



TRADE MARKS ACT 1995

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

RE: Trade Mark Application No. 669065 for the word mark GIORDANO in the name of FERDINANDO GIORDANO S.p.A. and opposition to registration by WALTON INTERNATIONAL LIMITED.

Background

Ferdinando Giordano S.p.A. (the applicant) lodged applications numbered 669065 and 669066 under the *Trade Marks Act 1955* on 8 August 1995, for the word mark **GIORDANO**, in classes 29 and 33 respectively. Before examination of the applications they were amalgamated to a single application, numbered 669065, in two classes under the provisions of the *Trade Marks Act 1995* (the Act). The application was accepted in respect of a specification of "edible oils" in class 29 and "wines" in class 33. Acceptance was advertised in the *Official Journal of Trade Marks* of 15 August 1996.

Walton International Limited (the opponent) filed a notice of opposition on 15 November 1996. The grounds under the Act, on which opposition is based, are listed under sections 41, 42, 43, 44, 58, 59, 60 and 62(a). The opponent also alleged that registration and use of the mark would be contrary to discussions held between it and the applicant.

The Evidence

The evidence in support of the notice of opposition was served by 25 September 1997 and consists of four Statutory declarations detailed below.

- A declaration made on 15 August 1997 from Penelope Biddle, a former employee of the Government of South Australia, as Manager of the Northern Asia sector for the International

Business Division of the Economic Development Authority, containing exhibit "PB1" (the Biddle declaration).

- A declaration dated 15 August 1997 from Dr Drazen Lesicar, attorney for the opponent, containing exhibit "DL1" (the Lesicar declaration).
- A declaration dated 25 August 1997 from Masa Higuchi, a Divisional Manager for Daimaru Australia Pty Limited (the Higuchi declaration).
- A declaration dated 12 September 1997 from Mok Yuen Yin, Anne, a Director of the opponent, containing exhibits "GHK1" to "GHK19" inclusive (the Mok declaration).

The evidence in answer was served by the applicant by 25 March 1998 and consists of a Statutory declaration from Ferdinando Giordano, President of the applicant, declared on 13 March 1998 containing exhibits "A" to "F".

The evidence in reply was served by 26 October 1998. It consisted of two Statutory declarations, as detailed below.

- A declaration dated 26 October 1998 from Megan Rose Low, an employee of the attorney for the opponent (the Low declaration).
- A declaration dated 21 October 1998 from Chan Kui Tim, Jimmy, a Director of the opponent, containing exhibits "CKTJ-1" to "CKTJ-5" inclusive (the Chan declaration).

The total evidence is extensive and I only intend to describe the material submitted in detail where it is relevant to a particular issue under consideration.

Following the submission of the evidence, both parties requested to be heard in the matter and it came before me in Canberra on 23 February 1999. The trade mark applicant was represented by Ms Margaret Ryan of the Melbourne office of Phillips Ormonds Fitzpatrick, whilst the opponent was represented by Mr Howard Schulze of the Adelaide office of Collison & Co.

Submissions

Mr Schulze directed my attention to the following, which he said were the main points of the opponent's case, when he presented his submissions.

- The opponent is the registered owner in Australia of trade marks 453173 and 466432, both for class 25 goods, 716193 for class 9 goods and 723805 for class 18 goods each, for the word GIORDANO. It is also the registered owner of 501626 in class 25 for the mark GIORDANO BLUES.
- The opponent has an immense reputation throughout Asia and the Middle East in relation to clothing, as the evidence shows. This reputation has become widely known in Australia, by means of the spillover effect of travel by tourists into these regions. (Ref. to tests developed in the decided cases of *Anheuser-Busch Pty Limited v Castlebrae Pty Limited and Others* [1991] 23 IPR 54 and *ConAgra Inc v McCain Foods (Aust) Pty Limited* [1992] 23 IPR 193).
- The opponent has substantial use of the mark in respect of clothing in Australia.
- Despite differences in the nature of the goods of the applicant (wines and edible oils) and the opponent (clothing, eyewear and articles of leather or imitation leather), similarity exists in that all of these goods are caught by fashion or image marketing.
- The applicant is infringing the opponent's mark. Under s.120(3)(d), the interests of the registered owner are likely to be adversely affected, in terms of the opponent's trade mark image and goodwill in the mark, if the applicant uses the GIORDANO mark on other products. This may be especially the case if the applicant's wine and edible oils are not at the prestige end of the market, as the evidence appears to indicate.
- Due to the opponent's sizeable reputation, there is an onus on the applicant to show that there will not be confusion, if the trade mark is registered, because people might wonder if all of the goods come from same source.
- In *McDonald's Corporation v. Joburgers Drive-Inn Restaurant (Pty) Limited and Another* [1996] 36 IPR 11, under the *Trade Marks Act 1993 (South Africa)*, McDonald's international reputation was sufficient to mount a successful opposition, despite their not having traded in

