

TRADE MARKS ACT 1995

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

Re: Opposition by Herbert Neumann to registration of trade mark application 977941
EL NINO TERIFA & LOGO proceeding in the name of Sons of the Desert SL.

DELEGATE:	Iain Thompson
REPRESENTATION:	Opponent Jurgen Bebbber of Griffith Hack. Applicant Did not appear or provide written submissions
DECISION:	ATMO 14/07 1. section 52 opposition, sections 42 and 58. Copyright, alleged Spanish contractual agreement or understanding, fiduciary duty and ownership. Parol evidence rule applied. Opposition not established on evidence before hearing officer. 2 Costs ordered against opponent.

Background

1. In this matter, Sons of the Desert SL, of Tarifa (Cadiz) in Spain, has applied to register the following trade mark

Reg No: 977941
Priority Date: 11 November 2003 ('the relevant date')
Goods/Services: **Class: 16** Publications and printed matter, adhesives for stationery or household purposes, instructional and teaching material (except apparatus), plastic material for moulding and packaging (not included in other classes), office requisites (except furniture), paper and stationery, cardboard, photographs, printers material, painting brushes, typewriters, artists material
Class: 25 Clothing, footwear, headgear

Trade Mark:



2. I will refer to the scowling recumbent figure in the trade mark as 'the MAN device' and the trade mark as a whole as 'the opposed trade mark'.

3. The words EL NINO appearing in the trade mark are the Spanish language words for ‘the boy’ and the word TARIFA is the name of a town on the southernmost Spanish coast.
4. The application was accepted for possible registration on 30 March 2004 and advertised as such in the *Australian Official Journal of Trade Marks* on 22 April 2004. On 21 July 2004, Herbert Neumann, an Austrian national of Tarifa (Cadiz), filed Notice of Opposition to the registration of the trade mark. The terms of the Notice of Opposition are broad and, at the hearing, the opponent relied on sections 42 and 58 of the *Trade Marks Act 1995* (‘the Act’)
5. Evidence in support, answer, and reply was served and filed by the parties. As a delegate of the Registrar of Trade Marks, I heard the matter at a hearing in Melbourne on 7 March 2007. Mr Jurgen Bebbler of Griffith Hack represented the opponent. The applicant did not appear and was not represented at the hearing. However, the applicant’s attorneys, Watermark, wrote bringing a decision of the New Zealand Assistant Commissioner involving the same parties and an identical trade mark to my attention shortly before the hearing.
6. The opponent, subsequent to the hearing, made written representations that the New Zealand decision is evidence and should be excluded from my considerations as it had not been properly served and filed. I wrote to the parties advising that the New Zealand decision is material which is not only on the public record, but is obviously known to the parties so it would be material that I should consider in making my decision. I allowed the opponent two weeks to prepare and file written submissions for my consideration concerning the New Zealand Assistant Commissioner’s decision.

7. In the end, although the result here is the same as that in the New Zealand proceedings, it is arrived at for quite different reasons and I do not rely on the New Zealand decision. Accordingly, I informed the opponent that I do not require written submissions.

Evidence Summary

8. The following statutory declarations have been served and filed by the parties:
9. The opponent filed the following statutory declarations in support of its opposition:
- Jose Garrido Pastor dated 8 February 2005 with exhibits JGP-1 to JPG-35
 - Herbert Neumann dated 18 February 2005
10. The applicant served and filed the following declaration in answer:
- Brian Morton Hendy dated 21 December 2005 with Exhibit BMH-1
- Exhibit BMH-1 constitutes:
- Statement by Paul David Tortoise.
 - Statement by Manuel-Angel Fernandez Muniz.
- And copies of correspondence
- Copy of correspondence dated 16 May 2005 from the opponent to Mr Galdeano.
 - Copy of correspondence dated 16 May 2005 between Javier Guerra and Andoni Galdeano.
 - Copy of court decision dated 30 March 2005.
 - Declaration by Joseba Andoni Galdeano Del Sel date 21 March 2006 with Exhibit AD-1
11. The opponent served and filed the following declaration as evidence in reply:
- Inigo Elosegui dated 22 March 2006
12. Mr Bebber submitted at the hearing that I should put a low weight on the statements of Mr Tortoise and Mr Muniz as they are not in declaratory form. However, the statements and associated correspondence appear to me to be logical, probative, and relevant to these proceedings. Further, the statements appear to have been sworn before notaries under Spanish law. I note both that the New Zealand Assistant Commissioner appears

to have accepted the statements and correspondence in the form that they are and that regulation 21.15 of the *Trade Mark Regulations 1995* provides:

