

IN THE HIGH COURT OF NEW ZEALAND
WELLINGTON REGISTRY

I TE KŌTI MATUA O AOTEAROA
TE WHANGANUI-Ā-TARA ROHE

CIV-2017-485-103
[2017] NZHC 3238

UNDER The Trade Marks Act 2002

IN THE MATTER OF an appeal from the decision of the
Assistant Commissioner of Trade Marks

BETWEEN S C JOHNSON & SON INC
Appellant

AND INTERNATIONAL CONSOLIDATED
BUSINESS PTY LTD
Respondent

Hearing: 6 June 2017

Appearances: N Robb for the Appellant
G C Williams for the Respondent

Judgment: 19 December 2017

JUDGMENT OF CULL J

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Overview

[1] This is an appeal from a decision of Assistant Commissioner Alley (the Commissioner), declining S C Johnson & Son Inc’s (Johnson) application to register the “ZIPLOC” trade mark in New Zealand under the Trade Marks Act 2002 (the Act).¹ Johnson’s application was made on 19 April 2013 and on 22 April 2013, three days later, the Commissioner revoked and removed International Consolidated Business Pty Ltd’s (Consolidated) ZIPLOC trade mark from the register for non-use.

¹ *S C Johnson & Son Inc v International Consolidated Business Pty Ltd* [2017] NZIPOTM 4 [Johnson registration decision].

[2] The key issues for this proceeding are:

- (a) whether the Commissioner erred, in determining first that Johnson could not register the trade mark because it was not the owner of the trade mark at the time of its application on Friday 19 April 2013, when Consolidated, which was the owner on 19 April, had its trade mark revoked and removed the following Monday, 22 April 2013; and
- (b) whether the Commissioner was correct in finding that Consolidated had the best evidence of prior use of the trade mark in New Zealand.

[3] In this decision, I will deal first with the chronology and factual background; then the substance of the Commissioner's decision; the issues to be determined; the position of the parties and then the analysis of the issues themselves.

Chronology

[4] The following is the chronology of the relevant dates of registration:²

1974	Johnson registered the ZIPLOC word mark in New Zealand in class 16 for plastic film for wrapping purposes.
21 December 1981	Johnson registered the ZIPLOC trade mark in class 16 for plastic bags.
4 August 1999	Johnson registered the ZIPLOC trade mark in class 21 for plastic containers.
1 February 2005	Johnson's ZIPLOC trade mark in class 16 was cancelled.
22 November 2001	Consolidated is registered as the owner of the ZIPLOC trade mark in class 16.
5 September 2005	Johnson's ZIPLOC trade mark in class 21 for plastic containers was revoked.
Friday 19 April 2013	Johnson applies for registration of the ZIPLOC trade mark in class 16: plastic bags and plastic film for wrapping purposes.
Monday 22 April 2013	Consolidated's ZIPLOC trade mark revoked for non-use (backdated to the date of revocation application by Johnson).

² Emphasis added to show the key dates.

26 June 2014	The Commissioner revokes Consolidated's ZIPLOC trade mark for non-use (backdated to 22 April 2013).
26 September 2014	Consolidated applies to register ZIPLOC trade mark again in class 16.

Factual background

[5] The trade mark in issue in this case is the ZIPLOC trade mark (the trade mark).

[6] The appellant is Johnson, a company that originated in the United States but is now a global enterprise. In 1998, Johnson acquired DowBrands and with it the ZIPLOC brand. Johnson uses the ZIPLOC brand on plastic bags and containers overseas. Johnson first registered the ZIPLOC mark in New Zealand in 1974. That trade mark registration was cancelled in 2005. In the 1980's and 1990's Johnson went on to register two other ZIPLOC trade marks in New Zealand but both of those registrations were cancelled over 10 years ago.

[7] The respondent is Consolidated, an import/export business operating in New Zealand, Australia, Europe, the United States and South Africa. The New Zealand entity of the company is Hefty NZ Ltd. Consolidated licenses Hefty NZ Ltd to use the ZIPLOC trade mark for plastic sandwich bags.

[8] Consolidated made an application to register the ZIPLOC trade mark in class 16, which was registered in Consolidated's name on 8 June 2006, with a deemed date of registration of 22 November 2001.

[9] Johnson filed a trade mark application on 19 April 2013. Johnson applied to register the ZIPLOC trade mark in class 16, in relation to plastic bags and plastic film for wrapping purposes. This application was opposed by Consolidated.

[10] At the time of Johnson's application, Consolidated was the owner of the ZIPLOC trade mark in New Zealand. Consolidated was revoked and removed from the trade mark register on the successful application of Johnson, effective from 22 April 2013.

Commissioner's decision

[11] The Commissioner declined Johnson's application on two grounds:

- (a) Johnson was not the owner of the ZIPLOC trade mark at the relevant date, because Consolidated was the registered owner, and so was prohibited from registration by s 32(1) of the Act; and
- (b) on the balance of probabilities, there was prior use of the ZIPLOC mark in New Zealand on the relevant goods and while "neither party's evidence of use is watertight," Consolidated "clearly provides the best evidence of use."³

[12] These two grounds are referred to in the reasoning of this judgment, as the first ground and the second ground.

[13] The Commissioner outlined the definition of "owner" in the Act and identified the three requirements for a legitimate claim to proprietorship of a trade mark, as identified in *Newnham v Table for Six (1996) Ltd*:⁴

- (a) there is no prior use or prior assertion of proprietorship;
- (b) the applicant is using or has a sufficiently definite intention to use the trade mark; and
- (c) there is no fraud or breach of duty involved.

[14] Although the Commissioner had revoked Consolidated's registration of the trade mark,⁵ she noted that under s 68(2) of the Act, the rights of the proprietor of a revoked registration continue to exist up until the date of the application for revocation, i.e. 22 April 2013, unless satisfied that the grounds for revocation existed at an earlier date. If revocation is to take effect from an earlier date, then an application must plead this clearly and this was not done in this case.⁶

³ *Johnson registration decision*, above n 1, at [52].

⁴ At [20], citing *Newnham v Table for Six (1996) Ltd* (1998) 44 IPR 269 at 278 (HC); and *Aqua Technics Pool and Spa Centre New Zealand Ltd v Aqua-Tech Ltd* [2007] NZCA 90 at [15].

⁵ *International Consolidated Business Pty Ltd v S C Johnson & Son Inc* [2014] NZIPOTM 27 [*Johnson revocation decision*].

⁶ *Omega SA v Omega Engineering Inc* [2003] EWHC 1334 (Ch), [2003] FSR 49 at [11]; and *Wyeth v Sanofi Pasteur* [2008] NZIPOTM 36 at [23].

[15] After canvassing the statutory scheme and relevant law, the Commissioner held on the first ground under s 32 of the Act, that Consolidated was the owner of the trade mark for the following reasons:

- (a) The relevant date for determining a trade mark ownership claim is the date of the registration application, which was 19 April 2013.
- (b) At the time of Johnson's application, there was a prior assertion of ownership because the ZIPLOC mark was registered in the name of Consolidated. Consolidated retained ownership of the mark up until 22 April 2013. The fact that Johnson had prior registration of the ZIPLOC mark in New Zealand was irrelevant, because at 19 April 2013, none of their registrations remained on the register.
- (c) Consolidated also had prior use of the trade mark in New Zealand on relevant goods. Consolidated provided the best evidence of use of the mark on its products.
- (d) Johnson had not sought revocation of Consolidated's ownership on a date before 22 April 2013, so it could not have owned "all of the rights" in the trade mark at 19 April 2013.

[16] On the second ground, the evidence ground, the Commissioner held that Johnson could not establish, on the balance of probabilities, that it had ownership. Johnson's trade mark could therefore not be registered in respect of the goods covered by the application.

[17] Yet, the Commissioner found there were special circumstances in this case under s 26(b) of the Act, making it "proper" for the trade mark to be registered, by virtue of the revocation of Consolidated's trade mark only three days after the registration application by Johnson.

[18] However, the Commissioner considered her finding under s 32(1) was not inconsistent with her "special circumstances" finding and upheld Consolidated's opposition on s 32(1) of the Act. She did so on the basis that the purpose behind the ownership provisions in the Act is to ensure the register accurately reflects the true owner of a mark.

Approach to appeal

[19] This appeal is brought under s 170 of the Act, which allows for any “person who is aggrieved by a decision of the Commissioner” the right to appeal to the High Court.⁷ Section 172 of the Act outlines the procedure for an appeal.