South Africa at all. In the current circumstances, the opponent has an immense reputation and has already traded in Australia.

- In a decision related to a trade mark opposition issued by the Taiwanese Central Bureau of the Ministry of Economy, the present opponent was successful in preventing the present applicant from gaining a registration in Taiwan for the goods of this application.
- The onus falls on the applicant to convince the Registrar that there is no reasonable probability that deception or confusion will arise, as shown in *Carnival Cruise Lines Inc. v Sitmar Cruises Limited* 31 IPR 375 at 378-9.

Ms Ryan then presented submissions on behalf of the applicant with the following arguments.

- The infringement provisions outlined in s.120 are not relevant to this opposition question. As discussed in *Tecmo Kabushiki Kaisha v Tokyo Denki Kabushiki Kaisha* (1995) AIPC ¶¶91-177 at 39,582, the Registrar is not entitled to speculate on matters of infringement.
- The opponent's reputation in Australia in the mark GIORDANO is not high. The opponent has used the mark in relation to clothing, and the reputation is not sufficient to displace the applicant's right to claim registration in the same mark, in Australia, for wines and olive oil.
- Sales of the opponent's goods are not of a sufficiently high figure to establish a reputation in Australia. Despite some reputation in Asia, it is the opponent's renown in Australia which is the critical factor for s.60 (*Pioneer Hi-Bred Corn Co. v Hy-Line Chicks Pty Limited* [1979] RPC 410 at 423 and 424).
- Most of the material in the Chan declaration should have been submitted as evidence in support, rather than evidence in reply. The material was not a response to details in the evidence in answer and was known at the earlier stages.

- Many issues were also raised concerning the level of reputation of the opponent in Australia that could result from its reputation in Asia. (Ref. *ConAgra* (supra) at 239.)
- The Biddle declaration should be afforded little weight, as far as its value as evidence is concerned. There is no indication that the declarant learned of any reputation of the opponent in Australia at all, perhaps it is simply the reputation in Asia to which the declarant attests.
- Much of the evidence of use, particularly that outlined in the Chan declaration, post-dates the present application date and should not be considered as providing any reputation for the opponent. The date of application is the date at which the rights in the mark are to be determined for the purposes of s.60 (*Southern Cross Refrigerating Co. v Toowoomba Foundry Pty Limited* (1954) 91 CLR 592 at 595).
- All of the goods of opponent are fashion items. Such manufacturers or producers do not usually branch out into such goods as wines and edible oils. The cases relied on in this regard by the opponent all have a degree of brand extension.
- The *McDonalds* case (supra) in South Africa is not relevant to this opposition. That case involved a different market and different legislation concerning well-known marks. In addition, although there had been no commercial use in South Africa, a large proportion of white South Africans recognised the trade mark. As this group would constitute a significant proportion of their South African market, these factors influenced the decision. Such factors are not present here.

Mr. Schulze responded to these submissions, on behalf of the opponent, with the following main points:

- The opponent sought to rely on either or both of s.120 and s.60. Whichever section of the Act was appropriate, the reputation of the opponent is substantial and has reached the point where the onus has shifted to the applicant.

- The evidence in reply was indeed in response to the evidence in answer. This material answered the applicant's claims to reputation in Australia.
- In the *ConAgra* case (supra) there was no commercial use at all of the mark but here, the opponent has provided substantial use, in Australia, in the relevant market.
- The sector of the Australian market interested in the opponent's highly fashionable clothing and accessories is much smaller than the total Australian market. The reputation of the opponent in this sector is substantial.
- The clothing fashion business industry has an obvious crossover to wine because goods of either industry could reflect on the other due to the extreme sensitivity in those industries to either a good or a poor image. In this instance, the brand extension could readily be inferred since the trade marks involved are identical.