21.15 Hearings by Registrar

- (1) This regulation applies if the Act or these regulations provide for a person to be heard by the Registrar.
- (2) A request for a hearing by the Registrar must be in an approved form.
- (3) On request, or on his or her own initiative, the Registrar may:
 - (a) fix a time, date and place for the hearing; and
 - (b) give the parties to the hearing at least 10 days' notice in writing of the hearing and of the time, date and place fixed for the hearing.
- (4) A party must, as soon as practicable after being notified of a hearing, inform the Registrar in writing whether the party wants to be heard.
- (5) A party may attend a hearing in person or by such means as the Registrar reasonably allows.
- (6) A party may make representations in writing before or during a hearing.
- (7) A hearing must be conducted with as little formality and technicality, and with as much expedition, as the requirements of the Act and these regulations and a proper consideration of the matters before the Registrar, allow.
- (8) The Registrar is not bound by the rules of evidence but may inform himself or herself on any matter that is before him or her in any way that the Registrar reasonably believes to be appropriate.
- (9) The Registrar may adjourn a hearing by notifying each party to the hearing accordingly.
- (10) Subject to these regulations, the Registrar may give a direction that is reasonably necessary for the conduct of the hearing.

13. Thus, while it is preferable that evidence before the Registrar be in declaratory form, regulation 21.15(8) allows me to consider and put weight on any material if it is reasonably appropriate to do so. There is no suggestion from the opponent that this material is in any way false or that the statements when made did not accurately reflect the beliefs of those making them. Neither has the opponent submitted its own evidence that on balance shows that the statements and documents are otherwise unreliable.

Submissions

14. Mr Bebber pursued grounds under sections 42 and 58 of the Act and, for the sake of completeness, I find that those other grounds mentioned in the Notice of Opposition have not been established.

15. Mr Bebber submitted:

Section 42(b) provides that an application for registration of a trade mark must be rejected if use of the trade mark would be contrary to law.

In the case of *Advantage-Rent-A-Car Inc v Advantage Car Rental Pty Ltd* [2001] FCA 683, Madgwick J held that the Registrar is entitled to, and indeed is required to, have regard to whether use of the relevant trade mark might breach any law.

Section 42 applies to breaches of any law, statutory and non statutory. In fact, section 42(b) has been applied in other contexts, such as the tort of passing off. In this regard, reference is made to *MasterCard International Inc v Etteridge* (Trade Marks Office, 21 October 2002) in which an opposition was successful under section 42(b) on the basis that use of the opposed mark would constitute a passing off.

The approach adopted in the *Advantage* and *MasterCard* decisions is consistent with *Shanahan's Australian Law of Trade Marks and Passing Off* (3rd ed), where it is stated at paragraph 6.125 "It appears any law at all is contemplated, statutory or otherwise".

The clear intention of section 42(b) is that if a person can be prevented by court order from using a mark, then that person should not be able to register the mark.

The Applicant's use of the opposed mark would be contrary to law because such use would:

- breach an agreement between Mr Galdeano and Mr Neumann;
- breach Article 5 of the *Spanish Unfair Competition Act*;
- breach a fiduciary duty Mr Galdeano owed Mr Neumann; and
- breach copyright in the device element in the opposed trade mark ("the MAN Device").

The courts in Australia would have jurisdiction to hear the above matters.

The Agreement

The Opponent relies on an agreement between the director of the Applicant, Mr Galdeano, and the Opponent, Mr Neumann, whereby both parties jointly own and exploit trade marks including the words EL NINO and the MAN Device. It is submitted that the Applicant's use of the opposed trade mark incorporating the MAN Device in Australia would be in breach of that agreement.

Mr Neumann, Mr Galdeano and a Mr Steffan incorporated Lucky Charm Distribuciones Tarifa SL ("Lucky Charm"), which was set up to market apparel bearing trade marks including the words EL NINO and the MAN Device (first Neumann Declaration paragraph 3; also Exhibit JGP-12 of the first Garrido Declaration).

The shareholders of Lucky Charm were also joint owners of the trade marks that were applied to the goods sold by Lucky Charm. It is submitted that an agreement was made whereby the shareholders of Lucky Charm would jointly own and exploit trade marks containing the words EL NINO and the MAN Device. The existence of that agreement is apparent from the actions and subsequent agreements of Mr Galdeano, Mr Neumann and the other shareholders of Lucky Charm. In the below submissions the agreement to jointly own trade marks that include the words EL NINO and the MAN Device will be referred to as "the Agreement". The following actions and agreements evidence the existence of the Agreement:

- The trade marks set out in paragraph 6 of the first Neumann Declaration were jointly owned by the shareholders of Lucky Charm.
- At a time when only Mr Galdeano and Mr Neumann remained as shareholders of Lucky Charm, they entered into an agreement whereby El Secreto Del Mar SL ("ESDM") would be licensed to use the trade marks including the words EL NINO and the MAN Device (Exhibit JGP-10).
- To the extent that the Applicant included in its evidence a letter from ESDM to Mr Galdeano of 16 May 2005 (BMH-1 of the Hendy Declaration) to suggest that it was Mr Galdeano making the decisions and that Mr Galdeano and Mr Neumann did therefore not act jointly, reference is made to the wording of the agreement at JGP-10, which clearly states that some matters relating to the agreement would be dealt with solely by Mr Galdeano.
- Mr Galdeano and Mr Neumann jointly entered into a licensing agreement with ESDM (see JGP-8). It is correct that this particular agreement concerned trade marks including the words EL NINO and the MAN Device only for Spain and the European Union. After all, ESDM was only set up to market the products in that region. However, it is not correct that the agreement that preceded the agreement with ESDM (at JGP-10), which Mr Galdeano appears to be referring to in paragraph 6 of his declaration, had any territorial restrictions. Mr Galdeano states that the preceding agreement was made on 26 August 1997. This must be an error, as the agreement at JGP-10 was made on 6 August 2002 (see also paragraph 12 of the second Neumann Declaration). There is no agreement dated 26 August 1997.
- Mr Galdeano himself admits to an agreement for joint ownership of trade marks incorporating the MAN Device (see paragraph 14 of the Galdeano Declaration).
- However, as indicated above, it is incorrect that the Agreement had a territorial restriction. The Applicant has provided no evidence of

such a restriction. The evidence filed by the Opponent, to which the Applicant refers does not contain any indication of such a restriction.

Discussion

16. The evidence before me, and the opponent's submissions, constitute two diametrically opposing and almost mutually exclusive viewpoints concerning contractual dealings in Spain between the parties, an alleged pre-contractual agreement, undertaking, or understanding whose existence I am asked to infer (and terms I am asked to interpret), and the effects of the principal player's joint ownership of trade marks in Europe and elsewhere. The situation is somewhat unusual in that the contracts revolve around trade marks which are co-owned by shareholders, rather than being owned by the company.
17. The opponent and a Mr Andoni Joseba Galdeano del Sel ("Mr Galdeano"), the sole principal of the applicant are, or were at the relevant date, partners in a company called Lucky Charm Distribuciones Tarifa SL. It is accurate to say that relations between the these gentlemen have now soured to the extent that the applicant, or its principal, brought criminal proceedings in Spain against the opponent concerning the running of the company – resulting in a conclusion against which the opponent avers that he has appealed.
18. The declarant Mr Jose Garrido – I gather that the word 'Pastor' appearing in his name is an honorific – is a member of the Bar of Madrid and he states:

The applicant Sons of the Desert, S.L. (the "Applicant") is a company controlled by Mr Andoni Joseba Gardeano del Sel ("Mr Galdeano"). I have reached this conclusion based on my review of the following documents:

- (a) Certificate of the Mercantile Register of Cadiz, which sets out the names of the partners of the Applicant and their percentage interest in its share capital;
- (b) Certificate of Registration under trade mark 2,235,048 which consists of the name Sons of the Desert, and the owner of which is Mr Galdeano; and

(c) an open letter from the Applicant's attorney which acknowledges that Mr Galdeano is the sole shareholder of the Applicant.

19. The relevant documents are exhibited to Mr Garrido's declaration. I agree that, at the relevant date, Mr Galdeano was the sole shareholder and officer bearer of the applicant.

20. Mr Garrido also exhibits to his declaration:

- Contract dated 7 August 2002 between Mr Guerra on behalf of the company El Secreto Del Mar S.L., Mr Galdeano, Mr Neumann and Mrs Nercellas (a copy of which is attached and marked JGP-7, and an English translation of which is attached and marked JGP-8);
- Contract dated 6 August 2002 between Mr Galdeano and Mr Neumann (a copy of which is attached and marked JGP-9, and an English translation of which is attached and marked JGP-10); Contract dated 25 September 1998 between Mr Herbert Neumann, Mr Steffan and Mr Galdeano (a copy of which is attached and marked JGP-11, and an English translation of which is attached and marked JGP-12);
- Contract for the purchase and sale of corporate shares dated 7 July 2000 between Mr Neumann, Mr Steffan, Mr Galdeano and Mr Pozo (a copy of which is attached and marked JGP-13, and an English translation of which is attached and marked JGP-14);
- Contract for the purchase and sale of corporate shares dated 29 May 2002 between Mr Neumann on his own behalf and on behalf of Mr Galdeano and Mr Pozo (a copy of which is attached and marked JGP-15, and an English translation of which is attached and marked JGP-16);
- Certificate of Registration for Spanish Trade Mark No. 2,140,497 in the name of Mr Galdeano and Mr Neumann (a copy of which is attached and marked JGP-17, and an English translation of which is attached and marked JGP-18);
- Certificate of Registration for Spanish Trade Mark No. 2,190,047 in the name of Mr Galdeano and Mr Neumann (a copy of which is attached and marked JGP-19, and an English translation of which is attached and marked JGP-20);
- Certificate of Registration for Spanish Trade Mark No. 2,190,048 in the name of Mr Galdeano and Mr Neumann (a copy of which is attached and marked JGP-21, and an English translation of which is attached and marked JGP-22);
- Notice of recordation of assignment dated 13 May 2003 for US Registration No. 2,444,089 (a copy of which is attached and marked JGP-23);
- Print-out from the CTM database of Trade Mark Registration No. 1,312,651 which is attached and marked JGP-24;

