

## TRADE MARKS ACT 1995

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

Re: Opposition by William M Edwards to removal applications by Liquid Engineering 2003 Pty Ltd in relation to trade mark registrations 941987(2) EXIT RUST and 941989(4) FUEL SET registered in the name of William M Edwards.

---

<b>DELEGATE:</b>	<b>Iain Thompson</b>
<b>REPRESENTATION:</b>	<b>Opponent</b> Submissions by Peter Cahill, solicitor, of Bendigo by video conference
	<b>Applicant</b> Written submissions by Wray & Associates
<b>DECISION:</b>	1. s92 opposition, use in good faith not established. 2. Costs ordered against opponent.

---

#### Background

1. William M Edwards, ('the opponent') of Bendigo, Victoria, has two trade mark registrations relevant to these proceedings, details of which are:

App No:	941987
Reg Date:	3 February 2003
Goods:	<b>Class: 2:</b> Rust converter protective preparation for metals
Trade Mark:	Exit Rust

App No:	941989
Filing Date:	3 February 2003
Goods:	<b>Class: 4</b> Fuel conditioner
Trade Mark:	Fuel Set

2. On 4 February 2005, Liquid Engineering 2003 Pty Ltd filed applications for the removal of the abovementioned registrations on the ground under section 92(4)(a) of the *Trade Marks Act 1995* ('the Act'). Section 92(4)(a) provides:

(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;

3. Evidence in support, evidence in answer, and evidence in reply were duly served and filed in accordance with the Act and regulations thereto.
4. As a delegate of the Registrar of Trade Marks, I heard the submissions of the opponent made by Peter Cahill, Barrister and Solicitor of Bendigo, made by video conference link on 19 June 2006. The applicant for removal relies on written submissions by its attorneys, Wray & Associates of Perth.

### **Evidence**

5. The parties have filed the following declarations in relation to these proceedings: a declaration in support by the opponent to removal, William M Edwards, which relates to both applications for removal, two declarations in answer by Anthony James Fels made in respect of each application for removal and a declaration in reply by Mr Edwards which relates to both applications for removal.
6. Mr Fels is Managing Director of the applicant for removal. His evidence shows that the applicant for removal, Liquid Engineering 2003 Pty Ltd, purchased the assets of a company called Liquid Engineering Ltd (Receiver & Manager appointed) on 8 April 2003. The sales agreement, relevant parts of which are exhibited to the Fels declarations, was for goodwill, plant & equipment, intellectual property, stock, and certain other

property which excluded motor vehicles and the debtors' ledger. Included amongst the intellectual property defined in the sales agreement were two trade mark registrations – 760645 LIQUID ENGINEERING and 773537 LIQUID ENGINEERING & Device – as well as 26 unregistered trade marks which include the two trade marks EXIT RUST and FUEL SET which are here in contention.

7. Mr Fels states that Liquid Engineering Ltd had used the trade marks EXIT RUST and FUEL SET from at least July 1999. These trade marks are both shown in a prospectus issued by Liquid Engineering Ltd on 28 November 2001 which is exhibited to the Fels declarations.
8. The Fels declarations also claim that William M Edwards was employed by Liquid Engineering Ltd as its National Sales Manager in 1998 and continued in that capacity until April 2003. Mr Edwards does not dispute this. Invoices or receipts issued by Liquid Engineering Ltd (and a company which is its predecessor in business, Liquid Engineering International Pty Ltd), between the dates 10 December 1999 and 28 March 2003 bearing the trade marks EXIT RUST or FUEL SET and Mr Edwards' signature as effecting the sales are exhibited to the Fels declarations.
9. Mr Fels alleges that, at the time Mr Edwards left the employ of Liquid Engineering Ltd, he was in dispute with management over some \$12,000 in expenses and that Mr Edwards' registration of the trade marks was in order to enhance his (Mr Edwards') bargaining position.
10. Mr Edwards, for his part, does not (as I have mentioned) dispute that he was employed by Liquid Engineering Ltd, or its predecessor in business, as its National Sales Manager. He states that when he lodged the trade mark applications in January 2003<sup>1</sup> he was not aware of any impending financial problems of Liquid Engineering Ltd and when he told two

---

<sup>1</sup> The official records show that the applications were filed on 3 February 2003.

directors of that company of what he had done, they did not demur. In fact, the receiver/manager was appointed on 5 February 2003.

11. Mr Edwards disputes the contention that the applications were filed to enhance his bargaining position in the dispute concerning his claim for an alleged \$12,000 in expenses and states that he was unaware at the time of filing the applications that a receiver and manager was to be appointed some two days later.

### **Discussion**

12. Mr Edwards' motives, whatever they were, at the time of filing the applications, are, in my consideration, 'fog' sent to cloud the essential question which is, 'given Mr Edwards relationship with his employer, at the time that Mr Edwards filed the applications, who in the circumstances of the applications should have been understood to be the true owner of the trade marks?' Mr Edwards apparently adopts the viewpoint that ownership arises through registration of a trade mark: this is only true, however, in as far as it goes. The other way in which ownership can arise is through use at common-law and such common-law use by a rightful owner is extensively recognized under the Act as a means of establishing or opposing entitlement to registration – see, for example, sections 41, 58 and 60 of the Act. In the circumstances which then prevailed, if Mr Edwards understood, or should have understood, on the day he applied to register the trade marks that he was not the owner of the trade marks, he could not have intended to use them in good faith.
13. The early discussion of the general principles of trade mark ownership were discussed in *re Hicks' Case* (1897) 22 VLR 636, by Holroyd J:

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.

