

TRADE MARKS ACT 1995

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

Re: Opposition by Balachandran Naidu to application under section 92 of the Trade Marks Act by Baba Products (M) Sdn. Bhd to remove trade mark number 965173(30) - **BABAS** - in the name of Balachandran Naidu

DELEGATE:	Rowena Beal
REPRESENTATION:	Opponent: Tracey Berger of Spruson & Ferguson of Sydney Applicant: Ben Fitzpatrick of Counsel, instructed by Davies Collison Cave of Melbourne.
DECISION:	2009 ATMO 21/09 Section 92(4)(a): opponent established use - removal application dismissed - trade mark to remain on register – costs awarded against applicant

Background

1. Balachandran Naidu ('Mr Naidu') is the registered owner of a trade mark, current details of which appear below:

Trade mark number:	965173
Registered from:	7 August 2003
Goods/services:	Class 30: Preparations for making curry powders, rice, pickles, curry pastes
Trade mark:	BABAS

2. On 12 November 2004 Baba Products (M) Sdn. Bhd. ('Baba Products') filed an application under section 92(4)(a) of the *Trade Marks Act 1995* ('the Act') for removal of the trade mark from the register.
3. On 25 February 2005 the opponent ('Mr Naidu') filed notice of opposition to the removal, rebutting the grounds claimed in the application.
4. Paragraphs 100(1)(a) and (b) of the Act places the burden of rebutting the allegations made under paragraph 92(4)(a) in relation to the goods to which the opposed application is made on the opponent.

5. The matter came before me, as a delegate of the Registrar of Trade Marks, for hearing in Canberra on 5 December 2008. The opponent was represented by Tracey Berger of Spruson and Ferguson Patent and Trade Mark Attorneys of Sydney, and the applicant was represented by Ben Fitzpatrick of Counsel, instructed by Davies Collison Cave Patent and Trade Mark Attorneys of Melbourne.
6. I also note that the parties were before me in relation to another matter between them, specifically, an opposition under section 52 of the Act in relation to the registration of 977307 in the name of Baba Products.

Evidence

7. The following evidence was filed and served:

Evidence in Support

Declaration of Betty Florence Booth, customer, made 10 June 2005.
Declaration of Charles Mohandas, businessman, made 26 August 2005
Declaration of Balachandran Naidu, opponent, made 1 March 2006

Evidence in Answer

Declaration of Pagalavan A/L C. Rangasami with exhibits PAG-1 to PAG-8, director of applicant, made 12 January 2007

Evidence in Reply

Declaration of Ravendran S/O Vellasamy, businessman, made 9 July 2007
Balachandran Naidu with exhibits BN-1 to BN-5, opponent, made 26 July 2007.

8. The first Naidu declaration sets out the history of the use of the trade mark BABAS. Since the early 1980s Mr Naidu had operated a small family run business specializing in the manufacture and of retail Indian, Asian, South African and Sri Lankan food products. Over the course of many years Mr Naidu's business moved from retail services of his curry preparations to wholesale services of these goods and the importation of other goods. He attests to the fact that he expanded the range of goods offered under the trade mark to include goods such as pickles, tapioca chips, black rice flour and snack foods. These goods were sold under the trade mark BABAS.

9. After his business premises were destroyed by fire in 1993 Mr Naidu continued to produce curry powders but now sold them to other wholesalers and retailers rather than retailing them himself. He also wholesaled a range of goods that he imported from other countries, including Malaysia. It was during a visit to that country that Mr Naidu made contact with the owner of the applicant company, Mr Rangasami, and established a business relationship with a verbal agreement to allow the Malaysian products from the early 1990s to be sold in Australia through Mr Naidu. The nature and terms of this business arrangement are contentious between the parties and there is no formal documentation available to clarify matters. Mr Naidu has deposed that he imported the Malaysian products in what he believed was an exclusive arrangement and distributed them to his pre-existing customers for sale. Mr Rangasami has deposed that Mr Naidu became one of a number of distributors for his goods. It is significant that the products of the non use applicant were being marketed in Malaysia under a trade mark containing the words BABA or BABA'S (Rangasami declaration para 13).
10. Mr Naidu declares that from 1993 for a period of eight to ten years he received the Malaysian curry powders from Baba Products and distributed them at wholesale level for others to retail. He also declares that he continued to make and distribute his own curry powders during this time (Naidu 1). In the late 1990s into early 2000s Mr Naidu became aware that Baba Products was distributing its goods through other traders in Australia. Mr Naidu engaged the services of a trade mark attorney to issue letters of demand to these Australian businesses where he asserted his rights in the trade mark. He traveled to Malaysia on five occasions to discuss the agreement with the applicant. Over the course of these meetings between the parties the relationship between them broke down. Baba Products alleges Mr Naidu threatened to register his trade mark unless he was allowed sole distribution in Australia. Mr Naidu has denied that allegation.
11. Mr Naidu then applied for registration of his trade mark BABAS in Australia. Registration was granted, without opposition, from 7 August 2003. Baba Products (M) Sdn.Bhd. then filed their application 977307 on the 6 November 2003 and gained acceptance on the 17 February 2005 under the provisions of paragraph 44(4) of the Act. This application has now been opposed by Mr Naidu and is the subject of another

