

**IN THE COURT OF APPEAL OF NEW ZEALAND**

**I TE KŌTI PĪRA O AOTEAROA**

**CA72/2018  
[2019] NZCA 61**

BETWEEN INTERNATIONAL CONSOLIDATED  
BUSINESS PTY LTD  
Appellant

AND S C JOHNSON & SON INC  
Respondent

Hearing: 23 August 2018

Court: Kós P, French and Brown JJ

Counsel: G C Williams and L E Mannis for Appellant  
G F Arthur and L Carter for Respondent

Judgment: 19 March 2019 at 4.00 pm

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**JUDGMENT OF THE COURT**

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- A The appeal against the order quashing the Assistant Commissioner’s finding that ICB is the owner of the ZIPLOC trade mark is dismissed.**
- B The direction that the proceeding be referred back to the Assistant Commissioner for a new hearing of the issues at [159] of the High Court judgment is quashed.**
- C Trade mark application 975954 for ZIPLOC is to proceed to registration.**
- D The appellant must pay the respondent costs for a standard appeal on a band A basis and usual disbursements.**
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## REASONS OF THE COURT

(Given by Brown J)

### Introduction

[1] Both the appellant, International Consolidated Business Pty Ltd (ICB) and the respondent, S C Johnson & Son Inc (Johnson) aspire to be the registered owner in New Zealand of the trade mark ZIPLOC in class 16.<sup>1</sup>

[2] On 26 June 2014 ICB's previous registered trade mark (RTM) number 648953 for ZIPLOC was removed from the trade mark register with effect from the date of Johnson's application for removal of 22 April 2013. ICB filed a further application for registration of ZIPLOC under application number 1005952 on 26 September 2014.

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<sup>1</sup> Of the Nice Classification system (the tenth edition then applied).

[3] On 19 April 2013, three days prior to its application for removal of ICB's RTM 648953, Johnson filed its own application to register ZIPLOC under application number 975954. Being first in time Johnson's application had priority over ICB's further application.

[4] ICB's opposition to Johnson's application was upheld by the Assistant Commissioner of Trade Marks on two grounds:<sup>2</sup>

- (a) On the date of Johnson's application, 19 April 2013, ICB was the owner of the ZIPLOC trade mark by virtue of its RTM 648953. Hence Johnson was precluded from filing an application for registration prior to the effective date of the removal of RTM 648953 on 22 April 2013.
- (b) Johnson failed to establish that there was no use by ICB of the ZIPLOC trade mark either prior to any use by Johnson or prior to Johnson's application for registration on 19 April 2013.

[5] On appeal to the High Court Cull J ruled that the effective revocation date of ICB's RTM 648953 was 19 April 2013.<sup>3</sup> The Judge quashed the Assistant Commissioner's finding that ICB was the owner of the ZIPLOC trade mark on that date ie, ground (a) above. She referred the proceeding back to the Commissioner for determination of the issue whether ICB or Johnson is the true owner of the trade mark ZIPLOC.<sup>4</sup> ICB appeals from that judgment.

[6] The primary issue on the appeal concerns the validity of Johnson's application for registration on 19 April 2013. It raises significant issues as to the interpretation of the Trade Marks Act 2002 (the Act).

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<sup>2</sup> *S C Johnson & Son, Inc v International Consolidated Business Pty Ltd* [2017] NZIPOTM 4 [Assistant Commissioner decision] at [38]–[39] and [53].

<sup>3</sup> *S C Johnson & Son Inc v International Consolidated Business Pty Ltd* [2017] NZHC 3238 [High Court judgment] at [150].

<sup>4</sup> Together with related questions as to use of and intention to use the trade mark.

## Obtaining and removing registered trade marks

[7] Registration of a trade mark confers on the registered owner various exclusive rights including the use of the RTM.<sup>5</sup> It is not a prerequisite of registration that the applicant is using the trade mark, provided that at the date of application it has the intention to use it. However the underlying philosophy of the Act is that a registered owner must use the trade mark or risk losing the registration.

### *Applying for registration*

[8] Application is to be made in accordance with s 32(1) of the Act:

#### **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.

[9] The definition of “owner” in s 5(1) distinguishes between ownership of a trade mark and ownership of a registered trade mark:

#### **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

[10] The Commissioner must accept an application that complies with the requirements of the Act.<sup>6</sup> If different persons separately apply for registration of

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<sup>5</sup> Trade Marks Act 2002, s 10(1).

<sup>6</sup> Subject to any conditions the Commissioner thinks fit: s 40.

identical or similar trade marks in respect of identical or similar goods or services, the first application received by the Commissioner has priority and may proceed.<sup>7</sup>

[11] Section 25(1)(a) provides that the Commissioner must not register a trade mark (trade mark A) in respect of any goods or services if it is identical to a trade mark (trade mark B) belonging to a different owner that is registered or has priority in respect of either the same goods or services, or goods or services that are similar to those goods and services and its use is likely to deceive or confuse.

[12] The Commissioner must not register a trade mark until six months after the date of application for registration.<sup>8</sup> However on registration the trade mark is deemed to have been registered as at the date of application.<sup>9</sup> The registered owner may bring proceedings for infringement of the registered trade mark if the infringement occurred on or after the deemed date of registration.<sup>10</sup>

#### *Revocation of registration of trade mark*

[13] Registered trade marks which were not registrable under Part 2 at the deemed date of registration may be declared invalid under s 73. Validly registered trade marks may be revoked on various grounds prescribed in s 66. One such ground is that at no time during a continuous period of three 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.<sup>11</sup>

[14] In *Crocodile International Pte Ltd v Lacoste* the Supreme Court drew attention to the purpose of the non-use provision,<sup>12</sup> often referred to as the “use it or lose it” provision, as explained by Jacob J in *Laboratoire de la Mer Trade Marks*:<sup>13</sup>

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

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<sup>7</sup> Section 34(1).

<sup>8</sup> Section 50(2).

<sup>9</sup> See definition of “deemed date of registration” in s 5(1); see also ss 51(a) and 57.

<sup>10</sup> Section 100(b).

<sup>11</sup> Section 66(1)(a).

<sup>12</sup> *Crocodile International Pte Ltd v Lacoste* [2017] NZSC 14, [2017] 1 NZLR 679 at [51].

<sup>13</sup> *Laboratoire de la Mer Trade Marks* [2002] FSR 51 (Ch) at [19(a)].

are trying actually to trade with the same or similar marks. They are abandoned vessels in the shipping lanes of trade.

[15] Section 66(1A) provides a definition of “continuous period”:

(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.

[16] Section 66 further provides:

(3) The registration of a trade mark must not be revoked on the ground in subsection (1)(a)<sup>14</sup> if that use is commenced or resumed after the expiry of the 3-year period and before the application for revocation is made.

(4) Any commencement or resumption of use referred to in subsection (3) after the expiry of the 3-year period but within the period of 1 month before the making of the application for revocation must be disregarded unless preparation for the commencement or resumption began before the owner became aware that the application may be made.

