



TRADE MARKS ACT 1995

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

Re: Opposition by Aztech New Media Corp. to registration of trade mark application 715525(28) - AZTECH NEW MEDIA CORP. AND DEVICE- filed in the name of Aztech New Media Corp. Pty Limited.

Background

An Australian company, Aztech New Media Corp. Pty Limited (the applicant) filed this application, a representation of which is shown below, on 21 August 1996. The goods



claimed in the application are 'Computer software games' in class 28. I have commented concerning this classification in my discussion under s.58 in the **Discussion** section of these reasons.

Neither any ground nor any reason for rejection was raised in examination of the application. Acceptance of the application was advertised in the *Australian Official Journal of Trade Marks* of 10 April 1997. The opponent, a Canadian company, Aztech New Media Corp., filed a notice of opposition on 9 July 1997. This notice claimed grounds of opposition under s.58, s.59, s.60 and pursuant to s.57, under s.41 and s.42. The opponent's evidence in support of its opposition was filed and served by 9 August 1998. The applicant chose not to file any

evidence in answer to this material. As neither party has requested to be heard in the matter, it has now been directed to me for a decision based on the written material held in this Office.

The Evidence

The evidence in support of this opposition consists of a single statutory declaration from Alan Bass, President, and C.O.O. of the opponent (the Bass declaration). The declaration is extensive and also contains 61 exhibits 'A' to 'Z' inclusive, 'AA' to 'AZ' inclusive, 'BA' to 'BC' inclusive and '1' to '6' inclusive.

The evidence indicates that a business relationship existed between the opponent and a company associated with the applicant from a time earlier than the present date of application. Because the applicant has not filed any evidence in answer in this matter, the only information to shed light on its side of the dispute, that is available to me, is copies of letters submitted in the opponent's evidence. It appears that the company associated with the applicant was under the impression, from at least as early as some time in mid-1996, that it was to be the opponent's sole distributor for its goods in Australia. This associated company apparently introduced the opponent to its Australian customers as a result of this perceived arrangement. Some disagreement or misunderstanding arose between the parties concerning the pricing schedules and involving replication of the opponent's goods, under licence in Australia, by another independent company. The exact timing of events that led to the conflict is not readily discernible but some factors can be seen in the correspondence in August 1996. At this time the opponent alleges that it sent a facsimile to the applicant on 14 August 1996 explaining certain matters. The company associated with the applicant apparently claims that it did not receive this facsimile and it was retransmitted about two weeks later. In the meantime, the applicant had filed the present application on 21 August 1996. The opponent has also filed two applications, numbered 719268 and 719269, for an almost identical trade mark as the present application, on 10 October 1996.

The evidence itself looks at a broad series of issues - some of which are not relevant to my decision. Thus, I only intend to describe those parts of the evidence in the discussion below that have a direct bearing on my reasons. However, as no submissions were made by either

party, the discussion below will also outline information to summarise some detail of each party's case.

Discussion

The opponent, in the notice of opposition seeks to rely on grounds under s.58, s.59 and s.60 and pursuant to s.57, on grounds under s.41 and s.42.

(a) Section 41 - Trade mark not distinguishing applicant's goods or services

Under this ground of opposition, the opponent claimed that:

... the applicant is not entitled to be registered as the proprietor of the said trade mark as it does not use, or intend to use the trade mark and it is therefore not registrable pursuant to section 41(5)(a)(ii) of the Act in the event that the Registrar finds the trade mark to be to some extent inherently distinguishable.

The acceptance of this trade mark application and the structure of s.41 of the Act indicate that this ground of opposition cannot be supported. The question to be answered in terms of examination of an application under s.41 is whether a trade mark is capable of distinguishing the goods or services of the applicant from similar goods or services of other traders. In the present case, the application was accepted in terms of s.41(3) and (4). At examination, the examiner decided that the trade mark is inherently capable of distinguishing the applicant's goods. In such a circumstance the examiner needs no further inquiry and s.41(5) has no application. I have reproduced sub-sections (3) and (4) and paragraph (5)(a) of s.41 below to show the structure of s.41.

(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:

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(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 ...

Thus, it can be seen that, where the question of 'inherent adaptability to distinguish' is decided in favour of the applicant in sub-section (3), then the Registrar is not undecided, and sub-section (4) prevents further consideration of the matter under sub-section (5).

In the present circumstances, I find that s.41(5) has no role for the acceptance of this application and thus the ground of opposition taken under s.41 is not successful.

(b) Section 42 - Trade mark scandalous or its use contrary to law

The relevant legislation here reads:

- 42.** An application for the registration of a trade mark must be rejected if:
- (a) the trade mark contains or consists of scandalous matter; or
 - (b) its use would be contrary to law.

