



## TRADE MARKS ACT 1995

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

Re: Opposition by Spiral Foods Limited to registration of trade mark application 747156 (29 and 32) - GG AND YING-YANG DEVICE- filed in the name of Valio Limited.

#### AND

Re: Opposition by Valio Limited to registration of trade mark application 751797 (29, 30, 31 and 32) - SPIRAL FOODS A NATURAL AND YING-YANG DEVICE - filed in the name of Spiral Foods Pty Limited.

#### Background

In these issues, which are 'cross oppositions', Spiral Foods Pty Limited of Chullora in New South Wales ('Spiral') filed application (751797) on 30 December 1997 under *the Trade Marks Act 1995* ('the Act') for registration of the trade mark appearing below their goods enlisted hereunder:

- |           |   |
|-----------|---|
| Class: 29 | Preserved, dried & cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats. Meat, (excluding beef) fish, poultry & game; meat extracts, preserved and processed soya beans  |
| Class: 30 | Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour & preparations made from cereals, blended vegetable chips & rice crackers, bread, pastry & confectionary, ices, honey, yeast, baking powder; salt, mustard, vinegar, sauces (condiments); spices, soya bean pastes, powder, flour and sauces |
| Class: 31 | Agricultural, horticultural and forestry products & grains not included in other classes; fresh fruits and vegetables; seeds, natural plants & flowers, food stuffs for animals, malt, fresh soya beans   |

[2]

Class: 32      Beers; mineral & aerated waters & other non-alcoholic drinks; fruit drinks & fruit juices; syrups & other preparations for making beverages soya bean based beverages



"the Spiral trade mark"

The application was accepted for registration on 25 March 1998 and advertised in the Official Journal of Trade Marks on 30 April 1998. On 30 July 1998, Valio Limited ('Valio') filed Notice of Opposition ('the Valio opposition') to the registration of the Spiral trade mark. The grounds of the Opposition will emerge sufficiently from my reasons.

On 24 Oct 1997 Valio Limited ('Valio') a Finnish company of Helsinki, filed application (747156) to register the trade mark appearing below the goods of the application which are listed hereunder:

Class: 29      Dairy products in this class including beverages substantially comprised of dairy products; soya bean milk products in this class

Class: 32      Non-alcoholic beverages in this class including fruit juices



(the 'Valio trade mark')

Following examination of the application, the Valio trade mark was accepted for registration on 3 Feb 1998 and advertised as accepted on 26 Feb 1998. On 22 May 1998 Spiral filed Notice of Opposition ('the Spiral opposition') to the registration of the application. The grounds of opposition will emerge sufficiently from my reasons.

With the agreement of the parties, the evidence in these matters has been restricted to that in the Spiral opposition to the Valio trade mark. The Evidence was served and filed within the time limits prescribed by the Act and regulations.

### **The Evidence**

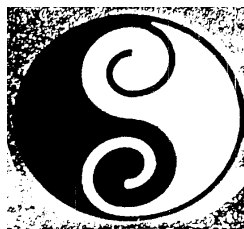
The Evidence in Support of the Spiral opposition consists of a statutory declaration by James Wilson ('the Wilson declaration'), Fiona Elizabeth Toy ('the Toy declaration') and Dianne Brown ('the Brown declaration').

The Evidence in Answer comprises a statutory declaration by Scott James McKinnon ('the McKinnon declaration').

#### *The Wilson Declaration*

Mr Wilson is the owner and managing director of Spiral. Spiral is the owner of registered trade mark 457610 in Class 29 of the International (Nice) Classification of Goods and Services. Brief details of this registration are:

Owner:	Spiral Foods Pty Ltd
Number:	457610
Priority Date:	23/12/1986
Class:	29
Goods:	All foods in this class.
Mark	



('the first Spiral trade mark')

This trade mark is said by Mr Wilson to contain adaptations of the Chinese yin-yang device and the alphabetical letter 'S'. The trade mark was devised by the applicant's predecessor in business. Mr Wilson bought the business in 1979 from the Trustee of the Estate of John C Day (Day). Day had operated the business since about July 1975 - Mr Wilson recalls that the transaction included all aspects of the business including "names, logos and goodwill".

[4]

In 1983 Mr Wilson decided to adapt the trade mark to include further reference to the name of his business - this adaptation also includes a 'puff':



('the second Spiral trade mark')

At the same time, Mr Wilson devised a further variation on his theme; this iteration of the trade mark appears without the puff, the words 'A NATURAL', in the form:



('the third Spiral trade mark')

Mr Wilson then says that Spiral has, since 1979, continuously used the first spiral trade mark "in association with Spiral Foods" in advertising, promotions, trade shows and product labelling. By this, I assume he means that he has used the first trade mark along with the words SPIRAL FOODS.

Since late 1983, Spiral has continuously used the second and third Spiral trade marks in advertising, promotions, trade shows and product labelling.

Mr Wilson then refers to advertising and promotional expenditure during the period 1985 to 1999. These figures show a steady increase over the years in advertising in the media and promotion costs at trade shows. And later, starting in 1995, promotion at supermarkets. Although confidentiality has not been claimed, I will not elaborate on the figures except to remark that they obviously reflect a marked growth in the business and in latter years expenditure has been considerable.

