

TRADE MARKS ACT 1995

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

Re: Opposition by Balachandran Naidu to registration of trade mark application 977307(30) - **BABA'S** and device - filed in the name of Baba Products (M) Sdn. Bhd.

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 22/09 Section 52 opposition: Section 58 not established as opponent not the owner of a substantially identical mark; section 60 not made out. Registration allowed to proceed – s55(b). Costs awarded against opponent.

Background

1. Baba Products (M) Sdn. Bhd. ('Baba Products') is the applicant for a trade mark, current details of which appear below:

Trade mark number: 977307

Filed: 6 November 2003

Goods/Services: Class 30: Turmeric powder, fish curry powder, meat curry powder, chilli powder, coriander powder, cumin powder, fennel powder, kurma powder, rasam powder, sambar powder, kesari mix, chilli paste and coriander paste all being spices, muruku flour, kara muruku flour, payasam mix, ghee urundai flour, ketti urundai flour, omapodi flour, dhall flour, athirasam mix, roasted green beans flour, white ulunthu flour, uppuma mix, rava thosai mix, puttu flour, idiyappam flour, ragi flour, rice flour, kas-kas, white pepper powder, black pepper powder, garam masala, biriyani masala, fish curry masala, meat curry masala, kurma curry masala, sambar curry masala, atta flour, garam masala paste, biriyani masala paste, fish curry masala paste, meat curry masala paste, kurma curry masala paste, sambar curry masala paste, chilli paste and coriander paste



Trade mark:

Endorsements: The applicant has advised that the transliteration of the Tamil characters appearing in the trade mark is BABA.

Provisions of subsection 44(4) applied.

2. On the 17 August 2005 Balachandran Naidu ('Mr Naidu') filed a notice of opposition to the trade mark's registration. The grounds nominated under the *Trade Marks Act 1995* ("the Act") were wide ranging.
3. Evidence in support, evidence in answer and evidence in reply were duly served and filed according to the Act and regulations thereto.
4. The matter came to a hearing before me, as a delegate of the Registrar of Trade Marks, in Canberra on 5 December 2008.

Evidence

5. The following evidence was filed and served:

Evidence in Support

Declaration of Deborah Renate Charlotte Jackson, with exhibit DRCJ-1, made 31 August 2005

Declaration of Deborah Renate Charlotte Jackson, with Annexure 'A', made 2 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 07.

Evidence in Reply

Declaration of Ravendran S/O Vellasamy, businessman, made 9 July 07.
Balachandran Naidu with exhibits BN-1 to BN-5, opponent, made 26 July 07.

6. The first Naidu declaration sets out the history of the use of the trade mark BABAS since the early 1980s. Mr Naidu initially sold his curry preparations through his own retail outlet, Seetha Spice, a family business selling grocery items and specializing in Indian, Asian, South African and Sri Lankan food products. Throughout the 80s and 1990s Mr Naidu's business gradually expanded and he increasingly moved from retailing to the wholesale of the goods. In addition, 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.
7. 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 a Malaysian company, Baba Products, Mr Rangasami, and established a business relationship to allow the Malaysian products to be sold in Australia through Mr Naidu.
8. 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 customers for sale. This relationship commenced in the early 1990s. Mr Rangasami has deposed that Mr Naidu became one of a number of distributors for his goods in Australia in 1999. Of significance is the fact that the Malaysian products were being marketed in Malaysia under a trade mark containing the words BABA or BABA'S.
9. Mr Naidu declares that from 1993 for a period of 8 to 10 years he received the Malaysian curry powders from Baba Products, via his brother, and distributed them for others to retail in Australia. He also declares that he continued to make and sell his own curry powders during this time under his trade mark BABAS (Naidu 1).
10. In the late 1990s to 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 Baba Products. Over the course of these meetings between the applicant and the opponent the relationship between them broke down. Mr Naidu then applied for registration of his trade mark, the word BABAS in plain typescript, in Australia. The application was accepted without opposition and registration was granted from the 7 August 2003 under trade mark number 965173. Baba Products (M) Sdn.Bhd. filed their application on the 6 November 2003 and gained acceptance on the 17 February 2005 under the provisions of paragraph 44(4) of the Act.

11. The parties provided me with detailed written submissions in support of their positions and relied upon them at the hearing. I should also note that the parties were before me in relation to another matter between them, specifically, the opposition to a non use matter in relation to registration 965173.

Grounds of Opposition

12. The opponent advised that it was relying on the grounds of opposition pursuant to sections 58 and 60 of the Act.
13. It is an element of the section 60¹ ground of opposition that the mark is ‘substantially identical with or deceptively similar to’ an opponent’s mark. As the issue of substantial identity is also relevant to the section 58 ground I will consider this issue first.

Substantial Identity and Deceptive Similarity

14. In considering whether trade marks are ‘substantially identical’, they are to be compared side by side, the essential features considered and overall impressions of resemblance and similarity taken into account.
15. The test to determine ‘deceptive similarity’ is set out in *Shell v Esso* at 415². Here the comparison is not side by side but between the impressions created in the minds of consumers. The Court added at 416, that:

¹ The unamended form of section 60 applies as the application was filed before 23 October 2006

² *Shell Company (Aust) Ltd v Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407 at 414-415

[The] deceptiveness that is contemplated must result from similarity; but the likelihood of deception must be judged not by degree of similarity alone, but by the effect of that similarity in all the circumstances.

