

## TRADE MARKS ACT 1995

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

Re: Opposition by OSGAIG PTY LIMITED to registration of trade mark application 985151(43) - **TWO CHINESE CHARACTERS AND DEVICE OF GIRL WITH SOUP BOWL** - filed in the name of SHIGEMITSU INDUSTRY CO LIMITED.

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<b>DELEGATE:</b>	<b>Don Nancarrow</b>
<b>REPRESENTATION:</b>	<b>Opponent: Ed Heerey of Counsel instructed by Kliger Partners, Lawyers, Melbourne.</b> <b>Applicant: Ben Fitzpatrick of Counsel instructed by Griffith Hack, Patent and Trade Mark Attorneys, Melbourne.</b>
<b>DECISION:</b>	<b>s.52 opposition – s. 42(b) – ground established, s. 60 – ground not made out. s. 55 – Opposition dismissed. Costs awarded against opponent.</b>

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#### Background

1. On 16 January 2004 Shigemitsu Industry Co., Limited, (the applicant), filed application 985151 in class 43 of the *International Classification of Goods and Services*, (the Nice classification), in respect of the following services:-

“services for providing food and drinks including providing drinks and foods mainly composed of Japanese dishes including "udon" or "soba" noodles, eel dishes, "sushi" dishes, "tempura", cutlet dishes; providing drinks and foods mainly composed of Chinese dishes including Kwangtung dishes, Sichuan dishes, Shanghai dishes, Beijing dishes, Taiwan dishes; providing drinks and foods mainly composed of oriental dishes, including Indian, Thai, Malaysian, Korean, Philippine and Indonesian dishes; providing drinks and foods mainly composed of alcoholic beverages; providing drinks and foods mainly composed of tea, cocoa, soft drinks or fruit beverages”.

2. The trade mark involved is also subject to the endorsement:

“The applicant has advised that the CHINESE characters appearing in the trade mark may be transliterated as AJI and SEN and translated into ENGLISH as TASTE and THOUSAND.”

[2]

3. This transliteration provides the Japanese pronunciation of the two Chinese characters, whereas the Chinese (Cantonese) transliteration of the characters, both parties agreed, is MEI and QIAN.
4. The trade mark which is the subject of this application is as shown below:



5. The applicant is a Japanese entity with a chain of Japanese noodle restaurants across many countries. On the actual restaurant sign in Melbourne's Chinatown the applicant uses four characters. These are Japanese Kanji characters but the first two of these are the same as the two Chinese characters in the above trade mark and have the same meaning.
6. At the time that the applicant opened its restaurant at 130 Bourke Street in Melbourne's Chinatown, Osgaig Pty Limited, (the opponent), was already operating a Japanese noodle business a few doors away at 122 Bourke Street. The opponent decided to take action via the Federal Court, *Osgaig Pty Ltd v Ajisen (Melbourne) Pty Ltd* [2004] FCA 1394, claiming that the applicant was in contravention of ss 52(1), 53(c) and 53(d) of the *Trade Practices Act 1974* (TPA) and, in the alternative, pleaded a case of passing off.
7. Justice Weinberg found that the applicant here (the respondent for the Federal Court action) has engaged in conduct in contravention of ss 52 and 53(c) of the TPA. He ordered that that party, for a period of 12 months, display signs in the restaurant window and also provide information in any advertising of their restaurant which disclaimed any connection with the opponent's business. The applicant complied with that order. The 12 months, now complete, ran from 8 November 2004 to 8 November 2005. Both parties directed me to that judgment and highlighted parts supporting their submissions.
8. This opposition matter came before me, as a delegate of the Registrar, in Melbourne on 15 February 2006. The applicant was represented by Mr. Ben Fitzpatrick of Counsel instructed by Griffith Hack, Patent and Trade Mark Attorneys, of Melbourne,

whilst the opponent was represented by Mr. Ed Heerey of Counsel instructed by Kliger Partners, Lawyers, of Melbourne.

