing Manager of SPC, as “an Ocean Spray representative”. His role was, in 1993, to help Ocean Spray “optimizing (its) current sauce business, and to advise Ocean Spray on how to profitably grow Ocean Spray’s franchise in Australia and New Zealand”.

Mr Quinlan has declared as to what he in turn has been told by someone else. He says that in the years between 1989 and 1993, after he left his job with SPC, the then current Food Services Manager of SPC, Brian Haines:

... informed me that SPC had received from Ocean Spray a full container of drinks bearing the Ocean Spray label and various “cran” marks. ... I further recall that the subject of this container load of drinks was referred to in further discussions with SPC in late 1993 and early 1994 when I was working as a consultant for Ocean Spray.

Mr Quinlan also says that Ocean Spray’s own regional manager for the Far East and Canada, Kenneth Gould, had referred to the same shipment. However, there is no direct evidence from Mr Haines or Mr Gould. Nor is there any other evidence to establish the date of the shipment, its contents or its intended uses or fate. If the drinks amounted to a “container load”, rather than simply a package-sized container, this lack of documentation is remarkable.

On 19 October 1993, Mr Quinlan received a package from Ocean Spray. By that time, Mr Quinlan was working as a consultant to Ocean Spray itself. To the best of his recollection, the package contained:

- approximately two dozen pamphlets the same as the one Mr Quinlan attaches as Exhibit RQ-5 to his declaration. I will refer to these as the RQ-5 pamphlets, and I will turn to them in some detail. On one side of each pamphlet is a picture of a range of bottles, tins

and cartons bearing a large number of trade marks, including CRANTASTIC. On the other side there is Ocean Spray's product list, with a dissection of container sizes, showing which "flavors" (sic) are available in which sizes of bottles, cans or tetrapaks. CRANTASTIC is available in only two of the 11 containers referred to. Precisely where these containers are available is not clear as the one-litre tetrapak is said to be available in European markets only. Certainly, there is no indication of an Australian sales outlet or of prices.

- various printed sales brochures which depicted some of Ocean Spray's products "and possibly prices". Mr Quinlan says "I believe these included" four sorts of pamphlets. Two of these depict, among other juice containers, cartons or tins of drink labelled CRANTASTIC.

Mr Quinlan cannot be sure if all of the latter group, which he describes as "sales brochures", rather than "pamphlets", were received in October 1993. If they were not received then, they were not received until February 1994. I take the evidence as establishing, however, that Mr Quinlan received two dozen RQ-5 pamphlets in October 1993.

Mr Caine argued that the purpose in sending the literature to Mr Quinlan was to allow him to distribute it around Australia, as a precursor to selling Ocean Spray's products here. That is so. In Mr Quinlan's words:

The purpose of sending these documents to me was so that I could gain a detailed understanding of Ocean Spray's full range of drinks products and of the then current Ocean Spray sauce business in Australia. It was also intended that following the Christmas rush when retailers were ready to accept new product lines, I would distribute the pamphlets and fliers and samples of Ocean Spray's drinks to retailers around Australia.

In approaching the declarations and the exhibits, I have to answer three questions.

1. Were there CRANTASTIC products among the shipment of drinks, and did the shipment arrive before the relevant date?
2. Did the relevant brochures - those showing the CRANTASTIC products - arrive in Mr Quinlan's hands before the applicant filed its application to register CRANTASTIC?
3. Was the context in which either the relevant brochures or the drinks arrived one that amounted to the use of the word CRANTASTIC as a trade mark in Australia?

The authorities for formulating the questions in those terms are reviewed by McGarvie J in *Setteff v Riv-Oland Marble Co*, 10 IPR 402 at 413 to 416.

As to the shipment, Mr Caine argues that it is a reasonable inference that the products destined for the Australian market bore the then-registered mark CRANTASTIC. However, I find Ocean Spray's evidence to be second hand and lacking in clarity. There is no clear evidence as to either the marks included in the shipment or the date on which it was ordered.

Nothing about the intention behind the shipment - assuming it existed - is at all clear, so the shipment does not in any case give a positive answer to the third question. Rather the contrary. If goods are both sold and shipped in a context where it is unclear if a particular mark was involved then, on the face of it, it is questionable if that mark was being used as a trade mark.

It is quite possible that the shipment was simply a small container of samples to allow products to be evaluated for flavour. Such samples would not necessarily have been meant to be an offer to trade and may not in themselves have represented an offer to sell goods under all of the marks in question. Such non-trading use of samples is referred to by McGarvie J in *Settef*, supra, at p 417.

Such samples would be comparable to the cartons of cigarettes in *Moorgate Tobacco Co Ltd v Philip Morris (No 2)* [1983-84] 156 CLR 414 at 434. In that case, "The cigarette packets and associated advertising material were delivered to Philip Morris to demonstrate what Loew's was marketing in other countries and what Philip Morris might market, under licence from Loew's, if it decided to manufacture and trade in the goods in Australia and to use the mark locally at some future time." Or, as McGarvie J put it in *Settef*, supra, at 417:

it follows from the authorities that a mark is used as a trade mark only if it is used with a view to facilitating or promoting the operation of a trading channel which in a business sense had already been opened to Australia. The forwarding of samples and brochures is not sufficient to indicate that Settef was ready and willing to fulfil such orders as it received from Australia. The purpose of these items may well have been to ascertain whether there was a market in Australia...

