

**IN THE SUPREME COURT OF NEW ZEALAND SC 21/2007**

**UNDER** The Trade Marks Act 1953

**IN THE MATTER** of an appeal from the judgment of the  
Court of Appeal of 12 March 2007

**A N D**

**IN THE MATTER** of trade mark application nos. 617327  
and 617328 in classes 32 and 33

**BETWEEN** **AUSTIN NICHOLS & CO INC**

**Appellant**

**A N D**

**STICHTING LODESTAR**

**Respondent**

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**SUBMISSIONS ON BEHALF OF THE INTERNATIONAL  
TRADEMARK ASSOCIATION AS INTERVENER**  
[NEXT EVENT DATE: Wednesday 17 October 2007 at 10.00 a.m.]

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## **MAY IT PLEASE THE COURT:**

### **INTRODUCTION**

1. This appeal is an important one for trade mark owners and licensees. The approach to be taken by the High Court on appeals from the Commissioner of Trade Marks affects all trade mark owners and licensees.
2. In the decision under appeal, the Court of Appeal held that the High Court on appeal is required to give some weight to the decision of the Commissioner of Trade Marks in an area within the Commissioner's expertise and that this is not confined to matters of practice. The Court held that this was a case where deference to the expertise of the Assistant Commissioner was called for.
3. The Court's attention does not appear to have been drawn to the fact that Hearing Officers in New Zealand since 1996 are no longer long-term staffers of IPONZ, nor to the nature of the practice and pleadings in cases coming before the Commissioner of Trade Marks.
4. The case for giving deference to the decision of a Hearing Officer in a trade mark matter would appear to rest on whether the Hearing Officer has experience or expertise and the nature of the evaluative assessment (whether after oral evidence and cross-examination or simply by inference and assessment of written evidence).
5. The approach of the High Court to appeals from the Commissioner of Patents provides helpful assistance. In patent cases there might be a case for greater deference given that the Hearings Officers have always been the Commissioner of Patents or an Assistant Commissioner with long experience, being long-term staffers of IPONZ. However the High Court has consistently treated the weight to be given to the decision of Commissioner of Patents as *a factor not an additional jurisdictional hurdle*.
6. In the circumstances of the New Zealand Act and practice, the issue of deference to the Commissioner's decision should be *a factor to be weighed in the Court making its decision, consistent with the approach in Heineken*. The deference or weight to be given to the Hearing Officer's decision should not be an additional jurisdictional hurdle to an appellant or impose a higher standard for a successful appeal.

### **STRUCTURE OF THE SUBMISSIONS**

- (1) Introduction
- (2) The relevant statutory provisions
- (3) Pleadings and evidence
- (4) The Court of Appeal decision in *Heineken*

- (5) The *VB v Matsushita* case
- (6) The Court of Appeal formulation in this case
- (7) Additional relevant aspects of New Zealand intellectual property legislation
- (8) The position in other comparable countries
- (9) Conclusions on the two questions posed by this Court

## (1) INTRODUCTION

### ***Austin Nichols & Co Inc v Stichting Lodestar, SC 21/2007***

7. On 28 June 2007, the Supreme Court granted leave to INTA to intervene in this appeal. The Supreme Court's decision to grant leave was on conditions (inter alia) that:

“(a) The submissions of the intervener are to be confined to the following questions:

- (i) Whether the Court of Appeal's formulation of the approach that the High Court should take on an appeal against a decision on registration of the Commissioner of Trade Marks was correct; and
- (ii) If the answer to (i) is “no”, what approach should be taken by the High Court in such an appeal?;

8. Before considering these issues, it is important to set out the relevant statutory provisions governing appeals from the Commissioner of Trade Marks to the High Court. Further it is desirable to consider the prior case law in which the Courts have set out the approach that should be taken on appeals from decisions of the Commissioner of Trade Marks. Finally, consideration is given to the position in comparable jurisdictions.

## (2) THE RELEVANT STATUTORY PROVISIONS

9. The New Zealand Trade Marks Act 1953 (in force at the time that the applications were filed, and by virtue of transitional provisions in subsequent legislation, the law applicable to them) provided:

### **“66 Appeals to High Court**

- (1) Every appeal under this Act against a decision of the Commissioner shall be to the High Court.
- (3) In any such appeal the Court shall have and may exercise the same discretionary powers as are conferred on the Commissioner”

10. A similar provision also appears in the current New Zealand Trade Marks Act 2002<sup>1</sup> which states:

**“173 Determination of appeals**

In determining an appeal, the Court may do any of the following things:

- (a) confirm, modify, or reverse the Commissioner’s decision or any part of it:
  - (b) exercise any of the powers that could have been exercised by the Commissioner in relation to the matter to which the appeal relates:
  - (c) in the case of an appeal against the registration of a trade mark, permit the trade mark proposed to be registered to be modified in any manner that does not substantially affect its identity. However, in any such case, the trade mark as so modified must be advertised in the prescribed manner before being registered.”
11. The sorts of cases which come before the Commissioner of Trade Marks (and then on appeal) to the High Court are separately specified in provisions in the Trade Marks Act 1953. Each of these provisions confers a discretionary power on the Commissioner.

*(a) Trade mark opposition proceedings*

12. Once a trade mark is accepted by the examination section of IPONZ, it is advertised for opposition. Within the three month opposition period<sup>2</sup> another party may oppose registration of the mark applied for. The sorts of issues which will arise for adjudication in opposition proceedings include:

- whether the trade mark applied for is registrable as a trade mark (ss 14 and 15);
- whether the applicant is the proper proprietor of the mark applied for or the opponent has shown earlier use (s26).
- whether the trade mark applied for is prohibited from registration because use of it will cause confusion or deception with an earlier unregistered trade mark or even name (s16).
- whether the use of the trade mark applied for will be contrary to law (s16).

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<sup>1</sup> Which came into force on 20 August 2003.

<sup>2</sup> Or any extended period granted by IPONZ.