- Print-out from the CTM database of Trade Mark Registration No. 1,078,260 which is attached and marked JGP-25;
- E-mail correspondence dated 27 February 2004 from Mr Francisco Ramirez and Mr Joaquin R Lopez Bravo to Mr Maria Jesus (a copy of which is attached and marked JGP-26, and an English translation of which is attached and marked JGP-27);
- Certificate of Registration for Spanish Trade Mark No. 2,054,701 in the name of Mr Pozo (a copy of which is attached and marked JGP-28, and an English translation of which is attached and marked JGP-29);
- Contract for the Purchase and Sale of Trademarks dated 29 May 2002 between Mr Pozo, Mr Neumann and Mr Galdeano (a copy of which is attached and marked JGP-30, and an English translation of which is attached and marked JGP-31); and
- Statement executed by Mr Lopez Bravo dated 29 December 2004 (a copy of which is attached and marked JGP-32, and an English translation of which is attached and marked JGP-33)

21. Mr Garrido then goes on to make his own conclusions based on his analysis of the above-mentioned documents. He says:

Based on my review of those documents, it is apparent that under Spanish law the registration and use of the Trade Mark in Australia by the Applicant without the consent of Mr Neumann would be unlawful, in that it would constitute:

- a breach of a contractual obligation of good faith owed by Mr Galdeano to Mr Neumann; and
- an act of unfair competition by obstruction;

because Mr Galdeano and Mr Neumann have tacitly, if not expressly, agreed that the Trade Mark would be owned by them jointly in equal shares.

22. Those conclusions would effectively decide this opposition in favour of the opponent. A major problem for me is that Mr Garrido does not explain the relationship between himself and the opponent – if Mr Garrido is the opponent’s Spanish attorney, (as I gather from the evidence he is) then I am not inclined to put much weight on his conclusions at all. In any proceedings both legal representatives paint their cases in the most favourable light, put the most positive spin on the facts, and appear to be most enthusiastic about their client’s prospects. However, experience shows that the arguments of one of the legal representatives at a hearing must inevitably be (to at least

some extent) unsuccessful. An associated problem is that Mr Garrido seeks to have me import a term or terms into the contract(s) (or infer the existence of a separate agreement) because of his perception that Mr Galdeano and Mr Neumann have tacitly, if not expressly, agreed that the opposed trade mark would be owned by them jointly in equal shares.

23. The contracts referred to above, and in Mr Bebber's submissions, appear on the surface to concern the registration and/or use of the MAN device component of opposed trade mark within Spain and the European Union. There is no mention in any written agreement as to the ownership of registrations of the trade mark in Australia or outside the European Union.
24. However, the opponent states in his declaration:

At all times it was understood and agreed by all participants in the Lucky Charm business, both at the time Lucky Charm was incorporated and subsequently, that the trade marks of the business and in particular the words EL NINO and the seated character featured in the Trade Mark, would be owned jointly by the shareholders in Lucky Charm.

25. In other words, by inference, the opponent himself does not rely on the written contractual terms, which (when considering all of the contracts in evidence) seemingly limit the agreement concerning ownership of the trade mark to the European Union, but he seeks to rely on some prior parol agreement or pre-contractual understanding.
26. Paul David Tortoise, a British citizen of San Roque, Cadiz, stated before a Spanish notary:

That during the month of June 1997, Mr Joseba Andoni Galdeano del Sel contracted the professional services of what was then his [Tortoise's] graphic design and printing company, Rotulos Lineasur (Futura), S.L., of Tax Identification Code number B-11358181, located at the address Calle Almeria, number 4, Campamento, San Roque (Cadiz), postcode 11314, in order to produce a consignment of stickers.

Said commission carried out at that time corresponds to the file created on 29 June 1997, attached on a CD-ROM, representing the graphic design named "El Nino".

27. Mr Manuel-Angel Fernandez Muriz, of Tarifa, stated before a Spanish notary:

During the month of January, 1994, while he was at the design practice owned by Mr Joseba Andoni Galdeano del Sel (located at Calle Trafalgar, 8-3-C, in the town of Tarifa, in the province of Cadiz), for professional reasons said person showed him the sketches and final art work of the graphic design which currently accompanies the trade mark "EL NINO" (the drawing hereto attached as annex number 1). Mr Fernandez Muiliz furthermore confirms that these designs, in addition to the preliminary sketches, were invented and executed in their entirety by Mr Joseba Andoni Galdeano del Sel.

28. Mr Galdeano avers:

In January 1994, I produced sketches and a final drawing of [the MAN device].

The graphic was seen by various persons during January 1994 when I was finalising the design. I refer to the Statement of Mr Manuel Muniz filed as evidence in these proceedings. I recall showing my design to Mr Muniz when he visited my studio in 1994.

