

TRADE MARKS ACT 1995

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

Re: Opposition by Elan Polo Australia Pty Ltd to application under section 92 of the Act by Blush Lingerie Inc to remove trade mark registration 893875(25) - **Blush** - in the name of Elan Polo Australia Pty Ltd

DELEGATE:	Michael Kirov
REPRESENTATION:	Opponent: Relied on written submissions only. Applicant: Simon Kneebone of Banki Haddock Fiora, Lawyers
DECISION:	2009 ATMO 29 Section 92(4)(b) opposition: use shown for limited range of goods-no reason to retain registration with wider coverage-registration to be partly removed-no award of costs made.

Background

1. Elan Polo Australia Pty Ltd (“the Opponent”) is the registered owner of trade mark registration 893875, relevant details of which are as follows:

Trade mark number: 893875
Registered from: 2 November 2001
Goods: **Class: 25** Clothing, footwear, headgear and accessories
Trade Mark: **Blush** (“the Trade Mark”)

2. On 21 February 2007, Blush Lingerie Inc (“the Removal Applicant”) filed an application under section 92(4)(b) of the *Trade Marks Act 1995* (“the Act”) for removal of the Trade Mark from the register, alleging the Trade Mark was not used in good faith in relation to the registered goods during the period 21 January 2004 to 21 January 2007 (“the Non-use Period”).
3. Section 92 of the Act as it stood at 21 February 2007 is reproduced below:

92 Application for removal of trade mark from Register etc.

(1) Subject to subsection (3), a person may apply to the Registrar to have a trade mark that is or may be registered removed from the Register.

(2) The application:

- (a) must be in accordance with the regulations; and
- (b) may be made in respect of any or all of the goods and/or services in respect of which the trade mark may be, or is, registered.

(3) An application may not be made to the Registrar under subsection (1) if an action concerning the trade mark is pending in a prescribed court, but the person aggrieved may apply to the court for an order directing the Registrar to remove the trade mark from the Register.

Note: For *prescribed court* see section 190.

(4) An application under subsection (1) or (3) (*non-use application*) may be made on either or both of the following grounds, and on no other grounds:

(a) that, on the day on which the application for the registration of the trade mark was filed, the applicant for registration had no intention in good faith:

- (i) to use the trade mark in Australia; or
- (ii) to authorise the use of the trade mark in Australia; or
- (iii) 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 to which the non-use application relates and that the registered owner:

- (iv) has not used the trade mark in Australia; or
- (v) has not used the trade mark in good faith in Australia;

in relation to those goods and/or services at any time before the period of one month ending on the day on which the non-use application is filed;

(b) that the trade mark has remained registered for a continuous period of 3 years ending one month before the day on which the non-use application is filed, and, at no time during that period, the person who was then the registered owner:

- (i) used the trade mark in Australia; or
- (ii) used the trade mark in good faith in Australia;

in relation to the goods and/or services to which the application relates.

Note 1: For *file* and *month* see section 6.

Note 2: If non-use of a trade mark has been established in a particular place or export market, then instead of the trade mark being removed from the Register, conditions or limitations may be imposed under s.102 on the registration of the trade mark so that its registration does not extend to that place or export market.

(5) If the right or interest on which a person relied to make an application (under subsection (1) or (3)) to obtain the removal of a trade mark from the Register becomes vested in another person, the other person may, on giving notice of the relevant facts to the Registrar or the court (as the case requires), be substituted for the first-mentioned person as the applicant.

4. Section 100(1)(c) of the Act provides that the Opponent bears the onus of rebutting an allegation made against it under s.92(4)(b), by establishing that the Trade Mark (or the Trade Mark with additions or alterations not substantially affecting its identity) was used in good faith during the Non-use Period, or that there was an obstacle to use during that period. I proceed on the basis that the relevant standard of proof is on the balance of probabilities.

The Opposition

5. On 30 March 2007 the Opponent filed a Notice of Opposition to the removal raising two relevant grounds, namely that:

- during the relevant period there has been use of the Trade Mark, or of the Trade Mark with or without additions or alterations not substantially affecting its identity, in Australia by the registered owner or an authorised user in relation to the relevant goods; and
 - the Registrar in his discretion ought to refuse the application for removal.
6. The Opponent's evidence in support consists of a statutory declaration by:
 - Bret Frederick Merriman made on 23 July 2007, with Exhibits BM-1 to BM-5.
 7. The Removal Applicant's evidence in answer consists of statutory declarations by:
 - Anna Kim Yeo made on 3 October 2007; and
 - Michelle Allison Anita Cooper made on 3 October 2007, with Exhibits MAAC-1 to MAAC-3.
 8. The Opponent's evidence in reply consists of a statutory declaration by:
 - Bret Frederick Merriman made on 27 February 2008, with Exhibits BM-1 to BM-8.
 9. The matter was heard before me as delegate of the Registrar of Trade Marks in Sydney on 3 March 2008. Simon Kneebone of Banki Haddock Fiora, Lawyers appeared for the Removal Applicant. The Opponent was not represented at the hearing, although its attorney, James Maxwell of Peter Maxwell and Associates, did file written submissions the Opponent wished to be considered.

