

TRADE MARKS ACT 1995

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

Re: Trade Mark Application 950915(20) – **CLASSIQUE Imports** - in the name of Rasro Pty Ltd and opposition thereto by Randoy Pty Ltd & Others

DELEGATE:	Debrett Lyons
REPRESENTATION:	Applicant: Richard McCormack of Counsel, instructed by Richard Payne & Associates, Solicitors Opponent: Guy Provan, Barrister and Solicitor
DECISION:	2009 ATMO 1 s. 52 opposition: section 58 established – applicant not the owner of the trade mark. Opposition succeeds. Costs: Applicant to pay opponents' costs.

Background

1. Rasro Pty Ltd ('the applicant') filed an application to register a trade mark, current details of which appear below:

Application number: 950915
Filing date: 17 April 2003
Services specification: **Class 20** Furniture excluding therapy tables, massage tables and portable massage tables
Endorsements: Provisions of subsection 41(5) applied.
Trade mark: **CLASSIQUE Imports**
(‘the trade mark’)

2. The trade mark was accepted for possible registration and advertised for opposition purposes. Randoy Pty Ltd and twelve others¹ ('the opponents') then filed a Notice of

¹ Kalagala Fox Pty Ltd,
Wayne Peppernell, John Patrick McGuinness, Peter James Fordham atf The Peppernell Family Trust,
Hightein Pty Ltd,
PMJ Investments Pty Ltd,
Amathous Pty Ltd,
Broadport Holdings Pty Ltd,
Scordan Nominees Pty Ltd,
Nadrocs Nominees Pty Ltd,
Greive Holdings Pty Ltd,
Clarity Investments Pty Ltd,
Vatilla Pty Ltd,
Kytiam Pty Ltd.

Opposition under section 52 of the *Trade Mark Act 1995* ('the Act'), objecting to the registration of the trade mark.

3. The parties served and filed evidence in accordance with the *Trade Mark Regulations 1995* and as described in greater detail later. The parties then asked to be heard and the matter came before me, Debrett Lyons, as a delegate of the Registrar of Trade Marks, in Perth on 28 August, 2008. The applicant was represented by Richard McCormack of Counsel and the opponent was represented by Guy Provan, Barrister and Solicitor.

Notice of Opposition

4. The Notice of Opposition cited the following grounds:
 - trade mark does not distinguish applicant's goods or services – s.41;
 - trade mark scandalous or its use contrary to law – s.42;
 - trade mark inherently likely to deceive or cause confusion – s.43;
 - applicant not the owner of the trade mark – s.58;
 - trade mark similar to trade mark with a reputation - s.60;
 - application to the Registrar defective – s.62.
5. At the hearing the opponents pressed only sections 58 and 62 and accordingly I treat the remaining grounds as having been abandoned. It was agreed at the start of the hearing that section 58 was of fundamental importance and so with the parties' permission I asked for submissions on that ground first. The parties did so and were content to rely on their written submissions in relation to the remaining ground.

The Evidence

6. The evidence comprises the following statutory declarations:

Applicant's evidence

- ❖ Rodger Gerard Boyer made 27 January 2005, together with annexures "RGB-1" to "RGB-20" (**First Rodger Boyer Declaration**);
- ❖ Rodger Gerard Boyer made 18 August 2006, together with annexure "RGB-21" ;
- ❖ Rodger Gerard Boyer made 19 December 2006, together with annexures "RGB-22" to "RGB-34";

- ❖ Patrice Jean-Marc Broissand made 19 December 2006, together with annexure "PJB-1";
- ❖ Barry Graham Boyer made 19 December 2006, together with annexure "BGB-1";
- ❖ John Wilhelm Pikora made 19 December 2006, together with annexures "JWP-1" and "JWP-2";
- ❖ Barry Graham Boyer made 27 August 2007, together with annexure "BGB-2"; and
- ❖ Rodger Gerard Boyer made 27 August 2007, together with annexures "RGB-35" to "RGB-37".

Opponent's evidence

- ❖ Jennifer Joy Grieve made 3 February 2006, together with annexures "JG-1" to "JG-9";
- ❖ Guy William Provan made 3 February 2006, together with annexures "GWP-1" to "GWP-5";
- ❖ Guy William Provan made 6 March 2007, together with annexures "GWP-6" and "GWP-7";
- ❖ Wayne Peppernell made 6 March 2007, together with annexures "WP-1" and "WP-2";
- ❖ Doreen Dorothy Kelly made 6 March 2007;
- ❖ Jennifer Joy Grieve made 6 March 2007, together with annexures "JG-10" to "JG-12" ;
- ❖ Nicole Frances Roberts made 7 March 2007, together with annexures "NR-1" to "NR-7".

