



TRADE MARKS ACT 1995

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

Re: Opposition by Virbac (Australia) Pty Ltd to registration of trade mark application 750374(5) for the trade mark **SEBAZOL** filed in the name of Dermcare-Vet Pty Ltd.

Background

On 5 December 1997, Dermcare-Vet Pty Ltd (the applicant), filed application number 750374 to register the trade mark **SEBAZOL** in Class 5 of the *International (Nice) Classification of Goods and Services*, for “Veterinary products including skin treatments, creams and shampoos for dogs”. Prior to acceptance, the specification was amended to read “Veterinary products being skin treatments, creams and shampoos for dogs and cats”.

On 30 April 1998, the application was advertised as accepted in the *Australian Official Journal of Trade Marks*. On 10 July 1998, within the time allowed to so, Virbac (Australia) Pty. Limited (the opponent) filed notice of opposition to the registration of the trade mark. Evidence in support of the opposition and evidence in answer, evidence in reply and further evidence were served and filed as prescribed by the *Trade Marks Act 1995*, (the Act) and regulations thereto.

The evidence comprises:

Declarant	Referred to as	Dated	Exhibits	Type
Colin Gregory Blackhall	Blackhall 1	23 Dec 98	A - P	Support
Kenneth Vincent Mason	Mason 1	30 Jun 99	KVM01- KVM11	Answer
Colin Gregory Blackhall	Blackhall 2	24 Mar 00	A – B	Reply
Kenneth Vincent Mason	Mason 2	6 Jun 00	KVM12	Further
William Victor Greig	Greig	9 Jun 00	WVG-1	Further

The matter was heard by me as a delegate of the Registrar of Trade Marks in Canberra. Mr Paul Thompson of Fisher Adams Kelly appeared for the applicant, while Mr Gerard Skelly of Spruson & Ferguson represented the opponent. The issue was argued solely in terms of s.58 of the Act and I will regard all other grounds of opposition as having been abandoned. However, before detailing the arguments of the parties, it is convenient to first discuss the evidence to which they relate.

The parties are both interested in the formulation of veterinary preparations. The product of interest here is for the treatment of a form of dermatitis in animals. I would gather from the evidence that the chemical formulation of the parties' preparations are very similar and that their objectives are identical - the treatment of some forms of persistent dermatitis in cats and dogs. I understand that this dispute is one of several that have involved the parties, or related companies, in Australia and elsewhere in the world.

Kenneth Mason, Managing Director of the applicant, is a veterinary surgeon who specialises in the treatment of skin disease in animals. In 1986-1987, he identified a form of dermatitis and reported it to his profession. In around 1994, he avers that he developed a treatment for this disease. The Mason 1 declaration is ambiguously phrased in this respect and it is not obvious whether this treatment was also reported to the profession.

As the evidence attests to a prolonged sequence of events following these discoveries, it is expedient to reduce these to a tabular form:

Event	Date	Declaration/Exhibit
Kenneth Mason (Mason) approaches Allerderm, a subsidiary of the opponent, to commercialise a treatment for animal dermatitis - he is referred to Virbac France.	Early 1992	Mason 1
Mason reveals the product to Virbac France at a meeting in Montreal. It is referred to by that party in correspondence as SEBOLYSE.	May 1992	Mason 1/KVM01
Negotiations with Virbac France break down.	Not stated	Mason 1