[20] The Supreme Court in *Austin, Nichols & Co Inc v Stichting Lodestar* confirmed that appeals against a decision of the Commissioner of Trade Marks is a general appeal on fact and law.⁸

[21] The established principles for general appeals therefore apply to the present proceedings.⁹ Johnson bears the onus of satisfying the appellate court that its decision should differ from that under appeal.¹⁰ In relation to appeals from the Commissioner of Trade Marks specifically, the Supreme Court stated:¹¹

The short answer is that the general appeal under [the Act] requires the High Court to come to its own view on the merits. The weight it gives to the decision of the Commissioner is a matter of judgment. If the High Court is of a different view from the Commissioner and is, therefore, of opinion that the Commissioner’s decision is wrong, it must act on its own view.

Issues

[22] The issues for determination, arising from the judgment and from the submissions of the parties, can be summarised as follows:

- (a) Does s 32 of the Act require the Commissioner to determine ownership of the trade mark only at the date of the application for registration?
- (b) Was the revocation of Consolidated’s trade mark for non-use, relevant to the Commissioner’s decision on ownership under s 32(1) of the Act, and if so, was it properly taken into account?

⁷ Trade Marks Act 2002, s 5 defines “court” as the High Court for the purpose of the appeal provisions.

⁸ *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141. That case was appealed under s 27 of the Trade Marks Act 1953, although the Court identified that the same approach applied to the right of general appeal under the 2002 Act.

⁹ At [16].

¹⁰ At [4].

¹¹ At [3].

- (c) Was the Commissioner in error in declining Johnson's application for registration, when she found that special circumstances existed in this case under s 26(b) of the Act?
- (d) Did the Commissioner have sufficient evidence to find that Consolidated had the best evidence of use, prior to Johnson's application for registration?

[23] I propose to deal with each of these issues, with the relevant legal principles, as they apply, to each.

1. Does s 32 require the Commissioner to determine ownership of the trade mark only at the date of the application for registration?

Parties' positions on ownership

[24] Johnson challenges the decision of the Commissioner that it was not the owner or proprietor of the mark at the relevant date and submits that:

- (a) the scheme of the Act does not prevent two identical or similar trade marks from being on the register at any one time; and
- (b) that if the only definition of owner is that in s 5 of the Act, this creates a problem if an applicant has not used the trade mark in New Zealand as it cannot fit into that narrow definition. Johnson says that the Commissioner was wrong to limit herself to the s 5 definition in connection to a claim for ownership.

[25] Consolidated agrees with the Commissioner's approach and states that she was bound by a number of New Zealand authorities to reach the decision she did. Consolidated's case is that Johnson was not the owner of the ZIPLOC trade mark in New Zealand on the relevant date and its application must be refused.

[26] Consolidated submits that the definitions of "owner" under the Act distinguish between ownership of a mark that is registered, compared with one that is not

registered.¹² Consolidated argues that the relevant principles of law to determine ownership are:

- (a) the applicant for registration carries the onus of proving ownership;¹³
- (b) a person claiming to be the owner must justify its claim and establish its right;¹⁴ and
- (c) the applicant for registration must be in possession of a proprietary right on the relevant date, which can be substantiated.¹⁵

[27] To address the first issue, there are two matters I will canvass:¹⁶

- (a) the claim to ownership of a trade mark under s 32; and
- (b) the relevant date for determining ownership.

The claim to ownership of a trade mark under s 32

[28] The Trade Marks Act contains a comprehensive statutory scheme for the registration of a trade mark and s 32 governs applications for registration.

[29] A trade mark is registrable under the Act in respect of particular goods and/or services within one or more classes, if the requirements under s 13 of the Act are met.¹⁷ One of those requirements is that the Commissioner must be satisfied there are no grounds that prevent the registration of the trade mark.¹⁸

[30] The application process for registration is set out in ss 32 to 45 of the Act. Section 32 outlines how a person claiming ownership can apply for registration.¹⁹

¹² Trade Marks Act 2002, s 5(1).

¹³ *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 61.

¹⁴ *North Shore Toy Co Ltd v Charles L Stevenson Ltd* [1973] 1 NZLR 562 (SC) at 571.

¹⁵ *Chettleburgh v Seduce Group Australia Pty Ltd* [2012] NZHC 2563, (2012) 98 IPR 306 at [47]–[49].

¹⁶ Although Johnson addressed the issue of whether there can be more than one owner of a trade mark, it is not addressed separately, as it is not relevant in the context here.

¹⁷ Section 13(1).

¹⁸ Section 13(2)(c).

¹⁹ Emphasis added.

32 Application: how made

- (1) A person *claiming to be the owner* of a trade mark or series of trade marks may, on payment of the prescribed fee (if any), apply in the prescribed manner (if any) for the registration of the trade mark or series of trade marks used or proposed to be used in respect of the following:
 - (a) particular goods or services within 1 or more classes:
 - (b) particular goods and services within 1 or more classes.
- (2) The Commissioner must not register a trade mark in respect of all of the goods and services included in a class, or a large variety of goods or services, unless the specification is justified by the use or intended use of the sign.

[31] “Owner” is defined in s 5(1) of the Act. Of particular relevance to this appeal, the definition provides:

owner, –

- (a) in relation to a registered trade mark that is not a certification trade mark or a collective trade mark, means the person in whose name the trade mark is registered; and
- ...
- (d) in relation to an unregistered trade mark, means the person who owns all of the rights in the mark.

[32] Section 32 provides that a person “claiming to be the owner” can apply for registration of a trade mark. It has been left to the courts to determine what amounts to a valid claim by an owner of a trade mark.²⁰ As a matter of interpretation, a person “claiming to be an owner” must justify their claim to the trade mark, establish their right and be able to substantiate their claim.²¹

[33] It is generally accepted that the principles applicable to a valid claim of proprietorship under the Trade Marks Act 1953 continue to apply in determining ownership in respect of the 2002 Act.²² The leading test is the three stage test enumerated in *Newnham* by Cartwright J as follows.²³

²⁰ *Laws of New Zealand Intellectual Property: Trade Marks* (online ed) at [38].

²¹ *The North Face Apparel Corp v Sanyang Industry Co Ltd* [2014] NZCA 398 at [21].

²² Ian Finch (ed) *James and Wells Intellectual Property Law in New Zealand* (3rd ed, Thomson Reuters, Wellington, 2017) at 605.

²³ *Newnham*, above n 4, at 278.

- (a) there is no prior use or prior assertion of proprietorship;
- (b) the applicant is using or has a sufficiently definite intention to use the mark; and
- (c) there is no fraud or breach of duty involved.

[34] These principles were confirmed by the Court of Appeal more recently in the case of *Aqua Technics Pool and Spa Centre New Zealand Ltd v Aqua-Tech Ltd*.²⁴ In that case, the Court of Appeal upheld that Aqua Tech Ltd had established use of the trade mark “Aqua-Tech” in relation to spa and swimming pools. Registration of the trade mark could proceed, despite opposition from Aqua Technics, that it had prior use of the trade mark, “Aqua Technics,” on spa and swimming pools, because the evidence was sufficient to establish proprietorship.

[35] These principles were also applied in *Chettleburgh v Seduce Group Australia Pty Ltd*, where Fogarty J considered that “first use of the mark creates the proprietorship or ownership” under the Act and drew a distinction between the statutory definitions of owner of a registered mark as opposed to an unregistered mark.²⁵

[36] It has also been recognised that the threshold to establish prior use is low, and single incidence of use may be sufficient to establish this.²⁶ This low threshold formed the second part of the Commissioner’s reasoning under s 32 of the Act.²⁷ The determination on prior use by the parties is dealt with under issue four.

[37] One of the questions raised during the hearing was whether Johnson’s use of the trade mark outside of New Zealand qualified as prior use for the purposes of the *Newnham* principles and to satisfy s 32. The Act is silent as to whether a person claiming to be the owner of a trade mark under s 32 can rely on prior use overseas. The Court of Appeal in *Aqua Technics*, held that the “proprietor of a trade mark in New Zealand is the first person to use that mark in New Zealand.”²⁸

²⁴ *Aqua Technics*, above n 4, at [15].

²⁵ *Chettleburgh v Seduce Group Australia Pty Ltd* [2014] NZHC 2220 at [30] (footnote omitted).

²⁶ Finch, above n 22, at 606, citing *Te Runanga O Toa Rangatira Inc v Prokiwi International Ltd* [2012] NZIPOTM 14; and *North Face Apparel*, above n 21, at [23].

²⁷ *Johnson registration decision*, above n 1, at [46].

²⁸ *Aqua Technics*, above n 4, at [14].

[38] The Court of Appeal emphasised in *The North Face Apparel Corp v Sanyang Industry Co Ltd* that use in New Zealand is essential, stating:²⁹

In order to establish ownership, the applicant must establish that it is the first person to use the mark in New Zealand; and that, if challenged, there is no prior use by another party.

[39] In *Crocodile International Pte Ltd v Lacoste*, the Supreme Court found that Lacoste had never used the trade mark in question anywhere in the world, let alone in New Zealand, and thus there was no reason to retain it on the register.³⁰ However, the Court's analysis of use of the trade mark, for the purposes of revocation, primarily focused on use in New Zealand.

