TRADE MARKS ACT 1995

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

Re: Opposition by PHENOMENON AGENTS LIMITED to the protection of trade mark application 933160 (11) – International Registration No. 789015 **- AKAI -** filed in the name of AKAI UNIVERSAL INDUSTRIES LIMITED.

DELEGATE:	**Tabatha Klippan**
REPRESENTATION:	**Opponent:** Mr David Moore of Freehills Patent and Trade Mark Attorneys. **Holder:** Unrepresented and did not appear or file written submissions
DECISION:	**Section 52 opposition:** Grounds of opposition under sections 42(b) and 60 established – application refused. Costs awarded against the holder.

Background

1. On 19 August 2002, Akai Universal Industries Limited, ('the holder'), applied for the trade mark AKAI in class 11 for the following goods:

> Sanitary apparatus and installations, steam generating installations, steam boilers, other than parts of machines, cooling apparatus and installations, cooking rings, cooking apparatus and installations, steaming apparatus, ventilation apparatus, hair driers, electric waffle irons, electric fans for personal use, rotisseries, electric heating apparatus and installations, water heaters, extractor hoods for kitchens, burners, refrigerating containers, electric laundry driers, conditioning apparatus, electric coffee-makers, microwave ovens, electric radiators, refrigerators, kitchen ranges.

2. The trade mark application claims the convention date of 22 February 2002.

3. Acceptance of the trade mark for possible protection was advertised in the *Australian Official Journal of Trade Marks* on 9 January 2003.

4. Phenomenon Agents Limited, ('the opponent'), filed a notice of opposition on 9 April 2003 citing a broad range of grounds of opposition under the *Trade Marks Act 1995,* ('the Act').

5. The opponent filed evidence in support of the opposition. However, as the holder has not nominated an address for service in Australia, there was no requirement for the evidence to be served on the holder. The holder of the trade mark did not file or serve evidence in answer.

6. As a Delegate of the Registrar of Trade Marks, I heard the matter in Melbourne on 14 September 2005. The opponent was represented by Mr David Moore of Freehills Patent and Trade Mark Attorneys. The holder was unrepresented and did not appear or file written submissions.

Evidence

7. The evidence in supports comprises the following statutory declarations made by:

- Christopher Chiang, with Exhibits “CC-1” to “CC-14”, on 7 May 2004 (Chiang 1)
- Chris Creelman on 6 September 2004
- Roanne Karla De Menezes, with Exhibit “RKD-1”, on 2 February 2005
- Robert Heilbrunn, with Exhibits “RH-1” and “RH-2”, on 8 February 2005
- Christopher Chiang, with Exhibit “CC-1”, on 21 February 2005 (Chiang 2)

8. In his statutory declaration dated 7 May 2004, Mr Christopher Chiang declares that he is Director of Akai Electric Co. Limited (“AEL”). The opponent is a wholly owned subsidiary of AEL. Mr Chiang provides the history of the AKAI trade mark including its inception in Tokyo, Japan, in July 1929. Mr Chiang attests to the surname AKAI being “relatively uncommon” in Japan and also that the word AKAI means “red” in the Japanese language.

9. Mr Chiang provides the advertising figures and sales figures for AKAI branded goods for the years 1999 to 2003. Despite some of this material being post-filing, I regard the figures as showing a substantial use of the trade mark by AEL as at 22 February 2002 – the convention date awarded to the present application. The exhibits to Mr Chiang’s declaration include invoices, product catalogues, advertising brochures, imaging on

packaging and posters and a schedule of all overseas registrations for the AKAI trade mark.

10. I note that Exhibit CC-14 is a copy of a letter from the Registrar of Trade Marks concerning the opponent's request to have acceptance revoked. Although the Registrar of Trade Marks was not prepared to revoke acceptance, on the basis that the goods are not "of the same description", the Registrar noted "I agree with your submission that if a consumer were to see AKAI on a hairdryer, electric coffee maker, microwave oven or refrigerator, they could potentially assume that those goods originated from the same organisation that manufactures tape recorders, video recorders, televisions and radios".

11. Mr Creelman, the Proprietor of the Cliftons Retravision store, declares he has been involved in the retail of electrical appliances for over 30 years and that his store has sold various AKAI branded products for at least 20 years. According to Mr Creelman, the Cliftons Retravision store sells a wide variety of products including washing machines, refrigerators, freezers, electric ovens and stove tops, microwaves, kitchen appliances, vacuum cleaners, appliances for personal grooming, heaters, air conditioners, computers, Hi-fi systems, televisions and cameras. In Mr Creelman's personal opinion, if his store sold microwave ovens and air conditioners under the AKAI trade mark, customers would assume that they came from the same source as the televisions or videos or Hi-fi systems bearing the AKAI trade mark which are also sold in his store.