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.

14. The first user of the trade marks in question was Liquid Engineering Ltd and/or its predecessor in business, Liquid Engineering International Pty Ltd. The assets (including the intellectual property which includes the trade marks FUEL SET and EXIT RUST) of Liquid Engineering Ltd (receiver and manager appointed) were purchased by the applicant for removal – thus the applicant for removal is now the owner of the trade marks.
15. It seems apparent that Mr Edwards tacitly acknowledged at the time of making the applications that his employer had at least some interest in the trade marks FUEL SET and EXIT RUST as he declares that he mentioned to two of the directors at the time he applied to register the trade marks (on or around 3 February 2003) that he had applied to register them as trade marks. If Mr Edwards did not think that Liquid Engineering Ltd had a claim to the ownership of the trade marks, such a conversation with the two directors, (Paul Andrews and Peter Spry), would appear to be pointless.
16. There is no evidence of an assignment of the ownership of the trade marks by Liquid Engineering Ltd or the applicant in these proceedings to Mr Edwards. The reported silence of two of the directors of Liquid Engineering Ltd when informed by Mr Edwards that he had applied to register the trade marks FUEL SET and EXIT RUST is not surprising – however, such silence cannot be construed as either an abandonment of the

trade marks or an assignment of rights in them. On the contrary, the terms of the sale of Liquid Engineering Ltd demonstrates that the intellectual property of the company (including the trade marks FUEL SET and EXIT RUST) were considered to be good and valuable assets.

17. Whether or not Mr Edwards sought to improve his bargaining position with his employer appears to me to be irrelevant: the point is, rather, the trade marks were not those of Mr Edwards, they were owned by his employer at that time. He could not apply for registration intending to use the trade marks in good faith as he obviously knew or should have known (given his relationship with his employer) that the trade marks were not used by his employer and, given the circumstances under which he applied to register them, he could have intended to use them in good faith and neither, subsequently, have used the trade marks in good faith.

18. Section 100 of the Act relevantly provides:

**100 Burden on opponent to establish use of trade mark etc.**

(1) In any proceedings relating to an opposed application, it is for the opponent to rebut:

(a) any allegation made under paragraph 92(4)(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 opposed application relates (*relevant goods and/or services*); or

(b) any allegation made under paragraph 92(4)(a) that the trade mark has not, at any time before the period of one month ending on the day on which the opposed application was filed, been used, or been used in good faith, by its registered owner in relation to the relevant goods and/or services; or

(c) any allegation made under paragraph 92(4)(b) that the trade mark has not, at any time during the period of 3 years ending one month before the day on which the opposed application was filed, been used, or been used

in good faith, by its registered owner in relation to the relevant goods and/or services.

Note 1: If the registered owner of the trade mark has authorised another person to use it, any authorised use of the trade mark by that person is taken to be a use of the trade mark by the registered owner (see subsection 7(3)).

Note 2: For *file* and *registered owner* see section 6.

19. In terms of Hearing Officer Williams' decision in *Bunter v Hobarama LLC* [2005] ATMO 49; (2005) 67 IPR 216; (2005) AIPC 92-135, it is (in the circumstances of these matters) for Mr Edwards to convincingly rebut the allegations of lack of good faith. Mr Edwards has not rebutted the allegation that, on the day he filed the applications, he had no intention to use the trade marks in good faith; neither has he rebutted the allegation that any use that he has made of the trade marks has not been use in good faith. Additionally, Mr Edwards has not evidenced any intention to assignment the trade marks to a body corporate for use of the body corporate in Australia.

20. Section 101 of the Act provides:

**101 Determination of opposed application—general**

- (1) Subject to subsection (3) and to section 102, if:
  - (a) the proceedings relating to an opposed application have not been discontinued or dismissed; and
  - (b) the Registrar is satisfied that the grounds on which the application was made have been established;

the Registrar may decide to remove the trade mark from the Register in respect of any or all of the goods and/or services to which the application relates.

- (2) Subject to subsection (3) and to section 102, if, at the end of the proceedings relating to an opposed application, the court is satisfied that the grounds on which the application was made have been established, the court may order the Registrar to remove the trade mark from the Register in respect of any or all of the goods and/or services to which the application relates.

- (3) If satisfied that it is reasonable to do so, the Registrar or the court may decide that the trade mark should not be removed from the Register even if the grounds on which the application was made have been established.

21. Subject to the opponent notifying the Registrar of an appeal against my decision within one month of the date of this decision I direct that registrations 941987 and 941989 be

removed from the Register. If such appeal is notified and not withdrawn, the registrations should be dealt with as the Court directs.

22. Having been successful, the applicant is entitled to its cost and I order costs against the opponent at the official scale.

A handwritten signature in black ink, appearing to read 'Iain Thompson', written in a cursive style.

Iain Thompson  
Hearing Officer  
Trade Marks Hearings  
31 July 2006