

**IN THE HIGH COURT OF NEW ZEALAND
WELLINGTON REGISTRY**

**CIV 2014-485-11266
[2015] NZHC 818**

UNDER the Trade Marks Act 2002

IN THE MATTER of an appeal from a decision to permit cross-examination under section 160(1) of that Act

BETWEEN NEW ZEALAND INSTITUTE OF CHARTERED ACCOUNTANTS
Appellant

AND THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS
Respondent

Hearing: 23 February 2015

Counsel: H A Cull QC and A James for Appellant
D L Marriott and E J Szentivanyi for Respondent

Judgment: 23 April 2015

JUDGMENT OF BROWN J

[1] The Chartered Institute of Management Accountants (the respondent), sometimes referred to as CIMA, filed trade mark application number 850761 on 11 October 2011 for the word mark THE CHARTERED INSTITUTE OF MANAGEMENT ACCOUNTANTS. That application is opposed by the New Zealand Institute of Chartered Accountants (the appellant) on several grounds including that use of the trade mark by the respondent in relation to its goods and services would constitute improper use of terms implying membership of the appellant under s 17(1)(b) of the Trade Marks Act 2002 (the Act) and would be contrary to s 14 of the New Zealand Institute of Chartered Accountants Act 1996.

[2] The present appeal concerns a challenge to the decision of the Assistant Commissioner of Trade Marks allowing the respondent's application under s 160(2)(b) to permit cross-examination of Mr R B Moon, the general counsel for the appellant. In substantial part the intended cross-examination concerns the issue whether a written agreement (colloquially referred to as the strategic alliance agreement) was executed by the respondent and the appellant in 2006.

The strategic alliance agreement

[3] Reference to the agreement was first made in the statutory declaration of Ms M Heasman dated 4 December 2012 which annexed an unexecuted and undated copy. Ms Heasman explained that, although she had not been personally involved in the development or execution of the agreement, she understood that it was signed in September 2006 by Mr K Wedlock of NZICA and Ms M Wijeyeratne of CIMA NZ.

[4] Mr Moon responded to Ms Heasman's evidence in his second statutory declaration of 20 December 2012 stating:

9. Paragraph 14 and exhibit MH-6 of the [Heasman] Declaration attached an undated and unsigned agreement between the Institute and CIMA. Prior to receiving a copy of the [Heasman] Declaration I was not aware of the existence of such an agreement and, in my role with the Institute since 2009, I have never had this Agreement brought to my attention.

[5] The general tenor of the document is reflected in recitals D to F in the background section of the document:

- D. The NZICA and CIMA agree that through engaging in co-operative processes involving communication and the exchange of information, the parties may combine skills and formulate activities, developments and applications in Management Accounting, and enhance and add value to each other's intellectual property in areas of academic, technical and commercial expertise.
- E. The parties wish to enter into this exclusive agreement to establish a framework for future interaction in relation to Management Accountancy, which may lead to the establishment of specific joint activities including franchising, syndication, research, consultancies, joint educational activities including qualification, promotion, exchange of personnel and equipment (such as software or manuals) and other relevant arrangements.

- F. A co-ordinating committee will be established to manage and supervise activities carried out pursuant to this agreement.

[6] Under the heading “Nature of Relationship”, the agreement provided that each of the parties agreed that it would make its best endeavours to ensure that the objectives of the Strategic Alliance were achieved. There was provision for the establishment of a Co-ordinating Committee to convene by meeting at least every four months. The agreement was to be for five years commencing on the Commencement Date (which was not defined) but with certain rights of termination within that period.

[7] The final provision in the document stated:

10. GENERAL

- 10.1 This Agreement will not constitute, create, give effect to or otherwise imply a joint venture, partnership or formal business entity of any kind unless separately negotiated and agreed.

[8] The parties’ perception of the significance of an executed strategic alliance agreement differs markedly. The respondent considers that it goes to the very heart of the issues to be determined at the substantive hearing, being evidence that both parties anticipated that they would carry on business in New Zealand in a concurrent and co-operative manner. The appellant submits that the unexecuted copy is silent on the issue of the use of the parties’ respective trade marks and consequently it cannot assist in the determination of the issues in the substantive trade mark proceeding.

Procedural steps prior to the decision under appeal

[9] The respondent made an application for a direction under reg 31 of the Trade Mark Regulations 2003 requiring the production by the appellant of a signed copy of the strategic alliance agreement. That application was supported by a second statutory declaration of Ms Heasman which annexed copies of publications in 2006 referring to the fact of an agreement between the two entities. That application was granted by the Intellectual Property Office of New Zealand (the Office) which

required the appellant to produce the agreement in a format complying with s 160(1) of the Act.

[10] A statutory declaration of Mr Moon (his third) was then filed in which he stated that he had not been able to locate the agreement and he described the steps which he had taken to locate the agreement so as to comply with the order for production.

[11] The respondent then filed a further application seeking a direction to produce documents relating to the steps which Mr Moon had taken in his attempt to locate the agreement. That application was resisted by the appellant on the grounds that the agreement was only peripheral to the substantive issue in the proceeding and that the further requested documents were not relevant to the proceeding. The Office refused to issue the further direction.

[12] The respondent then filed a request for a direction permitting Mr Moon to be cross-examined. Lengthy correspondence ensued between the parties and the Office which culminated in the Office refusing the request for cross-examination. The respondent then requested a hearing on the decision not to order cross-examination which took place on 26 June 2014.

The decision under appeal

[13] In her judgment dated 3 September 2014 the Assistant Commissioner first recited the procedural history outlined above, noted the practice adopted by the Office to requests for cross-examination and carefully considered several authorities in New Zealand and England on the issue.

[14] Her summary of the relevant principles was contained at para 75 which I set out in full given that it is the subject of the first ground of appeal:

75. In *Alliance & Leicester plc's Application* [2002] RPC 29, Ferris J stated "*I do not think that it is possible to give an exhaustive statement of the circumstances in which cross-examination should be allowed.* I agree with that observation. However, having reviewed relevant authorities, and having considered the approaches adopted by the Office and the parties to this proceeding, I consider it helpful

to outline the following principles, which in my view are relevant to an exercise of the Commissioner's discretion to permit cross-examination under section 160(2)(b) of the Act:

- 75.1 The overarching principle is whether allowing cross-examination will materially assist the Commissioner in reaching a substantive decision.
- 75.2 There is no right to cross-examine.
- 75.3 The matters for cross-examination must be relevant to the issues in question in the substantive proceeding. The greater relevance the matters for cross-examination have to the substantive issues, the more likely it is that cross-examination will be permitted. Where the matters for cross-examination are unimportant, cross-examination is likely to be refused.
- 75.4 In most cases, cross-examination will only be warranted where:
 - there is a genuine concern as to the credibility of a witness or the veracity of written evidence, which can only be resolved by cross-examination; or
 - there is a contradiction between the written evidence submitted, which can only be resolved by cross-examination; or
 - the evidence in question is solely within the knowledge of the declarant (remembering that the evidence in issue must be relevant to the substantive matter).
- 75.5 The advantages of cross-examination discussed above (including a full and fair hearing) must be weighed against the disadvantages outlined above (delay, cost, and inconvenience to the witness). If the likely benefits of cross-examination are disproportionate to the cost, hearing time, and availability of the witness, cross-examination is likely to be refused. The decision on cross-examination should also take into account the extent to which costs orders can appropriately ameliorate the disadvantages of cross-examination in the case at hand, particularly if cross-examination turns out to be a waste of time.
- 75.6 The earlier the possibility of cross-examination is raised, the more likely it is to be allowed.