- whether the trade mark applied for is prohibited from registration because it is identical or similar to a prior registered trade mark (s17).

The powers and discretions conferred on the Commissioner are set out in s49 of the 2002 Act<sup>3</sup>, the successor provision to s27 of the 1953 Act.

(b) *Removal or rectification proceedings*

13. Once a trade mark has been registered, then it may be the subject of removal or expungement proceedings under s41 Trade Marks Act 1953. Such grounds of removal or expungement include:

- that the trade mark was wrongly registered in the first place (on similar grounds to those outlined in respect of opposition proceedings)<sup>4</sup>.
- non-use i.e. the trade mark is not being used for a continuous period of five years<sup>5</sup>.
- that the trade mark has become generic.

The powers and discretions conferred on the Commissioner in respect of expungements and removals are set out in s41 of the Trade Marks Act 1953<sup>6</sup>.

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<sup>3</sup> **49. Commissioner's determination on opposition:**

The Commissioner must:

- (a) Hear the parties, if so required;
- (b) Consider the evidence;
- (c) Determine whether, and subject to what conditions, if any, the trade mark is to be registered.

<sup>4</sup> After seven years registration a trade mark can only be removed for breach of s16 or fraud: s22 Trade Marks Act 1953.

<sup>5</sup> Now reduced to three years under the Trade Marks Act 2002.

<sup>6</sup> **41. General power to rectify entries in register**

- (1) Any person aggrieved by the non-insertion in or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the Court or, at the option of the applicant and subject to the provisions of section 67 of this Act, to the Commissioner, and the Court or the Commissioner, as the case may be, may make such order for making, expunging, or varying the entry as the Court or the Commissioner may think fit.
- (2) The Court or the Commissioner, as the case maybe, may in any proceeding under this section decide any question that it may be necessary or expedient to decide in connection with the rectification of the register.
- (3) In case of fraud in the registration, assignment, or transmission of a registered trade mark, the Commissioner may himself apply to the Court under the provisions of this section.
- (4) Any order of the Court rectifying the register shall direct that notice of the rectification shall be served in the prescribed manner on the Commissioner, and the Commissioner shall on receipt of the notice rectify the register accordingly.
- (5) The power to rectify the register conferred by this section shall include power to remove a registration in Part A of the register to Part B.
- (6) Notice shall be given to the Commissioner of any application made to the Court under this section by any other person.

(c) *Cases where the IPONZ examination section has refused to accept the trade mark application for advertising*

14. In such cases the applicant can seek a hearing on this refusal and there is a right of appeal to the High Court. The powers and discretions conferred on the Commissioner in this regard are contained in s26 of the 1953 Act.

(d) *Procedural decisions*

15. For example where the Commissioner or Hearings Officer has refused to grant an extension of time or has refused to allow the filing of late evidence.

### **(3) PLEADINGS AND EVIDENCE**

16. Under both the Trade Marks Act 1953 and the Trade Marks Act 2002 both opposition proceedings and removal proceedings have proper pleadings. These are specifically provided for in the Trade Mark Regulations 1954 (and now under the new Trade Marks Act 2002 in the Trade Mark Regulations 2003)<sup>7</sup>.
17. In *opposition* proceedings, the pleadings are a notice of opposition and a counterstatement (effectively a statement of defence). In *expungement or removal* proceedings, the pleadings under the 1953 Act were a notice of application and a statement of case from the applicant (setting out the grounds). This was followed by a counterstatement (effectively a statement of defence) from the registered proprietor.
18. In hearings arising from the refusal of IPONZ to accept the trade mark application, the IPONZ examination report/compliance report setting out the grounds of refusal set the agenda of issues which fall to be determined at the hearing<sup>8</sup>.
19. As trade mark oppositions and removal/expungement applications became more frequent in the 1990s, the High Court emphasised the importance of pleadings. In *VB v Matsushita*<sup>9</sup> Hammond J stated:

“The notice of opposition and counter-statement in proceedings of this character have the same purpose as the pleadings in a regular civil proceeding. That is, what is pleaded are the facts, and the issues for determination which arise therefrom are identified. In this case, on a fair reading of the pleadings, I think it was accepted that Matsushita has a worldwide reputation in “Panasonic”, including New Zealand, and that the preliminary burden had therefore been discharged by Matsushita. If the counter-statement had

<sup>7</sup> Trade Marks Regulations 2003, Parts 8-10.

<sup>8</sup> Trade Marks Act 1953, s26(6).

<sup>9</sup> (1999) 9 TCLR 349, [43].

been differently pleaded, it is inconceivable that far more particularised evidence from New Zealand would not have been forthcoming. The tendency – regrettably too apparent in all class of proceedings today – to simply set pleadings aside as being inconvenient is to be resisted. Precision and efficiency are important considerations in all civil proceedings. And I do not think that what was pleaded in this case can be overcome by now saying, “what we really meant was that there might have been a reputation, but it was not a sufficient one”. In my view, Mr McLeod was right to say that if that was the point to be taken it was more in the nature of an affirmative defence, and it should have been made apparent from the outset. This ground of appeal is therefore dismissed.”

20. Evidence is given in the form of statutory declarations (or affidavits). Again in recent times, the High Court has applied the strict rules of evidence to such declarations/affidavits<sup>10</sup>. The rationale for the strict rules of evidence was:
- (a) That the matter would be going on appeal to the High Court;
  - (b) In the case of removal/expungement proceedings, the applicant had a choice of applying to the High Court or to the Commissioner<sup>11</sup>.
21. Theoretically, it is possible for there to be cross-examination of witnesses before the Commissioner but under both the 1953 Act and the 2002 Act this is so rare as to be virtually non-existent. It may only be obtained with special leave from the Hearing Officer/Assistant Commissioner and then only if the cross-examination would assist the Hearing Officer (as opposed to the parties)<sup>12</sup>.
22. In summary, therefore, in hearings before the Commissioner of Trade Marks there are:
- (a) Proper pleadings (except where there is an appeal from refusal of acceptance of a trade mark).
  - (b) The evidence is given in statutory declaration (or affidavit) form.
  - (c) The evidence is not given viva voce.
  - (d) There is rarely, if ever, cross-examination of witnesses.
  - (e) The rules of evidence are followed in the filing and assessment of evidence.