Ms Ryan responded on behalf of the applicant.

- There is no indication of a limited market for the opponent's clothing goods leading to an assumption of an enhanced reputation for the opponent in that particular group. The size of the market could be Australia wide, as it is also for the applicant's wine and olive oil. Thus, use of the opponent's mark is very limited, in view of the possible market in Australia, leading to the conclusion that a sizeable reputation simply does not exist for the opponent.
- The link between the opponent's clothing and personal accessory items on the one hand, and the applicant's wine and edible oils on the other, is so remote that no confusion would occur in the minds of consumers by use of the GIORDANO mark by the applicant.

Discussion

Although the separate grounds raised by the opponent in the notice of opposition covered eight sections of the Act, only s.60 was clearly contested at the hearing. The other grounds, however, were not withdrawn and so I intend to briefly comment on them as appropriate.

Before embarking on that exercise, however, I note that much of the opponent's initial arguments were directed toward s.120 of the Act, concerning infringement of a registered trade mark. As submitted by Ms Ryan, such a consideration is outside the domain of the Registrar. Hearing Officer Homann commented on this matter in *Tecmo* (supra) at 39,582 where he said "...I am not entitled to speculate on whether a court would find that the use of the applicant's mark would be an infringement of the opponent's mark, or to decide that it would be." Although I am not entitled to make any assessment concerning infringement under s.120 in this decision, I also note that the opponent's submissions do fall under the considerations to be made in terms of s.60 and I will examine them in that context.

The applicant also claimed that the opponent's evidence in reply was not a reply to the applicant's evidence in answer and had not been properly served because, if anything, it should have been part of the evidence in support. However, given the nature of this opposition matter, both parties sought, to some extent, to outline their overall reputations. On this basis, I consider that the evidence in reply could be seen as a response to build the opponent's reputation in the face of the material submitted by the applicant in the evidence in answer.

(a) Sections 41, 42, 43, 59 and 62(a)

Although the above grounds were claimed in the notice of opposition, they were not supported by any evidence and no submissions were made concerning them at the hearing. Thus, I find that the opponent is not successful in relation to them.

(b) Section 44 - Identical etc. trade marks

No specific submissions were made at the hearing in relation to s.44. However, the ground was raised in the notice of opposition. In addition, the opponent does have prior registrations for an identical trade mark, and so the matter merits some comment.

Section 44 provides a block to the acceptance of a trade mark application if three factors are met. These factors occur where another trade mark: (1) is either substantially identical or deceptively

similar to the mark of the application, (2) has a specification of goods and/or services considered similar to the application and (3) has a claim to a prior date of registration.

The opponent's GIORDANO trade marks which have been registered with a date of registration prior to the present application are 453173 and 466432. The opponent also has trade mark number 501626 registered for GIORDANO BLUES. I believe that these trade marks are either identical, in the case of the first two marks, or deceptively similar in the case of the last mentioned mark, to the present GIORDANO trade mark. The remaining leg for consideration is the similarity or otherwise of the goods or services of the marks involved.

The opponent's registered marks cover specifications of "mens clothing" (453173), "articles of clothing, including boots, shoes and slippers" (466432) and "articles of clothing, footwear and headgear" (501626). I also note that the opponent has two other registrations, 716193 for goods in class 9 and 723805 for goods in class 18, which both post-date the present application and thus do not present any difficulty for the applicant under s.44.

The present application covers two classes of goods, wines in class 33 and edible oils in class 29. The standard tests for similar goods, which deal with: the nature of the goods, their uses, and the trade channels through which they are bought and sold, are set out in *Re: Jellinek's Application* (1946) 63 RPC 59. I note that, broadly, the opponent's goods are clothing and the applicant's goods are foods. The nature and uses of these items are quite distinct. The trade channels are also different, with the only possible point of convergence at the end of the retail process, where they could all be sold in large department stores or extremely large supermarkets. I do not believe, however, that this provides sufficient qualification for the opponent's clothing goods to be considered as having the same trade channels as the applicant's wines or edible oils. These three tests lead me to conclude that clothing could not be considered as similar goods to either wines or edible oils.

Having decided that the opponent's goods, covered by prior registrations, and the applicant's goods are not similar, the opposition is not successful in terms of s.44.