[15] The Assistant Commissioner then noted the exchanges between the Office and the respondent on the Office's requests for sufficiently detailed reasons for cross-examination stating:

84. I consider the Office was correct to require the applicant to set out the areas for cross-examination. These do not need to be detailed (categories will probably suffice in most cases) and the applicant certainly does not need to provide the questions for cross-examination. I consider it will be possible in most cases for the applicant to strike an effective balance between the level of detail provided (so as to give sufficient reasons supporting the application for cross-examination) as against the concern that to do so would allow the declarant to prepare and rehearse his or her *viva voce* evidence.

[16] The Assistant Commissioner then proceeded to consider in detail the four reasons which had been advanced for the cross-examination of Mr Moon, namely:

- (a) Reason 1: production of signed strategic alliance agreement;
- (b) Reason 2: unsubstantiated factual assertions;
- (c) Reason 3: contradictions and factual assertions;
- (d) Reason 4: factual assertions outside the scope of the witness's expertise.

[17] Applying the principles which she had discussed, including weighing the advantages of the cross-examination of Mr Moon against the disadvantages, she found in favour of the respondent "by a narrow margin".¹

108. Overall, and on balance, I consider that the decision maker will be materially assisted in reaching a just substantive decision if cross-examination of Mr Moon is permitted. In particular, I consider:

108.1 The matters for cross-examination, described by the applicant as Reason 1 and Reason 2 (as set out above) are relevant to at least some of the important issues in the substantive proceeding.

108.2 Mr Moon's evidence regarding the steps he took to locate a signed copy of the strategic alliance agreement, and his understanding of whether such an agreement exists is evidence solely within his knowledge.

¹ At para 113.

108.3 The applicant has shown (narrowly) that it has a genuine concern as to the credibility of Mr Moon, which cannot be resolved other than by cross-examination.

Grounds of appeal

[18] The notice of appeal dated 30 September 2014 specified the following three categories of grounds of appeal:

- 2.1 The Assistant Commissioner erred in law in determining (at paragraph [75]) the appropriate test for whether cross-examination should be permitted in proceedings opposing an application for a trade mark under the Trade Marks Act 2002.
- 2.2 The Assistant Commissioner erred in fact and in law, by permitting cross-examination of Mr Moon in respect of all matters described as Reason 1 and Reason 2, [detailed grounds (a) to (l) were provided].
- 2.3 The Assistant Commissioner has erred in law, by permitting cross-examination, in the absence of ‘good’ or ‘compelling reasons’ to so permit; where there were no contradictions going to the heart of the matter; and where cross-examination in trade-mark proceedings should be permitted rarely.

[19] There is a difference between the parties as to the approach to be followed by this Court in determining the appeal. It is the appellant’s position that the right of appeal conferred by s 170 of the Act is a general right of appeal and hence, applying the approach in *Austin, Nichols & Co Inc v Stichting Lodestar*, the Court has the responsibility of arriving at its own assessment of the merits of the case.²

[20] By contrast the respondent maintains that a decision under s 160(2)(b) permitting cross-examination is a discretionary decision to which the *Austin Nichols* approach does not apply.³ It contends that it is necessary for the appellant to persuade the Court that the Assistant Commissioner erred in the manner recognised in *May v May*, namely that she had acted on a wrong principle, taken into account irrelevant matters or omitted to factor in relevant matters or made a decision that was plainly wrong.⁴

² *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141 at [5].

³ Citing *Blackstone v Blackstone* [2008] NZCA 312, (2008) 19 PRNZ 40.

⁴ *May v May* (1982) 1 NZFLR 165 (CA) at 169–170.

[21] Both for the purposes of resolving that difference and with reference to the determination of the first ground of appeal, I consider that it is useful to review particular features of the history of the trade mark legislation.

Aspects of the legislative history

Evidence and cross-examination

[22] Prior to 1953 grants of patents and trade marks were governed by the Patents, Designs, and Trade-Marks Act 1921-22. Section 129(1) and (2) made provision for evidence before the Registrar of Patents Designs and Trade-marks as follows:

129. (1.) Subject to regulations under this Act, in any proceeding under this Act before the Registrar the evidence shall be given by statutory declaration in the absence of directions to the contrary; but in any case in which the Registrar thinks it right so to do he may take evidence *viva voce* in lieu of or in addition to evidence by declaration, or allow any declarant to be cross-examined on his declaration. Any such statutory declaration may, in the case of appeal, be used before the Court in lieu of evidence by affidavit, and if so used shall have all the incidents and consequences of evidence by affidavit. Every such statutory declaration shall be exempt from stamp duty.

(2.) In any proceeding under this Act before the Registrar he may administer oaths to any witness, and may in the prescribed manner require the attendance of any witness and discovery and production of documents.

[23] With minor changes that provision was reproduced in s 68 of the Trade Marks Act 1953⁵ which provided in material part:

68. Mode of giving evidence—(1) Subject to regulations under this Act, in any proceeding under this Act before the Commissioner the evidence shall be given by affidavit or statutory declaration in the absence of directions to the contrary; but in any case in which the Commissioner thinks it right so to do he may take evidence *viva voce* instead of or in addition to evidence by affidavit or declaration, or allow any deponent or declarant to be cross-examined on his affidavit or declaration. Any such statutory declaration may, in the case of appeal, be used before the Court instead of evidence by affidavit and if so used shall have all the incidents and consequences of evidence by affidavit.

(2) In any proceeding under this Act the Commissioner he may administer oaths to any witness, and may in the prescribed manner require the attendance of any witness and discovery and production of documents.

⁵ Trade Marks Act 1938 (UK), s 55 was essentially the same as s 68.

[24] Although the general tenor of s 96 of the Patents Act 1953 was similar, the formula of s 96 was taken from s 83 of the Patents Act 1949 (UK). I set out s 96 given that it was the provision considered in *Beecham Group Ltd v Bristol-Myers Company*⁶ and *Beecham Group Ltd v Bristol-Myers Company (No 2)*:⁷

96. Evidence before Commissioner—(1) Subject to regulations made under this Act, the evidence to be given in any proceedings before the Commissioner under this Act may be given by affidavit or statutory declaration; but the Commissioner may if he thinks fit in any particular case take oral evidence instead of or in addition to such evidence as aforesaid, and may allow any witness to be cross-examined on his affidavit or declaration. Any such statutory declaration may, in the event of an appeal under this Act, be used before the Court instead of evidence by affidavit, and when so used shall have all the incidents and consequences of evidence by affidavit.