decision. The non use application was then filed against registration 965173 on 12 November 2004.

12. The parties provided me with detailed written submissions in support of their positions and relied upon them at the hearing.

Evidence

13. As evidence of actual use in the course of trade¹ Mr Naidu has provided a declaration from Betty Florence Booth (a former customer) regarding her recollections of purchasing spice powders under the trade mark BABAS from the mid 1980s. These powders were prepared and sold by Mr Naidu. The second declaration is from a business man Mr Mohandas who specializes in the sale and export of spices, condiments and other food products. He also attests to his knowledge of Mr Naidu making and selling his food products in Australia from the early 1980s based on his recollections of his son working for Mr Naidu for some years. He also claims to have purchased curry powder from Mr Naidu, under the trade mark BABAS, and exported it to Fiji since the early 1990s.
14. Whilst Mr Naidu no longer has examples of labeling from that time, he has submitted receipts from four different Malaysian printers that purport to relate to labels ordered for application to BABAS products. These receipts cover the period 1981 to 2004 and have specified the trade mark in relation to the claimed goods. Baba Products raised some issues with the authenticity of these receipts, particularly the fact that there appeared to be some alteration of some of the receipt numbers on the documents from one company. At the hearing there was also some discussion regarding the fact that the unit price for some of the labels did not appear to have changed despite the fact these particular receipts spanned roughly a period of 10 years.
15. I am of the opinion that, whilst there may be explanations for having altered receipt numbers, the fact that three receipts generated from the same company which span a long period appear unaccountably similar does lessen the weight I am prepared to give to this part of the exhibit. Baba Products also queried aspects of other receipts, however, I am satisfied as to the explanations provided by Mr Naidu's representative

¹ *Imperial Group Ltd v Philip Morris & Co Ltd* (1982) FSR 72 at 73

at the hearing and I see no reason to doubt the validity of these or the other receipts provided as evidence of commercial activity.

16. Also in evidence are photocopies of actual packaging used in relation to 'meat curry powder', 'tapioca chips', 'fish curry powder', 'lime pickle', and 'black glutinous rice flour'. These goods are sold under the trade mark BABAS (followed by the letters 'TM') and carry the trade mark owners address in Australia as well as Mr Naidu's trading name, that is, Ayers Rock Trading. Some of these products appear to be imported from Malaysia and carry English and foreign characters on the packaging. These exhibits are undated but are a clear indication of the trade mark being applied to the relevant goods. Also in evidence are other goods imported by the trade mark owner. These bear other trade marks but the packaging does appear to carry a sticker in which the words Ayers Rock Trading are visible. I should state that the quality of these photocopies is poor and it is not possible to make out other detail on the stickers.
17. It should be noted that some of the packaging provided relates to the use of Baba Products' trade mark as an example of goods other than his own goods, dealt with by Mr Naidu. The Baba Products trade mark is comprised of the word BABA'S, written in English and what are said to be Tamil characters, and a device as indicated below:



18. Mr Naidu has provided numerous copies of receipts ranging in date from April 2002 to December 2004. These are made out to various businesses in Australia. There are two types of letterhead for these receipts, one being Ayers Rock Trading and the other also including the name BABAS AUSTRALIA after the trading name. Most of these receipts list the trade mark specifically in connection with curry powder, rice flour, snack foods, and pickles.

