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IN THE SUPREME COURT OF NEW ZEALAND
I TE KŌTI MANA NUI

SC 32/2019
[2020] NZSC Trans 4

BETWEEN INTERNATIONAL CONSOLIDATED BUSINESS
PTY LIMITED
Appellant

AND **S C JOHNSON & SON INC**
Respondent

Hearing: 20 February 2020

Coram: Winkelmann CJ
Glazebrook J
O'Regan J
Ellen France J
Williams J

Appearances: G C Williams for the Appellant
G F Arthur and K McHaffie for the Respondent

CIVIL APPEAL

MR WILLIAMS:

May it please the Court, Williams for the appellant.

WINKELMANN CJ:

Tēnā koe, Mr Williams.

MR ARTHUR:

May it please the Court, Arthur with Ms McHaffie for the respondent.

WINKELMANN CJ:

Tēnā kōrua. Mr Williams.

MR WILLIAMS:

Just one small housekeeping matter before we begin, just one case to hand up. Unfortunately the electronic copy that I sent to the Court didn't make your files.

May it please the Court, the approved ground of appeal is whether the Court of Appeal correctly interpreted section 68(2) Trade Marks Act 2002, and the Court accepted that leave would also encompass what the legal position in the circumstances of this case would be if the Court of Appeal's interpretation of that section was incorrect.

The facts aren't in dispute, they're very straightforward. ICB, the appellant, had a regulation for the mark ZIPLOC in New Zealand, but on S C Johnson's application this was revoked for non-use with effect from the date of Johnson's application for revocation. Now that is what normally happens under 68(2), unless you ask under section 68(2)(b) for the revocation date to be earlier, and you can do that. It is the appellant's submission that is what the respondent should have done in this case and didn't.

So three days prior to applying to revoke the appellant's mark Johnson had filed its own application to register the identical trade mark, and that happened on the 19th of April 2013. Subsequently to the revocation of the appellant's mark and the filing of the respondent's mark, ICB, the appellant, filed a new mark, which is sitting in abeyance at the registry at the moment. Should this mark, the respondent's mark, not proceed, for the reasons which will be

putting forward, that application will have priority and will go through the normal processes to see whether it can be registered.

Once Johnson's application for the ZIPLOC mark was advertised in the normal course, the appellant opposed the application, and that led to a hearing before the Assistant commissioner and at that hearing that opposition was allowed for two reasons, one of which was that because of the impact of section 68(2)(a) ICB was still the legal owner of the mark ZIPLOC when the respondent applied for their mark. And to explain that a little bit further, the structure of the Trade Marks Act requires an applicant for a mark to estimate essentially three things to get its mark to registration, one of which – and those three things are set out in section 13 Trade Marks Act. Now section 13(2)(a) of the Trade Marks Act requires that the mark must have been made in accordance with the Act. Now that requirement is a distinct and different requirement from the following subsections of section 13(2), which are 2(b), which is that you've paid all the required fees, and 2(c), which is essentially that there are now grounds of, absolute grounds or relative grounds, which would prevent the mark proceedings to registration.

Now in the case that I handed up in hard copy Justice Woodhouse has described section 13 as being “pivotal”, and in that case His Honour made it clear that in order to comply with section 13(2)(a), ie, that the mark has been made in accordance with the Act, you have to be the proprietor or owner of the mark at the time you make the application, and that temporal element that I am describing as being in place in section 13 is clear from section 13(2)(a), the words of it, “The application must be made in accordance with the Act.” And so the case law typified – well, by way of example, *Chettleburgh v Seduce Group Australia Pty Limited* [2012] NZHC 2563, which is the case I handed up, indicates that a trade mark will not be made in accordance with the Act unless compliance with section 32(1) has occurred, which is the section which requires a legitimate claim to ownership to be established.

WINKELMANN CJ:

How does that sit with the cases that are referred to in the Singaporean case, which say that you look, in order to determine if a mark is registerable you look at the time of the consideration of registration?

MR WILLIAMS:

Well, in the Singaporean case it also says that you have to check whether someone else is already registered.

WINKELMANN CJ:

Now that's a different provision.

MR WILLIAMS:

That's true.

WINKELMANN CJ:

So what I'm asking you effectively is are you right that this issue arises under section 13 or does it rather arise under section 25, which deals with the registrability?

MR WILLIAMS:

Oh, no, it certainly arises under section 13(2)(a), and that is absolutely the case. And I suppose, to answer your question more fully, section 25(1) of the Trade Marks Act creates a general rule that identical marks should not be registered on the register at the same time, in effect. However subsection (2) of section 25 creates exceptions to that, and those exceptions are set out in section 26. Now it's clear that those exceptions are simply exceptions to section 25, they don't override any other section of the Act, that's clear from the structure of the Act and the way in which those two sections are expressed. So it's not a sufficient answer in this case for the respondents to say, "Well, we got registered under section 26(b) on the basis of other special circumstances," because that does not trump, in the appellant's submission, the obligation to comply with section 13(2)(a), which is to make an application

in accordance with the Act, which inherently involves having an ownership right at the time you make the application.

WINKELMANN CJ:

All right. So can I take you back to my question regarding the Singaporean case, because it refers to authorities which make clear that you consider registrability as at the time that you're addressing the application, not as at the date of application?

MR WILLIAMS:

Well, so, the Singaporean case, *Campomar SL v Nike International Limited* [2011] SGCA 6; [2011] 2 SLR 846, it was put to the Court of Appeal of Singapore that there were two reasons why the mark in questions shouldn't progress. It decided that one of those reasons wasn't successful, and that's the one Your Honour is referring to, but it went on to find that where two marks, identical marks, would appear on the register at the same time for any period, then that was not to be condoned, and the way around that – and this is the position that the appellant in this case adopts – is to use the very clear terms of the equivalent of section 68(2)(b) to fix and address that problem by backdating the revocation date to before your application date.

GLAZEBROOK J:

So are you suggesting that section 68 changed the law or are you saying that the earlier cases referred to by the Court of Appeal were wrong?

MR WILLIAMS:

I'm saying that it has changed the law so that the inclusion of section 68(2) in the 2002 New Zealand Act has altered the position that was applicable under Trade Marks Act 1953 and earlier New Zealand Trade Marks Acts, so we're talking about the decisions, I think *POLYMAT Trade Mark* [1968] RPC 124 and *Re Trade Mark "Palmolive"* (1932) 49 RPC 269, where under the old legislation it was held that you could file your application prior to your application to revocation and you didn't need to backdate your revocation.

GLAZEBROOK J:

All right, I understand that. But did they not have a provision like section 13 that you say actually means you can't have two registered marks at the same time and that you can't make an application?

MR WILLIAMS:

Well, there is no equivalent provision about proprietorship in the UK Act.

WINKELMANN CJ:

To section 68(2) you mean?

MR WILLIAMS:

No, to section 32(1) –

GLAZEBROOK J:

Well, no, I'm asking – you say section 13 says you have to make it in accordance with the Act, which means that you have to have ownership of it and if somebody else has a registered mark at the same time then you can't have those applications and certainly not two applications at the same time. So are you saying that that was not the case under the old legislation? I'm just trying to work out where you say this comes from, that you can't have two registered marks at the same time, because it didn't seem to be the case under the old law.

MR WILLIAMS:

Well, no, to deal with that last point first, it's always been the case that the trade mark register has attempted to avoid having two identical marks at the same time, subject to three exceptions, and the three exceptions were in cases of honest concurrent use, consent, so consent of the proprietor, and the third except was other special circumstances. Now in the case of honest concurrent use you can total understand why that is an exception. Historically people might have run a pub under brand name in Manchester with the goodwill in Manchester and run a pub in Liverpool under the same brand name, different people running it in Liverpool with a different goodwill, and in a

real sense in that situation both own the mark and therefore there was no conflict when they were put on the register, that's the historic reason honest concurrent use developed. Consent is another –

GLAZEBROOK J:

But I think you've missed the point which I'm asking you, which is under the cases the Court of Appeal referred to there was an application for revocation and an application for a new mark, and it was held that – well, those old cases referred to by the Court of Appeal go against your proposition because you will have had to, on the register at the time there was actually no ability to backdate revocation in any event.

MR WILLIAMS:

I see what you're saying, yes, but –

GLAZEBROOK J:

Because you're founding it on section 13 rather than saying section 68 changed the law. So if you're right on section 13 it would seem to me that your argument has to be that those old cases were wrong.

MR WILLIAMS:

Well, indeed, we – well, I'm not sure that that's right...

GLAZEBROOK J:

Well, just explain to me why it mightn't be right.

MR WILLIAMS:

I think section 68 was intended to address the very situation that has arisen in this case: there are two reasons why, broadly, section 68 would be used. One would be to shield a subsequent registrant of the same mark from attacks from the existing mark, and the second is to address this particular situation, where there would be two marks on the register but for the backdating necessary.

WINKELMANN CJ:

And those are related, aren't they?

MR WILLIAMS:

Well, they could be related. It would rather depend on whether the original owner of the mark is taking action. But you can't assume that they won't, so the sensible strategic course would be to set up the shield.

WINKELMANN CJ:

So can I take you back to the question that I think both Justice Glazebrook are asking about, which is your reliance on section 13? Section 13 is not a new provision, it's been there for a long time. You've taken us to the *Chettleburgh* decision, you're relying on the fact that it has to be made in compliance with this Act, but actually you read compliance with this Act simply to mean you follow the procedures and the general scheme applies, that it does not more than that, and on that basis it could just be that section 25 is the provision that addresses.

MR WILLIAMS:

That would leave the section 32 ownership point unaddressed, and Justice Woodhouse's decision makes it clear that in order to comply with the requirement in section 13(2)(a) you must comply with the requirement of being a proprietor on the date that you make the application, that's what that case stands for.

ELLEN FRANCE J:

Could I just check, Mr Williams, as I understand it you said that under the old law special circumstances was an exception to the requirement for not having two marks at the same time?

MR WILLIAMS:

That's correct, but I probably, I didn't get on to explain how that was used in...

ELLEN FRANCE J:

Well, before you do, why does the wording of 13(2)(a) change that?

MR WILLIAMS:

Oh, because if you look at the structure of section 13 and Justice Woodhouse's decision in *Chettleburgh* he –

GLAZEBROOK J:

Which is a High Court decision.

MR WILLIAMS:

I totally appreciate that, but it is a precedent. It does describe each of the three requirements in section 13 as being distinct and different, and so it's not simply sufficient to comply with section 13(2)(c), which is where the respondent would say they have complied in this case under other special circumstances by virtue of section 26(b), because on the appellant's submission that still leaves non-compliance with section 13(2)(a).

ELLEN FRANCE J:

Well, that's what I'm having trouble understanding. Because if that turns, as I understand your argument, on the exceptions in 26 somehow are only applying to section 25 and not – why is, I don't understand why that's not then in accordance with the Act, because the Act is providing for the exception.

MR WILLIAMS:

Well, I think the way to think of this is that the requirements of section 13(2)(a) are cumulative. One of the requirements is the ownership right on a given day, and we say that's not been complied with, the next is that all fees have been paid, we say that has been complied with, and the next is non-compliance or no reason to reject the mark under the absolute or relative grounds, and my friend will say that the mark hasn't been rejected under any of those because it's been accepted under other special circumstances. But my point is that that still doesn't comply with section 13(2)(a).

O'REGAN J:

But 13(2)(a) is just, isn't it just saying the application has to be in the form that the Act requires? It just, it's, the substance is dealt with in 13(2)(c), isn't it, where the commissioner has to be satisfied that the requirements are met. All 13(2)(a) means is you've got to use the right form and if you don't the registrar will tell you've used the wrong form and you've have to do another.

MR WILLIAMS:

That's not how it's been interpreted.

O'REGAN J:

Well, I know, but it's, you know, that doesn't necessarily mean it's been interpreted correctly.

MR WILLIAMS:

And to say, I suspect the point I should make is if it is not interpreted in the way in which Justice Woodhouse interpreted in *Chettleburgh*, that then causes a very significant problem for the Act because the ownership requirement will have no means of being able to be used as –

O'REGAN J:

Well, wouldn't it be dealt with under (c)? The commissioner would then not be satisfied that it's registrable.

MR WILLIAMS:

No, but –

O'REGAN J:

If the ownership problem is the problem you say it is, doesn't that get dealt with under the commissioner's decision as to whether to actually register?

MR WILLIAMS:

But the ownership question is not dealt with under any of –

GLAZEBROOK J:

So do you say it's dealt with under section 32?

MR WILLIAMS:

Correct.

WINKELMANN CJ:

Well, let's have a look under s 32.

GLAZEBROOK J:

Section 32 just says you have to claim to be the owner.

MR WILLIAMS:

That's right. And that claim has consistently, those words have consistently in this jurisdiction and in the United Kingdom meant that you have to be able to demonstrate on the day you apply that you own it.

WINKELMANN CJ:

Okay. Well, that's the relevant thing, not Justice Woodhouse's decision, by the sounds of things then. Because we started off by asking you about *Campomar*, that the Singaporean Court had said you can look at the date of the consideration, not the date of application, to determine the issue ownership, and you're saying a lot of authorities say that's wrong?

MR WILLIAMS:

Well, section 13(a), section 32, when properly interpreted, and when you look at the case law which interprets those words in section 32(1), claiming to be the owner, they all indicate that you must be the proprietor on the day that you apply, and in the absence of that – and this is the decision in *Chettleburgh* and others, for example under the old 1953 Act there is a Court of Appeal decision called *Aqua Technics Pool and Spa Centre NZ Ltd v Aqua-Tech Ltd* [2007] NZCA 90, it's actually referred to in Justice Woodhouse's decision, and I'll just find the reference to it. That case under the old Act indicated that the

claim to ownership had to be legitimate and be able to be demonstrated at the relevant date.

GLAZEBROOK J:

I think when I was making the point about claim I don't think section 32, you claim to be the owner, you make the application, that's all section 13 is saying you do. Obviously you then, when you're looking at it, look whether you are the owner of the mark and then therefore whether you can register it, but...

WILLIAMS J:

Isn't that provided for in the definition of "owner"? You don't need 13(2)(a) to say that.

GLAZEBROOK J:

And the point of that is if that was the case always then those old cases that are referred to in the Court of Appeal must be wrong. Because if it hadn't been revoked as at the time of application then someone else was the owner.

MR WILLIAMS:

I suspect that the enactment of section 68(2) has certainly clarified the position, and in fact I would say it has changed the law. But just briefly, the citation for *Aqua Technics Pool & Spa Centre NZ Limited v Aqua-Tech Limited* is [2007] NZCA 90, it's referred to in the decision of Justice Woodhouse. I think it's also probably helpful to talk a little bit at this point about the –

WINKELMANN CJ:

Well, just before you do, can I ask you one question which arises from the statutory scheme you've been outlining? If you are right that section 26 does not override section 13 in the way you say, what work has it left to do, because wouldn't it always be gazumped by the fact that at the date of application there was a prior mark?

MR WILLIAMS:F

No. It overrides section 25(1) – yes, section 25(1), which doesn't simply relate to registered marks but also to unregistered marks. But I suppose my point is this, that it's expressly said not to override any other sections, it only overrides section 25(1).

GLAZEBROOK J:

But, I mean, the trouble with that is, isn't it, that effectively it doesn't do anything then because the commissioner can register two marks but in fact you don't actually own anything if they do so, if the commissioner does so?

MR WILLIAMS:

But the solution is section 68(2)(a).

WINKELMANN CJ:

It does allow a registered mark to be overridden by its terms, in special circumstances.

MR WILLIAMS:

In special circumstances, it does. And historically special circumstances were things like a foreign overseas company with a massive business overseas entering in the market and discovering its mark already on the register.

WINKELMANN CJ:

Well, what I'm saying to you is isn't it necessarily implicit in the fact that it can override prior registered marks that it can therefore override on your interpretation what section 13 requires?

MR WILLIAMS:

I would say no.

WINKELMANN CJ:

Why?

MR WILLIAMS:

Because section 13 is express and imperative.

WINKELMANN CJ:

No, no, but answering my point in terms of the necessary implication of how section 25 and 26 operate. I know what you say about section 13. But why is it not a necessary implication of section 25 and 26 if it can, if the commissioner disregard a prior registered mark in special circumstances, why doesn't that also mean that someone who doesn't meet the terms you say under section 13 can get registration?

MR WILLIAMS:

Well, because, well, I suspect the answer is that other special circumstances is not the solution that should have been used in this situation, and section 68(2)(b) should have been.

WINKELMANN CJ:

I know that. But you're not answering my question. But it might be that you can't grab it to mind at the moment, you want to come back to it.

MR WILLIAMS:

I may have to come back to it. But I was just about to say that it might be helpful to talk briefly about the usefulness, or it might be useful to talk about the fact that section 32(1) was amended in around about 2005, I think around about then, and it was amended expressly to include the words "claiming to be the owner", which had been left out. And the fact that those words had been left out had caused significant issues for people practising in the area of trade marks because the ability to challenge the ownership of a mark for non-ownership seemed to be entirely restricted in the absence of those words to arguing that the mark had been registered in bad faith, which is an absolute ground for refusing to register a mark. And just to put that in context a little bit, there were situations, given the requirements of what bad faith is, that it was very difficult to actually run a normal orthodox non-proprietor, not the proprietor argument, and so the section was changed. And this really ties

back to the point Justice O'Regan raised which was, well, isn't the ownership point covered in the sections dealing with absolute and relative grounds for not registering a mark, and it was thought that it wasn't, and so it had to be included in section 32 to get the old law back, because the old law had been lost because the words were missing, and when those were inserted back into section 32 we had the old law again and we could run normal you're-not-the-owner grounds of opposition. But those grounds are not in the absolute grounds, they're not in the relative grounds, they're in section 32 and they're in section 13(2)(a), and it's pivotal, and if you don't comply you can't be registered.