16. I am not satisfied that the applicant's trade mark is substantially identical with the opponent's trade mark. A side by side comparison shows that there are several significant visual differences between the marks, being the device elements that border the applicant's mark and the prominent inclusion of foreign characters. The applicant has advised that these characters are Tamil, the transliteration being BABA. The word elements of both trade marks consist of BABA'S in the case of the applicant and of BABAS as the mark used by the opponent. There is also a prominent but unremarkable device in the mark of Baba Products whereas Mr Naidu's trade mark is a word in plain script. The overall effect of a side by side comparison is such that I am satisfied they should not be considered substantially identical.
17. Concerning the issue of deceptive similarity, I note that the goods of the respective parties are food items that are used in the preparation of Indian style dishes. Whilst such goods are specifically imported for use by the section of the community seeking more 'authentic' flavours these goods may be purchased by anyone looking to make a curry or similar dish. The majority of consumers will purchase these goods when they are purchasing other items from supermarkets or specialist vendors and are unlikely to be particularly careful in their selection. The majority of customers in Australia will not understand the Tamil characters in the mark.
18. Most likely these goods are purchased with the customer self-selecting. This will result in the visual aspects of the mark assuming prominence over the aural aspects. The presence of the Tamil characters are sufficient to leave an impression that the applicant's trade mark has a foreign origin or influence but this is not the case with the opponent's mark.
19. However, the similarity of the distinctive word BABAS/BABA'S in Roman characters in both trade marks will create the expectation that the marks have this feature in common and that goods bearing these marks have emanated from the same trade source. When used on the goods in question there is a real and tangible danger of confusion³. I am satisfied that the trade marks are deceptively similar.

³ *Registrar of Trade Marks v Woolworths* (1999) 93 FCR 365

Section 58

20. Section 58 of the Act provides:

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.

Note; For *applicant* see section 6.

21. In order to establish this ground the opponent must demonstrate that, at the time of filing, the applicant was not the first user of the trade mark in Australia. To achieve this, the opponent must show that the applied for trade mark is substantially identical to the older trade mark and that it is applied to the same kinds of goods⁴.
22. Having decided that the trade marks in question are not substantially identical it is not necessary to consider the other arms of section 58. This ground of opposition is not made out.

Section 60

23. Section 60, as specified prior to the *Trade Marks Amendment Act 2006*, provided that registration may be opposed on the ground of the existence of a substantially identical or deceptively similar trade mark that may confuse or deceive. The other trade mark would need to have a sufficient reputation in Australia that use of the opposed trade mark would be likely to confuse or deceive. As discussed above I have already found that the trade marks in question are deceptively similar. I must now consider the substance and extent of the reputation, as at the priority date, of Mr Naidu's trade mark. The onus for establishing that this reputation will result in the likelihood of deception and confusion if the opposed trade mark is used for the particular goods covered by the specification in the application falls to the opponent.
24. Justice Kenny in *McCormick & Co Inc v McCormick* [2000] FCA 1335 considered the meaning of reputation in relation to section 60 as referring to the recognition by the public generally of the opponent's trade mark. Her Honour noted, in regard to reputation:

⁴ *Re Hicks' Trade Mark* (1897) 22 VLR 636 at 640

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.

In addition, there must be a ‘real risk’⁵ that a ‘substantial number’⁶ of persons would be deceived or confused.

25. Mr Naidu’s evidence discusses the change in his business interests over the years. As stated previously, he started making and retailing his own curry products. From 1993 Mr Naidu began to import curry products from Baba Products and others to Australia and distributed them at wholesale level. It appears that Mr Naidu’s interests were increasingly diverted to the importation and wholesale of goods from a variety of sources. In such circumstances detailed evidence of trade mark use and reputation in relation to the goods claimed, apart from the service, must be available. Without sufficient detail it is not possible to determine which activity of the trader carries the reputation, and therefore, what kind of deception or confusion would be triggered.
26. The opponent has provided sales figures in relation to trading activity under the BABAS trade mark since 2003. Whilst these sales figures are modest in quantum I regard the fact that these goods are marketed as products intended for discerning consumers of curry products through specialized outlets as relevant in the overall consideration. The difficulty with interpreting these figures lies in the fact that Mr Naidu has been both a manufacturer of his own goods, and a distributor for goods from a different trade source, under trade marks that are deceptively similar. He does not appear to have kept separate records for the goods imported from Baba Products and the sale of his own manufactured goods. Nor is there a year to year breakdown to determine whether there has been a growth or contraction in the sale of his own goods whilst he was engaged in his wholesaling/distribution activities. The sales figures may be an indicator of the existence of reputation per se, but the evidence does not establish that the reputation lies with goods originating with Mr Naidu and for which Mr Naidu has control in a manufacturing sense. There is also little evidence pertaining to marketing or the effects of advertising on consumers in relation to his own goods.