12. Ms De Menezes declares that she purchased an "AKAI" branded television, with remote control, in 1993. Ms De Menezes states that she has known the AKAI brand for at least 15 years and that she purchased the AKAI-branded television on the basis that AKAI was a well-known brand in respect of electronic products. Ms De Menezes also declares that, in 1993, AKAI had a reputation for being a producer of quality electronic products. Photographs of the AKAI television and remote control comprise Exhibit RKD-1.

13. Mr Heilbrunn declares that he is Managing Director of Prima Australasia Pty Ltd ("Prima") and also the Managing Director of Prima Akai Pty Ltd. On 1 April 2000, Prima was appointed the exclusive distributor of AKAI branded consumer electrical appliances in Australia, New Zealand and other Pacific territories. Exhibited to Mr

Heilbrunn's declaration are various documents including AKAI product catalogues, advertising brochures and photographs of various awards presented to Akai Pty Ltd.

14. In his statutory declaration dated 21 February 2005, Mr Chiang explains why his earlier declaration focused on use of the AKAI trade mark in Australia from the year 2000 onwards. Akai Pty Ltd was responsible for distributing AKAI branded products in Australia up until that company went into liquidation in early 2000. The Supreme Court of New South Wales made an order to wind up Akai Pty Ltd on or about 13 August 2000 and all books and historical records relating to the operation of the company, including the distribution of AKAI branded products, were passed to the liquidator. Hence, Mr Chiang declares, it has not been possible to exhibit records of the distribution of AKAI branded products in Australia between the years 1977 and 2000.

Grounds of Opposition

15. Mr Moore pressed grounds of opposition under the provisions of sections 42(b), 44, 58 and 60 of the *Trade Marks Act 1995*. The remaining grounds were not pressed and I formally find that they have not been established.

Submissions and the Law

Section 42

16. Section 42(b) provides that a trade mark application must be rejected if its use would be contrary to law. In *Advantage Rent-a-Car Inc v Advantage Car Rental Pty Ltd* (2001) FCA 683, Madgwick J confirmed that the test to be applied is whether use by the applicant of the trade mark *would*, rather than *could*, be contrary to law.

17. The opponent alleged that the holder's use of the trade mark would contravene Sections 52 and 53 of the *Trade Practices Act 1974* (TPA) and be seen as passing off.

18. The relevant standard to be applied is that there must be a "real or not remote chance or possibility" of a reasonably significant number of people being misled or deceived: see for instance *Equity Access Pty Limited v Westpac Banking Corporation* (1989) 16 IPR 431. In Shanahan's Australian Law of Trade Marks and Passing Off 3rd Edition at page

598, D R Shanahan says ‘Misleading conduct does not merely cause confusion: it actually directs a person towards the wrong choice.’

19. Mr Moore argued that the intention of the applicant is not relevant to a finding under section 52. All that is relevant is whether, tested objectively, the conduct was misleading or deceptive or likely to mislead or deceive (*Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* (1978) 140 CLR 216).

20. Mr Moore noted that the holder’s trade mark is identical to the opponent’s trade mark in both word and stylization; the opponent has obtained and fostered a strong reputation in the electrical goods industry for over 30 years in Australia and 70 years internationally; the holder has filed its trade mark application in relation to goods which form part of the same industry to which the opponent has a strong reputation; the goods of both the holder and the opponent are likely to be distributed and sold through similar trade channels, most commonly through the domestic market.

21. On the basis of all the evidence before me, and the submissions made at the hearing, I am satisfied that a significant number of purchasers in the relevant market would be likely to be misled into believing that the holder’s goods were in some way connected with the opponent. I am satisfied that use of the trade mark by the holder would contravene section 52 of the TPA and would be contrary to law in terms of section 42(b) of the Act. The ground of opposition under section 42(b) has been established. I therefore have no need to consider if use of the trade mark would also amount to passing off.

Section 44

22. In order to establish a ground of opposition under the provisions of section 44 of the Act, the opponent must establish there is a substantially identical or deceptively similar trade mark application or registration, with an earlier priority date, in respect of similar goods or closely related services, in the name of a person other than the applicant.