The advertising has been via such publications such as, for example, *Australian Wellbeing*, *Nature and Health*, *Prevention Magazine*, *Australian Vegetarian*, *Planet Magazine*,

*Australian Gourmet, Simply Living, Sin Magazine, Directions - Natural Therapies Resource Guide for Eastern Australia 1997* as well as several others and via promotional calendars.

The expenditure figures and Mr Wilson's declaration show that the trade marks have also been widely exposed through trade shows.

I understand from the declaration that goods bearing the trade marks have been sold, inter alia, through national chains of supermarkets such as David Jones, Myer, Coles, Safeway and Woolworths.

The goods on which the trade marks have been used include wheat free soy sauce, soy sauce, teriyaki sauce, yuzu ponzu, low salt soy sauce, mirin, brown rice vinegar, plum vinegar, sesame oil, miso, sea vegetables, various teas, instant miso soup, various pickles and condiments, Japanese snack foods, rice, sesame and vegetable crackers, soy milk, rice wafers, olives, olive oil and various types of noodles.

Mr Wilson also attests to the annual turnover of Spiral since 1985. Again, while Mr Wilson does not claim confidentiality for these figures, I will simply remark that they demonstrate a generally increasing trend and, for a small company, sales are substantial within what is obviously a niche market.

Mr Wilson also submits evidence, which, he says, shows confusion between the Valio and Spiral trade marks. I will discuss this later in these reasons. He also presents evidence of the actual use of the Valio trade mark which appears in their pamphlets - from the goods which are depicted in the pamphlets, it would appear that the trade mark appears, in use, on the goods too. One brochure, advertising a 'passionfruit smoothie' shows the trade mark below on the goods which are apparently a drink:



('the second Valio trade mark')

*The Toy declaration*

Ms Toy is the publisher of health related publications - in particular, the Directions Journal for Natural Health Professionals in which Spiral advertises. Ms Toy has known of the Spiral trade marks since 1984 when she encountered them while working as a chef in a vegetarian restaurant. Ms Toy says that she associates the Spiral trade marks with Spiral and in particular with their range of macrobiotic, organic and vegan products. Ms Toy then states that she saw a television commercial "for Valia" [sic] and at first thought it was a new product for Spiral and was extremely surprised at their shift away from having an exclusively vegan range of products. Ms Toy continues, "It was only when I examined a sample of the product that I saw it was another company's product and that there is a very slight variation in the logo."

*The Brown declaration*

Ms Brown is the manageress of a bakery in Elsternwick. She says that she has been aware of the second Spiral trade mark for twelve years through the purchase and use of the goods sold under the trade mark. Ms Brown says that she associates the second Spiral trade mark with quality health products including noodles, soy beverages, soy sauce, tea and so on. Ms Brown says that she became aware of the "Vaalia trade mark" [sic] through television commercials. She thought the symbol to be similar to the Spiral trade mark and was unsure whether Spiral had changed the colours in which it uses the trade mark, thus causing some confusion.

**The Evidence in Answer**

The evidence in answer consists of a statutory declaration by Scott Jonathon McKinnon (the McKinnon declaration).

*The McKinnon Declaration*

Mr McKinnon is an employee of F B Rice & Co, Patent and Trade Mark Attorneys. He states that his duties include, *inter alia*, conducting trade mark searches and research within such areas as the Internet.

Mr McKinnon states that on or about 22 Feb 1999 he was instructed to conduct research in order to establish whether there is a connection between the 'yin-yang' symbol and the

theory/dietary system of macrobiotics. To this end Mr McKinnon performed various searches of the Internet the results of which are annexed to his declaration.

Mr McKinnon conducted two searches and includes some results of these as exhibits to his declaration. He also includes a further page which he located via a hypertext link from his second search result. I think it is appropriate to observe that, for whatever reason, Mr McKinnon did not search the yin-yang device *per se* - he used the words 'yin' and 'yang' and 'macrobiotics' in the first search and substituted the word 'symbol' for 'macrobiotics' in his second search. As a necessary result, the bulk of the material appended to the declaration shows the non-commercial use of the words 'yin-yang' in relation to the word 'macrobiotics'. The material also shows some of the philosophical background behind the yin-yang symbol but no commercial usages.

Presumably to rectify this situation, Mr McKinnon also researched the Trade Marks Office database for records of trade marks in classes 29 and 30 which contain the yin-yang symbol. The results of this search are also appended to the declaration.

It is worthwhile noting at this time that the classification system imposed on device trade marks by this office is not only dictated by what the trade marks are - it is also ruled by which other trade marks they need to be considered against. Accordingly, the bulk of the examples appended to Mr McKinnon's declaration have scant resemblance to the yin-yang symbol. Some are pairs of lotus flowers such as are seen on paisley ties. One trade mark is two fish. Some do incorporate the yin-yang symbol but, once the trade marks of the parties are omitted, there are some four registrations which could simply be labelled as being yin-yang devices. I do not conclude as a result of this that the search shows the yin-yang symbol is frequently used within trade marks in these classes.