### **The Evidence**

9. The evidence filed and served in the matter is set out in the table below.

<b>Declarant</b>	<b>Date Declared</b>	<b>Exhibits</b>
<i>Evidence in Support</i>		
Judy Sinn	November 2004	“1” to “3”
<i>Evidence in Answer</i>		
Honda Osamu	4 April 2005	“HO-1” & “HO-2”

10. I note that the Sinn declaration is not accurately dated beyond the month in which it was executed but it substantially complies with the Regulations and nothing turns on this oversight.

### **Grounds of Opposition**

11. Although eight grounds of opposition were nominated in the Notice of Opposition only two grounds, those under s. 42(b) and s. 60, were pressed. In relation to the other six grounds I find that opposition has not been made out.

### **Submissions, the Law and Comments**

#### ***(a) Section 42(b)***

12. In relation to this ground, the legislation allows:

#### **Trade mark scandalous or its use contrary to law**

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

- (a) ....
- (b) its use would be contrary to law.

13. Mr. Heerey directed me to the Sinn declaration and, specifically, to the exhibit comprising a copy of the Federal Court decision of Justice Weinberg. Mr. Heerey submitted that the outcome of that judgment clearly meant that, at the date of application (as per *Southern Cross Refrigerating Co. v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 at 594), the use of the trade mark would be contrary to law.

14. I note that the application date for the trade mark here is 16 January 2004. The Court Order of Justice Weinberg was made on 9 November 2004. The injunctive relief granted by his Honour directed the applicant to display two signs (one in Chinese and one in Japanese), disclaiming a link with the opponent, in conjunction with the usual sign in the restaurant that contains, amongst other things, the applicant's trade mark. The disclaimer also had to be shown in any advertising by the applicant in which the two Chinese characters were used. However, the period of time for which Justice Weinberg directed the applicant to do this was from 8 November 2004 to 8 November 2005. Clearly, for this time period the public use of the trade mark by the applicant, *without the disclaimer*, would be contrary to law. After this time period, however, public use of the trade mark by the applicant could occur without any limitation from this judgment. So the question remains – what of public use of the mark before this time period – particularly as at the date the trade mark application was made on 16 January 2004?
15. Mr. Heerey encouraged me to simply consider that Justice Weinberg found that the applicant was in contravention of ss. 52 and 53(c) of the TPA and that this was enough for me to find that the hypothetical use of the mark on 16 January 2004 would be contrary to law. He said that I did not need to consider the nature of the injunctive relief granted by the Court because such was irrelevant for an opposition action under the *Trade Marks Act 1995* (“the Act”).
16. Mr. Fitzpatrick, for the applicant, took an opposite view. He encouraged me to not only consider the findings of the court but also to consider the orders made in the light of those findings, and, in particular, the low level of risk that Justice Weinberg found to be the case that could lead to possible deception or confusion even where the restaurants were just a few doors apart.
17. Some questions present themselves in relation to this issue under s. 42(b). If I must determine the rights of the parties as at the date of application on 16 January 2004 (as per *Southern Cross v Toowoomba Foundry*, supra) what notice can be taken of events post-application, including the later Federal Court action under the TPA? What of the sign that was used at the applicant's restaurant - was this not first put in place after the application date? It seems to me that events that took place after the date can still be relevant to a determination of the rights as at the application date. If I must simply try

to take a snapshot of the situation on 16 January 2004 (without reference to anything at all post application) then even the Court finding of Justice Weinberg would be in doubt for admissibility.

18. In *Advantage Rent-a-Car Inc v Advantage Car Rental Pty Ltd*, 52 IPR 24, Justice Madgwick commented at ¶23:

Issue was taken as to the appropriateness of the registrar determining issues of law outside the area of his or her expertise, namely trade marks. It was submitted by counsel for the registrar that it was not within the competence of the registrar to determine at the stage of opposition proceedings whether a mark would be contrary to law if it involved issues beyond those set out in the Act.

19. At ¶27 and ¶28 in that same case Justice Madgwick left no doubt about the Court's reaction to such issues in the words:

The registrar is far from the first or only administrative officer or entity to be required to make decisions upon a view of legal matters of an undefined scope. ....

