TRADE MARKS ACT 1955

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

Opposition by ADIDAS AG to Application No 631735 in the Name of FIGGINS HOLDINGS PTY LTD

Trade mark application no 631735 was filed on 8 June 1994 in the name of Figgins Holdings Pty Ltd of Melbourne ("Figgins") seeking registration of the trade mark PODS in respect of "footwear". The trade mark was advertised as accepted on 18 May 1995 and on 13 November 1995 notice of opposition to the registration of the trade mark was given by Adidas AG, a German company, ("the opponent").

Although the *Trade Marks Act 1995* commenced on 1 January 1996, as provided in the transitional provisions of Part 22 of that Act the provisions of the repealed *Trade Marks Act 1955* continue to govern this opposition. Accordingly, unless otherwise specified, any reference to the Act in this decision is a reference to the *Trade Marks Act 1955*.

The grounds stated in the notice of opposition, though wide-ranging, may be summarised as the following:

* the applicant does not use or intend to use the trade mark in respect of all the goods specified;
* the applicant is not the proprietor of the trade mark;
* the use of the trade mark by the opponent would lead to the confusion or deception of the public and would otherwise offend against the provisions of s28;

* the opposed trade mark is substantially identical with or deceptively similar to certain registered trade marks or the marks of earlier applications and therefore is contrary to s33 of the Act; and

* the Registrar in his discretion should refuse registration of the trade mark.

Evidence in support of the opposition was served and filed by the opponent in accordance with the regulations and that proceeding was completed on 15 January 1997. No evidence in answer to the evidence was served or filed by Figgins. A hearing of the matter was then set down for 9 September 1997 in Melbourne. Mr Brett Connor of Carter Smith & Beadle, patent attorneys, appeared for the applicant. The opponent was represented at the hearing by Mr Chris Sgourakis of Griffith Hack, patent attorneys.

Background

The opponent's evidence, as set out initially in a declaration of William John Dickinson, a partner of Pod Trademarks Partnership ("the Partnership "), and authorised to make the declaration on behalf of Adidas, is that a company known as The Californian Shoe Company Limited, of which Mr Dickinson was a director, applied in several countries in the 1970's to register a number of trade marks comprising the word POD. Exhibited to his declaration are copies of entries in the United Kingdom Trade Marks Journal advertising the acceptance of a number of these marks consisting of or containing the word POD. The registrations of those trade marks were eventually assigned to Mr Dickinson and his partners trading as the Pod Trademarks Partnership. The mark POD has been used continuously in the United Kingdom since 1977 and samples of advertising and promotional materials are also exhibited to the declaration.

Mr Dickinson further declares that the Partnership has advertised the mark in several magazines with an international circulation. Exhibited to his declaration are examples of advertisements in magazines such as *Loaded, FHM, The Face* and *iD*. The Californian Shoe Company, the predecessor of the Partnership, sold a small quantity of shoes to Australian customers in or around 1977, though not to Figgins. No documentary evidence of those sales is available.

Mr Dickinson states that he met Don Figgins of Figgins Holdings in the late 1970's and that he (Don Figgins) would have been aware of the use of the POD trade mark by The Californian Shoe Company at that time and of the announcement by the Partnership that it intended to launch a new range of shoes under the trade mark POD.

DECISION

I can deal shortly with the grounds of objection based on intention to use the mark and the likelihood of deception or confusion by reference to the evidence. This shows that while there is no evidence that the applicant has in fact used the mark in relation to footwear, there is no evidence that it does not intend to use the mark in relation to any of the goods included in the specification, the onus in this respect being on the opponent: per Fullagar J. in *Aston v Harlee Manufacturing Co* (1960) 103 CLR 391 at 401:

> "There is another element mentioned by Dixon J in the *Shell Co's* Case*, which is stated as essential to the proprietorship of an unused trade mark. That element is the intention of the applicant for registration to use it upon or in connexion with goods. As to this I need only say that I do not regard his Honour as meaning that an applicant is required, in order to obtain registration, to establish affirmatively that he intends to use it. There is nothing in the Act or the Regulations which requires him to state such an intention at the time of application, and the making of the application itself is, I think, to be regarded as prima facie evidence of intention to use. I cannot think that the Registrar is called upon to institute an inquiry as to the intention of any applicant, and I think that, on an opposition or on a motion to expunge, ***the burden must rest on the opponent, or the person aggrieved, of proving the absence of intention***. Again, I do not think that "intention" in this connexion ought to be regarded as meaning an intention to use immediately or within any limited time. A manufacturer of (say) confectionery would, I should suppose, be entitled to register three trade marks in relation to confectionery, though he intended only to use two of them and had not made up his mind as to which two he would use. If he in fact does not use any of them for the period specified in s 72, the mark or marks may be expunged under that section. On the other hand, a manufacturer of confectionery, who had no intention of ever manufacturing motor cars, might be held disentitled to register a mark in relation to motor cars: the effect of *In re Registered Trade Marks of John Batt & Co.*+, is I think, correctly stated in the first paragraph of the headnote to the report of the case before Romer J and the Court of Appeal. (Emphasis added)
>
> * (1949) 78 CLR 627
> + (1898) 2 Ch 432; 1899 AC 428

In the case of s28(a) the onus is on the opponent once again to show that its reputation in the mark is such that the use of it by the applicant would lead to the deception or confusion of a substantial

number of persons: *Smith Hayden's Application* (1946) 63 RPC 97. The applicable principles are as set out by Kitto J in *Southern Cross Refrigerating Company v Toowoomba Foundry Pty Limited* (1954) 91 CLR 592 at 594-5:

> a) in all applications for registration of a trade mark the onus is on the applicant to satisfy the Registrar (or the Court) that there is no reasonable probability of confusion;
>
> b) it is not necessary in order to find that a trade mark offends against the section, to prove that there is an actual possibility of deception leading to a passing off. While a mere possibility of confusion is not enough - for there must be a real, tangible danger of its occurring ... it is sufficient if the result of the user of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough if the ordinary person entertains a reasonable doubt;
>
> c) in considering the possibility of deception, all the surrounding circumstances have to be taken into consideration. (This includes the circumstances in which the goods will be bought and sold, and the character of the probable purchasers of the goods);
>
> d) in applications for registration, the rights of the parties are to be determined as at the date of the application;
>
> e) the onus must be discharged by the applicant in respect of all goods coming within the specification in the application ... and not only in respect of those goods on which the applicant is proposing to use the mark immediately. And the onus is not discharged by proof only that a particular method of user will not give rise to confusion. The test is, what can the applicant do if it obtains registration?

The only evidence going to the use of the mark in Australia is the copies of extracts from magazines said to have a circulation in Australia. The use of the mark in overseas countries is not sufficient, in the absence of evidence to the contrary, to establish a reputation in Australia.

Although, in accordance with the principles of the *Southern Cross* case, above, the onus is on the applicant to show that there is no likelihood of confusion or deception, there is an evidentiary onus on the opponent in the first instance to establish the extent of its reputation in Australia. As the matter was put by Heery J in the recent decision in *Nettlefold Advertising Pty Ltd v Nettlefold Signs Pty Ltd* (Federal Court, unreported, 11 July 1997):

> With one major exception, the legal principles applicable to this case are not in dispute. They may be summarised as follows:

(i) The opponent bears the initial onus of establishing a reputation in its mark sufficient to found an objection under s 28: *Arthur Fairest Limited's Application* (1951) 68 RPC 197. (ii) However, once this onus is discharged the burden shifts to the party seeking registration: *Eno v Dunn* (1890) 15 App Cas 252 at 261, *Jafferjee v Scarlett* at 119. (iii) The rights of the parties are to be determined as at the date of application for registration (here 27 July 1989): *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1953) 91 CLR 592 at 594. (iv) The onus is on the party seeking registration to satisfy the Court that there is no reasonable possibility of deception or confusion: *Southern Cross* at 594-5. (v) In order to defeat the application for registration it is not necessary for the opponent to establish that there is an actual probability of deception which will amount to a passing-off. While a mere possibility of confusion is not enough - for there must be a real, tangible danger of it occurring - it is sufficient that the result of the user of the mark will be that a substantial number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough that the ordinary person entertains a reasonable doubt: *Southern Cross* at 594-5, 608, *The Kendall Co v Mulsyn Paint & Chemicals* (1963) 109 CLR 300 at 305. (vi) In considering the issue of deception all the surrounding circumstances must be taken into consideration. The factors to be considered include the circumstances in which the marks will be used, the circumstances in which the goods will be bought and sold and the character of the probable purchaser of the goods: *Jafferjee v Scarlett* at 120; (vii) A probability of confusion, if it is real, is sufficient even though the confusion may be unlikely to persist up to the point of, and be a factor in, inducing actual sales: *Southern Cross* at 495. There may be confusion or deception in the minds of persons to whom the mark is addressed, even if actual purchasers will not ultimately be deceived: *Re Hack's Application* (1940) 58 RPC 9 at 103-104. (viii) It is not enough for the party seeking registration to negative the likelihood of confusion in relation to the actual trade carried on by the opponent at the time of the registration and to the manner in which the latter then uses his mark. The applicant must also take into account all legitimate uses which the opponent may reasonably make of his mark within the ambit *Reckitt & Colman (Australia) Ltd v Boden* (1945) 70 CLR 84 at 94, *Southern Cross* at 608. (ix) The question whether the use of a mark is likely to deceive or cause confusion is in the end a question of impression and common sense; it is a "jury question" in which the judge is entitled to give effect to his or her own opinion as to the likelihood of deception or confusion: *Murray Goulburn Co-operative Ltd v New South Wales Dairy Corporation* (1990) 24 FCR 370 at 377.