23. The opponent relied on the following trade mark registrations, all of which pre-date the subject application:

Reg No.	Trade Mark	Priority Date	Goods
205072	AKAI	21 September 1966	Class 9: Magnetic tape recorders, parts and accessories thereof and fittings therefore included in class 9
245855	AKAI	4 February 1971	Class 9: Video tape recorders, audio frequency amplifiers, loud speakers, FM receivers, television receivers, television cameras, radio frequency converters, magnetic tapes, headphones, ear phones, microphones, tape reels and connectors
368550	AKAI	24 November 1981	Class 14: Horological and other chronometric instruments being timers in this class containing a clock device for use in controlling the operation of audio, video and other electrical equipment, but excluding clocks and watches
449255	AKAI	29 July 1986	Class 15: Musical instruments and apparatus and parts thereof and fittings therefor in this class, including electronic musical instruments, music computer systems being instruments, and peripheral devices and fittings for the aforesaid goods, all the foregoing being goods in class 15
521611	AKAI	19 October 1989	Class 9: Effectors, signal processors, signal generators, disk drives, blank floppy disks, pre-recorded floppy disks and music processing computers

24. Mr Moore submitted that the subject application is substantially identical to each of the opponent's registrations. I agree with Mr Moore's submission. These trade marks are virtually identical.

25. Mr Moore further submitted that the goods covered by the opponent's registrations are similar to the holder's goods based on:

- The shared domestic electrical nature and characteristics of the goods covered by the holder's application and the goods covered by the opponent's registrations;

- The common manufacturing sources; and
- The mutual trade channels.

26. Section 14 of the Act provides:

    (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.

27. Mr Moore noted that the holder's application covers a range of household electrical goods, including microwave ovens, laundry and kitchen appliances and heating and cooling installations. The opponent's registrations cover a wide range of electrical and electronic goods in classes 9, 14 and 15, including magnetic tape recorders, televisions, radios, computer systems, musical instruments and various horological and chronometric instruments used for controlling the operation of audio, visual and other electrical apparatus. Mr Moore continued by pointing out that the horological and chronometric instruments covered in the opponent's registration number 368550 form a necessary part of the electronic components of electrical units including microwave ovens. This, Mr Moore argued, shows a direct overlap between the holder's goods and the opponent's goods of a horological nature.

28. Mr Moore alleged that it is quite common in the electrical goods industry for producers of audio-visual equipment to concurrently manufacture household electrical equipment, apparently because such products have similar components and manufacturing processes. Additionally, the opponent's evidence shows that the opponent has a history of brand expansion in relation to the electrical appliances.

29. In regards to determining whether the goods are of the same description, I rely on *Jellinek's Application* 63 RPC 591, where it was held that the factors to be considered in determining if goods are of the same description are, the nature of the goods, the uses to which they are put and trade channels. I agree that the holder's goods and some of the opponent's goods may be considered, in broad terms, as 'household appliances' and as such it is possible for these goods to be sold through the same trade channels. However I

believe the similarity stops there. The holder's goods cover heating and cooling apparatus as well as kitchen and laundry appliances. The opponent's goods include horological, chronometric and musical instruments in addition to various devices used to receive and store information, pictures and sound. Clearly the opponent's goods are different in nature, and have very different uses, to those goods covered by the subject application. They are not similar goods. This ground of opposition has not been established.

Section 58

30. In order to make out this ground, the opponent needs to establish:

    - that it was the first user of an identical or substantially identical trade mark; and
    - that its use was in relation to the same kind of goods or services

31. Gummow J held, in *Carnival Cruise Lines Inc. v Sitmar Cruises Limited* (1994) AIPC ¶91-049, that in disputed claims to proprietorship, the trade marks must be substantially identical and in this respect he said,

    > It requires a total impression of similarity to emerge from a comparison between the two marks. In a real sense a claim to proprietorship of the one extends to the other.

32. The tests for substantial identity were defined by Windeyer J, in *Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 at pages 414–15. I have already found the opposed trade mark is substantially identical with the opponent's registered trade marks.

33. On the matter of proprietorship of a trade mark McGarvie J in *Settef SpA v Riv-Oland Marble Co (Vic) Pty Ltd*, 10 IPR 402 at page 413 said:

    > The basic common law principle is that the first person who uses a trade mark of an appropriate type within a country becomes the proprietor of the

> mark there. …. A person who becomes proprietor of a trade mark in this way is entitled at common law to restrain a person who later commences to use the trade mark.