(2) In any proceedings under this Act before the Commissioner, he may administer oaths to any witness, and may in the prescribed manner require the attendance of any witness and discovery and production of documents.

[25] Points of difference in s 96 from former s 129(1) included:

- (a) “shall” was replaced by “may”;
- (b) the phrase “in the absence of directions to the contrary” was omitted;
- (c) the phrase “if he thinks fit in any particular case” was added instead of the phrase “in any case in which the Registrar thinks it right so to do”.

[26] Section 160 of the Act is essentially similar to former s 68 of the Trade Marks Act 1953. Points of difference include:

- (a) “shall” was replaced by “must”;
- (b) the phrase “in any case in which the Commissioner thinks it right so to do” was omitted.

⁶ *Beecham Group Ltd v Bristol-Myers Company* [1979] 2 NZLR 625 (SC).

⁷ *Beecham Group Ltd v Bristol-Myers Company (No 2)* [1979] 2 NZLR 629 (SC).

Provision for appeals

[27] The 1921-22 Act made provision in the individual sections for rights of appeal against the relevant decision of the Registrar. There was then a general provision in s 140 providing for the procedure for bringing an appeal and the Court's powers on an appeal:

140. (1.) Every appeal given by this Act against a decision of the Registrar shall be by way of motion, of which notice shall be filed in the Court and served upon the Registrar within twenty-eight days after the day on which the decision appealed against was given.

(2.) In any such appeal the Court shall have and may exercise the same discretionary powers as are conferred upon the Registrar.

[28] The same legislative technique of specifying particular rights of appeal was adopted in both the Trade Marks Act 1953⁸ and the Patents Act 1953.⁹ Indeed it was the specific right of appeal under s 27(6) of the Trade Marks Act 1953 which was the subject of the Supreme Court's decision in *Austin Nichols*.

[29] In *Beecham Group* it was argued that the Patents Act 1953 provided no general right of appeal and that such a right existed only under sections which specifically provided for it.¹⁰ Hence it was said that there was no right of appeal from the Assistant Commissioner's decision under s 96(1) refusing to allow cross-examination. In rejecting that contention Wild CJ ruled that where the Commissioner made a decision in opposition proceedings, albeit in the exercise of his discretionary powers under s 96(1), that decision was properly regarded as one made under s 21 (the substantive section dealing with opposition) and not under the procedural s 96.

[30] The 2002 Act makes provision for all appeals against the Commissioner's decisions in a single section, s 170, incorporating the notion of an "aggrieved" person¹¹ as the requirement for access to the appeal regime. The range of options open to the Court on appeal is detailed in s 173.

⁸ Section 66.

⁹ Section 97.

¹⁰ *Beecham Group Ltd v Bristol-Myers Company*, above n 6.

¹¹ Formerly found in s 75(1) of the Trade Marks Act 1953.

Beecham Group (No 2)

[31] In Beecham Group's appeal against the Assistant Commissioner's refusal to allow cross-examination Davison CJ considered that three fundamental principles were to be taken into account:¹²

- (a) the nature of the inquiry to be made by the Assistant Commissioner in considering the grant of a patent;
- (b) the discretionary nature of the Assistant Commissioner's power under s 96(1);
- (c) the fact that there was no right of cross-examination by the parties: it was there for the benefit of the Commissioner, citing observations of Lord Diplock in *General Electric Company's Application*.¹³

[32] With reference to the large number of instances of cross-examination cited in argument Davison CJ said:¹⁴

I do not find them of any real assistance in coming to a conclusion in this case because the decision given to either allow or to disallow cross-examination will depend on the Commissioner's view as to whether or not he is likely to be assisted by such cross-examination in arriving at his decision whether to grant the patent or not, bearing in mind that his function at this stage is that of screening applications for patents to intercept a patent which would be clearly invalid on one or more of the grounds specified in the Act and to ensure that only patents prima facie valid are on the register.

Is a decision to permit cross-examination under s 160(2)(b) the exercise of a discretion?

[33] Although a decision to register a trade mark under the 1953 Act was not of the "screening" nature applicable to patent applications, the generally accepted view of trade mark practitioners was that a decision to allow cross-examination was nevertheless discretionary. The high threshold and the somewhat divergent views of the English Court of Appeal as to the approach under the Trade Marks Act 1938

¹² *Beecham Group Ltd v Bristol-Myers (No 2)*, above n 7.

¹³ *General Electric Company's Application* [1964] RPC 413 (HL) at 452.

¹⁴ At 636.

(UK) are conveniently captured in the decision of Mr J M Myall in *PERMO Trade*

Mark:¹⁵

... and the question here is: what is the normal Office practice? As I have indicated by reading out section 55, it is beyond dispute that the tribunal within the Office *may*, in particular cases, take evidence viva voce. In my limited experience this does not happen very often, but I am certainly mindful that the possibility is there. Indeed, I have known it to be agreed at a main hearing that there should be cross-examination, without there being any prior argument of the nature which I have considered today.

...

... in my view the questions in this case are quite fundamental to whether use is going to be established or not and I am inclined to think that cross-examination would be positively helpful to the tribunal in coming to a just decision. Argument was addressed to me as to whether previous declarations of the courts should be taken as binding in a decision in this case on its own facts. In particular I was referred to *Kidax Ltd.'s Applications* [1959] R.P.C. 167. In the judgment of the Court of Appeal, Lord Evershed, M.R. said (at page 175 line 24):

“... the Registrar will normally deal with these matters on this paper evidence and that a party seeking to supplement such paper evidence – either by cross-examining a deponent or otherwise – has a substantial onus of proof to discharge. As a matter of administrative necessity, if for no other reason, it would no doubt be impossible for the Registrar to do other than deal with these cases as best he can, by and large, on this written material”.

...

I was also referred to a further case taken by the Court of Appeal, that being *J Sainsbury Ltd's Application* [1981] F.S.R. 406. This was a case involving a patent opposition where the case had initially been heard by the superintending examiner and before him cross-examination had not been sought. Lawton LJ., in his decision, which was agreed by his brethren, commenting on the fact that there had not been cross-examination before the superintending examiner, referred to the submissions of Mr. Price, and he commented “they (that is the party involved) did not do so (that is apply for cross-examination before the superintending examiner) and the only reason Mr Price gave for not doing so is that in general it is not the practice of practitioners at the Patent Bar to apply to cross-examine deponents before the superintending examiner. In my judgment if that be the practice it is one which is a bad practice because if there is good reason for wanting to cross-examine a deponent then the proper time to do so is before the superintending examiner and not on appeal to the Patents Court”. Mr. Watson urged most strongly that I be not swayed by this last expression of the Court of Appeal, in that it was squarely addressed to patents matters which were of a different order to those coming before this tribunal concerning trade marks. With respect, I find that difficult to accept because Lawton LJ.'s remarks seem to me to embody a general principle which I

¹⁵ *PERMO Trade Mark* [1985] RPC 597 (TMR).

would have thought was as relevant to trade mark proceedings as to patents. Furthermore, section 55 of the Trade Marks Act 1938 specifically provides for evidence viva voce which does extend to cross-examination. The speech of Lord Evershed M.R. in the *Kidax* case, whether the above extracts I quoted were obiter or not, also seems to point to the exercise of discretion by this tribunal, on its appreciation of the facts, taking into account whether an applicant for cross-examination has in fact discharged the onus upon him.

