

# IP Round-up: Recent decisions from the courts

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## ***Mars New Zealand Ltd v Roby Trustees Ltd***

HC Auckland CIV-2011-404-4613, 7 December 2011

This was a successful appeal by Mars against a decision of the Assistant Commissioner of Trade Marks. The respondent, Roby, had applied to register a mark incorporating the words “Optimize Pro Lead The Pack” as a trade mark to be used for dog rolls in class 31. Mars opposed the application as similar to Mars’ device and word marks using the words OPTIMUM and OPTIMATE also in class 31. Mars’ opposition was based on ss 17(1)(a) and (b) and 25(1)(b) and (c) of the Trade Marks Act 2002. The Assistant Commissioner declined to uphold Mars’ opposition and Mars appealed. On appeal, Mars submitted that the Assistant Commissioner was incorrect in concluding that there was no similarity between the Roby and Mars marks, and in concluding that there was no likelihood of deception or confusion. In the High Court, Venning J said that the relevant date was the date on which Roby filed its trade mark application, 16 July 2009. The Judge first considered s 17(1)(a), applying the principles in *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd*,<sup>1</sup> which he said required consideration of:

- (a) the relevant geographical and product market within New Zealand;
- (b) whether there was a substantial awareness or reputation in respect of the registered and unregistered marks of Mars; and
- (c) a comparison of the marks to determine whether a substantial number of persons within the market were likely to be perplexed or have their minds mixed up by the use of Roby’s proposed mark.

The Judge said that the geographical and product market was the market throughout New Zealand for chilled dog roll and dog food products. Roby’s dog rolls were essentially the same product as Mars’ Optimum chilled dog roll product and were similar to Mars’ other Optimum pet food formats for dogs and cats. The Judge also said that the Mars’ device marks and the OPTIMUM word mark were likely to have been well-known in the relevant market in relation to Mars’ products. He said that the real issue under s 17(1)(a) was whether Roby’s use of its proposed “Optimize Pro” device mark would be likely to deceive or cause confusion amongst a substantial number of persons in the relevant market. He noted that the Assistant Commissioner considered it would not cause such deception or confusion primarily because she considered Roby’s proposed mark was visually, aurally and

conceptually dissimilar to Mars’ marks, but the Judge did not agree with this conclusion. The Judge made a detailed comparison of the marks, identifying “Optimize Pro” and “Optimum” as the respective dominant features of the two marks. The overall impression or concept of the marks was the concept of the best or a premium product. So, while on a side by side comparison there were a number of differences in the marks, the main concept was essentially the same. The Judge said that customers of Mars who had previously bought Optimum dog food might well be confused and consider Optimize Pro to be a Mars product, particularly given the nature of the goods,<sup>2</sup> which were self-serve consumer items likely to be found in the same area of the supermarket. The products were directly competitive with each other in the same market. The Judge concluded that the visual, but more significantly, the aural and conceptual similarities between the marks were such that, when taken with the developed brand and consumer awareness of Mars’ marks, it was inevitable that the use of Roby’s proposed mark would deceive or cause confusion to a substantial number of persons in the relevant market. It was argued for Roby that “Optimize” was descriptive and that other traders may wish to use the word to describe their products. The Judge held that “optimize” was not normally descriptive of dog rolls, that it was not used descriptively, and that it was identified with Mars’ products. The Judge concluded that a substantial number of persons in the relevant market were likely to be perplexed or have their minds mixed up by the use of Roby’s proposed mark so that the use of the proposed mark would be likely to deceive or cause confusion.

The Judge then considered s 17(1)(b), concluding that use by Roby of its proposed mark in relation to dog rolls would also constitute misleading and deceptive conduct in breach of the Fair Trading Act 1986, and accordingly would be disentitled to protection under s 17(1)(b). The Judge then considered s 25(1)(b), applying the test in *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands*.<sup>3</sup> The Judge concluded that, for similar reasons to those above, s 25 applied. The goods and marks were the same or similar, and there was a likelihood of deception or confusion.