As the opponent in this case has failed to discharge the initial onus on it of establishing a reputation sufficient to found an objection under s28 the applicant has no case to answer in terms of that section.

There remains the question of proprietorship of the mark in Australia. The basis of a claim to proprietorship of a trade mark was explained by McGarvie J in *Settef v Riv-Oland Marble* 10 IPR 402 at 413:

> Acquiring proprietorship
>
> At common law (which in the present context is treated as including the principles of equity), property in a trade mark could only be acquired by public use of the mark as a trade mark. The right of the proprietor of a trade mark was to prevent its use as a trade mark by other persons. The original remedy for the protection of this right was an injunction to restrain infringement. Principles as to the way in which the discretion should be exercised to protect a trade mark by injunction were settled by the Court of Chancery. The cases which settled these principles established the types of trade marks in which a person would be recognised as having a right of property which would be protected by injunction: *G E Trade Mark* [1973] RPC 297 at 324-7 per Lord Diplock.
>
> The basic common law principle is that the first person who uses a trade mark of an appropriate type within a country becomes the proprietor of the mark there: *Re Registered Trade Mark "Yanx"; Ex parte Amalgamated Tobacco Corp Ltd* (1951) 82 CLR 199 at 203; *Thunderbird Products Corp v Thunderbird Marine Products Pty Ltd* (1974) 131 CLR 592 at 603; *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (No 2) 59 ALJR 77 at 83. A person who becomes proprietor of a trade mark in this way is entitled at common law to restrain a person who later commences to use the trade mark.
>
> ...
>
> In considering who, within s.40(1) of the Act, was at the time of Settef's application for registration the proprietor of the trade mark, one considers who at common law was the proprietor in Australia: *The Shell Co of Australia Ltd v Rohm & Haas* (1949) 78 CLR 601 at 625 and 627. Settef claims to be the first person to have used the trade mark in Australia and therefore to have been proprietor at common law in Australia.
>
> Use of the trade mark by Settef overseas gave it no right to proprietorship in Australia. Any use at all in Australia gave it that proprietorship: the *Thunderbird* case (1974) 131 CLR 592 at 600.
>
> The fact that a manufacturer is proprietor of a trade mark overseas and has earlier used it overseas does give it a forensic advantage in a contest between it and an Australian distributor who claims proprietorship of the trade mark. There is authority that a court will regard slight use in Australia by the overseas proprietor as sufficient to give it proprietorship of the trade mark in Australia: *The Seven Up Co v O T Ltd* (1947) 75 CLR 203 at 211; *Aston v Harlee Manufacturing Co* (1960) 103 CLR 391 at 400; *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2)* 59 ALJR 77 at 83."

The right to claim proprietorship of a mark within the meaning of s.40(1) therefore depends on first use of the mark in Australia. The meaning of the word "use" in the Act (and there is no relevant difference between the concept of use at common law and that used in the Act) is to be understood in the context of the definition of "trade mark" in s.6(1) of the Act: *W D & H O Wills (Australia) Ltd v Rothmans Ltd*

(1956) 94 CLR 182 at 191; *Estex Clothing Manufacturers Pty Ltd v Ellis & Goldstein Ltd* (1967) 116 CLR 254 at 271. That definition is as follows:

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

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

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

It is essential therefore that the use relied on by a person claiming proprietorship of a mark be use for the purpose of indicating or so as to indicate a connection in the course of trade between the relevant goods and that person. As to the use of the mark by an overseas manufacturer exporting goods to Australia Windeyer J. observed in the *Estex* case (supra) at 271:

> "When an overseas manufacturer projects into the course of trade in this country, by means of sales to Australian retail houses, goods bearing his mark and the goods, bearing his mark are displayed or offered for sale or sold in this country, the use of the mark is that of the manufacturer."