O'REGAN J:

It seems to me that section 13(2)(a) is a very frail reed on which to base that argument. It uses the same words as in the High Court Rules 2016, for example, you must make an application in accordance with the rules. It's all about the form of the application, not about the substance of it.

MR WILLIAMS:

But unfortunately that's not how the Act has been driven off those words. If you're bringing a non-ownership argument you're bringing it under section 32(1) and section 13(2)(a), that's how you do it.

O'REGAN J:

Well, maybe incorrectly.

WINKELMANN CJ:

So are you saying that this kind of scheme has been interpreted this way consistently?

MR WILLIAMS:

Certainly consistently since 2003 when the Act – oh, sorry, 2005 – when the section was amended to reflect those words.

WINKELMANN CJ:

So this is a peculiarity of New Zealand, it's not sort of an international interpretation of the scheme?

MR WILLIAMS:

No, it's – well, the structure of the Act is peculiar in that sense to New Zealand, but the substance of the ground of being able to challenge a mark for non-ownership is available in almost all jurisdictions who have sourced –

GLAZEBROOK J:

Well, isn't it just implicit? Because what you're doing is registering something you own, so isn't it implicit in the whole scheme without those words in section 32 that if you don't own something you can't register it? I can't go and register your bit of land in my name if I don't own it. Equally, I can't register a trade mark that I have nothing to do with. It's a registration system, isn't it?

MR WILLIAMS:

Yes. But that would help my client, because on the –

GLAZEBROOK J:

No, well, I don't see that it does really, because – well, it might if you're arguing that all of the other previous law is wrong and that section 25, despite appearing to say you can have two and are allowed to register, section 25 and 26 aren't actually exceptions and if you are registered you are registered and that's the end of it.

MR WILLIAMS:

It is very tempting to stand here and say the old law was wrong, but I don't think I can say that. It was accepted to be the law until it change, in the UK. So while it would be tempting to say, "Well, it must have been wrong," everyone accepted it to be right, but it changed when section 68(2) or the equivalent of it came in.

GLAZEBROOK J:

All right, so that's the argument. So then rather than going back to section 13 you need to say why section 68 has changed the law.

MR WILLIAMS:

Well, because – I'll deal first with something that Justice Williams raised, which was section 5, the ownership provision. It's clear that on the day that they made the application they weren't the owner, okay, because we were the legal owner of it by definition in the Act.

WILLIAMS J:

Right. My problem was not with that proposition necessarily, it's that you hang this edifice on section 13(2)(a) as if there's some magic in there that I can't see. Because there seems to me to be, looking at it from the point of view of a naive generalist, a system whereby ownership in an unregistered trade mark is a matter of ordinary proprietorship law, nothing to do with the Trade Marks Act. The only thing the Trade Marks Act bestows is ownership of a registered mark. So, as Justice Glazebrook said, it's just inherent in the system that in order to get registered you have to prove it's yours.

WINKELMANN CJ:

Well, actually you don't, do you? You just have to file your application and then people can oppose and you get your application if no one, you get your registration, no one opposes, and then there are grounds for revocation. You don't need to prove under the registration system that it's yours.

GLAZEBROOK J:

Well, you have to claim it.

WINKELMANN CJ:

You have to claim it, but there's no...

WILLIAMS J:

Well, yes. So getting back to my question, so you have to assert ownership of this thing in common law, and the rules of the common law cover that, and you get all sorts of confusion around pubs in Manchester and Liverpool or whatever, and then you apply to get the benefit of the Act and the rules in the Act tell you whether you're entitled to it or not. Does that seem to be reasonably straightforward?

MR WILLIAMS:

Yes, although that is complicated by the facts of this case.

WILLIAMS J:

Well, let's not talk about the facts of this case, I'm just trying to understand the Act and why you hang your reasoning on 13(2)(a), because I can't see it.

MR WILLIAMS:

Well, because the cases to date have described it as being pivotal and that –

WILLIAMS J:

Well, the *Chettleburgh* has.

MR WILLIAMS:

Correct. But *Chettleburgh* is relying on longstanding authority from both this country and the UK when it is saying that that ownership issue is a paramount one.

WILLIAMS J:

Of course. But it's your importation, you're using 13(2)(a) as the Trojan horse to get the issue of ownership in as if you needed to do that, when ownership is so obviously paramount for registration. Obviously the system would not support thieves registering trade marks of others and the competition process that's allowed to go, you're allowed to go through, is the safeguard against that.

MR WILLIAMS:

Yes, well, to comment on what the Chief Justice said, you do have to claim it but essentially you have to be what's called "the author", and "the author" is a term of art in this context.

WILLIAMS J:

Yes.

MR WILLIAMS:

You either have to come up with it or to use it first, and there are some other aspects to that but aren't relevant here.

ELLEN FRANCE J:

Mr Williams, other than *Chettleburgh*, what is the best authority for the proposition that section 2(a) has the effect that you say it does?

MR WILLIAMS:

Well, there won't be any English authority to that effect because there is no, as I understand it – well, I could be wrong, I don't know the answer to that then, I don't know the answer to that in relation to the UK.

ELLEN FRANCE J:

No, I'm just asking about New Zealand.

MR WILLIAMS:

One moment, Your Honour. I'm unaware of anything else at this stage.

WINKELMANN CJ:

It just seems to us – I suppose it's why we're testing you on this – it doesn't seem to be a necessary part of your argument.

MR WILLIAMS:

Well, I'm just thinking about that...

WINKELMANN CJ:

Because can't you just rely on section 25 here and on section 68?

O'REGAN J:

Well, did you argue this in the Court of Appeal?

MR WILLIAMS:

Yes, we've argued this all the way through, that the combination of section 5, 9, 13 and 68 means that you have to have been the owner when you applied for it, so yes.

It might also, I suppose, be helpful to point out some differences between – but also the Act gives a registered trade mark owner certain rights, one of which is the right of ownership by virtue of section 9. It also give, by virtue of section 10, the exclusive right to use a mark while it is registered. In effect what is happening here, if the Court of Appeal's decision is upheld, is that exclusive right of ownership is being taken away, even for a three-day period, if only for a three-day period – and just on that, I mean, it's a three-day period in this case, but in other cases it could be a very different period. It just so happens that the gap between application and revocation in this case was three days whereas in another scenario it could be for a very long time, and in that situation it is quite possible or conceivable that the aspiring registrant might bring product into the country under the brand, under the trade mark, and sell it. That then leads to an awkward situation if the Court of Appeal is correct because until – it's clear from section 68(2)(a) that the rights are intended to subsist until the date of application of registration, that's the default position. That means is they have applied earlier for a mark than the date of their application for revocation and entered the market, that means the mark on the register is still able to be used to bring infringement proceedings, and the only way to stop that is to use section 68(2)(b), which is one of the purposes of section 68(2)(b), to backdate your application to try and cover off those sales you've made of branded goods from that point and before the existing mark was revoked.

WINKELMANN CJ:

Can I just ask you a couple of questions? So that helps looking at that scheme, that's really much more helpful, I think. Is it a necessary part of your argument to say that section 26 can't override that ownership requirement? Because that's, I suppose, the part that I find hardest to accept when you look at the scheme of the Act.

MR WILLIAMS:

I would put it this way: I don't actually think section 26(b) is supposed to be used, that portion of the section, is supposed to be used in the way it has been in this case, but I'm stuck with that. But nevertheless –

GLAZEBROOK J:

When you say you're stuck with it, you mean with the finding of the commissioner?

MR WILLIAMS:

Yes, it hasn't been appealed on the way through I don't believe.

GLAZEBROOK J:

No, no, I'm just making sure I understood what you were stuck with, yes.

MR WILLIAMS:

Yes.

WINKELMANN CJ:

And what do you say about what, the setting in *Campomar*, which is that when the commissioner comes to decide whether their mark is registrable he or she looks at it at the time of consideration, not at the time of the application being filed?

MR WILLIAMS:

There were two decisions in *Campomar* which are relevant to this case. The first one is the one you're referring to, Your Honour, that is that in that

circumstance you look at the registerer at the date of registration because of the words in section 25 which equivalently say, “Shall not register.” So if you look at those words temporally that seems to suggest that the decision should be made at the time that you're considering the registration. So that portion of *Campomar* is not of assistance to me. The second decision –

WINKELMANN CJ:

Yes, I know, it's an assistance –

MR WILLIAMS:

Yes.

WINKELMANN CJ:

But I'm just trying to understand how you describe the scheme.

MR WILLIAMS:

It's also I think helpful to talk about briefly section 60, which is lapsed trade marks, and a subsequent section which is shortly after that, relating to surrendered trade marks. And helpfully in all the texts you'll see people talking about surrendering a trade mark. It's not called that in our Act, it's called voluntary cancellation. But when you see “surrender” it means “voluntary cancellation”.

Now my friend will be referring to the *Transpay Trade Mark* [2011] RPC 10 case and he will say, as he has previously in the Courts below, that *Transpay* is not reconcilable with *Riveria Trade Mark* [2003] RPC 50 or with *Campomar*, or the portion of *Campomar* that I rely on. But in our submission that's not correct. The way in which marks which have been surrendered or which had lapsed – and just a heads-up which almost caught me out, the provisions relating to lapsed trade marks changed on the 29th of January 2020, so if you're looking at Sumpter that isn't the provision in relation to lapsed trade marks any more, but it doesn't matter for the purposes of what I'm about to say because I would still say this. They are treated differently from the way marks that are revoked are treated once they come off the register.

So a mark that is abandoned voluntarily or a mark that has lapsed ceases to have any effect from certain points. So what I mean by that is that you can't rely on them going forward and you can't rely on them for anything in the past. So if your mark had been infringed and you voluntarily surrender it you cannot sue for trade mark infringement because it is no longer a registered trade mark, which is defined in section 5 of the Act. The rights which are associated with a registered trade mark, so the right to sue, the right of property, all of those things, you can only do them if you have a registered trade mark, and when you've voluntarily given it up you don't have one any more, so it don't count for anything, it's gone. Same for –

GLAZEBROOK J:

What about prior infringements before you've surrendered?

MR WILLIAMS:

Can't sue for them.

WINKELMANN CJ:

What about when it's lapsed through it's reached its maximum life, what the situation with that, expires?

MR WILLIAMS:

There is no maximum life.

WILLIAMS J:

As long as you pay the fee.

WINKELMANN CJ:

So are they potentially renewable?

MR WILLIAMS:

As long as you pay the fee there is no maximum life.

WINKELMANN CJ:

Okay.

GLAZEBROOK J:

So in fact your client, once it's revoked, couldn't sue for the three days anyway?

MR WILLIAMS:

No, and that's the difference I'm about to talk about. Because the scheme of the Act treats revoked marks very differently. Section 68 deliberately allows something that's not on the register to still have effects, and that's been an express decision.

GLAZEBROOK J:

And is that's what's changed between the two pieces of legislation is that...

MR WILLIAMS:

In our submission that is a yes.

GLAZEBROOK J:

So that's the vital change, you say?

MR WILLIAMS:

Yes. So if you want to shield yourself from infringement or if there is a mark on the register which is going to prevent you from being the true owner on the correct date, then you have to use section 68(2)(b) to fix it, and that's what *Riveria* and *Campomar* are all about.

GLAZEBROOK J:

And so it does become very important for you to say why section 25 and 26 can't be used to override that. Is that a scheme of the Act argument again that just says section 68(2) is the one that you use and there's no, and if you don't use it that's not a special circumstance, is that the argument?

MR WILLIAMS:

That is in part the argument. But I think that –

GLAZEBROOK J:

I know you have the argument about section 25 and 26 not overriding, but I don't understand that argument I have to say.

MR WILLIAMS:

I think actual ownership trumps all here.

GLAZEBROOK J:

Well, I don't understand that argument, absolutely do not. So if you're persisting in that I think you might have to give us a bit more on that. But in any event you say it's not a special circumstance because there's already a mechanism in the Act to deal with it, is that the submission?

MR WILLIAMS:

Well, A, it's not a special circumstance in the traditional sense, it doesn't fall into any of the orthodox categories of what traditional, a special circumstance was. It's also a circumstance of the respondent's own making because it chose not to take the correct course under the Act.

WINKELMANN CJ:

Perhaps we can understand why, given the state of the law prior to this change, even on your analysis, because it is quite confusing, isn't it, that this small change has had this quite fundamental impact?

MR WILLIAMS:

I'm not quite sure how to answer that. The answer is the words mean what they say.

WINKELMANN CJ:

No, I'm just saying it's perhaps understandable why, if that was a wrong step, why the mistake was made.

MR WILLIAMS:

Oh, I see what you're saying.

O'REGAN J:

But there's nothing in – I mean, all section 68(2) says is you can ask for a different day. It doesn't say anything about the consequences of revocation. But you're saying because it facilitates asking for an earlier date it fundamentally changes the effect of revocation, and it's hard to see why that's the case.

MR WILLIAMS:

Well, because of section 68(2), which expressly gives you all those rights until that date.

O'REGAN J:

But all it does is just say you can ask for an earlier date, and doesn't say, "And therefore the law on the effect of revocation is now completely different from what it was before," which is what you're saying it means.

MR WILLIAMS:

But that would mean that section 68(2)(a) in the absence of asking for an earlier date essentially has no effect because of the next point that I'm coming on to...

O'REGAN J:

Well, no, all section 68(2)(a) does, it talks about the effect of revocation. But it doesn't say anything about whether someone else can register a mark, whether someone else is the owner of a mark, whether special circumstances exist under section 26, whether section 26 overrides section 13, what section 13 means, it doesn't say any of those things.

MR WILLIAMS:

I accept that.

WINKELMANN CJ:

Yes. So it comes back to the point I put to you much earlier, I think, which is that you said two reasons why, two situations section 68 was intended to address, and I said to you they were connected. Because if you think about –

MR WILLIAMS:

So this is the shield and...

WINKELMANN CJ:

Yes. I mean, so if it's, if you retain your registration status, the purpose of registration is to be able enforce.

MR WILLIAMS:

Correct. In that sense obviously they are connected, yes.

WINKELMANN CJ:

So, as you say, it might be three days but it might be three years, and you'd have a situation –

MR WILLIAMS:

Could be. But that would be very unusual but –

WINKELMANN CJ:

I know. But you'd have a situation –

MR WILLIAMS:

Yes.

WINKELMANN CJ:

– some longer period, you could have a situation where there are two marks and a notional ability for a person who's got a registered mark now to be sued in respect of the use of that registered mark.

MR WILLIAMS:

Correct. But there's an even more complicating factor. If the Court of Appeal is right, upon registration of the aspiring registrant's mark they have an absolute defence to trade mark infringement via section 93, courtesy of section 93, because they're a mark on the register, and that seems very inconsistent with the proposition or the intention of what section 68(2)(a) was trying to achieve.

GLAZEBROOK J:

But doesn't section 26 allow that very situation? If you have two registered marks on at the same time then that is going to be the case. You might have a fight, if it's a third party, as to whose mark has been infringed, but there's no infringement against either party because they're registered.

MR WILLIAMS:

That is an effect of section 26.1

GLAZEBROOK J:

So it's obviously contemplated that you might have two people who can't complain about the other using the mark for whatever period they're jointly on the register.

MR WILLIAMS:

But I would suggest that the circumstances that are arising on this fact pattern were not those contemplated.

GLAZEBROOK J:

But that's a different point. That just says it doesn't apply because there aren't special circumstances, and I can understand that argument in terms of the scheme, because there aren't special circumstances because it's dealt with elsewhere, and if it had been done properly elsewhere this problem wouldn't have arisen.

MR WILLIAMS:

Yes. I'm just looking at the time and I just really have only two more points.

WINKELMANN CJ:

Okay, all right.

WILLIAMS J:

Can I just ask you a, would you mind, just ask you one point about section 25(1)(a), do you have it there? You see there the reference to "identical registered trade mark" and then subparas (i) and (ii). So those apply to both parts of the head part of sub (a) or only the second part?

MR WILLIAMS:

Well, no...

WILLIAMS J:

In other words, is the deception or confusion point a point that applies to an identical registered trade mark as well as someone's priority under 34 or 36?

MR WILLIAMS:

I have a recollection that this has caused some difficulty in the past, but I don't know the precise answer off the top of my head. But I would say that both, just reading that I would say that both Roman numerals (i) and (ii) apply to (a).

WILLIAMS J:

Right. So doesn't that mean the commissioner is bound to register a competing mark even if it's identical, if it doesn't deceive or confuse?

WINKELMANN CJ:

No, no.

MR WILLIAMS:

No.

WINKELMANN CJ:

Because that's only applying if it's not the same class, so that's kind of covering the situation where it's a different class, isn't it, and is similar to those goods and services, yes.

WILLIAMS J:

Oh, I see, that doesn't apply to the same.

MR WILLIAMS:

It's qualifying (2).

WILLIAMS J:

(2). Okay.

MR WILLIAMS:

The two points I thought I should discuss is, one, there is quite a bit of authority although at a low level in the UK which indicates that the approach that I am putting forward here today is the correct one in relation to section 68(2)(a) and (b) and just quickly there is a decision which is called *O2 Holdings Ltd v T-Mobile (UK) Ltd*, 29 March 2007 O-091-07. I won't take you to it but it's in the authorities and that decision says, at paragraph 42, "The importance of selecting the correct date was made clear by the Hearing Officer's decision in *Riveria Trade Mark* [2003]...which ought to have been well known to those in the trade mark profession," and then there's a subsequent case in 2011 called *Starbucks (HK) Ltd v Now Wireless* [2011] RPC 13 which confirms that, "Revocation does not affect the validity of the mark up to the date when revocation takes effect," and so the position is...