(c) Section 58 - Applicant is not owner of trade mark

In order to successfully mount opposition under s.58, the opponent would need to have used an identical trade mark, or virtually identical trade mark, prior to the present application. This it did. Further to this discussion, however, as established in *Re Hicks' Trade Mark* (1897) 22 VLR 636, the opponent would also need to show that it had used its trade mark on "the same kind of thing" prior to the applicant filing its application.

This "same kind of thing" arguably equates to a narrower interpretation of the goods involved than merely "similar goods" under the present Act, or to "goods of the same description" under the *Trade Marks Act 1955* (the repealed Act). I have already found that the opponent's goods and the applicant's goods are not similar in the comments concerning s.44 above. Correspondingly, I also find that they are not "the same kind of thing" as is required by *Hicks* (supra) if the opposition were to be successful.

On this basis I find that the opponent is not successful in terms of s.58.

(d) Section 60 - Trade mark similar to trade mark that has acquired a reputation in Australia

This ground of opposition was the only section of the Act directly argued by the opponent at the hearing. The relevant section of the Act reads:

- 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 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.

The deception or confusion envisaged here is said to be produced as a direct result of the reputation of the opponent. An investigation in terms of s.60 is only triggered if the opponent can provide sufficient evidence of its reputation in the mark in Australia. This reputation must be sufficient to produce a question in the minds of a substantial number of purchasers. The present s.60 corresponds to s.11 of the Trade Marks Act 1938 (U.K.). In discussing s.11 of that Act, the above

requirement was outlined by Evershed J in *Smith Hayden & Co Ltd's Application* (1946) 63 RPC 97 at 101 with the words:

Having regard to the reputation acquired by the [opponent's mark], is the Court satisfied that the mark applied for, if used in a normal and fair manner in connection with any goods covered by the registration proposed, will not be reasonably likely to cause deception and confusion amongst a substantial number of persons.

From the evidence provided, I have little doubt that the opponent enjoys a sizeable reputation in many Asian and Middle Eastern countries. The question to be answered, however, is how much of this reputation has been transferred into Australia by means of the spillover effect from international tourism. Neither of the cases relied on by the opponent in relation to a spillover of reputation concerned an opposition to registration. *Anheuser-Busch* (supra) was an expungement action and *ConAgra* (supra) was an action involving both passing off and ss.52 and 53 of the *Trade Practices Act 1974*. I accept, however, that the tests discussed in those cases are relevant.

Despite the figures provided for tourism between Hong Kong and Australia, no indication is available to explain how much, if any, exposure the tourists had to the opponent's mark, save the Biddle declaration regarding her own experience. It is theoretically possible that the opponent's stores were situated in readily accessible areas and that virtually all tourists were exposed to the mark or, alternatively, that the stores were situated in areas that tourists would rarely frequent. The spillover effect of reputation for the opponent, by means of international tourism, is extremely difficult to quantify. This line of reasoning is supported in *ConAgra* (supra) at 239 in the words of Lockhart J:

Evidence of this kind has considerable difficulty, it seems to me, as proof of reputation. It is not possible to assess how many travellers on short visits to the United States would have watched television either at all or at the times of the appellant's advertising, or would have visited the shops or supermarkets... .

Today's Australian has a greater awareness of the significance of international trade marks. However, I am not convinced that the opponent has built a sizeable reputation in Australia, as a result of Australians travelling through Asia or the Middle East.

The opponent also put to me a number of other factors to consider concerning its reputation in the GIORDANO mark. These included the reputation generated by sales in Australia. It has traded in one store in Australia since 1993, with approximate sales of A\$100 000 per year over four years. I do not believe that this provides a sufficiently compelling presence in the overall clothing market to enable the opponent to claim a sizeable reputation. Figures of this magnitude from one sale point, in my opinion, do not provide assurance that the mark has developed a sizeable reputation in Australia in any relevant market.

Another factor was a decision of the Taiwanese Central Bureau of the Ministry of Economy, in which the present opponent was successful in preventing the present applicant from gaining a registration in Taiwan, for the goods of this application. I note that the decision maker on that occasion commented that, such issues as English being a foreign language in Taiwan and the size of the opponent's reputation through local sales and advertising, were major components in the opposition being successful. The circumstances in Australia in the present case are quite different from those in Taiwan, including the set of laws governing intellectual property.