[34] The English position changed with the advent of the Trade Mark Rules 2000,¹⁶ r 55 providing in material part:

55. (1) Where under these Rules evidence may be admitted by the registrar in any proceedings before her, it shall be by the filing of a statutory declaration or affidavit.

(2) The registrar may in any particular case take oral evidence in lieu of or in addition to such evidence and shall, unless she otherwise directs, allow any witness to be cross-examined on his statutory declaration, affidavit or oral evidence.

The notable change was the direction to allow cross-examination unless the registrar otherwise directed.

[35] That rule was considered and the several authorities carefully reviewed by Ferris J in *Alliance & Leicester Plc's Trade Mark Application*,¹⁷ the judgment referred to by the Assistant Commissioner at para 75 of the decision under appeal.¹⁸ Observing that r 55(2) was the governing rule which he said clearly gave the registrar a discretion in the matter, Ferris J sought to frame the "right test":

Having found that Mr Parker applied the wrong test I must consider what is the right one. I do not think it is possible to give an exhaustive statement of the circumstances in which cross-examination ought to be allowed. It seems to me that the words of Lord Evershed in *Kidax* provide the best guide, that is to say:

"It is only consistent with the general principles upon which we administer justice here that if a party desires to test the evidence which appears by affidavit or statutory declaration, then prima facie and within reason he should be allowed to do so."

¹⁶ Made pursuant to the Trade Marks Act 1994 (UK), s 69.

¹⁷ *Alliance & Leicester Plc's Trade Mark Application* [2002] RPC 29.

¹⁸ At [14] above.

Lord Evershed's ensuing words indicate that he envisaged the qualification "within reason" as enabling the court to avoid doing something which would be "gravely oppressive". One can also envisage cases in which it might be said that there is nothing to test, because the evidence in question manifestly gets nowhere. But I do not think it necessary to show that there is a direct conflict of evidence on a particular point. It would suffice if a declarant says something which would be relevant if true but which the opposite party is not prepared to accept without probing of the kind which is appropriately undertaken in cross-examination. Nor do I consider it a sufficient answer to say that, in the absence of such probing, the tribunal will still be able to make up its mind.

[36] Two other features of that judgment may be noted. First, whereas the Court of Appeal in *Kidax* had accepted that cross-examination within the Registry would be fairly uncommon but an order for cross-examination would be freely made on appeal, Ferris J took a different view saying that if there is to be cross-examination in trade mark proceedings then it is desirable that that should take place in the Registry and not be raised on appeal after there had been a decision on the substantive issues in the case. Secondly, the Judge went on to say:

... submissions based upon the fact that cross-examination in the Registry is rare and, for administrative reasons, ought to be avoided unless it is really necessary, carry no real weight. The real question, in the Registry as well as on appeal, is whether there ought to be cross-examination at all.

[37] The question which I am required to answer is whether the largely similar New Zealand provision in s 160(2) confers a discretion on the Commissioner. I do not consider that the fact that all appeal rights are now collected in a single section of the Act is informative on the point. There is no definition of "a decision of the Commissioner" and the phrase can include both decisions on substantive issues and mere procedural rulings. While decisions of the Commissioner on substantive matters (such as on oppositions to registration the subject of *Austin Nichols*) will plainly be subject to general rights of appeal, it does not follow from the fact of a generic appeal provision that merely procedural decisions should be treated differently than previously and prior to the determination in *Austin Nichols*.

[38] There are several factors which lead me to the conclusion that the Commissioner's powers under s 160 should be viewed as discretionary.

[39] First, I consider that a decision to allow or refuse cross-examination is appropriately viewed as a part of a tribunal's case management function in relation to which appellate courts have traditionally exercised restraint. As the Court of Appeal observed in *Knauf Insulation Ltd v Tasman Insulation New Zealand Ltd*:¹⁹

[10] Third, both interlocutory judgments relate to matters of case management which are appropriately resolved by the trial court and nothing raised before us suggests the Judge has adopted the wrong approach. Appellate courts should be, and traditionally have been, reluctant to interfere with an interlocutory decision unless it is such as to effectively resolve the case or has such a substantial impact on the trial that it would be unfair to require the appellant to wait until after the trial to pursue it. That is not the case here.

[40] Similarly, in *Ashmore v Corporation of Lloyd's* which was cited by the Court of Appeal in *Knauf*, Lord Templeman said:²⁰

... the appellate court should be reluctant to entertain complaints about a judge who controls the conduct of proceedings and limits the time and scope of evidence and argument. So too, where a judge, for reasons which are not plainly wrong, makes an interlocutory decision or make a decision in the course of a trial the decision should be respected by the parties and if not respected should be upheld by an appellate court unless the judge was plainly wrong.

[41] I consider that a similar sentiment can be discerned, albeit in the context of a commission of inquiry, in *Badger v Whangarei Commission of Inquiry* where Barker J said that the law required the Commissioner to comply with natural justice but, subject to that overwhelming requirement, cross-examination was within its power to permit or not.²¹

[42] This point has been expressly acknowledged by Geoffrey Hobbs QC sitting as the Appointed Person in *Hokochemie GmbH v Hokko Chemical Industry Co Ltd* where it was said that in deciding whether to "otherwise direct" in accordance with r 55(2) the registrar should turn his or her mind to the anticipated advantages and disadvantages of allowing the proposed cross-examination as compared with refusing to allow it.²² He said:

¹⁹ *Knauf Insulation Ltd v Tasman Insulation New Zealand Ltd* [2013] NZCA 427, (2013) 21 PRNZ 535.

²⁰ *Ashmore v Corporation of Lloyd's* [1992] 1 WLR 446 (HL) at 447–448.

²¹ *Badger v Whangarei Commission of Inquiry* [1985] 2 NZLR 688 (HC) at 705.

²² *Hokochemie GmbH v Hokko Chemical Industry Co Ltd* 0-158-08, 9 June 2008 at para 22.

This is not only a value judgment, but also a case management decision.

[43] In addition it is my view that appellate restraint is appropriate in relation to decisions of the Commissioner under s 160(2) for two reasons in particular:

- (a) the nature of the hearing process before the Commissioner;
- (b) the fact that cross-examination is for the Commissioner's benefit.