GLAZEBROOK J:

Can you just tell us where it is in the authorities?

MR WILLIAMS:

Certainly.

WILLIAMS J:

Is it tab 7 or 8?

MR WILLIAMS:

You want to use hard copy?

ELLEN FRANCE J:

Starbucks is at 13.

MR WILLIAMS:

Yes, *Starbucks* is at 13 and I think...

WILLIAM YOUNG J:

It's just there are two *O2* cases.

MR WILLIAMS:

Yes, it's at 08, I think, at paragraph 42. Yes. So it is reasonably entrenched in the UK on the same form of wording.

O'REGAN J:

But there haven't been any Court decisions?

MR WILLIAMS:

Not in the UK that I'm aware of but the practice is being followed in the UK. You can tell from that *O2* decision.

O'REGAN J:

What's the status of an appointed person in the UK?

MR WILLIAMS:

They're essentially I believe the next level up from what we would have as an Assistant commissioner. It's slightly different. And in an intellectual property context there's a degree of merit in treating these sections in the same way and interpreting them in the same way and I've set out...

WINKELMANN CJ:

Justice Heath's decision?

MR WILLIAMS:

Yes, Justice Heath's decision there. The other point, and I'm sorry, there are still two more points, but the other point is this TRIPs point and non-compliance with our obligations under the TRIPs agreement, taking away the right, the property right in this way arguably is a breach of Article 16 of the TRIPs Agreement which says you can issue marks but only if they don't undermine pre-existing rights.

WINKELMANN CJ:

Which, 13?

MR WILLIAMS:

That's at paragraph 57 of my submissions I've set it out. It says, "As can be seen, under Article 16(1) of the TRIPs Agreement New Zealand is obligated to ensure that any trade marks rights it confers under its law do 'not prejudice any existing prior rights'," and in the appellant's submission if the Court of Appeal's approach to section 68(2) is correct, New Zealand's trade mark law would be inconsistent with this obligation as parties in the appellant's position with an exclusive prior right to use and enforce their revoked trade mark until the date at which their right ceased to have effect, would have this taken away from them on the registration of an identical mark.

O'REGAN J:

The only difference between your case and the one where you say it would be okay is if these people had asked for their revocation to be dated three days earlier, and yet you say that triggers a breach of the TRIPs Agreement?

MR WILLIAMS:

Well, it is taking away an existing property right.

O'REGAN J:

Right, but so it would be if Mr Arthur's client would ask for the revocation to take place three days earlier?

MR WILLIAMS:

But properly.

WINKELMANN CJ:

Can I ask a question about that? So there is a requirement of a proof of period of time so if they could say, "Well, look, these people haven't been using this trade mark for the last 10 years; it's way past," then you might justify taking it back further?

MR WILLIAMS:

Yes, so section 68(2) doesn't just apply to non-use. It applies to any situation of revocation. There are multiple grounds for revocation, one of which and the most common of which is non-use. In a non-use scenario typically the minimum amount of use that has to expire is three years' non-use. There can be more than three years' non-use. That non-use has to be a continuous period of non-use of three years from the date of the actual registration of the trade mark which is different from its deemed registration date because of section 51 through to one month prior to an application for revocation on that ground. Does that make sense?

WINKELMANN CJ:

Yes, so it's possible that you could ask for backdating and not be entitled to it because the grounds wouldn't have been made out by the point in time that you're asking for it to be backdated to, is that right?

MR WILLIAMS:

No, because of the period of continuous use – say you had a mark that had never been used for three years but only three years, okay? That's the minimum that you, point in time, that you can make an application for a

revocation. So one month after that date you can make – you will be making an application –

WINKELMANN CJ:

Okay, but say it's been used for five years and then it's not used for three years.

MR WILLIAMS:

Yes, in which case that would be a continuous period of non-use.

WINKELMANN CJ:

Yes, so what I'm asking you is would you need to show – I'm just trying to think it through and I may be completely out – would you need to show when you ask for backdating that the period of time had expired, the non-use period of three years plus one month, had expired prior to the date to which you were seeking to backdate it, because it's a –

MR WILLIAMS:

If you want a bigger period than three years to backdate, and you can seek a longer period than three years, bear in mind that it's this...

WINKELMANN CJ:

No, no, I'm not asking about a long period. When you're asking to backdate the revocation is it material, because I think this helps you but I may be wrong, is it material, would the commissioner wish to check that the three years plus one month had expired before the backdating date, because it's notionally possible you could backdate into a period where the trade mark was still valid because the period hadn't expired, is that right?

MR WILLIAMS:

I don't think you can backdate it into a period where...

WINKELMANN CJ:

That's what I'm asking you.

MR WILLIAMS:

Yes, I don't – you can't do that.

WINKELMANN CJ:

Yes, so that's why I'm asking that. So the backdating thing is a live issue. You might not be – you might ask for a backdating which you're not entitled to?

MR WILLIAMS:

Well no because in the minimum period that you're looking for, which is three years, you would typically, if you want to put them on notice and see if you can get it off the register by agreement, you would wait three years, so you've got evidence of three years non-use. The day after that three years expired you'd ring them up and say, I'm thinking of removing your mark for non-use, how about your voluntarily remove it, or restrict it, restrict the scope of it. You have to make a strategic decision at that time as to whether or not to apply for your own mark because, and this was the point that I was coming to, because of the *Unilever plc v Cussons (New Zealand) Pty Ltd* [1997] 1 NZLR 433 (CA) case, there is a risk that when you go to them and say, how about it –

WINKELMANN CJ:

They file a new application.

MR WILLIAMS:

They file a new application. Now the notice period and grace period of one month has nothing to do with the risk associated with a *Cussons*-type situation. That notice period has always been in existence prior to the decision in 1997 that said, you can file multiple applications. So the notice period has always been aimed, and the –

WINKELMANN CJ:

I think you're answering a question different to what I'm asking. I don't think what I'm asking is complex. When you ask for a backdating – so you can

prove you can have it revoked because at the point in time you can prove, that as at the date of your application date, these three years has expired, three years non-use expired –

MR WILLIAMS:

Sorry, which application date?

WINKELMANN CJ:

Application for revocation?

MR WILLIAMS:

Right.

WINKELMANN CJ:

So you can prove as at the date of the application for revocation three years non-use is expired. If you ask for that revocation to be backdated, do you need to prove that the three years non-use occurred – had reached the point prior to that backdating date?

O'REGAN J:

Yes you do because the commissioner has to be satisfied the grounds for revocation existed at the earlier date. That's what –

MR WILLIAMS:

Yes. So I think that is really asking whether you can get a longer period than three years.

WINKELMANN CJ:

So why it's material, my point is that this is a live trademark with true rights in this period of time until revocation is made, so it's not some technicality. The right hasn't actually expired in that period of the three days.

MR WILLIAMS:

Correct.

WINKELMANN CJ:

It's not a technicality. People still have those rights.

MR WILLIAMS:

That is correct. It is a property right and it's live.

O'REGAN J:

It's still live until it's taken off the register, isn't it? It's just –

MR WILLIAMS:

Three days later.

O'REGAN J:

But if they had asked for it to be backdated to the 19th whether it was alive or dead wouldn't be known until the registrar got around to determining the revocation application would it? You'd basically have two competing, you'd have a registered mark that's subject to effectively defeasance by being knocked off the register, and you'd have an application for a new mark that would be subsisting.

MR WILLIAMS:

Yes and –

O'REGAN J:

So you'd still have a confused position whatever happens.

MR WILLIAMS:

And during that three day period there are rights, which is the point we're making. Just coming back to the *Cussons* issue. It's a separate issue. It's a separate risk and it has to be dealt with strategically on a when you face the facts you're confronted with. It's not anything to do with the grace period provided by section 66. You have to decide what you're going to do. Do you trust them or do you not trust them. The grace period is designed to stop them when you go to see them about getting it off the register. Preventing

them from just going, oh we'll use it in the next three days and your non-use arguments are gone because we've used it. That section is designed, and that grace period is only designed to stop that, and the Court of Appeal said that that grace period would be lost if our argument was correct. But that's not true, that's not correct because it still has that effect. They can't effectively stifle the non-use application if they're notified by using it. It still works, it's still functional.

WILLIAMS J:

Can I just ask you briefly about Article 16. You see there's a reference there to where there's a conflict between identical marks, confusion is to be presumed. Has that word "presumed" been construed anywhere? In other words is it rebuttable or is it something you just have to argue against?

MR WILLIAMS:

It doesn't find itself transferred into the Act if that's what you're asking. The way it's dealt with is by way of evidence.

WILLIAMS J:

I know, yes, it's dealt with by way of evidence so it's a rebuttable presumption?

MR WILLIAMS:

Correct.

WILLIAMS J:

So on that basis this fact scenario is not inconsistent with Article 16, is it?

MR WILLIAMS:

Well they're identical marks.

WILLIAMS J:

Yes, but you're not using it, so where's the chance of deceit or confusion?

MR WILLIAMS:

Well the register's notice to all the world.

WILLIAMS J:

But that's a market analysis, isn't it? Is the market confused or deceived. How could it be if you're not using it?

MR WILLIAMS:

I accept that it would be difficult to run a reputation-based argument on the position that my client was in at that point.

WILLIAMS J:

Right, so your point is –

MR WILLIAMS:

We're not running that argument.

WILLIAMS J:

Your point is that 25 doesn't carry that through in that way, into 25(2) whatever it is, (a)? What we were just talking about, and that I interpreted wrongly and the Chief Justice corrected me.

MR WILLIAMS:

I don't think Article 16 relates to that.

WILLIAMS J:

I thought it did. In fact I think it speaks exactly about that, doesn't it? That's its point. Anyway, let's not distract you, we haven't got enough time.

ELLEN FRANCE J:

Mr Williams, on your approach would you say the previous position was inconsistent with Article 16?

MR WILLIAMS:

Well the previous position.

ELLEN FRANCE J:

Under the previous Act since 1995.

MR WILLIAMS:

I'm just trying to...

ELLEN FRANCE J:

Because you accept those old cases are not incorrect?

MR WILLIAMS:

Well, the previous, it's a question of timing. The UK Act, which introduced the equivalents of section 68(2) was enacted I think in 1994, it might be earlier than that, but I think there may be no overlap because of the way in which TRIPs was, TRIPs ended up seeing the major Trade Mark Acts throughout the world change to reflect its requirements. I'm not sure, I think that may answer your question in that TRIPs and Article 16, if properly transferred into the Trade Marks Act, would be inconsistent with that previous case law.

WINKELMANN CJ:

Can I ask you about the previous case law. It did have inherent difficulties, didn't it, which was that it allowed that conflicting marks existed at the same time in the register, or didn't it?

MR WILLIAMS:

Yes it did. It allowed marks, conflicting marks, identical marks, potentially, not always, but identical or similar marks because we're talking about identical or similar marks if we're talking about revocation. It did allow that.

WINKELMANN CJ:

Did it have any express provision about when the revocation was affected?

MR WILLIAMS:

Well the old law in New Zealand is that revocation was affected from the date of the order, so the date the order was made. Not the application. So, and it

was called something else, it wasn't called revocation, it was called removal, yes, removal.

WINKELMANN CJ:

And at that time the trade mark application was deemed effective from the time of the application, so the competing application?

MR WILLIAMS:

Yes. I believe that to be the position.

GLAZEBROOK J:

Just going to section 26, is that a breach of TRIPs, because it's not an answer to say it's in the legislation therefore it's not a breach of TRIPs. I mean it's in the legislation so we would have to apply it, but we could still be, as a country, in breach of TRIPs. Because your answer before on section 68(2) was that it's not because it's in the Act but that isn't an answer to a breach of international law.

MR WILLIAMS:

I'm just wondering whether there might be some balancing consideration in play in TRIPs which would allow provisions such as –

GLAZEBROOK J:

I would have thought so because there will be a lot of those situations where...

MR WILLIAMS:

One has to remember there are I think only seven Articles or 17 Articles or something like that in TRIPs covering the whole of trade mark law, so...

GLAZEBROOK J:

But I'm sure it must have been negotiated and awareness of special circumstances type...

MR WILLIAMS:

It absolutely would have been. So unless there were any other questions, those are my submissions together with my written submissions.

WINKELMANN CJ:

Thank you, Mr Williams.

MR ARTHUR:

Thank you, Your Honours. I have a written outline of my oral argument I'd like to hand up and also some additional correcting authorities, if I could do so.

WINKELMANN CJ:

Yes, go ahead.

MR ARTHUR:

The materials I've included with that outline, the first one is the Amendment Act that my friend, Mr Williams, spoke to with regard to the amendment to section 60. I've included that. It also amends sections 66 and 68 but not in a way that I say are material to anything before this Court but I thought it appropriate for the Court to have that material. The second extract I have included is one from Paul Sumpter's textbook. It's actually a replacement of the one that I included in the bundle I handed up. The bundle I handed up was incomplete. So it's actually a replacement for tab 33 of my bundle just because it's complete and what I put out before was incomplete, and the third attachment I have there, which is a series of extracts from the Singaporean, New Zealand 1953 and New Zealand 2002 Act, are sections which I considered were relevant and weren't included in the original bundle and the significance of those is that section 28 of the 1953 Act is the provision that dealt with the deemed date of registration and showed that the deemed date of registration under the 1953 Act was also the date of application. So again it's another example of where there is no difference between the 2002 Act and the 1953 Act with regard to the date at which a new application or new registration becomes effective.

Now my friend's fundamental point, and it's perhaps changed a little bit in the oral argument this morning, as I understood it his position was that because of section 68(2) the commissioner must look at the state of the register at the application date and not at the date on which the mark was going to go into the register. He seated that argument this morning more in relation to section 13(2)(a) than in relation to section 68(2) which was, I perceive, a slight change as to where he was at, and I'm, I think, in a similar position to the view Your Honours were expressing this morning or in the questions that were put to my friend that section 13(2) is a frail handle on which to position that matter. I accept you have to have a legitimate claim to ownership but it's not seated in the requirements of section 13(2)(a). It's seated in the requirements of the claim to ownership.

But I would observe that section 13, just in terms of that, section 13(1) is worded, "If all the requirements set out in subsection (2) are met, a trade mark is registrable under this Act." So like section 25, which is the provision or the equivalent provision that was considered under the old law, the 1953 law, it is a statutory wording of the timing of the – at the time the mark is going onto the register. It's looking at matters from that date, not from the date that the mark is going, or not the date of the application.

The second topic which came up this morning which I would just like to address is the one in relation to section 26, the mark going on the register by consent, mark going on the register by virtue of honest concurrent use, mark going on the register by virtue of special circumstances. My friend said that was only applicable to section 25. The structure of the Act, and this isn't a topic that's come up before in this proceeding, but the structure of the Act tends to link section 26 to section 25. But the honest concurrent use provision has existed since the common law, since before the first Trade Marks Act, UK Trade Marks Act of 1875. All of those Acts, the 1875 Act, the 1905 Act, the 1938 Act, and the equivalent New Zealand Acts, have all been interpreted as the honest concurrent use provision being a response to the grounds of opposition based on prior reputation as well as the grounds of opposition based on prior registration, and the structure of the 2002 Act is, in my

submission, no different from the structure of those earlier Acts in that regard. The –

WINKELMANN CJ:

Can you just repeat that submission, Mr Arthur? They've all interpreted the honest concurrent use provision as a response?

MR ARTHUR:

As being applicable, as being a response to oppositions based on the grounds of reputation, of prior use, as well as grounds of opposition based on the grounds of prior registration. Now I do have to draw Your Honour's attention to a decision of the Court of Appeal. It was *N V Sumatra v New Zealand Milk Brands Ltd*, I think. There's two *N V Sumatra* decisions where the Court of Appeal observed section 26 was applicable only to section 25 but there didn't appear to be any argument on the point in that case. I also have to draw Your Honour's attention to Australian authorities which have interpreted the equivalent of section, very rough equivalent of section 26, is only applicable to section 25, but my submission, that the statement that section 26 is only applicable to section 25 is not correct. That said, my case doesn't stand and fall with that point. My case stands and falls with the fact that the 2002 Act didn't change the fundamental law of the 1953 Act.

GLAZEBROOK J:

Even if, let's assume that section 26 is only applicable to section 25, my difficulty with saying, well, that means ownership trumps, is that what – even if it only applies not to prior to reputation, which we're not dealing with here in any event, and not prior registration, what function does it actually have if ownership trumps it? But of course the slight difficulty on that is I don't think there was an appeal on that part of the finding of the commissioner's, that part of the commissioner's finding, was there?

MR ARTHUR:

Yes, because the commissioner's finding that's been the subject of appeal right through to this Court is the finding with regard to ownership. So she found that on the –

GLAZEBROOK J:

Well, she found there were special circumstances, didn't she, but ownership trumped it anyway?

MR ARTHUR:

Yes, she did.

GLAZEBROOK J:

So if you fail on the ownership trumped it then, as I understand it, you didn't appeal on the "but there are special circumstances anyway and ownership doesn't trump it"?

MR ARTHUR:

Well, we appealed on the point of whether we were the owner at the relevant date and –

GLAZEBROOK J:

But all I'm saying in the event you fail on that and your friend succeeds in his argument that those three days matter, then effectively what the commissioner said, well, that was a special circumstance but nevertheless ownership trumps it, and I'm just asking whether that was part of the appeal.