Discussion

19. Section 92(4)(a) sets out the elements to be demonstrated. In making the removal application Baba Products alleges that those elements are satisfied. The onus of answering those allegations falls to the opponent by virtue of section 100. However, should one or more of the allegations be rebutted by the opponent then the opposition must be successful.
20. The notice of opposition to the removal application filed by the opponent on 25 February 2005 stated the grounds of opposition were:
 - a. The applicant was not a person aggrieved,
 - b. That the trade mark application had been made with an intention in good faith to use the mark by the registered proprietor in respect of the goods for which the mark was registered and/or there had been such use, and
 - c. The discretion of the Registrar should be exercised in favour of the registered proprietor.
21. The removal application was made before amendments to the Act removed the requirement for an applicant to be 'a person aggrieved'. It is therefore a threshold question to be decided as to the applicant's standing before the opponent's evidence of actual use need be addressed.
22. The principles to be applied are well established² and, as I am satisfied that the applicant would be appreciably disadvantaged in a legal or practical sense by the opponent's mark remaining on the Register, I consider that Baba Products meets this requirement. The opponent did not contest this finding at the hearing.
23. The ground provided for in section 92(4)(a) is, essentially, a lack of intention in good faith to use the trade mark on the day the application for registration was filed, together with no use at any time before the period of one month ending on the day on which the non use application was filed. In addition, this ground requires that there has been no use in relation to the goods to which the application relates.

² *Unilever Australia Ltd v George Karoumos & Anor* (2001) 52 IPR 361 at 371.

24. The relevant date for consideration is 12 October 2004, being one month prior to the filing date of the non use action. Under section 92(4)(a) there is, in effect, no earliest date³ from when to determine use due to the requirement that the owner has not used the mark 'at any time' up to one month before the lodgement of the non use application.
25. Section 7 defines what constitutes use of the trade mark. An 'authorised use' of a registered trade mark is taken to be a use of the trade mark by the owner. Section 8 defines what constitutes 'authorised use'. The use of a trade mark is an authorised use only to the extent that the user uses the trade mark 'under the control of the owner of the trade mark'. The essential requirement is that there must be a connection in the course of trade with the registered proprietor⁴.
26. Mr Naidu claims to have licensed the use of his mark to Baba Products under a verbal agreement between the two parties in the early 1990s whilst Baba Products have declared that they came to an 'understanding' with Mr Naidu in the late 1990s. I am not satisfied that Mr Naidu's statement that he authorised use of his trade mark to the removal applicant is supported by the evidence. His trade mark was unregistered under the Act at the time of the alleged agreement (in the account of events provided by either party). There is no documentation in evidence that supports the existence of an agreement, nor any circumstance from which I can infer an implied or verbal agreement, nor is there any evidence of any form of control exercised by Mr Naidu on the use of the trade mark.
27. Mr Naidu claims that the Malaysian goods were first sent to his brother, Mr Vellasamy, in Malaysia for 'checking', however, the nature of the brother's role is not adequately explained. Mr Naidu made payment and all orders were dispatched to him via his brother's address, as shown in the receipts. Stickers with Mr Naidu's trading name and Australian trading address were applied by the manufacturer in Malaysia and Mr Naidu arranged for the printing and dispatch of these stickers from Malaysian printers. The application of similar stickers would be required of any importer bringing goods into the country for commercial purposes. Indeed, one receipt includes notes from Mr Naidu complaining that the stickers he had sent were not applied to the

³ *Trade Mark Law in Australia*, Elkington, Hall & Kell (Butterworths 2000), pg 109

⁴ *Pioneer Kabushiki Kaisha v Registrar of Trade Marks* (1977) 137 CLR 670

individual packets and that he was required by the quarantine authorities in Australia to unpack each item and place stickers on them before they could be released. He also noted that an incorrect address was printed on the cartons containing the packets. If Mr Naidu's brother was engaged in a quality control capacity it would seem reasonable to assume that at the very least checking these items in each delivery would be his role. There is no evidence before me, including the Vellasamy declaration, to show that the opponent's brother assessed the goods in any way before they were sent to Australia.