I acknowledge the claim made by counsel for the registrar that such an approach requires the registrar to look at questions of law outside his or her expertise and that this can be difficult and may place a large and onerous responsibility on the registrar. .... It should also be noted that what is required is that the registrar form a view as to whether the use of a trade mark would be contrary to law.

20. Clearly, Justice Madgwick places an expectation on the Registrar (and the Registrar's delegates in these matters) to form a view based on a consideration of relevant material, despite any lack of expertise in legislation which may be unfamiliar but is relied on by one of the parties. I believe that this directs me to consider not only the findings of Justice Weinberg in *Osgaig v Ajisen*, supra, but to consider the overall picture including the reasons therefore and the injunctive relief granted. Any or all of these matters may affect a determination of rights of the parties as at 16 January 2004.
21. Justice Weinberg found that the respondent, (the applicant here), by advertising and marketing a Japanese restaurant by reference to or using the two Chinese characters forming part of the present trade mark has engaged in conduct in contravention of ss. 52 and 53(c) of the TPA. Despite this finding, however, that some level of "misleading or deceptive conduct" had occurred (s. 52 of the TPA) and that a "false or

misleading representation” had occurred (s. 53(c) of the TPA) Justice Weinberg did not prevent the applicant from continued use of the trade mark.

22. As Mr. Fitzpatrick submitted, and relevant to this ground of opposition, the question must be asked – can this judgment be interpreted as providing support for the premise that ‘the use of this trade mark is “contrary to law” as per s. 42(b)’ when the owner is allowed to continue to use it following such a Federal Court judgment? Certainly the judgment did not prevent the applicant’s use of the mark, even temporarily, so it would seem to me that I would be adding some greater penalty to find that the mark should be prevented registration entirely on the basis of an adverse finding sourced in Justice Weinberg’s judgment.
23. I note also at ¶10 of the judgment his Honour comments that “The respondent’s restaurant will be the first Ajisen Ramen restaurant in Australia, but others are likely to follow.” It would seem a rather superficial approach to ignore such comments which indicate that his Honour had no intention to prevent the applicant’s use of the mark in the longer term.
24. Mr. Heerey submitted that although the judgment of his Honour is not directly substitutable for the decision that I must make, it effectively determines the hypothetical question of whether use of the mark would be contrary to law as of 16 January 2004.
25. If my reading of the judgment of Justice Weinberg is correct, then a major consideration that he had, was the close proximity of the respective businesses. The question arises here – “would the same difficulty exist (leading to the finding of a contravention of the TPA) if the two restaurants had been in different States, or different suburbs or even in different streets?” (see ¶137 of the judgement). For me then to find that “use of the trade mark would be contrary to law” the conditions prevailing when Justice Weinberg decided that the TPA had been contravened would need, I believe, duplication at the date of application.
26. If the applicant had used its trade mark at 130 Bourke Street as at the date of application, 16 January 2004, would Justice Weinberg have issued the same judgement? I believe so. There is nothing to indicate, to me, that his Honour would have formed any other view. Despite the fact that the applicant did not own the

premises on that date I do not have to consider the actual use that the applicant could have made of the mark – merely the notional, or hypothetical, use that the applicant could have made. Given this background, I would have to agree that use of the mark at 130 Bourke Street, on 16 January 2004, without signage indicating that the applicant had no business relationship with the opponent would be contrary to law.

27. I hasten to add that even although Justice Weinberg clearly took into consideration the close proximity of the two restaurants, he was only prepared to grant injunctive relief via a temporary placement (of 12 months duration) of the signs in the applicant's restaurant. It is also clear that since 8 November 2005 the applicant has been free to use the mark anywhere in Australia – unfettered even by the signs ordered by the Court from 8 November 2004 until that date.
28. In relation to this ground of opposition, however, the opponent has made out a sufficient case. Use of the mark, as at the date of application, would be contrary to law.

***(b) Section 60***

29. Here the law relevantly allows:

**Trade mark similar to trade mark that has acquired a reputation in Australia**

**60.** The registration of a trade mark in respect of particular goods or services may be opposed on the ground that:

- (a) it is substantially identical with, or deceptively similar to, a trade mark that, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, had acquired a reputation in Australia; and
- (b) because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.