MR ARTHUR:

I wasn't counsel in the High Court so I struggle a wee bit to answer that I'm afraid. I'd have to check back and see. But my proposition is the one really that Your Honour first foreshadowed is that if section 32 gazumps section 26 then section 26 in many situations is rendered pointless because where there has been honest concurrent use, or other special circumstances, the person challenging the new application would just say, oh well, I don't care about any

of that. I had my registration first therefore I'm the owner and therefore your mark cannot go on the register. Indeed it would mean that you can't even consent to a registration because the commissioner would have to look at the ownership issue and say well you can't have two owners on the register at the same time so –

GLAZEBROOK J:

Despite it clearly saying you can.

MR ARTHUR:

Despite it clearly saying you can, and that's a fundamental premise of the Trade Marks Act, and it'[s the point I make with regard to the *Campomar* decision in the Singaporean Court of Appeal, the Trade Marks Act recognises in many places that you can have two owners of identical trade marks. There is nothing to stop there being an identical trade mark on the register in the name of one owner, and the identical owner on the register for the same goods in relation to a different owner. It's envisaged in section 26 and it's recognised in section 93 with it being a defence. So the Act itself specifically recognises that in circumstances you can have that situation. So where the Court of Appeal in Singapore used very strong language to say you can never have that circumstance and that's what the commissioner must take into account, the Singapore Court of Appeal seemed to overlook, actually even on its own Act, but certainly in applying it to the New Zealand situation, that the Act expressly and explicitly recognises that possibility.

Now just in relation to the proposition that the Court of Appeal's interpretation of section 68(2) would be inconsistent with Article 16, I drew the Court's attention to my written submissions to Article 17, which is a general provision, also there's actually only five, I think, Articles in TRIPs that deal with trade marks. So it's a very broad brush approach to which, using that to interpret the detail of the trade mark statute isn't appropriate. But I'd also observe that in 1994, when the TRIPs Agreement came into force, Parliament amended the Trade Marks Act to make the amendments that Parliament considered were necessary to comply with TRIPs. Parliament did not amend

the 1953 Act to provide that revocation or the situation of ownership had to be considered at the date of application. It retained the existing law, which was that revocation took effect at the date of the decision on revocation. So certainly Parliament in 1994 didn't see any inconsistency with the TRIPs Agreement and the law as it stood, or that part of the law as it stood, under the 1953 Act, which is the same law as I'm submitting is appropriate here.

Now, no one disputes that under the 1953 Trade Marks Act, and the preceding New Zealand and UK Trade Marks Act, that the commissioner considered the register at the date another mark was going to go onto the register, and that a revocation proceeding took effect from the date of the decision revoking the trade mark, and necessarily therefore under the 1953 Act the new application, which was deemed to be on the register from the date of its application, overlapped with the old registration, which was subsequently removed.

WINKELMANN CJ:

I think Mr Williams did dispute that that had always been a law. I think he suggested that it's always been a law that you look at ownership at the time of the application, that's section 13, and that's why he said *Campomar* is against him on that point.

MR ARTHUR:

Yes well the authorities were, in the 1953 Act, and this is *Palmolive*, it's *Kambly SA Specialities de Biscuits Suisses v Intersnack Knabber-Gebäck GMBH & Co KG* [2004] EWHC 943 (Ch), it's *Transpay*, were that you looked at the state of the register on the date on which the new mark was going to go onto the register and that's as I perceived it, not disputed. Now I accept those cases are authorities in relation to a section 25 equivalent ground of opposition, rather than the ownership ground, but there's nothing between section 25 and ownership which would suggest that you looked at the register at a different date, because the register is the thing that's under the

commissioner's control. The commissioner is the person that knows what is on her register and controls that.

WINKELMANN CJ:

You say they're section 25 cases, in what sense are they section 25 cases?

MR ARTHUR:

Well *Palmolive* is a case about conflict with an earlier registered marks because the marks were deceptive or confusing. So equivalent to section 25. *Kambly*, similarly. Well *Kambly* is actually a decision dealing with whether there can be – technically it's a decision dealing with whether there can be amendment to the pleadings, but it deals with this issue substantively. *Transpay* is actually a decision where the mark had been removed for non-payment of renewal.

WILLIAMS J:

What do you say to the proposition that the issues here are the more fundamental ownership issues, not the opposition issues. Does that make a difference or do you say it doesn't?

MR ARTHUR:

I say it doesn't because it's a fundamental requirement of trade mark law that a mark not be conflicting with another mark that's on the register. That's just as fundamental as the ownership issue. I don't think there's any hierarchy that would fall in that place. The question for the ownership issue that my friend raised is their mark is on the register and the simple question, well, does it matter that it was on the, or what is the date at which you look at the register in deciding whether my client's mark goes onto the register.

WINKELMANN CJ:

And is that effectively, is that really the essence of your case, that you look at the time of registration?

MR ARTHUR:

Yes.

WINKELMANN CJ:

And that section 68(2) didn't change that?

MR ARTHUR:

That is correct. So the old law was clear. You looked at the date of registration. Section 68(2) had its function, the one identified by the Court of Appeal, but it's an extraordinary extrapolation in my submission of section 68(2) to mean that it made a fundamental change to the date at which you look at the register when there's nothing in the preparatory materials, or the Act itself, which suggests that was the intention. There's nothing in section 68(2), or section 68 which requires that interpretation as His Honour Justice O'Regan pointed out. Section 68(2) doesn't say that, and if Parliament wanted to change that provision it would have said so in section 68(3), but there is no section 68(3). So what my friend is trying to draw is an extrapolation from a section 68 put into the Act for one reason, the one identified by the Court of Appeal, and extrapolate from that and for a different reason.

WINKELMANN CJ:

We'll take the morning adjournment now.

COURT ADJOURNS: 11.33 AM

COURT RESUMES: 11.49 AM

MR ARTHUR:

In the interval I just had a look to see with regard to that point that Her Honour, Justice Glazebrook, raised with regard to pursuing the special grounds, special circumstances on appeal. The notice of appeal to the High Court at paragraph 23 challenged the decision of the commissioner on the grounds that in finding that it is not inconsistent to find for the appellant in

relation to section 25(1) and against the appellant on the section 32(1) ground of opposition, which is a link to the section 26, and in fact Her Honour, Justice Cull's, judgment at paragraph 102 through to 112 does look at this issue and decides that the solution to the problem as she sees it is in fact the special circumstances of section 26(b) but that didn't get airplay in the Court of Appeal.

GLAZEBROOK J:

Was it in the notice of appeal to the Court of Appeal or was it...

MR ARTHUR:

No – yes, it was.

GLAZEBROOK J:

All right, so that is – but they didn't look at that?

MR ARTHUR:

No, they didn't.

GLAZEBROOK J:

Well, didn't need to, I suppose, is the answer to that.

MR ARTHUR:

Yes. I would like to draw the Court's attention to the practical consequences of a change in the law. The *Transpay* and the *Palmolive* judgments of the English Courts deal expressly with the practical consequences that would occur if the commissioner had to look at the state of the register at the application date rather than at the registration date and they set out in those judgments a number of practical problems that would arise, including that the new applicant would have to file another application to have one that was filed after the revocation decision, that there would be no opportunity for negotiating a cancellation or even for assignment. The more fundamental problem as I see it is the *Cussons* one, that if the law is interpreted in the way suggested by my friend then the owner of the existing registered mark can

preserve their rights to that mark by keeping on filing new applications and the new applicant would forever be trumped because its application would have been filed before the revocation date, and perhaps equally importantly it would be a change to what would now be over 100 years of practice by the patent officers.

WINKELMANN CJ:

So again just go to the previous problem part, I mean is that a realistic thing that the owner of the existing mark would keep filing new applications? Wouldn't that simply be met with the person who's applying for revocation filing the application for revocation and then the application for registration on the same day but in that sequence?

MR ARTHUR:

That would be what you would do to try and deal with the situation but there are a lot of scenarios where that's not a practical possibility. Let me postulate this and it's really the one that my friend put up. You want to use and register a trade mark but you see there's already an existing mark on the register and you perceive it's not used. So you decide to wait for three years from its registration date. Now if on that date you did what my friend suggested and you rang up the other people and said, "We're going to revoke your trade mark," you would want to, on the *Cussons* scenario, have filed your application before you made that phone call. But you can't file the revocation action until three years and one month is up because that's the first point at which there is the clear period that's required to seek revocation. So at three years and one month you would file your revocation action, having filed your application at three years and one day. The difficulty is that you can't get your revocation action backdated because the earliest date that the Act allows for revocation is three years and one month. Having given the other side notice, they would have filed their new application. Your application would fail because of the other person's registration on the register at your application date. You can't get the other person's registration backdated to before your application date even though they've had three years non-use. Your application would fail and because your application has failed the other

person's new application would go to registration because you don't have a block.

WINKELMANN CJ:

But why can't you just – but why doesn't doing what I've suggested still answer it which is that you file a revocation application on three years one month one hour, and one minute later file your application for registration on that day? Why does that not answer it?

MR ARTHUR:

You could but you'd have to then give them three years and one month to not be using it whereas what you want to do is give them the absolute minimum non-use period which would be three years, so in an ideal world at three years and one day you would file your application because they've had three years of non-use. The mark is vulnerable to removal. And you want to give them notice so that they don't get a grace period. They don't get an extra month in which to start using or an extra month in which to start planning to use.

WINKELMANN CJ:

And why can't you then immediately file your application for registration? Are you saying there's a month's gap or something? I don't understand your point I suppose is what I'm saying. Sorry to be slow.

MR ARTHUR:

At three years, when they've had three years' non-use, you want to put them on notice because as soon as you put them in notice any use or preparation for use doesn't count.

GLAZEBROOK J:

Is what, sorry?

MR ARTHUR:

Doesn't count. It's ignored.

GLAZEBROOK J:

All right, I understand.

MR ARTHUR:

It's ignored in the non-use provision. But the law requires you to establish three years and one month non-use. So you have to show three years' non-use up to the date one month before your application for removal, for revocation. So if you file your application to register on the same time as you give notice, your application under my friend's scenario will be invalid because it was filed at a time when the other person's registration was on the register, and you can't get that other person's registration revoked from an earlier date than your application because the earliest at which it can be revoked is three years and one month.

WINKELMANN CJ:

So how do the English, what do the English authorities say about this?

MR ARTHUR:

Well, the English authorities haven't addressed it. *Riveria* doesn't seem, or the equivalent of *Riveria* doesn't seem to have been a discussion point at all in any English judgments that I've seen. But the English structure, their equivalent of section 66, is different. It has five years' non-use period and then there is a three-month period in which use doesn't count, you've given notice, but it's not three years plus – it's not five years plus three months. It's just five years. That's a decision of the English Court of Appeal. So their structure is different. We have a requirement of three years one month effectively non-use. The English have a requirement of five years but the three-month notice period can be within that five years.

So in that scenario you can't take advantage of the notice period because if you do, if you give notice and you file your application, your application will be invalid and the other side will file a new application. Your application will be rejected by the commissioner because it conflicts with the mark on the register, even though that mark is subsequently revoked, and the original

proprietor will get a new registration, exactly what happened in the *Cussons* scenario and exactly what ICB is trying to do in this situation.

WINKELMANN CJ:

Well, not quite because it isn't in that scenario, but it's, yes, it's not –

MR ARTHUR:

It's a similar scenario. It's filed a new application.

WINKELMANN CJ:

Yes, but it's not in that one-month period, it's not actually used the one month?

MR ARTHUR:

No, it's not in that one-month period but it is a situation where there's been no use for three years, that's why the mark was removed, and yet they're going to get to keep the registration and that's the whole – that's the fundamental difficulty is one of the basic concepts of the Trade Marks Act is that use-it-or-lose-it, as it's colloquially called, provision, the removal of the obstacles in the shipping lanes of trade and such language that is used by Justice Jacob, and yet the scenario proposed by my friend enables obstacles in the shipping lane of trade. It prevents someone who wants to register the mark and use the mark from getting that registration. It enables the person who hasn't used it to keep on refiling and re-achieving a registration.

So my friend's scenario, the value of the notice period is lost. On the Court of Appeal, the New Zealand Court of Appeal scenario interpretation of the law, at three years you file your application and you give notice.

WINKELMANN CJ:

So you say on the ICB scenario the benefit of the one-month grace period is lost?

MR ARTHUR:

The benefit of the one-month grace period is lost and you can't risk giving notice because they might – they'll file an application. Indeed, on the ICB scenario if you did give notice and they came to you and said, "Okay, fair cop. I'll cancel my registration," you'd still have a problem because cancellation takes effect from the date of cancellation. The reference or the authority for that is the Paul Sumpter book paragraph TMA 61.3. So if you file your application on the day you give notice, and then the other side says, okay, we'll cancel our mark, and it gets cancelled two weeks later, the commissioner would have to look at that and say, well no, the date of your application there was another mark on the register, even though it's now been cancelled I still have to take that into account according to ICB and I cannot let your mark onto the register. So even cancellation doesn't work.

WINKELMANN CJ:

Well Mr Williams says that it might have been on the register but it's effectively expunged from being effective so the commissioner would overlook it because it's not a mark that can be enforced in any sense.

MR ARTHUR:

Yes, I don't agree with Mr Williams on that. As I said, the Sumpter textbook says that cancellation takes effect from the date of cancellation. There's nothing in the Act itself which expressly says when cancellation takes effect, but it would seem to me that when something is voluntarily cancelled, you're not cancelling it from, ab initio. You're not saying this was always void, you're just saying I'm not –

WINKELMANN CJ:

Well his submission depends upon the fact that the only rights you accrue you gain under the Act. That's basically, his submission is based on the scheme of the Act, which is, and they are that the only rights that you acquire under the Act are rights you can assert when you have registration you can't assert rights after registration even for the registered period, which is –

MR ARTHUR:

I don't think that's correct. If I have a trade mark registration and someone infringes it and then I, for whatever reason, don't renew it or whatever, I can still sue for the damages, I suppose, that were caused in the period when the mark was on the register. There's nothing in the Act to suggest that once the mark goes off the register you've lost rights from the beginning, and indeed you can contrast that with the invalidity section, section 74, that provides that if a trade mark is declared invalid the trade mark is treated as if it had not been registered. So certainly for invalidity the Act specifically says it is treated as though never registered. But for revocation, you've got section 68 that deals with it.

WILLIAMS J:

Did you say section 73?

MR ARTHUR:

Section 74 of the Act deals with the consequences of invalidity, and that says that the mark is treated as if it had not been registered.

GLAZEBROOK J:

One can understand why that might be the case.

MR ARTHUR:

That's right. Because it was never, it should never have been on the register. Rectification, section 76(4), provides that, "The effect of the rectification... the error or omission... is to be treated as if it had never existed..." So the Act deals with those provisions expressly. Section 68, which we've –

WINKELMANN CJ:

Sorry, what was the rectification one?

MR ARTHUR:

It was section 76(4). Revocation section 68 we know what that says. Cancellation is actually silent on the effect of cancellation but as I said

Paul Sumpter's textbook, paragraph TMA 61.3 says cancellation means registration will cease to have any effect from the date of cancellation and my friend referred you to section 60, which is the provision which deals with non-renewal of trade mark, and it provides effectively that the commissioner should still consider the mark for one year after it has not been renewed, and the reason for that one year is that there is a right to restore a trade mark to the register for one year. So the commissioner is to treat it for the purposes of the commissioner's job is surviving for one year but that doesn't extend to, for example, infringement, but it is only removed, or it is only not renewed from the date the renewal fee is due. It's not removed as though it had never been on the register. And materially to the point I was making IPONZ in its practice, and I don't need to take you to this, IPONZ in its practice treats a mark that has been revoked or cancelled or not renewed, they have an extra year, but so long as it's been revoked or cancelled before the new application is to go on the register, it's not an obstacle to registration, even though the revocation or the cancellation, or for that matter the non-renewal, occurred between the date of the application for the new registration and the date on which it is to go on the register.

WINKELMANN CJ:

Do we have any authority on that, because that's a huge point in your favour isn't it?

MR ARTHUR:

Well yes I put in the IPONZ practice guidelines.

WINKELMANN CJ:

No, but I'm saying has any, there's no, apart from the practice guidelines, but is there any case law on it?

MR ARTHUR:

No, because it raises the same point. I mean the case law is *Palmolive* and *Transpay* and *Kambly*.

So coming back to the scenario my friend postulated with regard to this giving notice of three years, and as I explained on his status of the law you would never give notice, you lose that notice right, and you also gift the other party another month in which to start use. Under the New Zealand Court of Appeal interpretation of the law, at three years you file your application to register, and you give notice, and if you can't get an agreement at three years one month you seek revocation. Now the owner of the registered mark can't usefully start use in that one month because the Act provides you ignore the use after notice is given. So at three years one month you show there has been no use in the three years up to one month before your application for revocation, and their trade mark gets revoked, and your application goes through to registration because by the time it is being considered to go on the register, the other mark is revoked. Any new application filed by the non-user, a person for the previous registered owner, is invalid because your mark, your application has priority.

So the ICB scenario gifts an extra month for use and renders the notice concept a waste of time. The Court of Appeal's scenario requires use within that three years, not three years and one month, and the notice period is still effective. And if you give notice and there's cancellation under the Court of Appeal's interpretation then that's fine because the mark has gone by the time you're looking to put your – the registered trade mark is gone by the time you're looking to put your application on the register.