[17] In contrast to the other grounds of revocation in s 66, in respect of which the applicant for removal bears the onus of proof, on an application for removal for non-use under s 66(1)(a) the owner must provide proof of the use of the trade mark if the owner intends to oppose the application.<sup>15</sup>

[18] Of particular significance for the issues on this appeal is s 68(2) which backdates the effective date of revocation in similar fashion to applications for registration:

#### **68 Revocation of registration of trade mark**

(1) If grounds for revocation exist in respect of only some of the goods or services in respect of which the trade mark is registered, revocation relates only to those goods or services.

(2) If the registration of a trade mark is revoked to any extent, the rights of the owner, to that extent, cease on—

(a) the date of the application for revocation of the registration of the trade mark; or

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<sup>14</sup> See above n 11, and [13].

<sup>15</sup> Section 67(a).

- (b) 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, that date.

### **Relevant background**

[19] Over the past 45 years there have been a number of registrations of the ZIPLOC trade mark in New Zealand. Consequent upon the acquisition of DowBrands in 1998, S C Johnson Home Storage Inc became the owner of RTM 109101 in class 16 for plastic film for wrapping purposes which was registered in 1974 and RTM 140148 in class 16 for plastic bags which was registered in 1981. In 1999 it obtained RTM 313887 in class 21 for plastic containers. On the application of ICB, RTM 109101 and RTM 140148 were removed from the register on the ground of non-use of the trade mark with effect from 7 December 2001. RTM 313887 was also removed from the register on ICB's application on the ground of non-use as from 5 September 2005.

[20] On 8 June 2006 ICB obtained RTM 648953 for the ZIPLOC trade mark in class 16, the registration being deemed to take effect from the date of application on 22 November 2001.<sup>16</sup> On 22 April 2013 Johnson filed an application for revocation of RTM 648953 and an order for removal of that registration on the ground of non-use was made on 26 June 2014.<sup>17</sup>

[21] On 26 September 2014 ICB filed a further application number 1005952 in class 16. ICB's application was held in abeyance pending the processing of Johnson's application number 975954 in class 16 which had priority having been filed earlier on 19 April 2013.<sup>18</sup>

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<sup>16</sup> The specification of goods was: bags in this class, including plastic bags; kitchen tidy bags and garbage bags; plastic bags for food storage, snacks and sandwiches; plastic freezer bags and plastic bags for medical products; clingwrap.

<sup>17</sup> *International Consolidated Business Pty Ltd v S C Johnson & Son, Inc* [2014] NZIPOTM 27.

<sup>18</sup> The specification of goods was: plastic bags and plastic film for wrapping purposes.

[22] Johnson's application was opposed by ICB on four grounds:

- (a) the application for registration was not made by a person who at the relevant date was the owner or proprietor of the mark;<sup>19</sup>
- (b) use of the mark by Johnson on its goods would have been likely to deceive or cause confusion;<sup>20</sup>
- (c) use of the mark by Johnson would be contrary to law because it would (i) amount to passing off at common law and/or (ii) be contrary to various provisions of the Fair Trading Act 1986. Use of the mark by Johnson would be disentitled to protection in any court;<sup>21</sup>
- (d) the mark was identical to a trade mark which at the relevant date belonged to a different owner, namely ICB, registered in respect of the same goods.<sup>22</sup>

### **The Assistant Commissioner's decision**

[23] In her decision dated 17 January 2017 the Assistant Commissioner of Trade Marks upheld ICB's first ground of opposition. While not therefore required to determine the other three grounds, the Assistant Commissioner was inclined to the view that none should succeed. The Assistant Commissioner recognised that Johnson had the onus of proving ownership of the trade mark and considered that the relevant date for determining Johnson's claim to ownership was the date of its application, 19 April 2013.<sup>23</sup>

[24] ICB argued that at the relevant date the ZIPLOC trade mark was registered in its name, the order for revocation for non-use having taken effect three days after the relevant date on 22 April 2013. It therefore contended that Johnson's application was not made in accordance with the Act because at the relevant date Johnson was not the

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<sup>19</sup> Trade Marks Act, s 32(1).

<sup>20</sup> Section 17(1)(a).

<sup>21</sup> Section 17(1)(b).

<sup>22</sup> Section 25(1)(a).

<sup>23</sup> Assistant Commissioner decision, above n 2, at [15].

owner of the ZIPLOC trade mark. The Assistant Commissioner accepted ICB's argument, holding:

38. In summary, the opponent's position is that, by virtue of its trade mark registration no. 648953 it was the owner of the ZIPLOC mark when the applicant filed its trade mark application for the same mark. The opponent emphasises that, as a result of ss 13 and 32(1) of the Act, and the case law that has developed under s 32(1), it is a precondition of making an application that ownership can be proved by the applicant at the date of application.
39. I tend to agree that the combined effect of the statutory provisions in ss 32(1), 5(1), 13 and 68(2)(b) of the Act is to prohibit [Johnson's] application for the ZIPLOC mark proceeding to registration. ...

(Footnotes omitted).

[25] The Assistant Commissioner also upheld ICB's opposition on the alternative ground that use of the ZIPLOC trade mark by ICB in November 2009<sup>24</sup> pre-dated both Johnson's application for registration and the date of Johnson's claimed use of the trade mark. While upholding ICB's first ground of opposition and directing that Johnson's application number 975954 must not be registered, the Assistant Commissioner proceeded to consider the other three grounds briefly. We draw attention to her conclusion on the fourth ground based on s 25(1)(a) because it assumed significance in the High Court's judgment on appeal:

81. I consider that special circumstances exist in this case pursuant to s 26(b) of the Act, by virtue of the opponent's trade mark registration being revoked only three days after the relevant date (with those three days covering a weekend). As a result, the ground of opposition under s 25(1)(a) of the Act is unsuccessful.
82. In my view this result is not inconsistent with the finding for the s 32(1) ground based on the opponent's ownership claim. Section 25(1) of the Act is aimed at preventing likely deception or confusion. As stated, in the present case there is no likelihood of deception or confusion in a practical sense because the parties' ZIPLOC marks were never in fact listed as being registered on the New Zealand register at the same time. At most there are only three days where notionally the two marks were registered at the same time. Counsel for the applicant describes that as a legal fiction resulting from the deemed date of registration.

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<sup>24</sup> An affidavit of an ICB director, Mr Withers, exhibited an invoice dated 11 November 2009 from Hefty NZ Ltd, the New Zealand entity in the ICB Group, to Real Foods Ltd for 300 cartons of "Hefty Ziploc Resealable Sandwich Bags".

83. In contrast, s 32(1) relates to proprietary rights as between entities. I consider the purpose behind the ownership provisions in the Act is to ensure the register accurately reflects the true owner of a mark. 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.

(Footnotes omitted).

### **The High Court judgment**

[26] On Johnson's appeal Cull J identified the key issues to be:<sup>25</sup>

- (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 [ICB], 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 [ICB] had the best evidence of prior use of the trade mark in New Zealand.