The Evidence and Submissions

Actual use

10. Mr Merriman has been the Opponent's Managing Director since 1994 and states that the Opponent has been operating in Australia since that year as a retailer and wholesaler of "footwear, clothing and other related accessories". Mr Merriman only however provides evidence of actual use of the Trade Mark during the Non-use Period in relation to four specific items, which from the photographs he exhibits I would describe as being umbrellas for children, plastic raincoats for children, gumboots for children and a range of casual shoes or "sneakers".

11. As Mr Kneebone pointed out, umbrellas are not Class 25 goods, nor indeed are they usually considered similar to Class 25 goods, and thus use of the Trade Mark in relation to umbrellas is not directly relevant to the opposition except possibly in relation to exercise of my discretion pursuant to ss.101(3) and (4).
12. Mr Kneebone indicated the Removal Applicant conceded the Opponent had used the Trade Mark during the Non-use Period for some Class 25 goods, which he described as “raincoats for infants, gumboots for children and shoes, predominately sneakers, also for children”. He submitted it is apparent from the colours and styles of the Opponent’s shoes as shown in its evidence, and from the nature of the exhibited magazines in which the shoes were advertised during the Non-use Period, that the shoes were aimed at children and particularly at young girls.
13. My finding is essentially in accordance with the Removal Applicant’s concessions, namely that the Opponent has shown relevant use of the Trade Mark in relation to raincoats for children, gumboots for children and casual shoes for women or children.

Intended Use

14. Notwithstanding the apparently narrow range of goods for which the Trade Mark was used during the Non-use Period, Mr Merriman also attests to the Opponent’s “future plans” to use it. As he puts it in his declaration of 23 July 2007:

It is the intention of My Company to expand its use of this Trade Mark over a far broader range of goods, all of which will be aimed at all ages of the female market. In light of the level of sales, My Company has enjoyed in respect of the Goods provided under the Trade Mark so far, My Company is now looking to expand its range of products provided under the Trade Mark across all types of apparel, sun hats, hats, sleepwear, handbags, sunglasses, watches, belts, lingerie, jumpers, dresses, slippers and thongs.

My Company intends supporting this expansion with TV advertising and licensing various third parties to produce and manufacture Goods provided under the Trade Mark.

The expansion plans of My Company for the Goods to be provided under the Trade Mark are confidential.

15. Plans for future use of a trade mark may in principle qualify as “use” for the purposes of the Act, provided it is shown preparations for actual use are well advanced and the

trader concerned can be seen objectively to be committed to using the trade mark¹. In my judgment, however, the Opponent's expansion plans as described above by Mr Merriman are too short on detail for any such objective assessment to be made.

16. In this regard Mr Kneebone pointed out that Mr Merriman's claims regarding intended wider use of the Trade Mark in future are uncorroborated by any supporting evidence. Mr Merriman gives no details of the time frame of the proposed expansion, of trade shows attended, of meetings with potential distributors or retailers, of specific advertising plans or similar. Mr Kneebone referred to Drummond, J's discussion in *Woolly Bull Enterprises Ltd and Anor v Reynolds* (2001) 51 IPR 149 of the required level of proof of "intended use" which might qualify as use for the purposes of s.100(3)(a) of the Act. After reviewing several earlier decisions concerning "preliminary use" generally, Drummond, J concluded that the subjective intention of the claimed user was of no relevance to the issue. As he put it (at 161),

Though it is not necessary, for there to be such a use of a mark, that there be an actual trade in the sense of the offering for sale and the sale of goods bearing the mark, the owner will not use its mark unless it has so acted to show that it has gone beyond investigating whether to use the mark and beyond planning to use the mark and has got to the stage where it can be seen objectively to have committed itself to using the mark, ie, to carrying its intention to use the mark into effect.

17. As indicated, there is insufficient evidence before me to indicate the Opponent's stated intention to expand its use of the Trade Mark should be considered to be "use" as contemplated by s.100(3)(a) and I decide accordingly.

Obstacles to Use

18. For the sake of completeness I note the Opponent has not provided evidence of any circumstances prevailing during the Non-use Period which might have been an obstacle to use of the Trade Mark for any of the goods covered by its registration and accordingly no case under s.100(3)(c) has been established.

The Registrar's Discretion

19. I have found that the only relevant use of the Trade Mark during the Non-use Period was in relation to raincoats for children, gumboots for children and casual shoes for

¹ See for example *Woolly Bull Enterprises Ltd and Anor v Reynolds* (2001) 51 IPR 149 and *Buying Systems (Australia) Pty Limited v Studio Srl* (1995) 30 IPR 517

women or children. In such circumstances s.101(1) gives the Registrar the discretion to remove the Trade Mark “in respect of any or all of the [registered goods]”, whilst ss.101(3) and (4) explicitly provide discretion may be exercised in the Opponent’s favour if the Registrar is satisfied it is reasonable to do so. Both parties’ representatives addressed this issue in their submissions.