Mason is approached by Leo Pharmaceuticals UK (Leo UK), who are interested in the product. TM rights to remain the property of Mason.	Not stated	Mason 1
Virbac starts work to formulate antifungal and antibacterial shampoo based on miconazole or econazole.	Mar 1994	Blackhall 1
The opponent drafts a clinical trial protocol prior to product registration.	Apr 1994	Blackhall 1
Jean Pierre Dick of Virbac France informs Mason that Virbac already had a product called DERMAZOLE on the market in the U.S.A.	Sep 1994	Mason 1/KVM03
The opponent applies for product registration to National Registration Authority (NRA) under the name SEBAZOLE.	15 Dec 1994	Blackhall 1
Mason in UK meeting with Leo UK, SEBAZOLE or SEBAZOL (amongst others) is discussed as possible trade marks.	18 Aug 1995	Mason 1/KVM04
Leo UK decides that SEBAZOL(E) trade mark cannot be guaranteed clear passage through UK or EU registries.	Not stated	Mason 1
Virbac France register the trade mark SEBOLYSE in the United Kingdom. After action is initiated by the applicant, the trade mark is sold to it by Virbac France.	4 Dec 1995	Mason 1/KVM02
The opponent submits samples of product under trade mark to Belmore Veterinary Hospital and Parramatta Veterinary Hospital for clinical trials. (Vet Hospitals).	12 Dec 1995	Blackhall 1/C
The opponent approaches Analchem Bioassay Pty Ltd to arrange efficacy comparisons of SEBAZOLE product.	27 Feb 1996	Blackhall 1/D
Vet Hospitals report on clinical trials to the opponent.	15 May 1996 5 Sep 1996	Blackhall E
Trade mark SEBOLYSE is registered in Australia by the applicant in respect of veterinary pharmaceutical preparations.	7 June 1996	Register
Mason decides to use the trade mark SEBAZOL and allocates it to a product to be used as an adjunct to SEBOLYSE : product formulation and testing start.	1996?	Mason 1
The trade mark MALASEB is registered in Australia by the applicant in respect of veterinary preparations.	2 Aug 1996	Register
SEBAZOLE is mentioned in a Sydney lecture by Dr Janet Littlewood, Head of the Dermatology Unit in the Centre for Small Animal Studies at the Animal Health Trust , Newmarket, United Kingdom.	Nov 1997	Blackhall 1

The opponent's subsidiary presents SEBAZOLE product to veterinary wholesalers and veterinaries in New Zealand. (ie. New Zealand product launch)	23 Nov and 3 Dec 1997	Blackhall 1/L
Search of Register by the applicant reveals that Douglas Pharmaceuticals of New Zealand have applied to register the trade mark SEBAZOL in Australia for an analogous product for humans. Negotiations start for applicant to use the mark on animal product.	Nov/Dec 1997	Mason 1/KVM05
The applicant files this application in Australia.	5 Dec 1997	Application file
The opponent instructs Spruson & Ferguson to search the Register for SEBAZOLE	17 Jun 1996 (should be 1998?)	Blackhall 1
The opponent files application to register SEBAZOLE	22 Jun 1998	Blackhall 1
The opponent launches SEBAZOLE product onto market	30 Jun 1998	Blackhall1/M
The applicant's use of SEBAZOL in 'commercial sale' on 'Rascal' Barber - presumably a dog or cat.	8 May 1999	Mason 1/KVMO6

The balance of the evidence appears to consist, in the main, of argument about, and corroboration of, the events and chronology that I have outlined above. It seems to me to be remarkable that the parties, who have a history of disputation between them, have independently come up with such extremely similar trade marks but such, *prima facie*, appears to be the case. However, regardless of this, I must decide who is the proprietor of the trade mark in Australia.

The submissions

The opponent alleged that the trade marks are substantially identical and the goods are the same kind of thing. This much was conceded by the applicant. The parties' arguments therefore focussed on the evidence and what constitutes first use of the trade mark. Mr Skelly opened his submissions by referring me to the statutory basis for ownership of a trade mark, via s.27 of the Act. Concerning the principles that apply, he referred me to the *Shell Co. (Aust) v Rohm Haas Co.* (1948) 78 CLR 601; *Re Hicks' Trade Mark* (1897) 22 VLR 636; *Re Yanx* (1951) 82 CLR 299; *Thunderbird* (1974) 48 ALJR 456; *Riv-Oland Marble Co. (Vic) Pty Ltd v Settef SpA* (1988) 19 FCR 569; *Karu Pty. Ltd. v Robert Leon Jose* (1994) AIPC ¶91-101, (1994) 53 FCR 15, (1994) 30 IPR 40; *Carnival Cruise Lines Inc. v Sitmar Cruises Ltd.* (1994) 120 ALR 495; *Buying Systems (Australia) Pty Limited V. Studio Srl* (1995), AIPC ¶91-119, (1995) 30 IPR 517; *Moorgate Tobacco Co. Limited v Philip Morris Limited* (No 2)

(1984) 156 CLR 414; *QH Tours Limited v The Mark Travel Corporation* [1999] ATMO 31 (2 April 1999); and, *Sizzler Restaurants International Inc v Sabra International Pty Ltd* (1990-1991) 20 IPR 331.