⁵ *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 at 608

⁶ *Le Cordon Bleu BV v Cordon Bleu International Ltee* (2001) 50 IPR 1 (FC)

27. In addition, I do not find the supporting declarations of Booth and Mohandas, exhibit to the first Jackson declaration, to be helpful as they simply refer to their recollections of purchasing curry powder under the BABAS trade mark, and that they are not aware of any member of the public requesting curry powder under the BABAS trade mark from businesses other than Mr Naidu. However, as Mr Naidu's business deals in two lines of products sold under deceptively similar trade marks then these statements, whilst they may be true, do not establish in which trade mark the reputation resides.
28. Mr Naidu has argued that he 'authorised' the use of his trade mark in Australia to Baba Products. If this were the case then the sale of Baba Products goods would inure and contribute to the reputation of his trade mark. Section 7 defines that which 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 that which 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 proprietor⁷.
29. I am not satisfied that Mr Naidu's statement that he authorised the 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 both parties accounts). 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. 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 never adequately explained. Mr Vellasamy has declared that he acted as an agent at all times, however, this claim in itself does not support the existence of an agreement. Mr Naidu made payment and all orders were dispatched to him via his brother's address, as shown in the receipts. Stickers with the opponent's 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. This would be required of any importer bringing goods into the country for

⁷ *Pioneer Kabushiki Kaisha v Registrar of Trade Marks* (1977) 137 CLR 670

commercial purposes. Indeed, one receipt includes notes from Mr Naidu complaining that the stickers he had sent were not applied to the 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 were engaged in a quality control capacity it would seem reasonable to assume that at least checking these items in each delivery was part of his role and the matter would have been rectified before the goods left Malaysia.

30. There is no other evidence to indicate any degree of control by Mr Naidu over the use of the trade mark by Baba Products. Nor is there any 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 were not made to Mr Naidu's special order or specification but rather were simply ordered from a range of 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 or distributors in Australia.
31. 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 was one of a manufacturer/distributor to be the most likely. 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 there is no evidence that the use by Baba Products in Australia was 'authorised' use of Mr Naidu's trade mark.

32. Mr Naidu's agent has argued at the hearing that the fact that Baba Products filed its application on 6 November 2003 whilst Mr Naidu's application (number 965173) was accepted but not yet registered was significant. In submissions this was put by the opponent that this constituted an acknowledgment by Baba Products that the rights in the trade mark rested with Mr Naidu and that this consequently invoked some doctrine of estoppel. I note that Baba Products allege that Mr Naidu threatened to seek registration of his trade mark in Australia if he was not granted exclusive rights of distribution. This allegation was refuted by Mr Naidu. It is indeed curious that Baba Products did not oppose Mr Naidu's registration given their allegation and forewarning of his intent. However, there is no requirement that the trade mark application be opposed as there are many reasons why a party may fail to lodge a notice of opposition. Failure to oppose application 965173 cannot be taken to assist the opponent make up a shortfall in evidence in the present matter.
33. On the basis of the opponent's evidence and submissions I am not satisfied that the ground of opposition under section 60 has been made out. The evidence does establish use by the opponent of a trade mark that is deceptively similar to the applicant's trade mark but does not establish a sufficient reputation in Australia for the opponent's trade mark before the priority date in relation to the goods to trigger section 60.

Decision

34. I find that the opposition has failed on both grounds canvassed at the hearing. I have no basis to be satisfied that any of the grounds of opposition raised in the notice of opposition, but not argued by the opponent at the hearing have been made out, and I find each of those grounds has also failed.
35. I note that section 44 was not argued by the opponent at the hearing although it did appear as a general ground of opposition on the notice of opposition. The opponent has not made submissions nor served evidence in relation to this ground, however, evidence in support of the grounds under section 58 and 60 does establish that Mr Naidu's first use in Australia predated that of Baba Products' first use. Accordingly, the application cannot proceed to registration with the endorsement that the provisions of subsection 44(4) have been applied.

36. The circumstances of this matter are that the trade marks of both parties have been used in Australia in relation to similar goods over a substantial number of years. It appears from the evidence that Baba Products has relied on the reputation of the Australian importer who was operating in the same trade prior to its entry into the market. They have reaped the benefit of the goodwill developed by the Australian trade mark owner in that they had the benefit of the Australian owner's efforts for advertising and distribution in the marketplace, and the Australian owner has unintentionally aided and abetted Baba Products to achieve some market share of its own (Rangasami paragraph 12). I would consider that 'special circumstances' apply in this case and that it is appropriate to request that the endorsement currently entered be removed and the following endorsement entered in its place:

The provisions of paragraph 44(3)(b) applied.

37. Subject to agreement by the applicant to the above endorsement the trade mark application may proceed to registration one month from the date of this decision. If the Registrar has been served with a notice of appeal before that time, I direct the disposition of the application be in accordance with the Court's direction or order.

Costs

The applicant has sought its costs and I see no reason why these should not follow the event. I direct that the opponent pay the costs of the applicant in accordance with the Official Scale (Schedule 8 of the *Trade Marks Regulations 1995*).

Rowena Beal
Hearing Officer
Trade Marks Hearings
19 March 2009