So I would suggest that for section 68(2) to have, or to cause such a fundamental change to the law, and the loss of all those other attributes, would have to be clearly shown in the Act itself obviously, but at least in some other materials that support that, and yet when you look at the origins of section 68(2), as the Court of Appeal did in its judgment, it comes from the European directive and from this desire to put – so that an owner of a registered trade mark can't, or be precluded from suing for infringement for a period that occurred while the mark was still on the register but in fact it was subject to the risk of being removed for non-use. You could get that removal from an earlier date. That's the recognised purpose for section 68(2).

Now I accept that the *Campomar* decision of the Singapore Court of Appeal said that perhaps one of the purposes of their section 22(7), our section 68(2), was to allow for this revocation a date earlier than your application, but they give no reasons or saying that must have been one of its purposes. They don't give any historical analysis, and it has that feel of a situation, we're faced with a factual scenario, they looked at the Act and thought well this must have been one of its purposes, a little bit of they had a nail so everything looked like a hammer. I don't –

GLAZEBROOK J:

What was the other purpose of putting it in?

MR ARTHUR:

Well the purpose was the one that the New Zealand Court of Appeal identified which is to prevent someone who has a registered trade mark that is being unused being able to sue for infringement. So they could sue for infringement but you would then seek revocation from a date earlier than your infringing use.

GLAZEBROOK J:

But why do those people care? If they're going to be registered from the date of application they couldn't care less whether the person can sue really. I mean realistically they won't be able to but...

MR ARTHUR:

No but there's a lot of –

GLAZEBROOK J:

And realistically they couldn't under the old law either when it was from the date of revocation or you could sue but you couldn't prove damage because you weren't using it presumably.

MR ARTHUR:

Well, no, you could prove damage, even if it was only nominal damages, or in the sense of a notional royalty.

GLAZEBROOK J:

But probably in a practical sense there wouldn't be much point because nominal damages is not why you spend a whole lot of money.

MR ARTHUR:

No, but nominal I think was the wrong word. What I should have said was a notional royalty situation. So you would have had a notional royalty situation. If you weren't using you would sue for notional royalty damages, which could be quite significant if your mark were valid and on the register.

WILLIAMS J:

You'd just add significant nuisance value. That might be valuable in the market.

MR ARTHUR:

Well that would be very valuable in the market. You might deter someone, you might have been intending to come into the market yourself, so it's good to get them removed, or at least get them to pay some money.

WINKELMANN CJ:

Is there a problem with the Court of Appeal's analysis which is that, I mean this is a three, to flip what you're saying about the Court of Appeal in Singapore, this case looks like it's just an irritation, three days, but it could be a much longer period of time and you could have a trade mark holder who has legitimate interests in that period of time, in the crossover period of time, in the relationship back time, so it could have, going through the complicated thing I went with Mr Williams before, that period of time when the application is filed, before, and it's deemed to be effective, the registration is deemed to be effective back to the time of the application being filed. The trade mark holder which has a trade mark revoked may have had a legitimate interest in that

trade mark which is ultimately revoked through the early period of that application period. So on your scenario there could be two people with legitimate interests in that registration, in that mark, with registration on the register, of the same mark.

MR ARTHUR:

Yes, so there's several aspects to that. The first one is that the person with the old mark that is subsequently revoked has not been using it for three years by definition. So they are in that non-user situation. You may not get your revocation until sometime later but they have been not using it, not using that trade mark. The second point is that the scenario you describe, I accept, although it has to be recognised that under the 1953 Act that scenario also existed. Indeed, the revocation of the registered trade mark didn't take place until some time later than it would now, and yet that wasn't a problem there. Thirdly, the owner of that registered trade mark does have the right to enforce it against a third party. So it's not as though they've lost all their rights. If there was a third party infringing that trade mark there's nothing to stop them using that mark against the third party.

WINKELMANN CJ:

But won't they both have that right?

MR ARTHUR:

Yes, yes, if, once the new applicants mark goes on the register, they would have that right.

WINKELMANN CJ:

And isn't that part of the scheme of the Act, to stop that happening?

MR ARTHUR:

Well no Your Honour because you look at honest concurrent use. The historical provision of honest concurrent use was that you could have two people who had genuinely used the mark in Liverpool and Manchester, and a third person starts using it in Birmingham, and the Liverpool and Manchester

people can both sue, even though they can't sue each other because of the honest concurrent use. So honest concurrent use, other special circumstances, even consent, are all recognitions in the Act that there isn't –

WINKELMANN CJ:

But they're carefully circumscribed?

MR ARTHUR:

As to would be the situation in this circumstance, recognising that you're only going to get your mark on the register if the current owner has actually, either never used, which is actually the much more likely scenario, or has stopped using the three years. So they're not clean, if that's the right word. It's not as if they would come to the Court being able to claim the moral high ground when they are the person that hasn't used a trade mark for three years and the obstacle is in the shipping lanes of trade.

WINKELMANN CJ:

Isn't your better argument in the section 26 sections, that there are other circumstances in which this is contemplated, and it's what you took us through in terms of the IPONZ material and revocation or cancellation and that contemplates that they'll both be on the register at the same time?

MR ARTHUR:

Yes it is. I mean yes, that's an additional point that the Act recognises the scenario, and that's why I have great difficulty with the Singapore Court of Appeal judgment, which is, as the New Zealand Court of Appeal said, seated in the premise that there can never be two identical marks on the register at the same time. That's the whole fundamental underlying thesis of that judgment, and yet at least the New Zealand Trade Marks Act expressly does recognise you can have two identical marks on the register at the same time.

WILLIAMS J:

What about the Singaporean legislation?

MR ARTHUR:

Well the Singaporean legislation is slightly different. It does allow for honest concurrent use, for registrations on the basis of honest concurrent use, and that's not mentioned in the Singaporean judgment. So I'm not quite sure why the Singaporean Court of Appeal took that very definite view that that could never be allowed when its own Act actually does allow for at least honest concurrent use.

WILLIAMS J:

So has the IP community been up in arms in Singapore?

MR ARTHUR:

Not that I know Your Honour.

WILLIAMS J:

Because you seem to suggest the results would be catastrophic.

MR ARTHUR:

Well, the results will be catastrophic for some individual applicants who end up on the wrong side of this. Of course everyone else is going to try and change their behaviours to address this.

WILLIAMS J:

Right, but you say that that one month, what's a good way of describing it, that one month period during which, you know, there's no prejudice on the part of the new guy, you say is lost irretrievably. So that's a big change.

MR ARTHUR:

Well it is a big change.

WILLIAMS J:

So what's the Singaporean IP community said, if anything, about this?

MR ARTHUR:

I'm not aware of them saying anything. I think, with respect, it would be perhaps reading too much into that, that there hasn't been objection from the IP community. They would just adjust their practices. They would tell their clients, "Sorry, we used to be able to give notice at three years, you've just got to put up with three years one month now," that's the reality, the Singaporean Court of Appeal has interpreted the law that way. Hold off until three years one month. Now it's not unreal to suggest that the use might start in three years and one month because when you've got a mark on the register you're conscious of the requirement for use and you can see it very clearly how someone would have that in their diary. They'd hit the three years and think, whoops, we better start use, and they get onto it as quickly as they could. So that commencement of use in that three years, or between three years and three years one month, is not an unreal proposition. But you'd be telling your clients to keep your head down until three years one month and hope the other side doesn't start to use.

WILLIAMS J:

Is that what this case is really about? That month, practically speaking?

MR ARTHUR:

Well, that is one of the consequences of the interpretation of that month still being available. The fact that the section 66 expressly provided that month for the negotiation, for trying to get agreement on cancellation, for trying to get an assignment, all those sort of things. So in terms of the structure of the Act which allows for that one month, and why the interpretation of the law from ICB, from *Campomar*, adversely affects the structure of the Act, yes, that is it. At a commercial level it's more the practical reality of people wanting to get on and start using their trade mark and getting their situation sorted out.

WINKELMANN CJ:

So that's, what are your other major points? The first major point is that this Act contemplates concurrent registration for the same mark. The second point is that the Court has this three years one month rule, with a one month

grace period which gives the opportunity of the aspirant registrant to try and negotiate the position and that's really nugatory undermined by the interpretation that ICB proffers.

MR ARTHUR:

Yes. And just again applying a practical situation, the non-user has their mark revoked from a certain date and then the new applicant's application which was filed before that revocation date comes on to be considered by the Commissioner and you've got this problem that the old registered proprietor or registered owner's mark has actually been revoked by then but it still operates as an obstacle to the new person going on the register with their mark. It's got a sort of a ghost-like quality that it's been revoked but it still haunts the new application, and when you look at it in that context I would submit that that's why the interpretation given by the New Zealand Court of Appeal is more appealing than the one where you have these marks which have been unused and have been revoked and still stop new marks going onto the register.

Now I say actually with all the history, the 1953 Act history, and all of what I submit are good practical reasons as to why the interpretation given to section 68(2) advanced by ICB doesn't apply, would mean that we wouldn't actually be having this argument, I don't think, unless the Singaporean Court of Appeal had interpreted matters slightly differently and I did, if Your Honours want to, I did want to just look at that judgment of the Singapore Court of Appeal as to how they got to the conclusion they got to and that's at tab 1 of my learned friend's bundle. And the factual scenario is that the earlier mark was revoked between the application date of the later mark and the date that the Commissioner was considering whether to put the mark on the register and the owner of the earlier mark opposed registration on that basis.

The Principal Assistant Registrar, who is the Singaporean Patent Office Hearing Officer, and the Court at first instance, both held that the appropriate moment to determine – this is at paragraph 12 of the judgment – both held that the appropriate moment to determine whether there was an earlier trade mark under section 8(1) of the Trade Marks Act was the hearing of the

opposition. So they both decided it was at the hearing of the opposition, so the time when the mark is going to go on the register, not the application date, that was appropriate.

And the Singapore Court of Appeal actually agreed with that, as Your Honour, the Chief Justice, observed for my friend. So the Singapore Court of Appeal was in agreement that you look at the status of the register at the date the mark is to go on the register, and they say that at the bottom of paragraph 18. "We agree that the Registrar, in considering an opposition to an application for registration of a mark, should view the matter as at the date of the hearing of the opposition instead of the date of the registration application. This approach is not only consistent with the wording of section 8(1), more importantly, it is sensible, pragmatic and realistic."

So insofar as my friend is arguing that the Commissioner should look at the matters as at the date of application, that's not only inconsistent with the New Zealand Court of Appeal but also inconsistent with the Singapore Court of Appeal.

The Court then looked at the law at *Kambly* and *Transpay*, and over at paragraph 28 it says, at the bottom of paragraph 28, "There is also the additional problem arising from a combination of the relation-back provisions in the Trade Marks Act, viz, section 22(7) and 15(2), which we have to contend with." Now 22(7) is the equivalent of our 68(2). 15(2) is the provision that says that a mark, that the deemed date of registration is the date of application, a provision that we have in the New Zealand 2002 Act and also had in the 1953 Act.

WINKELMANN CJ:

So what paragraph are you at?

MR ARTHUR:

I'm at the bottom of paragraph 28 of the judgment.

WILLIAMS J:

Just rehash that. 15(2) in the Singaporean legislation is the equivalent of our?

MR ARTHUR:

It's the equivalent of the – it's actually in the interpretation section of 5 of the New Zealand 2002 Act, defines what the deemed date of registration is as the date of application, and section 28 of the 1953 Act had words to the same effect.

Then at the bottom of paragraph 29 and looking at those sections, 22(7) and section 15(2), so about eight lines up from the bottom there it says the effect of those provisions is that if the date of application for registration of a later mark occurs before the date of application for revocation of an earlier mark, on a successful registration of the later mark and revocation of the earlier mark, there would be two identical or almost similar marks on the register at the same time at some point. "This would be precisely the situation in the present matter should the Mark be registered." Now that's correct but it's also exactly what happened under the 1953 Act, so it's not as though that's a problem in itself. The 1953 Act, the 1938 Act in the UK, the New Zealand 1911 Act, none of them had a difficulty with that and, indeed, it's recognised that that's a possibility with the honest concurrent use provisions, and then the Court said at the top of – just above paragraph 30, "It seems to us that one of the objects of enacting section 22(7)(a)," backdating of revocation, "must be to address this problem," and that's the point I was making before that while they say that must have been one of the points they give no reason for that being one of the points and I would submit that the reasoning of the New Zealand Court of Appeal as to the purpose of section 68(2) is to be preferred.

WINKELMANN CJ:

So what do you say the purpose is?

MR ARTHUR:

The purpose is to enable someone who is sued for infringement to get the mark that they are alleged to infringe revoked from a date before they commenced that infringement.

ELLEN FRANCE J:

So really upholding the use-it-or-lose-it principle?

MR ARTHUR:

That's correct, Your Honour.

The practical situation could be the one where someone is using a registered trade mark and it's actually similar to a mark in the register and they perhaps don't think it infringes so they don't do anything about the mark that's on the register. They go ahead, they sell for 10 years, the other mark stays on the register unused for 10 years and then someone thinks, "Well, here's a money train," and sues for it. Then the person who has been using the similar mark could get revocation from a date, I suppose you'd go six years earlier to get out of the limitations provision. That's what I submit is the purpose of section 68(2) and it's the one that the Court of Appeal, New Zealand Court of Appeal, arrived at, having looked through the European directives and the origin to the United Kingdom provision and that then fed into the Singaporean provision.

WINKELMANN CJ:

Is there anything in that legislative history that really stands out as supporting your argument because I must say I read through it and I couldn't really – I mean I can understand the argument there's nothing red flagging that it was intended to do this fundamental thing but I didn't see anything in the material that suggested it was intended, it was for the purpose, only for the purpose you've set out or even for the purpose you've set out, so what would you point us to?

MR ARTHUR:

I would just rely on the analysis from the Court of Appeal. I can't –

WINKELMANN CJ:

No, that's what I'm saying to you. I'm asking you to help me because I don't see, I found that analysis a little bit difficult to follow.

MR ARTHUR:

That analysis starts at paragraph 62, so that's the Court of Appeal judgment which is at tab 19 of the case on appeal, and over at 11.3 which the Court says at 62, "Without prejudice to the application of Article 12, where a counterclaim 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)."

Now Article 12 is the non-use provision of the directive. So what's that saying is that if you can get a mark revoked for non-use, then that mark cannot be successfully invoked in infringement proceedings. So that's, I would submit, manifests itself in section 68(2) where if you can show non-use from an earlier period you can get the mark revoked from that earlier period.

WINKELMANN CJ:

Because it does seem to need section 68(2) to comply with that though does it?

MR ARTHUR:

Well, no, you could I suppose word it more in keeping with that exact wording, but –

WINKELMANN CJ:

Well, no, they could have just allowed for revocation.

O'REGAN J:

No, it needed to allow for backdating.

MR ARTHUR:

Because the defence is that it wasn't – it had to be vulnerable to removal.

WINKELMANN CJ:

Yes, I suppose the question is when it's vulnerable to removal. Section 68(2) makes it vulnerable to removal further back but what I'm asking you is does this necessitate backdating? How does it necessitate backdating?

MR ARTHUR:

I think it would necessitate backdating if the thesis that when a mark is on the register it can be sued on, even if it hasn't been used. There's nothing in the New Zealand Act which says a mark vulnerable to removal or cancellation or any of those things can't be enforced, so it's enforced right up until the point when it's actually revoked. So section 68(2) allows someone who finds out they've been infringing, to get the mark revoked from an earlier date, if they can establish requirements for that.

WINKELMANN CJ:

Okay, so Article 11.3 just says, "If it could be revoked pursuant to Article 12.1." What does Article 12.1 say, is that in the judgment?

MR ARTHUR:

Article 12 is at footnote 63.

WINKELMANN CJ:

Okay, so "could be" is the important words in the Article 11 then, could be revoked, it's not that – if it's liable to be revoked. So you're saying it's if within Article 12, which is this time period of non-use five years, so section 68(2) was thought to be necessary to comply with that?

MR ARTHUR:

Well section 46(6), the UK provision is what the Court of Appeal says in paragraph 64. "We consider that it was this protection against an infringement proceeding based on a revoked trade mark which was translated into s 46(6)."

WILLIAMS J:

Well that sentence doesn't take you much further than the *Campomar*, we think 68(2) was designed for this purpose, what more is there. Is there a gotcha somewhere that we can...no?

MR ARTHUR:

No I don't have a gotcha. What I have is that in my submission Article 11.3 is consistent with the interpretation or the origins expressed in the purpose of section 68(2), expressed by the New Zealand Court of Appeal, and there's nothing in the Articles in the European directive which is consistent with the second interpretation from the Singaporean Court of Appeal. So I suppose putting it at its least, the New Zealand Court of Appeal in section 68(2) are consistent with the Article, but there's nothing in the Article which I'm aware of which would support the interpretation even by the Singaporean Court of Appeal, and nothing in any other materials, nothing in the preparatory materials to the New Zealand Act and there was in theory extensive review that went on, nothing in the Parliamentary debates.

WINKELMANN CJ:

But it took them a long time to respond, to take this through.

MR ARTHUR:

Because it was from 1988.

WINKELMANN CJ:

Yes.

MR ARTHUR:

Yes, but it went to 1988. It went to the UK Act in 1994 and then finally the New Zealand Act in 2002. So it wasn't as though the New Zealand provisions were responding to the European directive. That was just the origin of section 46(6) which is the origin of our section 68(2). But possibly more significantly, as I said, the New Zealand Parliament didn't see any need to introduce the equivalent of section 68(2) to comply with TRIPs. So while it has its foundation in this European directive, it's not a requirement for TRIPs.