In addition to the above cases, Mr Thompson drew my attention to the decisions in *Aston v Harlee Manufacturing Company* (1960) 103 CLR 391; *Nissan Jidosha Kabushiki Kaisha v Woolworths Limited* [1999] ATMO 66 (24 June 1999); *Michael Sharwood & Partners Pty Ltd & Ors v Fuddruckers Inc* (1989) 15 IPR 188; *Nicholas Vida Pty Ltd v American High Inc* (1989) 16 IPR 425; *Korean Air Lines Co., Limited v Myong Gil Lee and Jin Ho Lee* [1999] ATMO 91 (31 August 1999); *Strata Welding Alloys Pty Ltd v Charles & Reid Associates Ltd* 9 IPR 539; *Riviera Leisurewear Pty Ltd v J. Hepworth & Son PLC*; *In the Matter of Trade Mark Application No. A386146* (1987) AIPC ¶90-419; *Sterling Winthrop Pty Ltd v Herron Pharmaceuticals Pty Ltd* [1994] ATMO 65 (23 August 1994); and, *Chandru International Limited v Qantas Airways Limited* [1998] ATMO 14 (22 April 1998); 41 IPR 182.

Reasons

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.

The term "owner" under the present Act has the same meaning as "proprietor" had under the *Trade Marks Act 1955*. As submitted by Mr Skelly, the early statement of the principles involved in determining such a status with respect to a trade mark is in *Hicks'* case, *supra*.

There, Holroyd J. said at 639:

A person cannot be properly registered unless he is the proprietor. Proprietor is the person who at the moment he makes application to be registered is entitled to the exclusive use of the name, whether he then or before publicly adopted it. A man cannot be said to have adopted a name if someone else has done so before him. Section 19 merely says that the act of applying is to be deemed equivalent to public user. No one could otherwise be entitled to registration as proprietor unless he had publicly used the trade name before. The section does not affect the fact that another person used the name first. The difficulty here is that although Hicks may have by virtue of his application publicly used the name, someone else publicly used it before him.

In delivering the judgment of the court his Honour said, at 640;

For the reasons given by us in the course of the argument, we think this application to expunge Hicks's name from the register of trade marks as the proprietor of the word 'Empress' as a trade mark applied to stoves ought to be granted. 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 of the word 'Empress' 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 and his name will be properly removed on the application of the person whose right of user was thereby disturbed.

As was subsequently explained by Dixon J in *Shell v. Rohm and Haas*, supra, at 627:

The basis of a claim to proprietorship in a trade mark so far unused has been found in the combined effect of authorship of the mark, the intention to use it upon or in connection with the goods and the applying for registration.

I agree with the parties here that their respective trade marks are substantially identical and that their goods are 'the same kind of thing'. I have considered the factors raised in the *Hicks* and *Shell v Rohm and Haas* cases, above. Given this, I infer that if there has not been shown any use by either party prior to 5 December 1997, the filing date here, then ownership must have been established by the application for registration of the trade mark. Accordingly, there remains for decision the question of which party, if either, had the first use of the trade mark ahead of the priority date of this application.

There was much argument put to me at the hearing about what action, or actions, of the parties constituted first use of the trade mark. The opponent has made claims that it carried out activities which established ownership of the mark as early as December 1994. On its part, the applicant has pointed to various activities in August/September 1995 which bestowed ownership upon it. Therefore, both parties have claimed ownership through allegedly being the first to use the mark, or a mark substantially identical to it, in Australia.

However, having reviewed the case, I have come to the conclusion that the matter should be decided on one aspect of the use which was not specifically argued by either attorney at the hearing, despite its being raised in the evidence. This issue is the use of a trade mark for export trade, as was claimed by the opponent in its evidence in relation to its activities in New Zealand.

Section 228 of the Act allows:

Use of trade mark for export trade

228 (1) If:

(a) a trade mark is applied in Australia:

(i) to, or in relation to goods that are to be exported from Australia (*export goods*); or

(ii) in relation to services that are to be exported from Australia (*export services*); or

(b) any other act is done in Australia to export goods or export services which, if done in relation to goods or services to be dealt with or provided in the course of trade in Australia, would constitute a use of the trade mark in Australia;

the application of the trade mark or the other act is taken, for the purposes of this Act, to constitute use of the trade mark in relation to the export goods or export services.

Note: For *applied to or in relation to goods* and *applied in relation to services* see section 9.