Note 1: For *deceptively similar* see section 10.

Note 2: For *priority date* see section 12.

30. The opponent has an onus here to present a substantially identical or deceptively similar trade mark (or trade marks) that has (or have) acquired a reputation in Australia by the date of the present application.
31. Mr. Heerey invited me to find that Justice Weinberg had fully determined the relevant facts of the matter for me. I will set out below, why this is not correct. For the moment, let me agree that (at ¶104,106, 109 and 110 in that judgement) his Honour

was inclined to find that there was a potential “misrepresentation” breach of the TPA because of the combined effect of three sets of factors:

- the potential for confusion of some people, those who spoke and read only Chinese, and who were unaware of the respondent’s (present applicant’s) similar overseas restaurants and
- the fact that most patrons would, on approaching the area for the first time, first encounter the respondent’s (present applicant’s) restaurant
- a group who would simply wonder about the commonality of the two characters in the competing trade marks.

32. He quantified the resulting likelihood of misrepresentation. It will not be great but still significant (at ¶112).

33. The judge’s decision would also lead me to conclude that the opponent has a common law trade mark that is deceptively similar to the applicant’s mark (at ¶113).

34. However, s. 60 requires the opponent to establish that at the priority date there was

- a deceptively similar trade mark
- with a reputation such that
- use of the applicant’s trade mark would lead to deception or confusion.

35. Of those factors, the judgement is suggestive that most have been established. However, the judge was careful to state that the likelihood of confusion, while not great, was partly due to a misrepresentation inseparable from the operation of the two restaurants in close proximity. In other words, the misrepresentation identified in the judgement was driven by the location in which the applicant in the present matter operated its business as much as by any factors that could, for present purposes, be an indication of deception or confusion induced by reputation alone. Accordingly, I must re-visit the facts set out in the judgement and in the evidence and apply the logic of s. 60 itself directly to those facts.

36. The judgement of Justice Weinberg dealt with the reputation of the restaurant and found that this verbal common law mark was linked to that reputation. His Honour found that the reputation in the words “Mei Qian” as the name of the restaurant

resided particularly with those members of the community who were “reliant upon Chinese as their effective means of communication, who spoke little or no English or Japanese, and who have never come across the Ajisen Ramen chain before”.

37. To establish some estimate of how many persons in the overall community would suffer a degree of deception or confusion it would be useful to have an idea of the percentage of typical restaurant patrons who are “reliant upon Chinese as their effective means of communication”.
38. The only evidence provided to me on this question is as follows. Ms. Sinn avers that the opponent’s restaurant has approximately 41,000 different customers annually of which at least 75% are Asian. A small survey (discussed at ¶74 by Justice Weinberg), conducted by patrons who could speak Chinese and who were familiar with the applicant’s overseas restaurants and had recently eaten at the opponent’s restaurant, gave the following sample figures: (1) of 16 patrons 13 spoke English and three spoke in a language other than English, (2) of 58 patrons 36 spoke English and 22 spoke in a language other than English though not necessarily Chinese, (3) of 28 patrons 21 were of non-Asian appearance, three were of Asian appearance who spoke a language other than Chinese and four of Asian appearance but of uncertain background. Also at ¶76 of the Weinberg judgment figures are quoted from the *2001 Census of Population and Housing* for settlers in Melbourne from the Australian Bureau of Statistics. This showed that 587,264 people had been born overseas and spoke a language other than English. Of these immigrants 440,119 (74.94%) spoke English well or very well, 139,893 (23.82%) spoke English not well or not at all and the remainder did not state their ability in the English language.
39. This figure of non-English speakers of a little less than 140,000 must be trimmed of those (1) who, although not speaking English fluently may not speak either Chinese or Japanese either (and would not be confused or deceived by the Chinese characters), (2) who would not travel to the central business district or, if they did, would not eat in a restaurant in Melbourne’s Chinatown, (3) who, although speaking and/or reading only Chinese, would generally attend a restaurant with another person who could read English fluently and would not be reliant on only the Chinese name of the opponent’s restaurant. This list is not intended to be exhaustive, there may be other categories as

well that would reduce the relevant group that could suffer possible deception or confusion.