The Judge then briefly considered s 25(1)(c), saying that while similarity remained an important issue, there was an additional focus, where goods or services were dissimilar, on “connection in the course of trade”. The Judge considered that essential elements of Roby’s proposed mark were similar to Mars’ marks, that the respective goods were the same, and

1. *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 61–62.
2. *Referring to British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch) 290–296.
3. *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* [2011] 3 NZLR 206.

that use of Roby's proposed mark was likely to prejudice the interests of Mars. The Judge did not consider the issue of whether Mars' marks were well-known in New Zealand.

The Judge allowed the appeal, upholding Mars' opposition to Roby's trade mark application.

### **Fonterra Brands (Tip Top Investments) Ltd v Tip Top Restaurant Ltd**

HC Wellington CIV-2011-485-1011, 4 November 2011

This was a successful appeal against a decision of the Assistant Commissioner of Trade Marks. The respondent, Tip Top Restaurant Ltd ("TTR"), had applied to register the word mark TIP TOP as a trade mark. Fonterra opposed registration. The Assistant Commissioner rejected Fonterra's opposition and allowed TTR's registration to proceed.

Fonterra had used the registered trade mark TIP TOP (and variations) in relation to ice cream and other products since 1936, and had invested heavily in advertising the brand. TIP TOP products were sold in a large number of retail outlets throughout New Zealand. The respondent, TTR, operated a restaurant/café/takeaway in Dunedin, and a TIP TOP named store had operated in that location since 1936. TTR had bought the business in 2003, and applied to register the trade mark TIP TOP on 27 June 2007.

The Assistant Commissioner concluded that the proposed TTR marks would not be likely to deceive or cause confusion so that s 17(1)(a) and (b) of the Trade Marks Act 2002 did not apply. She also concluded that s 25(1)(a) and (b) did not apply, because the goods and services covered by the two marks were neither the same nor similar. In relation to s 25(1)(c), the Assistant Commissioner concluded that the respective services were not similar, and that use of TTR's proposed mark would not be taken as indicating a connection in the course of trade with Fonterra.

On appeal, Fonterra argued that the Assistant Commissioner erred in:

- (a) the application of the relevant legal test under s 17 of the Trade Marks Act 2002;
- (b) the application of the relevant legal test under s 25(1)(a) and (b) of the Trade Marks Act 2002; and
- (c) the application of the relevant legal test under s 25(1)(c) of the Trade Marks Act 2002.

The Judge began by considering s 25(1)(a) and (b). TTR had conceded that the marks were the same. The Judge said that this meant the issues under s 25(1)(a) and (b) were the same, being first whether the proposed mark related to similar goods and service to those for which Fonterra's marks were registered and second whether the use of TTR's proposed mark was likely to deceive and confuse.

The Judge considered<sup>4</sup> that the goods and services were similar. The Judge said that TTR's application covered a wide range of services well beyond those currently performed by the company. They included services at a café, snack bar and coffee house, and covered a very broad range of the services providing food, and could involve the provision of ice cream to the public. The Judge said that the proper comparison on which the assessment of similarity was to be made was the

nominated specifications that TTR applied for with respect to its proposed trade mark and the specifications of the existing trade mark. It was not simply the current use of the respective parties but the use to which the proposed and existing trade marks could be put. On this approach he was satisfied that there were sufficient similarities so that the second aspect of s 25(1)(a) and (b) was established. Both marks related to food and included provision of food to the public, and it would be well within the ambit of the specifications nominated by TTR to set up an ice cream parlour. The fact that one party was selling goods and the other services was not in itself a disqualifying factor.<sup>5</sup> The Judge held that there was close connection and, therefore, a similarity between the goods produced by Fonterra under the TIP TOP brand and the services intended to be provided by TTR under the TIP TOP mark if registration was granted. The necessary similarity of goods and services in terms of s 25(1)(a) and (b) was established.

The Judge then considered whether the use of TTR's proposed mark was likely to deceive and confuse. The Judge held that the fair and normal use of TTR's mark was likely to cause confusion, and to deceive a significant percentage of the public, based on his assessment of the normal and fair use of the proposed mark compared with the actual use of FB's mark and the conclusions of a survey undertaken by Fonterra. This finding related to both the ss 17(1)(a) and 25(1)(a) and (b) "tests" of deception and confusion.