<sup>10</sup> *Royal New Zealand Yacht Squadron v Daks Simpson Group Plc* [2002] NZAR 187.

<sup>11</sup> Trade Marks Act 1953 ss 35 and 67.

<sup>12</sup> Trade Marks Act 2002, s160. See Brown & Grant *The Law of Intellectual Property in New Zealand* (Butterworths) 1989 para 2.19 in relation to the predecessor section in the 1953 Act, s68.

23. In those circumstances, it may be observed fairly that the Commissioner of Trade Marks/Hearing Officer does not have any advantage over the appellate Court in hearing or seeing the witnesses or indeed in drawing inferences from the written evidence.

**(4) THE COURT OF APPEAL FORMULATION IN HEINEKEN**

24. In 1964, the Court of Appeal stated in the *Heineken* case<sup>13</sup>:

“It is for the Court to decide the question as a matter of impression, having due regard, of course, to any relevant evidence which has been produced. But the question is not one to be decided upon the opinion of witnesses. It is a matter for the Judge. He looks at the exhibits before him, and, while he must pay due regard to any relevant evidence produced, the matter remains one of personal impression, visual or phonetic. He cannot shelter behind another Judge’s decision. Proper weight must, of course, be given to any opinion which the Commissioner has expressed on the matter in dispute, but his decision cannot absolve the Judge of his own individual responsibility: Lord Wright in *Re Rysta’s Application* [1945] AC 68, 100; [1945] 1 All ER 34, 47.”

25. It is important to note that at the time of this decision all trade mark oppositions or expungement applications which came before the Commissioner of Trade Marks were determined by the Commissioner of Trade Marks himself or his Assistant Commissioner, both of whom were long term career officers within IPONZ (formerly the New Zealand Patent Office). Indeed the number of cases decided by the Commissioner or Assistant Commissioner in those days was but a handful each year – probably reflecting the lesser emphasis on intellectual property in those days. Only 13 written trade mark decisions were given by the Commissioner or Assistant Commissioner of Trade Marks from the coming into force of the Trade Marks Act 1953 until the decision of the Court of Appeal in *Heineken*<sup>14</sup>.

26. The statement of the Court of Appeal in *Heineken* was followed in a number of High Court cases<sup>15</sup>.

**(5) DECISION IN VB v MATSUSHITA**

27. In *VB Distributors v Matsushita*<sup>16</sup>, Hammond J expressed the matter in different terms:

“An appeal on the basis of a statutory provision of this character is not a case for deference. This Court is

<sup>13</sup> [1964] 1 NZLR 115, 139.

<sup>14</sup> <http://www.iponz.govt.nz/iponz-docs/i/indextrademarks.pdf> (last accessed 30 August 2007).

<sup>15</sup> See for example *Champion Product Inc v Champions of the World Limited* (Wellington High Court, CIV 2003-485-45, 29 August 2003, Gendall J, *Effem Foods Limited v Commissioner of Trade Marks* (1996) 7 TCLR 246.

<sup>16</sup> (1999) 9 TCLR 349, 355.



required to form its own views. How much (if any) weight should be given to the Commissioner's views may well depend on what is in dispute. If, for instance, what is at issue is a matter of practice in trade mark applications then the experience of the Commissioner is not lightly to be disregarded. On the other hand, as with all specialist tribunals, there is a real benefit in that tribunal's views being subjected to independent scrutiny from time to time. And to the extent that the determination of likelihood of confusion rests upon a comparison of the marks themselves, the appellate court is in as good a position as the trial tribunal to come to a conclusion."

Hammond J further stated after quoting s66(3):

"The appeal to this Court is therefore a rehearing."

28. In the two years prior to this decision there had been a change of practice at IPONZ in respect of hearings and Hearings Officers. Since 1996, IPONZ has appointed as Hearing Officers persons who are not long-term career staff members with IPONZ. In a number of cases, appointees as Hearing Officers have been barristers or solicitors with considerable IP experience. In other cases, appointees have been barristers with little or no experience in intellectual property prior to appointment<sup>17</sup>. These Hearings Officers have been given the title of Assistant Commissioner by IPONZ even though they were not long term staff members as had formerly been the case when that title was conferred.
29. This change in approach reflected the far greater number of cases that were being heard by IPONZ by the early – mid 1990s. In the period between the Court of Appeal decision in the *Heineken* case and the High Court decision in *VB v Matsushita* 179 decisions were issued by IPONZ<sup>18</sup>.
30. The approach taken by Hammond J in *VB v Matsushita* has been widely followed by other High Court appeals from decisions of Trade Mark Hearings Officers<sup>19</sup>.

<sup>17</sup> Affidavit of Alan C Drewsen in support of notice of application by the International Trademark Association for an order granting leave to appear as an intervener, para [7].

<sup>18</sup> <http://www.iponz.govt.nz/iponz-docs/i/indextrademarks.pdf> (last accessed 30 August 2007).