Other evidence

- ❖ Both parties petitioned the Registrar to issue Notices to Produce under section 202 of the Act. Unsworn documents produced under those directions but not comprehensively listed here have also been considered in making this decision.

Admissibility of the First Rodger Boyer Declaration

7. The First Rodger Boyer Declaration was made on 27 January 2005, before the Notice of Opposition. It was made in support of the application when it was still under examination.
8. The application was accepted under the provisions of section 41(5). The examiner's notes show that the application was accepted in the face of a number of section 44 citations, being trade mark numbers 659663, 730354, 787323, 918148. After written argument, objection based on trade mark numbers 730354 and 787323 was withdrawn, and on the basis of a specification amendment trade mark number 659663 was overcome. The First Rodger Boyer Declaration overcame trade mark numbers 659663 and 918148, the latter lapsing afterwards in any event.
9. The First Rodger Boyer Declaration was not served and filed in the opposition proceedings by the applicant and would ordinarily be inadmissible. Nevertheless, at the Hearing, I raised this matter and Mr Provan indicated that he had no objection to admission of that evidence notwithstanding the formal defect.
10. In the result, this decision is based on all of the evidence sought to be relied upon by the parties.

Factual Background

11. Synoptically, the background to the dispute is as follows. In 1995 there was a business established in Mount Waverly, Western Australia under the name "Classique Imports" which essentially imported and then retailed Indonesian made furniture.
12. The three founding interests² in that business – Messrs Boyer, Boyer and Broissand - have been described in the evidence as partners. Whether or not it is correct to describe their relationship as a partnership, I am at this moment content with the applicant's submission which characterized the relationship as being at least a "joint adventure in the sense of a loosely defined commercial enterprise".
13. In 1997 those parties opened a second "Classique Imports" retail shop selling essentially the same goods and at approximately the same time a fourth party, Greive Holdings Pty Ltd took an interest in the business.
14. The four parties formed a new and separate corporate entity, Classique Imports Pty Ltd ('CIPL') of which they each became 25% shareholders, either individually or through companies they controlled.

² Overlooking trusts or corporate structures which they may have owned or controlled.

15. Notwithstanding the incorporation of CIPL, it is alleged that a partnership comprised of the four parties continued and it is this group of four that will hereafter be referred to as 'the CI Partnership' and the individuals as 'the CI Partners'.
16. When CIPL later changed name to Matahari Pty Ltd ('Matahari') it was with the intention that thereafter it would concern itself with the importation and warehousing part of the business whilst the CI Partnership would continue to run the stores, which by that time existed at a number of locations, all of which stores traded under the name "Classique Imports".
17. In 2001 a meeting was held at which it was agreed that the CI Partners would each run and take individual responsibility for his or its own stores, all continuing to operate under the common trade mark.
18. Thereafter, the evidence is of the simplest of business plans whereby the CI Partners would by consensus expand the business by admitting new users of the trade mark at new owner-operated stores provided that each such store was no closer than 10 kilometres from an existing store, and the new owner was willing to pool funds with the CI Partners for the purposes of common advertising and bulk purchasing power. Newcomers otherwise made no payment to the CI Partners for the benefit of joining the consortium of shops operating under the one name.
19. None of these arrangements was reduced to writing and legal characterization of the relationship between the CI Partners and the new store owners is far from easy. Likewise, the terms of use of the trade mark were unspecified and took the form of a common permission or implied consensual license, albeit that at one point there was consideration by the CI Partners of a draft 'franchise agreement'. That agreement was never formalized or used but it is noteworthy that the proposed franchisor was Matahari.
20. In April 2003, the applicant, being by then a member of this consortium of shops, applied to register the trade mark. The evidence shows that for some months and over the passage of a number of business meetings of the group, the existence of the trade mark application was not made known to others.
21. Later, when the existence of the trade mark application came to light, a meeting was called at which the single agenda item was the adoption of a resolution that the trade mark application be acknowledged as having been made on behalf of the CI Partnership and that it be held by the applicant in trust for the CI Partnership.

22. The opponents allege that, by that time, the CI Partnership was dissolved and that votes were cast at the meeting by or on behalf of corporate entities which had already been de-registered.
23. At the time of the hearing, and largely it seems through a culling process driven by the Registrar's Notices to Produce, the following opponents had been deleted from the action:
- Kalagala Fox Pty Ltd
 - PMJ Investments Pty Ltd
 - Amathous Pty Ltd,

Greive Holdings Pty Ltd is shown in the evidence to have been de-registered prior to the hearing but remained in name on the relevant papers.