[27] The Court heard argument from Johnson based on overseas authorities that the relevant date to determine ownership should be the date on which a decision to register the trade mark is made rather than the date of application. However the Judge did not consider that this was an appropriate case to determine that issue and proceeded on the basis as advocated by ICB that the relevant date to determine ownership was the date of application for registration.<sup>26</sup>

[28] The Judge viewed as artificial the Assistant Commissioner's finding that ICB was the owner of the registered trade mark ZIPLOC when at a hearing two and a half years earlier on 26 June 2014 the same Assistant Commissioner had revoked ICB's registration, backdated to 22 April 2013, three days after Johnson's application for registration.<sup>27</sup> Addressing what she described as the three day anomaly, the Judge said:

[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.

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<sup>25</sup> High Court judgment, above n 3, at [2].

<sup>26</sup> At [62].

<sup>27</sup> At [49].

[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.

[29] The Judge considered that the Assistant Commissioner had appropriately addressed and resolved the date anomaly by exercising her discretion under s 26(b) and finding special circumstances existed.<sup>28</sup> The Judge considered that the special circumstances finding was an appropriate resolution of the date anomaly because the Commissioner could only register a trade mark if satisfied that the applicant was the owner.<sup>29</sup>

[30] The Judge turned to address ICB’s submission that Johnson’s application for registration did not meet the requirements of the Act because as at 19 April 2013 Johnson was not the owner of the registered trade mark, nor did it own all the rights in the unregistered mark.<sup>30</sup> ICB submitted that as Johnson had failed to seek an earlier revocation date under s 68(2)(b), the revocation of ICB’s registration took effect only from 22 April 2013. ICB argued that as the revocation decision was not before the High Court on the appeal, it having already been decided by the Assistant Commissioner in June 2014, the Court could not backdate the date of revocation to 19 April 2013.

[31] The Judge did not accept ICB’s contention, stating:

[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 [ICB] was the registered owner from Friday 19 April 2013 to Monday [22] 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 a determination of ownership at 19 April 2013, four years later, in the knowledge that [ICB] lost its registration on 22 April 2013, because it was *not using* the trade mark.

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<sup>28</sup> See [25] above.

<sup>29</sup> At [64].

<sup>30</sup> At [71]–[73]. See the definition of “owner” at [9] above.

[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.

[32] Consequently, Cull J quashed the Assistant Commissioner's finding that ICB was the owner of the ZIPLOC trade mark.<sup>31</sup> On the issue of ICB's prior use of the trade mark which was the basis for the Assistant Commissioner's second ground for declining registration, the Judge noted that Johnson had objected to the admission of the ICB evidence<sup>32</sup> as hearsay and that the relevant witness had not been cross-examined.<sup>33</sup>

[33] The Judge considered it was inappropriate for an appellate court to make a determination in circumstances where she considered the evidence on prior use was lacking. Consequently, because of the evidential challenges and the absence of detail in the evidence, the Judge referred Johnson's application back to the Assistant Commissioner for a further hearing to determine the true owner of the ZIPLOC trade mark.<sup>34</sup>

### **Issues on appeal**

[34] ICB's detailed notice of appeal challenged the entirety of the judgment alleging no fewer than 16 errors of fact and law. Johnson filed a memorandum supporting the judgment on the following additional grounds:

- 1 Irrespective of whether the revocation date should be considered as 19 April 2013, the scheme of the Trade Marks Act, specifically ss 13, 17, 25, 26 and 32, provides that there can be more than one concurrent 'owner' of a trade mark.
- 2 The fact that [ICB] was the owner of registered trade mark number 648953 ZIPLOC at the date [Johnson] filed registered trade mark application number 975954 ZIPLOC does not preclude [Johnson] being an 'owner' of the trade mark.
- 3 [Johnson] is an owner of the trade mark ZIPLOC by virtue of its application to register, intention to use and acquisition of the ZIPLOC

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<sup>31</sup> At [158].

<sup>32</sup> See above at n 24.

<sup>33</sup> At [132] and [134].

<sup>34</sup> At [137]–[139].

brand in 1998, confirmed by its right to register due to special circumstances (s 26(b)).

The parties were unable to agree on the issues on appeal, filing separate lists.

[35] We will consider the parties' arguments by reference to the following broadly framed questions:

- (a) Did the High Court err in treating 19 April 2013 as the effective revocation date of RTM 648953?
- (b) Notwithstanding its subsequent revocation for non-use, was the presence on the register of ICB's RTM 648953 on 19 April 2013 a bar to Johnson filing an application for registration on that date?
- (c) Does first use of a trade mark determine ownership in perpetuity or can an initial entitlement to ownership be lost through cessation of use?
- (d) Did the High Court err in referring back to the Commissioner for hearing the issue of ownership of the ZIPLOC trade mark?

**Did the High Court err in treating 19 April 2013 as the effective revocation date of RTM 648953?**

[36] It is convenient to address this issue first because it represents the ratio of the judgment and it can be shortly disposed of.

[37] The Judge recorded that she found "troubling" the Assistant Commissioner's conclusion that, because Johnson had not sought revocation of RTM 648953 from a date earlier than 22 April 2013, ICB remained the owner as at 19 April 2013 and hence Johnson could not have owned all of the rights in the ZIPLOC trade mark at the date of its application to register.<sup>35</sup>

[38] The Judge appeared to view the so-called three day anomaly as an oversight or omission in the course of the revocation procedure, noting Johnson's explanation that,

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<sup>35</sup> At [46]–[47].

until receipt of ICB's notice of opposition to Johnson's application for registration, it did not appreciate that revocation from an earlier date needed to be sought.<sup>36</sup> Addressing the emphasis placed on specific pleading in *Omega SA v Omega Engineering Inc*<sup>37</sup> the Judge stated that, while it might be desirable that an earlier date is pleaded, it is not mandatory and the Commissioner retained a residual discretion under s 68(2)(b) to further backdate the effective date of revocation where obvious or appropriate.<sup>38</sup>

[39] The Judge then described the nature of the revocation hearing:

[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.

[40] The Judge then reasoned:

[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.

[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.

(Footnotes omitted).

[41] In the High Court ICB challenged the Court's jurisdiction to backdate the effective revocation date where the revocation issue was not on appeal before the Court and the time for appealing that decision had long elapsed.<sup>39</sup> However the Judge was not deterred by that submission. She considered that there had been an error by the Assistant Commissioner in her 2017 decision by "her failure to factor the

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<sup>36</sup> At [92].

<sup>37</sup> *Omega SA v Omega Engineering Inc* [2003] EWHC 1334 (Ch), [2003] FSR 49 at [11].

<sup>38</sup> High Court judgment, above n 3, at [93].

<sup>39</sup> At [95].

revocation into her final decision”,<sup>40</sup> which error the Judge considered was capable of rectification in the High Court appeal. The Judge explained:

[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. 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.

[42] In this Court Mr Williams for ICB renewed his argument below that if Johnson had wished revocation to have been effective from 19 April 2013 it should have expressly pleaded that date and satisfied the Assistant Commissioner in 2014 that the grounds for revocation of RTM 648953 existed at that earlier date. Johnson having not done so, s 68(2)(b) had no application. Consequently, the Judge’s finding of error by the Assistant Commissioner in the 2017 decision was misplaced. Rather the error lay in the High Court’s purported exercise of the discretion under s 68(2)(b) some two and a half years after the event. That was not a power available for exercise in the course of an appeal from a decision on Johnson’s application for registration.