<sup>19</sup> See for example, *Council of Ivy Group Presidents (t/a Ivy League) v Pacific Dunlop (Asia) Limited* (2000) 66 IPR 202, *McCain Foods (Aust) Pty Limited v Conagra Inc* (Wellington High Court, AP 105/00, 22 June 2001, Wild J), *Rainbow Technologies Inc v Logical Networks Limited* [2003] 3 NZLR 553, *Champion Product Inc v Champions of the World Limited* (High Court Wellington, CIV 2003-485-45, 29 August 2003, Gendall J), *Fareed Khalaf Sons Company t/a Khalaf Stores v Phoenix Dairy Karibe NV* (Wellington High Court, CIV 2002-485-207, 3 September 2003, Hammond J), *AMI Insurance Limited v New Zealand Automobile Association Inc* (Wellington High Court, CIV 2003-485-836, 15 July 2004, Miller J), *Valley Girl Co Limited v Hanama Collection Pty Limited* (2005) 66 IPR 214, *Automobile Club de L'Ouest, ACO v South Pacific Tyres New Zealand Limited* (Wellington High Court, CIV 2005-485-248, 23 March 2006, Wild J), *IMAX Corporation v Village Roadshow Corporation Limited* (Auckland High Court, CIV 2005-404-3248, 29 March 2006, Williams J), *Platinum Homes (NZ) Limited v Golden Homes (1998) Limited* (Wellington High Court, CIV 2005-485-1870, 11 August 2006, Miller J), *Carabo Tawandang Company Limited v Red Bull GmbH* (Wellington High Court, CIV 2005-485-1975, 31 August 2006, Clifford

31. There is one aspect of Hammond J's dictum in *VB v Matsushita* that requires comment. In view of the fact that few of the Hearings Officers at the time (or since) were or are long term IPONZ staff members, the deference suggested by Hammond J on "matters of practice in trade mark applications"<sup>20</sup>, i.e. technical issues, is itself open to question.

#### (6) THE COURT OF APPEAL FORMULATION IN THIS CASE

32. The Court of Appeal in the present case looked at the two statements from *Heineken* and *VB v Matsushita* set out above. It went on to observe that in earlier Court of Appeal decisions on appeals from lower tribunals, the approach taken was that the opinion of the lower tribunal "must still be properly accorded weight". The Court stated:

"[23] In the present case, the appeal to the High Court was filed under s 66 of the Trade Marks Act 1953. Under s 66(3), the High Court had and could exercise "the same discretionary powers as are conferred upon the Commissioner"...

[24] However in light of the *Federated Farmers* and *Vicom* decisions in the context of appeals from the Registrar of Incorporated Societies and Registrar of Companies, and the *Heineken* decision in the context of appeals from the Commissioner, we consider that the High Court on appeal from the Commissioner of Trade Marks is required to give some weight to the decision of the Commissioner in an area within the Commissioner's expertise. We do not consider that that approach is limited only to issues involving matters of practice, as suggested in the *VB* case.

[25] In the present case Gendall J cited the *Heineken* decision and, when referring to the remarks of Hammond J in *VB*, simply noted that he kept those remarks in mind. However, there is no indication that he gave any weight to the views of the Commissioner. He noted at [32] that he had differed from the conclusion of the Commissioner, but did not refer to having given any weight or even consideration to the Commissioner's views.

...

[30] In our view, this was a case where deference by the High Court to the expertise of the Assistant Commissioner was called for. We say that because the conclusion reached by the Assistant Commissioner, in relation to an issue calling for an evaluative assessment on her part, appears to us to be a conclusion which cannot be fairly characterised as

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J), *Telecom IP Limited v Beta Telecom Limited* (Wellington High Court, CIV 2004-485-2789, 27 September 2006, Ronald Young J).

<sup>20</sup>

Supra, 355.

wrong. She adopted an orthodox approach to the task and directed herself appropriately as to the legal test she had to apply. Having done so, she reached a conclusion which involved a value judgment on the likelihood of confusion or deception, which appears to us to be soundly based. That being the case, the High Court Judge ought not to have embarked on a reconsideration of the issue without considering, and giving weight to, the Assistant Commissioner's conclusion. He was, of course, entitled to reach a conclusion contrary to that reached by the Assistant Commissioner, but not to do so without giving weight to her views. If he had done that, we believe that he would have upheld the Assistant Commissioner's decision. We are satisfied that should have been the outcome of the High Court appeal."

33. From counsel's enquiries it appears that the changes of practice at IPONZ as to Hearings Officers, including the appointment of outside barristers or barristers and solicitors, was not a matter that was canvassed or placed before the Court of Appeal.
34. Before making submissions on the two questions fixed by this Court, it is desirable to address two further matters:
  - (a) First, some additional relevant aspects of New Zealand intellectual property legislation; and
  - (b) Second, the approaches taken by appellate courts to appeals from the Commissioner of Trade Marks (or like statutory entity) in other comparable jurisdictions.
- (7) ADDITIONAL RELEVANT ASPECTS OF NEW ZEALAND INTELLECTUAL PROPERTY LEGISLATION**
35. The Court may wish to consider the following additional aspects of New Zealand intellectual property law.
  - (a) *Appeals to the High Court in respect of other statutory intellectual property rights*
36. There are two other comparable statutory jurisdictions where there are appeals to the High Court from IPONZ. These are appeals in involving *patents* under the Patents Act 1953 and *registered designs* under the Designs Act 1953.
37. In the case of patents, the sorts of decisions that will come before the Commissioner of Patents or the Assistant Commissioner of Patents and then on appeal to the High Court are comparable to those in trade mark cases i.e. patent opposition proceedings, rectification proceedings under s42, cases where an applicant is challenging the decision of the examination section and finally procedural decisions.

38. Unlike the position with trade marks, the Intellectual Property Office of New Zealand (IPONZ) has consistently ensured that patent hearings are determined by long term staffers – usually the Commissioner of Patents himself. The current Hearings Officers are the former Commissioner, Mr Bruce Popplewell and a long-term Assistant Commissioner and patent examiner, Mr Alf Hazlewood. This reflects the fact that patent oppositions and hearings involve not only patent law, but also associated analysis of technical and scientific issues such as mechanical or electrical engineering, chemistry, bio-chemistry, computer science and the like.
39. Under the Designs Act, opposition proceedings are not provided for and the power to remove registered designs is given to the Court not the Commissioner<sup>21</sup>. The Commissioner has only limited powers<sup>22</sup> but there is a right of appeal to the High Court. The much more limited nature of this jurisdiction is reflected by the fact that there have only been 15 such decisions by the Commissioner of Designs since 1958<sup>23</sup>.
40. Under the Patents Act 1953, the Court's discretionary powers on appeal are the same as those conferred upon the Commissioner<sup>24</sup>. (The same position applies under the Designs Act<sup>25</sup>.) The appeal is by way of hearing and the evidence used on appeal is the same as that admitted before the Commissioner other than with leave of the Court<sup>26</sup>.
41. The approach taken by the High Court on appeals from the Commissioner of Trade Marks was articulated by Barker J in *Beecham Group Limited v Bristol-Myers Company (No. 2)*<sup>27</sup>:

“Rule 26B of the Rules states that appeals to this Court shall be by way of rehearing. Obviously, the same onus rests on Beecham as on any appellant where the appeal is “by way of rehearing” to show that the judgment under appeal is wrong. Under section 97 of the Act, the Court shall have and may exercise the same discretionary powers as are conferred upon the Commissioner. The function of an appellate Court in the patent field was referred to by the Court of Appeal in *General Tire & Rubber v Firestone Tyre and Rubber Co Limited* [1972] RPC 457, 480 in these words:

“it is also trite to observe that the purpose of this court includes the correction of errors in findings both of primary facts and of the inferences to be drawn from those facts.”

Since there was no oral evidence before the Commissioner, and no cross-examination of witnesses, I am in just as good a position as he to form conclusions from the evidence; I am not restricted by any finding on credibility. The whole position is at large. I shall consider the evidence in light of

<sup>21</sup> Designs Act 1953, s28.

<sup>22</sup> Eg to correct errors, s29.

<sup>23</sup> <http://www.iponz.govt.nz/iponz-docs/i/indextrademarks.pdf> (last accessed 30 August 2007).

<sup>24</sup> Patents Act 1953, s97(3).

<sup>25</sup> Designs Act 1953 s35.

<sup>26</sup> High Court Rule 725ZW.

<sup>27</sup> [1980] 1 NZLR 192, 213.

the criteria variously described in the above cases. I shall ask myself the questions in respect of each ground of opposition; is the claim to the patent in suit “manifestly untenable”? Is there a prima facie for the grant of the patent? Does the justice of the case require the applicant to be permitted to resist the claim for invalidity in properly constituted revocation proceedings? All these tests, although differently stated really amount to the same thing.”

42. Two recent High Court cases are *Merck & Co Inc v Arrow Pharmaceuticals*<sup>28</sup> and *Sealed Air New Zealand Limited v Machinery Development Limited*<sup>29</sup>. In the *Merck* case, Harrison J noted that the evidence led before the Assistant Commissioner was uncontested and recorded<sup>30</sup> that in these circumstances “the whole position is at large”, citing *Beecham*. The judge went on:

“Accordingly I shall review the evidence afresh, taking account of the Examiner’s experience, skill and expertise, but ultimately reaching my own conclusion upon whether or not Arrow discharged its burden of proving obviousness.”

43. In *Sealed Air*<sup>31</sup>, MacKenzie J referred to the principles guiding the Court on appeal from specialist bodies<sup>32</sup> and then adopted the approach in *Beecham* as “dealing specially with appeals in patent matters”. The judge noted<sup>33</sup> that:

“In doing so [i.e. adopting the *Beecham* approach], I acknowledge the particular experience and expertise of the Assistant Commissioner. I give due weight to his views and to the conclusions which he has reached.”

(b) *The new Trade Marks Legislation; comparable legislation in other jurisdictions*

44. The Trade Marks Act 1953 under which this appeal is to be decided is very substantially based on the UK Trade Marks Act 1938. It has close similarities to the former Australian Trade Marks Act 1955.
45. As noted earlier, there is now a new Trade Marks Act 2002 in force in New Zealand. This was drawn from the UK Trade Marks Act 1994 and the Singapore Trade Marks Act 1998.
46. The powers of the High Court on appeal under the new 2002 Act are essentially the same as those under the 1953 Act. Section 172 and 173 of the Trade Marks Act 2002 provide:

**“172 Hearing of appeal**

- (1) On an appeal, the Court must hear the parties and the Commissioner.

<sup>28</sup> Wellington High Court CIV 2006-484-817, 29 September 2006, Harrison J.

<sup>29</sup> Wellington High Court CIV 2003-485-2274, 25 August 2004, MacKenzie J.

<sup>30</sup> Para [7].

<sup>31</sup> Ibid.

<sup>32</sup> *McGechan on Procedure*, para HR718.03.

<sup>33</sup> Para [9].

- (2) Appeals must be heard only on the materials stated by the Commissioner unless a party, either in the manner prescribed or by special leave of the Court, brings forward further material for the consideration of the Court.
- (3) In the case of an appeal against the acceptance of an application or the registration of a trade mark, -
  - (a) No further grounds of objection are permitted by the opponent or the Commissioner, other than those stated by the opponent, except by leave of the Court; and
  - (b) If further grounds of objection are permitted, the applicant's application may be withdrawn without payment of the costs of the opponent on giving notice as prescribed.

### **173 Determination of appeals**

In determining an appeal, the Court may do any of the following things:

- (a) confirm, modify, or reverse the Commissioner's decision or any part of it;
  - (b) exercise any of the powers that could have been exercised by the Commissioner in relation to the matter to which the appeal relates;
  - (c) in the case of an appeal against the registration of a trade mark, permit the trade mark proposed to be registered to be modified in any manner that does not substantially affect its identity. However, in any such case, the trade mark as so modified must be advertised in the prescribed manner before being registered."
47. The relevance of this is that the approach of the English courts under the Trade Marks Act 1994 and the Singapore courts under the Trade Marks Act 1998 (Singapore) are of relevance. Other comparable jurisdictions of relevance are Australia and Canada.

