



## TRADE MARKS ACT 1995

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

Re: Opposition by L.F.P Inc. to registration of trade mark application 959556(35) -  
**HUSTLER** - filed in the name of Hustler Australia Pty Ltd.

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<b>DELEGATE:</b>	Mary Skivington
<b>REPRESENTATION:</b>	<b>Opponent:</b> Spiro Pappas of Chrysiliou Law, Patent and Trade Mark Attorneys. <b>Applicant:</b> Unrepresented and did not appear or make written submissions.
<b>DECISION:</b>	Section 52 opposition – grounds of opposition under sections 58, 60 and 42(b) established – registration refused – costs awarded against the applicant.

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#### **Background**

1. Hustler Australia Pty Ltd, ('the applicant'), filed trade mark application number 959556 to register the trade mark, **HUSTLER**, on 27 June 2003.
2. Acceptance of the application was advertised in the Australian Official Journal of Trade Marks on 6 November 2003 for services in class 35 described as, *Retail, wholesale, sale via the global computer network and mail order sale services, including sale of adult videos, DVDs, adult toys, adult books and magazines.*
3. L.F.P Inc., ('the opponent'), filed notice of opposition on 5 February 2004 listing all the grounds of opposition allowed under the *Trade Marks Act 1995*, ('the Act'). In due course the opponent filed and served evidence in support of the opposition. The applicant did not file evidence in answer and in fact has not taken an active role in these proceedings. On 14 February 2005 the opponent applied to be heard and, as a delegate of the Registrar of Trade Marks, I heard the matter in Sydney, on 15 March 2005.

4. The opponent was represented by Spiro Pappas of Chrysiliou Law, Patent and Trade Mark Attorneys. The applicant was not represented and did not appear or file submissions on its own behalf.

### **The evidence**

5. The evidence in support comprises a statutory declaration with Exhibits 1-2 and Annexures 1-9, sworn by James S Kohls, who declares he is the President of L.F.P Inc., on 10 September 2004.
6. Mr Kohls declares that the trade mark, HUSTLER, was first used in 1974 in respect of an adult entertainment magazine by its founder, Mr Larry Flynt. Mr Kohls declares that the trade mark was registered in Australia on 29 January 1976 in class 16 for an entertainment magazine. HUSTLER magazine has been published and sold in Australia since 1996. Annexure 2 comprises copies of pages from issues of the Australian HUSTLER issued in 1996 and 1997. Annexure 3 comprised copies of pages from international editions of HUSTLER from 1996 to 1998. Mr Kohls declares that in addition to the sale of publications, the mark has been used internationally and in Australia in respect of the sale of playthings for adults, clothing, headwear, prerecorded video tapes, DVDs, adult entertainment and the operation of websites to which there have been a substantial number of visits by Australians. Exhibits 1 and 2 are respectively copies of advertisements that appeared in the Australian editions of HUSTLER magazine of March, April and December 2002 for adult videos and a HUSTLER DVD first offered for sale in Australia in July 2001. Annexure 8 comprises copies of photographs showing the HUSTLER trade mark on t-shirts and headwear. Mr Kohl provides the dollar value for sales in Australia for the opponent's goods for the years 1996 to 2001. These figures are not particularly high.

### **Grounds of opposition**

7. At the hearing Mr Pappas pressed grounds of opposition under sections 42, 43, 44, 58 and 60 of the Act. The remaining grounds were not pressed and in consequence I find they have not been established.

## **Submissions and the law**

### *Section 58*

8. Section 58 of the Act provides that a trade mark application may be opposed on the ground that the applicant is not the owner of the trade mark.
9. In order to establish that the applicant is not the owner of the trade mark the opponent must establish that another person was the first user in Australia, of a trade mark in the course of trade, that was at least substantially identical with the applied for trade mark and that the use was in respect of goods or services that are the same or closely related.

### *Substantial Identity*

10. Gummow J, in *Carnival Cruise Lines Inc. v Sitmar Cruises Limited* 31 IPR 375, said in respect of substantially identical trade marks,

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.