[43] Mr Arthur, for Johnson, did not endeavour to support this aspect of the Judge’s reasoning, the focus of his argument being on the issue which we next address.

[44] Even if there had been a factual foundation enabling Johnson to request an earlier effective date of revocation under s 68(2)(b), the time for consideration of that matter was at the determination of the revocation application in June 2014. It was not a matter which could be revisited by the Assistant Commissioner in her 2017 decision on Johnson’s application to register ZIPLOC. Likewise the High Court on appeal from the 2017 decision had no jurisdiction to do so.

[45] Hence the conclusion that the revocation date of RTM 648953 should be considered as 19 April 2013 was in error.

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<sup>40</sup> At [100].

**Was the presence on the register of ICB's RTM 648953 on 19 April 2013 a bar to Johnson's application for registration?**

[46] ICB's case comprises the following propositions:

- (a) The relevant date for determining a claim to ownership of a trade mark is the date of application for registration, relevantly 19 April 2013.
- (b) On 19 April 2013 ICB was the owner of RTM 648953 and hence the owner of the trade mark ZIPLOC. The fact that RTM 648953 was subsequently revoked is irrelevant given that pursuant to s 68(2)(a) ICB's rights as owner of RTM 648953 ceased only from 22 April 2013.
- (c) A person cannot claim to be the owner of a trade mark if another person is the owner of it.
- (d) Because ICB was the owner of the trade mark ZIPLOC on 19 April 2013 Johnson had no legitimate basis to claim to be the owner of the ZIPLOC trade mark.

[47] Johnson responds that ss 13, 17 and 25 entitle the Commissioner to consider matters at the time of determination of registration, thereby enabling a realistic appraisal of matters at that date and avoiding a purely theoretical focus on the nominal state of the register as at the application date. Given the revocation of RTM 648953, its historic presence on the register on 19 April 2013 did not prevent Johnson claiming to be an owner of the trade mark ZIPLOC.

[48] The principal issue for determination is whether in 2002 the Act changed the law which permitted the filing of an application to register trade mark A<sup>41</sup> prior to an application for removal of trade mark B.

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<sup>41</sup> See [11] above.

*The position prior to 2002*

[49] The Trade Marks Act 1953 was silent on the issue of the effective date of revocation of trade marks removed from the register but it appears to have been the accepted view that revocation took effect only on the date of the order. In Australia it was held that removal took effect from the date of the relevant order, not the conclusion of the relevant period of non-use.<sup>42</sup> Similarly in *Unilever plc v Cussons (New Zealand) Pty Ltd* this Court remarked:<sup>43</sup>

The present legislation speaks for itself. There is the sanction of removal for non-use. No automatic invalidity stems from failure to use a registered mark. Until it is removed on application for rectification of the register, it remains, is valid and may support infringement proceedings.

[50] Hence it would almost invariably have been the case that an application for registration by an aspiring new owner would have been filed prior to the date of the order directing the removal of the first registration. Indeed the omission to file an application for registration prior to the removal order would have afforded the opportunity to the owner of the revoked registration to lodge a pre-emptive fresh application thereby securing priority over the party seeking to be registered.

[51] The significance of the priority of filing was recognised by this Court in *Cussons*, where, rather than commencing to use its trade mark, Unilever responded to Cussons' overture by filing a second trade mark application, thereby securing priority over Cussons' later application.<sup>44</sup>

In this case, Cussons, in the belief that it enjoyed sufficiently good relations with its competitor Unilever, took the risk of making an approach drawing attention to the vulnerability of the trade mark registration no 44598 without taking the usual precautions of filing an application to remove it (which could have been withdrawn if an arrangement was reached) and its own application to register to secure priority in the event of removal of the registration. By taking that stance, and making an assumption that Unilever would not attempt to improve its position, Cussons could not impose any duty upon Unilever.

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<sup>42</sup> *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* [2009] FCAFC 27, (2009) 175 FCR 386 at [62]–[65].

<sup>43</sup> *Unilever plc v Cussons (New Zealand) Pty Ltd* [1997] 1 NZLR 433 (CA) at 441.

<sup>44</sup> At 442.

Cussons confirmed the permissibility of the practice of the filing of applications for registration by aspiring new owners in anticipation of a successful application for removal of an extant registration.

[52] A New Zealand example is *Re Trade Mark Brandivino*.<sup>45</sup> Australian examples include *Legal & General Life of Australia Ltd v Carlton-Jones and Associates Pty Ltd* where it was stated:<sup>46</sup>

This [prior] mark is therefore no longer on the register, and, accordingly, does not now constitute grounds for objection under s 23, notwithstanding the fact that at the relevant date, 2 March 1979, it may have done so ...

However, even if prior to 2002 the date of revocation had been treated as retrospective to the date of application for removal, it would still have been inevitable that some applications for registration would have pre-dated the applicants' applications for revocation because a not uncommon scenario was where the applicant had no knowledge of an extant registration, only becoming aware of it on receipt of the Commissioner's notice of non-compliance in the course of the examination procedure.

[53] Almost ninety years ago the Comptroller-General explained the advantages of the practice in *Re Trade Mark "Palmolive"*:<sup>47</sup>

Further, it is a common practice going back for many years in the Trade Marks Office, in cases where an objection has been raised to an Application under Section 19, to treat the objection as removed and to allow the Application to proceed if the cited registration has been suitably restricted, or cancelled, or assigned (with the relevant goodwill) to the Applicant for registration after the date of the Application. If the interpretation of Section 19 for which Mr Whitehead contends were the right one, this practice would be contrary to the Section, and *it would be necessary in each such case to require the Applicant for registration to file a new Application dated after the date when the obstruction on the Register was removed. This course would present obvious inconveniences* and, even if I had doubts as to the interpretation of Section 19, I should have had some difficulty in coming to a conclusion which

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<sup>45</sup> *Re Trade Mark Brandivino* (1974) 1 NZIPR 254 (Patent Office) where Lincoln Vineyards Ltd's registration for the trade mark Brandivino dated from 8 June 1964. S Smith & Son Pty Ltd filed an application to register its own identical trade mark on 5 May 1976 followed by an application on 22 June 1976 for removal of Lincoln's registration from the register.

<sup>46</sup> *Legal & General Life of Australia Ltd v Carlton-Jones and Associates Pty Ltd* (1987) 9 IPR 447 (Patent Office) at 451 where the application for registration was there made on 2 March 1979 but the application for removal was made in 1985 and the order was granted in 1986. Similarly *Roll International Corp v Teleflora (Australia) Inc* (1997) 40 IPR 318 (AIPO).

<sup>47</sup> *Re Trade Mark "Palmolive"* (1932) 49(8) RPC 269 at 277.

would have had the effect of reversing or endangering a practice which has been in operation for so long and with evident advantage to traders.

(Emphasis added).

[54] More recently in *Kambly v Intersnack* where Kambly contended on appeal that registration of Intersnack's trade marks were barred because on the date of the applications (1989 and 1990) the Kambly trade marks were still registered,<sup>48</sup> Lightman J said:<sup>49</sup>

The existence of a trade mark on the register at the date of application for registration is not under the 1938 Act a bar to an application for registration of another identical or similar trade mark so long as the previously registered trade mark is removed from the register by the date that the trade mark applied for is registered.