(2) Subsection (1) applies to an act done before 1 January 1996 as it applies to an act done on or after that day, but it does not affect:

(a) a decision of a court made before that day; or

(b) the determination of an appeal from such a decision.

In Blackhall 1, the declarant states that Virbac Laboratories (NZ) Ltd (Virbac NZ), a subsidiary of the opponent, presented the product under the trade mark to veterinary wholesalers and the veterinary fraternity in New Zealand on 23 November and 3 December 1997, respectively. The former date is supported by Annexure L - a letter, dated 23 November (sic) from Virbac NZ to John Elstob, the Manager of Southern Veterinary Supplies of Christchurch. There is no year included in the date on the letter but I am willing to take that as 1997, given the context of its contents, statements in Mr Blackhall's declaration, and also the surrounding annexures. I believe that I am allowed to do this under the provisions of sub-regulation 21.15. There, para (8) says:

(8) The Registrar is not bound by the rules of evidence but may inform himself or herself on any matter that is before him or her in any way that the Registrar reasonably believes to be appropriate.

The letter offers a product, amongst others, by reference to the SEBAZOLE trade mark, and specifies price and size of the goods. In my opinion, this was an offer for sale of goods under the trade mark SEBAZOLE which equates to use of that mark in trade. Nevertheless, Mr Blackall's claim of use by the opponent's subsidiary on 3 December 1997 is not backed up by any other documentation. There is a document dated 5 December 1997 - the same as the priority date here - where the Lynfield Veterinary Clinic in Auckland ordered 3x250ml

containers of the SEBAZOLE product, presumably in response to an earlier solicitation from Virbac NZ. Notwithstanding this, while there is an implication of an earlier approach to the Lynfield clinic by the opponent's subsidiary, I can only give limited weight to Mr Blackall's claim that such use was on 3 December 1997, due to the lack of other supporting material.

Nevertheless, it is at least the case that the offer of goods to Southern Veterinary Supplies was before that of the priority date of this application and must constitute local use of the trade mark. In addition to all of this Virbac NZ gained a licence from the Animal Remedies Board of New Zealand for the registration of a product under the trade name SEBAZOLE on 18 December 1997. The associated literature in evidence shows that the product is the same as that which the opponent was, at that time, planning to use on the trade mark in Australia. The licence certificate shows that the manufacturer of the animal remedy is Virbac (Australia) Pty Ltd - the present opponent. All of this together amounts, in my opinion, to a commercial exposure of the trade mark that, if it had occurred in Australia, would have been considered to be use of the trade mark.

Therefore, from the evidence available to me, I find that the opponent, specified on the New Zealand licence as manufacturer, exported the goods concerned to New Zealand under the trade mark on a date before the priority date of 5 December 1997. The goods had to be physically available, offered on the market and promoted as such in order for the offer and sale, to take place. I note that Virbac Laboratories (NZ) Ltd is a subsidiary of the opponent and would logically have used the trade mark on, or in relation to, the goods provided to it under the opponent's control and direction.

Notwithstanding whether the subject trade mark was applied or used in relation to the goods prior to export from Australia, or whether that occurred on arrival in New Zealand under the control of the opponent, then either course should meet the requirements of subsection 228(1)(b) of the Act. The opponent therefore has a statutory basis to its claim of use of the trade mark ahead of the priority date of 5 December 1997. It has made the goods in Australia and the goods have then been offered on the New Zealand market, in relation to the trade mark applied by the opponent or under the opponent's control, prior to the relevant date.

Therefore, this ground of opposition to the registration of this application should succeed.

Decision

Section 55 of the Act provides:

55. Unless the proceedings are discontinued or dismissed, the Registrar must, at the end, decide:

(a) to refuse to register the trade mark; or

(b) to register the trade mark (with or without conditions or limitations) in respect of the goods and/or services then specified in the application;

having regard to the extent (if any) to which any ground on which the application was opposed has been established.

The opponent has established its ground under section 58 of the Act, the only ground relied on at the hearing. It follows that the opposition as a whole must succeed. Accordingly, I refuse to register the trade mark which is the subject of application number 750374.

Costs

Both parties sought an award of costs in this matter. I can see no reason why they should not follow the result. Accordingly, I order that costs in the matter be awarded against the applicant, in accordance with the Official scale.

Ian Forno
Hearing Officer

23 February 2001