[40] On the authorities, a person making an application to be the owner of a trade mark under s 32 of the Act must be able to demonstrate that the trade mark has been used before or, on the *Newnham* test, in relation to an unregistered trade mark at least, has a prior assertion of proprietorship before anyone else in New Zealand.

[41] The Commissioner considered the combined effect of the statutory provisions in ss 32(1), 5(1), (13) and 68(2)(b) of the Act, as well as the application of the *Newnham* requirements and found that Johnson's application for registration should be declined.

[42] On her view of the authorities, under s 32(1), the Commissioner found it is a precondition of making an application that ownership must be proved by the applicant at the date of application. Thus, the Commissioner found that Johnson could not meet the first requirement under *Newnham*, that there was no prior use or prior assertion of ownership at the time of its registration, because Consolidated's trade mark registration as at 19 April 2013 was a prior assertion of ownership.³¹

[43] The Commissioner considered the definition of owner under s 5(1), for a claim to an unregistered trade mark, and found, despite the fact that Consolidated's mark was revoked on 22 April 2013, at the time of Johnson's application on 19 April 2013 Johnson could not have owned "all of the rights" in the ZIPLOC mark.

²⁹ *North Face Apparel*, above n 21, at [22] (footnotes omitted).

³⁰ *Crocodile International Pte Ltd v Lacoste* [2017] NZSC 14, [2017] 1 NZLR 679 at [98].

³¹ *Johnson registration decision*, above n 1, at [40].

[44] On the application of the statutory wording in s 13 and s 32(1), as specified by the authorities, the Commissioner could not have registered the trade mark in Johnson's name, because Consolidated was already the registered proprietor on the register.

[45] On the application of these statutory provisions and the principles in the cases, the answer appears straightforward, that Johnson could not be registered as the owner at the date of its application on 19 April 2013. However, in this case, there is the complication of Consolidated's revocation as a registered owner, which took effect three days later.

[46] In determining the ownership of the trade mark on 19 April 2013, the Commissioner acknowledged that she revoked Consolidated's trade mark as at 22 April 2013, in accordance with s 68(2)(a) of the Act, but this did not alter Consolidated's ownership as at 19 April 2013. Because Johnson did not seek revocation from an earlier date, the Commissioner concluded that at the relevant date of 19 April 2013, Johnson could not have owned "all of the rights" in the ZIPLOC mark.³²

[47] I find this conclusion troubling and expressed this concern to the parties during the hearing. On 26 June 2014, the Commissioner revoked Consolidated's trade mark for non-use.³³ It was a hearing on the papers. The application by Johnson sought revocation:³⁴

... with the deemed date of revocation being the earlier date of either

- (i) the date of application for revocation; or
- (ii) the earliest possible date that the Commissioner finds that trade mark registration became vulnerable to removal on the ground of non-use.

[48] Because the Commissioner was not asked by Johnson to backdate the revocation to 19 April 2013, the Commissioner, in her decision of 17 January 2017, determined that ownership of the trade mark should be viewed exclusively at the date of Johnson's application to register on Friday 19 April 2013. Her decision in favour

³² Definition of "owner" in s 5(1) Trade Marks Act 2002.

³³ *Johnson revocation decision*, above n 5.

³⁴ *Johnson registration decision*, above n 1, at [27].

of Consolidated, as the registered owner of the trade mark as at 19 April 2013, was the first ground on which Johnson was precluded from having its application for registration granted. The details of the part of the Commissioner's decision dealing with revocation and her decision on prior use of the trade mark are examined further under issues two and four below.

[49] In the context of determining ownership of the ZIPLOC trade mark, the Commissioner does not address the artificiality of her finding on 17 January 2017, that Consolidated was the owner of the registered trade mark, when after a hearing on 26 June 2014 (two and a half years earlier) the same Commissioner revoked Consolidated's registration for non-use of the trade mark, backdated to 22 April 2013, three days after Johnson's application for registration. The result is anomalous. Consolidated has subsequently filed a further application for registration, which is currently awaiting determination. The Commissioner did pay heed to the three days anomaly (the date anomaly), when she considered Consolidated's opposition under s 25 of the Act and found that special circumstances apply, but still found that Consolidated was the owner at the date of Johnson's application. The special circumstances finding is dealt with further under issue three below.

[50] The anomaly arises because the relevant date to determine ownership is the date of the application for registration, as will be discussed below.

The relevant date to determine ownership

[51] Counsel for Johnson, Mr Robb, urged the Court to consider the relevant date to determine ownership as the date the decision to register the trade mark is made. He referred to authorities in the United Kingdom,³⁵ Australia,³⁶ as well as the Singapore Court of Appeal decision in *Campomar SL v Nike International Ltd*,³⁷ some of which have concluded that the registrar can take account of events after the date of filing of

³⁵ *Palmolive Co's Application* (1931) 49 RPC 269; *POLYMAT Trade Mark* [1968] RPC 124 and *TRANSPAY Trade Mark* [2001] RPC 10.

³⁶ *Legal and General Life of Australia Ltd v Carlton-Jones and Associates Pty Ltd* (1989) IPR 447; *Roll International Corp v Teleflora (Australia) Inc* (1997) 40 IPR 318; and *Takata Corp v Brixtar Child-Care Products Pty Ltd* (1999) 44 IPR 425.

³⁷ *Campomar SL v Nike International Ltd* [2011] SGCA 6, [2011] 2 SLR 846.

an application for registration, in order to determine whether or not to place a trade mark on the register.³⁸

[52] Mr Robb placed reliance on the *Campomar* decision of the Singaporean Court of Appeal, which recognised that there was English authority to determine the relevant date for the existence of an “earlier mark” as the date when the mark is to be entered on the register and not the date of the registration application.³⁹ However, the Court thought it was important to avoid two identical trade marks being on the register at the same time and the remedy for such a problem lay in the equivalent provision of s 68(2)(b) of the Act.

[53] Mr Robb contends that in this case, the two ZIPLOC trade marks would not be registered at the same time, because it is only a legal fiction resulting from the deemed date of registration that notionally, there were in the past, two registrations on the register. He refers to the Court of Appeal’s decision in *N V Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* as a decision which has taken a practical approach by taking into account changes that took place after the application date.⁴⁰ The *Sumatra* decision involved s 25 of the Act and an argument that special circumstances under s 26(b) should apply. The Court of Appeal did not approve of Milk Brands using its trade mark registration defensively in such a situation and found against *Sumatra* on s 25 grounds.

[54] Mr Williams, for Consolidated, submits that the relevant date to determine ownership is 19 April 2013, as that was when Johnson applied to register the trade mark. This is the date on which the parties’ rights must be determined and on this date Consolidated was the legal owner of the mark. This is supported by the Register records and the statutory declaration of Philip Withers provided in evidence. Referring to the *Riviera* and *Campomar* cases, where an earlier trade mark had been revoked after the filing of an application for registration, Mr Williams emphasised that it is vital for a party seeking to revoke an earlier trade mark to make a specific request in

³⁸ *TRANSPAY*, above n 35; at [15]–[16]; and *Campomar*, above n 37, at [20] and [27].

³⁹ *Campomar*, above n 37, at [28], citing *Hugo Boss AG v Reemtsma Cigarettenfabriken GMBH* [2009] SGIPOS 7; *Kambly SA Spécialitiés de Biscuits Suisses v Internshack Knabber-Gebäck GMBH and Co KG* [2004] EWHC 943 (Ch); and *TRANSPAY*, above n 35.

⁴⁰ *N V Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* [2011] NZCA 264, [2011] 3 NZLR 206.

its application for the trade mark to be revoked from a date which precedes the date of its own application for registration.⁴¹ The decisions also reinforce, he says, that there is a need to ensure two similar or identical marks, belonging to different parties, are not on the register together at “any period of time”.⁴²

[55] Section 32(1) stipulates that a “person claiming to be the owner of a trade mark” may apply for registration. The Act does not, however, specify at what date ownership is assessed for the purposes of determining a registration application under s 32.⁴³

[56] The Act specifies that the registration of a trade mark takes effect from the date an application for registration was made. Under s 57(1), registration commences on the “deemed date of registration”. Section 5(1) of the Act defines “deemed date of registration” as the date of the application. This does not identify at what date ownership is assessed, however.

[57] A number of New Zealand cases have adopted the approach that the date when the registration application was filed is the appropriate date to assess ownership under s 32.⁴⁴ What occurs, in practice, is the decision maker assesses, at the date that the application was made, whether the applicant can “claim to be an owner”. However, the point has never been tested.

[58] The comments of Fogarty J in *Chettleburgh v Seduce Group Australia Pty Ltd* are relevant here, where his Honour stated:⁴⁵

By prefacing its proposition, a person “claiming,” s 32(1) of the Act reflects the possibility that more than one person can claim to be the owner of a trade mark, that is, a single distinctive trade mark so that there can be a legitimate dispute as to who is the owner.