A third factor to consider was the *McDonald's* case (supra) where, despite not having traded in the jurisdiction, the international reputation of the opponent was sufficient to mount a successful opposition. Again, the size of the opponent's reputation in that case was overwhelming. Few international trade marks have reached the level of fame of the McDonald's marks. In the relevant market, recognition of the McDonald's mark was surveyed to be 77% and 90% in two South African cities. Unlike the Australian Act, the *Trade Marks Act 1993 (South Africa)* has provisions for well known trade marks (at s.35). It was in connection with those provisions that the opponent was successful. Additionally, I cannot accept that the present opponent's reputation in Australia is on par with the international reputation of McDonald's, in relation to their mark. In addition, another element in that case was significant. The applicant in South Africa sought registration for an application that involved the specific goods in which the opponent's reputation resided. For the above reasons I distinguish the *McDonald's* case (supra) from the present opposition.

Even the combination of the various factors put to me, to indicate the opponent's reputation, is not of sufficient force to convince me that the opponent enjoyed the level of reputation in the mark

GIORDANO in this country, that is necessary to produce any onus on the applicant to counter such reputation.

The opponent also made detailed submissions concerning the applicant's evidence, particularly regarding its limited use of the mark and linked this to the applicant's reputation. However, the applicant's evidence, apart from demonstrating that the application is bona fide and that some use of the mark by the applicant has already occurred, is irrelevant to the issues to be decided in the present case.

The opponent also argued that, if the present application were allowed to proceed, that the opponent's image would be eroded. The opponent has claimed that it has used its resources to build an image of sophisticated, prestigious and exclusive clothing to attempt to capture the market of fashion conscious purchasers. This market is extremely sensitive to fashion perceptions and the opponent was concerned that activities of the applicant, in using the GIORDANO mark, could undermine the opponent's standing. Despite the concerns of the opponent, I am of the opinion that the real likelihood that a substantial number of the relevant purchasing public would be deceived or confused is not high. The opponent's reputation in Australia is simply not of the order, whereby a sufficient number of people would be given cause to wonder if the applicant's wines and edible oils and the opponent's clothing goods were from the same source.

Section 60 does not require a direct comparison between the opponent's goods and the applicant's goods. The heart of the matter is whether or not deception or confusion will result, assuming that the application is registered and used in a normal manner, based on the opponent's reputation at the time that the applicant filed its application. Obviously, some comparison of the respective goods must be made, but not for the purposes of directly deciding their similarity. The comparison is to enable the "balancing act" of the similarity of the applicant's and the opponent's goods and the prior reputation of the opponent to be made. The less the similarity in the goods, the greater would be the reputation needed to produce a similar level of deception or confusion.

In the present circumstances, in my opinion, any similarity between the opponent's clothing and personal accessory goods, and the applicant's wine and edible oils is quite tenuous. In general,

clothing manufacturers do not also produce wine or edible oils. No single trader in both fields comes to mind. The opponent submitted, in the evidence of the Chan declaration, that it had held a promotion in March - April 1998, at which French wine was offered free of charge to purchasers of the opponent's GIORDANO clothing, provided that the goods purchased were above a certain designated value. However, I do not accept that this provides any clear reason to suppose that a link exists between clothing and wine. A claim could be made to link any two goods or services by hosting a promotion, whereby one was provided free on the purchase of the other. It is common to find advertisers using such tactics as, "be one of the first one hundred to take advantage of this magnificent offer and receive a free gift". I do not accept that the opponent's promotion provides any support to consider that its clothing has a similarity in any sense to the applicant's wine goods.

Because I believe that there is no obvious link between the respective goods of the parties, the opponent's reputation would need to be even larger than that required if there had been some link to determine that the goods shared a similarity. Even with the goods issue aside, I do not believe that the opponent's reputation in Australia to be of a magnitude sufficient to cause a substantial number of people to wonder if the respective goods are from the same source.

I find, then, that the opponent is not successful in terms of s.60 of the Act.

Conclusion

From the foregoing, I have found that the opposition has not succeeded on any of the grounds indicated in the notice of opposition. Therefore, as a delegate of the Registrar, and subject to an appeal from this decision, I dismiss this opposition. I see no reason why costs should not follow the decision, and so I award costs to the applicant.

Don Nancarrow
Acting Hearing Officer
10 May 1999.