### *Section 68(2)*

[55] The effect of s 68(2) is to advance the effective date of the removal of an RTM from the actual date of the removal order that had previously applied.<sup>50</sup> It thereby deprives the owner of rights which it would otherwise have had in the period between the dates of the application for removal and the order, or even earlier if s 68(2)(b) is invoked. Its retrospective effect has a symmetry with s 100(b) whereby upon registration an infringement proceeding may be taken in respect of events which occurred on or after the deemed date of registration. The subsection appears to respond to the point made in *Cussons*,<sup>51</sup> that until removal the registration may support infringement proceedings, by providing a shield against such claims in respect of dealings with the trade mark subsequent to the dates referred to in s 68(2).

[56] Section 68(2) has its antecedents in s 46(6) of the Trade Marks Act 1994 (UK) and s 22(8) of the Trade Marks Act 1998 (Singapore).<sup>52</sup> ICB's contention<sup>53</sup> is founded

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<sup>48</sup> *Kambly SA Specialities de Biscuits Suisses v Intersnack Knabber-Gebäck GMBH & Co KG* [2004] EWHC 943 (Ch). Kambly's prior marks were registered from 29 March 1960 and 12 April 1966; Intersnack's applications for registration filed on 23 May 1989 and 11 May 1990; Intersnack's applications for removal filed on 31 August 1993; and orders for removal made on 17 December 1997.

<sup>49</sup> At [26]. The case was governed by the Trade Marks Act 1938 (UK) 1 & 2 Geo VI c 22 by virtue of the transitional provisions of the Trade Marks Act 1994 (UK).

<sup>50</sup> At [49] above.

<sup>51</sup> At [49] above.

<sup>52</sup> Now s 22(7) of the Trade Marks Act (Cap 332, 2005 Rev Ed) (Singapore).

<sup>53</sup> At [46(b)] above.

on two decisions in those jurisdictions to the effect that an application for trade mark A will be invalid if filed prior to the effective date of removal of trade mark B.

[57] In *RIVERIA Trade Mark Stella Products Ltd* was the owner of RTM 1012621 which had an effective date of registration of 13 June 1973.<sup>54</sup> Franco Ices's application to revoke RTM 1012621 on account of Stella's non-use was granted with effect from the date of Franco's application, 21 May 2001. However the Trade Marks Registry ruled that Franco's own registration for *RIVERIA* dated 22 March 2000 was invalid because, despite the revocation of Stella's registration, by dint of s 46(6) Stella's RTM 1012621 remained enforceable in respect of matters arising at any time prior to the date at which its rights ceased to have effect on 21 May 2001 stating:<sup>55</sup>

... it is vital for a party seeking to revoke an earlier trade mark in order to clear the way for its own application ... to make a request in its application for the conflicting earlier trade mark to be revoked with effect from a date which precedes the date of its own application for registration.

[58] In *Campomar SL v Nike International Ltd* the Singapore Court of Appeal considered there was much to be said for the observation in *RIVERIA Trade Mark* about the need to secure revocation from an effective date prior to the date of an application for registration of a later conflicting mark.<sup>56</sup> The Court said:<sup>57</sup>

To recapitulate, what we would underscore is that while the Registrar, in considering an application to register a mark in the face of an opposition under s 8(1), is entitled to take into account all the circumstances up to that point in time, including the revocation of an earlier identical registered mark, the Registrar should not disregard the fact, as in this case, that the registration of the later mark would give rise to there being on the register two identical marks being owned by two different parties for a period of time. As we see it, the provisions in s 22(7)(b) of the TMA 2005 must have been added to address, *inter alia*, this difficulty.

It concluded:<sup>58</sup>

What is critically important, whether it is an opposition proceeding or an invalidation proceeding, is for the Registrar to always bear in mind the need to ensure that the entry of a later mark on the register would not result in the

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<sup>54</sup> *RIVERIA Trade Mark* [2003] RPC 50 (Trade Marks Registry).

<sup>55</sup> At [20].

<sup>56</sup> *Campomar SL v Nike International Ltd* [2011] SGCA 6, [2011] 2 SLR 846.

<sup>57</sup> At [40].

<sup>58</sup> At [41].

existence of two similar or identical marks, belonging to different parties, on the register at *any period of time*.

(Emphasis in original).

[59] The Court of Appeal in *Campomar* viewed *Kambly* as explicable on the basis that the Trade Marks Act 1938 (UK) did not contain a provision equivalent to s 68(2).<sup>59</sup>

Similarly, the fact that there was a period of overlap between the effective date of registration of the later Intersnack Trade Marks (respectively 23 May 1989 and 11 May 1990) and the effective date of revocation of the old *Kambly* Trade Marks (31 August 1993) did not appear to have been addressed by Lightman J in *Kambly* ... Granted, Lightman J's views were expressed in the context of the UK TMA 1938, which did not contain any equivalent of s 22(7) of Singapore's TMA 2005. A similar provision was however introduced some time later into the UK TMA 1994 (see s 46(6) of the UK TMA 1994).

[60] The reasoning in *Campomar* is seated in the proposition that the presence of two identical RTMs on the register owned by two different parties, even for a short period of time and in the past, was an unacceptable phenomenon.<sup>60</sup> The Court concluded that the equivalent of s 68(2) must have been added to address that “problem” by permitting application to be made for an “earlier” revocation date.<sup>61</sup>

[61] In our view the interpretation in both *RIVERIA* and *Campomar* of provisions equivalent to s 68(2) is erroneous. We do not consider that the addition of s 68(2) reflected a fundamental change from the law and practice relating to applications for registration under the 1938 UK Act and the 1953 Act. Rather it was simply an ameliorative provision to prevent the prospect of infringement proceedings being pursued by RTM owners whose registrations had been revoked. We consider such interpretation finds support both in the legislative history and in the practical imperatives of the current removal procedure in s 66(3) and (4) of the Act.

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<sup>59</sup> At [32].

<sup>60</sup> Despite the fact that the 2005 Singapore Act contained the registered trade mark defence (s 28(3)), the honest concurrent use exception (s 9(1)) and conferred on the Registrar a discretion to register trade mark A where the proprietor of trade mark B consented (s 8(9)).

<sup>61</sup> At [38].

### *The legislative history*

[62] The earliest manifestation of a provision equivalent to s 68(2) was s 46(6) of the Trade Marks Act 1994 (UK). While the balance of s 46<sup>62</sup> can generally be sourced to arts 12(1)<sup>63</sup> and (13) of the Council of the European Communities' Directive on Trade Marks of December 1988 (the European Directive),<sup>64</sup> there is no provision in the European Directive directly equivalent to s 68(2). However we infer that the genesis of s 46(6) is to be found in art 11(3):

Without prejudice to the application of Article 12, where a counter-claim for revocation is made, any Member State may provide that a trade mark may not be successfully invoked in infringement proceedings if it is established as a result of a plea that the trade mark could be revoked pursuant to Article 12(1).