⁴¹ *Riviera Trade Mark* [2003] RPC 50 at [20] and *Campomar*, above n 37.

⁴² *Campomar*, above n 37, at [41].

⁴³ Specifically, this is not identified in s 32, which outlines the process for applying for registration; in s 13, which in turn specifies the requirements for a trade mark to be registrable; or anywhere in Part 3, which outlines the whole process for obtaining registration.

⁴⁴ *Chettleburgh [2012]*, above n 15, at [3(c)] and [52]; *North Face Apparel*, above n 21, at [12] and [56(a)]; and *Pioneer Hi-Bred*, above n 13, at 59, 60 and 61.

⁴⁵ *Chettleburgh [2014]*, above n 25, at [24].

[59] In the first *Chettleburgh* decision,⁴⁶ one of the relevant issues concerned was whether Mr Chettleburgh was the true owner of the trade mark at the relevant date, being the date of the application for registration.

[60] Seduce Group is an Australian company that claimed to be the registered owner of the trade mark SEDUCE in Australia and other countries, used in relation to women's clothing. It says that from June 2001 to June 2003 it sold women's clothing carrying the trade mark to a New Zealand importer. Mr Chettleburgh applied for registration of the trade mark SEDUCE on 16 January 2006 for women's fashion clothing, which was registered later that year on 20 July 2006. Seduce Group said it resumed sales into the New Zealand market of its mark in March 2006 and applied for registration of the trade mark in September 2007. The Group then made an application for a declaration of invalidity in respect of Mr Chettleburgh's registration in October 2008.

[61] Woodhouse J held that the date of Mr Chettleburgh's application is the relevant date in respect of issues of ownership.⁴⁷ The Judge held that a claim to ownership under s 32 must be capable of being established as a valid claim.⁴⁸ If there is a bona fide claim to ownership, it may nevertheless be challenged on the grounds that another person is the true owner. The Judge affirmed the applicability of relevant authorities concerning the requirements for a legitimate claim to proprietorship,⁴⁹ and use of a trade mark sufficient to constitute ownership based on prior use.⁵⁰ The Judge deemed it appropriate for the matter to be referred back to the Commissioner for specific findings to be made, including whether Seduce Group was the true owner of the mark at the relevant date.

[62] The New Zealand authorities are consistent in their findings that the relevant date to determine ownership is the date of application for registration. The overseas authorities, relied on by Johnson, favour a later date, to take account of matters subsequent to the application date. However, this is not the case to determine whether

⁴⁶ *Chettleburgh* [2012], above n 15.

⁴⁷ At [16].

⁴⁸ At [43].

⁴⁹ At [48], citing *Aqua Technics*, above n 4; and *Newnham*, above n 4.

⁵⁰ At [54], citing *Seven Up Co v OT Ltd* (1947) 75 CLR 203 (HCA); and *Pioneer Hi-Bred*, above n 13.

an alternative date, such as the date of the registration decision, should be the date to determine ownership, because there is a secondary issue in this case, which involves an evidential finding on the prior use of the ZIPLOC mark in New Zealand. This was the Commissioner's second ground of determining ownership of the trade mark. I canvass this further under issue four.

[63] The strict application of the Act and the principles in the authorities mean that ownership must be determined at the date of an application for registration, without regard to subsequent events between filing the application and the date of the decision. This rigid application produces anomalies that run counter to the scheme of the Act, the purpose of which is to determine and register the true owner of a trade mark.

[64] In my view, the Commissioner appropriately addressed and resolved the date anomaly by exercising her discretion under s 26(b) of the Act and finding special circumstances exist, although she declined to register the mark for reasons addressed under issue three and four. I consider the special circumstances finding, (although dealt with further under issue three) is an appropriate resolution of the date anomaly, because the Commissioner can only register a trade mark, if satisfied that the applicant is the owner.

[65] However, I respectfully differ from the Commissioner, that her finding under s 32(1) that Consolidated is the owner of the trade mark, trumps her ss 25 or 26 findings. The ability of the Commissioner to register honest concurrent users or find special circumstances, on conditions if necessary, satisfies the concerns that if the relevant date of determining ownership is the application date, subsequent events since the date of application can be appropriately considered and actioned. I consider this further under issue three.

Conclusion

[66] In line with New Zealand authority, the date of determining ownership is at the date of the application for registration, although the Act is silent on this point.

[67] In circumstances such as this case, where an application for registration is made some few days before the opponent's trade mark is revoked, the relevant date

can produce anomalies that conflict with the Act's purpose, unless relevant subsequent events affecting ownership, such as revocation of an earlier mark, are taken into account.

[68] The Act provides a mechanism for dealing with a "notional overlap" between application for registration and revocation of an earlier mark by way of s 26(b), which enables the Commissioner to find a case of honest concurrent use or special circumstances. This allows for the competitor's trade mark to be registered, subject to any conditions that the Court or the Commissioner may impose.

[69] For reasons which are explored below, the Commissioner here made a finding under s 26(b) that special circumstances exist. That finding, in my view, was an appropriate one and would have been determinative, but for the evidential conflict on prior use by the parties considered under issue four.

2. Was the revocation of Consolidated's trade mark for non-use relevant to the Commissioner's decision on ownership under s 32(1) of the Act, and if so, was it properly taken into account?

Parties' positions on revocation

[70] Johnson submits that the removal of Consolidated's registration from the register three days after its application to the register, is a relevant consideration but it was not properly considered by the Commissioner.

[71] Consolidated submits that if an applicant for revocation wants to rely on s 68(2)(b) of the Act, and revoke an existing trade mark registration, it must expressly and clearly specify in its pleading the earlier date and grounds for revocation that existed.⁵¹ Johnson did not do this.

[72] Consolidated further submits that because Johnson did not plead an earlier date for revocation, revocation took effect from 22 April 2013, not before. Johnson's application for registration could not have been successful, as it was not the owner at the time of the application. Johnson did not meet the requirements under the Act,

⁵¹ *Omega*, above n 6, at [11].

because at 19 April 2013, Johnson was not the owner of the registered trade mark, nor did it own all of the rights in the unregistered mark.

[73] Because of Johnson's failure to seek an earlier revocation date or to appeal the revocation decision, Consolidated submits that the Commissioner's revocation decision cannot be altered. As the revocation decision is not before the High Court on this appeal, having been decided in June 2014, Consolidated contends that this Court cannot backdate the date of revocation to 19 April 2013.

Revocation and genuine use

[74] Use of a trade mark is essential for maintaining registration and is a central purpose of the Act. One commentator has said:⁵²

The requirement that a registered trade mark owner must put its trade mark to use to maintain the benefits of trade mark protection is a fundamental concept in most trade mark systems around the world. It appears widely acknowledged that without actual use of a trade mark in the marketplace, there is little justification in trade mark protection being maintained. The importance of use accords with the economic rationale for trade mark protection.

[75] The Act includes a number of provisions designed at removing trade marks from the register that are not being used. The key provision is s 66, which provides:

66 Grounds for revoking registration of trade mark

- (1) The registration of a trade mark may be revoked on any of the following grounds:
 - (a) that at no time during a continuous period of 3 years or more was the trade mark put to genuine use in the course of trade in New Zealand, by the owner for the time being, in relation to goods or services in respect of which it is registered:
 - (b) *[Repealed]*
 - (c) that, in consequence of acts or inactivity of the owner, the trade mark has become a common name in general public use for a product or service in respect of which it is registered:
 - (d) that—

⁵² Rob Batty "How Much Use Should Amount to 'Genuine Use' of a Trade Mark?" (2014) 20 NZBLQ 93 at 93.

- (i) the article or substance was formerly manufactured under a patent or the service was formerly a patented process; and
 - (ii) a period of 2 years or more has elapsed since the expiry of the patent; and
 - (iii) the word is or the words are the only practicable name or description of the article, substance, or service:
- (e) that, in consequence of the trade mark's use by the owner or with the owner's consent in relation to the goods or services in respect of which the trade mark is registered, the trade mark is likely to deceive or confuse the public, for instance as to the nature, quality, or geographical origin of those goods or services.

(1A) For the purposes of subsection (1)(a), **continuous period** means a period that commences from a date after the actual date of registration and continues uninterrupted up to the date 1 month before the application for revocation.

...

[76] The Supreme Court in *Crocodile International* identified the purpose behind the revocation provisions for non-use under the Act.⁵³ The Court referred to these provisions as “use it or lose it” and noted that the policy behind the Act is to prevent clogging the register with unused trade marks.⁵⁴ The Court also cited the following passage of Jacob J with approval:⁵⁵

There is an obvious strong public interest in unused trade marks not being retained on the registers of national trade mark offices. They simply clog up the register and constitute a pointless hazard or obstacle for later traders who are trying actually to trade with the same or similar marks. They are abandoned vessels in the shipping lanes of trade.