The Judge went on to consider s 25(1)(c). He held that, as conceded, the TTR trade mark was identical to one of the trade marks relating to TIP TOP held by Fonterra, that the survey evidence clearly established that the existing mark was well-known in New Zealand, and that the respective goods and services were similar. The issue then was whether the use of TTR's trade mark would be taken as indicating a connection in the course of trade between TTR's services and Fonterra's goods and likely to prejudice the interests of Fonterra. The Judge said that many of the consuming public would assume TTR's TIP TOP café, take-away shop or ice cream parlour belonged to or was being operated by Fonterra, and it was likely that, given the marks were identical and both marks related to food products, the public would assume a connection between the two. This confusion would prejudice Fonterra's interests and could result in a loss of brand integrity for Fonterra. TTR would also unfairly benefit from Fonterra's advertising and brand recognition. The Judge held that it was likely that the public would think there was a connection in trade and that there clearly would be prejudice to Fonterra and its trade mark. Section 25(1)(c) therefore applied.

The Judge said that there was no need to consider s 17(1)(b) in the circumstances.

The next issue was s 26, as s 25 was subject to s 26, the exception for honest concurrent use. The Judge noted that s 17(1)(a) was not subject to s 26, and given that s 17(1)(a) applied, the use of the TIP TOP mark was prohibited by s 17. The Judge nevertheless considered s 26 for the sake of completeness. TTR submitted that, if it was found that s 25

4. *Applying the principles in British Sugar Plc v James Robinson & Sons Ltd* [1996] RPC 281 at 296–297.

5. *Citing Aromas Pty Limited v Aroma Coffee & Tea Company Ltd* (1997) 40 IPR 75 and *Rowntree Plc v Rollbits Pty* (1998) 10 IPR 539.

applied, then TTR wished to invoke s 26(1)(b) honest concurrent use so that the trade mark could be registered. The Judge said that the issue here of honest concurrent use involved an assessment of the following factors:<sup>6</sup>

- (a) the extent of the use of both the existing and proposed mark;
- (b) the extent of confusion, if any, between the work;
- (c) the honesty of use of the proposed mark; and
- (d) public convenience if the mark was registered.

The Judge said that the Fonterra mark was well-known and widely used throughout New Zealand whereas TTR's mark was likely to be well-known in Dunedin in relation to the restaurant, but not known more widely. As found, the potential for confusion and deception was widespread. In relation to the honesty of the use, the Judge said that the current use of the TIP TOP brand for the restaurant in the Octagon in Dunedin was long standing, and there was no reason to think the current and past use of TIP TOP by the restaurant given its historic connection and the continuity of its use was anything other than honest. However, TTR's plans to expand the TTR brand TIP TOP beyond Dunedin's borders together with the possible extension of businesses with the name TIP TOP did bring into question the motives for the expansion using the TIP TOP name, and raised the question whether this was an opportunistic application designed by TTR to trade on the existing TIP TOP trade mark and thereby advantage itself. In relation to public convenience, the Judge said that the potential for confusion or deception of the public meant public inconvenience was significant. The Judge concluded that no challenge to the honesty of the use of the proposed mark could be made with respect to the Dunedin restaurant business, but that there was a legitimate challenge to the honesty of the proposed use of the mark in the sense that the proposed expansion could be seen as an opportunistic action to try and trade on a very well-known trade mark. The Judge was satisfied of honest concurrent use with regard to a restaurant/café business in and around central Dunedin but not otherwise. He said that he would have been prepared to order registration of the trade mark subject to that trade mark being used only with respect to a restaurant, café or similar business operated in the central Dunedin business district and not otherwise. However, since s 17(1)(a) applied, s 26 had no application. The Judge allowed the appeal.

### **Adidas AG v Forrester Hilton**

HC Auckland CIV-2011-404-2751, 9 September 2011

This was an oral judgment in an application by the plaintiffs, collectively "Adidas", seeking summary judgment for trade mark infringement.

The defendant, Mr Hilton, was alleged to have imported products infringing the "Adidas" and "Reebok" marks. In September 2010, two Determination Notices were issued by Customs New Zealand in respect of "Reebok" marks. Mr Hilton was the importer, and the imports resulted in successful proceedings brought by Adidas against Mr Hilton.