From 1994 onwards I, and my Companies as detailed below, have used the graphic as part of various trade marks in Spain and Europe (including the trade mark the subject of this Opposition). When I first began using these trade marks I did not register the trade marks as I was focussed on growing the business rather than the legal aspects of trade mark law.

29. Mr Galdeano goes on to state that various persons other than himself used and registered the trade marks which he had created and that the contract or contracts constituted what is, in effect, a settlement agreement with those persons. Mr understanding is this, it is alleged, is the primary reason that the trade marks were co-owned by the shareholders in the company, rather than being owned by the company itself.

30. Mr Neumann attests:

In the declaration of Joseba Andoni Galdeano Del Sel ("the Galdeano Declaration") Mr Galdeano claims that he produced sketches and the final drawing of a graphic which is contained in the opposed application ("the MAN Device"). Mr Galdeano further claims that his drawing was seen by various persons in January 1994. I note, however, that Mr Galdeano was not able to provide a statutory declaration from any person to confirm this claim.

In paragraph 4 of the Galdeano Declaration, Mr Galdeano refers to a statement purportedly made by Mr Manuel Muniz ("the Muniz Statement") which was filed as Exhibit BMH-1 attached to the declaration of Brian Morton Hendy ("the Hendy Declaration"). The Muniz Statement appears to verify Mr Galdeano's claim. However, it is evident from that statement that Mr Galdeano and Mr Muniz enjoy a close friendship to the extent that Mr Galdeano had suggested to Mr Muniz to join the company Lucky Charm Distribuciones Tarifa SL ("Lucky Charm"), a company of which I too am a Director. In any event, I note that the purported statement of Mr Paul David Tortoise, also attached at Exhibit GMH-1 of the Hendy Declaration, directly contradicts the statement of Mr Galdeano and the Muniz Statement. In particular, I note that Mr Tortoise claims that Mr Galdeano approached the design company, of which Mr Tortoise was an employee (Rotulos Lineasur (Futura) SL), in June 1997 in order to commission the graphic, which is the subject of the device element in Trade Mark Application No. 977941, the MAN Device.

I firmly dispute that Mr Galdeano or Mr Tortoise is the author of the MAN Device.

I dispute Mr Galdeano's statement in paragraph 4 of the Galdeano Declaration that Mr Galdeano and his companies had used the MAN Device as part of various trade marks in Spain and Europe from 1994 onwards. Mr Galdeano has provided no evidence to support this claim. If it had been correct that Mr Galdeano had widely used trade marks containing the MAN Device in Europe, I suggest that it should not have been difficult to provide evidence of such use.

I dispute Mr Galdeano's claim in paragraph 5 of the Galdeano Declaration to the extent that Mr Galdeano claims that other companies and individuals had registered trade marks containing the MAN Device without Mr Galdeano's permission and that Mr Galdeano purchased such trade marks from those companies and individuals on the condition that I would be recorded as co-owner of the trade marks. It is true that Mr Galdeano bought two trade marks, namely from Mr Juan Pow Segura. The trade marks purchased by Mr Galdeano consisted of Spanish Trade Mark Application No. 2054701 (attached at Exhibit JGP-28 of the declaration of Mr Jose Garrido Pastor ("the Garrido Declaration")) and Spanish Trade Mark No. 2178321. I note that both trade marks were abandoned. Neither Mr Pozo nor any other individual or company alleged to have registered and sold trade marks containing the MAN Device to Mr Galdeano made it a condition of the sale of the trade marks that I should be recorded as co-owner.

As indicated in my declaration of 18 February 2005 ("the first Neumann Declaration") I became co-owner of trade marks consisting of and containing the MAN Device following an agreement with Mr Beat Alexander Steffan ("Mr Steffan"), Mr Galdeano and myself to incorporate Lucky Charm. Ownership of the trade marks was dependent on the composition of shareholders in Lucky Charm.

Mr Pozo and Mr Steffan became shareholders in 2000 and 2001. Consequently, Mr Pozo, Mr Steffan, Mr Galdeano and myself became co-owners of the trade marks set out in paragraph 6 of the first Neumann

Declaration. When Mr Pozo and Mr Steffan left Lucky Charm, only Mr Galdeano and myself remained as co-owners of those trade marks.

I dispute the statements made by Mr Galdeano in paragraphs 10, 11, 13 and 14 of the Galdeano Declaration. It is true that my wife and I managed two shops in Spain, which retailed goods bearing trade marks containing the MAN Device. I note that my wife was employed by Lucky Charm for this purpose. Both my wife and I were responsible for the legal and administrative management of Lucky Charm whilst Mr Galdeano was responsible for designing the collections.