## **(8) THE POSITION IN OTHER COMPARABLE COUNTRIES**

### **(a) Singapore**

*The relevant statutory provisions*

48. There is a right of appeal under s75 of the Trade Marks Act 1998 (Singapore) in respect of the following decisions of the Registrar:
- (1) a decision concerning the registrability of a trade mark;

- (2) a decision not to allow any alteration of a registered trade mark as described in section 20;
- (3) a decision relating to an application for revocation under section 22;
- (4) a decision relating to an application for declaration of invalidity under section 23;
- (5) a decision under section 67 relating to rectification or correction of the register;
- (6) a decision to uphold or dismiss an opposition;
- (7) a decision in opposition proceedings relating to removal of a matter or alteration of a registered trade mark;
- (8) decision as to the registrability of a collective or certification mark; and
- (9) decision relating to opposition to amendment of regulations concerning a collective or certification mark.

*Procedural issues*

- 49. The practice in Singapore concerning pleadings and evidence for the hearing before the Registrar is substantially the same as for New Zealand.
- 50. The procedure for filing appeals and applications to the High Court from the Registrar's decisions is governed by Order 87, Rules 4 to 6 of the Rules of Court. Order 87 deals specifically with applications to the High Court under the Trade Marks Act 1988. Pursuant to Rule 4, an appeal is begun by originating summons (which is referred to in that Order as "notice of appeal"). The notice of appeal may relate to the whole or a specific part of the Registrar's decision and must specify the grounds of the appeal and the relief which the appellant seeks, failing which the appellant shall not be entitled on the hearing of the appeal to rely on any ground of appeal or to apply for any relief not specified in the appeal.

*Standard of review*

- 51. The appellate Court does not hear the case again from the start, it reviews the decision under appeal, giving it the respect appropriate to the nature of the lower court or tribunal, the subject matter and, importantly, the nature of those parts of the decision-making process which are challenged.

*Approach of the High Court on appeal*

52. In general, the approach of the appellate court towards the views of the lower court or tribunal is not unlike that adopted by the High Court of New Zealand in the *Heineken* and *V B v Matsushita* cases.
53. However, in the context of comparing marks in order to determine likelihood of confusion, the Singapore Court of Appeal in *Future Enterprises Pte Ltd v McDonald's Corp*<sup>34</sup> recently considered the general principles applicable to appeals against findings of fact in trade mark applications. This case concerned an appeal against a decision of the Principal Assistant Registrar of Trade Marks upholding an opposition to the appellant's application to register the trade mark MACOFFEE based on the respondent's prior registration of the trade mark MCCAFFEE.
54. Citing *REEF Trade Mark*<sup>35</sup> for the proposition that "*an appellate court should...show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle*" the Court of Appeal then endorsed as prudent the following approach of Laddie J in *SC Prodal 94 SRL V Spirits International NV*<sup>36</sup>:

"It is not the duty of this court to overturn a decision of the Trade Mark Registry simply because it comes to the conclusion that it might have decided the case differently had it, that is to say the High Court been the court of first instance. It has to be demonstrated that the decision at first instance was wrong in a material way; that is to say there must be some significant departure from a proper assessment of the law or the facts."

The Court of Appeal recorded at [6] that such an approach is consistent with established principles relating to appeals that are not in the nature of a rehearing, such as an appeal from a decision of the Principal Assistant Registrar of Trade Marks.

55. The Court of Appeal concluded at [7]:

"In light of the highly subjective nature of assessing similarity and likelihood of confusion, we agree with the approach that an appellate court should not disturb the findings of fact of a trade mark tribunal unless there is a material error of principle".

#### *Hearings Office practice*

56. In contrast to IPONZ, Hearings Officers in Singapore are legally trained career employees. There are at present three of them and their experience ranges between five and 15 years.

#### **(b) England and Wales**

<sup>34</sup> [2007] 2 SLR 845 at (5)-[6].

<sup>35</sup> [2003] RPC 5.

<sup>36</sup> [2003] EWHC 2756 (Ch) at [19].



*The relevant statutory provisions*

57. The Trade Marks Act 1994, which insofar as relevant came into force on 31 October 1994, provides for appeals from the Registrar to be brought either before the Appointed Person<sup>37</sup> or the court. Note that the scheme applies to all decisions of the Registrar whether taken in ex parte or inter partes proceedings:

“76-(1) An appeal lies from any decision of the registrar under this Act, except as otherwise expressly provided by rules.

For this purpose “decision” includes any act of the registrar in exercise of discretion vested in him by or under this Act.

- (2) Any such appeal may be brought either to an appointed person or to the court.
- (3) Where an appeal is made to an appointed person, he may refer the appeal to the court if—
- (a) it appears to him that a point of general legal importance is involved,
  - (b) the registrar requests that it be so referred, or
  - (c) such a request is made by any party to the proceedings before the registrar in which the decision appealed against was made.

Before doing so the appointed person shall give the appellant and any other party to the appeal an opportunity to make representations as to whether the appeal should be referred to the court.

- (4) Where an appeal is made to an appointed person and he does not refer it to the court, he shall hear and determine the appeal and his decision shall be final.
- (5) The provisions of sections 68 and 69 (costs and security for costs; evidence) apply in relation to proceedings before an appointed person as in relation to proceedings before the registrar.
- (6) In the application of this section to England and Wales, “the court” means the High Court.

77-(1) For the purposes of section 76 an “appointed person” means a person appointed by the Lord Chancellor to hear and decide appeals under this Act ..”

58. The Trade Marks Rules 2000 are silent as to appeals before the High Court but provide in relation to appeals before an appointed person:

“65-(1) Where the person appointed does not refer the appeal to the court, he shall send written notice of

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<sup>37</sup> The Appointed Person provides a separate and alternative route for appeals but the decision of the Appointed Person is final.

the time and place appointed for the oral hearing of the appeal—

- (a) where no person other than the appellant was a party to the proceedings in which the decision appealed against was made, to the registrar and to the appellant; and
  - (b) in any other case, to the registrar and to each person who was a party to those proceedings.
- (2) The person appointed shall send the notice at least fourteen days before the time appointed for the oral hearing.
  - (3) If all the persons notified under paragraph (1) inform the person appointed that they do not wish to make oral representations then—
    - (a) the person appointed may hear and determine the case on the basis of any written representations; and
    - (b) the time and place appointed for the oral hearing may be vacated.
  - (4) Rules 55 to 58 and rules 60 and 61 shall apply to the person appointed and to proceedings before the person appointed as they apply to the registrar and to proceedings before the registrar.
  - (5) If there is an oral hearing of the appeal then rule 59 shall apply to the person appointed and to proceedings before the person appointed as it applies to the registrar and to proceedings before the registrar.
  - (6) The person appointed shall send a copy of his decision, with a statement of his reasons therefor, to the registrar and to each person who was a party to the appeal.”