11. In this case the applicant's trade mark HUSTLER is clearly identical with the opponent's registered trade mark and its common law trade mark which is prominently displayed on a range of goods it sells via the Internet.
12. Mr Pappas submitted that the applicant's trade mark is also substantially identical with the trade mark, 'HUSTLER Hollywood.com'. The opponent retails a range of goods through this website including videos, DVDs, apparel and adult toys. Mr Pappas noted that the word HUSTLER is the essential feature of this mark. It appears in upper case and the lettering is larger and darker than the lettering for the word Hollywood in which only the first letter is in upper case. The .com is in lower case and of course is merely a common Internet address designation. He submitted that the tests to determine substantial identity were defined by Windeyer J in *Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 where he said,

In considering whether marks are substantially identical they should, I think, be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison.

13. Mr Pappas said that applying these tests it was obvious that HUSTLER which is clearly differentiated from Hollywood is the essential feature of the trade mark and that this word is identical to the applied for trade mark and thus the marks are substantially identical. Mr Pappas drew my attention to *Microcom Pty Ltd v Microcom Systems Inc* (1998) 41 IPR 163 where MICROCOM and MICROCOM NETWORKING PROTOCOL were found to be substantially identical and *Imax Corporation v Vago Imports Pty Ltd* [2002] ATMO 80 where IMAX and IMAX SPORTS were also found to be substantially identical.
14. The American film industry has ensured that Hollywood is exceedingly widely if not universally recognised as a geographic location and is thus devoid of any trade mark significance. However, while the .com has no trade mark significance it does change the identity of a trade mark from a word to an address. This substantially alters the identity of the trade mark. I find that HUSTLER and HUSTLER Hollywood .com are not substantially identical.

*Use of the trade marks*

15. The priority date of the application is 27 June 2003. The applicant has provided no evidence of use prior to that date. The opponent first used its trade mark in Australia in respect of HUSTLER magazine in 1996. The evidence shows that the magazine was available direct from the Australian publisher by mail order services. Mr Kohls declares that HUSTLER videos and DVDs were available for purchase in Australia from 2001. Annexure 9 comprises pages from the opponent's HUSTLER Hollywood.com website, dated 12 January 2003, showing use of the HUSTLER trade mark in advertisements for sales via the Internet of a range of videos, DVDs, CD-ROMs, adult toys and apparel and leather. These services are the same services in respect of the same goods specified in the subject application. I note that consumers in Australia may purchase goods from the opponent's website.
16. I find that the opponent was the first to use its substantially identical trade mark HUSTLER in respect of the 'same kind of thing' per *Hicks's Trade Mark*, (1897) 22 VLR 636 and that the opponent is therefore the owner of the trade mark. This ground of opposition has been established.

*Subsection 42(b)*

17. Subsection 42(b) of the Act provides that an application for the registration of a trade mark must be rejected if its use would be contrary to law.
18. Mr Pappas submitted that use of the trade mark would be contrary to section 52 of the *Trade Practices Act 1974*, which provides that ‘a corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.’
19. The applicant meets the threshold test of being an incorporated body. I must now decide if use by the applicant of its trade mark *would* be contrary to law. It is not sufficient to establish this ground of opposition to find only that use of the trade mark *could* be contrary to law, per Madgwick J in *Advantage Rent-a-Car Inc v Advantage Car Rental Pty Ltd* [2001] FCA 683. 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 per *Equity Access Pty Limited v Westpac Banking Corporation* (1989) 16 IPR 431. It is not necessary to prove that misleading and deceptive conduct has actually occurred. It is enough if there is a real likelihood of misleading or deceptive conduct. *Shanahan's Australian Law of Trade Marks and Passing Off*, 3rd edition, 2003 at page 598, states:

Misleading conduct does not merely cause confusion; it actually directs a person towards the wrong choice.

