



TRADE MARKS ACT 1995

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

Re: Opposition by Natural Selection Clothing Limited to an application to remove trade mark registration number 623592(25) – BOMBORA – under section 92 of the 1995 Act by Justin Doyle.

Background

Trade Mark number 623592 is registered in the name of Natural Selection Clothing Company Limited ('Natural') of 21 Manga Road, Silverdale, New Zealand. The trade mark is the word BOMBORA and the goods in respect of which it is registered are, 'Clothing, footwear, headgear, including leisure wear'.

On 10 March 1999, Justin Doyle ('Doyle') of Carlisle Avenue, Balaclava, Victoria, made application under subsections 92(4)(a) and 92(4)(b) of the *Trade Marks Act 1995* ('the Act') for the removal of registration 623592 from the register. The relevant period of non-use of the trade mark is therefore from 10 February 1996 until 10 February 1999 – the ground that the owner of the trade mark did not intend to use it was not relied on at the hearing. I note that Doyle is the applicant for registration in respect of trade mark application 787910(25) BOMBORA, BOMBORA U.S. (series) filed 10 March 1999.

On 12 July 1999, Natural served and filed Notice of Opposition to the removal application. The Notice claims a broad spectrum of grounds, but the ones relied on by Natural at the hearing were:

During the relevant period there has been use of the trade mark, or of the trade mark with additions or alterations not substantially affecting its identity by the registered owner or an authorised user in relation to the relevant goods.

Any failure to use, or authorise the use of the trade mark in relation to the relevant goods during the relevant period was due to circumstances that were an obstacle to use of the trade mark during that period.

The Registrar in his discretion ought to refuse the application for removal.

Thereafter, evidence in support of the opposition and evidence in answer was filed and served in accordance with the Act and regulations.

On 13 February 2001, the issue came to me, as a delegate of the Registrar of Trade Marks, to hear and decide. The opponent relied on written submissions by Kerry Newcomb of Pizzeys, the applicant was represented by Martin Earley of Patent Attorney Services.

Attached to the written submissions of Natural's attorney are extracts from two company records held by the Australian Securities & Investments Commission ('ASIC'). At the hearing, the legal representative for Doyle objected that these attachments constitute evidence and as such I should disregard them as they were readily available to Action before then. I reserved my decision concerning this. In deciding whether to allow these attachments into evidence, I am to weigh the relevance of the evidence, whether they could have been readily obtained before, whether they constitute 'ambush' of the other party and the fact that, if there is an appeal from my decision, the proceedings will be in the Federal Court where the proceedings are *de novo* where such evidence can readily be led. I have decided to allow these documents into evidence: I do not believe that they introduce a new element into the proceedings – rather they bring into sharper focus the line of argument suggested by the other evidence and, in fact, relied on by Natural. As such, they do not constitute ambush and are relevant to these proceedings. However, I am unhappy with the fact that the documents were presented to both the removal applicant and myself at such a late juncture as, indeed, I am with the quality and presentation of the evidence of both parties, which I will elaborate on below. However, this does not constitute reason to reject the documents.

The evidence in support of the opposition consists of a statutory declaration by James Rowland Hare who is managing director of Natural. He states that his company is the registered owner of New Zealand trade mark registration 225096(25) BOMBORA which was filed on 23 February 1993. The application was accepted for registration with a deadline for filing Notice of Opposition of 25 May 1994. On 1 June 1994 Ocean Action Pty Ltd, subsequently called Ocean Action Australia Pty Ltd (Action NZ) filed application for extension of time in which to oppose. Natural objected to this application, arguing that Action NZ had been deregistered as a company and hence was not a 'person' and hence not entitled to oppose. The Commissioner rejected this objection and the issue was the subject of action and appeal (both unsuccessful) in the New Zealand Courts reported as *Natural*

Selection Clothing Ltd v Commissioner of Trade Marks [1995] 3 NZLR 599 and *Natural Selection Clothing Ltd v Commissioner of Trade Marks* [1996] 2 NZLR 148.

Subsequently, Action NZ commenced proceedings under the New Zealand *Fair Trading Act 1986* and for the tort of passing off in the New Zealand High Court against Natural. The declarant attests that a director of Action NZ, Roger Delhunty, adopted a very aggressive stance and at one point demanded \$100,000 by way of settlement. These proceedings were dismissed by Court Order dated 11 June 1997 when Action NZ went into liquidation in New Zealand.