59. Rules 55-58 deal with evidence in proceedings before the Registrar, making and subscription of statutory declaration or affidavit, the Registrar’s power to require documents, information or evidence and registrar to have power of an official referee (examination of witnesses on oath, disclosure and production of documents, attendance of witnesses). Rules 60 and 61 are concerned with costs and security of costs.

60. Under the Trade Marks Act 1938 (on which the New Zealand Trade Marks Act 1953, in issue in this case, is largely based) an appeal concerning an application for registration could be made to the Board of Trade or the Court. Section 17(5) stated:

“An appeal under this section shall be made in the prescribed manner, and on the appeal the tribunal shall, if required, hear the applicant and the Registrar, and shall make an order determining whether, and subject to what amendments, modifications, conditions or limitations, if any, the application is to be accepted.”

61. An appeal concerning opposition to registration could be made to the Court only. Section 18(7) —(10) stated:

- “(7) An appeal under this section shall be made in the prescribed manner, and on the appeal the Court shall, if required, hear the parties and the Registrar, and shall make an order determining whether, and subject to what conditions or limitations, if any, registration is to be permitted.
- (8) On the hearing of an appeal under this section any party may, either in the manner prescribed or by special leave of the Court, bring forward further material for the consideration of the Court.
- (9) On the appeal under this section no further grounds of objection to the registration of a service mark shall be allowed to be taken by the opponent or the Registrar, other than those so stated as aforesaid by the opponent, except by leave of the Court. Where any further grounds of objection are taken, the applicant shall be entitled to withdraw his application without payment of the costs of the opponent on giving notice as prescribed.
- (10) On an appeal under this section the Court may, after hearing the Registrar, permit the service mark proposed to be registered to be modified in any manner not substantially affecting the identity thereof, but in any such case the service mark as so modified shall be advertised in the prescribed manner before being registered.”

Section 52 provided:

“In any appeal from a decision of the Registrar to the Court under this Act, the Court shall have and exercise the same discretionary powers as under this Act are conferred upon the Registrar.”

#### *Standard of review*

62. It was accepted that the former Order 55 of the Rules of the Supreme Court applied to appeals under section 18 of the 1938 Act. O. 55 provided that an appeal to which that Order applied was by way of rehearing. Likewise an appeal from the High Court to the Court of Appeal was by way of rehearing (O. 59 RSC). But the references to “rehearing” did not mean that the whole case was heard afresh. The court reviewed the decision under appeal giving it the respect appropriate to the nature of the court or tribunal, the subject matter and the nature of those parts of the decision making process which were challenged<sup>38</sup>.
63. The Civil Procedure Rules 1998 introduced a new procedural code. Rule 52.11 lays down the general rule that appeals are by way of review and not rehearing:

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<sup>38</sup> *Tanfern Ltd v. Cameron-MacDonald Ltd* [2000] 1 WLR 1311.

- “(1) Every appeal will be limited to a review of the decision of the lower court unless —
- (a) a practice direction makes different provision for a particular category of appeal; or
  - (b) the court considers that in the circumstances of an individual appeal it would be in the interests of justice to hold a re-hearing.
- (2) Unless it orders otherwise, the appeal court will not receive —
- (a) oral evidence; or
  - (b) evidence which was not before the lower court.
- (3) The appeal court will allow an appeal where the decision of the lower court was —
- (a) wrong; or
  - (b) unjust because of a serious procedural or other irregularity in the proceedings in the lower court.
- (4) The appeal court may draw any inference of fact which it considers justified on the evidence.
- (5) At the hearing of the appeal a party may not rely on a matter not contained in his appeal notice unless the appeal court gives permission.”

Rule 51(4) provides:

“This Part is subject to any rule, enactment or practice direction which sets out special provisions with regard to any particular category of appeal.”

64. Following the introduction of the CPR, there was uncertainty whether appeals from the registrar under the Trade Marks Act 1994 (or residual appeals under the 1938 Act) were by way of rehearing or review. There are, *inter alia*, two important Court of Appeal decisions on the issue — *REEF Trade Mark*<sup>39</sup> and *DU PONT Trade Mark*<sup>40</sup>. *DU PONT Trade Mark*<sup>40</sup> deals with the history of the issue and confirms that CPR 52.11 applies to appeals to the court under the 1994 Act and subject to the provisions of section 18, to appeals (if any are left) under the 1938 Act, i.e., review and not rehearing. *REEF* and *Dupont* both explore the standard of review<sup>41</sup>.

<sup>39</sup> [2003] RPC 101.

<sup>40</sup> [2004] FSR 15.

<sup>41</sup> *DU PONT* and *REEF* are *inter partes* appeal cases. In *Dyson Limited's Trade Mark Application* [2003] RPC 821, Patten J confirmed that an *ex parte* appeal to the High Court is by way of review not rehearing and that the applicable standard is *REEF*. The appointed persons are not bound by the CPR. Nevertheless they have consistently held that the same principles apply to *ex parte* and *inter partes* appeals before them. (Around 72% of appeals from the registrar are to an appointed person whose decision is final.)

65. The standard of review in trade mark appeals is generally accepted to be that set out by Robert Walker LJ in *REEF Trade Mark* [2003] RPC 5:

“26 How reluctant should an appellate court be to interfere with the trial judge’s evaluation of, and conclusion on, the primary facts? As Hoffman L.J. made clear in *Grayan* there is no single standard which is appropriate to every case. The most important variables include the nature of the evaluation required, the standing and experience of the fact-finding judge or tribunal, and the extent to which the judge or tribunal had to assess oral evidence.

