TRADE MARKS ACT 1995

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

Re: Opposition by KELLOGG COMPANY to registration of trade mark application number 658166 in the name of SOCIETE DES PRODUITS NESTLE S.A.

Background

Application number 658166 was filed, on 7 April 1995, in the name of SOCIETE DES PRODUITS NESTLE S.A. (Hereafter "Nestlé", or "the applicant"). The application was for registration of the trade mark **FUN PACK**. It was advertised accepted in the *Official Journal of Trade Marks* on 14 March 1996, in class 30, in respect of:

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

Notice of opposition was filed on 14 June 1996, by KELLOGG COMPANY ("Kellogg", or "the opponent"). Although there were seven grounds cited in the notice of opposition, the grounds supported in the opponent's evidence and ultimately argued at the hearing were based upon sections 43 and 60 of the *Trade Marks Act 1995*.

The evidence

Filing and service of the opponent's evidence in support was completed by 14 March 1997. This evidence comprised:

- ❖ Statutory Declaration by Herbert John DuBrule, Marketing Director of Kellogg (Aust) Pty Ltd, dated 12 March 1997, together with annexures A to C.

The trade mark applicant completed its evidence in answer by 16 July 1997. That evidence comprised:

- ❖ Statutory Declaration by Susan Michelle Watson, Legal Manager of Nestlé Australia Ltd, dated 8 July 1997, together with exhibits SWM1 to SWM4.

Although it applied for six months' extension of time within which to do so, the opponent ultimately chose not to serve or file any evidence in reply.

The circumstances surrounding this opposition, as described in the uncontested evidence from both parties, are as follows:

Kellogg, the opponent, is an American company. Through its authorised user, Kellogg (Aust) Pty Ltd, it has continuously used the trade mark FUN PACK in relation to breakfast foods since 1991. The mark is used, in conjunction with the KELLOGG'S trade mark, on the packaging of assortments of small packs of breakfast cereal such as COCO POPS, NUTRI-GRAIN, FROSTIES, etc.

Nestlé, the trade mark applicant, is a Swiss company. It acquired rights and title in the trade mark FUN PACK (amongst others) from Rowntree Hoadley Ltd ("Rowntree") in around 1990. From at least as early as 1989, Rowntree used the words FUN PACK in relation to its SMARTIES confectionery product. Following its acquisition of rights, Nestlé authorised Nestlé Australia Ltd, through its wholly owned subsidiary, Nestlé Confectionery Ltd, to use FUN PACK in association with many other confectionery trade marks, such as ALLENS, MINTIES, FANTALES and FRUIT TINGLES.

The hearing

On 1 May 1998, the opponent requested to be heard on the opposition. On 14 July 1998, two days before the appointed date, the trade mark applicant wrote to the Office, advising that it had been attempting to settle the matter with the opponent prior to the hearing. While it

had not yet finalised any settlement, it nevertheless requested an amendment to the statement of goods, as follows:

> Coffee and coffee extracts; coffee substitutes and extracts of coffee substitutes; tea and tea extracts; cocoa and preparations having a base of cocoa, *excluding breakfast cereals*; chocolate; confectionery; sweets; sugar; bakery products; pastry; desserts; puddings; ice cream, products for the preparation of ice cream; honey and honey substitutes; foodstuffs having a base of rice, of flour or of cereals, *excluding breakfast cereals*; sauces; aromatising or seasoning products for food. *(changes shown in italics)*

The applicant also advised that it had notified the opponent of the amendment request, and had invited it to withdraw its notice of opposition. The amendment was made expeditiously by the Office. However, Kellogg declined to withdraw its opposition, and the matter duly came before me, in Sydney. Mr Andrew Lockhart, from Baldwin Shelston Waters, represented the trade mark applicant. Mr Anthony Franklin of counsel, instructed by Mr Brian Elkington, of Baker & McKenzie, represented the opponent.

Issues for determination

As indicated above, the grounds of opposition pursued at the hearing were based upon sections 43 and 60 of the *Trade Marks Act 1995*. However, the hearing opened with a request that Kellogg be permitted to serve further evidence. I will deal in turn with the parties' submissions and my conclusions on each of the matters argued, starting with the request to serve further evidence, as it was necessary for me to resolve that issue before being able to move on to decide the substantive opposition.