28. Mr Naidu has produced evidence of Baba Products having sent curry related products to Australia and these show either himself or his then business, Seetha Spice, as the addressee for these orders. These documents are dated 1992, 1997 and 1998. This evidence is not contested. Indeed, as Seetha Spice was destroyed by fire in 1993 then any order sent to this business must have been prior to that time. It would appear that the two parties had a commercial arrangement before 1999 when Baba Products claims that they entered into an 'understanding' with Mr Naidu. Paragraph 6 of the Rangasami declaration states '[M]y Company first commenced use of said mark in Australia in 1999'. The submissions made at the hearing by Mr Fitzpatrick for Baba Products state '... the evidence, including the opponent's evidence, establishes that the opposed mark has been extensively and continuously used in Australia since at least 1992'. This appears to indicate that use between 1992 and 1990 inured to an entity other than Baba Products. Such a position does support Mr Naidu's claim of use of the trade mark during that time period.
29. As well as there being no evidence to indicate that Mr Naidu exercised any degree of control over the use of the trade mark by Baba Products, there is no evidence to suggest that Mr Naidu 'selected' the goods from the manufacturer in the sense envisaged by *Shanahan's Australian Law of Trade Marks and Passing Off* (3rd Edition, Thomson Lawbook Company) at 3.75. The goods in the present matter were not made to Mr Naidu's special order or specification but rather that he has simply ordered goods already in existence in one market for importation to a new market. Mr Naidu's trade mark was not applied to the goods in Malaysia so as to indicate that the quality or characteristics of the goods were under his 'aegis'. In fact, the goods arrived in Australia and were distributed bearing the original Baba Products trade

mark as an indicator of their source of trade origin. Stickers applied to the goods simply indicated that ‘Ayers Rock Trading’ and ‘Babas tm Australia’ were the importers and/or distributors.

30. In the absence of a formal agreement between the parties regarding the use of the mark it appears that Baba Products’ claim that the relationship between the two parties, from 1999 to 2003 (when the arrangement broke down), was most likely that of a manufacturer/distributor. Mr Naidu appears to have been labouring under the misunderstanding that his importation and distribution of goods bearing a trade mark incorporating the word BABAS stood for use of his own trade mark. However, in actual fact, given the absence of any evidence of control over the actions of the manufacturer, Mr Naidu has simply invited a conflicting trade mark into a marketplace where, prior to his relationship with Baba Products, his trade mark served to distinguish his own goods. Accordingly, I consider that Baba Products’ use between 1999 and 2003 was not licensed use of Mr Naidu’s trade mark. I am, however, satisfied that Mr Naidu has used his own trade mark in relation to his own goods, and this has resulted in concurrent use of both his own and Baba Products’ mark in Australia since 1999.
31. Under section 92(4)(a) the onus for establishing that there is an intention to use the trade mark at the date of filing rests with the opponent. However, a sworn statement to that effect by the proprietor shifts the onus for establishing that there was a lack of intention to use back to the non use applicant⁵. In this matter Mr Naidu has provided such a statement (Naidu 1).
32. At the date of filing the trade mark application, 7 August 2003, Mr Naidu enjoyed a presumption of an intention to use the trade mark. In Naidu 1, Mr Naidu declares that the filing of his application was to protect his mark BABAS and the goodwill resulting from his use in Australia for over 20 years from the early 1980s and his evidence supports this claim.
33. The opponent stated that, whilst engaged in distributing Baba Product’s goods, he continued to ‘offer for sale and sell my curry powders and other such goods under my BABAS trade mark to wholesalers within Australia’ (Naidu 2). In evidence were

⁵ *Structureco Inc v Starite Distributors Pty Ltd* (2000) 49 IPR 209

copies of digital images of the trade mark applied to the packaging of goods containing curries and flour. It appears that it was Mr Naidu's intention to sell goods bearing his trade mark, including the Baba Products' goods, either alongside his own or in substitution for them.

34. Baba Products alleges that the application for, and use of, the trade mark has not been made in good faith as is a requirement under section 92(4)(a). It is claimed that this is because at the time of filing the application for registration of the BABAS mark, Mr Naidu was distributing the removal applicant's goods in Australia. Baba Products asserts that the opponent filed the application in order to negotiate an exclusive distribution agreement with the removal applicant (Rangasami paragraph 19).
35. In relation to the requirement for a 'use in good faith' for the purpose of the former section 23(1)(b) in the *Trade Marks Act 1955 (Cth)*, in *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326, Gummow J observed that there was authority to the effect that in order to qualify for use in good faith there must be a real or genuine use in a commercial sense, rather than a token use.
36. The judgement in *Edwards v Liquid Engineering 2003 Pty Ltd* [2008] FCA 970 also dealt with the issue of good faith. In that matter Justice Gordon stated; '[G]ood faith for the purposes of section 92(4) requires no more than genuine intent to use a mark for commercial purposes; it does not involve any element of honesty or subjective good intentions'.
37. Mr Rangasami of Baba Products has stated that 'My Company has had significant dealings with the opponent over the course of the last 6-7 years. The opponent was fully aware of my company's rights to the trade mark by virtue of its use of the mark through out Australia through its distribution network when applied to register its mark'. However, at the time of filing the application Mr Naidu had used the trade mark in relation to the goods and he was entitled to file for registration should he so wish, on the basis of having established common law ownership. Baba Products were most likely aware of this fact, having stated that they first used their mark in Australia in 1999 in the face of the evidence that showed a relationship between the parties for many years prior to this time. Mr Naidu has also stated that he informed Baba