### **The Hearing**

The hearing was in Sydney. Mr Wayne Willis of F B Rice & Co, patent and trade mark attorneys, represented Valio, Mr Richard Cobden of counsel, instructed by Adam Simpson of Simpsons Solicitors, represented Spiral.

*The Submissions*

Mr Cobden, after drawing my attention to detail of the Wilson declaration, outlined the history of the Spiral application and past use of the Spiral trade marks.

Mr Cobden referred to the relevant case-law in terms of section 58 (ownership) of the Act and argued that the Spiral and Valio trade marks are so similar as to be virtually the same trade mark. Mr Cobden observed that the first Spiral trade mark is obviously not a square containing the trade mark - the 'square' around the trade mark has resulted from the difference in the coloured material on which the trade mark was submitted to this office. (For the sake of brevity, I will simply note here that I agree with Mr Cobden).

After drawing my attention to various features of the Valio and Spiral trade marks which were argued to be in common, Mr Cobden concluded by submitting that the Spiral trade mark and the Valio trade mark are substantially identical.

Mr Cobden then argued that the Valio trade mark is not capable of becoming distinctive of Valio or its goods in terms of section 41 of the Act. This argument appears to stem from the judgement in *Melhero Pty Ltd & Anor v Club X Pty Ltd & Ors* [1997] 118 FCA (20 Jan 1997). I will remark now that I think I must regard that matter as being decided on its own unique facts and as being of a purely judicial character: *re Quinn; ex parte Consolidated Foods Corp* (1977) 52 ALJR 117. Distinctiveness, or the capacity to acquire distinctiveness, is assessed by reference of the need of other traders to use the sign without improper motive and in the normal course of trade: *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511. It follows that the legislation in terms of s.41 specifically looks at the trade mark itself and, for example, its dictionary or geographical significations for a determination of its capability to distinguish the goods or services as being those of any particular trader - which particular trader is not at issue. The fact that another trader may make the claim that the mark distinguishes THEIR goods or services is not a matter for consideration under section 41 but under other provisions of the Act such as section 60.

Next Mr Cobden turned to the provisions of section 44 of the Act and submitted that if the trade marks were not of sufficient identity to be caught by the provisions of section 58, they

were deceptively similar and hence caught by the provisions of section 44. I will return to Mr Cobden's submissions on these points later in my reasons.

In terms of section 60 of the Act, which allows for opposition of a trade mark on the basis of the reputation of another trader's trade mark, Mr Cobden observed that this is a broader test than that under section 44. It allows for consideration of actual, rather than notional, use. All of the surrounding circumstances may be considered. Mr Cobden submitted that under this section Spiral need only establish that because of the reputation it enjoyed on the priority date of the application, use of the opposed trade mark on the goods for which it seeks registration will be likely to deceive or cause confusion.

After drawing my attention to the test in *Smith Hayden & Co Limited's Application* (1946) 63 RPC 97 at 101, Mr Cobden submitted that the observations of Lord Upjohn in *Re "Bali" Trade Mark* [1969] RPC 472 at 496 constitute a broadening of the test. Moreover, while the test in *Smith Hayden, supra*, talks of "deception and confusion", it is clear, says Mr Cobden, that by following the statute, the formulation should read:

Having regard to the use of the Spiral Foods Original Mark, First and Second adaption, is the Registrar satisfied that the Valio 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 [or] confusion among a substantial number of persons?

[Parenthetical material added as, having mentioned the 'and/or' dichotomy, Mr Cobden omitted 'or' from his adaptation of the formulation.]

Mr Cobden submitted that the annulus around the first Spiral trade mark, which appears in the second and third Spiral trade marks, is use of the first Spiral trade mark in a fair and normal manner. He submits, further, that Valio does the same thing as evidenced by Exhibit 59 to the Wilson declaration (the second Valio trade mark, above).

Further, Mr Cobden argued that the range of trade marks used by Spiral constitute a 'family' of trade marks and the similarity of the Valio trade mark to the family made the prospects of deception and confusion likely.

The evidence, said Mr Cobden, demonstrates that the Spiral trade marks have sufficient reputation to satisfy the requirement for section 60.

Mr Cobden then put argument on the basis that, given the reputation of the Spiral trade marks, use of the Valio trade mark would be contrary to law in terms of section 52 and 53 of the Trade Practices Act 1974 and hence caught by section 42 of the *Trade Marks Act 1995*.

Finally, Mr Cobden drew my attention to the evidence put in by Valio which they say shows that the yin-yang symbol is connected to the macrobiotic tradition. Spiral's history shows that its use of the symbol in this way is appropriate to the tradition. However, says Mr Cobden, there is nothing in evidence to show that Valio can claim a similar tradition - thus the use of the Valio trade mark is likely to confuse or deceive as Valio is using the yin-yang symbol which contains a connotation which falsely suggests such a tradition.

In regard to Valio's opposition to Spiral's trade mark, Mr Cobden only observed that there is no basis on the evidence for this opposition to succeed and that should Spiral succeed, they should have their costs which should be awarded against Valio.