The hearing process before the Commissioner

[44] Section 49 provides in material part:

49 Commissioner's determination on opposition

The Commissioner must—

- (a) hear the parties, if so required; and
- (b) consider the evidence; ...

[45] The reference to “if so required” reflects the variations in the form of hearings before the Commissioner. Regulation 122 provides in material part:

122 Form of hearing

- (1) A hearing may be—
 - (a) a hearing by appearance, that is, the appearance of a party before the Commissioner, whether in person or by telecommunication link acceptable to the Commissioner; or
 - (b) a hearing by submissions, that is, the consideration by the Commissioner of written submissions made by a party without an appearance; or
 - (c) a hearing on the papers, that is, a review of all the documents already submitted in the proceeding.
- (2) A party may, subject to subclause (3), elect whether to be heard by appearance, by submissions, or on the papers.
- ...

[46] Also relevant to the mode of hearing are regs 124 and 128(1):

124 Hearing in certain proceedings

- (1) This regulation applies to the following proceedings:
 - (a) an application for the registration of a trade mark to which a notice of opposition has been filed:
 - (b) an application for the rectification of the register:
 - (c) an application for the revocation of the registration of a trade mark:
 - (d) an application for a declaration that the registration of a trade mark is invalid:
 - (e) an application for cancellation or alteration of registration.
- (2) After all the evidence has been filed, the Commissioner may, by correspondence or by holding a pre-hearing conference of the parties, determine—
 - (a) whether a hearing is required:
 - (b) the form of the hearing:
 - (c) the time for filing submissions:
 - (d) the venue of the hearing:
 - (e) any other matter necessary for arranging a hearing.

128 Conduct of hearing by appearance

- (1) The Commissioner must determine how a hearing by appearance must be conducted.

...

[47] The Commissioner's power to determine the form and conduct of the hearing echoes the power in s 160(2) which is not confined to permitting cross-examination but includes the power to take oral evidence instead of, or in addition to, evidence in written form, coupled with the necessary related power to administer oaths and require attendance. The degree of control which the Commissioner is empowered to exercise over the nature and conduct of his determination process strongly suggests that his procedural determinations should be viewed as discretionary in nature.

Cross-examination for the Commissioner's benefit

[48] The second reason concerns the third fundamental principle noted by Davison CJ in *Beecham Group (No 2)* that the avenue of cross-examination is for the benefit of the Commissioner.²³ The decision to permit cross-examination will turn on the Commissioner's view whether or not he or she is likely to be assisted by cross-examination in the substantive matter for decision.

[49] The significance of the element of personal appreciation was acknowledged by the Court of Appeal in *Ophthalmological Society of New Zealand Inc v Commerce Commission* with reference to identifying if a decision is discretionary.²⁴

It is by no means easy to define when the process of applying the law to the facts is the exercise of a discretion. The difficulty of this question of characterisation is brought out in the discussion in K J Keith, "Appeals from Administrative Tribunals" (1969) 5 VUWLR 123, pp 134–153. The contrast is sometimes described as being between the exercise of a discretion and a finding based on evidence, as in *Merck & Co Inc v Pacific Pharmaceuticals Ltd* [1990] 2 NZLR 55 (CA) at p 58, a case cited by Mr Brown. *A key indication of a discretion is whether the area for personal appreciation by the first instance Court or decision maker is large (Keith at p 135)*. In the context of the orders and decisions of Masters, whether the interests involved in a particular matter are purely procedural, or concern wider issues of principle in relation to the application of the law to the facts, will also be relevant to whether a decision is discretionary in nature. In the latter type of case it may more readily be seen that ultimately only one view is legally possible, even if there is scope for considerable argument as to what it is. If that is the case the decision maker does not have the margin of appreciation inherent in discretion.

(emphasis added)

[50] In my view the scope of personal appreciation is substantial where the determinant for allowing cross-examination is whether it would be of material assistance to the Commissioner.

²³ At [31] above.

²⁴ *Ophthalmological Society of New Zealand Inc v Commerce Commission* [2003] 2 NZLR 144 (CA) at [37].

Did the Assistant Commissioner err in law in “determining ... the appropriate test for whether cross-examination should be permitted” in opposition proceedings?

[51] As the words in quotation marks indicate, this ground of appeal as framed incorporates the proposition that at para 75 of the decision the Assistant Commissioner made a determination as to the “appropriate test” to be applied in deciding whether to permit cross-examination.

[52] It is important at the outset to recognise that at para 75 the Assistant Commissioner commenced by referring to and expressly agreeing with the observation of Ferris J in *Alliance* that it was not possible to give an exhaustive statement of the circumstances in which cross-examination should be allowed.²⁵ The Assistant Commissioner then proceeded to list certain principles, which she said she considered it was helpful to outline, which in her view were “relevant to” an exercise of the Commissioner’s decision under s 160(2)(b). In a footnote to that comment she said:

This is not intended to be an exhaustive statement of the circumstances in which cross-examination should be allowed, but rather to provide guidance on the exercise of the discretion to permit cross-examination.

[53] In fact the appellant’s written submissions recognise that para 75 contained a list of relevant principles but appeared to treat them as if they were an exhaustive statement. It frames its criticism in this way:

- 4.2 These principles, while broadly on point, fail to capture the point emphasised in several previous decisions that, in the context of a trade mark applications (sic), cross-examination should only be permitted where the evidence sought to be addressed could not have been adduced in writing and where any conflict of evidence could not otherwise be resolved by written evidence in the usual way.
- 4.3 As the Assistant Commissioner held in *DB Breweries*, the weight attributed to evidence, points of disagreement, conflicts of evidence, and credibility can and should be resolved on the papers or through submissions at the hearing.
- 4.4 In the present case, the Assistant Commissioner did not consider whether the evidence sought to be addressed by CIMA in its intended cross-examination of Mr Moon could (or should) have been adduced in CIMA’s evidence. By failing to do so she erred in law.

²⁵ At [14] above.

[54] Mr Marriott submitted that the only part of the Assistant Commissioner's statement which equated to a test was para 75.1 and that the matters that followed were simply guidelines. He described the respondent's position as being "comfortable" with what was stated in para 75 so long as it was not elevated to being a "test".

[55] It is quite clear in my view that, like Ferris J, the Assistant Commissioner was not purporting to compile an exhaustive list of the factors relevant to a decision to permit cross-examination. Consequently I do not consider that there was or could be any error by the Assistant Commissioner of the nature alleged because para 75 was not intended to be a determination of the "appropriate test".

Did the Assistant Commissioner err in fact and law by permitting cross-examination of Mr Moon in respect of all matters described as Reason 1 and Reason 2?