In April and May 2011 Customs New Zealand issued further Determination Notices to Mr Hilton and four other named individuals in respect of "Adidas" and "Reebok"

branded clothing. Adidas submitted that these importations were effected by or on behalf of Mr Hilton. The Judge held that the evidence supported this contention. He also held that the products infringed.

Adidas sought orders for the destruction of the goods and an injunction preventing Mr Hilton and any of his associates from infringing their trade marks in future by importing counterfeit goods into New Zealand. The Judge issued a declaration under s 153(1) of the Trade Marks Act 2002 that the goods were goods on which an infringing sign was used, other than for private or domestic use. He ordered that the goods be forfeited to the Crown and destroyed, under s 154(1)(c), and he issued an injunction.

### **AA Insurance Ltd v AMI Insurance Ltd**

HC Wellington CIV-2010-485-2427, 2 November 2011

In this case AMI Insurance sought registration of a series of 15 trade marks, known as "my marks". These marks comprised, for the most part, purely descriptive words preceded by "my". Examples were MY INSURANCE, MY CAR INSURANCE, MY HOUSE INSURANCE, MY CONTENTS INSURANCE, MY LIFESTYLE INSURANCE, and so on. AMI applied for registration of the marks on 19 January 2007, in Class 36. A great number of "my marks" had been registered in New Zealand, but their registrability had not been tested. The appellants, AA Insurance, IAG, Vero and Tower, were all competing insurance companies. They appealed a decision of the Assistant Commissioner of Trade Marks rejecting their opposition to registration of the marks and rejecting AA and Tower's application for a declaration of invalidity in respect of a series of marks already registered, the MY MULTI QUOTE series. The grounds of opposition and invalidity were generally those contained in s 18(1)(b)-(d) of the Trade Marks Act 2002.

The Assistant Commissioner held under s 18(1)(a) that the inclusion of MY in each of the marks made the mark as a whole capable of distinguishing AMI's services, because none of the marks was generic. In relation to s 18(1)(c), the Assistant Commissioner also rejected the opposition, and held that the average consumer would be towards the very observant and circumspect end of the spectrum, and that the relevant services could be distinguished from fast-moving consumer goods. The Assistant Commissioner held that the average consumer would perceive the use of "MY" as awkward and unusual, that the average consumer was likely to be receptive to the possibility that MY was distinctive because of exposure to other "my marks" such as MY SKY, that while MY INSURANCE was wholly descriptive when used by a consumer who had acquired the product, it was not descriptive when used by a trader, and a consumer's acquisition of a product was not a descriptive characteristic for the product. In relation to s 18(1)(b) and (d), the Assistant Commissioner held that "MY" added a distinctive element to otherwise generic phrases, that other traders were not likely to want to use the same or similar marks in good faith because they were not descriptive and use of "MY" only made sense when used by a consumer not a trader. The Assistant Commissioner therefore dismissed the grounds of opposition and invalidity under s 18.

6. Citing *VB Distributors v Matsushita Electrical Industrial Co Ltd* (1999) 9 TCLR 349.

In the High Court, the Judge said that this was a general appeal by way of rehearing, and that he must arrive at his own assessment on the merits.<sup>7</sup>

The Judge considered distinctiveness under s 18(1)(b), noting that in this case the inquiries under s 18(1)(a) (capable of distinguishing test) and 18(1)(b) (distinctiveness test) were essentially the same because there was no question of acquired distinctiveness. The Judge referred to the test in *W & G du Cros Ltd*<sup>8</sup> and the *Cycling IS* case<sup>9</sup> as summarised in the *IPONZ Practice Guidelines*.<sup>10</sup> The Judge reviewed the arguments. The appellants argued that MY INSURANCE and its variations had no distinctive character, and AMI argued that the addition of MY added a distinctive element so that the marks, taken as a whole, were not merely descriptive or generic and were registrable.