20. Mr Pappas submitted that consumers would be misled into a belief that the applicant was in some way connected with the opponent through an association, endorsement or sponsorship. The opponent’s main goods under the HUSTLER trade mark are sexually explicit magazines directed to a particular market. Because of their nature these goods are frequently purchased by non face-to-face means such as mail order and the Internet although they may be purchased in some newsagents and convenience stores. The applicant also proposes to provide sales by the same non face-to-face means. The evidence shows that the opponent’s HUSTLER trade mark is used in respect of goods of a sexual nature which are sold via the opponent’s website. The applicant proposes to sell the same sort of goods by the same means.
21. On the basis of the opponent's evidence and submissions, I am satisfied that potential customers being confronted by the applicant’s HUSTLER trade mark in respect of

*'Retail, wholesale, sale via the global computer network and mail order sale services, including sale of adult videos, DVDs, adult toys, adult books and magazines'* would be likely to be misled into believing that they were connected in the course of trade with the opponent. This ground of opposition has been established.

*Section 43*

22. Section 43 provides that registration must be rejected in respect of particular goods or services if, because of some connotation that the trade mark or a sign contained in the trade mark has, the use of the trade mark is likely to deceive or cause confusion. It has been confirmed in *Winton Shire Council v Lomas* (2002) 56 IPR 72 that this ground is directed to the mark itself, and not to any deception or confusion caused by the reputation in Australia of some other trade mark. The mark itself must connote that the goods or services to which the trade mark is to be applied have a quality or attribute which they do not actually possess per *Re Trade Mark 'Orwoola'*, (1909) 26 RPC 850.
23. The Macquarie online dictionary defines HUSTLER as,
  1. an energetic person, especially someone pursuing an opportunity to make money, who sweeps aside all obstacles in their path.
  2. one who obtains money by questionable methods, especially in gambling.
24. Mr Pappas submitted that in addition to these primary meanings the evidence establishes that the opponent's trade mark is so well known that use by the applicant of its HUSTLER trade mark would falsely connote that the opponent has in some way approved that use or that the services are sponsored, endorsed or in some way connected with the opponent.
25. Cases such as *Twentieth Century Fox Film Corporation v Durkan*, 47 IPR 651 and *Down to Earth (Victoria) Co-operative Society Ltd v Schmidt* (1998) 41 IPR 632, indicate that a connotation that the product is sponsored, endorsed or somehow connected with another individual will arise only where the expression or name in question has achieved a currency in general language or amongst the specialist audience to whom the goods or services will be made available.

26. On the basis of the evidence before me and Mr Pappas' submissions I am not satisfied that HUSTLER enjoys a currency in the general language or indeed even with the customer base for adult goods and services. This ground of opposition has not been established.

*Section 60*

27. In order to satisfy a ground of opposition under the provisions of section 60 of the Act, it must be established that the applied for trade mark is substantially identical with or deceptively similar to another trade mark or trade marks cited by the opponent which have acquired a reputation in Australia before the priority date, to such an extent, that use by the applicant of its trade mark, would be likely to deceive or cause confusion.
28. I have already found that the applicant's HUSTLER trade mark is in fact identical to the opponent's HUSTLER trade mark so that the threshold test for the purposes of section 60 has been met.
29. In support of the opponent's reputation in the HUSTLER trade mark Mr Pappas cited Kenny J in *McCormick & Co v Mary McCormick* (2001) 51 IPR 102 where he quoted with approval a discussion, by Hearing Officer Ian Thompson in *Hugo Boss AG v Jackson International Trading Co Kurt D Bruhl GmbH & Co KG* (1999) 47 IPR 423 of ways in which reputation in a trade mark can be developed. Mr Thompson said,

[I]t is true that the assessment of the reputation of a trade mark goes far beyond mere examination of sales or turnover of goods sold under that trade mark and contemplation of the advertising and promotional figures.

As regards a trade mark, its reputation derives both from the quantum of sales under that mark and also the esteem, or image, projected by that trade mark. The quantum of sales, advertising and promotion contributes to the 'recognition' component of the trade mark's reputation. The credit, image and values projected by a trade mark attaches to the 'esteem' component of the reputation as do the public events and other trader's marks with which [the] owner of the trade marks in question chooses to associate the trade marks via sponsorships, cross-promotions, 'contra deals' and so forth.