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

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

> The court was referred to a large number of cases and to some administrative decisions in which consideration has been given to ***what constitutes a use or user of a trade mark for the purposes of the statutory notion of proprietorship of the mark before registration.*** The cases establish that it is not necessary that there be an actual dealing in goods bearing the trade mark before there can be a local use of the mark as a trade mark. It may suffice that imported goods which have not actually reached Australia have been offered for sale in Australia under the mark *(Re Registered Trade Mark "Yanx"; Ex parte Amalgamated Tobacco Corporation Ltd,* supra, at 204-5) or that the mark has been used in an advertisement of the goods in the course of trade (*Shell Co of Australia v Esso Standard Oil (Australia) Ltd,* supra, at 422). In such cases, however, ***it is possible to identify an actual trade or offer to trade in the goods bearing the mark or an existing intention to offer or supply goods bearing the mark in trade.*** In the present case, there was not, at any relevant time, any actual trade or offer to trade in goods bearing the mark in Australia or any existing intention to offer or supply such goods in trade. There was no local use of the mark as a trade mark at all; there were merely preliminary discussions and negotiations about whether the mark would be so used. The cigarette packets and associated advertising were delivered to Philip Morris to demonstrate what Loew's was marketing in other countries and what Philip Morris might market, under licence from Loew's, if it decided to manufacture and trade in the goods in Australia and to use the mark locally at some future time. There was no relevant trade in the goods in Australia and the delivery of the cigarette packets and associated material to Philip Morris did not, in the circumstances, constitute a relevant user or use in Australia of the mark "KENT GOLDEN LIGHTS" for the purpose of indicating or so as to indicate a connection in the course of trade between the new cigarettes and Loew's." (Emphasis added)

In order to establish use in the relevant sense then it must be possible to identify an actual trade or offer to trade in the goods bearing the mark or an existing intention to offer or supply goods bearing the mark in trade. In the *Moorgate* case the Court found that there had been no actual trade or offer to trade in goods bearing the mark in Australia or any existing intention to offer or supply such goods in trade. There was no local use of the mark as a trade mark at all; there were merely preliminary discussions and negotiations about whether the mark would be so used. Likewise, in *W.D. & H.O. Wills (Australia) Ltd v Rothmans Ltd* (1956) 94 CLR 182 cigarettes under the relevant trade mark were available in America. An Australian company having some association with the American manufacturer transmitted orders from Americans living in Australia to the American company. The cigarettes were purchased and paid for in the United States-i.e. no money was sent from Australia. They were then sent direct to the purchasers in Australia. The Australian company took no part in the importation but received a commission. The cigarettes were labelled as having been made in the United States for the Australian Company. The High Court held that there was no use of the trade mark in Australia because all "trade" in the goods took place in the United States. Trading ended once goods were purchased or otherwise acquired for consumption. On the other hand in the *Thunderbird* case (1974) 131 CLR 592 the importation of one unit as a prototype for the purpose of building and selling the goods in Australia was held to be use in Australia by the exporter. The

Australian manufacturer who received the unit was not entitled to register the trade mark. Also, in *Blackadder v The Good Roads Machinery Co*. (1926) CLR 332 an Australian company imported machinery from the United States bearing the American exporter's trade mark. The Australian company removed the exporter's trade mark and put its own trade mark on the goods before sale. Although purchasers never saw the exporter's trade mark, the exporter was held to have used it in Australia.

In the absence of fraud it is not unlawful for a trader to become registered proprietor of a trade mark which has been used, however extensively, by another trader as a trade mark for similar goods in a foreign country, provided there has been no use of the foreign trade mark in Australia at the date of application for registration: per Williams J. in *The Seven Up case*.

Regardless of use, the right to register a foreign mark is restricted to those who cannot be said to owe any duty to the proprietor of the foreign trade mark. Thus the trade mark of a foreign company may not properly be registered in Australia by its agent or by an Australian importer of its goods or by an employee of the importer. Any such registration will be invalid even if the agent is honestly registering to protect the principal, or if the goods have never been sold in Australia bearing the trade mark (the *"Certina"* case (1970) 44 ALJR 191, also *Blackadder v Good Roads* (supra).

