



TRADE MARKS ACT 1995

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

Re: Opposition by KIMBERLY-CLARK CORPORATION to registration of trade mark application number 656435 in the name of EDWARDS DUNLOP & COMPANY LIMITED for the mark ENVIRONMENT RECYCLED COVER in Class 16

Background

Application number 656435 was filed on 23 March 1995, in the name of EDWARDS DUNLOP & COMPANY LIMITED (the applicant). The application was for the registration of the trade mark **ENVIRONMENT RECYCLED COVER**, and covered the statement of goods, " Recycled covers" in Class 16.

Following examination, the application for the trade mark was advertised as accepted in the *Australian Official Journal of Trade Marks* of 24 July 1997. A notice of opposition to the trade mark's registration was filed by KIMBERLY-CLARK CORPORATION (the opponent), on 23 October 1997. The notice of opposition listed a number of grounds. However, the only matter which was pursued at the hearing was the allegation that the trade mark did not distinguish the applicant's goods from those of other persons. Accordingly, that ground is the subject of this decision and the reasons for it.

The opponent requested a hearing in the matter and it came before me, as a delegate of the Registrar, in Canberra on 3 December 1998. Appearing on behalf of the opponent was Ms Annette Freeman of Spruson & Ferguson. The applicant was

represented on the telephone by Mr Russell Waters of Phillips Ormonde & Fitzpatrick.

The Evidence

The evidence in support included a declaration by Annette Freeman, a Principal of Spruson & Ferguson. Ms Freeman declared as to her responsibilities in relation to the present opposition. She attached, as exhibits, a summary of searches of the Register, an Official Practice Note, an extract from the *Trade Marks Office Draft Manual of Practice and Procedure*, a decision of a delegate of the Register in relation to the trade mark ENVIRO-MATE, an extract from the *Macquarie Dictionary* and copies of extracts from the Official file relating to the present application, all connected to the word ENVIRONMENT and the prefix ENVIRO-. Also included in the evidence in support was a declaration by Kym Little, Marketing Manager of Tomasetti Paper House, whose company is a distributor of the opponent's products bearing the word ENVIRONMENT. Attached as exhibits to her declaration were product samples, promotional material, editorial comments, paper samples and specification sheets, a "Legend to Symbols Chart", an environmental report and promotional brochure, and an extract from a publication called the National Paper Council of Australia Limited - Register of Brand Names 1997 - all of these relating in some way to the use of the word ENVIRONMENT. Completing the evidence in support was a declaration by Kevin Parker, an employee of Spruson & Ferguson, who declared that he had been requested to search for the use of words related to ENVIRONMENT in the marketing of certain products. He attached exhibits which included posters, magazines, other publications, various brochures, a paper sack, a magazine article, packaging samples, and Australian Competition and Consumer Commission guidelines - all of the foregoing dealing in some way with the words ENVIRO-, ENVIRONMENT or ENVIRONMENTAL.

The evidence in answer comprised a declaration by Robert Sandford, the National Supply Manager of a division of the applicant. He declared as to the use of the present trade mark, gave details as to sales and promotional expenditure in the years 1995 to 1999, and attached, as exhibits, a specimen of a promotional sample folder and labels, a copy of an invoice, and a bundle of price lists - all the foregoing relating to use of the subject mark.

There was no evidence in reply.

Submissions

Ms Freeman said that the applicant was principally relying on the ground under s.41 in this opposition - that the trade mark did not distinguish the applicant's goods from the goods or services of other persons. She said that the opponent strongly disagreed with the apparent conclusion reached during examination and acceptance that the present mark had a certain degree of inherent adaptation to distinguish, sufficient to qualify it, *prima facie*, for registration. She referred to various parts of the evidence in support, in relation to her submission that the words beginning with the prefix ENVIRO- - such as ENVIRONMENTAL, ENVIRONMENT - were generic and commonly used in the relevant trade to indicate paper products made from recyclable materials, or that their manufacture causes little or no damage to the environment.

She submitted that the Registrar's practice, as shown by a Practice Note, in the *Trade Marks Office Draft Manual of Practice and Procedure* (the Draft Manual), and in the unreported Office decision in relation to trade mark application number 513122 in the name of Sonoco Products Company, for the mark ENVIRO-MATE, of 9 October 1991, was a recognition by the Trade Marks Office of the obvious reference to environmental concerns in such terms and of their consequent lack of inherent adaptation to distinguish. She said that any departure from this policy would introduce an unfair and undesirable uncertainty into the commercial situation. She said that, in the present case, the addition of the descriptive words RECYCLED COVER to the word ENVIRONMENT did nothing towards making the mark registrable. She said that other traders may not have used such words as trade marks because they were so unadapted to distinguish. However, she said, the opponent did want to use the word ENVIRONMENT to describe its own goods but had not applied for registration of that word because it had been aware of the Office practice and that of the industry, in relation to such words.

Ms Freeman said that the applicant's examples of the mark in use, submitted during examination, appeared to have convinced the acceptance officer of the mark's

registrability. However, these samples showed the mark in logo form and not in the manner for which registration was being sought.

She closed by seeking costs in favour of the opponent.