[56] Reason 1 concerned the production (and hence the existence) of an executed strategic alliance agreement. On this issue the Assistant Commissioner said:

88. I accept that the strategic alliance agreement, and Mr Moon's evidence relating to that agreement, has some relevance to the substantive issues in this proceeding. In addition to the relevance claimed by the applicant, it seems to me that Mr Moon's awareness of whether there was a strategic alliance also goes towards the issue of deception and confusion in another respect. If Mr Moon, as the opponent's General Counsel, was not aware of a formal alliance between the parties by virtue of the agreement in issue, then it seems unlikely that the relevant market would be aware of such an alliance. If the relevant market was not aware of a strategic alliance between the parties then it seems to me that a submission could be made that confusion would be more likely. Put another way, if the market was aware the parties were in an alliance, then those in the market would presumably be more likely to appreciate that two different and separate entities exist.

[57] The particulars of error alleged by the appellant in respect of Reason 1 are:

- (a) the matter described as Reason 1, "the production of a signed strategic alliance agreement", is a collateral issue, namely one of discovery (not of contradiction), which does not go "to the heart of the matter" nor to the substantive issue for determination and does not provide a good and sufficient reason to permit cross-examination on a collateral issue.

- (b) permitting cross-examination to test a witness's credibility on this discovery issue is contrary to ss 7 and 8 Evidence Act 2006 and an error of law, because such evidence is irrelevant, unfairly prejudicial and inadmissible.
- (c) the evidence sought to be adduced by cross-examination, is intended to be used for an illegitimate or collateral purpose, namely, to injure a witness's character, reputation and standing.
- (d) the Office had refused the applicant's request for further discovery and the applicant had neither appealed or reviewed that decision.
- (e) the onus on the applicant to substantiate its claim has been reversed; namely, the applicant, not the opponent, must discover and produce the document on which it relies to make its application and to produce evidence that such a purported alliance agreement was actually signed in 2006 and was not a mere draft.
- (f) the onus of explaining the whereabouts of a document, (on which the applicant relies but which has not been found), has been placed on the opponent, contrary to legal principles and practice.
- (g) the contents of the 'alliance agreement' does not advance the interpretation contended for by the applicant; is irrelevant to the substantive issues and has no probative value.

[58] Reason 2 concerned unsubstantiated factual assertions. Only one example was given by the respondent, namely Mr Moon's statement that members of the public (and older members) sometimes referred to the respondent as the Institute of Chartered Accountants. Interestingly the Assistant Commissioner herself drew attention to a further unsubstantiated statement:

- 95. I consider that the way in which the opponent's marks are referred to, or used, in the relevant market is relevant to the extent to which, if at all, that market will be confused by registration of the opposed mark under section 17(1)(a) of the Act.
- 96. The applicant declined to specify any of the other examples of unsubstantiated factual assertions, which it says exist. The reason the applicant gave for declining to do so was its "forewarned is forearmed" submission (discussed above). It seems to me, however, that another statement from Mr Moon which is largely unsubstantiated, is his statement that he understands that any co-branded publications released in New Zealand by both the applicant and the opponent included the word CIMA together with the opposed mark, rather than the opposed mark being used in isolation. I consider that this statement is relevant to the central issue of confusion in the market.

[59] The particulars of error alleged by the appellant in respect of Reason 2 are:

- (h) the matter described as Reason 2, “the unsubstantiated factual assertions”, namely, that ‘members of the public (and older members) sometimes refer to the Institute as the Institute of Chartered Accountants’ and that ‘any co-branded publications included the word CIMA together with the opposed mark’, are assertions which can be otherwise addressed by written evidence and further documentary evidence.
- (i) the opponent’s witness has expressed an opinion, based on his experience, which can be either accepted or rejected, or given such weight as the Commissioner decides, but is not a compelling reason to permit cross-examination.
- (j) when the assertion about co-branded publications was not contradicted by the Applicant.
- (k) the assertion is neither central to the case or of such gravity, to warrant cross-examination as to the witness’s credibility or veracity.

[60] The argument for the appellant places heavy reliance on contentions that the strategic alliance agreement is not relevant to the substantive issues and that cross-examination about the existence of an executed agreement must therefore be viewed as being pursued for a collateral purpose, namely being primarily to attack Mr Moon’s credibility generally. As is apparent from her decision, the Assistant Commissioner did not share that view.

[61] She accepted that the matters about which the respondent wished to cross-examine Mr Moon were relevant to the substantive issues in the proceeding. She found in favour of permitting cross-examination of Mr Moon because on balance she considered that the decision maker would be materially assisted in reaching a just substantive decision if cross-examination of Mr Moon was permitted. She thus applied what she had identified in para 75.1 as the overarching principle.

[62] Because the appellant approached the appeal on the footing that it was a general appeal and that therefore the *Austin Nichols* approach should be followed, the thrust of its argument was generally to the effect that the Court should reach a different conclusion on the issue from the Assistant Commissioner and that the decision was accordingly wrong. For example, after reviewing the principal issues in the substantive proceeding, the appellant’s submissions stated that the Assistant

Commissioner was wrong to conclude at para 108.1 that Reasons 1 and 2 were relevant to at least some important issues in the proceeding.

[63] However in view of my finding that the power to permit cross-examination under s 160(2)(b) is a discretionary decision, I am required to approach the appeal by reference to the *May v May* principles.²⁶ For the benefit of non-lawyers reading this judgment, it may be helpful to elaborate upon the constraints on an appellate court on appeal from a discretionary decision. In *Novartis New Zealand Ltd v Aktiebolaget Hassle* in the context of an appeal against a decision to grant an interlocutory injunction the Court of Appeal said:²⁷

... That was a decision made in the exercise of Potter J's discretion. It would not be appropriate for us to disturb it unless we were persuaded that the Judge had acted on a wrong principle or had failed to take into account some relevant matter or taken account of some irrelevant matter or was plainly wrong: *May v May* (1982) 1 NZFLR 165 at p 170; *Harris v McIntosh* [2001] 3 NZLR 721 at para [13]. A similar approach is taken in England, where in *Hadmor Productions Ltd v Hamilton* [1982] 1 All ER 1042 Lord Diplock said at p 1046 in the principal speech:

“An interlocutory injunction is a discretionary relief and the discretion whether or not to grant it is vested in the High Court Judge by whom the application for it is heard. On an appeal from the Judge's grant or refusal of an interlocutory injunction the function of an appellate Court, whether it be the Court of Appeal or your Lordships' House, is not to exercise an independent discretion of its own. It must defer to the Judge's exercise of his discretion and must not interfere with it merely on the ground that the members of the appellate Court would have exercised the discretion differently. The function of the appellate Court is initially one of review only ...

[64] I first observe that the Assistant Commissioner's decision is a thoughtful and thorough decision which reviews the relevant authorities in some detail. The decision endeavours to address the appellant's position although the Assistant Commissioner suffered from the disadvantage that the appellant was not represented at the hearing and elected not to file any formal written submissions.²⁸ Hence it was necessary for the Assistant Commissioner to discern its position from the informal submissions in correspondence with the Office.

²⁶ At [20] above.