In November 1993, Natural caused a search of the Australian trade marks data-base which revealed registration 332540(25) BOMBORA in the name of Sailboards Australia Pty Ltd ('Sailboards'). A search of the company records showed that Sailboards was deregistered on 27 February 1992 under section 574 of the *Corporations Act*. (This same search would have revealed that Roger Delhunty was a company officer of Sailboards). Natural negotiated with the Corporate Affairs Commission to purchase trade mark registration 332540 as, under section 576 of their Act, all assets of the deregistered company were vested in the Commission. These negotiations proved to be fruitless and, on 27 October 1995, Natural made application to the Trade Marks Office ('the Office') to remove registration 332540 from the Register.

The application for registration of 623592 (filed 28 February 1994) was held in abeyance while the foregoing occurred. On 22 August 1996, removal of 332540 was advertised in the *Official Journal of Trade Marks*. On 20 August 1996, Hearing Officer Terry Williams contacted Pizzeys, the trade marks attorneys for Natural and advised them that there was an alleged unregistered assignee of the trade mark who was very unhappy about the removal of the trade mark from the register. That person was Roger Delhunty and he advised the Office that application would be made for review of Hearing Officer Williams' decision to remove the trade mark from the register under the *Administrative Decisions (Judicial Review) Act 1977*. Hearing Officer Williams also advised Pizzeys of this impending Court action.

I have no information before me as to whether Mr Delhunty made such application – there would appear to be no grounds to support it. If he did, it was unsuccessful.

I will note now that Mr Delhunty, was, according to the ASIC documents I have previously mentioned, a company office-holder in both Sailboards Australia Pty Ltd and Ocean Action

Australia Pty Ltd ('Action Aust') and the latter company was deregistered in Australia as recently as 5 June 1999 under section 509.

Natural has had respectable use of the trade mark BOMBORA in New Zealand. Sales figures supplied are derived from both wholesale figures and from retail through Natural's own stores.

In 1993, Natural started moves towards launching the goods sold under its trade mark onto the Australian market. This included the application for registration and the application for removal that was advertised as effected on 22 August 1996. In March/April 1994, Natural made contact at a New Zealand exhibition with John Hoare and Chris Morgan of an Australian buying group called Associated Retailer Limited ('ARL'). Mr Hare says that ARL had, at that time, some 600 retailer members. On 12 May 1994, Mr Hare went to Melbourne with Terry Wilson of his company to meet with ARL. They corresponded in May and June 1994 and provided three sample sets of the 1994/1995 season. On 6 June 1994, Mr Hare sent ARL a sample of board shorts bearing the trade mark BOMBORA.

As Mr Earley observed at the hearing, the evidence supporting these claims is very tenuous. This correspondence Mr Hare refers to is between James Hare of Seabreeze Fashions (NZ) Ltd ('Seabreeze') and ARL. The relationship between Seabreeze and Natural is nowhere explained in the evidence – however, I note that they share a managing director and an address.

Mr Hare says that, in view of the on-going saga with Roger Delhunty (who was a company officer of Action Aust), and on advice from their patent attorneys, Natural decided to suspend plans to exhibit in Melbourne and await the outcome of the civil action which was underway in New Zealand - these were the proceedings were dismissed by Court Order dated 11 June 1997.

On 31 January 1997 the Natural trade mark 623592(25) BOMBORA was registered. Sometime in 1998, Mr Hare again contacted ARL and his company made preparations to attend the trade fair in Melbourne which was to be held on March 15 – 19, 1999. Correspondence between ARL and Mr Hare's company is annexed to his declaration – this correspondence is apparently between Bombora Surfwear and ARL; it includes a Seabreeze catalogue which is headed BOMBORA AUSTRALIA SUMMER 1999/2000. As Mr Earley submitted at the hearing, the relationship between Bombora Surfwear, Seabreeeze and

Natural is not stated. However, I note that these organisations share addresses and officers with Natural.

Natural (or Seabreeze) had a stand at the exhibition, which resulted in an order to Seabreeze from Pall Mall in Queensland for goods bearing the trade mark.