[63] While it provides for a shield against infringement proceedings, art 11(3) is not explicit as to the effective date of the protection. Furthermore the fact of the reference to art 12(1) appears to confine the shield to revocation on the ground of non-use whereas ss 46(6) and 68(2) apply to revocation on any of the statutory grounds.

[64] However we consider that it was this protection against an infringement proceeding based on a revoked trade mark which was translated into s 46(6). We can discern nothing to suggest that s 46(6) had an additional and distinct objective of changing the previous law under the 1938 UK Act concerning the validity of trade mark applications filed during the currency of registrations ultimately removed for non-use.

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<sup>62</sup> Section 46(1) and (3) are essentially similar to s 66(1), (1A), (3) and (4) of the 2002 Act, save for the fact that the applicable periods of time in the English statute are five years and three months.

<sup>63</sup> Article 12(1) states: A trade mark shall be liable to revocation if, within a continuous period of five years, it has not been put to genuine use in the Member State in connection with the goods or services in respect of which it is registered, and there are no proper reasons for non-use; however, no person may claim that the proprietor's rights in a trade mark should be revoked where, during the interval between expiry of the five-year period and filing of the application for revocation, genuine use of the trade mark has been stated or resumed; the commencement or resumption of use within a period of three months preceding the filing of the application for revocation which began at the earliest on expiry of the continuous period of five years of non-use, shall, however, be disregarded where preparations for the commencement or resumption occur only after the proprietor becomes aware that the application for revocation may be filed.

<sup>64</sup> Directive 89/104/EEC First Council Directive of 21 December 1988 to approximate the laws of the Member States relating to trade marks [1988] OJ L40/1.

[65] We consider that that interpretation finds support in the retention in s 11(1)<sup>65</sup> of the 1994 UK Act of the tenor of s 4(4) of the 1938 UK Act which stated:

(4) The use of a registered trade mark, being one of two or more registered trade marks that are identical or nearly resemble each other, in exercise of the right to the use of that trade mark given by registration as aforesaid, shall not be deemed to be an infringement of the right so given to the use of any other of those trade marks.

The equivalent provision in the 1953 Act was s 8(4).

[66] Such a defence was not contained in the European Directive. Hence it was not in the original draft of the Trade Marks Bill 1994 (UK). However at the Report stage the defence was reintroduced so as to provide equivalent protection to that previously available under s 4(4). That defence is preserved in s 93 of the 2002 Act.

[67] The 13th edition of *Kerly's Law of Trade Marks and Trade Names* in 2001 made the following observation on the RTM defence:<sup>66</sup>

The defence applies only to cases where the defendant is actually validly registered. If a defendant is threatened or sued and has not yet registered his mark, although it is capable of registration, then he ought immediately to apply for registration. In a proper case the court may stay proceedings in an action for infringement until an application for registration has been decided.

In various cases brought under the Trade Marks Act 1938 and earlier legislation, such applications were made and it is reasonable to suppose that under the 1994 Act the courts will adopt a similar approach; ...

There was no suggestion that “capable of registration” contemplated as a prerequisite an existing or contemporaneous application for revocation.

[68] Counsels’ submissions did not refer to, nor did our own research reveal, any suggestion in the travaux préparatoires<sup>67</sup> or the parliamentary debates that it was the intention of the legislature to prohibit the long-established practice of filing

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<sup>65</sup> Section 11(1) states: A registered trade mark is not infringed by the use of another registered trade mark in relation to goods or services for which the latter is registered (but see section 47(6) (effect of declaration of invalidity of registration).

<sup>66</sup> The edition following the UK 1994 Act: David Kitchin and others *Kerly's Law of Trade Marks and Trade Names* (13th ed, Sweet & Maxwell, London, 2001) at [13–109].

<sup>67</sup> Including the Ministry of Commerce *Review of Industrial Property Rights: Patents, Trade Marks and Designs — Possible Options for Reform* (vol 1, July 1990) and the Ministry of Commerce *Reform of the Trade Marks Act 1953 — Proposed Recommendations* (December 1991).

applications for registration in anticipation of and conditional upon<sup>68</sup> a successful application for removal for non-use of an extant RTM. Had it been the legislature's intention to do so we would have expected that such a change would have been not only well-publicised but also effected by more direct means than s 68(2).

*The implications of s 66(3) and (4)*

[69] Having regard to the potential risk that a vulnerable registered owner might file a fresh application as in the *Cussons* scenario<sup>69</sup> we consider that the change to the law which the *RIVERIA* and *Campomar* interpretations contemplate would be surprising, particularly given the revised nature of the non-use ground introduced by the European Directive.

[70] As Lord Diplock explained in *GE Trade Mark*, the law of trade marks assumed what is substantially its modern form with the passing of the Trade Marks Act 1905 (UK).<sup>70</sup> The 1905 Act introduced a provision providing for removal of a mark from the register for non-use.<sup>71</sup> Under the prior legislation such a power had been implicit in the common law meaning of trade mark, which involved a requirement that it should be in actual use as such.

[71] Such a provision first appeared in the New Zealand statute book in the Patents, Designs and Trade-Marks Act 1911:

90 A registered trade-mark may, on the application to the Court of any person aggrieved, be taken off the register in respect of any of the goods for which it is registered, on the ground that it was registered by the proprietor or a predecessor in title without any *bona fide* intention to use the same in connection with those goods, and there has in fact been no *bona fide* user of the same in connection therewith, or on the ground that there has been no *bona fide* user of the trade-mark in connection with those goods during the five years immediately preceding the application, unless in either case the non-user is shown to be due to special circumstances in the trade and not to any intention not to use or to abandon the trade-mark in respect of those goods.

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<sup>68</sup> See *Re Trade Mark "Palmolive"*, above n 47.

<sup>69</sup> At [51] above.

<sup>70</sup> *GE Trade Mark* [1973] RPC 297 (HL) at 331.

<sup>71</sup> Trade Marks Act 1905 (UK) 5 Edward VII c 15, s 37.

[72] As *Kerly* noted,<sup>72</sup> it was generally considered advisable under that provision to start proceedings for rectification without warning because, if warning were given, the proprietor might begin to use the mark at once and so defeat a subsequent application. However the need to do so evaporated with the introduction in s 26 of the 1938 UK Act (and subsequently in s 28 of the Patents, Designs and Trade-Marks Amendment Act 1939) of the one month grace period after the requisite continuous period of non-use.

[73] In the context of the equivalent Australian provision, *Shanahan's Australian Law of Trade Marks and Passing Off* explained the rationale for the one month period following the non-use period as allowing a prospective applicant for removal the opportunity to invite the registered owner to cancel or limit the registration voluntarily, without thereby running the risk that, by immediately commencing use of the trade mark, the registered owner would defeat a subsequent removal application.<sup>73</sup>

[74] *Kerly* stated that not only did the section enable a warning to be given but, in view of the then rules as to the costs of uncontested proceedings it was normally advisable to invite the proprietor to apply voluntarily for rectification before proceedings were commenced.<sup>74</sup> While an intending applicant could safely defer filing its removal application pending negotiation, nevertheless as *Cussons* demonstrated it was prudent to file an application for registration of one's own trade mark in order to establish its priority.