[77] The Supreme Court held that the trade mark in question was not, and had never been, used by Lacoste. This constituted non-use against the “policy indications support[ing] trade mark protection.”⁵⁶ The Court elaborated on the traditional policy justifications for trade mark protection, highlighting that these justifications do not apply when a trade mark is not being used.⁵⁷

⁵³ *Crocodile*, above n 30, at [51].

⁵⁴ At [51] and [61].

⁵⁵ At [51], citing *Laboratoire de la Mer Trade Marks* [2002] FSR 51 (Ch) at [19(a)].

⁵⁶ At [80].

⁵⁷ At [79], citing Rob Batty and Richard Watts “Aggrieved No More: Is There a Need for Standing to Remove Unused Trade Marks?” [2013] NZ L Rev 1 (footnotes omitted).

- (a) The law and economics argument in favour of trade marks is that it reduces consumer search costs. The trade mark communicates a message and that communication is useful. However, when a trade mark is not used there is no communication to consumers in the market and therefore this justification falls away.
- (b) The “reap and sow” justification (that the trader’s labour should be rewarded by the creation and maintenance of its “brand” through trade mark protection) also fails because, if there is no use of the trade mark and associated “sowing” leading to building a brand, then there are no benefits to “reap” from the trade mark.
- (c) A single existing registration may present a large “no go” zone. This zone is often enhanced because traders register multiple trade marks with wide specifications of goods and services in multiple classes. In such cases, the penumbra of protection is large and operates as a barrier for new market entrants. This barrier may be justifiable if the trade mark is in use, but, without use, the justification is much weaker.

[78] Similar sentiments about the requirements of use have been expressed in other New Zealand cases. Stevens J, in *Heinz Wattie’s Pty Ltd v Goodman Fielder Consumer Foods Pty Ltd*, identified the importance of use in order to maintain a trade mark on the register.⁵⁸

[47] Another aspect of the interests of justice that applies in this case is the importance of ensuring that the trade mark register is kept “clean”. There is a public interest in ensuring that trade marks which are not used or have been suspended for the required period are not allowed to remain on the register. This public interest in favour of “cleaning” the record and potentially enhancing competition in the marketplace is no doubt the policy rationale underlying the statutory provision allowing applications for revocation.

[79] Dobson J in *Sambbasivam v Chetty*, confirmed that the register is concerned with protecting genuine use, not just any use.⁵⁹ The Judge identified that.⁶⁰

The test as to whether there has been use of a mark focuses on the genuineness of activity involving it, and it will not be sufficient if there has been a pretended use or merely preliminary use.

[80] The Judge further stated that trade mark proceedings “ought to strive to have the Register accurately reflect entitlements” based on sufficient use.⁶¹ Although only two transactions of use could be identified, the Judge considered this was genuine use because of the nature of the goods in respect of which the mark was being used.

⁵⁸ *Heinz Wattie’s Ltd v Goodman Fielder Consumer Foods Pty Ltd* HC Auckland CIV-2007-404-6946, 10 December 2008 at [47].

⁵⁹ *Sambbasivam v Chetty* (2011) 94 IPR 214 (HC).

⁶⁰ At [33].

⁶¹ At [51].

[81] In *Metalman New Zealand Ltd v Scrapman BOP Ltd*, Lang J considered what was meant by “genuine use” in the context of the Commissioner’s decision to revoke Metalman’s registration for non-use.⁶² Metalman had only used its mark once during the relevant three year period by placing an advertisement in a rural newspaper containing the mark. The Judge held that genuine use could not be regarded as “token”, and adopted the definitions of “token use” discussed by the Court of Justice of the European Union and the English Court of Appeal.⁶³ These definitions considered token use as that “serving solely to protect the rights conferred by the mark”.⁶⁴

[82] Lang J held that whether genuine use of the mark has been made must be assessed objectively:

[30] Although determination of whether there has been genuine use is an objective process, the objectively assessed intention of the user will often be an important indicator as to whether a particular use is genuine in this context. The owner’s intention must be directed to the object of using the trade mark in the course of trade as a badge of origin for the goods or services in respect of which the trade mark was granted. That is why internal use of a trade mark and the use of a trade mark solely to protect its registration are insufficient to meet the statutory test. Neither of those types of use is directed to the required object.

[83] Although the Commissioner considered s 68(2) and the effect of revocation on the rights of the owner of a revoked trade mark generally, she was critical of Johnson’s application for revocation seeking revocation to “the earliest possible date”.⁶⁵ The Commissioner described this as vague and noted it did not comply with the principles set out in *Omega SA v Omega Engineering Inc* and *Wyeth v Sanofi Pasteur*, which reinforce that an earlier revocation date should be pleaded if it is relied on.⁶⁶

[84] The Commissioner held that if Johnson wished to seek revocation from an earlier date, “in order to avoid the position it now finds itself in” it could have sought revocation from a specific date prior to 22 April 2013, in accordance with s 68(2)(b).⁶⁷

⁶² *Metalman New Zealand Ltd v Scrapman BOP Ltd* [2014] NZHC 2028, [2014] NZAR 1393.

⁶³ At [25] – [28], citing Case C-40/01 *Ansul BV v Ajax Brandbeveiliging BV* [2003] ECR I-2439; and *La Mer Technology Inc v Laboratoires Goemar SA* [2005] EWCA Civ 978, [2006] FSR 5. These cases were also applied by Moore J to interpret genuine use in *Cure Kids v National Sids Council of Australia Ltd* [2014] NZHC 3366, [2015] 3 NZLR 90 at [108]–[119].

⁶⁴ *Ansul*, above n 63, at [36]; and *La Mer*, above n 63, at [22]–[23].

⁶⁵ *Johnson registration decision*, above n 1, at [28].

⁶⁶ *Omega*, above n 6; *Wyeth*, above n 6.

⁶⁷ At [29].

Noting it did not do so, the Commissioner found that at the relevant date of 19 April 2013, Johnson could not have owned “all of the rights” in the ZIPLOC mark.⁶⁸

[85] Single use may be sufficient to be genuine, however, “the act in question must be established conclusively.”⁶⁹ Lang J held that Metalman’s use of the mark in that case, although minimal, met the test of genuine use and the revocation of the trade mark was set aside.

[86] From these authorities, it is clear that the purpose of the Act is to ensure that the owner of a trade mark must use it and that the register is not clogged up with unused marks. Further, that use must be genuine, as s 66(1)(a) specifies; it cannot be token use only.

Date of revocation

[87] Section 68(2)(b) of the Act specifies that revocation may take effect prior to the application date “if the Commissioner or the court is satisfied that the grounds for revocation of the registration of the trade mark existed at an earlier date”. This section does not indicate that the applicant must specify an earlier date. The Commissioner and the Court must merely be satisfied that grounds for revocation existed an earlier date. The relevant regulations that apply to an application for revocation do not specify that an applicant must state at what date revocation should apply.⁷⁰

[88] In the *Laws of New Zealand* commentary, the Commissioner’s decision in the present case is cited as the primary authority for the proposition that:⁷¹

If there may be grounds for revocation taking effect earlier, it has been suggested that an aggrieved person needs to specifically plead that revocation should take effect as of a date earlier than the date of the application for revocation.

[89] Apart from this decision, there are only two other decisions about the process to be followed, should a revocation decision apply to a date earlier than the application date.

⁶⁸ At [30].

⁶⁹ *Metalman*, above n 62, at [42].

⁷⁰ Trade Mark Regulations 2003, regs 94–95.

⁷¹ *Laws of New Zealand*, above n 20, at [198] and footnote 16, citing *Johnson registration decision*, above n 1.

[90] In *Wyeth*, the Commissioner opined:⁷²

25. In my opinion, section 68(2)(b) of the Act does not envisage that the Commissioner or the Court may select an earlier revocation date that has not been pleaded by the applicant and that bears no relationship to the applicable grounds, which section 68(2)(b) effectively says must exist at that earlier date. That must be right or else an owner would effectively be put in a position of having to establish use for the entire period that falls between the date of registration of its mark and the date 1 month before the application date, which could exceed the applicable continuous 3-year or 5-year period stated in the grounds set out in section 66(1) of the Act.