There is much imprecision in Natural's evidence. Mr Earley drew my attention to this at the hearing and submitted that I should disregard portions of the evidence because of this. I have some sympathy with this viewpoint as Natural calls on me to make many inferences. It, for example, wishes me to infer that either or both Seabreeze or Bombora Surfwear is a authorised user of the BOMBORA trade mark. However, although the evidence may lack forensic force, this forum does not require evidence to be of the standard that a Court would. I may draw inferences from the evidence where I believe that it is safe to do so – if my decision is appealed, any defects may be made good. This course might save either party expense and inconvenience elsewhere and it would be inappropriate for me to decide against a party because of a defect that is technical and of a minor nature. This is particularly so where the same defects might be perceived in the evidence of the other party.

Mr Doyle says that he has been trying to start a business in Australia selling swimwear and surfing clothing under the trade mark BOMBORA – he has applied to register the trade mark BOMBORA in Australia (application 787910). He says that, "I expect to be able to begin sales in Australia within three months of the resolution of this matter".

Mr Doyle visited the United States (when, it is not stated) to further complete arrangements with a Mr Shawn Biega. A letter purporting to be from Mr Biega which confirms this association is in evidence but is unsigned and is of low probative value. Mr Biega it is stated lives in San Francisco and is owner, says Mr Doyle, of Bombora Inc. Mr Biega has obtained registration of a trade mark 2096383(25) (BOMBORA) in the United States in his own name. I will observe here that the evidentiary connection between Mr Biega and Bombora, Inc. and whether Bombora Inc. is an authorised user of the trade mark suffers from the same defects as Mr Earley complained of in Natural's evidence.

Mr Doyle appends catalogues, invoices and postcards showing use of the BOMBORA trade mark in the United States. Two of these are from Bombora International – the relationship between this organisation and Bombora Inc. and Mr Biega is not explained.

There is no distributor agreement between Mr Biega and Mr Doyle in evidence.

While I do not regard Mr Doyle's evidence as a concoction, it is, as is that of Natural, not strongly supported or documented.

Neither is it explained how Mr Doyle's application has come to be in his own name and not that of Bombora Inc, Mr Biega or of Bombora International. I do not query Mr Doyle's *locus standi* as a person aggrieved but, if he relies on the evidence that he has led to prove this, it would appear that this could have been a line of argument pursued with some force by the opponent at the hearing.

Thus Mr Doyle's declaration might be perceived as having the same kinds of defects as those of Mr Hare's declaration.

Reasons

Section 92 of the Act provides:

Application for removal of trade mark from Register etc.

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

(2) The application:

(a) must be in accordance with the regulations; and

(b) may be made in respect of any or all of the goods and/or services in respect of which the trade mark may be, or is, registered.

(3) An application may not be made to the Registrar under subsection (1) if an action concerning the trade mark is pending in a prescribed court, but the person aggrieved may apply to the court for an order directing the Registrar to remove the trade mark from the Register.

Note: For *prescribed court* see section 190.

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

(a) that, on the day on which the application for the registration of the trade mark was filed, the applicant for registration had no intention in good faith:

(i) to use the trade mark in Australia; or

(ii) to authorise the use of the trade mark in Australia; or

(iii) to assign the trade mark to a body corporate for use by the body corporate in Australia;

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

(iv) has not used the trade mark in Australia; or

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

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

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

(i) used the trade mark in Australia; or

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

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

Note: For *file* see section 6.

(5) If the right or interest on which a person relied to make an application (under subsection (1) or (3)) to obtain the removal of a trade mark from the Register becomes vested in another person, the other person may, on giving notice of the relevant facts to the Registrar or the court (as the case requires), be substituted for the first-mentioned person as the applicant.

Section 100 of the Act provides:

100 Burden on opponent to establish use of trade mark etc.

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

(a) any allegation made under paragraph 92(4)(a) that, on the day on which the application for the registration of the trade mark was filed, the applicant for registration had no intention in good faith:

(i) to use the trade mark in Australia; or

(ii) to authorise the use of the trade mark in Australia; or

(iii) to assign the trade mark to a body corporate for use by the body corporate in Australia;

in relation to the goods and/or services to which the opposed application relates (*relevant goods and/or services*); or

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

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

Note 1: If the registered owner of the trade mark has authorised another person to use it, any authorised use of the trade mark by that person is taken to be a use of the trade mark by the registered owner (see subsection 7(3)).

Note 2: For *file* and *registered owner* see section 6.