[75] The non-use provision in the 1953 Act was amended by the Trade Marks Amendment Act 1994 which removed the ground based on lack of intention to use and substituted s 35(1) as follows:

Subject to the provisions of section 36 of this Act, a registered trade mark may be taken off the register in respect of any of the goods or services in respect of which it is registered on application by any person aggrieved to the Court or, at the option of the applicant and subject to the provisions of section 67 of this Act, to the Commissioner, on the ground that up to the date one month before the date of the application a continuous period of 5 years or longer

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<sup>72</sup> TA Blanco White and Robin Jacob *Kerly's Law of Trade Marks and Trade Names* (10th ed, Sweet & Maxwell, London, 1972) at [11–40].

<sup>73</sup> Mark Davison and Ian Horak *Shanahan's Australian Law of Trade Marks and Passing Off* (6<sup>th</sup> ed, Thomson Reuters, Sydney, 2016) at [70.1015].

<sup>74</sup> TA Blanco White and Robin Jacob, above n 72, at [11–40].

elapsed during which the trade mark was a registered trade mark and during which there was no bona fide use thereof in relation to those goods or services by any proprietor thereof for the time being.

[76] However the changes reflected in s 66(3) and (4) of the 2002 Act demanded a revised strategy. The reason for this was that commencement or resumption of use by the owner within the period between the expiry of the three year period and the application for revocation would defeat the application if preparation for such commencement or resumption had begun prior to the owner becoming aware that the application might be made. To reduce the risk of that prospect an applicant needs to ensure that the owner is put on notice.

[77] *Kerly* explained the options for an applicant for registration with reference to the three month grace period in s 46(3) of the 1994 UK Act:<sup>75</sup>

Commencement or resumption of genuine use within that three-month period is disregarded unless preparations for the commencement or resumption began before the proprietor became aware that the application for revocation might be made. This creates something of a dilemma for the applicant for revocation. If they notify the proprietor of their intention to bring an application at too early a stage, they might give the proprietor the chance to put their mark into use before the five-year period in contemplation had elapsed. The applicant then has to deal with the issue of whether the use was genuine or not, which it is better to avoid. If the notification comes too late, then the proprietor might have begun preparations for commencement or resumption of use before they were aware an application might be made, giving rise to the risk that the application would be defeated by commencement or resumption of use within the three-month grace period. Perhaps the best, but not necessarily perfect solution to the dilemma is to notify the proprietor as the five-year period expires. The applicant takes the risk that preparations for use have begun.

[78] While such notification might reduce the risk of intervening genuine use, nevertheless in light of *Cussons*, in order to avoid the risk of losing priority it would still be necessary for the applicant to lodge its application for registration at the same time as putting the owner on notice for the purposes of s 66(4). However, if the reasoning in *RIVERIA* and *Campomar* was sound, such that the application for registration could not pre-date the application for revocation, then the object of the one month grace period would be lost. The applicant and the owner would be deprived of its intended benefit. Such a consequence would defeat the object of the provision.

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<sup>75</sup> James Mellor and others *Kerly's Law of Trade Marks and Trade Names* (16th ed, Sweet & Maxwell, London, 2018) at [12.087].

*The technique for backdating the effective date of removal*

[79] It is also instructive to explore the implications of *Campomar*'s proposition that a reason for the earlier date option in s 22(7)(b) (the Singaporean equivalent of s 68(2)(b)) was in order to avoid the so called "problem" of concurrent registrations of different owners.<sup>76</sup> It is important to emphasise that, in order to be available for an order under that provision, the earlier date must be a date on which the grounds for revocation existed — it may not be merely a nominal date. Hence in relation to the non-use ground for removal in New Zealand the earlier date would need to be at least three years and one month after the commencement of the non-use.

[80] Thus in order to invoke an earlier s 68(2)(b) date, say six months prior to the date of an application for revocation, the applicant would need to be confident that there had been an earlier six month period of non-use preceding the commencement of the continuous three year period. Of course, if that were known to be the position, then the applicant could have filed its application for revocation six months earlier. By waiting for that additional six months to elapse (in order to avoid the "problem") the applicant would run the risk that the owner might commence use of its trade mark in the last six months of the three year and six month period, with the result that the entitlement to seek revocation would be lost.

[81] It does not seem to be consistent with the philosophy of the statute that, in order for an applicant's application for registration to be valid, it is necessary for the applicant to allow the owner a de facto extended period of non-use before its registration is challenged. As the Court of Appeal in *Philosophy Di Alberta Ferretti Trade Mark* observed in the context of a discussion about the point in time at which an application for revocation can be filed:<sup>77</sup>

Further, one might expect that a prompt application would serve the legislative purpose better. Trade marks confer a statutory monopoly on the proprietor. Their function is to give that monopoly to the proprietor for the use of the trade mark. If it is not used for the five-year period, it should be revoked. The editors of *Kerly* say in para 9-43:

The application for revocation can be brought as soon as five years has elapsed. In fact, if an application under section 46(1)(a) is

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<sup>76</sup> *Campomar SL v Nike International Ltd*, above n 56, at [41].

<sup>77</sup> *Philosophy Di Alberta Ferretti Trade Mark* [2002] EWCA Civ 921, [2003] RPC 15 at [7]–[8].

contemplated it is normally prudent to commence the application as soon as possible after the five-year period has elapsed, for reasons connected with other constraints imposed by the Act.

Then in para 9-44:

The general effect of this is that it is risky to delay commencing the application for revocation ...

I agree. It would be remarkable if the intention of the legislation had been to extend in all cases the five-year period by three months, when the only indication of that intention is by the mechanism of the proviso to s 46(3).

[82] It is not an answer to say that, upon the expiry of the three year period of known non-use, an applicant could opt for an earlier date in its application in the hope that the owner might not be able to establish use in the period prior to the three year continuous period of non-use. Take the case where since registration there has been no use at all by the owner. The continuous period of three years can only begin to run from the actual date of registration. Where application to revoke is made immediately following the expiry of the statutory period there will be no earlier period available to invoke. Hence the applicant's only option would be to allow a de facto extension of the non-use period by waiting for the expiration of an extended period of time which would enable it to nominate an earlier effective date of revocation.

### *Conclusion*

[83] For these reasons we do not consider that the interpretation which found favour in *RIVERIA* and *Campomar* is consistent with the scheme of the legislation. In our view the purpose which *Campomar* attributes to the equivalent of s 68(2) is misplaced. Although s 68(2) enables the effective date of removal to be earlier than the date of the actual order for removal, it has no bearing on the date on which an applicant for revocation may file its own application for registration. As noted at [68] above, we can discern no indication that the legislature contemplated such a significant change to long-established trade mark practice.

[84] While issues concerning the fact and extent of use of a trade mark and the intention to use a trade mark are determined as at the date of filing an application,<sup>78</sup> the critical date for consideration of the state of the register is the actual date of entry

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<sup>78</sup> *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 61.

on the register.<sup>79</sup> We agree with Mr Arthur that consideration of post application developments is consistent with the scheme of the Act<sup>80</sup> and manifest in Intellectual Property Office of New Zealand practice.<sup>81</sup> There is validity in his point that if ICB's thesis was sound, then ICB's own RTM 648953 should never have been registered.<sup>82</sup>

[85] Hence we conclude that the fact that Johnson's application for registration was filed three days prior to the effective date of removal of RTM 648953 via s 68(2)(a) had no bearing on the validity of Johnson's application. The answer to this issue is no.