One of my responsibilities within Luck Charm was to manage trade mark applications. In this capacity, I had requested an estimate of costs for registering a trade mark in Australia. I directed this query to the attorney that managed the trade mark portfolio for the shareholders of the Lucky Charm business, namely Mr Joaquin R. Lopez Bravo. I received the estimate of costs on 27 February 2004 (see Exhibit JGP-27 of the Garrido Declaration). I assume that it is this correspondence that Mr Galdeano may have sighted which he claims resulted in his belief that I or my wife were in the process of filing an application in Australia. I dispute that this is in fact what Mr Galdeano believed as it was clearly my role to attend to such matters and Mr Galdeano would have noted that the attorney used to make the enquiry was the same attorney that managed the trade marks in the names of Mr Galdeano and myself.

After receiving the estimate of costs from our joint attorney, Mr Lopez Bravo, I suggested to Mr Galdeano around February/ March 2004 that we should expand our intellectual property rights to Australia. At that time, Mr Galdeano vehemently refused to take such steps. He claimed that his refusal was for financial reasons.

Prior to our discussion relating to trade mark applications in Australia, Mr Galdeano himself had filed the trade mark the subject of this opposition in Australia without consulting me. I also note that Mr Galdeano used a different attorney to the attorney usually contacted for intellectual property matters, which I believe suggests that Mr Galdeano was using covert measures to disadvantage me as his business partner.

The dispute between Mr Galdeano and myself resulted from the covert actions of Mr Galdeano as set out in paragraph 10 above. I subsequently requested Mr Galdeano to arrange for the new applications in Australia and New Zealand to be recorded in our joint names, which Mr Galdeano refused. As a result of the breakdown in my relations with Mr Galdeano, I applied to dissolve the company Lucky Charm. Mr Galdeano opposed this application, a move that I believe was made to maintain the status quo relating to the ownership of IP. In order to stall the process of dissolving Lucky Charm, Mr Galdeano brought a criminal action against my wife and myself. The Commercial Court of Cadiz has, in the meantime, handed down its decision declaring the legal dissolution of the company Lucky Charm. Mr Galdeano has appealed that decision.

Mr Galdeano claims in paragraph 6 of the Galdeano Declaration that an agreement between Mr Galdeano and myself related only to trade marks in

Spain and Europe. This is incorrect. Mr Galdeano also refers to Exhibit JGP-10 of the Garrido Declaration indicating that the Exhibit contains a copy of the agreement referred to by Mr Galdeano. This is also incorrect. Exhibit JGP-10 of the Garrido Declaration contains an agreement between Mr Galdeano and myself dated 6 August 2002 that does not make any reference to a territorial restriction to Spain and Europe. In fact, I am not aware of the existence of an agreement between myself and Mr Galdeano that is dated 26 August 1997.

I believe that Mr Galdeano, in applying for Australian Trade Mark Application No. 977941 in the name of his company, Sons of the Desert, S.L. ("Sons of the Desert") breached the written and verbal agreements between Mr Galdeano and myself to exploit the intellectual property consisting of or containing the MAN Device through our company Luck Charm and to ensure that all intellectual property consisting of or containing that MAN Device would be jointly owned by the shareholders of Lucky Charm, which in the later stages of Lucky Charm's existence consisted only of Mr Galdeano and myself. Furthermore, I also believe that Mr Galdeano breached his obligations towards me as co-owner of trade marks containing the MAN Device.

31. What is noticeable about the opponent's evidence is that, while disputing Mr Galdeano's version of how the trade mark came into being, and disparaging the declarants who lend support for Mr Galdeano's account, the opponent offers no substitute viewpoint of either how the trade mark came into being (or who originated it) or how he ended up in partnership with Mr Galdeano. Further, Mr Neumann obviously regards the onus in these proceedings as resting upon the applicant in that it should provide proofs of its entitlements to registration; in this Mr Neumann is mistaken – the onus is on an opponent to show to my satisfaction that the opposed trade mark should not be registered.
32. In the end, however, this is of little impact on the outcome of these proceedings. What is critical is the terms of the written contract(s) involving the parties, for reasons which will become apparent.
33. The central contract is one between Messrs Neumann and Galdeano. The former states that the understanding and agreement of world-wide co-ownership is reflected in clause 5 of a contract dated 6 August 2002 between Mr Galdeano and himself which states:

"all expenses or taxes derived from this contract as well as the renewal or extension of the corresponding trade marks and registrations which are co-owned by Mr Neumann and Mr Galdeano and which are object of the assignment of use to Mr Guerra, will be paid equally by halves".

34. The trade mark registrations in which Mr Neumann swears Mr Galdeano and Mr Neumann were co-owners at the time of making his declaration were:

Country	Number	Mark	Class
Spain	2,178,321	MAN Device & WAYBO SURF WEAR	25
Spain	2,140,407	MAN Device & EL NINO SWEET WEAR	25
Spain	2,190,047	MAN Device	25
Spain	2,100,048	MAN Device & LUCKY CHARM TARIFA	25
USA	2,944,089	Man Device	25
CTM	1,312,651	Man Device	25, 28, 32
CTM	1,078,280	MAN device & LUCKY CHARM TARIFA	25, 28, 32

35. It is not clear to me that the words in the contract ‘renewal or extension’ refers, as the opponent claims, to the extension of the registration of trade marks to other countries. It appears to me that the words ‘renewal or extension’ are intended to be read together to capture the renewals or extensions of registration in the countries where the trade marks had at that time been registered. To this extent the words appear to be a standard phrase used to cover either eventuality. It seems to me to be highly unlikely that a topic as important as the worldwide co-ownership of the trade marks in question would be dealt with in the contract with one word – especially one which is so vague.