[91] The English High Court in *Omega* also held:⁷³

[11] I have come to the conclusion that Mr Edenborough is right. Just reading this form, I do not think that the proprietor would have appreciated that revocation going back to the date of 1960 or any earlier date was actually sought. The mere reference to s.46(1)(a), to my mind, does not fairly put in play use for the earlier period. After all, the pleading simply said “for at least the last five years”. That was the factual allegation that was made in this pleading. That factual allegation is what the trade mark owners set about rebutting. I do not regard this as a purely technical pleading point; it is more serious than that. *If a party wants revocation to take effect from a date earlier than the date of application for revocation, in my judgment, it should set out what date it wants and explicitly allege that the grounds for revocation existed at an appropriate earlier date.*

No request to backdate

[92] Jacob J in *Omega* said that the owner would not have appreciated that revocation to an earlier date was actually sought. This appears to be the position in this case. Here, Johnson had already filed an application for registration on 19 April 2013, but failed to specify in the revocation application (filed three days later on 22 April 2013), that it should be backdated three days to 19 April. Mr Robb explained that until the notice of opposition to Johnson’s application for registration had been received, Johnson did not appreciate that revocation to an earlier date needed to be sought.

[93] I note that while the *Omega* decision specifies that a party should explicitly allege an earlier date for revocation, if it wants such a date to take effect, there is no mandatory requirement either in *Omega*, or in the New Zealand authorities, or

⁷² *Wyeth*, above n 6.

⁷³ *Omega SA*, above n 6 (emphasis added). The English equivalent of s 68(2) is very similarly worded: see Trade Marks Act 1994 (UK), s 46(6).

legislation, that this must occur. While it might be desirable that an earlier date is pleaded, it is not mandatory and the Commissioner has a residual discretion under s 68(2)(b) to extend the date, where obvious or appropriate.

[94] The revocation hearing was determined on the papers. There was no appearance of counsel. No steps were taken by Johnson to appeal the revocation decision or seek its recall, to seek an earlier date of revocation namely 18 or 19 April 2013. Clearly, the problems facing Johnson, in seeking to register the ZIPLOC trade mark would have been obviated, in part, by appealing the decision or seeking such recall.

[95] Consolidated, as set out above, challenges this Court's jurisdiction to apply, or backdate to, an earlier date, because the matter is not on appeal before the Court and the time for appealing the revocation decision has lapsed. There is also no jurisdiction for a party to seek leave to appeal under the Act, where an appeal is out of time.⁷⁴

[96] The anomalous finding of ownership on the registration date is a matter that would normally be corrected on appeal, particularly in light of the *Austin Nichols* approach to general appeals.⁷⁵

[97] In determining issues of ownership, it is unhelpful for a Commissioner to feel constrained by a pleading technicality, when it comes to the exercise of a discretion. Johnson's application did not plead that the revocation should take place from 19 April 2013, but it did seek revocation from the earliest date possible, which often becomes apparent during a hearing, following argument or evidence of non-use. If the circumstances require it, there should be no impediment to the exercise of a discretion, when the strict application of a principle produces a problematic result.

[98] The Commissioner here, however, has recognised the anomaly and has made a finding, as explained above, of special circumstances under s 26 of the Act. On the basis of her finding, albeit it under s 25 and consequentially s 26, the date of registration and the date of revocation should be regarded as overlapping, as there was no impediment by dint of the marks deceiving or confusing members of the public.

⁷⁴ See Trade Marks Act 2002, ss 170–174.

⁷⁵ *Austin Nichols*, above n 8.

On that basis, 19 April 2013 is the appropriate date at which ownership should be properly addressed, without the complication of revocation occurring three days later on 22 April 2013. In the same way, as the 19 April 2013 date can be considered a notional overlap date, for all practical purposes, the revocation date should be considered, for reasons addressed later in this judgment, as 19 April 2013.

Conclusion

[99] The revocation process is designed to achieve the purpose of the Act, namely to ensure that trade marks on the Register are used. It was appropriate, therefore, for the Commissioner to take into account the fact that just three days (over a weekend) after Johnson's application for registration, Consolidated's trade mark was revoked. This consideration was met, in part, in the Commissioner's finding of "special circumstances" under s 26(b) of the Act.

[100] However, the constraints the Commissioner placed on her s 26 finding of special circumstances, that her decision on ownership under s 32 overrode that finding (because s 25 is aimed at preventing likely deception or confusion), were misplaced. I consider this led to her failure to factor the revocation into her final decision and was in error.

[101] The revocation date should therefore be considered as 19 April 2013, the same date as Johnson's application for registration.

3. Was the Commissioner in error in declining Johnson's application for registration, when she found that special circumstances existed in this case under s 26(b) of the Act?

[102] The Commissioner, in considering whether s 25(1)(b) of the Act applied, found that under s 26(b) special circumstances existed in this case, by virtue of Consolidated's trade mark registration being revoked only three days after the relevant date.⁷⁶ She specifically observed those three days covered a weekend. The ground advanced by Consolidated under s 25(1)(a) of the Act was therefore unsuccessful. The Commissioner also noted that s 25(2) of the Act confirms that s 26 overrides s 25(1)(a).

⁷⁶ *Johnson registration decision*, above n 1, at [81].

[103] Having found that special circumstances existed, the Commissioner considered the *N V Sumatra* decision and Johnson’s submission that the Court of Appeal took a practical approach, by taking into account changes that have taken place after the application for registration date.⁷⁷ This was consistent with earlier trade mark decisions in the scheme of the Trade Marks Act. The Commissioner noted however, that *N V Sumatra* and the *The Eden Park Trust v Cinq-Huitiemes SA* decisions did not consider issues of ownership under s 32(1) and the application of s 68(2).⁷⁸

[104] The Commissioner drew a distinction between s 32, being the basis for determining ownership, and s 25 of the Act, preventing likely deception or confusion by registration of identical or similar trade marks.⁷⁹ The Commissioner explained that s 32(1) relates to proprietary rights as between entities and considered that the purpose behind the ownership provisions in the Act was to ensure the register accurately reflects the true owner of a mark. It is for this reason that the Commissioner considered that her finding under s 32(1) overrode her “special circumstances” finding under s 26 of the Act.

[105] The Commissioner also considered that the “monopoly granted by a registration should not be granted to the wrong party. The common law has a policy of protecting property rights, and it leans against abandonment.”⁸⁰ The Commissioner referenced Fogarty J in *Chettleburgh* where he referred to the underlying purpose of the legislation being to protect the property and goodwill associated with the mark.⁸¹

[106] Section 25 prevents two people registering a confusing or deceptively similar trade mark concurrently, unless there are exceptions. It is true that s 25(1) is aimed at preventing likely deception or confusion on the registration of the same or similar trade marks but, in the context of an ownership dispute or determination, one cannot overlook that s 32 provides for an application by a person claiming to be the owner of a trade mark to register it. Registration of a trade mark cannot occur unless there is a claim to ownership.

⁷⁷ *N V Sumatra*, above n 40.

⁷⁸ *The Eden Park Trust v Cinq-Huitiemes SA* [2011] NZIPOTM 33.

⁷⁹ *Johnson registration decision*, above n 1, at [82]–[83].

⁸⁰ *Johnson registration decision*, above n 1, at [83].

⁸¹ *Chettleburgh [2014]*, above n 25, at [76].

[107] In this case, the Commissioner was satisfied that there could be no deception or confusion, if Johnson's application were granted in these circumstances. Notionally, the two marks may have been registered at the same time but there were special reasons for this, arising from Consolidated's revocation three days later.

[108] Notional overlapping of trade marks is an apt description, as the trade marks are not on the register at the same time, but notionally, the proprietorship of the trade marks for the intervening period overlaps, as a result of a successful registration application decision some years later.

[109] In this case, the notional overlapping of identical trade marks owned by two distinct entities, over a weekend, was unlikely to deceive or confuse the public, because the Commissioner knew, at the time of the decision in 2017, that Consolidated's trade mark was revoked three days after the date of Johnson's application. The evidence before her, both at the revocation hearing in 2014 and at the registration hearing in 2017 did not reveal any use by Consolidated over that weekend.

[110] However, having acknowledged the three day difference between application and revocation, the Commissioner then concluded that her finding of special circumstances under s 26(b) of the Act was not inconsistent with her finding under s 32(1). Therefore her s 32(1) finding overrode this and she declined Johnson's registration. The Commissioner's finding that s 32(1) overrides a finding of special circumstances under s 26 and that ownership is determined on the date of application only, conflicts with the purpose behind the ownership provisions in the Act. Although the Commissioner canvassed the statutory scheme of the Act,⁸² her principal finding under s 32 focussed solely on the date of Johnson's application for registration, irrespective of the subsequent revocation of Consolidated's trade mark.

[111] This led to the Commissioner concluding that her finding of special circumstances under s 26(b) of the Act was not inconsistent with her finding under s 32(1) and declined Johnson's registration.

⁸² *Johnson registration decision*, above n 1, at [16]–[20] and [36]–[39].

[112] I consider the Commissioner’s finding under s 26 was the appropriate finding to resolve the date anomaly. But for the evidential conflict on prior use, registration on the Commissioner’s reasoning under s 26(b) could have been determinative.

Is the Commissioner’s decision consistent with the legislative purpose of the 2002 Act?