**Does first use of a trade mark determine ownership in perpetuity or can an initial entitlement to ownership be lost through cessation of use?**

[86] Mr Williams referred to this Court's observations in *The North Face Apparel Corp v Sanyang Industry Co Ltd* as a helpful summary of the law:<sup>83</sup>

[21] The applicant for registration carries the onus of proving ownership. As a matter of interpretation, a person "claiming to be the owner" must justify its claim and establish its right. Accordingly, the applicant should be in possession of a proprietary right which if questioned can be substantiated.

[22] 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. ...

(Footnotes omitted).

[87] We did not understand Mr Arthur to take issue with those well-established principles so far as an application for a first registration of a trade mark is concerned. He accepted that, subject to considerations such as honest concurrent user and special

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<sup>79</sup> *Kambly v Intersnack*, above n 48; and *Campomar SL v Nike International Ltd*, above n 56.

<sup>80</sup> Section 44(2) of the Act and regs 63 and 64 of the Trade Mark Regulations 2003 which allow for an application to be put into abeyance pending the outcome of an opposition proceeding in respect of a prior application, or cancellation, revocation or invalidity proceedings in respect of a prior registration. See also *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* [2011] NZCA 264, [2011] 3 NZLR 206 at [66]–[69], [71] and [74].

<sup>81</sup> Intellectual Property Office of New Zealand "Practice Guidelines: Overcoming a citation" (27 October 2015) <www.iponz.govt.nz> at [7.9].

<sup>82</sup> ICB's RTM 648953 was registered on 8 June 2006 with effect from 22 November 2001. However RTMs 109101 and 140148 were removed on 1 February 2005 (with effect from 7 December 2001) and RTM 313887 was removed on 27 January 2006 (with effect from 5 September 2005).

<sup>83</sup> *The North Face Apparel Corp v Sanyang Industry Co Ltd* [2014] NZCA 398 which in turn drew on observations in *Aqua Technics Pool and Spa Centre New Zealand Ltd v Aqua-Tech Ltd* [2007] NZCA 90.

circumstances within the scope of s 26(b), prior genuine use of a trade mark by an opponent to an application would preclude an applicant's legitimate claim to ownership.

[88] However he submitted that it was recognised in *North Shore Toy Co Ltd v Charles L Stevenson Ltd*<sup>84</sup> that, while ownership of a trade mark can be acquired by use, it can also be lost by non-use, emphasising that that is consistent with the statutory scheme to which we referred at [13] above. In addition he drew attention to the fact that the Act provides not only for an abbreviated non-use period of three years but also there is no discretion to retain a non-used trade mark on the register.<sup>85</sup> He argued that it would be anomalous if a trade mark registration can be removed for three years' non-use but that use prior to that three year period could be relied upon as residual ownership to prevent another person registering the same trade mark.

[89] At common law property in a trade mark could only be acquired by public use of it as such by the proprietor but property was lost by disuse.<sup>86</sup> The same principle underpins the statutory procedure for removal of registrations for non-use of trade marks. The recital to the European Directive relevantly stated:

Whereas in order to reduce the total number of trade marks registered and protected in the Community and, consequently, the number of conflicts which arise between them, it is essential to require that registered trade marks must actually be used or, if not used, be subject to revocation ...

[90] In *Kambly* Lightman J explained the implications of non-use in this way:<sup>87</sup>

As it seems to me the five year non-user is a statutory modification of the common law doctrine of abandonment of trade mark. Non-user for the statutory period has the practical effect for the purposes of the 1938 Act of an abandonment, and it cannot be open to the former registered proprietor of the trade mark removed from the register on this ground to seek to rely on earlier [use] to establish a trade mark which bars registration by the successful applicant for rectification of his own trade mark. To allow *Kambly* to do this would frustrate the purpose and effect of the [decision to order removal on the ground of non-use] and section 26.

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<sup>84</sup> *North Shore Toy Co Ltd v Charles L Stevenson Ltd* [1973] 1 NZLR 562 (SC).

<sup>85</sup> *Crocodile International Pte Ltd v Lacoste*, above n 12, at [88] and [91]–[97].

<sup>86</sup> *GE Trade Mark*, above n 70, at 325–326.

<sup>87</sup> *Kambly v Intersnack*, above n 48, at [35].

[91] We agree with that reasoning. In our view if a person whose RTM is removed for non-use wishes to make a fresh application to register the trade mark, that person can only rely on that person's use in support of a claim to ownership which occurs subsequent to the continuous period of three years non-use. While earlier use which pre-dates the continuous period of non-use may remain relevant in the context of the consideration of issues of deception or confusion under s 17(1)(a), such earlier use may not be invoked in support of an assertion of ownership. Consequently the November 2009 use upon which ICB sought to rely cannot be prayed in aid of ICB's opposition on the grounds of prior ownership to Johnson's application.<sup>88</sup>

**Was a reference back of the ownership question erroneous?**

[92] A reference back to the Assistant Commissioner for determination of the issues at [159] of the High Court judgment was perhaps understandable given the Judge's findings on the other aspects of the appeal. However while we also conclude that the decision of the Assistant Commissioner was in error, we reach that conclusion for reasons different from those of the Judge.

[93] We have concluded that Johnson's application to register was validly made on 19 April 2013 notwithstanding that the effective date of removal of ICB's RTM 648953 was 22 April 2013. We have also determined that the use which ICB purported to rely on in support of its further application for registration, namely the invoicing of product by Hefty NZ Ltd to Real Foods Ltd in 2009, does not qualify as use which can support a claim to ownership, given that it occurred prior to the period of non-use which resulted in the removal of ICB's prior registration.

[94] If there remained for determination issues under s 17 concerning the acceptance of Johnson's application for registration, then it would be necessary for the matter to be referred back for the Assistant Commissioner's consideration. However that is not the case. The Assistant Commissioner rejected ICB's grounds of opposition to Johnson's application which invoked s 17(1)(a) and (b). There was no cross-appeal by ICB in relation to that part of the Assistant Commissioner's decision.

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<sup>88</sup> See above n 24.

[95] Consequently in view of our conclusions, there would be no point in referring back to the Assistant Commissioner the question of ownership because, consistent with our reasons, the only conclusion which the Assistant Commissioner could reach is that, as a person intending to use the trade mark, Johnson has a legitimate claim to ownership which is not defeated by any qualifying use of the trade mark by ICB.

### **Result**

[96] The appeal against the order quashing the Assistant Commissioner's finding that ICB is the owner of the ZIPLOC trade mark is dismissed.

[97] The direction that the proceeding be referred back to the Assistant Commissioner for a new hearing of the issues at [159] of the High Court judgment is quashed.

[98] Trade mark application 975954 for ZIPLOC is to proceed to registration.

### **Costs**

[99] The appellant must pay the respondent costs for a standard appeal on a band A basis and usual disbursements.

Solicitors:  
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AJ Park, Auckland for Respondent