36. Moreover, the opponent’s Spanish trade mark attorney whose declaration is said to buttress the opponent’s claims of world wide co-ownership as he had prosecuted ‘most of the registrations’, avers that he has acted for Mr Galdeano and Mr Neumann as co-owners in relation to Spanish registrations 2,140,497, 2,190,047 and 2,190,048. This is not half of the registrations and does not therefore support the claim.

Conclusion

37. In the light of the above considerations, my perusal of the contracts, the sworn declarations of both the parties, and the arguments put to me at the hearing, I conclude that there is no written contractual term, either express or implied, by which the parties agreed that they would jointly own the trade marks throughout the world. Mr Bebber (and Mr Neumann) would rather have me imply a term based on some pre-contractual verbal agreement, contemporaneous understanding, or past negotiation. However, this would add to, or vary, the terms of the written contract(s) and be a breach of the parol evidence rule which was formulated in the following way by Innes J in *Mercantile Bank of Sydney v Taylor* (1891) 12 LR (NSW) 252 at page 262¹ where he said:

“Where a contract is reduced into writing, where the contract appears in the writing to be entire, it is presumed that the writing contains all of the terms of it and evidence will not be admitted of any previous or contemporaneous agreement which would have the effect of adding to or varying the contract.”

38. The contracts in evidence appear to be entire contracts – there is no reference within them to extrinsic material such as parol agreements, nor do they appear to me to be only ‘partly written’ contracts. The contracts appear to be quite certain in their import and it is not submitted by Mr Bebber that they are the result of some mistake or are invalid. It must follow that the opponent’s attempts to convince me to imply some pre-contractual understanding or verbal agreement into the contracts as to joint ownership of the trade marks worldwide must fail.

39. Nor am I willing to imply the separate existence of a prior parol agreement whose terms are so significantly at variance with the written contracts (see also footnote 1 in this regard). I further remark that the opponent, Mr Neumann, must be presumed to be a businessperson who is alert to such matters, and informed by legal advice, who would

¹ See also, for example, Pollock CB in *Knight v. Barber* 16 M. & W., at p. 69, “I think it is a conclusion of law, that where parties are making an agreement by parol, and subsequently reduce it into writing, the

not execute several written contracts which are at such variance with the purported prior
parol agreement or understanding.

40. There is thus no agreement, express or implied, in evidence as to the worldwide ownership of the opposed trade mark or the MAN trade mark.
41. It is in the light of these conclusions that I now turn to the grounds of opposition under sections 42 and 58.

Reasoning

42. Section 42 of the Act provides:

42 Trade mark scandalous or its use contrary to law

An application for the registration of a trade mark must be rejected if:

- (a) the trade mark contains or consists of scandalous matter; or
- (b) its use would be contrary to law.

43. Mr Bebber's submissions here go to an alleged breach of:

- an agreement between Mr Galdeano and Mr Neumann;
- Article 5 of the Spanish Unfair Competition Act;
- a fiduciary duty Mr Galdeano owed Mr Neumann; and
- copyright in the device element in the opposed trade mark ("the MAN Device").

44. The first three of these arguments depend on a finding that there was an agreement between Mr Galdeano and Mr Neumann that the trade marks would be jointly owned worldwide. I have found it has not been established that there was such an agreement, so these arguments cannot succeed and the ground under section 42 cannot be established by these causes.

45. In relation to the copyright issue, Mr Bebber submitted that:

writing constitutes the contract." cited with approval in *Dent -v- Moore* [1919] HCA 11; (1919) 26 CLR 316 by Barton, Isaac and Rich JJ.