Service of further evidence

Mr Franklin began his submissions at the hearing with a proposal that Kellogg be allowed to serve further evidence, in light of Nestlé's belated amendment to its statement of goods. The evidence comprised a statutory declaration (with exhibits) by Ian Nicholson, Category Manager of Kellogg (Aust) Pty Ltd, dated 14 July 1998. The evidence was not accompanied by an application to serve further evidence, or by the appropriate fee, and the copy intended for the trade mark applicant did not include photocopies of the many items of packaging included as Exhibit B of the original declaration. Not unexpectedly, Mr Lockhart vigorously

opposed the introduction of new evidence at this late stage of proceedings, in the interests (he said) of natural justice for his client.

As the evidence was not in a fit state to be filed and served at the hearing, it was agreed between the parties that I would hear submissions from both sides assuming that the further evidence would not be admitted, but that I would then adjourn the hearing. Once I had received the formal request to serve further evidence I would assess that request, and if I intended to allow it, the applicant would be entitled to file and serve its own evidence in response, and to make further submissions in relation to costs. If necessary, the hearing could be reconvened at a later date. A slight hiccough in proceedings occurred after the hearing when the opponent mistakenly applied for a late extension of time to serve evidence in reply, instead of applying to serve further evidence. However, despite this misunderstanding, I propose to determine here Kellogg’s request to serve further evidence.

At the hearing, Mr Franklin argued that the information contained in the further evidence was fundamental to the success of his client's case, which would "stand or fall" on the strength of it. He explained that, although the new evidence was not actually prepared in response to the applicant's amendment to its goods, it was directly relevant to that amendment. Mr Franklin said that his client should have the opportunity to address the issues raised by the applicant's late decision to exclude breakfast cereals from its application. This would be achieved by my exercising the Registrar's discretion to allow the further evidence in.

Mr Lockhart countered that the opponent's actions "smacked of ambush". He declared that, according to the guidelines laid down in *Oxon Italia's Application* [1981] FSR 408 at 409, quoted in D.R. Shanahan's *Australian Law of Trade Marks and Passing Off*, © 1990 at page 71, Kellogg had no case to argue for the inclusion of that particular evidence at such a late stage.

The guidelines referred to by Mr Lockhart are:

(a) It must be shown that the evidence could not have been obtained with reasonable diligence at an earlier stage.

(b) The evidence must be such that it would probably have an important influence on the rest of the case.

(c) The evidence must be such as presumably to be believed, that is, it must apparently be credible, though not necessarily incontrovertible.

Shanahan goes on to say that the Registrar should also take into account the public interest in allowing the evidence in, and bear in mind that fresh evidence cannot be excluded on appeal to the court. As Hearing Officer Homann observed in *Studio Buying Systems SrL v Buying Systems (Aust) Pty Ltd* (1991) 22 IPR 580 at 585: "Obviously it would be preferable for the matter to be finally decided by the registrar if the admission of further evidence would allow this to be done."

After weighing all the circumstances of Kellogg's application to serve further evidence against the above criteria, I am not satisfied that I should grant the application. The new evidence goes to the opponent's sales, over the past three years, (that is, *after* the date of filing of Nestlé's application) of cereal bars made from and named after various of the breakfast cereals it manufactures (eg COCO POPS BARS, RICE BUBBLES TREATS, etc). Due to its recent nature, this information would not have been available as early as the time the opponent served its evidence in support. However, over the subsequent course of the opposition, had it considered it relevant and necessary to do so, I believe the opponent had ample opportunity to make application to serve this information as further evidence at a much more appropriate time than during the opening moments of the hearing.

In terms of satisfying the first criterion, the only explanation offered to me for the lateness of the evidence appears in a supporting declaration dated 24 July 1998, by Mr Brian Elkington. He explained that, on being briefed on the case six days prior to the hearing, counsel for Kellogg indicated that it would be helpful for the opponent to present evidence of its sale of cereal bars as this would tend to show that confusion could result from Nestlé's use of the FUN PACK trade mark on similar goods. This information was clearly available, with forethought, to be "obtained with reasonable diligence at an earlier stage". Further, even taking into account the late stage at which it was suddenly considered to be relevant by Kellogg's

team, I still do not find this a convincing explanation for the opponent's apparent inability to procure the evidence earlier than just in time for the hearing.

I also do not consider that the preparation of the evidence happening to coincide with the trade mark applicant's attempts to settle the opposition by amending its goods should be taken as an extenuating factor in the opponent's favour. If Kellogg had serious concerns on this score, the appropriate course would have been to request a deferral of the hearing, to allow it more time to prepare submissions on the matter.