- (2) For the purposes of paragraph 1(b), the opponent is taken to have rebutted the allegation that the trade mark has not, at any time before the period referred to in that paragraph, been used, or been used in good faith, by its registered owner in relation to the relevant goods and/or services if:
- (a) the opponent has established that the trade mark or the trade mark with additions or alterations not substantially affecting its identity, was used in good faith by its registered owner in relation to those goods or services before that period; or
 - (b) in a case where the trade mark has been assigned but a record of the assignment has not been entered in the Register:
 - (i) the opponent has established that the trade mark, or the trade mark with additions or alterations not substantially affecting its identity, was used in good faith by the assignee in relation to those goods or services before that period and that that use was in accordance with the terms of the assignment; and
 - (ii) the Registrar or the court is of the opinion that it is reasonable, having regard to all the circumstances of the case, to treat the use of the trade mark by the assignee before that period as having been a use of the trade mark in relation to those goods or services by the registered owner.

Note 1: If the registered owner of the trade mark has authorised another person to use it, any authorised use of the trade mark by that person is taken to be a use of the trade mark by the registered owner (see subsection 7(3)).

Note 2: For *registered owner* see section 6.

- (3) For the purposes of paragraph 1(c), the opponent is taken to have rebutted the allegation that the trade mark has not, at any time during the period referred to in that paragraph, been used, or been used in good faith, by its registered owner in relation to the relevant goods and/or services if:
- (a) the opponent has established that the trade mark, or the trade mark with additions or alterations not substantially affecting its identity, was used in good faith by its registered owner in relation to those goods or services during that period; or
 - (b) in a case where the trade mark has been assigned but a record of the assignment has not been entered in the Register:
 - (i) the opponent has established that the trade mark, or the trade mark with additions or alterations not substantially affecting its identity, was used in good faith by the assignee of the trade mark in relation to those goods or services during that

period and that that use was in accordance with the terms of the assignment; and

- (ii) the Registrar or the court is of the opinion that it is reasonable, having regard to all the circumstances of the case, to treat the use of the trade mark by the assignee during that period as having been a use of the trade mark in relation to those goods or services by the registered owner; or
- (c) the opponent has established that the trade mark was not used by its registered owner in relation to those goods and/or services during that period because of circumstances (whether affecting traders generally or only the registered owner of the trade mark) that were an obstacle to the use of the trade mark during that period.

Note 1: If the registered owner of the trade mark has authorised another person to use it, any authorised use of the trade mark by that person is taken to be a use of the trade mark by the registered owner (see subsection 7(3)).

Note 2: For *registered* owner see section 6.

Natural's argument relies, in the main, on subparagraph 100(3)(c), above. It says that there was an obstacle to its use of the trade mark. It argues that, if it has not made use of its trade mark within the period between 10 February 1996 and 10 February 1999 it is because it had made application for removal of the Sailboards BOMBORA trade mark from the register and was liable to an action for infringement or for passing off by the owner of that trade mark. A company apparently connected with that owner (in that they shared a number of company officers) had, in fact, proved to be litigious and had taken action for passing off and breach of the *Fair Trading Act 1986* in New Zealand. I also note that, although Ms Newcomb did not argue this, an active participant in the New Zealand proceedings, Roger Delhunty, was an officer of Action Aust until 5 June 1999 when that company was deregistered. Roger Delhunty had demanded, alleges Mr Hare in his evidence, \$100,000 by way of settlement of the New Zealand proceedings.

While Natural's fears that the company registration of Sailboards might have been revived might appear unrealistic, there also, to my mind, remained a possibility that the Sailboards trade mark might be assigned to either Roger Delhunty or Action Aust.

Natural also says that it was anxious for the New Zealand proceedings to be resolved before it entered the Australian market. It had advice from its patent attorney that it ought not to begin use of the trade mark in Australia until these both proceedings were resolved.

Mr Earley, at the hearing, tended to deride this position. He said that any obstacle to the use of the trade mark during the period had to be direct in its effect for me to take account of it; he submitted that the mere apprehended threat of legal proceedings or prior registration of a conflicting trade mark should not have prevented use of the trade mark. However, I note that the declaration of Mr Doyle, Mr Earley's client, is inconsistent with the latter leg of this argument – Mr Doyle says that “I expect to be able to begin sales in Australia within three months of the resolution of this matter”. In other words, it is reasonable to infer that, like Natural, Mr Doyle has had advice from his solicitor not to commence use of the trade mark until resolution of proceedings or has sensibly decided on this course for himself. I also note that, from the evidence, Mr Doyle has not been involved in proceedings before a Court concerning his actual or potential use of the trade mark BOMBORA.