In the present case there is no evidence of any trade or offer to trade in the goods in Australia by the opponent. The magazines already referred to above in connection with s28 not only bear dates well past the date of application but contain no indication of an offer to trade in the goods in Australia. Nor is there any evidence of any relationship, fiduciary or otherwise, between the applicant and opponent. Nor, in accordance with the *Seven-Up* case, above, was it an illicit misappropriation by the applicant to adopt the mark for use in Australia.

For all of the above reasons I find that the opponent has failed to displace the applicant's claim to proprietorship based on authorship of the mark, the intention to use it in relation to the goods and the lodgment of the application for registration as per Fullagar J in *Aston v Harlee (supra)* as follows, at 398-399:

"Section 32 [of the 1905 Act]of the Act provides that any person claiming to be the proprietor of a trade mark may apply to the Registrar for the registration of his trade mark. The right to registration depends, therefore, on proprietorship of a mark. The conception of proprietorship, other than proprietorship acquired by a user which has made the mark distinctive of the applicant's goods, is a difficult conception, but it has been explained by Dixon J. in *Shell Co. of Australia Ltd v Rohm and Haas Co* (1), where his Honour refers to the history of the English legislation. His Honour quotes Cotton L.J. as saying in *In re Hudson's Trade Marks* (2): "The difficulty is this: Is a man to be considered as entitled to the use of any trade mark when he has never used it at all? That is a difficulty, but I think the meaning is this. If a man has designed and first printed or formed any of those particular and distinctive devices which are referred to in the first part of s 10, he is then looked upon as the proprietor of that which is under that Act a trade mark, which will give him the right so soon as he registers it." (3). Dixon J. then sums up the position by saying: "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 connection with the goods and the applying for registration" (4). "Authorship", says his Honour a little later, "involves the origination or first adoption of the word or design as and for a trade mark." (5).

(1) (1949) 78 CLR 601, at pp.625 et seq.
(2) (1886) 32 Ch.D., at p.319,320.
(3) (1949) 78 CLR at p.626.
(4) (1949) 78 CLR at p.627
(5) (1949) 78 CLR at p. 628

His Honour went on to explain that authorship of a mark does not mean that the applicant must have been the "true and first inventor" or have "thought of it first". The applicant may yet be the author although he has copied or adopted a mark registered in a foreign country in respect of the same description of goods. "Local authorship" will suffice. What is essential to a valid claim to proprietorship is that no other person has acquired a prior right to use the mark in Australia for the goods or services in question. There is no evidence that the opponent or any other person had acquired a prior right to the trade mark in suit so as to defeat the applicant's claim.

The trade marks relied on by the opponent as giving rise to an objection under s33 of the Act are the following:

Number	**Trade mark**	**Class**	**Goods/Services**
79987	PEDS	25	Coverings for the feet made of textile materials

			having an elastic edge to hold them firmly on the foot and padding at the heel to prevent slippage, worn under stockings for warmth and to protect the foot from the shoe when no stockings are worn,
600610	PODIATRY	42	Podiatry services
615808	pod	28	Surfing equipment being handboards, bodyboards and surfboards, and parts and accessories for the foregoing goods; all being goods in this class
601630	PADDS	25	Sports socks

The registered trade marks 600610 and 615808 I think can be dismissed at once as not relating to goods of the same description or to closely related goods and services with respect to the applicant's trade mark., quite apart from the fact that the marks themselves are quite different in appearance. Registered trade marks 79987 and 601630 while they do relate to footwear, and while the words PEDS and PODS are etymologically cognate, I cannot regard them as substantially identical or deceptively similar to the trade mark PODS. Moreover, those two marks themselves co-exist on the Register. I therefore find that the is no bar to the registration of the applicant's mark on the ground of s33 of the Act.

Conclusion

I have found that the opponent has failed to make out any of the grounds relied on. I have been shown no reason why I should exercise the Registrar's discretion to allow the opposition and refuse to register the trade mark. I therefore dismiss the opposition and direct that the trade mark subject

of application 631735 is to be registered, subject of course to the opponent's right of appeal from this decision.

I award costs to the applicant.

Michael Homann
Hearing Officer

25 September 1997