In any event, and in terms of criterion (b), the evidence does not add any weight whatsoever to the opponent's case. It does *not* demonstrate any use by Kellogg of the words FUN PACK on cereal bars, and it is use of FUN PACK which is the crux of the matter here. Further, the use it does demonstrate all relates to the period after the filing date of Nestlé's application, 7 April 1995. As Mr Lockhart pointed out, it is accepted law that the rights of the parties are to be determined as at the date of application for registration. (*Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592; at 594). Because it lacks relevance to the substantive matter of this opposition, the further evidence also fails to meet the extra considerations, mentioned above, of the public interest and the possibility of eventual inclusion of the evidence on appeal.

As to criterion (c) listed above, I do not have any reason whatsoever to question the credibility of the opponent's further evidence. However, taking into account that this information could easily have been obtained with due diligence at a more appropriate time, and that nothing in the opponent's case turns upon it, I have decided to refuse Kellogg’s request. Under these circumstances, there is no need for Nestlé to reply to the evidence, and the hearing need not be reconvened. Accordingly, I may now proceed to decide the opposition.

Section 43 - connotation in a trade mark and section 60 - reputation in a trade mark

Mr Franklin argued his client’s case upon the two grounds of opposition set out in section 43 and section 60, almost as if they were synonymous. He said there was but "one crisp point" to the opposition: that the applicant's recent amendment to exclude breakfast cereals did not go far enough. Therefore, in terms of sections 43 and 60, use by Nestlé on goods included in its

specification would be deceptive and confusing in light of the reputation Kellogg had in cereal products.

The legislation

Section 43 of the *Trade Marks Act 1995* (the Act) reads:

> **Trade mark likely to deceive or cause confusion**
> 43. An application for the registration of a trade mark in respect of particular goods or services must be rejected if, because of some connotation that the trade mark or a sign contained in the trade mark has, the use of the trade mark in relation to those goods or services would be likely to deceive or cause confusion.

Paragraph 45 of the *Explanatory Memorandum* for the Act spells out the meaning of this section further. It says section 43 provides that an application for registration must be rejected if the trade mark "because of some signification inherent to it, would be likely to deceive or cause confusion regarding a characteristic of the goods or services". Such circumstances occurred in the *VITAMIN* and *ORLWOOLA* cases (*J. Kitchen & Sons Pty LTD v Inman* (1939) 9 AOJP 1383 (Reg.), *Re Trade Mark "Orlwoola"* (1909) 26 RPC 850 (C.A.)) where there was a danger the public might make a reasonable, but incorrect, assumption about a product based upon the trade mark, which could not easily be confirmed or discounted by even close inspection of the product.

The underlying principle enshrined in section 43 is described by Lord Macnaughten in *Dunn's Trade Mark* (1890) 7 RPC 311 at 318:

> Unfortunately in the competition for business a trader not infrequently endeavours to attract custom by representing that the goods which he offers for sale are different in origin, composition or character from what they really are. The public are constantly tempted to buy one thing when they think they are buying another. It is not, as has been observed, the province of the court to protect speculations of this kind. Between rival traders the application of the principle is necessarily a matter of extreme difficulty. But as between the innocent public and a trader seeking registration of a proposed trade mark, there is, I think, no room for hesitation or doubt.

In contrast with the inherent characteristics of a trade mark with which section 43 concerns itself, section 60 says:

> **Trade mark similar to trade mark that has acquired a reputation in Australia**
> 60. The registration of a trade mark in respect of particular goods or services may be opposed on the ground that:
>
> (a) it is substantially identical with, or deceptively similar to, a trade mark that, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, had acquired a reputation in Australia; and
>
> (b) because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.

I would hesitate to entirely rule out the possibility that, in some very special cases, the inherent signification of a word may owe something to the reputation it has acquired as a trade mark. However, no compelling argument along those lines has been forthcoming in the present proceedings. Accordingly, I decline to pursue here an examination of the opponent's case based on section 43. I believe that section 60 is, in general, the more appropriate section under which to deal with issues of reputation between opposing parties, and it is certainly more appropriate here.