I think that most business people will exercise caution when legal action against them or their companies is reasonably apprehended – particularly when that action is in a foreign country (as Australia is to Natural). Natural had been the plaintiff in two court actions in New Zealand and the defendant in another in order to protect its trade mark. With a history of such a multiplicity of legal actions, a removal action against a trade mark whose owner is known to be hostile (and demonstrably so by Roger Delhunty's attempt to gain an assignment of the trade mark and threatened, or actual, subsequent resort to the ADJR) the circumstances amount to an obstacle to use of the trade mark.

I would be hesitant to conclude that the existence of a prior registered trade mark and an action under section 92 will, in all circumstances, provide an obstacle to the use of a removal applicant's trade mark, the application for registration of which is pending. But, usually, removal applicants will feel constrained from using their trade mark and the registered trade mark will constitute an obstacle to both the use and registration of their trade mark. This is particularly so where there is a history of litigation relevant to the registered trade mark. Under such circumstances, the non-use of the trade mark can otherwise be governed by a number of factors outside a removal applicant's control: the length of time before an examiner's report is issued from this Office and it becomes apparent that a prior registration is a bar to use or registration, the length of time it takes to investigate use of the registered trade mark and find that it is not used, the speed and extent of the opposition and evidentiary cycle before this Office, the contentiousness of the issue, how soon a hearing may be

scheduled and how quickly the Hearing Officer decides the issue and issues reasons (if necessary).

Least I be wrong in the above, I move to a discussion of my discretion.

The Registrar's Discretion

Subsection 101(3) provides:

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

In the *Paragon Shoes Pty Limited v Paragini Distributors (NSW) Pty Limited* (1988), 13 IPR 323, at 345, Woodward J listed three factors for consideration by the Registrar in exercising that discretion:

- whether anyone has been deceived or is likely to be deceived if the mark remains on the register;
- the significance of the continued use of the mark in good faith by the person entitled to it; and
- if the public interest is not adversely affected and such title and use are shown, then technicalities or defects and legal formalities may be overlooked.

I do not believe that anyone is likely to be deceived if the trade mark BOMBORA remains on the register in the name of Natural. I note that Natural, or its (presumably) authorised user has twice initiated attempts to project its goods and trade marks into the Australian market. I have no information before me about how many people attended the exhibition in Melbourne which included its goods and trade mark on 15 March 1999 but note that it resulted in an order from as far away as Queensland. It could thus be that there might be some slight deception if the trade mark does not remain on the register.

It is apparent that Natural has always had an immediate intention to use the trade mark in Australia, but the circumstances of both the litigation and the procedures before the Registrars of Trade Marks in both Australia and New Zealand were perceived as major obstacles to the use of the trade mark in Australia. At the hearing, Mr Earley observed that the litigation had not constrained Natural from using the trade mark in New Zealand. The obvious observation that I must make is that New Zealand is Natural's home market which it must be presumed to know better than the Australian one. The risk of an action for infringement or even for passing off from a demonstrably hostile trade mark owner, as a

result of Natural's use of the trade mark in Australia, must be assessed as being higher under such circumstances. As I have previously observed, I would infer that either Mr Earley has advised his own client not to use the trade mark or his client feels constrained from doing so until this issue before me is resolved. Thus, the Natural trade mark registration of BOMBORA is an obstacle to Mr Doyle's use of the trade mark BOMBORA; if it were not, I would not be called on to decide this issue.

While Mr Earley was sharply critical of the probity and relevance of the Natural evidence which it filed to support its opposition to the removal application, I consider that it would be inappropriate for me to take account of those defects when they might also be perceived in the evidence of his own client.

Accordingly, in the exercise of my discretion, I have decided to leave the trade mark on the register.

Decision

Accordingly, I find that the Natural trade mark should remain on the register and that the application for removal should be dismissed.

Costs

I award costs against Mr Doyle, being the unsuccessful party in these proceedings.

Ian Thompson
Hearing Officer

20 March 2001