In response, Mr Willis opened his submissions by saying the main issue here is the extent to which a person can claim statutory exclusivity in a device element that has its own existence; has its own identity, has its own meaning and which is capable of speaking to the public in its own right. This is quite apart, he said, from any attachment that party may claim to it by incorporation of the device as a design element within a trade mark. These are issues that must be considered in terms of the assessment of substantial identity and deceptive similarity. Valio would say that a trader who chooses to adopt a device element which is widely known outside the context of the trade mark pays a price and the price which is paid is a very severe limitation to the statutory exclusivity which can be expected.

As the first Spiral trade mark predates the Valio application, the crux of the considerations, says Mr Willis, is therefore the assessment of substantial identity and deceptive similarity. In doing so, it is necessary to consider all of the circumstances of the case - it is not simply a face to face comparison - it is a question of what in truth is the element in common between the trade marks. It is also a question of how that element works in the sense of how it imposes on the likely purchasers' perceptions of the sign and device element that is being presented. In terms of section 58, that is, the ownership of the trade mark, there has to be

substantial identity and what should be considered is what is in common between the trade marks and how that actually works.

Mr Willis then addressed the grounds of opposition in terms of section 41 of the Act. I have already mentioned Mr Cobden's submissions, above, in relation to this issue and, lest there be any doubt in relation to this issue, I dismiss the opposition in relation to this ground.

In relation to section 44 of the Act, Mr Willis submitted that the only thing in common between the trade marks is the design element of the yin-yang device. The evidence, he says, shows that the device is recognised by the Registrar as appearing in a number of registrations - it has a further descriptive significance in relation to foodstuffs that are macrobiotic. The commonality of the device as a design element common to the trade marks is not sufficient because the design element only serves to convey meaning which has significance for the specific goods: *Cooper Engineering Co Pty Limited v Sigmund Pumps LTD* (1952) 86 CLR 536.

Further, submits Mr Willis, where the trade marks are composites of device and verbal elements (the letters GG and the letter S) and the verbal elements are different, there is a reduced risk of confusion - in this regard Mr Willis refers to the second edition of Shanahan at page 178.

In relation to section 60 of the Act, Mr Willis also referred me to the test in *Smith Hayden, supra*. Further, he says, the reputation is to be assessed as at the date filing of the opposed application (the first Valio trade mark): *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592. And the risk of deception or confusion must extend to a substantial number of people likely to be concerned in the purchasing of the particular goods: *Kendall Co v Mulsyn Paint & Chemicals* (1968) 109 CLR 300.

Mr Willis submits that the three signs whose reputation on which Spiral relies differ in their material particulars. The Valio sign is clearly neither deceptively similar or substantially identical to those signs.

Finally, Mr Willis drew my attention to the very specialised market for the Spiral goods which he characterises as being Japanese and macrobiotic foodstuffs.

## **Reasons**

I will first discuss my conclusions about what the evidence shows then my reasons under the relevant sections of the Act in their numerical order.

### *Evidence*

I do not regard the Evidence in Answer led by Valio as establishing that the yin-yang symbol is associated with the theory or tradition of macrobiotics. I think the evidence shows that it is true that the principle of yin and yang, the dynamics of opposites, does have a place in macrobiotics - however, neither the words nor the concept is the device. The yin-yang symbol does not symbolise macrobiotics but rather symbolises a principle involved in macrobiotics. Further, there is no evidence that those selling macrobiotic foods commonly use the yin-yang device. Neither is there any evidence that the Spiral range of goods is purely macrobiotic and does not include general foodstuffs.

There is nothing within the specifications of goods of those registered trade marks appended to the Valio evidence which would suggest that the yin-yang symbol is commonly used by traders within the macrobiotic sphere. Indeed several of the trade marks which could arguably be yin-yang devices appear to belong to a national supermarket chain.

### *Section 43*

Section 43 of the Act provides:

#### **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.

As observed by the Registrar's Delegate, Mr Forno in *Down To Earth (Victoria) Co-Operative Society Ltd v Schmidt* (1998) 41 IPR 632, the word 'connotation' denotes a secondary meaning a word (or device) has developed - he refers to the dictionary meaning of the word:

*Macquarie Dictionary :*

1. the act or fact of connoting. 2. that which is connoted; secondary implied or associated meanings (as distinguished from denotation): for example the word “bum” has connotations of vulgarity.

*Oxford English Dictionary :*

1. The signifying in addition; inclusion of something in the meaning of a word besides what it primarily denotes; implication.

Therefore it can be said that the word connotation refers to that which is implied in a trade mark — in addition to its essential or primary meaning. A connotation can result from the trade mark as a whole, or can result from a sign contained within the trade mark. The prominence and context of the potentially deceptive or confusing element in the trade mark is important in deciding whether the trade mark is likely to deceive or cause confusion. Considerations under section 43 concentrate on the matter within the trade mark that could cause deception or confusion in the mind of the relevant buying public. For example, deception or confusion could arise in regard to the character of the services, or the implied endorsement or licence of services by a person or organisation.

Mr Cobden argued that the Valio evidence shows the yin-yang symbol to be inherently symbolic of the tradition of macrobiotics. Hence, the sign should be viewed as connoting that the Valio goods are macrobiotic. The Valio trade mark should therefore be regarded as being caught by section 43 as the Valio goods, (shown by the Spiral evidence to be a yoghurt drink) are not macrobiotic - the sign is therefore, it is argued, likely to deceive or confuse.