Submissions and Reasoning

24. As a general observation, there is consensus between the parties on many factual matters. That said, large parcels of the evidence do not shed light on the question of ownership of the trade mark in terms of section 58 of the Act.
25. Section 58 states:

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.

26. The case law under section 58 makes it plain that a trade mark applicant must have an unalloyed right to the trade mark at the time of application. In *Re Hick's Trade Mark* (1897) 22 VLR 636 at 640, Holroyd J, speaking for a Full Court, said:

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

27. If, at the application date, others were entitled to use the trade mark, the applicant was not the owner of the trade mark. What is clear from the evidence is that on 17 April 2003, the applicant was not the only party making a legitimate use of the trade mark. In fact, first use of the trade mark occurred before the applicant was incorporated.

28. Ordinarily, that would be the end of the matter and the opponents would have prevailed. In this case, however, the applicant's central submissions were that:

although certain licensing arrangements were entered into by the original Classique Imports Partnership, which Partnership still exists as it has not been wound up, over time certain members of the Partnership, without the due or any authority from the Partnership, dealt unlawfully with the rights to the name Classique Imports, and did so for financial benefit which has never been accounted to the Partnership.

The applicant proceeds on the basis that such entitlement to the subject trade mark as sought is held on trust for the appropriate members of the Classique Partnership. The applicant itself, as referred to above, acts as trustee not only as and for the RGB Trust, being Mr Rodger Boyer's Family Trust, but also the trust position it (Rasro) regards itself in, in relation to pursuing the application and whatever may emanate therefrom in terms of trade mark rights. This is the substance of the applicant's claim that the unauthorised action of such persons have given rise to a constructive trust, which is a trust arising as a result of law, having regard to the facts; and in the result the property reflected by the unauthorised use of the subject trade mark Classique Imports, wherever it has extended to become either a registered business name or company incorporating the said trade mark, in part or in full, is held on constructive trust for the applicant.

Central to the principle of constructive trust is the obligation of the trustee to account to those persons having a beneficial interest in the trade mark. On the assumption that the trade mark rights were to be vested in the applicant, that would represent the legal title, with the beneficial title vested in the true members of the original Classique Imports Partnership, including in the form and with the membership as it is presently constituted.

29. Mr Provan argued that the partnership came to an end in 2001. Mr McCormack submitted that it was merely dormant. Although that debate demanded much attention at the hearing, in my opinion it is the applicant's argument for a trust which is fraught with difficulties. Were the trade mark to be granted registration, Rasro Pty Ltd would become the proprietor and legal owner of the trade mark. If Mr McCormack is correct, a trust would stand behind the legal ownership and others would be the beneficial owners of the trade mark.
30. The position of trade mark registrant as constructive trustee for the proper owner of the mark was most recently considered by the Federal Court in the *Edwards v. Liquid Engineering 2003 Pty Ltd* [2008] FCA 970 where Gordon J. said that

where an application for registration is made by other than the true owner, the Court may rectify the situation by imposing a constructive trust on the

application and subsequent registration from the date on which the application was lodged and additionally or alternatively rectify the Register through substitution of the true owner's name.

31. In that case, Edwards had filed trade mark applications in his own name in circumstances where, to use the Court's words, he had "gained knowledge of the mark as an employee of the owner of the unregistered mark and in circumstances tending to suggest a breach of fiduciary duties or even (malicious) intent to block a competitor".
32. The action against Edwards seeking recovery of the trade marks was originally brought under section 92 of the Act and was founded on an argument (for which Gordon J. had little time) that Edwards' use of the trade mark could not be "bona fide" for the purposes of section 92(4) but, to use the Court's words once more, "during the course of the hearing it became apparent that what [Liquid Engineering] really wanted, and should have applied for in the first place, was the expungement of the registrations by Edwards under s. 88 of the TMA on the basis that Edwards was not the owner of the unregistered marks".
33. A fresh application was made to the Court under section 88 at which point Gordon J. dismissed the application under section 92. The quotation in paragraph 30 was part of the *ratio* of the decision under section 88, resulting in Gordon J.'s determination that Liquid Engineering was the "true beneficial owner of the registered trade mark (*sic*) from [their filing date]" and an Order that pursuant to section 88(1)(b) of the Act, the register of trade marks be amended to record Liquid Engineering as the owner of the registrations.
34. Although *Edwards v. Liquid Engineering 2003 Pty Ltd* is by no means the first case to decide that a trade mark applicant or registrant was a constructive trustee of the application or registration, or the first case to order substitution of the true owner for that person on the register³, it can be usefully distinguished from the present action in ways common with cases of its kind .
35. Until recently⁴, the Registrar did not have a mandate to decide whether or not a registered trade mark should be cancelled or invalidated, other than under the non-use

³ See, for example, *Figgins Holdings Pty Ltd v the Registrar of Trade Marks and Dr Ing Herbert Funck and Dr Klaus Maertens* [1995] FCA 1455, decided under the *Trade Marks Act 1955*.