Products that he was the trade mark owner in Australia at their first meeting in the early 1990s (Naidu 1 at 14) in Malaysia when arranging the importation.

38. Mr Naidu has stated that it was his intention to use his trade mark. Such a declaration places the onus on Baba Products to demonstrate that he did not have this intention to counter the prima facie evidence of the application. In fact, there has been no evidence that Mr Naidu had ceased the manufacture and distribution of his own curry powders under his own trade mark. In support of his stated intention is the fact he had pre-existing customers and established distribution networks to which he traded similar goods before his relationship with Baba Products. There is no reason to draw the conclusion that his use of his trade mark in relation to the goods would change from the use he had previously engaged in. His actions upon discovering the use of other distributors (retaining attorneys to issue letters of demand, traveling to Malaysia to discuss the distribution issues once they arose) are consistent with Mr Naidu's stated belief that he owned the rights to the trade mark and was determined to enforce those rights. The application for registration was simply a formalization of a right he believed he already had.
39. Baba Products has submitted that Mr Naidu effectively abandoned his trade mark rights when he 'authorised' them to use the trade mark. Mr Naidu has claimed to have continued use of his mark in relation to his goods since the early 1980s. However, even if this were not the case and it could be shown that Mr Naidu's mark had ceased to be used in relation to the goods, this fact alone may not be sufficient. That a mark's use is discontinued does not automatically result in the loss of rights in the trade mark⁶. In *Riv-Oland Marble Co (Vic) Pty Ltd v Settef SpA* 12 IPR 321 at 324 (FC), Bowen CJ observed 'There would have to be some evidence indicating an intention to abandon the trade mark to result in the right to proprietorship being lost'.
40. Mr Naidu's stated belief that he had authorised the use of his mark to Baba Products is not sufficient to be seen as an intention to abandon his own rights in the trade mark without evidence that he did in fact intentionally cease to use his mark on his goods and that the reputation in the mark did not subsist. I note that 14 years without use has previously been held to be abandonment under the previous Act⁷. I also note

⁶ *Rael Marcus v Sabra International Pty Ltd* (1995) 30 IPR 261 FC

⁷ *Cougar Marine Ltd v Roberts* (1993) 27 IPR 530 (Reg)

Shanahan's Australian Law of Trade Marks and Passing Off (3rd Edition, Thomson Lawbook Company) at 3.50 which indicates that an owner must have formed or evinced an intention to abandon in order to cease to be the owner. Mere lack of use is not enough. I am not satisfied that the evidence demonstrates that Mr Naidu abandoned rights in the subject trade mark.

41. Having regard to the evidence, and the submissions of the parties, I am satisfied that Mr Naidu has been using his trade mark, as registered and at the requisite date, so as to indicate his goods in the course of trade. In particular, the supporting declarations by Ms Booth and Mr Mohandas, the packaging exhibits and the tax invoices indicate that Mr Naidu's trade mark was used in a genuine commercial sense, and thus was used 'in good faith'. I am also satisfied that the trade mark has been used with respect to the goods specified in the registration.
42. Having established proof of use in good faith, such proof also rebuts the allegation that the application was not made in good faith⁸. I am also satisfied that the application was made 'in good faith' in that it was Mr Naidu's intention to continue to produce his own curry products or, at least, not to abandon his use of his trade mark in relation to curry products.
43. I find that the opposition has been successful and I therefore dismiss the application to remove the trade mark.

Costs

44. As the removal applicant has been unsuccessful I award costs against Baba Products at the scale outlined in Schedule 8 of the *Trade Marks Regulations 1995*.

Rowena Beal
Hearing Officer
Trade Marks Hearings
19 March 2009

⁸ *Murray v Major League Baseball Properties Inc* (1995) 33 IPR 362