However, I think it is fair to summarise the evidence as showing that the tradition or theory on which macrobiotics is based grew out of the existing philosophy of the 'dynamics and interactions of opposites' - these opposites being light and shadow, male and female, rough hill and smooth hill and so on. I have additional problems with the evidence because, as I have previously noted, the research presented to me focuses on the use of the words 'yin-yang' rather than on the symbol. Additionally, the evidence does not show that it is common for the purveyors of macrobiotic foodstuffs to label their goods with the yin-yang symbol.

The yin-yang symbol apparently has a much earlier genesis (around 206BCE) than the theory of macrobiotics (20<sup>th</sup> century) and for many hundreds of years was not associated with diet. Today the symbol might as easily be associated with acupuncture or with Confucian, I Ching or Taoist philosophies with which it has had a far longer association. On this basis, I think that it is likely that if the wider Australian public views the symbol as being evocative, it is of

an eastern philosophy of Chinese origin and possibly even of 'balance'. But I do not believe that this perception amounts to a connotation in this context or in the sense that the word 'connotation' is used within the Act.

I therefore dismiss this ground of opposition to the Valio trade mark, application 747156.

## Section 44

Insofar as it is relevant to these oppositions, section 44 allows:

### Identical etc. trade marks

**44.(1)** Subject to subsections (3) and (4), an application for the registration of a trade mark (*applicant's trade mark*) in respect of goods (*applicant's goods*) must be rejected if:

(a) the applicant's trade mark is substantially identical with, or deceptively similar to:

(i) a trade mark registered by another person in respect of similar goods or closely related services; or

(ii) a trade mark whose registration in respect of similar goods or closely related services is being sought by another person; and

(b) the priority date for the registration of the applicant's trade mark in respect of the applicant's goods is not earlier than the priority date for the registration of the other trade mark in respect of the similar goods or closely related services.

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

Note 2: For *similar goods* see subsection 14(1).

Note 3: For *priority date* see section 12.

[.....]

**(4)** If the Registrar in either case is satisfied that the applicant, or the applicant and the predecessor in title of the applicant, have continuously used the applicant's trade mark for a period:

(a) beginning before the priority date for the registration of the other trade mark in respect of:

(i) the similar goods or closely related services; or

(ii) the similar services or closely related goods; and

(b) ending on the priority date for the registration of the applicant's trade mark;

the Registrar may not reject the application because of the existence of the other trade mark.

Section 10 defines 'deceptively similar' as meaning:

**Definition of *deceptively similar***

**10.** For the purposes of this Act, a trade mark is taken to be *deceptively similar* to another trade mark if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion.

Section 14(1) defines 'similar goods' as meaning:

**Definition of *similar goods and similar services***

**14.(1)** For the purposes of this Act, goods are *similar* to other goods:

- (a) if they are the same as the other goods; or
- (b) if they are of the same description as that of the other goods.

**(2)** For the purposes of this Act, services are *similar* to other services:

- (a) if they are the same as the other services; or
- (b) if they are of the same description as that of the other services.

Section 12 defines 'priority date' as meaning:

**Definition of *priority date***

**12.** The *priority date* for the registration of a trade mark in respect of particular goods or services is:

- (a) if the trade mark is registered—the date of registration of the trade mark in respect of those goods or services; or
- (b) if the registration of the trade mark is being sought—the day that would be the date of registration of the trade mark in respect of those goods or services if the trade mark were registered.

In these matters the priority dates, and the fact that the goods of the parties for which registration exists or is claimed are closely related, are not in dispute. What is left for me to decide is whether the trade marks in question are substantially identical or deceptively similar.

Logic dictates that if I find that the Spiral registration is substantially identical or deceptively similar to the first Valio trade mark for which registration is sought, then the Spiral application may proceed to registration.

*Substantially identical*

In *Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 where, at 414, Windeyer J directs:

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 feature of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison.

As I foreshadowed at the hearing of these issues, I cannot regard the trade marks in question as being substantially identical. There are several obvious differences between the first Valio and first Spiral trade marks on a side by side comparison. The most obvious of these is the incorporation of the letter S into the Spiral trade mark on the one hand and the letters GG into the Valio trade marks on the other. The other difference, which may not be immediately apparent on inspection of the trade marks, is that the 'dark sides' of the trade marks in question are on opposing sides of the devices.

#### *Deceptive similarity*

On the question of deceptive similarity, Windeyer J in *Shell, supra*, (at 415) continued:

On the question of deceptive similarity a different comparison must be made from that which is necessary when substantial identity is the question. The marks are not now to be looked at side by side. The issue is not abstract similarity, but deceptive similarity. Therefore the comparison is the familiar one of trade mark law. It is between, on the one hand, the impression based on recollection of the plaintiff's mark that persons of ordinary intelligence and memory would have; and, on the other hand, the impression that such persons would get from the defendant's television exhibitions.