Mr Waters made submissions on all of the grounds stated in the notice of opposition but I will only summarise here his response to the s.41 ground. He said that various objections were raised and subsequently overcome, during examination, with respect to this section. He submitted that the last report said that the mark was primarily the word ENVIRONMENT, with the addition of the name of the goods of interest. Acceptance was finally granted upon the applicant agreeing to an amendment of the statement of goods to read, "Recycled covers". He said that the issue of whether the present mark was capable of distinguishing had been considered in detail by various delegates of the Registrar, and that the mark had not been accepted on the basis of evidence but because it was, prima facie, inherently adapted to distinguish the goods of the applicant from the goods or services of other persons. He said that the opponent had done nothing, in its own evidence or submissions, to show that this was not the case.

Mr Waters argued that the true test of the registrability of the mark could be found in the case of *Du Cros (W&G) Ltd's Appn* (1913) 30 RPC 660. This was whether other traders, in the ordinary course of their business and without any improper motive, would desire to use the mark, as a whole, upon or in connection with their own goods. He also cited the cases, *Clark Equipment Co v Registrar of Trade Marks* 111 CLR 511 (the MICHIGAN case), and *Blount Inc v The Registrar of Trade Marks* (1998) 40 IPR 498 (the OREGON case), to support his contention that what should be considered was not whether another trader used the words "environment", "recycled" or "cover", in relation to their own goods, but whether they used the combination of words, as in the present mark, in a manner which would infringe registration of that mark. The only references to the Registrar's practice in this area, he contended, was found in the Draft Manual, which was merely a guide in any event and only referred to the word ENVIRO used on its own, and in the ENVIRO-MATE decision, supra, where the mark was eventually found to be a registrable combination of elements. He said that here, it was the unusual and ungrammatical combination of ordinary words

which gave the mark its capacity to distinguish. The opponent, he said, had not produced any other instances of the use of such combinations of the words in the mark in the marketplace, only pointing to use of the separate words to describe certain goods. That party had, however, used the word ENVIRONMENT, in relation to its own goods, after the application date here.

He asked that costs in the matter be awarded to the applicant.

Analysis

The grounds in the notice of opposition, other than the claim that the trade mark did not distinguish the applicant's goods and services, were wide-ranging and, in my opinion, somewhat ambit in nature. As I have previously said, the s.41 question was the only one argued by the opponent's attorney at the hearing, and the main issue to which most of the opponent's evidence was directed. Consequently, I will only deal with that ground in deciding the opposition as a whole.

Section 41 of the Act, as it is relevant here, states:

Trade mark not distinguishing applicant's goods or services

(1) ...

(2) An application for the registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant's goods or services in respect of which the trade mark is sought to be registered (*designated goods or services*) from the goods or services of other persons.

(3) In deciding the question whether or not a trade mark is capable of distinguishing the designated goods or services from the goods or services of other persons, the Registrar must first take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods or services from the goods or services of other persons.

(4) Then, if the Registrar is still unable to decide the question, the following provisions apply.

(5) If the Registrar finds that the trade mark is to some extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons but is unable to decide, on that basis alone, that the trade mark is capable of so distinguishing the designated goods or services:

(a) The Registrar is to consider whether, because of the combined effect of the following:

- (i) the extent to which the trade mark is inherently adapted to distinguish the designated goods or services;
- (ii) the use, or intended use, of the trade mark by the applicant;
- (iii) any other circumstances;

the trade mark does or will distinguish the designated goods or services as being those of the applicant; and

(b) if the Registrar is then satisfied that the trade mark does or will distinguish the designated goods or services - the trade mark is taken to be capable of distinguishing the applicant's goods or services from the goods or services of other persons; and

(c) if the Registrar is not satisfied that the trade mark does or will so distinguish the designated goods or services - the trade mark is taken not to be capable of distinguishing the applicant's goods or services from the goods or services of other persons.

(6) If the Registrar finds that the trade mark is not inherently adapted to distinguish the designated goods or services from the goods or services of other persons, the following provisions apply:

(a) if the applicant establishes that, because of the extent to which the applicant has used the trade mark before the filing date in respect of the application, it does distinguish the designated goods or services as being those of the applicant - the trade mark is taken to be capable of distinguishing the designated goods or services from the goods or services of other persons;

(b) in any other case - the trade mark is taken not to be capable of distinguishing the designated goods or services from the goods or services of other persons.

This section of the Act has now been judicially considered by Justice Branson in the OREGON case, supra. Her Honour observed at 504 that, in applying the provisions of s41, and in deciding whether a trade mark is capable of distinguishing, the Registrar has three options. He or she may conclude:

- (a) that the trade mark is inherently adapted to distinguish the designated goods or services from the goods or services of other persons and capable, on that basis alone, of so distinguishing the designated goods or services; or
- (b) that the trade mark is not to any extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons; or
- (c) that the trade mark is to some extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons, but there is uncertainty, on that basis alone, that the trade mark is actually capable of distinguishing the designated goods or services.