The opponent claimed here that registration of the applicant's mark would breach both s.52 of the *Trade Practices Act 1974 (Commonwealth)* and s.36(1) of the *Copyright Act 1968 (Commonwealth)*. To find in favour of the opponent in terms of s.42(b) of the Act involving other legislation, such as the *Trade Practices Act* or the *Copyright Act*, I would need evidence of a court decision or similar legally binding documentation. Otherwise, an allegation of this kind lies outside the Registrar's charter.

As I have no evidence before me to support this contention, I find that the opponent is not successful in terms of the ground of opposition taken under s.42.

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

This section of the Act reads:

58. The registration of a trade mark may be opposed on the ground that the applicant is not the owner of the trade mark.

The principles governing s.58 are now well established¹, having been developed under s.40 of the repealed Act. To succeed in opposition under this ground, the opponent would need to show ownership of the mark prior to the present date of application, 21 August 1996. Such ownership is demonstrated by either use of, or application to register, in Australia, an identical or virtually identical trade mark on goods considered to be the 'same kind of thing'.

The present application is represented under the **Background** section of these reasons. That representation shows the device element above the lettering and the words AZTECH NEW MEDIA CORP. entirely in upper-case lettering. The opponent, in its evidence, has shown use of a small number of marks. One version, on several invoices, is totally identical to the present application, whilst other versions show the device element to the left of the words, or on occasions multiple devices to the left of the words. Use of the opponent's mark as applied to the packet containing the goods shows the device above the lettering with the format of the words as 'Aztech New Media Corp'.

In evaluating substantially identical trade marks Windeyer J, in *Shell Co. (Aust.) Ltd v Esso Standard Oil (Aust.) Ltd* (1961) 109 CLR 407, stated at 414:

In considering whether marks are substantially identical they should, I think, be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison.

In all of the variations of the opponent's mark, the device is identical and the only variations are the relative positioning of the device in relation to the words and the variations of upper-

¹ *Re Hicks' Trade Mark* (1897) 22 VLR 636
Moorgate Tobacco Co Ltd v Philip Morris Ltd (No.2) 156 CLR 414 (or 3 IPR 545)
Shell Co (Aust) Ltd v Rohm & Haas Co (1948) 78 CLR 601

case and lower-case lettering. In my opinion, the variation between 'AZTECH NEW MEDIA CORP.' and 'Aztec New Media Corp.' is not sufficient to find that the respective marks are not virtually identical. In addition, the opponent has, on some invoices in the evidence, used the words entirely in upper-case with the device element above the words in an identical fashion to the application. From this information I find that the present application is identical or virtually identical to the opponent's trade mark(s).

The opponent has claimed use of its trade mark since February 1993. However, the evidence establishes first use by the opponent in Australia from 29 November 1994 at exhibit 'F' of the Bass declaration. The date of the present application is 21 August 1996. No evidence has been provided by the applicant to demonstrate any use of the mark prior to the date of application. From this material I find that the opponent has established earlier use of an identical or virtually identical trade mark. The remaining test outlined in *Hicks*, supra, is whether or not the respective goods of the applicant and the opponent are the 'same kind of thing'.

The opponent's evidence indicates that the goods in which the opponent trades are various computer software items - particularly computer programs and compact discs - for the operation of games. The goods in respect of which the application has been made are 'computer software games' in class 28. The goods would appear to be computer software for running various games rather than board games (or some sort of non-computer games) about computer software. Computer software, per se, falls in class 9, whilst games, per se, fall in class 28. Thus, it would appear that the goods of interest of the applicant are computer software for the operation of computer games and correctly fall in class 9. This being the case, the respective goods of the applicant and the opponent are either identical or extremely similar in nature, and therefore, fall within a description of the 'same kind of thing'.

Thus, I find that the applicant's mark is identical or virtually identical to a trade mark (or trade marks) used by the opponent in Australia, in respect of the same goods. I have also found that use by the opponent pre-dates the present date of application. All of these factors direct me to find that the opposition is successful under the s.58 ground.

(d) Section 59 - Applicant not intending to use trade mark

This opposition ground - in making an assertion about the applicant's intentions, at the time of filing - can often be difficult to establish. Unless the applicant has stated otherwise, the very act of making a trade mark application is taken to establish an intention to use².

The legislation involved reads:

59. The registration of a trade mark may be opposed on the ground that the applicant does not intend:

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

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

in relation to the goods and/or services specified in the application.

Note: For *applicant* see section 6.

The Bass declaration claims support for this ground of opposition in exhibit 'D' attached to the declaration. This exhibit is a copy of a letter, dated 17 October 1996, from Apted & Williamson, Barristers & Solicitors, to Cuddler (sic) Hughes & Harris. The letter was written on behalf of Westcoast Marketing Pty Limited, a company with some link with the applicant through common Directors and shareholders. The letter states that:

Our client denies that it is or has ever used the name Aztec New Media Corp, Aztech New Media Corp or any similar name either on the products sold by it or as a business name.