Also, other matters which have to be taken into consideration were stated by Lord Parker (then Parker J) in *Re Application by the Pianotist Co Ltd* (1906) 1A IPR 379 at 380; 23 RPC 774 at 777), where he said:

You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. If, considering all those circumstances, you come to the conclusion that there will be a confusion — that is to say, not necessarily that one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods — then you may refuse the registration, or, rather, you must refuse the registration in that case.

Mr Cobden argued that the modes of uses of both the first Spiral trade mark and the first Valio trade mark are within the bounds of normal and fair notional use as mentioned in *Smith Hayden, supra*. The evidence shows that the trade marks of the parties appear in use as the second Spiral and second Valio trade marks. Assuming that the demonstrated modes of use of the parties' trade marks are fair and normal, and assuming that I find that the trade marks as they are fairly and normally used are deceptively similar, it is a potent argument that the first Valio and Spiral trade marks must also be deceptively similar.

By way of explanation: it is common for the Registrar and Courts to allow some latitude in their consideration of the ways in which traders might use their registered trade marks. For example, the Register contains many registered word trade marks which consist solely of typed words - it is not expected that the trade marks will be used in the typed form - their use will involve some kind of 'get-up'. Obviously, the more fanciful or grotesque the 'get-up' of such a trade mark, the more unlikely it is that such use will be regarded as being 'fair and normal notional use'.

Mr Willis argued that as the first and second versions of both the trade marks differed in their material particulars, the second versions of either trade mark could not be considered to fall within the bounds of 'fair and normal' notional use of the first versions.

However, I do not believe that Mr Willis' generalisation is correct in all circumstances. Mr Wilson in his declaration says that for a few years he used the first version of the Spiral trade mark with the words SPIRAL FOODS. I think that the juxtaposition of the trade mark with the name of the company must constitute fair and normal use of the first Spiral trade mark; very many traders will do this as a matter of course, whether the trade mark in question be a device or word(s). Yet it must also be true that the words SPIRAL FOODS constitute a material particular, as they are in themselves a *prima facie* registrable sign. Further, the fact that a trade mark consists only of a device enhances the prospects that some sort of verbal explanation will be used in proximity to the trade mark.

In the second version of the Valio and Spiral trade marks, the additional matter is an annular ring around the device containing some wording. Both the ring and the wording are minor and, in my experience, are very common in trade marks - such features are, in my view, regarded by the public in much the same way as are commonplace borders.

I see also some merit in Mr Cobden's observation to the effect that Valio on the one hand obviously believes that it could gain the protection of trade mark registration for the second Valio trade mark under coverage of registration of the first Valio trade mark. Simultaneously, however, Valio claims that the second Spiral trade mark is not a notional use of the first. In short, Valio appears, *prima facie*, to claim something for itself that it would deny to Spiral. There is nothing in the evidence to refute Mr Cobden's observation.

Thus, I am inclined to the view that the evidence shows that the second Valio and Spiral trade marks are normal and fair uses of the first version of either trade mark and, as they are in evidence, I can consider these usages when assessing whether the trade marks are deceptively similar.

I have considered the surrounding circumstances involved in the goods to which the trade marks are applied, (the specifications overlap on dairy products, soy milk and goods of the same description as these goods). I note that these are low cost items, the specifications include butter, milk, dairy drinks, soy milk, cheese and so on. These are not the kinds of goods which people take a great deal of time and care in purchasing: cf. *-LANCER- Trade Mark Application* [1987] FPC 303 [LANCER versus LANCIA for cars]. Further, in my experience, the goods involved are usually placed alongside each other in the dairy cabinets of supermarkets with a number of branded products competing for the potential purchasers' attention. In my experience shopping is, under these circumstances, a matter of casual inspection and recognition.

Although he talked of phonetic similarity, Luxmoore LJ in *Re Application by Rysta Ltd* (1943) 60 RPC 87 at 108, said:

The answer to the question whether the sound of one word resembles too nearly the sound of another so as to bring the former within the limits of s 12 of the Trade Marks Act 1938, must nearly always depend on first impression, for obviously a person who is familiar with both words will neither be deceived nor confused. It is the person who only knows the one word, and has perhaps an imperfect recollection of it, who is likely to be deceived or confused. Little assistance, therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of elocution.

The court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop assistant ministering to that person's wants.

Commonality of idea in a mark was the subject of the decision in *Jafferjee v Scarlett* (1937) 57 CLR 115 where Latham CJ quotes from Lord Herschall's Committee's report at 121-2:

Two marks, when placed side by side, may exhibit many and varied differences, yet the main idea left on the mind by both may be the same; so that a person acquainted with the mark first registered, and not having the two side by side for comparison, might well be deceived, if the goods were allowed to be impressed with the second mark, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted. Take, for example, a mark representing a game of football; another mark may show players in a different dress, and in very different positions, and yet the idea conveyed by each might be simply a game of football. It would be too much to expect that persons dealing with trade marked goods, and relying, as they frequently do, upon marks, should be able to remember the exact details of the marks upon the goods with which they are in the habit of dealing.

Further, Gummow J, in *Johnson & Johnson v Kalnin and Another* (1993) 26 IPR 435, said.