40. These figures are not totally consistent with each other and make it difficult to clearly ascertain what sort of level of deception or confusion is likely to occur. I must also note that, visually, there are significant differences between the present trade mark (which contains the device of a small girl holding a bowl) and the opponent's common law trade mark, the verbal mark "Mei Qian". Certainly, some patrons even if they did not read English, would be alerted to the clear possibility that the applicant and opponent operated under different trade marks. This aspect is particularly pertinent for advertising in the print media where the prospective patron sees the opponent's entire trade mark rather than merely the verbal abbreviation, "Mei Qian", for it, (as shown in exhibits "JS-10", "JS-11" and "JS-12" to attachment "2" to the Sinn declaration).

41. Justice Weinberg comments at ¶117 and ¶118 in the following terms:

The injunction that was originally sought was couched in terms that would have restrained the respondent from advertising, marketing, or operating a Japanese restaurant at 130 Bourke Street Melbourne, or anywhere else in the greater Melbourne metropolitan area, under or by reference to the names "Mei Qian", or "Ajisen Ramen", or the Chinese characters currently depicted on the sign outside the respondent's restaurant. ....

An injunction framed in such broad terms would obviously be inappropriate.

42. Clearly, his Honour felt that the level of possible confusion or deception was not of such degree to warrant a total prohibition of use of the mark by the present applicant.

43. It is also noteworthy that the group of people who would be most likely to perceive the applicant's mark as being deceptively similar to the opponent's abbreviated name of "Mei Qian" (those reliant on the Chinese language alone for their communication) encompasses the same group for which the opponent's verbal mark has some reputation. An English speaker will not only see the English words in the opponent's sign and be more likely to refer to the opponent's restaurant as ITO, to clearly distinguish the respective restaurants, but will also see the opponent's trade mark reputation as residing in the ITO mark rather than in the words "Mei Qian". Thus, it is generally not an "extra" group of people who might be deceived or confused by the

opponent's reputation in the trade mark – but a sub-group of that group of people who already think of the restaurant as “Mei Qian”.

44. I note that Justice Branson commented, in dealing with a comparison of trade marks under s. 44, in *Registrar of Trade Marks v Woolworths Limited*, 45 IPR 411 at 436-7:

The test to be applied is that proposed by Evershed J in *Re Application by Smith Hayden & Co Ltd* (1946) 63 RPC 97 at 101. That test may be paraphrased for the purposes of this appeal as follows. Assuming use by the proprietor of the cited trade marks in a normal and fair manner for any of the goods or services covered by the registrations of trade marks, is the court satisfied that there is a reasonable likelihood of deception or confusion among a substantial number of persons if the applicant for registration also uses its mark normally and fairly in respect of services covered by the proposed registration.

45. I accept that some low level of deception or confusion may occur here. However, given the overall background I do not believe that use of the applicant's mark would lead a substantial number of persons in the relevant market to be deceived or confused in the face of the reputation in the opponent's verbal trade mark “Mei Qian”.
46. From the foregoing, I find that this ground of opposition has not been established.

### **Decision**

47. I have found that one ground of opposition relied upon has been made out, the ground taken under s. 42(b). In terms of s. 55 of the Act I must decide whether or not to register this trade mark based on the “extent (if any) to which any ground on which the application was opposed has been established”. Accordingly, I find that given the very low level of deception or confusion that would be likely as a result of use of this trade mark by the applicant that the overall opposition fails.
48. Thus, I direct that this 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 that, subject to the outcome of the appeal to the court, this decision will stand.

### **Costs**

49. Both parties requested costs in this matter. The applicant here has been successful and I have no reason before me why costs should not follow the event. Thus, I award costs

against the opponent in accord with the Official scale as set out in schedule 8 of the Regulations to the Act.

Don Nancarrow  
Hearing Officer  
Trade Marks Hearings  
26 May 2006