20. Early decisions considering exercise of the discretion under s.101 suggested an opponent would need to show special facts or circumstances, or an overriding question of public interest, to warrant leaving a mark on the Register in the absence of relevant use². In the recent decision in *Pioneer Computers Australia Pty Ltd v Pioneer KK* [2009] FCA 135 (23 February 2009), however, Bennett, J said:

167. The discretion under s.101(3) is a broad discretion to decide not to remove a trade mark from the Register or not to carve out some of the goods and services for which the mark is registered, even if s.92 grounds have been made out, if the Court is satisfied that it is reasonable to do so. Irrespective of the lack of use of the trade marks on the removal goods and the removal services in the relevant period, there is a discretion not to alter the registrations.

168. In *Kowa Company*³ at [98], Lander J rejected the submission that a party seeking the exercise of the discretion needs to show “exceptional circumstances”. In *E & J Gallo* at [198], Flick J agreed with Lander J that there is no requirement to establish exceptional circumstances. With respect, I also agree with Lander J that there is no warrant to read a requirement for exceptional circumstances into s.101(3).

169. In *E & J Gallo* at [202]-[203], Flick J stated that the following factors set out by Falconer J in *Hermes Trade Mark* [1982] RPC 425 were of assistance in considering the exercise of the discretion:

- there had been no abandonment of the trade mark;
- the registered proprietors of the mark still had a residual reputation in the mark;
- there had been sales by the registered proprietors of goods for which removal was sought since the relevant period ended;
- the applicants for removal had entered the market without having taken steps to ascertain from the Register whether anyone had a right to exclude their use of the mark;
- the registered proprietors were not aware of the applicant’s sales under the mark.

21. In his written submissions Mr Maxwell argued that it would not be in the public interest to allow for “fragmented ownership” of the Trade Mark such that the Removal Applicant might use the Trade Mark for its goods of interest, lingerie, whilst

² See for example *Figgins Holdings Pty Ltd v Beltrami SpA* (1998) 46 IPR 411 (at pp 418-9).

³ *Kowa Co Ltd v NV Organon* (2005) 66 IPR 131

the Opponent used the identical mark for what Mr Maxwell described as “clothing and footwear aimed at teenage girls”. If that were to happen, he argued, then there was significant risk of confusion in the marketplace.

22. Mr Maxwell’s second argument for exercise of the Registrar’s discretion in the Opponent’s favour was that it was only reasonable and natural that the Opponent would want to expand its business under the Trade Mark in future to adult clothing and underwear and that it should “have the right to follow its target market through as they become older...”. I must reject this submission, however, given the Trade Mark has already been registered for more than seven years and given the evidence discloses no relevant expansion arrangements or specific plans for broader use.
23. Returning to Mr Maxwell’s first point, I agree that “fragmented ownership” of the Trade Mark which might lead to confusion amongst the public should be avoided. However, I do not believe the position here is analogous to that in *McHattan v Australian Specialised Vehicle Systems Pty Ltd* (1996) 34 IPR 537, to which both parties’ representatives referred. There Drummond, J was concerned about drawing “fine distinctions” between the “motor vehicles” covered by a Class 25 registration and, *inter alia*, the “military vehicles” for which the s.92 applicant wished to use a similar mark. He was concerned both because of the potential to erode the value of a trade mark registration couched in moderately generic terms by dicing off specific items for which use could not be shown and because of the risk of confusion if the similar marks were used by different parties for essentially similar goods.
24. In the matter before me, however, I do not think it is necessary to draw fine distinctions of this kind. While I accept that the Opponent is not required to point to “exceptional circumstances”, the Opponent has not satisfied me that *any* facts or circumstances exist, or that there is any relevant public interest, which would make it reasonable to exercise my discretion in its favour. The Trade Mark does not appear to be particularly well known and I believe the goods of interest to the Removal Applicant, being lingerie, are sufficiently different from the goods for which the Opponent has shown use to obviate significant risk of confusion amongst relevant consumers.

Decision

25. I am satisfied that there was relevant use of the Trade Mark during the Non-use Period, but only for goods which at their broadest might be described as “raincoats for infants and children, gumboots for infants and children and casual shoes for women, children and infants”. The opposition is thus partially established to that extent. The Opponent has not however established to my satisfaction that, notwithstanding its limited use of the Trade Mark, it would be reasonable in the circumstances to retain the registration with a significantly broader coverage beyond those goods for which use has already been made. I therefore direct that the specification of goods of registration 893875 be amended to:

raincoats for infants and children; gumboots for infants and children;
casual shoes for women, children and infants

26. I direct that the relevant amendment to the specification of goods not be made before twenty-eight days from the date of this decision, in case the Registrar has been served with a notice of appeal in the interim. If an appeal is filed, I direct that amendment to the specification of goods shall not occur until such time as the appeal has been discontinued or determined by the Courts and, in the event that a decision should be issued by a Court, that the registration be subject to such orders as may be made.

Costs

27. As the Opponent has only been partially successful I decline to make an award of costs on this occasion.

Michael Kirov
Hearing Officer
Trade Marks Hearings
17 April 2009