²⁷ *Novartis New Zealand Ltd v Aktiebolaget Hassle* [2004] 2 NZLR 721 (CA) at 733–734.

²⁸ Noted at para 17.

[65] That disadvantage notwithstanding, the decision recognises a number of the appellant's arguments including that the requested cross-examination was an attempt to relitigate the respondent's request for production of the signed strategic alliance agreement. Indeed the Assistant Commissioner accepted the appellant's argument in declining to permit cross-examination of Mr Moon in respect of Reason 4, namely factual assertions outside the scope of the witness's expertise. However the decision also notes that the appellant did not provide any submissions or evidence on the costs directly associated with Mr Moon attending the substantive hearing for cross-examination.

[66] I do not consider that it can be said that in reaching her decision to permit cross-examination on Reasons 1 and 2 and to decline to allow it on Reason 4 the Assistant Commissioner either acted on a wrong principle or was plainly wrong. Although the several matters listed as particulars to ground of appeal 2.2 were not cast as such, I have considered whether any of them could provide a basis for asserting that the Assistant Commissioner failed to take into account some relevant matter or took account of some irrelevant matter.

[67] In the main those particulars are the reflex of the appellant's contention that the subject matter of the proposed cross-examination is not relevant to the substantive issues: for example items (b) and (g). Consequently it is said that the cross-examination relates to a collateral issue or is for a collateral purpose: for example items (a) and (c). It is also contended that seeking from an opponent its copy of an alleged document amounts to a reversal of the onus on the applicant: items (e) and (f).

[68] Although these points are not referred to expressly in the decision, possibly because the appellant elected not to be represented at the hearing, in my view consideration of them was a necessary incident of the Assistant Commissioner's decision that the matters for cross-examination are relevant to at least some of the important issues in the proceeding²⁹ and that there is a real risk that the respondent

²⁹ At para 108.1.

will be hamstrung in the substantive submissions it can make if it does not challenge Mr Moon's credibility.³⁰

[69] The Court of Appeal in *Novartis* concluded:³¹

[54] We would not be justified in disturbing the order made by Potter J on an assessment of the overall justice in a finely balanced situation. It has not been shown that her careful judgment contained any legal error or any misunderstanding of the facts, nor has she reached a plainly wrong conclusion.

[70] That conclusion is entirely apt for the circumstances of the decision under appeal where, having weighed the advantages of cross-examination of Mr Moon against the disadvantages, the Assistant Commissioner concluded that cross-examination should be allowed by a narrow margin.³² I do not consider that there is any error in the Assistant Commissioner's decision of the nature which would entitle me to set aside the decision and exercise an original discretion of my own.

Did the Assistant Commissioner err in law by reserving the respondent's position in respect of Reason 3?

[71] Reason 3 concerned alleged contradictions in Mr Moon's factual assertions. The only example advanced related to whether the appellant had consented to use of the opposed mark. While accepting that there did not appear to be any extrinsic material settling the dispute on that point which, she said, would usually point towards cross-examination being allowed, the Assistant Commissioner concluded:

101. However, my concern with regard to this reason for cross-examination is the extent to use the opposed mark is relevant to the substantive issues in dispute in this proceeding. It is unclear whether the applicant considers that consent is relevant to the likelihood of deception or confusion on the basis that the opponent would not have consented to use of the opposed mark if it considered that such use was likely to confuse or deceive the relevant market. There are no pleadings addressing the issue of consent directly. For instance, the applicant has not pleaded that there has been honest concurrent use under section 26(b) of the Act. If I direct that cross-examination of Mr Moon is permitted (on the basis of the applicant's other reasons) then I consider that

³⁰ At para 109.

³¹ *Novartis New Zealand Ltd v Aktiebolaget Hassle*, above n 27.

³² At para 113.

cross-examination on this particular issue should only be allowed at the hearing if the applicant can show how the consent issue is relevant to the matters in question in the substantive proceeding.

[72] In effect the Assistant Commissioner deferred ruling on this aspect of the requested cross-examination until the respondent had demonstrated the relevance to the substantive dispute of the proposed subject of cross-examination. I do not see any error in this approach. Indeed, on the state of the pleadings as described above, I consider that the prudent course was to require the respondent to first demonstrate how the consent issue was relevant. To have ruled one way or the other without clarification on that point would have risked doing an injustice to one party or the other.

Did the Assistant Commissioner err in law by permitting cross-examination:

- **in the absence of ‘good’ or ‘compelling reasons’ to so permit;**
- **where there were no contradictions going to the heart of the matter;**
- **where cross-examination on trade mark proceedings should be permitted rarely?**

Absence of good or compelling reasons

[73] The first and second of the above matters reproduce the allegations in appeal ground 2.2(a), albeit confined to an error of law. In support of the first matter, it is submitted that there was no good or proper reason to order cross-examination because the matters for cross-examination are not relevant to the substantive proceedings. The Assistant Commissioner viewed the matter differently. I do not consider that she was in error in doing so.

Contradictions going to the heart of the matter

[74] I infer that the derivation of the “contradictions going to the heart of the matter” approach is the decision in *DB Breweries Ltd v Society of Beer Advocats, Inc.*³³ It was the applicant’s submission in that matter that there were major contradictions between the written evidence of the parties that could not be resolved other than by cross-examination of a deponent, which contradictions were said to go

³³ *DB Breweries Ltd v Society of Beer Advocats, Inc* [2011] NZIPOTM 19.

the heart of the principal issue in the proceeding. In his general observations concerning cross-examination, the Assistant Commissioner referred to a contradiction between written evidence which could not be resolved as one scenario where cross-examination should be allowed. However he did not comment on the degree of significance of the contradiction.

[75] In my view it is not a prerequisite for cross-examination being permitted on contradictions in written evidence that such contradictions “go to the heart of the matter”. The question of the relevance of the matters for cross-examination to the issues in the substantive proceeding is a matter of degree as the Assistant Commissioner recognised in para 75.3. Indeed that point appeared to be accepted by the appellant in quoting that subparagraph in its written submissions at para 5.3.

Cross-examination should be permitted rarely?

[76] The Assistant Commissioner’s non-exhaustive list of principles makes no reference to the statement which has been frequently made in the past³⁴ that cross-examination will be sparingly or rarely permitted. Although Mr Marriott inferred that the Assistant Commissioner did not share that view, Ms Cull’s helpful Overview document maintained that “cross-examination should be rarely permitted”.

[77] I made reference above³⁵ to the comment of Ferris J that submissions based on the fact that cross-examination is rare and ought to be avoided unless it is really necessary carry no real weight. Of course that observation needs to be read in the light of what might be described as the presumption in favour of permitting cross-examination in r 55(2) of the Trade Mark Rules 2000 which then applied.³⁶

[78] However even in the context of s 160(2)(b) I venture to suggest that applications for permission to cross-examine in proceedings before the Commissioner are likely to be a little more frequent in the future than has traditionally been the case. One reason for this is the degree of recognition

³⁴ Comparatively recently in *DB Breweries Ltd v Society of Beer Advocats, Inc* above n 33.