[113] The Trade Marks Act 2002 (the Act) establishes a system for registering trade marks in New Zealand. It was intended to modernise New Zealand’s existing trade mark legislation, as the previous act was enacted in 1953 and provided a presumption of registrability.⁸³

[114] In the parliamentary debate at the second reading of the Trade Marks Bill, Hon Judith Tizard (Associate Minister of Commerce) said:⁸⁴

The bill increases certainty over the registration of trademarks. It provides for a presumption of registrability – that is, it imposes a positive obligation on the Commissioner of Trade Marks to register a trademark except in very specific cases. The bill specifies all the grounds that would prevent registration of a trademark. A number of those grounds have been developed and defined through case law and were not specified in the 1953 Act. Consolidating all the grounds in the legislation will provide greater certainty for interested parties. Absolute grounds precluding registration of a trademark include: if the use of a trademark would be contrary to New Zealand law; if the use or registration of a trademark would be offensive to a significant section of the community, including Māori; if the application for registration of trademark is made in bad faith; and if a trademark has no distinctive character.

[115] Some of the main reforms brought about by the 2002 Act included:⁸⁵

- (a) a reduction of the non-use period from five years to three years;
- (b) simplification of the removal procedure for non-use;
- (c) the abolition of defensive trade mark registrations;
- (d) new measures to prevent registration of marks which may offend Māori or other sections of the community;
- (e) to help New Zealand legislation meet international standards.

[116] In respect of reducing the non-use period from five years to three years, the Commerce Select Committee reported that “given the rapid pace of change in today’s commercial environment, three years is considered sufficient for any owner to put the

⁸³ See the Trade Marks Act 1953; (1 August 2001) 593 NZPD 10598; and (19 November 2002) 604 NZPD 2347.

⁸⁴ (19 November 2002) 604 NZPD 2269.

⁸⁵ (19 November 2002) 604 NZPD 2347; and Finch, above n 22, at 589–590.

trade mark to genuine use”.⁸⁶ The Act was concerned with only maintaining trademarks on the register that are genuinely used in New Zealand. This is affirmed by academic commentary on the system of trademark registration.⁸⁷

The resulting registration gives the owner strong exclusivity rights by means of the action for infringement. As long as the owner continues to use the mark and pay renewal fees, the registration may be perpetual.

[117] The Commissioner correctly identified that the purpose behind the ownership provisions in the Act is to ensure the register accurately reflects the true owner of a mark.⁸⁸ It is important therefore, that the ultimate determination, does not make a nonsense of the statutory provisions.

[118] A key canon of statutory interpretation is that the courts assume Parliament intended to legislate a meaning that was not absurd. A useful summary of this canon is found in Thomas J’s judgment, for the majority, in *Frucor Beverages Ltd v Rio Beverages Ltd*.⁸⁹

The principles of interpretation which assist the Courts in that exercise are well established. They reflect common sense propositions and should, therefore, be applied sensibly. Thus, it would be less than sensible to presume that Parliament intended to legislate in a manner which is absurd. Indeed, it would be uncharitable, if not presumptuous, for the Courts to approach the task of interpreting Parliament’s legislation on any other basis. Thus, the Courts have come to give the concept of “absurdity” a wide meaning, using it to include virtually any result which is unworkable or impracticable, inconvenient, anomalous or illogical, futile or pointless, artificial, or productive of a disproportionate counter-mischief.

[119] Thomas J also commented that a similar principle of statutory interpretation was “that the Courts will endeavour to avoid an interpretation of a section where that interpretation would lead to unworkable or inconvenient consequences.”⁹⁰ A purposive interpretation was seen as fundamental to the statutory interpretation exercise, in order to give effect to Parliament’s will.⁹¹

⁸⁶ Commerce Committee *Trade Marks Bill* (1 March 2002) at 6.

⁸⁷ Paul Sumpter *Intellectual Property Law: Principles in Practice* (3rd edition, CCH New Zealand, Auckland, 2017) at 159.

⁸⁸ *Johnson registration decision*, above n 1, at [83].

⁸⁹ *Frucor Beverages Ltd v Rio Beverages Ltd* [2001] 2 NZLR 604 (CA) at [28].

⁹⁰ At [30].

⁹¹ At [31].

[120] This presumption complements the statutory direction in s 5(1) of the Interpretation Act 1999, to interpret a statute in light of its purpose. As the *Laws of New Zealand* commentary notes:⁹²

A statute must, if possible, be construed in the sense that makes it operative and that does not defeat the manifest intentions of the legislature; in cases where a provision may have several possible meanings, the Courts look for the one that produces a practical result.

[121] This principle of interpretation can be applied in the present case. Johnson's application for revocation was not backdated an additional three days to enable its application for registration to be granted. In light of the purposes of the Act, namely to ensure that the register is not clogged up with unused trade marks and that the true owner of a mark is registered, it is important to ensure that a strict and literal interpretation of the Act does not produce an anomaly.

[122] The Commissioner here recognised that special circumstances existed, because Consolidated's trade mark was revoked only three days after the relevant date and those days covered a weekend. In referring to the *Eden Park Trust* case, the opponent's trade mark registration was revoked almost a month after the application date.⁹³ In *Eden Park*, the Commissioner found the relevant date was the application date but found special circumstances existed to register the applicant's mark, because it was inappropriate for the opponent's trade mark registrations to be used defensively to prevent the applicant from registering its mark.

[123] Here the Commissioner also made a finding of special circumstances under s 26(b) but then found that her finding under s 32 trumped her s 26(b) finding, because s 32 relates to proprietary rights as between entities. Although the Commissioner acknowledged the purpose behind the ownership provisions in the Act is to ensure the register accurately reflects the true owner of a mark, she subsumed the special circumstances finding and in so doing, overlooked that Consolidated was the registered owner from Friday 19 April 2013 to Monday 21 April 2013 only.

[124] Despite the failure of Johnson to seek an earlier revocation date or appeal the revocation decision, it defies logic, common sense and the purpose of the Act to make

⁹² *Laws of New Zealand Statutes* (online ed) at [177].

⁹³ *Eden Park Trust*, above n 78.

a determination of ownership at 19 April 2013, four years later, in the knowledge that Consolidated lost its registration on 22 April 2013, because it was *not using* the trade mark.

[125] I consider the Court cannot stand by and fail to ensure that the objects of the Act are met. That is the responsibility of an appellate court on a general appeal. The three day gap between 19 April 2013 and 22 April 2013 should not be an impediment to a determination of the true owner of the trade mark. Consistent therefore with the Commissioner's special circumstances finding, the application and revocation date should be 19 April 2013.

Conclusion

[126] The Commissioner found there were special circumstances under s 26(b) of the Act to grant Johnson's registration application, by virtue of Consolidated's trade mark being revoked just three days later.

[127] It was inconsistent and contrary to the purposes of the Act therefore, for the Commissioner to uphold her finding under s 32 of the Act as overriding the special circumstances finding, because s 32(1) relates to "proprietary rights as between entities," when Consolidated's rights had been revoked three days later for non-use and the Commissioner was determining the true ownership of the trade mark.

[128] The application and revocation dates should both be 19 April 2013

[129] The s 32 finding of the Commissioner is quashed. A determination of ownership should proceed on the application of the principles enunciated by the Court of Appeal in *North Face Apparel* by the Commissioner at a future hearing, for the additional reasons addressed under issue four.⁹⁴

4. Was the Commissioner correct in finding that Consolidated had the best evidence of use or prior use prior to Johnson's application for registration?

[130] In reaching her final decision, the Commissioner found, as a second ground to decline Johnson's registration, that on the balance of probabilities there was prior use

⁹⁴ *North Face Apparel*, above n 21.

of the ZIPLOC mark in New Zealand by Consolidated. Referring to the *North Face Apparel* decision, the Commissioner correctly observed that the use must be public and that in this respect the threshold is low.⁹⁵ A single use may suffice.⁹⁶

[131] Importantly, the Commissioner then referred to the evidence of Mr Withers, who made a declaration that on 11 November 2009, Hefty New Zealand Ltd (the New Zealand entity in the Consolidated Group) invoiced Real Foods Ltd in Auckland for 300 cartons of “Hefty Ziploc Resealable Sandwich Bags” and the invoice showed that delivery was required by 11 November 2009.⁹⁷

[132] Johnson submits that the evidence of Mr Withers is hearsay, unreliable and should not be admitted. Johnson says that Consolidated has not established legitimate use of the ZIPLOC brand and it has only been used as a defensive mechanism.

[133] Consolidated rejects that submission and Mr Williams submits that it was incumbent on Johnson to apply to cross-examine Mr Withers, given the nature of its assertions and it was improper that such a submission should be made.

[134] Mr Withers did not give oral evidence before the Commissioner and nor was he cross-examined. Objections, therefore, of an evidential nature at this appellate level cannot be properly determined, because no evidential foundation has been laid for such objections.