The Judge held that the marks were not distinctive. He said that MY did not make distinctive what would otherwise be a descriptive or generic mark. It could not, of itself, denote origin without something more, for two reasons. First, AMI's competitors were likely, in the ordinary course of business and without any improper motive, to want to use my-oriented phrases in connection with their own products. In this regard, the Judge considered the evidence from the appellants that several of the marks were used by them and other insurance providers in their marketing and contractual material, and that several of the marks were used by consumers when communicating with the appellants. The Judge was concerned about an inappropriately chilling effect on the appellants' marketing and promotional strategies if the marks were registered. The Judge also identified more important areas of conflict, in that insurers regularly promoted their products and services through the use of people standing in the shoes of the consumer, in which case they would want to use the first person possessive adjective. The Judge noted that the insurance industry was particularly prone to these difficulties because it routinely used plain English descriptions of its products — "car insurance" for example. The Judge said that it was not an answer to argue that MY could be used both descriptively and distinctively.

The Judge's second reason for finding the marks were not distinctive was that the authorities suggested that using a possessive adjective to qualify a purely descriptive noun would not be sufficiently distinctive.<sup>11</sup> Here, the Judge referred to a number of cases and noted that in the New Zealand context careful account must be taken of the way language is actually used in marketing.<sup>12</sup> The Judge said that, as a matter of first principle, doing nothing more than transposing the consumer's purely descriptive voice into the mouth of the insurer could not be catchy, striking, unusual or a skilful allusion. He did not agree that this technique was unusual or

awkward, and said that traders had always set out to communicate with consumers in the consumers' own voice. They all wished to capture the consumers' voice in order to have them declare that the trader's product is "my choice". He said it was not the possessive adjective that carried the true meaning of the mark in the MY marks, it was the noun that followed, and if that noun was directly descriptive, MY would not change that fact. The Judge noted that most of the existing MY marks referred to in argument did not use generic product names — MY SKY was an example. The Judge also referred to the *UK Manual of Trade Mark Practice*<sup>13</sup> which said that "MY" plus the name of personalised goods or services was likely to be unacceptable. The Judge also held that the addition of laudatory or other descriptive terms in certain of the marks did not save them. He said that ADVANCED, STANDARD, PREMIER and similar each aptly described the kind or quality of the insurance product and were terms that other insurers would legitimately want to use in combination with their otherwise generic product names. The marks therefore failed the tests in s 18(1)(a) and (b).

The Judge then considered the MY freeB, and MY MULTI QUOTE series for which a declaration of invalidity was sought. He said that on the reasoning above there was a serious argument that the MY freeB and MY MULTI QUOTE series were distinctive. However, the Judge had only limited material on those issues and was not in a position to properly resolve them. He said that the appeal would also be allowed in respect of those marks but those matters would need to be reheard by the Assistant Commissioner in light of the reasons here. The Judge also briefly considered s 18(1)(c) and (d), saying that they were subsets of the overall requirement of distinctiveness. Since he had already concluded that all but two of the AMI marks were purely descriptive and entirely generic, in at least one sense, it was sufficient to formally conclude that as a result of his analysis in relation to s 18(1)(a) and (b), all AMI marks except MY freeB and MY MULTI QUOTE also failed the s 18(1)(c) and (d) tests.

The appeal was allowed, except that the applications for declarations of invalidity in respect of the MY MULTI QUOTE series and the opposition to registration of the MY freeB series, should be reheard by the Assistant Commissioner in light of these reasons. Registration of the remaining marks was refused, but AMI could pursue, if it wished, registration of the marks in relation to non-insurance services before the Assistant Commissioner.

7. Trade Marks Act 2002, s 170, and *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141 at [5] and [16].
8. *Registrar of Trade Marks v W & G du Cros Ltd* [1913] AC 624 (HL) at 634–635.
9. "Cycling IS ..." *Trade Mark Applications* [2002] RPC 37.
10. Citing Intellectual Property Office of New Zealand, *IPONZ Trade Marks Act 2002 Practice Guidelines* (online ed) "05 Absolute grounds distinctiveness" at [3.2.3].
11. Including *Mainland Products Ltd v Bonlac Foods (NZ) Ltd* [1998] 3 NZLR 341 (CA), *McCain Foods (Aust) Pty Ltd v Conagra Inc* [2002] 3 NZLR 40 (CA), and *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch).
12. Citing *McCain Foods (Aust) Pty Ltd v Conagra Inc* [2002] 3 NZLR 40 (CA) at [49].
13. Citing *Intellectual Property Office Manual of Trade Marks Practice* (online ed) "The Examination Guide: Addendum" at "MY and MY FIRST marks".