It follows that a trade mark used in relation to goods with comparatively low sales may have a high and strong reputation by virtue of the high credit or esteem in which it is held or, conversely, that a trade mark which has very high sales may have a strong reputation notwithstanding the lack of esteem that attaches to it. The particular popular images, or sets of

values, that attach to the trade mark are also, therefore, important parts of the reputation of the trade mark and may be as strong an associative force in the minds of the public as the association of the trade marks with the goods or services themselves.

30. Clearly, an opponent's reputation can accrue in a variety of ways. The evidence shows moderate sales for the opponent's magazines. The evidence also shows that clothing including t-shirts, tank tops, caps, adult toys, videos and DVDs may be purchased in Australia via the Internet. HUSTLER magazine has a restricted classification from the *Office of Film and Literature Classification* so that it comes in a sealed bag and is not prominently displayed at points of sale. The website is a restricted pornographic site which would deter many consumers from entering it. Because of the nature of the goods the opponent's opportunities for advertising and promotion are limited as are the venues where the goods may be displayed. For the same reason the opportunity to sponsor public events and philanthropic activities, all of which would go towards establishing a reputation, is limited. This inevitably works against the development of a reputation of any significance with the public at large. However, on the other hand the film, *The People Versus Larry Flynt*, based upon the founder of HUSTLER, Larry Flynt, has no doubt contributed to the recognition of the trade mark. The magazine has been available for purchase since 1996. Its continuing presence indicates that it has an established readership. For a number of years the opponent has actively promoted its goods and services via its various websites. Within the niche market where goods of this nature are bought and sold I consider that the opponent has achieved a reputation such that consumers would be likely to be deceived or confused if the applicant were to use its trade mark.

#### *Section 44*

31. 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.
32. The opponent relied on trade mark number 293806, registered for an 'entertainment magazine'. This registration has a priority date of 29 January 1976 and is for the trade mark HUSTLER. As the trade mark has an earlier priority date and is identical

to the subject application I need only to determine if magazines and the sale of magazines are closely related.

33. Some help in determining if goods and services are closely related may be found in *Re Aussat Pty Ltd* (1993) 27 IPR 3, where the Registrar's delegate adapted the tests for goods of the same description defined in *John Crowther & Sons (Milnsbridge) Ltd's Appn* (1948) 65 RPC 369. These include whether the services are performed directly upon or by means of the goods, and whether those goods and services are generally regarded by the ordinary consumer as originating in, or being part of, the one industry or trade, or a closely related trade or industry, whether the goods and services are of matching technical complexity and whether the goods and services are commonly offered by the one company or organisation.
34. I do not believe that ordinary consumers would consider that magazines originated with the wholesaler or retailer. The skills required to produce a magazine are of considerable technical complexity and totally unrelated to the less complex skills required of a wholesaler or retailer. A magazine is the end result of contributions by writers, photographers, artists and editors. The services of a wholesaler or retailer are provided subsequent to the production of a magazine. Their connection with the goods is a loose one, merely being the conduit by which the goods pass from the publishing house to the consumer.
35. I find that magazines and the wholesaling and retailing of magazines are not closely related. The ground of opposition under section 44 has not been established.

### **Decision**

36. The opponent has succeeded in establishing its grounds of opposition under sections 58, 60 and subsection 42(b) of the Act. Therefore in accordance with section 55 of the Act, I refuse to register trade mark 959556.

### **Costs**

37. The opponent sought its costs. The general rule in awarding costs is that costs are usually awarded against the unsuccessful party. I see no reason why costs should not follow the general rule. I award costs against the applicant and direct that the

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applicant pay the costs of the opponent in accordance with the Official Scale (Schedule 8 of the *Trade Marks Regulations 1995*).

Mary Skivington  
Hearing Officer  
Trade Marks Hearings  
24 June 2005