[135] More concerningly, the Commissioner states in her decision under appeal, that the statement made by Mr Withers in his declaration and the invoice exhibit were not included in his evidence in the revocation proceeding before her.⁹⁸ The inference to be drawn from that statement is that if this evidence was before the Commissioner at the time of her revocation decision, potentially the revocation decision outcome may have been different.

⁹⁵ *North Face Apparel*, above n 21.

⁹⁶ At [23], citing *Aqua Technics*, above n 4, at [46]; and *Thunderbird Products Corp v Thunderbird Marine Products Pty Ltd* [1974] HCA 51, (1974) 131 CLR 592 at 602.

⁹⁷ *Johnson registration decision*, above n 1, at [47]–[48].

⁹⁸ *Johnson registration decision*, above n 1, at [48].

[136] Further, if Johnson’s assertion that the invoice and statement in Mr Wither’s declaration do not establish a legitimate use of the ZIPLOC brand and it has been used as a defensive mechanism, then those matters should be put to the witness and the Commissioner should have the opportunity to decide, on the strength of the evidence of prior use or not, which party is the true owner of the mark to ensure the Register actually reflects that position.

[137] It is inappropriate, therefore, for an appellate court to make a determination in these circumstances, when the evidence on prior use is lacking. Neither parties’ evidence of use is watertight, despite the Commissioner’s finding that Consolidated “clearly provides the best evidence of use.”⁹⁹

[138] Because of the evidential challenges and the absence of detail in the declarations, I am referring this matter back to the Commissioner for a further hearing. Consolidated have an extant application for registration awaiting determination, following the outcome of this case. I note that Woodhouse J, in the first *Chettleburgh* decision, referred the matter back to the Commissioner in similar circumstances where a further application awaited determination.¹⁰⁰

[139] I am therefore allowing the appeal and referring this matter back to the Commissioner for a further hearing to determine the true owner of the ZIPLOC trade mark. As Johnson has succeeded on this appeal, its application for registration and the extant registration application by Consolidated, should be heard together and a decision made as to which entity is to be registered, as the owner of the trade mark.

[140] The date of revocation of Consolidated’s trade mark is 19 April 2013, being the date of Johnson’s application for registration. This date is consistent with the Commissioner’s finding under s 26(b) of special circumstances, namely that on these facts, registration could have potentially proceeded. The Commissioner’s finding that Consolidated had the best evidence of use is quashed and the matter is referred back to the Commissioner for a further hearing, to determine who is the true owner of the

⁹⁹ At [52].

¹⁰⁰ *Chettleburgh* [2012], above n 15.

ZIPLOC trade mark on the ownership principles, identified and summarised by the Court of Appeal in *North Face Apparel*.¹⁰¹ Those principles are:

- (a) The applicant who claims to be the owner must justify its claim and establish its right. Only the person claiming to be the owner of the trade mark can register it.
- (b) In order to establish ownership, the applicant must establish that it is the first person to use the mark in New Zealand and if challenged, there is no prior use by another party.
- (c) Proof of use of a trade mark is established by illustrating that the use is public and that the mark must be used in relation to goods to indicate a connection in the course of trade between the goods and the owner.

[141] Just as the “date anomaly” produced a contrary result, so too does the finding that Consolidated “clearly” has the best evidence of prior use. This finding jars with the facts: Consolidated’s registration was revoked for *non-use* and it is currently awaiting a decision on its application to have its mark re-registered.

Conclusion

[142] The Commissioner found the evidence on prior use by either party was not “watertight”. Further, the evidential objections raised on appeal, together with the omission of potentially critical evidence being adduced at the revocation hearing, make it inappropriate for this appellate court to make a determination on these issues.

[143] The Court’s finding that Consolidated clearly provides the best evidence of use is quashed. The matter is referred back to the Commissioner for a further hearing to determine the true owner of the ZIPLOC trade mark in light of this decision.

¹⁰¹ *North Face Apparel*, above n 21, at [17], [21]–[23] and [30].

Summary of conclusions

1. *Does s 32 of the Act require the Commissioner to determine ownership of the trade mark only at the date of the application for registration?*

[144] In line with New Zealand authority, the date of determining ownership is at the date of the application for registration, although the Act is silent on this point.

[145] In circumstances such as this case, where an application for registration is made some few days before the opponent's trade mark is revoked, the relevant date can produce anomalies that conflict with the Act's purpose, unless relevant subsequent events affecting ownership, such as revocation of an earlier mark, are taken into account.

[146] The Act provides a mechanism for dealing with a "notional overlap" between application for registration and revocation of an earlier mark by way of s 26(b), which enables the Commissioner to find a case of honest concurrent use or special circumstances. This allows for the competitor's trade mark to be registered, subject to any conditions that the Court or the Commissioner may impose.

[147] For reasons which are explored below, the Commissioner here made a finding under s 26(b) that special circumstances exist. That finding, in my view, was an appropriate one and would have been determinative, but for the evidential conflict on prior use by the parties considered under issue four.

2. *Was the revocation of Consolidated's trade mark for non-use relevant to the Commissioner's decision on ownership under s 32(1) of the Act, and if so, was it properly taken into account?*

[148] The revocation process is designed to achieve the purpose of the Act, namely to ensure that trade marks on the Register are used. It was appropriate, therefore, for the Commissioner to take into account the fact that just three days (over a weekend) after Johnson's application for registration, Consolidated's trade mark was revoked. This consideration was met, in part, in the Commissioner's finding of "special circumstances" under s 26(b) of the Act.

[149] However, the constraints the Commissioner placed on her s 26 finding of special circumstances, that her decision on ownership under s 32 overrode that finding (because s 25 is aimed at preventing likely deception or confusion), were misplaced. I consider this led to her failure to factor the revocation into her final decision and was in error.

[150] The revocation date should therefore be considered as 19 April 2013, the same date as Johnson's application for registration.

3. *Was the Commissioner in error in declining Johnson's application for registration, when she found that special circumstances existed in this case under s 26(b) of the Act?*

[151] The Commissioner found there were special circumstances under s 26(b) of the Act to grant Johnson's registration application, by virtue of Consolidated's trade mark being revoked just three days later.

[152] It was inconsistent and contrary to the purposes of the Act therefore, for the Commissioner to uphold her finding under s 32 of the Act as overriding the special circumstances finding, because s 32(1) relates to "proprietary rights as between entities," when Consolidated's rights had been revoked three days later for non-use and the Commissioner was determining the true ownership of the trade mark.

[153] The application and revocation dates should both be 19 April 2013

[154] The s 32 finding of the Commissioner is quashed. A determination of ownership should proceed on the application of the principles enunciated by the Court of Appeal in *North Face Apparel* by the Commissioner at a future hearing, for the additional reasons addressed under issue four.¹⁰²

4. *Did the Commissioner have sufficient evidence to find that Consolidated had the best evidence of use, prior to Johnson's application for registration?*

[155] The Commissioner found the evidence on prior use by either party was not "watertight". Further, the evidential objections raised on appeal, together with the

¹⁰² *North Face Apparel*, above n 21.

omission of potentially critical evidence being adduced at the revocation hearing, make it inappropriate for this appellate court to make a determination on these issues.

[156] The Court's finding that Consolidated clearly provides the best evidence of use is quashed. The matter is referred back to the Commissioner for a further hearing to determine the true owner of the ZIPLOC trade mark in light of this decision.

Result

[157] The appeal is allowed in part.

[158] The Commissioner's finding that Consolidated is the owner of the ZIPLOC trade mark is quashed.

[159] This proceeding is referred back to the Commissioner for a new hearing, limited to determination, in accordance with this judgment, of the following questions:

- (a) Of the two entities, which is the true owner of the trade mark ZIPLOC?
- (b) As both entities make a prior assertion of proprietorship by their respective registrations, which of the parties can assert prior use of the trade mark in New Zealand?
- (c) If use is established by either entity, was the use legitimate and genuine?
- (d) Given that each entity respectively has had its registration of the trade mark revoked for non-use, which of the entities has a proposed use and intention to use the mark?

[160] The parties have leave to apply for an order re-defining the issues to be determined by the Commissioner, if the issues as outlined in the preceding paragraph leave uncertainty.

[161] If there is uncertainty, counsel are to confer and if possible, reach agreement on the precise terms of reference. Agreed modification of the order should be submitted in a joint memorandum to be filed by 1 February 2018.

[162] If further directions are required and the parties are unable to agree, counsel should file memoranda seeking directions accordingly.

[163] The appellant is entitled to costs. If counsel are unable to agree on the quantum of costs and disbursements, a memorandum from the appellant should be filed and served by 1 February 2018 and any response for the respondent by 15 February 2017.

Cull J

Solicitors:
AJ Park Law
Bell Gully