- Mr Galdeano claims to be the originator of the MAN Device. In particular, Mr Galdeano claims to have produced sketches of the MAN Device in 1994 (paragraphs 2 – 5 of the Galdeano Declaration). Mr Galdeano draws on a statement allegedly made by Mr Muniz ("the Muniz Statement"), which is one of the documents attached to the Hendy Declaration at BMH-1.
- It is submitted that the Hearing Officer should consider the statement made by Mr Tortoise also attached at BMH-1 ("the Tortoise Statement"). Mr Galdeano and Mr Muniz claim that Mr Galdeano was the originator of the MAN Device. Yet, Mr Tortoise claims that Mr Galdeano approached Mr Tortoise's design company in order to commission the MAN Device. This approach was allegedly made in 1997, 3 years after Mr Galdeano claims to have created and used the MAN Device. The Tortoise Statement therefore contradicts the Galdeano Declaration and the Muniz Statement.
- In any event, Mr Neumann firmly disputes that either Mr Galdeano or Mr Tortoise is the author of the MAN Device (paragraph 3 of the second Neumann Declaration).
- It is submitted that the Applicant cannot establish on the evidence filed in these proceedings that Mr Galdeano or Mr Tortoise is the author of the MAN Device or that he or the Applicant is the owner of the copyright in the MAN Device.
- Rather, the evidence does establish that there was an agreement that the shareholders of Lucky Charm would own and exploit the trade marks containing, inter alia, the MAN Device. It is submitted that an inference may be drawn that the shareholders of Lucky Charm would also own the copyright in the MAN Device. It is submitted that by virtue of that agreement, the shareholders of Lucky Charm, which at the time of filing of the opposed trade mark consisted of Mr Galdeano and Mr Neumann, jointly owned the copyright in the MAN Device.
- Section 36(1) of the *Copyright Act 1968* provides that:

"Subject to this Act, the copyright in a literary, dramatic, musical or artistic work is infringed by a person who, not being the owner of the copyright, and without the licence of the owner of the copyright, does in Australia, or authorizes the doing in Australia of any act comprised in the copyright."
- Section 31(1)(b) of the *Copyright Act 1968* provides that:

"For the purposes of this Act, unless the contrary intention appears, copyright, in relation to a work, is the exclusive right:

 - (b) in the case of an artistic work, to do all or any of the following acts: (i) to reproduce the work in a material form;*
 - (ii) to publish the work;*
 - (iii) to communicate the work to the public"*

- Joint owners of copyright hold their interests as tenants in common. A joint owner may not do an act that is comprised in the copyright without the consent of the other joint owner or owners. In this regard reference is made to *Cescinsky v George Routledge & Sons Ltd* [1916] 2 KB 325 applied in *Seven Network (Operations) Ltd v TCN Chanel Nine Pty Ltd* (2005) 66 IPR 101.
- It is submitted that the Applicant did not and does not have Mr Neumann's consent to reproduce, publish or communicate the MAN Device to the public. Consequently, the Applicant, by using the opposed trade mark at the filing date of that mark, would have infringed the copyright in the MAN Device that was and currently still is jointly owned by Mr Galdeano and Mr Neumann.

46. Mr Tortoise, in his statement which I have reproduced above at paragraph 25, does not claim to have performed any design work for Mr Galdeano – rather, he corroborates the production of some stickers under the MAN trade mark by his design and printing company. I do not see Mr Tortoise's statement as being in any way inconsistent with Mr Galdeano's claim to authorship of the MAN device in 1994 or Mr Muniz's corroboration of this claim.

47. I rather think that the opponent has missed the point entirely. Even if the opponent established that Mr Galdeano is not the owner of the copyright (which the opponent has not), it is necessary in order to initiate an action under the *Copyright Act 1968* for the person (or people) who actually owns (or own) the copyright to be identified and to be able to prove that he/she/it/they own it. Section 115 of the *Copyright Act 1968* provides, inter alia:

115 Actions for infringement

(1) Subject to this Act, the owner of a copyright may bring an action for an infringement of the copyright.

48. Thus, in order to satisfy me that an action for infringement of the copyright would succeed, the opponent must demonstrate who the owner of the copyright is (and their willingness to proceed) in order to get the hypothetical infringement under my

consideration. As I have previously stated, Mr Neumann has disparaged Mr Galdeano's claims to copyright in the MAN device but has not suggested where copyright lies, nor has he put in any material in support of his argument that he might be the co-owner. If co-ownership of the copyright in the MAN device had been assigned to him, he should be able to produce the relevant documentation – similarly, joint creation of the Man trade mark should be as easy for Mr Neumann to show as the receipts of sales under the trade mark that he mistakenly expects from Mr Galdeano. The fact that Mr Neumann has not produced such documentation in evidence does, (in the absence of mention of the ownership of the copyright in the contractual documentation that is in evidence), mark the end of the matter. In the absence of such documentation, the parol evidence rule must again apply.

49. The opponent has not established his ground under section 42 of the Act.

Section 58

50. Section 58 of the Act provides:

58 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.

51. Establishment of this ground of opposition was dependent on the opponent establishing that there was an agreement that he and the applicant or Mr Galdeano would be worldwide co-owners of the trade mark. This the opponent has not done, so the ground cannot be established.

Decision

52. Section 55 of the Act provides:

55 Decision

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.

Note: For *limitations* see section 6.

- 53. No ground of opposition has been established.
- 54. Trade mark application number 977941 may therefore proceed to registration one month from the date of this decision. If the Registrar has been served with notice of appeal before that time, I direct that registration shall not occur until the appeal has been decided or discontinued.

Costs

- 55. The applicant, having been successful in these proceedings, is entitled to its costs which I order at the official scale.

Iain Thompson
Hearing Officer
Trade Marks Hearings
02 April 2007