The question of what constitutes use is "an enquiry which pertains more to economic, commercial and business concepts than to concepts of the law of contracts" - *Settef*, supra, at p 415. The alleged size of the shipment would be consistent with trading quantities. However, the lack of documentation in such a case, plus the lack of first hand testimony from the declarant himself, raise the possibility that the declarant was mistaken about the quantities involved. In such a context, Ocean Spray is under an evidentiary onus to clearly establish the facts on which it relies. If it wishes to establish that its products were bought, it should do so.

If not, and if it argues that the quantities were samples on offer, it is under the same onus to show that the offer was a real one and to establish what exactly was on offer, and when.

Secondly, on the evidence, it is not clear that, even if the use was a trading use, it was at a date sufficiently early as to block the present application. Mr Quinlan does not himself declare to the date on which the shipment was ordered or received. The critical date, on which the applicant and Ocean Spray hang their claims, is the date of lodgement of the opposed application, 24.1.94. Where the matter pivots on such a razor edge, I cannot give any great weight to a date that asserted as “between 1989 and 1993” with no apparent reason for either certainty or accuracy about the end-point.

As to the brochures, the same problems apply. Mr Quinlan is at least able to give first-hand evidence about their receipt and there is fairly clear evidence about the two dozen RQ-5 pamphlets. However, the mere fact that Mr Quinlan had received these pamphlets is not enough to establish trade mark use. The use to be relied on by an opponent must be a trading or commercial use. It must be what Deane J, in *Moorgate v Philip Morris*, supra, called “public use”. It is not sufficient to simply establish that some brochures had been received by a marketing consultant for use the next year, after Christmas. The only time Mr Quinlan mentions using an RQ-5 pamphlet is in conjunction with a later shipment of samples that he did not receive until 7 March 1994. Clearly, therefore, public use commenced only in or after March 1994.

Exhibit RQ-9 is also revealing. The exhibit is a set of handwritten notes made by Kenneth Gould in preparation for a meeting with Mr Quinlan. That meeting was held while Mr Gould was in Australia between 27 and 29 January 1994. Under the heading of “Legal” there is a reference to “Trademark Registration”. A margin note is headed “KG” and has two sub-points: “current” and “make a list of future marks”.

Now by that time, Ocean Spray’s former registration of CRANTASTIC had been removed. Obviously this was something which Mr Gould did not know, and I read nothing into that. But the remaining note, “make a list of future marks” suggests very strongly to me that Ocean Spray, in conjunction with Mr Quinlan, was still about the task of defining which marks it would eventually use.

Nowhere in Ocean Spray’s evidence is there any clear-cut demonstration that it had used the trade mark CRANTASTIC in Australia prior to the lodgement date of the present application. This is consistent with Mr Wilson’s point that Ocean Spray’s initial marketing study had been concerned with another cranberry juice product, the CRANBERRY CLASSIC brand.

Mr Caine noted the clear evidence of an intention to use. There is no disputing that Ocean Spray has, for many years, intended to sell its products here. It has, as established by Ms Saddik, sold small amounts of various cranberry juices in Australia since 1962. There is evidence that cranberry juice was likely, in Australia, to be only a “slow build product that will take some good strong marketing effort”. With that as a background, it is quite likely that there was no more involved than product testing.

In case this matter goes on appeal, let me make my point very clear. Ocean Spray was apparently already selling some of its cranberry juices in Australia. In that sense, a trading channel was open. But the evidence is a very long way from showing that Ocean Spray had sold, was selling or was offering to sell, CRANTASTIC products in this “slow build” market. Perhaps it wondered if they would sell. Perhaps it had, by 24.1.94, set in train an experiment to find out. But until that experiment culminated in a sale or an offer for sale under the trade mark, Ocean Spray had nothing to establish its claim to ownership, in this country, of that word as a trade mark under common law. Intention to use, in the future, is not enough to support a common law claim. It can support the making of an application for registration, of course. But as Ocean Spray has found, the rights given by registration die with the registration.

Conclusion.

Ocean Spray has failed to make out the ground of opposition on which it has relied. Neither its common law position nor its (by then removed) registration of the word CRANTASTIC should be allowed to defeat the present application. While the onus is on the applicant to justify its claim to registration, there is an evidentiary onus on Ocean Spray which it has simply not met.

I read nothing into the fact that the applicant has not yet used the mark in question. It may be that it was apprehensive about its chance of success in appropriating a mark used overseas by Ocean Spray but perhaps unused by anyone in Australia. Under the circumstances, it was probably prudent for it to wait for the conclusion of the opposition process.

I order that, in the absence of an appeal from this decision, the application proceed to registration. In so doing, I award costs in accord with the scale to the applicant.

T. Williams
Hearing Officer

10 October 1996