WINKELMANN CJ:

So you're saying that's not a response to TRIPs? It's rather a response to the drift of legislation in other jurisdictions?

MR ARTHUR:

Yes, and recognising that New Zealand, at least the intellectual property statutes, have followed the UK statutes, in this case via Singapore but have followed the UK statutes for a very long time.

WINKELMANN CJ:

So we seem to be following Singapore on this because it actually links to it, doesn't it?

MR ARTHUR:

It does but Singapore followed the United Kingdom.

WINKELMANN CJ:

And does Singapore have that stand-down period? Sorry, I think you've covered that bit.

MR ARTHUR:

The grace period, the one month?

WINKELMANN CJ:

Yes.

MR ARTHUR:

I believe so but I would have to check.

WINKELMANN CJ:

There's no evidence they addressed the issue?

MR ARTHUR:

No, there's not, no.

GLAZEBROOK J:

I suppose you'd say in any event that even if one of the objects was to do that, to cover that situation, it's just an option that's there rather than necessarily being something that would go against your interpretation of the section?

MR ARTHUR:

Yes, section 68(2) offers an alternative route. As it is my friend said that's what he says should have happened. That doesn't mean that the intent of that section was to change the fundamental law.

GLAZEBROOK J:

Or to make you use that as against to give it as an option, is that the submission?

MR ARTHUR:

That's correct and to have changed the fundamental law not just in relation to revocation but also in relation to cancellations in relation to non-renewal, so while section 68(2) deals with revocation it doesn't enable a cancellation at an earlier date. So you would, on that interpretation, you would still have a cancellation difficulty if it was cancelled after your application date, you're completely sunk really because on the ICB interpretation you can't get your application, your applications filed before the cancellation date nor can you seek revocation because it's too late. The mark has already been cancelled. This is nothing to revoke. So even if it were available three years non-use you

would be unable to get a revocation because the mark's already been cancelled.

GLAZEBROOK J:

And somebody could have snuck in, not necessarily the person who cancelled but somebody else could've applied in that interim period, I suppose.

MR ARTHUR:

And that's always a risk, yes.

WINKELMANN CJ:

So your point is on that that the purported legislative scheme which suggests absolute repugnance towards double registrations is not, on further analysis, does not hold water?

MR ARTHUR:

That's correct and that's the conclusion that *Campomar* had in 41, it is critically important for the registrar to always bear in mind the need to ensure the entry of a later mark on the register would not result in the existence of two similar or identical marks, belonging to different parties, at any period of time.

Now the Court of Appeal, Singaporean Court of Appeal, doesn't say, "Well, that's critically important." It's not critically important in the New Zealand Act. It wasn't critically important under the 1953 Act. I'm not convinced it was critically important under the Singaporean Trade Marks Act but I don't have to go that far. So –

WILLIAMS J:

It's generally critically important. It's critically important where it's consistent with the underlying purpose of the legislation or where double registration is inconsistent, usually where you've got double user, unless it's honest and concurrent and so forth. Because it's not as if the register is full holus bolus of identical conflicting marks and no one cares.

MR ARTHUR:

That is correct but it's not necessarily the case that it's critically important that there not be this notional overlap that by the time the second application actually goes on the register, and admittedly is backdated, the first registration is gone. So there's never at a temporal level there is never two identical marks on the register at the same time. There is, because of the deeming provisions, if you pick a date in history you would say, okay, at that date in history, because of the deeming provisions there were two marks on the register, but in fact there are never two marks on the register at a current period of time.

WILLIAMS J:

We're stuck with the deeming.

MR ARTHUR:

We are stuck with the deeming.

WINKELMANN CJ:

Well but the deeming's important. It's not just some, again it's not some technicality. Rights are operative during the deeming period.

MR ARTHUR:

Yes, I completely agree with that but the elevation of it to being critically important to preclude that overlap, in my submission, is going too far, both because the Act itself recognises, and also because of the reality of that situation. And also because under the 1953 Act, the 1938 Act UK, the 1911 New Zealand 1905, this happened, and the cases talk about the inconvenience and the problems that would be caused if it wasn't allowed to happen. No case that I'm aware of talks of any problems about this being allowed to happen. So *Palmolive* and *Transpay* use that language of unfairness or inconvenience if it's not allowed to happen. There's no authority that points to any problem, an actual problem at a commercial level if it is allowed to happen. It's more premised on the structure of the Trade Marks Act.

WINKELMANN CJ:

Is there anything else?

MR ARTHUR:

Well there's not in relation to that aspect, unless Your Honours have any questions with regard to that whole issue, but I did file, and used to have, a notice to support an alternative grounds, and this is the materials in my written submissions.

So this is in my written submissions from paragraph 76 where I deal with my respondent's notice. And what I say here is that the whole premise of ICB of the appellant is because it was the owner of New Zealand registered trade mark 648953 at 19 April 2013, Johnson cannot be the owner of its unregistered trade mark at that date. That's the fundamental premise, and yet, and this does come back to those provisions we've been looking at. Under the common law, under the earlier Trade Marks Act and under the 2002 Act, the Act recognises that there can be two owners of an identical mark, one registered and the other unregistered.

So the fundamental premise, and that manifests itself in the honest concurrent use in the other provisions, but the fundamental premise is, or the problem is best shown in section 96 of the Trade Marks Act 2002 which is the defence to infringement for continuous prior use of an unregistered trade mark, and that provides that, "A registered trade mark is not infringed by the use of an unregistered trade mark (trade mark B) if trade mark B was continuously used by the owner from a date before the application to register, or the other person's first use." So it express –

WINKELMANN CJ:

Is this a different point or is it really saying that the Court of Appeal in *Campomar* kind of sidestepped this problem. Its reasoning didn't really grapple with it because it accepted that you looked at the ownership at the point in time of registration.

MR ARTHUR:

Well it is certainly applicable to that.

WINKELMANN CJ:

But then it acted inconsistently with it by saying that dual registration is impossible.

MR ARTHUR:

Yes.

WINKELMANN CJ:

Or did the Court of Appeal in *Campomar* put to one side the ownership issue?

MR ARTHUR:

Well it doesn't talk about the ownership issue at all, and it wasn't dealing with ownership, it was dealing with an opposition on the basis of a prior registration where the marks were conflicting on the register, not on ownership issue, but the principles are still applicable. But what I'm dealing with here is if this Court were to decide that, in fact, you should look at this issue at the application date, not the registration date, so overturn the Court of Appeal, I'm saying that my client still gets its registration because the only issue would be left is to whether on the 19th of April 2013 my client was the owner of its unregistered trade mark, and the ICB submission is really based on an assumption that because it is the owner of registered trade mark 648953, my client cannot be the owner of its unregistered trade mark. But that assumption is flawed because the Trade Marks Act itself recognises there can be one owner of a registered trade mark, and a different owner of an identical unregistered trade mark.

WILLIAMS J:

But only in those circumstances.

MR ARTHUR:

Well in the circumstances of first use under section 96.

WILLIAMS J:

That's right.

MR ARTHUR:

You can be the owner of that. But then once you recognise that there can be two owners, you then have to ask the question, not what does ICB own, but is my client the owner of the unregistered trade mark, and the definition of the owner of an unregistered trade mark is a person who owns all the rights in that trade mark. And here it's important to distinguish between the word ZIPLOC and the registered trade mark. It was held in the *Cussons* litigation, which has been referred to in this forum for a different reason, but it was held in that *Cussons* litigation that the scheme of the Act has been consistently to treat each registration as if it were in respect of a different mark, even though the actual marks are similar or even identical. So ICB owns its registered trade mark. It does not own the word ZIPLOC and the reference to that, for that authority, for that proposition I just put to you, is the decision of the New Zealand Court of Appeal in *Unilever v Cussons*, which is at tab 3, and I don't think I need to take you to that, but it's tab 3 page 440 line 25 to 441 line 27, and it was even more clearly stated in the Privy Council appeal on that, which is *Cussons v Unilever* [1998] 1 NZLR 396 at 402, line 43 to 403 line 27. So yes, ICB owned the registered trade mark, but it didn't own the word ZIPLOC. It didn't own the sign, to use the language that's used, in the Trade Marks Act, the sign ZIPLOC.

So the question then is whether my client owned all the rights in the unregistered trade mark it was seeking to register and there's a bit of a conceptual difficulty in the idea of owning all the rights in an unused, unregistered trade mark because the rights of a trade mark tend to come from use or registration. But the authorities, and I've referred to these in my written submissions, but as pointed out by Paul Sumpter at page 56 of that material, I point out to you, for an unused unregistered trade mark all the rights, or the ownership means, "Local authorship or acquisition, intention to use and application for registration." Now applying those requirements to my client, it has local acquisition, it actually acquired these marks in 1998 from DowBrands, that was the first to apply to register. It has intention to use, as

evidenced by its application, and of course it has the application for registration. So it's not the case that merely because ICB is on the register with the trade mark ZIPLOC at that date, that my client cannot be the owner of its unregistered trade mark. Once you recognise that what ICB owns is a registered trade mark, it's got not other rights, it's got not rights for use. It's got nothing else that prevents my client being able to claim its rights. It's not a situation where ICB had used before my client and therefore had owned the goodwill in the unregistered trade mark. The only question is whether my client owns those three requirements. Local authorship or acquisition, intention to use and application for registration, and my client did have those rights.

WINKELMANN CJ:

What paragraph do you say on the basis of the ownership?

MR ARTHUR:

It's in that...

GLAZEBROOK J:

I suppose I'm having a slight amount of difficulty with this because if the revocation application had not been allowed then I'm not sure you could say you had ownership of an unregistered trade mark which therefore gave you the right to be registered because first – I mean I think it's just one of those circular arguments, isn't it?

MR ARTHUR:

Well, no, because if the revocation hadn't been allowed section 25 would be the ground where it would be upheld. Section 25 is the ground.

GLAZEBROOK J:

So section 25, what do you say?

MR ARTHUR:

Well section 25 is the ground that His Honour Justice Williams looked at earlier, which is the ground that, "The Commissioner must not register a trade mark in respect of any goods or services if it is identical to a trade mark belonging to a different owner and that is registered." So if the revocation hadn't been allowed –

GLAZEBROOK J:

I think that's what I'm saying, it's a circular argument, isn't it?

WINKELMANN CJ:

What Justice Glazebrook is asking is how can you say you can be the owner when you can't get it registered.

MR ARTHUR:

Well the question is whether you're the owner of the unregistered trade mark, not whether you're the owner of the registered trade mark. So the question is, what do you have to be to be an owner of an unregistered trade mark, and it's recognised in section 96, if you're got prior use.

WILLIAMS J:

So the only basis upon which your hypothesis would be wrong is if the effect of your learned friend's argument is that you can't be an applicant?

MR ARTHUR:

You can't call yourself an owner, yes.

WILLIAMS J:

So, and is there any argument that the provisions that are being argued about here would prevent an application?

MR ARTHUR:

No Your Honour.

WILLIAMS J:

Right.

MR ARTHUR:

But let me put the section 96 example to you, that's the one where you've got the prior right, prior use. There might be a perfectly valid registered trade mark on the register, so you can't get it revoked, you can't do anything else. If Justice Glazebrook's question were correct, and the thesis was you can't be the owner of the unregistered trade mark because someone else has a valid registered trade mark, then section 96 would never operate. You can't ever claim to be the owner of the unregistered trade mark.

GLAZEBROOK J:

No, that wasn't really the point I was making. The point I was making was I'm not sure this helps you in the sense that if revocation wasn't granted you wouldn't have been able to be registered – well I suppose the other thing is you're just buying into this whole issue of ownership which I see as irrelevant, I guess, but you're answering your friend's point so...

MR ARTHUR:

Answering the point he's saying you should look at this at the application date and if Your Honour's –

GLAZEBROOK J:

I think you're answering your friend's point rather than actually making a – so I see why you're doing it.

MR ARTHUR:

Yes, because if you do look at the application date it still doesn't preclude my client's mark going onto the register.

GLAZEBROOK J:

No, I understand that's what you –

WINKELMANN CJ:

You're doing more than answering Mr Williams' point though. You're supporting the judgment on other grounds. so how does that support the other judgment on other grounds or answer it?

MR ARTHUR:

Because if this Court were to decide that you should look at these matters at the application date rather than the date the mark is to go in the register, I say even at that date, even at the 19th of April 2013 my client meets the statutory definition of being owner therefore it has a legitimate claim to ownership. The fact that ICB is also registered doesn't preclude my client being an owner of the trade mark as is evidenced most clearly by section 96.

WINKELMANN CJ:

But Mr Williams' argument doesn't really end the – Mr Williams' argument doesn't stand or fall on whether, on the date on which you consider the application, does it?

MR ARTHUR:

Yes, it does because if you consider at the date it's going to go on the register then his mark has been revoked.

WINKELMANN CJ:

Because *Campomar* they agree that you look at it the date of the registration.

MR ARTHUR:

They did and that's my point, that no one else actually supports that thesis, but what *Campomar* then went on to say is that for the reasons it – or the reasons it not – didn't give any reason but it said that it was critically important that there not be this theoretical, whatever it may, over the historical, over the...

GLAZEBROOK J:

Yes, although section 25 would suggest you don't have to register marks on at the same time and if you haven't had a backdating of registration then you do have two marks there at the same time.

MR ARTHUR:

And that's where the special circumstances in section 26 came in in this case and the...

GLAZEBROOK J:

Well, I don't have a problem with special circumstances. I think it probably does. It just that I'm not sure it helps your more general argument is what I was suggesting.

MR ARTHUR:

I'm not sure quite what Your Honour means.

GLAZEBROOK J:

Well, for instance the fact that you certainly don't have a right to have two marks on the register just because there's ownership of a prior unregistered trade mark. You have to get it off the register before you can get yours registered. However it comes off. It could come off by cancellation, it could come off by revocation.

MR ARTHUR:

Absent honest concurrent use and special circumstances, yes.

GLAZEBROOK J:

Absent special circumstances and the section 26.

MR ARTHUR:

That's correct but that's the section 25 obstacle. What my –

GLAZEBROOK J:

So you would have a section 25 obstacle if it was looked at at the date of application because at the date of application there was a registered trade mark there.

MR ARTHUR:

Yes, although –

GLAZEBROOK J:

So you come back to the *Campomar* issue, don't you?

MR ARTHUR:

You do but the Commissioner in her decision decided that even though there was a section 25 obstacle, section 26 special circumstances overcame that and the section 25 objection. But what – my friend's sole objection is not a section 25 one. It's a section 32 one. It's that we cannot legitimately claim to be the owner on the 19th of April even though he accepts that if you look at it at the registration date we could legitimately claim to be the owner then.

WINKELMANN CJ:

I must say I struggle to understand that reasoning because it's inconsistent with the *Campomar* reasoning which the *Campomar* reasoning tends to turn on section 25 type thing, doesn't it?

MR ARTHUR:

Yes, it does.

WINKELMANN CJ:

So – yes.

MR ARTHUR:

So what I'm saying is that even if Your Honours were to decide that you look at these matters from the date of application rather than the date of registration, it doesn't then follow that my client is not an owner at that date for

the reasons that I've endeavoured to express, that you can't just say because someone is an owner of a registered trade mark no one else can be an owner of the equivalent to the identical unregistered trade mark because the Act itself expressly recognises that and because the requirements for being an owner of an unregistered trade mark.

WINKELMANN CJ:

And on this alternative ground supporting the judgment you'd say what about section 25?

MR ARTHUR:

I say section 25 is not the issue. Section 25 is resolved by section 26 by the concurrent – by the special circumstances. Section 32, which is the ground of opposition, ownership is the ground of opposition, not section 25. It's not defeated by the fact that ICB had a registration on the application date.

WINKELMANN CJ:

We'll take the luncheon adjournment because I don't want to rush this. You haven't got much longer to go, I should think.

MR ARTHUR:

No, I haven't. I'll just do a regroup and see what further there is.

WINKELMANN CJ:

Mr Williams, you'll be short in reply?

MR WILLIAMS:

I've only got five points so far.

WINKELMANN CJ:

I think what you have to reply on is pretty clear.

COURT ADJOURNS: 1.00 PM

COURT RESUMES: 2.18 PM

MR ARTHUR:

There was just a couple of additional points that I wished to make. The first was in relation to the respondent's notice and it just wanted to clarify why I was advancing that argument, and it's this. That the only live ground of opposition is the ownership issue. So the section 25, section 26 argument was resolved by the commissioner and resolved in favour of my client. So if my client were legitimately claiming to be the owner on the 19th of April, if that was to become the relevant date, then there's no surviving ground of opposition, and I say we're the owner by virtue of having been the author or having acquired that trade mark, having intention to use and the application from the authority in the Paul Sumpter textbook.

WINKELMANN CJ:

You say it's the only live ground but actually Mr Williams is pointing at issue section 25 and 26 and reliance on *Campomar*.

MR ARTHUR:

I think what he's doing is saying that by analogy with *Campomar*, a section 32 ownership ground should be looked at –

WINKELMANN CJ:

That's right, but clearly your argument to make, since that's decidedly not what the Court of Appeal does in *Campomar*. It relies on the equivalent of section 25 and 26, doesn't it, and says you can't have two registrations at the same time.

MR ARTHUR:

That's correct Your Honour. But the only live ground is the ownership one. There is no live section 25 ground. That was resolved in my client's favour in the, before the commissioner.

GLAZEBROOK J:

Well it wasn't in your client's favour because it said ownership trumped, by which – and if ownership isn't the issue and dual registration is, which is the Singapore point – I suppose I'm still having difficulty seeing why ownership is in there at all.