⁴ Section 84A, introduced by Part 8 of Schedule 1 of the *Intellectual Property Laws Amendment Act 2006*, proclaimed to take effect on 27 March 2007 and having no effect on this opposition.

provisions of section 92. More general powers of rectification are contained in section 88⁵ but are expressly reserved for “a prescribed court”. By contrast, Part 5, Division 1 of the Act deals with opposition to registration and section 55, in particular, states that:

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.

36. Accordingly, as a delegate of the Registrar, my decision-making powers are limited to registration of the trade mark, with or without conditions, or the refusal to do so. I have, for example, no power to order the substitution of one applicant for another.
37. In the result, Mr McCormack would be asking me to register and accord legal ownership to a party who, *prima facie*, I have already found not to be the owner of the mark for the purposes of section 58. That outcome would not only be inappropriate for the reasons just given, but it would stand in the face of cases like *Edwards v. Liquid Engineering 2003 Pty Ltd* where the Court identified and used a constructive trust as the mechanism to support correction of the register under section 88 by making the beneficial owner the legal owner.
38. Even if my reasoning so far is flawed, there is a question as to the clear identification of the beneficiaries of the constructive trust which Mr McCormack propounds. In *Edwards v. Liquid Engineering 2003 Pty Ltd*, for example, the beneficiary was clear. Here the identification of the potential beneficiaries depends on evidence of the creation, subsistence and constitution of a partnership, evidence which is in many ways troubled. In that regard, whilst the opponents, each and every one of them, bear the onus of establishing their grounds of opposition⁶, I consider that they have made a *prima facie* case under section 58 and so the onus shifts to the applicant to support submissions which mitigate against that primary finding. I do not find that the applicant has discharged that onus.

⁵ Part 8, Division 2 of the Act.

⁶ See *Blount v Registrar of Trade Mark* (1998) 83 FCR 50; *Rejtek v McElroy* (1965) 112 CLR 517 at 521

39. For the sake of completeness, I add that the attempt to create an express trust at the meeting called in 2006 for that sole purpose has fatal shortcomings. The opponents label that meeting a sham. In their submission the CI Partnership was, by that time, dissolved and votes were cast by or on behalf of corporate entities which the evidence shows had already been wound up. That might be so, but what is more fundamental is that there is no evidence before me of any intention on the part of the applicant that the trade mark was lodged on behalf of the CI Partnership. Indeed, the evidence is of a clandestine act by the applicant which points in the opposite direction. The later meeting, legitimate or not, could not pass a resolution which had the effect of retrospectively altering the applicant's intentions. Since it is more likely than not that the application was filed for the applicant's own advantage it follows that the application was intrinsically defective (since the applicant was not the owner of the trade mark) and would have remained defective, even as trust property⁷.
40. In short, there is nothing in the evidence or in the applicant's submissions to make me depart from my finding that for the purposes of section 58 the applicant was not the owner of the trade mark.

Decision and Costs

41. The opposition succeeds since a ground of opposition has been established. I therefore refuse to register the application.
42. I order that the applicant pay the opponents' costs according to the official scale. Despite the multiplicity of opponents, there was one Notice of Opposition and the matter proceeded on evidence common to all opponents. For that reason there is no reason that each opponent should be able to claim costs. On the other hand, the Notice of Opposition originally named thirteen opponents. By the time of the hearing, their number had reduced and Greive Holdings Pty Ltd is shown by the evidence to have already been dissolved. In these unclear circumstances, I direct that the applicant make payment to the nominated trust account of Mr Provan, who has acted for all opponents, in the understanding that it is he who will make proper apportionment as between the interested opponents.

⁷ See *Crazy Ron's Communications Pty Ltd & Others v. Mobileworld Communications Pty Ltd & Others* [2004] 209 ALR 1

Debrett Lyons
Hearing Officer
Trade Marks Hearings
21 January 2009