³⁵ At [36].

³⁶ Noted by the Assistant Commissioner at fn 52.

nowadays given to the rule in *Browne v Dunn*³⁷ which is codified in s 92 of the Evidence Act 2006 which is in turn referred to in r 9.15 of the High Court Rules.

[79] In that connection Richard Arnold QC sitting as the Appointed Person in *Pan World Brands Ltd v Tripp Ltd (EXTREME Trade Mark)* observed:³⁸

Where, however, evidence is given in a witness statement filed on behalf of a party to registry proceedings which is not obviously incredible and the opposing party has neither given the witness advance notice that his evidence is to be challenged nor challenged his evidence in cross-examination nor adduced evidence to contradict the witness's evidence despite having had the opportunity to do so, then I consider that the rule in *Browne v Dunn* applies and it is not open to the opposing party to invite the tribunal to disbelieve the witness's evidence.

Despite this, it is not an uncommon experience to find parties in registry hearings making submissions about such unchallenged evidence which amount to cross-examination of the witness in his absence and an invitation to the hearing officer to disbelieve or discount his evidence. ... I consider that hearing officers should guard themselves against being beguiled by such submissions (which is not, of course, to say that they should assess evidence uncritically).

[80] The same sentiment appears in the Court of Appeal's judgment in *Aqua Technics Pool and Spa Centre New Zealand Ltd v Aqua-Tech Ltd* where the comment was made that if the appellant had wanted to challenge a certain witness's evidence it should have asked that he present himself for cross-examination.³⁹ The Court said that it is unfair to challenge the veracity of a witness when the challenge has not been put to him as it could have been.

[81] On an application for leave to appeal those observations were challenged as involving a wrong approach because, it was said, it is not customary to have cross-examination before the Commissioner. However in its decision declining leave, the Supreme Court stated that it did not consider that the Court of Appeal was doing anything more than stating the obvious, namely that it may be difficult to controvert assertions of fact by a witness without cross-examining the witness.⁴⁰

³⁷ *Browne v Dunn* (1894) 6 R 67 (HL).

³⁸ *Pan World Brands Ltd v Tripp Ltd (EXTREME Trade Mark)* [2008] RPC 2 at 36–37. The Appointed Person noted that a court is not obliged to accept a witness's evidence in the absence of cross-examination if it is obviously incredible, citing *National Westminster Bank plc v Daniel* [1993] 1 WLR 1453.

³⁹ *Aqua Technics Pool and Spa Centre New Zealand Ltd v Aqua-Tech Ltd* [2007] NZCA 90 at [65].

⁴⁰ *Aqua Technics Pool and Spa Centre NZ Ltd v Aqua-Tech Ltd* [2007] NZSC 52 at [5].

[82] The appellant contended that it was the Supreme Court who had observed that cross-examination before the Assistant Commissioner was “not customary” or at best “quite rare”. I agree with Mr Marriott that the Supreme Court was not itself opining on the frequency of cross-examination. The relevant passage in its leave judgment reads:

... That is said to have been a wrong approach because it is not customary to have cross-examination before the Assistant Commissioner. (The proposed new evidence, if received, would establish that cross-examination is possible but quite rare.)

[83] The view which the appellant attributed to the Supreme Court was said to accord with the approach in judicial review proceedings which it was submitted should apply here by analogy. However the reason why leave to cross-examine is rarely granted in judicial review proceedings is because of a rule of practice reflected in s 10 of the Judicature Amendment Act 1972 and grounded in the nature of judicial review as a relatively simple, untechnical and prompt approach.⁴¹

[84] The dicta in the *Aqua Technics* litigation was noted by the Assistant Commissioner in her decision⁴² together with the judgment of Simon France J in *Zoggs International Ltd v Sexwax Incorporated*.⁴³ The Judge there accepted that it was not open to the Assistant Commissioner to resolve an evidential conflict against Zoggs in the absence of cross-examination of the Sexwax witness.

[85] A second reason for potentially more frequent cross-examination is the inclusion in s 17(2) of bad faith as an absolute ground for refusal to register a trade mark. Sumpter⁴⁴ suggests that bad faith allegations where written evidence is in conflict would seem an appropriate circumstance to allow cross-examination, noting that it was described as “highly desirable” in *DAAWAT Trade Mark*.⁴⁵ Similarly in the *Alliance* case⁴⁶ Ferris J considered that it was essential that the opportunity

⁴¹ *Association of Dispensing Opticians of New Zealand Inc v Optician Board* [2000] 1 NZLR 158 (CA) at 163.

⁴² At 49–54.

⁴³ *Zoggs International Ltd v Sexwax Incorporated* [2013] NZHC 1494.

⁴⁴ Paul Sumpter, *Trade Marks in Practice*, 2nd ed 2011, LexisNexis at p 242.

⁴⁵ *DAAWAT Trade Mark* [2003] RPC 187. Noted by the Assistant Commissioner at para 58.

⁴⁶ At [35] above.

should be available to put to the witness the facts and matters relied on as disclosing bad faith.

[86] However even where allegations of bad faith are made, cross-examination will by no means invariably be permitted. The English experience as reported in *Kerly* is instructive:⁴⁷

One might have expected allegations of bad faith to have resulted in a greater recourse to discovery or disclosure of documents and/or cross-examination. However, in practice, where triable issues of bad faith have arisen in oppositions, many have been decided without cross-examination. In at least some cases, it is apparent that the need for cross-examination was avoided by the applicant simply failing to respond at all in his evidence to issues of bad faith raised in the opponent's evidence which called for a response. The absence of cross-examination seems to have caused no difficulty in most cases, since the outcome is normally apparent. However, in more complex or finely balanced situations, an allegation of bad faith may fail unless precise allegations have been pleaded in the statement of grounds, spelt out in the written evidence or are put to the applicant in cross-examination.

[87] For these reasons it may be that more applications will be made than has previously been the case.⁴⁸ I do not consider that it is useful to proffer some new epithet in an endeavour to convey the anticipated frequency of cross-examination in the future. The fact is that cross-examination will only occur when, in applying the overarching principle⁴⁹, the Commissioner is persuaded that she or he will be materially assisted in the task of reaching a substantive decision.

[88] The Assistant Commissioner did not err in the manner contended in the third aspect of ground of appeal 2.3.

⁴⁷ James Mellor and others *Kerly's Law of Trade Marks and Trade Names* (15th ed, Sweet & Maxwell, United Kingdom, 2011) at 8–294.

⁴⁸ At para [34] the Assistant Commissioner suggested that cross-examination was rare in part because applications for cross-examination were rarely made.

⁴⁹ Para 75.1 of the Assistant Commissioner's decision at [14] above.

Disposition

[89] For the reasons above the appeal is dismissed. The respondent is entitled to costs on a 2B basis with disbursements as approved by the Registrar.

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Brown J