...

Our client has no intention of using the names referred to above or the trademark on products sold or distributed by it or in the conduct of its business.

These comments were made on behalf of Westcoast Marketing Pty Limited and not the applicant. Although some relationship exists between the two companies, the letter from Apted & Williamson is specific in stating that 'We act on behalf of Westcoast Marketing Pty Ltd.' The intention of the applicant is not disclosed in any way by this letter.

² *Aston v Harlee Manufacturing Co* (1960) 103 CLR 391

From the above, I find that the ground of opposition taken under s.59 is not established.

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

The relevant legislation for this ground of opposition 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 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.

Note 1: For *deceptively similar* see section 10.

Note 2: For *priority date* see section 12.

Most of the applicable considerations under s.60(a) have been dealt with in my discussion under s.58 above. In that discussion I found that, before the present application date, the opponent had used a substantially identical trade mark on the same goods as the present application. There is no requirement under s.60 that the respective goods of the applicant and the opponent be the same or be similar - although the greater the nexus of the goods the more likely will be the occurrence of deception or confusion.

It remains to assess the reputation acquired by the opponent's trade mark and the level of possible deception or confusion that would be likely as a result of this reputation. Relevant issues to be investigated include:

- Has the opponent met the initial onus of establishing that the reputation in the mark is sufficient to lead to an objection in terms of s.60³? (Once established this onus reverses to the applicant.)
- Does the evidence address the circumstances as at the date of application⁴?

³ *Arthur Fairest Ltd's Application* (1951) 68 RPC 197

⁴ *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* 1953) 91 CLR 592

- Would use of the applicant's trade mark in a fair and reasonable manner be reasonably likely to cause deception and confusion amongst a substantial number of persons⁵?

The long-standing test from *Smith Hayden*, supra, has now been modified by the judgement of French J in *Registrar v Woolworths*, supra, under the 1995 Act. Whereas under the repealed legislation, the Registrar needed to be satisfied that the applied for mark **will not be** reasonably likely to cause deception and confusion, in order **to accept** it for registration, the present legislation leads to the Registrar needing to be satisfied that the applied for mark **will be** reasonably likely to cause deception or confusion, in order **to reject** it for registration.

The opponent's evidence indicates that through three distributors they made sales, in Australia, to the extent of approximately \$35 000 in 1994/95 and approximately \$86 000 in 1995/96. No figure is before me to indicate either the total size of this market in dollar terms in Australia, or the approximate market share for the opponent's trade mark. I note that the evidence shows that the approximate unit cost of the opponent's goods generally lies in the \$10 to \$20 range with occasional instances of items as low as \$3 and as high as \$35. It may be that the opponent has made sales to other distributors, as it has claimed that it 'has engaged a number of distributors' but without formal evidence of that claim. The opponent has also claimed that it has sold between 10 000 and 20 000 units of computer software games between November 1994 and July 1998. Only that part of these sales between November 1994 and 21 August 1996 can be considered, because it is the rights as at the date of application that must be determined. No indication is provided of exactly what proportion of the total, for sales of the claimed 10 000 to 20 000 units, falls prior to 21 August 1996.

The total evidence that has been filed leaves me in some doubt as to the actual significance of the reputation of the opponent in the mark. Evidentiary material concerning the opponent's market share is lacking, as is any supporting declarations from those in the relevant trade who could support the opponent's assertions concerning reputation. There may be an arguable case

⁵ *Smith Hayden & Co Ltd's Application* (1960) 63 RPC 97;
Registrar of Trade Marks v Woolworths Limited 45 IPR 411

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that the opponent's mark has acquired a reputation as at the date of application, but from the evidence before me I cannot be sufficiently sure that a 'substantial number of persons' would be cognisant of such reputation.

Thus, although I have found the respective trade marks of the applicant and the opponent to be substantially identical, I find that the opponent's reputation in the trade mark, as at the date of application, has not been sufficiently established to produce deception or confusion amongst a substantial number of persons.

From the foregoing, I find that the ground of opposition under s.60 is not established.

Conclusion

The opponent pursued opposition under five separate grounds. I have found that under four of these grounds, those in respect of s.41, s.42, s.59 and s.60 of the Act, the opposition is not successful. I have also found that the ground of opposition taken under s.58, that the applicant is not the owner of the trade mark, has been established and the total opposition is, therefore, successful. As a delegate of the Registrar, I therefore, refuse to register this trade mark.

Don Nancarrow
Acting Hearing Officer
11 May 2000