As to visual appearance, I make allowance for the use of the chevron device rather than a hyphen to separate the two components of the BAND>>IT mark for which the respondents seek registration. I also make allowance for the somewhat different print in which the two marks, as registered and as applied for, appear. *However, the evidence suggests and common experience would affirm that fine details such as different typefaces are likely to be overlooked by those to whom these marks will be addressed in trade.* [Emphasis added].

The issue is therefore one of first impression, rather than of a detailed analysis of the differences between the trade marks. I am trying to estimate the effect on the mind of a person, seeing the Valio trade mark, who carries a recollection or impression of the Spiral trade mark within their minds. This recollection or impression, per *Rysta, supra*, will not be perfectly formed and, further, may include a recollection of how the Spiral trade mark has been fairly and normally used.

Both trade marks are based on the yin-yang device. Both give the impression of some curlicue or spiral within the 'fat' part of the opposing drop shapes. Both of the trade marks as they are fairly and normally used have annular surroundings. These annuli, in both trade marks, contain some words. To paraphrase the words of Gummow J in *Johnson and Johnson, supra*, the fine detail of the trade marks is different but it is likely to be overlooked. The overall impression given by the trade marks is the same.

The conclusion that the first Spiral and Valio trade marks are deceptively similar is strengthened by the declarations of Ms Toy and Brown. Both of these declarants carried a memory or recollection of the Spiral trade mark in their minds and the impression they

received on seeing the Valio advertisements which feature the trade mark is that it was the Spiral trade mark.

It is true that the impression on Ms Toy's mind was dispelled when she inspected the goods; however, in *Pioneer Hi-Bred Corn Co v Highline Chicks Pty Ltd* [1979] RPC 410, at 423, Richardson J, in the New Zealand Court of Appeal, said:

'Deceived' implies the creation of an incorrect belief or mental impression and 'causing confusion' may go no further than perplexing or mixing up the minds of the purchasing public .... Where the deception or confusion alleged is as to the source of the goods, deceived is equivalent to being misled into thinking that the goods bearing the applicant's mark come from some other source and confused to being caused to wonder whether that might not be the case.

In *Radio Corp Pty Ltd v Disney* (1937) 57 CLR 448 (the Mickey Mouse case) Rich J, at 454, said of the word '*confusion*':

In matters such as this we are dealing with the vague and indefinite impressions of the great mass of the public who neither are required nor desire to refine upon distinctions of this sort. To them it is shown that the name "Walt Disney" summons up a picture of "Mickey Mouse" and the picture of Mickey Mouse reminds them of "Walt Disney". The foundation of this is authorship no doubt. But somehow or other, how, it is fruitless to inquire, they connect the appearance on an article of the name or form of "Mickey Mouse" with "Walt Disney". This being so, it is, I think, impossible for the appellant to negative all likelihood of confusion. It is no part of our duty to state in definite terms precisely how the public will be misled or what kind of connection they will impute. Confusion involves indefiniteness of ideas.

Furthermore, in *Registrar of Trade Marks v Woolworths* [1999] FCA 1020 (29 July 1999), French J said, at paragraph 47:

In respect of deceptive trade marks the interests of consumers are also protected by comprehensive Federal and State laws relating to conduct which is misleading or deceptive or likely to mislead or deceive. The trade mark law concept of confusion in the sense of mere wonderment as to common origin or connection has little part to play in the consumer protection statutes. That, no doubt, is because "confusion" used in that sense, does not of itself lead into error or affect choices at the point of sale. It is perhaps best described in trade mark law as effecting a prophylactic support for commercial distinctiveness.

Finally, as noted by the Full Bench in *Nettlefold, Advertising Pty Ltd v Nettlefold Signs Pty Ltd* [1998] FCA 1704 (23 December 1998):

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) 5 8 RPC 9 at 103 -104.

It follows that, in terms of *Woolworths, supra*, I am satisfied that the use of the Valio trade mark would confuse or deceive because of its deceptive similarity to the Spiral trade mark. The parties agree that the Spiral trade mark has a priority date earlier than the Valio trade mark and that the goods are the same. Accordingly, Spiral's opposition to the Valio trade mark succeeds in terms of section 44 of the Act.

#### *Section 58*

Section 58 of the Act provides:

#### **Applicant not owner of trade mark**

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

*In Hicks's Trade Mark*, (1897) 22 VLR 63 6 (at 640) Holroyd J stated:

In order to substantiate his application to be placed on the Register for this word, he must have claimed to be the proprietor, and the word "proprietor" must be taken to mean the person entitled to the exclusive use of that name. If there is anyone else who would be interfered with by the registration ... in the exercise of a right which such person has already acquired to use the same word in application to the same kind of thing, then Hicks ought not to have been put on the Register for that trade mark".

In the case of *Carnival Cruise Lines Inc. v Sitmar Cruises Limited* (1994) AIPC 91-049; (1994) 120 ALR 495, Gummow J, referring to *The Shell Company of Australia Limited v Rohm and Haas Company* (1949) 78 CLR 601, said:

... it does not supply any general authority for the proposition that in the case of disputed claims to proprietorship under the present statute anything less than substantial identity between the two marks will suffice.