WINKELMANN CJ:

So am I.

MR ARTHUR:

Well it's there because that was the only ground on which ICB succeeded before the commissioner. It didn't succeed on the section 25 ground because the commissioner found the special circumstances under section 26.

WINKELMANN CJ:

Yes, and it's pursuing the section 25 ground. Although Mr Williams is doing it in a rather unusual way, it seems to be relying on *Campomar* which is a section 25 ground.

MR ARTHUR:

I think they are pursuing, certainly in the Court of Appeal as I understood, they were pursuing the not the owner ground. They're not pursuing the conflicting marks ground.

WINKELMANN CJ:

Well why is he relying on *Campomar* then?

MR ARTHUR:

I think because he says by analogy to *Campomar* you shouldn't have these identical marks on the register at the same time, albeit that that's because there's identical marks with different owners, as opposed to identical marks per se.

WINKELMANN CJ:

Well perhaps Mr Williams will be able to tell us what is his ground then on appeal when he stands up to reply.

MR ARTHUR:

My short point on that was, as I think I've expressed, that merely because ICB owns registered trade mark 648953, it doesn't mean it owns the sign ZIPLOC. The question is whether my client owns that unused trade mark, owns all the rights in that unused trade mark, not whether ICB also owns registered trade mark 648953. The two are not mutually exclusive.

The second point I wanted to make, and it comes back to those scenarios, they're sort of quite difficult to discuss. I wonder if it was helpful if I went back to section 66 just to look at the structure of that, because I think that all forms the problem ICB causes, or the problem the *Campomar* interpretation causes –

WINKELMANN CJ:

I must say I do think it is not ownership because that's the whole point. Even if both have an interest in a trade mark, section 25 says that only the one, only the first in time may be on the register, and that's why it's not really about ownership. *Campomar* is not really about ownership, it's about the register.

MR ARTHUR:

I certainly agree with that Your Honour, that *Campomar* is not about ownership, it's about the equivalent of section 25.

WINKELMANN CJ:

So on your analysis Mr Williams is relying on it for a purpose other than consistent with his reasoning?

MR ARTHUR:

I presumed he was relying on it by analogy to say that if you can't have two marks on the register at the same time, because under section 25, nor should you be able to on the ownership ground.

GLAZEBROOK J:

That must be right normally, as a general proposition?

MR ARTHUR:

Well, Your Honour, you can have two identical marks on the register in the names of different owners.

GLAZEBROOK J:

But in relation to the specific exclusions that there are, that allow that. Not generally.

MR ARTHUR:

Well, yes, in relation to exclusions, but they are very broad. You can have it by consent. So we can have two competing companies out in the marketplace and for whatever reason they agree to have the marks on the register, so it's not a big obstacle. If you've got deep enough pockets, for example, you can buy the right to be on the register by consent. So, yes, they're specific, but they're broad in the terms of the situation would allow identical marks to be on the register.

WILLIAMS J:

That's on the basis that if the consent of the original owner is forthcoming then the underlying purpose of the legislation is not undermined by allowing it to happen. So there's a point in there not being two marks, identical marks, on the registered that isn't undermined if both owners agree to that position. It's not about a tidy register, it's about theft.

MR ARTHUR:

Well, except the two, you can have marks that would be confusing to the public, so the public will be misled or deceived.

WILLIAMS J:

Sure.

MR ARTHUR:

And yet the owners can agree to those two marks being on the register and being used in the marketplace.

WILLIAMS J:

That's my point. The Trade Marks Act is about intellectual property rights, and if the property owners don't mind, the register doesn't mind either, because that's the point in trade marks legislation is to protect the rights of the intellectual property right holders.

MR ARTHUR:

That is certainly part of the purpose, but I would have thought part of the purpose of the Trade Marks Act would also normally be to protect the public.

WILLIAMS J:

That's not the impression I get.

MR ARTHUR:

Well I agree with that in the sense that you can put marks on the register with consent, but normally of course the commissioner has the job of preventing marks that are on the register that will cause that confusion.

WILLIAMS J:

Unless there's consent of the right holder.

MR ARTHUR:

Unless there's consent of the rights holder. I did want to look at section 66 just to perhaps better explain the scenario that we were talking about,

Your Honours were talking about before the adjournment. Section 66(1)(a) is the relevant one, for non-use a mark can be revoked if there has been non-use for three years, and then subsection (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.”

And that’s where the one month comes in. There’s the one month before revocation, and then again subsection (3), registration must not be revoked if that use is commenced or resumed after the expiry of the three year period and before the application for revocation. And then subsection (4), “Any commencement or resumption... within the period of 1 month before the making of the application... must be disregarded unless preparation for the commencement or resumption began before the owner became aware that the application may be made.” And that’s the one month notice period.

Then section 68(2)(b), that the mark can be revoked from an earlier 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, that date.” Now the scenario I was –

WINKELMANN CJ:

So actually you don’t need to prove three years one month, you only need to prove three years, which is the flaw in your argument, isn’t it?

MR ARTHUR:

No, you don’t have to prove three years one month, because if the use had started in that one month, unless it was after notice.

WINKELMANN CJ:

Well no –

MR ARTHUR:

Subsection 66(3) means a mark won’t be revoked.

WINKELMANN CJ:

The registration of a trade mark may be revoked if, "That at no time during a continuous period of 3 years... was the trade mark put to genuine use in the course of trade." So it's three years, not three years one month. You don't have to wait another month.

MR ARTHUR:

Well you'd have to prove that up to the date one month before the application there was no use, three years no use.

WILLIAMS J:

So it's effectively three years one month.

MR ARTHUR:

Yes it is. Because if they're starting at –

GLAZEBROOK J:

It's not a sort of a slam dunk, huge, this is going to cause unbelievably major problems to me. I mean I understand your point, that you might lose a month or so, but I can't quite see it as this sort of unbelievably major problem in that – well.

MR ARTHUR:

This gives you a safe harbour. You lose your notice, you lose the benefit of subsection (4) because you can't afford to give notice.

GLAZEBROOK J:

Well you don't have to give – you can give notice on three years one month can't you?

MR ARTHUR:

Yes, but that means you've lost that month. From three years to three years one month.

GLAZEBROOK J:

I understand you lose the month, I'm just saying you don't lose everything together. All together.

MR ARTHUR:

No but I think perhaps you're underestimating the importance of that one month because everyone knows your mark is subject to being revoked at three years. That's the rule. So if you're conscious of your trade mark being vulnerable you're going to try start use, and you'll do it –

GLAZEBROOK J:

Well you probably should start if you're conscious of your trade mark being vulnerable at 30 months, wouldn't you, to start to use it.

MR ARTHUR:

That's correct Your Honour but three years is the critical date. So I don't think –

GLAZEBROOK J:

No, I understand that, all I'm saying, if you were really were conscious of that you're not going to be, I haven't used it for three years, oh, I'll use it on the day after the three years rather than –

WINKELMANN CJ:

In other words where the threshold is the behaviour would just change to meet it.

MR ARTHUR:

Yes, but I don't think that one month at the end of three years is the same as other one months at any other time, because that's the date that people will be conscious of. They'll be looking to get their act together, looking to get the marks' use started. Now they might –

GLAZEBROOK J:

All I'm suggesting they should do it well before the three years.

MR ARTHUR:

Yes, Your Honour's correct, of course they should but "should" doesn't necessarily happen. So they are conscious of it. So think that one month is perhaps more important than just any old month. It's quite a significant month. But –

WILLIAMS J:

So inside the three years, inside the three year period, say two years 11 months you give notice, that subsequent month is not a safe-harbour month because it's within the three years –

MR ARTHUR:

That's correct.

WILLIAMS J:

– whereas a subsequent, a month after that, is a safe-harbour month if you give the notice at the end of the three year period.

MR ARTHUR:

That's correct but –

WILLIAMS J:

So it is, and it does have value.

MR ARTHUR:

It does have value and if you're in the ICB thesis you couldn't give that notice because –

GLAZEBROOK J:

I suppose I was really just saying I've got the point. I'm not sure that it's quite so slam dunk as you say but I don't need to be given the point 15 more times, that was all.

MR ARTHUR:

I appreciate, Your Honour. I was just trying to explain that there is a very practical situation where you're doing your job right, you're monitoring what these people are doing, you know you're not using, you want to get their mark revoked at the earliest possible date, which is three years one month. You want to give them notice so they can cancel, can do whatever they want, and you're denied the benefit of section 66(4) if the ICB interpretation is adopted.

And the only other point I wanted, Your Honour, the Chief Justice, asked whether the Singapore Act had a safe-harbour provision. It has the – section 22(4) of the Singapore Act is their non-use provision. It has a sort of a three-month safe harbour but more like, well, in fact, I think exactly the same as the UK Act. The New Zealand Act is different in that regard, so it does have a form of safe harbour but it's – or grace period – but it's structured differently.

WINKELMANN CJ:

What, it operates like the English one?

MR ARTHUR:

It operates like the English one.

So unless Your Honours had any questions that's all I wish to say, thank you.

WINKELMANN CJ:

Thank you, Mr Arthur.

MR WILLIAMS:

I only had a few points in reply. The first was to deal with the suggestion that has been made that what is being proposed would result in the loss of the grace period under section 66. That's not correct and it appears that the Court of Appeal may have fallen into the same error as my friend. The Chief Justice mentioned that the period was three years and Her Honour

is correct, it is a three year period, continuous three year period which commences from date of actual registration and ends a month before the date for the revocation application. So the way it works is that I can apply for a trade mark at any time. I can apply before the non-use period expires. That would make no sense but you could. Or you can apply, give notice, so you put them on warning after the end of that three year period on the day after that ends and you apply on the same day. We're now into the situation we face.

O'REGAN J:

Apply for what?

MR WILLIAMS:

Apply for the mark, the new mark. If you do that, the position is within one month, so a month, you have to apply for revocation because that's your grace period. If you have done that your grace period protects you from their use in that one-month period and the extant trade mark owner –

O'REGAN J:'

Yes, but on your interpretation you can't apply because they're still on the register.

MR WILLIAMS:

No. The way it works is that you then use section 68(2)(b) to backdate the date of the revocation to the date that you know, because you've been watching, that the three year period expires.

O'REGAN J:

That's just making an assumption that the facts are different from this case. What Mr Arthur's saying in this case where that didn't happen you lost the benefit of the month.

GLAZEBROOK J:

No, no, I think what you're saying is that he's actually got a wrong interpretation of the Act, that you can ask for revocation to be backdated to the end of the three year period. You don't have to ask for it to be back – and in that case the new applicant would be totally protected and would not have lost any month or any grace period.

MR WILLIAMS:

That is what I'm saying. Correct.

GLAZEBROOK J:

Because at the end of the three year period they would say, "I give you notice."

MR WILLIAMS:

You already know at the end of that three year period that they have been not using it.

GLAZEBROOK J:

But they can have that grace period that comes up. They make the application for revocation. They say it's backdated to the end of the three year period so there's no loss of a month.

MR WILLIAMS:

Correct, and that isn't –

GLAZEBROOK J:

If you do it correctly in terms of 68(2).

MR WILLIAMS:

If you do it correctly in terms of 68(2) that's the outcome and that must be what is happening under the equivalent provisions in the UK and Singapore. They're very carefully, as the O2 case indicated, following the correct timing to undertake the notice, the revocation and the date of your application for the

mark and they're doing it to actually take advantage of section 68(2)(b) to get you back to protect your application for the trade mark. So the appellant doesn't accept that a person in the situation that we find ourselves is exposed to losing the protection of the notice period.

WILLIAM YOUNG J:

Provided they use 68(2)(b).

MR WILLIAMS:

Correct.

WILLIAMS J:

Right, that all seems to make sense.

MR WILLIAMS:

So we're not saying that you can't apply for a mark in advance of an application for revocation. You quite clearly can. What we are saying is if you do so you need to be quite careful about how you structure and plead your application for revocation.

WILLIAMS J:

So what do you say then to the point that in fact 68(2)(b) was based on 46(6) of the UK legislation which was based on Article 12, 11(3) or whatever it was, and that had nothing to do with this subject at all? What do you say to that?

MR WILLIAMS:

I say that *Riveria* has interpreted it in the way in which I am suggesting which is how the UK has adopted, is currently operating, for a start. But also there is an issue which arises by virtue of section 93 which is the defence section. So if you get two registered marks on the register –

WILLIAMS J:

But are you shifting off my question?

MR WILLIAMS:

No.

WILLIAMS J:

Good, good.

MR WILLIAMS:

I'm actually addressing it and the issue is if section 93 operates in that way there would be no need for the shield that is provided by section 68(2). It must be doing something else.

GLAZEBROOK J:

Sorry, perhaps you could take me a bit more slowly through that in terms of section 96.

WINKELMANN CJ:

3.

GLAZEBROOK J:

93, sorry.

MR WILLIAMS:

So if you get your – sorry, 93. If you get the registration on the register, you've got two identical marks on the register, 93 gives you a defence. So, gives you a defence.

GLAZEBROOK J:

Okay, I see. So if you land up with that situation you have a defence?

MR WILLIAMS:

That's right, which would mean section 68 –

GLAZEBROOK J:

And you say there wouldn't be a need for that if – right.

MR WILLIAMS:

That's right.

GLAZEBROOK J:

Okay. I think I get that.

MR WILLIAMS:

So those were the first two points I wanted to make. I just wanted to address –

WILLIAMS J:

So that's 93 but I asked you about the driver for the enactment of 68(2) which was essential to the Court of Appeal's reasoning. The argument was that it relied on 46(6) and 46(6) relied on the –

MR WILLIAMS:

Yes, but the UK Act also has the equivalent of 93 so...

WILLIAMS J:

So are you saying the basic proposition is wrong?

MR WILLIAMS:

I'm saying that in fact the section has more than one purpose and if the Court of Appeal's approach to the section is correct it doesn't need to have the purpose that the Court of Appeal says it has.

WINKELMANN CJ:

What, sorry?

MR WILLIAMS:

Well, they said it was a shield from infringement, but you don't need that. You don't need to be able to backdate your application if you get it on the register because if you've got it on the register you've got a defence under section 93.

WINKELMANN CJ:

No, it's a shield from infringement for people who aren't registered, who haven't got the registry trade mark. So they're saying it's a shield for infringement so people who aren't registered trade mark holders may use the trade mark, so not this situation, and they're sued, and they say, "Hang on, you've not been using this for years. We're going to apply to revoke it. In fact, you weren't using it way back when even when we started using it."

MR WILLIAMS:

No, I think the Court of Appeal said that this was a shield designed to protect someone who has filed a mark in advance of revoking it and if it goes on the register in the absence of backdating under section 68(2)(b), and the Court of Appeal has said that that's what's happened in this case, they automatically get a defence, which means they don't need section 68(2)(b) to provide the shield that was suggested they needed. That was needed.

WINKELMANN CJ:

But say that's what the Court of Appeal had said, but I thought it wasn't, but say that, but what Mr Arthur says is a better view of that section 68(2), is that it's actually to protect the general user of this mark who suddenly discovers, been using it for 10 years, suddenly discovers that it's being sued for breach of trade mark, an applicant applies in response to this with an application for revocation and says, and please backdate that because this person has not been in the market and we've been in the market for 10 years, so backdate it 10 years, so you can't sue me, and that's possible – and your point...

MR WILLIAMS:

That would, I accept that that is a possibility but the Court of Appeal was talking about the shield more narrowly than that. It was saying that it was a shield in the circumstances we have in this case. If they had entered into selling product in the three days that our mark was on the register, we could sue them for infringement. We could. And the Court of Appeal was indicating that section 68(2)(b) enables the revocation to be backdated to stop that.

But that wouldn't be needed in that situation if the mark simply progressed to registration because there's a section 93 defence.

O'REGAN J:

Yes, but your case is that it shouldn't progress to registration. So it's just circular isn't it?

MR WILLIAMS:

I'm not sure that it is.

O'REGAN J:

I think what the Court of Appeal were saying if somebody trades for quite a long time, and then they're told they're infringing another mark, and they say but that mark is not being used, and has never been used during the time we've been trading, they should be able to get a backdated revocation back to when they started trading.

MR WILLIAMS:

That is certainly one of the uses –

O'REGAN J:

Well do you accept that that is a purpose for section 68 –

MR WILLIAMS:

That is one of the purposes.

WINKELMANN CJ:

And section 93 doesn't really meet that.

O'REGAN J:

No.

WILLIAMS J:

Because it has to be a competition of two registered marks.

MR WILLIAMS:

Correct. Correct. I was then going to turn to my friend's submissions about the respondent being the owner of the unregistered mark. A couple of points to raise there. One typically to be a, despite what's said in Sumpter, to be the owner of an unregistered mark you need to be the owner of the goodwill and have used it in the jurisdiction. It's not simply enough that you've used it in other jurisdictions. So in the same that at common law you can sue for passing off if you have a sufficient goodwill, and the suggestion that simply making an application gives you ownership of an unregistered mark doesn't sit particularly well with section 12 of the Trade Marks Act, which indicates the rights that are attached to an application. It says that an application is a property right and can be assigned. It doesn't indicate in any way that on making an application you have rights in the underlying mark. So those were the two points in relation to that.

O'REGAN J:

So you say the textbook's wrong?

MR WILLIAMS:

Yes.

O'REGAN J:

Have you got authority for that?

MR WILLIAMS:

Yes, well it gives no authority for –

O'REGAN J:

No, but have you got authority to say it's wrong?