Justice Branson continued, at 504:

The structure of s 41 of the Act dictates that if the registrar reaches conclusion (a) above, then he or she will decide the question whether or not the trade mark is capable of distinguishing the designated goods or services from the goods or services of other persons by reaching the answer that it is so capable by reason of its inherent adaptability to distinguish: s 41(2) and (3). The registrar will, in such circumstances, be required, by reason of the terms of s 33(1) of the Act, to accept the application unless he or she is satisfied that the application has not been made in accordance with the Act, or that there are grounds, independent of capacity to distinguish, for rejecting the application.

The explanatory notes to the *Trade Marks Act 1995* expand on the meaning of the term "inherently adapted to distinguish". They say, *inter alia*:

Trade marks that are not inherently adapted to distinguish goods or services are mostly trade marks that consist wholly of a sign that is ordinarily used to indicate:

- (a) the kind, quality, quantity, intended purpose, value, geographic origin, or some other characteristic, of goods or services; or
- (b) the time of production of goods or of the rendering of services.

Despite initial objections from the examiner that the trade mark was not capable of distinguishing, it was eventually accepted, following submissions by the applicant, without resort to the application of sub-sections (5) and (6) of s.41. Therefore, the acceptance officer must have been of the opinion that the mark had sufficient inherent adaptation to distinguish the applicant's goods from those of other traders so that it

was acceptable under sub-section 41(3). However, Ms Freeman alleged that the Principal Examiner who reviewed the case prior to acceptance, was swayed by submissions of examples of the mark in use. These examples showed that the word ENVIRONMENT, in a logo format, as the principal feature, rather than the three words for which registration is sought. Mr Waters, on the other hand, said that it was the mark as a whole which should be considered, and that it was the ungrammatical and unusual combination of words which gave it sufficient adaptation to distinguish.

I have given careful consideration to the examiner's reports and other notes on file. It would seem to me, after visiting this material, that the Principal Examiner was able to deduce, from the samples of the way the mark was used, that the goods of interest were "recycled covers". She also inferred from this information that the mark was primarily the word ENVIRONMENT. It would appear, as Ms Freeman submitted, that the Principal Examiner arrived at this conclusion, having had regard to the logo format of the mark in use. This version included the words in the present mark, but accentuated the word ENVIRONMENT. Given the total impression of that logo, I am of the opinion that, if it had comprised the mark applied for, then it might have been registrable because it has, arguably, sufficient inherent adaptation to distinguish the goods.

However, that logo is not being considered here for registration. As Mr Waters submitted, it is the word mark ENVIRONMENT RECYCLED COVER which should be considered in its totality, in relation to the goods covered by the application. As Justice Branson said in the OREGON case, the primary step, in determining a mark's registrability under s.41, is to take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods from those of other persons. As per sub- paragraph 41(5)(a)(i) of the Act, capacity to distinguish is to be gauged by assessing the extent to which the trade mark is inherently adapted to distinguish. The meaning of this term is explained the MICHIGAN case, *supra*. As per Justice Branson's judgment, this continues as good precedent under *the Trade Marks Act 1995*.

Mr Waters has argued that the present mark is an unusual and ungrammatical combination of words, and one which no other trader would wish to use, in relation to

their own goods without improper motive. He directed me to the words of Justice Kitto in the MICHIGAN case, in relation to this test of a mark's adaptability to distinguish. Whilst I agree that the combination is not grammatically correct, I think that the word ENVIRONMENT has a strong meaning to consumers in the market, when used in relation to many goods. This is that the goods are constructed in a manner which is non-damaging to the environment, or are environmentally safe to use or to dispose of. This, then, is a reference to the kind or quality of the recycled covers for which registration is sought. Thus, that word is inherently unadapted to distinguish Class 16 goods and, accordingly, incapable of distinguishing those goods. I do not believe that the non-grammatical nature of the combination of that word with the words RECYCLED COVER - the goods of interest - is sufficient to render the mark, as a whole, any more capable of distinguishing those goods. I also believe that it is not beyond the grounds of probability for other dealers in Class 16 goods to wish to use that combination in relation to their own recycled covers.

This conclusion brings the provisions of sub-section 41(6) into operation. The applicant has produced some evidence of the use of the mark. However, that use is principally of the logo version of the mark, which is not the subject of this decision, and only dates from February 1995 - the majority of such use being after the date of the present application. The extent of this use is insufficient, in my opinion, to establish that the word mark ENVIRONMENT RECYCLED COVER, as at the date of filing, distinguished the applicant's recycled covers from those of other persons.

Accordingly, the opponent has been successful on this ground of its opposition.

Conclusion

Given the foregoing, I find that the opponent has been successful on the only ground argued at the hearing. No submissions were made on the other grounds and I cannot find that they have been shown to have been prima facie successful. However, only one ground needs to have been shown for an opposition to registration to succeed. Therefore, subject to any appeal from this decision and, in accordance with the provisions of subsection 41(2), I reject this application to register the trade mark, ENVIRONMENT RECYCLED COVER.

Costs

In respect of costs, I can see no reason why they should not follow the result. Accordingly, I order that the applicant pay the opponent's costs in the matter, in accordance with the official scale.

Ian Forno
Hearing Officer

19 March 1999