34. In other words, the first user of a trade mark in Australia for particular goods or services, is the owner of the trade mark in Australia for the particular goods or services, at common law. In *Hicks's Trade Mark*, (1897) 22 VLR 636 (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 the have been put on the Register for that trade mark.

35. The holder has not provided any evidence of use of its trade mark. Therefore, its claim to ownership dates from the date of filing, 19 August 2002. The opponent's evidence shows that the opponent first used the trade mark in Australia in the 1970's. This use pre-dates the filing date of this application, however I disagree with Mr Moore's submission that the opponent's goods are the 'same kind of thing' as the goods specified by the holder. Mr Moore described both the opponent's goods and the goods covered by this application as being household electrical appliances. The holder's goods are indeed common electrical appliances found in most homes. And although some of the opponent's goods may be electrical in nature and may also be found in households, they are not the 'same kind of thing' as the holder's goods.

36. Accordingly, I find the ground of opposition based on section 58 has not been established.

Section 60

37. The first step in applying section 60 is to determine whether or not the subject trade mark is substantially identical with or deceptively similar to the trade marks cited by the

opponent (*McCormick & Co Inc v McCormick* 51 IPR 102 at 132). I have already found that the subject mark is substantially identical with the opponent's trade mark registrations, so I must now consider the opponent's reputation in Australia for AKAI at the convention date, of 22 February 2002.

38. The evidence shows that the price range of products available under the AKAI trade mark is from AU$19.95 for a clock radio to AU$5,999 for a home theatre system and that the total value of sales of products in Australia bearing the AKAI trade mark between the years 1999 and 2003 was many millions of dollars.

39. The evidence also shows that the opponent has extensively promoted its goods under the AKAI trade mark in Australia, and around the world. The figures for promotion and advertising in Australia alone run into millions of dollars. The opponent has promoted the AKAI branded goods through catalogues, brochures, packaging, invoicing, stationery and newsletters as well as in newspapers, such as The Age and magazines including Home Beautiful and various Hi-fi magazines. In addition, the AKAI trade mark is promoted through regular exhibitions with major retailers including RetraVision and The Good Guys. The opponent has also provided trade declarations attesting to the opponent's reputation in the marketplace during the relevant period.

40. On the basis of the evidence before me, I find that, as of 22 February 2002, the opponent had acquired the requisite reputation in Australia.

41. Mr Moore argued that following more than 30 years of continuous use and promotion in Australia, and 70 years internationally, the opponent and its predecessors in title have acquired a significantly high profile in Australia in relation to electrical appliances sold

under the AKAI trade mark. Mr Moore referred to *McCormick & Co Inc v McCormick* 51 IPR 102 where Kenny J observed (at 129):

> In practice, it is commonplace to infer reputation from a **high volume of sales**, together with **substantial advertising expenditures** and other promotions,

without any direct evidence of consumer appreciation of the mark, as opposed to the product.

42. The opponent, or its predecessor in title, has continuously used the AKAI trade mark in Australia for over 30 years on a wide range of electric and electronic goods including televisions, DVD players, home theatre systems, kitchen appliances, refrigerators, coolers and air-conditioning systems, car audio equipment, digital cameras and mobile and portable telephones. Mr Moore's submissions also support a finding that the opponent had acquired a substantial reputation in the AKAI trade mark as at 22 February 2002. I have personally known of the AKAI brand for at least 20 years or more.

43. The opponent's goods, Mr Moore submitted, are sold through most major Australian retailers including David Jones, Myer, RetraVision, Target, Kmart, Harvey Norman and The Good Guys. Mr Moore further submitted that the annual sales of the goods sold under the AKAI trade mark in Australia since at least 1999 are measured in tens of millions of dollars. This, Mr Moore argued, proves the wide popularity and circulation of the opponent's goods bearing the AKAI trade mark.

44. I consider that the opponent's reputation in its trade mark is sufficient to show that consumers are likely to be deceived or confused in terms of the requirements of section 60. I am satisfied that at the relevant date the requisite reputation existed. The ground of opposition under section 60 has been established.

Decision

45. The opponent has successfully established the grounds of opposition under sections 42(b) and 60. In accordance with section 55 of the Act, I therefore refuse to extend protection in Australia to trade mark number 933160 (IR number 789015).

Costs

46. I direct that the holder pay the costs of the opponent in accordance with the Official Scale set down in Schedule 8 of the *Trade Marks Regulations 1995*.

Tabatha Klippan
Senior Examiner
Trade Marks Hearings
29 November 2005