MR WILLIAMS:

Well only those authorities which are based in the law of passing off, which indicate that all unregistered –

O'REGAN J:

But we're not dealing with the law of passing off, we're dealing with registration and trade marks.

MR WILLIAMS:

Well we're dealing with an unregistered trade mark which is –

O'REGAN J:

We're dealing with an application for registration of a trade mark.

MR WILLIAMS:

Correct, but to answer your question I don't have an authority but as a matter of principle I would say you would have to own the goodwill in the mark and have used it before you could say that you are the owner of an unregistered mark. All the rights –

WINKELMANN CJ:

Or be the author of it. You can create it. Isn't that another ground?

MR WILLIAMS:

Well, you have to be the first to create it.

WINKELMANN CJ:

Yes, which obviously doesn't apply here.

O'REGAN J:

But don't you just have to be the first to bring it into this jurisdiction?

MR WILLIAMS:

Well, it becomes complicated because it's not straightforward whether you can rely on use that has been overtaken by the removal of your mark by a revocation action for non-use and the Court of Appeal has, strangely enough, said in this case you can't. So it's not straightforward in that regard, and so I would say on current precedent, although you obviously aren't bound by it, simply having used it first in New Zealand in this case isn't sufficient.

O'REGAN J:

So how did your clients get it registered?

MR WILLIAMS:

We removed theirs by non-use and under the then-practice that was in place before this case came before the Courts and IPONZ we applied for the mark beforehand.

O'REGAN J:

So did your clients use it beforehand or have goodwill in it? I'm just saying, I'm just asking you to apply your analysis to your own client's position.

MR WILLIAMS:

I don't know the answer to that. It's not in the evidence and it's not something I – I just don't know the answer to that. Yes, so...

GLAZEBROOK J:

Anyway I suppose the point is once you're registered you're the owner of a registered mark.

MR WILLIAMS:

Yes and some people might think that would suggest that there are no rights in any unregistered mark lying around because you could –

GLAZEBROOK J:

You can't have two except in certain circumstances.

MR WILLIAMS:

You can't have two, yes.

WILLIAMS J:

So if Sumpter says it's enough to have an intention to use an unregistered mark, at least from what Mr Arthur submitted, that intention was sufficient, and certainly it's sufficient for registration, isn't it?

MR WILLIAMS:

In circumstances where there has been no prior user the answer to that would be if I am the first person to –

WILLIAMS J:

Yes, that's right. Correct.

MR WILLIAMS:

Yes.

WILLIAMS J:

So I guess the question in my mind is if you are an unregistered holder of a trade mark of some description does that clutch of rights that Mr Arthur talked about exist only in that claimed owner or can anyone pick up the same mark and attempt to do the same thing with it?

MR WILLIAMS:

If a third party had come along and in priority to everyone else, the parties before the Court, sought to register ZIPLOC –

WILLIAMS J:

No, I'm not talking about registration. I'm talking about the rights that Mr Arthur talked about, it seemed was implicit in what he was saying was that they were exclusive rights, I was testing that proposition. So the intention to use is obviously not exclusive. The intention to apply isn't either. So what's in any of this?

MR WILLIAMS:

Well, the difficulty is created by the existence of a legal registration for the mark on the register and someone suggesting that they own rights in that mark, the same word, in circumstances where the mark is actually valid, enforceable and on the register. It's hard to see that they could own rights at a time when they could be sued for infringement.

WILLIAMS J:

I think my question was kind of in your favour and that is that in the absence of use what has such an unregistered holder of a mark got that excludes the rest of the public from doing the same thing if there isn't any history of use?

MR WILLIAMS:

That is typically the position at common law. There has to have been use and generation of goodwill.

WILLIAMS J:

Otherwise you get no exclusive right.

WINKELMANN CJ:

But if there is use then they can have ownership in the mark notwithstanding registration because that ownership can be the basis upon which they – or can it? Is it more non-use? It's only non-use as a basis so yes.

MR WILLIAMS:

Yes, yes. The next point I wanted to touch on was that it's difficult to believe that the hearing officer in the UK and the subsequent appointed persons who have applied the *Riveria* principle, and the Court of Appeal in Singapore were not aware that the legislation in both countries incorporated in the case of the UK honest concurrent use consent and other special circumstances, and in the case of Singapore honest concurrent use and consent. They're in slightly different forms but it would be surprising if those judicial officers were not apprised or aware of that when they made their decisions, and it's also important to make the point that the position, as it stands in those two jurisdictions, do not seem to be causing any particular difficulties.

WINKELMANN CJ:

On this point, Mr Arthur said that trade marks which lapse are removed for reasons other than –

MR WILLIAMS:

Surrender.

WINKELMANN CJ:

Or which are, lapse or surrender, do carry with them rights prior to, the rights that accrued continue prior to – he said –

MR WILLIAMS:

Disagree with that, and the basis for that disagreement is in looking at section 5 of the Trade Marks Act, which describes what a “registered trade mark” is, and to exercise any of the rights given by the Trade Marks Act you must be a registered trade mark, and if you are not a registered trade mark, because it’s lapsed or surrendered, all those rights are gone. I know in particular that in Australia if a mark is not on the register you cannot sue upon it, or past infringement. I don’t have the citation with me, but I have read that in the 6th edition of *Shanahan*, which is their version of *Kerly*. So the position as I presented to you is what I believe the law to be in that regard. And I think those were the only comments that I wanted to make. I suspect that you may want me to –

WINKELMANN CJ:

Clarify the basis of exactly what you’re saying because, hmm, you’ll have heard our discussion with Mr Arthur as to whether, in fact, you’re relying on – are you relying on a fact that Johnson has no property or are you relying on the *Campomar* argument that you –

MR WILLIAMS:

Well I'm relying on both but the *Campomar* by analogy. If indeed *Campomar* says, as it does, you can't have the two marks at the same time, the ownership issue creates that very issue under the New Zealand legislation.

WINKELMANN CJ:

Why can't you just rely on the reasoning in *Campomar*. Why do you have to rely on it by analogy?

MR WILLIAMS:

Well –

WINKELMANN CJ:

Because *Campomar* is really relying on this poorly equivalent of section 25, isn't it, which says you can't have a mark registered if there's one prior in time.

MR WILLIAMS:

But there are exceptions to that.

WINKELMANN CJ:

Yes.

O'REGAN J:

Which aren't acknowledged in *Campomar*.

MR WILLIAMS:

Well one, I don't want, and don't take this the wrong way, but one assumes that they were aware of the exceptions when they said what they did.

O'REGAN J:

You wouldn't have expected them to have noted that –

GLAZEBROOK J:

If it's only honest concurrent use, consent perhaps not, because they weren't in a situation where you had a revocation application, because if you had honest concurrent use and consent you're not really going to be in –

O'REGAN J:

Do they, they don't have a special circumstances exception?

MR WILLIAMS:

I don't believe so, and Australia has a very clipped version of special circumstances, so the Australian decisions are not helpful when you look at them.

GLAZEBROOK J:

Is your point, when you're talking about ownership your point is, I think, from what you have just been saying, is that as soon as you have a mark that's registered, and properly registered, nobody else can own that in the sense of making an application. You can make an application if you say you own it, you claim you own it, and there is a valid ground of revocation but you couldn't make it if there's an owner registered properly.

MR WILLIAMS:

That's right. You have to be able to prove that you're the owner, that your claim is a legitimate one.

GLAZEBROOK J:

But you couldn't do that, I think you say, if there's already a registered owner properly on the register?

MR WILLIAMS:

That's right and the way you fix that is –

GLAZEBROOK J:

Is to get rid of them at the date of your application?

MR WILLIAMS:

Correct.

GLAZEBROOK J:

Sorry, "get rid of them", I mean make sure that revocation goes back to the date of your application.

MR WILLIAMS:

I understood.

WINKELMANN CJ:

So can you tell me how *Campomar* helps you with that reasoning by analogy? What does it add to your argument?

MR WILLIAMS:

It's just a recognition that where there's already a mark, identical mark on the register, you can't go around and place another one on the register where there will be an overlaps. I say, or, sorry, my client says, that's exactly what's happening here but for the reason that section 32(1) requires, and in tandem with section 32(a), requires that ownership to be established before the mark can be registered at the time of making the application.

WINKELMANN CJ:

And what do you say to the point that Mr Arthur makes and the Court of Appeal made in *Campomar* that really when you look – that the issue is time of registration, not the time of application?

MR WILLIAMS:

Well, I would say that the structure of the New Zealand Act means that in the case of ownership that is trumped by section 32(1), and section 13(2)(a). Now I should add that some care –

WINKELMANN CJ:

When you say it's trumped do you mean section 32(1) makes clear that that isn't the case? What's trumped by it?

MR WILLIAMS:

Sorry?

WINKELMANN CJ:

You say that's trumped. What's trumped? Do you mean section 32(1) governs it and it makes it clear it's the time of application or is something – what is trumped?

MR WILLIAMS:

Well, perhaps a better way of putting it is to say that in a situation where there is already a mark on the register for the identical mark you have to rely on section 68(2)(b) to ensure that your application –

WINKELMANN CJ:

That's not what I'm asking.

MR WILLIAMS:

I know, I am coming to it. And the reason you have to do that is because unless you do that someone else is the owner at the time you're making your application.

WINKELMANN CJ:

So you're reasoning back from section 28(2)(b) to change its entire scheme of when you assess registration?

MR WILLIAMS:

Well, typically in trade mark law you have always assessed ownership at the point of application, that it's a requirement that when you apply you can establish a legitimate claim to ownership at that point.

WINKELMANN CJ:

So that is in fact your answer to my point. So you disagree with Mr Arthur and *Campomar* that you make the assessment at the time of registration?

MR WILLIAMS:

Yes.

WILLIAMS J:

Then is that essentially because section 32 is written in that present tense form?

MR WILLIAMS:

Yes, and section 13(2)(a), but yes.

WILLIAMS J:

Yes, you have to be a person claiming to be at that time.

MR WILLIAMS:

Yes.

WINKELMANN CJ:

And your authority for that proposition is the *Chettleburgh*...

MR WILLIAMS:

Chettleburgh but it's not just *Chettleburgh*, it's a long line of English authority and New Zealand authority, including a Court of Appeal decision called *Aqua Technics* which I gave you the reference to this morning.

ELLEN FRANCE J:

I'm not sure how that helps you because that has a recitation of orthodox principles, but it's really about non-use, isn't it? The actual issue in that case was non-use.

MR WILLIAMS:

In which case?

ELLEN FRANCE J:

Aqua Tech.

MR WILLIAMS:

Aqua Tech? No, there's a passage in *Aqua Tech* which talks about section 26 of the 1953 Act and how that has to be assessed, and that passage talks about an applicant having to be able to defend and show if opposed that its claim to be the owner is a valid one.

ELLEN FRANCE J:

But that's saying nothing about what we've got now in section 13.

MR WILLIAMS:

No, because it predates the Act.

ELLEN FRANCE J:

No, I know that.

MR WILLIAMS:

But what I'm saying is by analogy the position at law has been, as I am saying it is, for some time. Even under the 1953 Act in relation to the need to establish the ownership.

WINKELMANN CJ:

I just don't see how *Campomar* actually helps you by analogy because it seems to be completely contrary, it sides against you on this point, it has a different pathway.

MR WILLIAMS:

There are, it makes two decisions.

WINKELMANN CJ:

And the one that is on the point of ownership, really, is against you because it says you assess it as at the date of registration.

MR WILLIAMS:

Well it's difficult because there the two decisions are, they are two different pathways is one way of putting it.

WINKELMANN CJ:

And on my reading of the other pathway, it doesn't depend on ownership, it depends on the notion that you can't have two registrations, you shouldn't have, as a general rule, two registrations of the same mark on the register at the same time.

MR WILLIAMS:

Yes, but of course one person, the reason for that is one in person, already owns all the rights in the mark.

WINKELMANN CJ:

So actually are you saying that the decision in *Campomar* is internally inconsistent because for them to reach the point of view that there were two marks on the system at the same time they must be assessing it as at the day of application, not as at the date of registration.

MR WILLIAMS:

I haven't considered this but...

WINKELMANN CJ:

As at the date of registration?

MR WILLIAMS:

Well I think what they are saying is that the ownership issue, so because there's a mark on the register, trumps the other pathway.

WINKELMANN CJ:

But only if you consider registration at the date of application, not if you consider it at the date of registration.

MR WILLIAMS:

But of course the traditional time to consider the ownership position is at the date of registration.

WINKELMANN CJ:

Yes.

MR WILLIAMS:

The orthodox position.

WINKELMANN CJ:

But not what they said.

O'REGAN J:

Date of registration or date of application?

MR WILLIAMS:

Date of application sorry.

O'REGAN J:

You said date of registration.

MR WILLIAMS:

Sorry Sir.

GLAZEBROOK J:

Well it may not be inconsistent because it might be to say well you look at whether there's somebody else on the register at the time of registration and if all being equal –

WINKELMANN CJ:

Yes, yes.

GLAZEBROOK J:

But you do have to make sure that you did own it at the time you applied for it, because as you say you have to won something at the time you make an application, and if somebody else has validly registered then you don't own it.

MR WILLIAMS:

Yes.

GLAZEBROOK J:

Even if – because that trumps you. So it may not be inconsistent it just may be –

WINKELMANN CJ:

Difficult.

GLAZEBROOK J:

Well a slightly difficult concept but I can understand something that says you have to show that you owned it at the time you made the application. I assess

it at the time of registration and if you did own it at that time, so you made a valid claim for it, and a valid application, then I look at whether there's anyone else on the register at the time of registration and I register it.

MR WILLIAMS:

That is certainly a way of looking it, yes.

GLAZEBROOK J:

Although I still don't quite understand how ownership comes into the argument rather than section 25 and not having two marks on at the same time.

MR WILLIAMS:

I'm not sure I can help you much further.

GLAZEBROOK J:

No, no, I think we've probably, it's probably something for some quiet reflection afterwards.

MR WILLIAMS:

So unless there are any further questions I can assist with, those were my reply submissions.

MR ARTHUR:

Your Honours, I hesitate –

WINKELMANN CJ:

Mr Arthur?

MR ARTHUR:

Well it's just that this is the first time I've heard my friend's argument on the ownership issue. It wasn't in his written submissions and it wasn't in his oral submissions this morning. So I just wonder if I could address...

WINKELMANN CJ:

I don't think he raised anything new that we hadn't been through before. We were just going back through the old, through the traps I think.

GLAZEBROOK J:

I agree.

ELLEN FRANCE J:

I'm not sure about that.

WINKELMANN CJ:

What do you think?

O'REGAN J:

I think we should –

WINKELMANN CJ:

All right, go ahead.

MR ARTHUR:

It was a very brief point Your Honour, which is that my friend seemed to be suggesting that you couldn't be an owner of an unused trade mark, and that was the proposition. Section 32 of the Trade Marks Act specifically recognises that you can apply if you propose to use a trade mark, which means it's unused, and the authority I referred you to, page 56 of Mr Sumpter's text –

WINKELMANN CJ:

I'm not sure, I don't think he did say that but...

GLAZEBROOK J:

No I didn't understand him to say that.

WINKELMANN CJ:

No. He said –

GLAZEBROOK J:

He said it and then backtracked.

WINKELMANN CJ:

Yes, but anyway, carry on.

MR ARTHUR:

So all I wanted to do was draw your attention that page 56 of Mr Sumpter's text says, "In *Shell Company of Australia Ltd v Rohm & Haas Co* [1948] HCA 27 (3 August 1949), a decision of the Australian High Court, the concept of proprietorship in a mark unused is said to lie in the combined effect of authorship, the intention to use and applying for registration. So that's the authority for the proposition I've been putting up, which is that when you've got an unused trade mark, that's what you have to look at to see if you're the owner.

WINKELMANN CJ:

Well he did say that Sumpter was wrong.

MR ARTHUR:

He did.

WINKELMANN CJ:

I do recall that.

MR ARTHUR:

But the authority that Paul Sumpter relies on, *Shell Co v Rohm & Haas*, decision of the Australian High Court, expressly addressing this issue of the ownership or the proprietorship of an unused trade mark.

WILLIAMS J:

Unused unregistered trade mark.

MR ARTHUR:

Unused unregistered trade mark. And the Act itself, since 1905 the Acts have recognised you can apply to register a trade mark that is unused.

WILLIAMS J:

What section did you refer to?

MR ARTHUR:

It's section –

GLAZEBROOK J:

But it has to be yours, doesn't it?

WILLIAMS J:

You have to be the author of it.

MR ARTHUR:

You have to be the author, yes, which is what my client is in this situation.

WILLIAMS J:

Can you give me the section that you're referring to?

MR ARTHUR:

Section 32 of the New Zealand Act.

WILLIAMS J:

Yes.

WINKELMANN CJ:

Which is proposed to be used.

MR ARTHUR:

It says proposed to be used, and that has been the position since 1905, you can apply to register a mark you propose to use, and the authority in support

of my argument is what you need to be the owner of an unused trade mark is at page 56 of Sumpter in the heading called "In *Shell Co.*"

WINKELMANN CJ:

I don't see that as inconsistent with what Mr Williams said to us, but anyway we've heard you on it now.

MR ARTHUR:

Thank you Your Honour.

WINKELMANN CJ:

What pages of Sumpter?

MR ARTHUR:

It's page 56 of Sumpter under a heading "Ownership disputes in bad faith", about two-thirds of the way down that page.

WINKELMANN CJ:

Thank you very much counsel for these submissions. We'll take some time to consider the argument we've heard and let you have our judgment in due course.

COURT ADJOURNS: 3.08 PM