Although the goods in question here are ' the same kind of thing', the trade marks are not, as discussed earlier in these reasons, substantially identical - the opposition to the Valio trade mark under section 58 of the Act therefore fails.

*Section 60*

This section of the Act provides:

**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 firstmentioned trade mark would be likely to deceive or cause confusion.

As explained by the Registrar's Delegate, Mr Nancarrow, in *Somers and Another v Greenbelt Pacific Pty Ltd* (1998) 42 IPR 587:

[This] ground relied upon introduces opposition in terms of s 60 of the Act, that use of the trade mark by [Valio] would be likely to deceive or cause confusion because of the prior reputation acquired by [Spiral] in using [a] similar trade mark[s].

The relevant inquiries to be made encompass two major areas. First, are the trade marks of the [Valio] and [Spiral] either substantially identical or deceptively similar? Secondly, would use in a fair and reasonable manner of the mark applied for by [Valio] lead to deception or confusion of the general public in the face of the reputation of the [Spiral] trade mark? Of course, relevant to this test is the actual reputation gained by [Spiral] in the use of their mark.

In order to succeed with this ground of opposition, [Spiral] are first obliged to provide evidence of some reputation in use of their trade mark. Such evidence would normally include the amount of use, shown in dollar terms, of sales in connection with the trade mark and the value of advertising using the trade marks. Many other factors could assist in showing that a reputation has been established prior to the date of the present application. [Parentheses added]

I have already decided that the first Spiral and Valio trade marks are deceptively similar. I also note now that, for similar reasons, the second and third Spiral trade marks and the Valio trade mark are deceptively similar.

The legal principles relevant to the expression 'likely to deceive or cause confusion' were summarised by Heerey J in *Nettlefold Advertising Pty Ltd v Nettlefold Signs Pty Ltd* (1997)

38 IPR 495; at 501-2 and quoted with approval by the Full Bench in *Nettlefold Advertising Pty Ltd v Nettlefold Signs Pty Ltd* (1998) 45 IPR 3 93:

(i) The opponent bears the initial onus of establishing a reputation in its mark sufficient to found an objection under s 28: *Arthur Fairest Ltd'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; IB IPR 490; *Jafferjee v Scarlett (1937)* 57 CLR 115; at 119.

(iii) 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 (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); *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 (1941)* 58 RPC 91; at 103-4.

(viii) It is not enough for the party seeking registration to negate 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 of his registration: *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 Corp* (1990) 24 FCR 370; at 377; 16 IPR 289.

The reputation of the Spiral trade marks at the priority date of the Valio application (24 Oct 1997) appears, from the evidence, to be substantial. These trade marks have been used interchangeably on an extensive range of goods across a number of classes. The primary emphasis of the goods is within the 'health foods' area. However, the evidence shows that Spiral supplies a number of national food retailers and many of the goods, for example, soy sauce, soy milk, crackers, rice wafers and olives, appear (in my experience) on general supermarket shelves and dairy cabinets and could be bought by shoppers who are not primarily looking for 'health foods'.

Mr Willis argued that the Spiral trade marks' reputations are confined to the area of macrobiotic foodstuffs. As Valio is not in the area of macrobiotic foodstuffs, there could not be any confusion or deception in the marketplace.

I have some difficulty with this viewpoint. I would characterise both the Spiral goods and those of Valio as being in the 'health foods' area. I note that one of the Valio brochures submitted in Spiral's evidence (that for a 'passionfruit smoothie') mentions the words 'health' or 'well being' four times within the first two paragraphs. Similarly, the Spiral promotional material focuses on the 'health' or 'natural' properties of the goods, rather than any macrobiotic genesis of the goods. However, a widespread community awareness of the concept of 'health foods' is now so pervasive that the line between 'health foods' of this nature and any other food is very vague. I am sure that the general shopper might buy the goods of either Valio or Spiral without knowing that the fact they are 'health foods' is part of the way in which they are being promoted.

I have discussed the likely mode of sale of the goods in question under the heading 'Section 44', *supra*. There are in evidence the declarations of Ms Toy and Ms Brown that attest to their confusion on seeing the Valio advertisements for their goods. In at least one instance this confusion persisted till the goods were closely inspected. Although it is not necessary that there be instances of actual deception or confusion in terms of section 60, the evidence does constitute confirmation of a real and tangible danger of confusion or deception. In reviewing my impressions of the trade marks, the evidence of the mode of use of the trade marks, the likely circumstances of sale and the reputation of the Spiral trade marks, I am

satisfied that, as a matter of commonsense, given the reputation of the Spiral trade marks, the use of the Valio trade mark will be deceptive or confusing within the meaning of the Act.

The opposition by Spiral to the registration of the Valio trade mark in terms of section 60 of the Act is therefore successful.

*Decision*

Spiral's opposition to the registration of the Valio trade mark application 747156 is successful under both sections 44 and 60 of the *Trade Marks Act 1995*.

Valio's opposition to the registration of the Spiral trade mark is unsuccessful.

*Costs*

Spiral is entitled to its costs having been successful in both of these matters and I award these costs against Valio.

Ian Thompson

Hearing Officer

15 March 2000