Submissions

Mr Franklin drew my attention to the various tests for deception and confusion drawn together by Heerey J in *Nettlefold Advertising Pty Limited v Nettlefold Signs Pty Limited* (1997) 38 IPR 495 at 501. He said that, in accordance with these tests, Kellogg had established a substantial reputation for the trade mark FUN PACK, in relation to cereal products, such that "if the mark is to be registered at all, [by Nestlé] it should only be registered for traditional confectionery items and certainly should not be registered in respect of goods falling into the class of cereals". By contrast, Nestlé had not discharged the onus then falling upon it to demonstrate that deception and confusion would not be likely to occur, and indeed had tendered no evidence in the form of sales and advertising figures as to the exact extent of its (or Rowntree's) own use of the trade mark.

Given this situation, said Mr Franklin, the amendment already made by Nestlé to its statement of goods, in an attempt to settle the opposition, did not go far enough. Mr Franklin proposed that, following such precedents as *Johnson & Johnson v Boehringer Ingelheim KG* (1995)

30 IPR 563 and *Walkabout Footwear Pty Ltd v Sunshine Australia Group Pty Ltd* (1987) 9 IPR 558, I should direct that the applicant's statement of goods be further amended to exclude cereals and cereal preparations, and foodstuffs having a base of cereals.

In response, Mr Lockhart pointed out that Kellogg had demonstrated use of the trade mark FUN PACK only in relation to breakfast cereals. Further, he noted that the use depicted in the evidence was *only* use in association with other of Kellogg’s prominent trade marks; there was no use shown of FUN PACK alone.

Mr Lockhart distinguished the circumstances in the *Southern Cross* case (supra), from those of the opponent. He pointed out that the reputation in the SOUTHERN CROSS trade mark spanned a period of fifty years, in relation to many different types of machinery. This contrasted with Kellogg’s use of FUN PACK on a single product for a mere four years prior to the filing of Nestlé’s application. Further, he said, the differences between the trade marks’ inherent capacity to distinguish should also be taken into account. SOUTHERN CROSS was more inherently adapted to distinguish than FUN PACK which, said Mr Lockhart, was “emotive and a bit suggestive, although not descriptive.”

Mr Lockhart also pointed out that the applicant's statement of goods had already been amended to exclude the breakfast cereals upon which Kellogg argued it had established a reputation. He said that no other of the cereal products left in Nestlé’s statement of services were actually of the same nature as breakfast cereals, not even cereal bars, which actually had a close relationship with other confectionery products. In support of this argument, he referred to the "four broad categories of confectionery" described in *Rowntree plc v Rollbits Pty Ltd and Another,* (1988) 10 IPR 539, at 542.

Discussion

Essentially, the opponent's case comes down to the argument that its use of the trade mark FUN PACK on mixed small boxes of breakfast cereals gives it a reputation which extends beyond those products to all products containing cereal. After due consideration of the evidence it has provided, and the submissions made at the hearing, I remain unconvinced that this is the case. In proportion to the overall size of the breakfast cereal market, the sales and

advertising figures given in evidence for FUN PACK are, by anyone's standards, modest. Further, use of the mark has occurred over a relatively short period of time. This is to be expected, given that the particular product Kellogg markets under the FUN PACK trade mark appears to be a speciality item in its range, in contrast to the more familiar large boxes of its breakfast cereals which tower on supermarket shelves and crowd kitchen cupboards.

Further, as Mr Lockhart pointed out, the trade mark is never used alone, but always with the Kellogg's trade mark. The trade marks identifying the individual packets of cereal are also clearly visible through the packaging. These other trade marks would, I believe, draw the eye of most purchasers, who would likely be more interested in *which* small packets of cereal were contained in the packaging, than whether the package itself was separately named.

Both the extent and the nature of Kellogg's use of the trade mark FUN PACK belies its claim to a sufficient reputation for that trade mark in respect even of breakfast cereals, per se. It follows that it has no basis for claiming that the possibility of deception and confusion of the public would extend to use of the mark by Nestlé on other cereal products besides breakfast cereals.

Taking into account all of the above, I find that Kellogg has failed to clear the hurdle presented by section 60. In terms of subsection 60(b), Kellogg has not demonstrated to me that, because of its (Kellogg's) reputation, Nestlé's use of the trade mark for the goods covered in its specification would be likely to deceive or cause confusion. The opponent is therefore unsuccessful on this, its remaining ground of opposition.

Conclusion

I have found that the opposition has failed on the grounds relied on at the hearing. I therefore dismiss the opposition and, subject to any appeal from my decision, direct that the trade mark application may now proceed to registration.

Both sides have claimed costs in this opposition. I award costs, according to the official scale, to the successful trade mark applicant, Nestlé.

Claudia Murray
Acting Hearing Officer
5 May 1999