....

28 In this case the hearing officer had to make what he himself referred to as a multi-factorial comparison, evaluating similarity of marks, similarity of goods and other factors in order to reach conclusions about likelihood of confusion and the outcome of a notional passing-off claim. It is not suggested that he was not experienced in this field, and there is nothing in the Civil Procedure Rules to diminish the degree of respect which has traditionally been shown to a hearing officer’s specialised experience. (It is interesting to compare the observations made by Lord Radcliffe in *Edwards v Bairstow* [1956] A.C. 14 at pp.38-9, about the general commissioners, a tribunal with a specialised function but often little specialised training.) On the other hand the hearing officer did not hear any oral evidence. In such circumstances an appellate court should in my view show a real reluctance, but not the very highest degree of reluctance, to interfere in the absence of a distinct and material error of principle.

29 The appellate court should not treat a judgment or written decision as containing an error of principle simply because of its belief that the judgment or decision could have been better expressed. The duty to give reasons must not be turned into an intolerable burden: see the recent judgment of this court in *English v Emery Reimbold & Strick Ltd* (and two other appeals heard with it) [2002] EWCA Civ 605, 30 April 2002, para 19:

“the judgment must enable the appellate court to understand why the judge reached his decision. This does not mean that every factor which weighed with the judge in his appraisal of the evidence has to be identified and explained. But the issues the resolution of which were vital to the judge’s conclusion should be identified and the manner in which he resolved them explained. It is not possible to provide a template for this process. It need not involve a lengthy judgment. It does require the judge to identify and record those matters which were critical to his decision.”

66. It is apparent that the difference between review and rehearing as understood in relation to trade mark appeals are, generally speaking, semantic only. See *DU PONT Trade Mark* on the standard of review in respect of which May L J emphasised that there will be **a spectrum of appropriate respect depending on the nature of the decision of the lower court which is challenged**<sup>42</sup>.

“As the terms of r.52.11(1) make clear, subject to exceptions, every appeal is limited to a review of the decision of the lower court. A review here is not to be equated with judicial review. It is closely akin to, although not conceptually identical with, the scope of an appeal to the Court of Appeal under the former Rules of the Supreme Court. The review will engage the merits of the appeal. It will accord appropriate respect to the decision of the lower court. Appropriate respect will be tempered by the nature of the lower court and its decision making process. There will also be a spectrum of appropriate respect depending on the nature of the decision of the lower court which is challenged. At one end of the spectrum will be decisions of primary fact reached after an evaluation of oral evidence where credibility is in issue and purely discretionary decisions. Further along the spectrum will be multi-factorial decisions often dependent on inferences and an analysis of documentary material. Rule 52.11(4) expressly empowers the court to draw inferences. As Mr Arnold correctly submitted, the varying standard of review is discussed in paragraphs [17]-[30] of the judgment of Robert Walker L.J. in *REEF Trade Mark*.”

#### *Trade Marks Office Practice*

67. In contrast to IPONZ, the Hearings Officers in England and Wales are experienced long term staffers of the UK Intellectual Property Office (now UKIPO).

#### **(c) Australia**

##### *Relevant legislation*

68. Section 191 of the Trade Marks Act 1995 (C<sup>th</sup>) (the **Act**), provides that the Federal Court of Australia has jurisdiction with respect to matters arising under the Act. The Federal Court's jurisdiction to hear and determine appeals against decisions, directions or orders of the Registrar is exclusive of any court, except the jurisdiction of the High Court under section 75 of the Constitution. The jurisdiction is exercised by a single judge, pursuant to section 193 of the Act.
69. There are specific provisions regarding the right to appeal to the Federal Court. Under the Act, these include that a person may appeal to the Federal Court against a decision of the Registrar to:

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<sup>42</sup> Para [94]. See generally paras [82]-[94]. Recently followed in *Vitasoy International Holdings Limited v Sunrider Corp* [2007] RPC 641.

- (a) reject an application for registration of a trade mark, or accept the application subject to conditions or limitations<sup>43</sup>;
  - (b) refuse to register the trade mark where the registration is opposed<sup>44</sup>;
  - (c) not allow an amendment of an application for registration of a trade mark<sup>45</sup>;
  - (d) revoke the registration of a trade mark<sup>46</sup>; and
  - (e) remove a trade mark from the Register for non-use<sup>47</sup>.
70. The Federal Court Rules 1979 (C<sup>th</sup>) (**Federal Court Rules**) govern the conduct of an appeal. An appeal to the Federal Court is instituted by filing a notice of appeal<sup>48</sup>, which must be filed within 21 days of the date of the decision appealed from, or such other time as the Court allows<sup>49</sup>.
71. Under Order 58 rule 8(1) of the Federal Court Rules, material before the Registrar for the purpose of the decision appealed from is, with the leave of the Court and saving all just exceptions, admissible in evidence on the hearing of the appeal<sup>50</sup>. Evidence will not be admitted in relation to a ground of appeal not specified in the notice of appeal, or in respect of a ground for which particulars have not been provided, except with the leave of the court<sup>51</sup>.
72. Pursuant to section 197 of the Act, on hearing an appeal against a decision or direction of the Registrar, the Federal Court may do any one or more of the following:
- (a) admit evidence orally, or on affidavit or otherwise;

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<sup>43</sup> Trade Marks Act 1995 (Cth), s35.

<sup>44</sup> Trade Marks Act 1995 (Cth), s56.

<sup>45</sup> Trade Marks Act 1995 (Cth), s67.

<sup>46</sup> Trade Marks Act 1995 (Cth), s84D.

<sup>47</sup> Trade Marks Act 1995 (Cth), s104.

<sup>48</sup> In accordance with Form 58A Federal Court Rules 1979 (Cth).

<sup>49</sup> Federal Court Rules 1979 (Cth) O 58, R4(2).

<sup>50</sup> The rules of evidence are not strictly applied by the Registrar of Trade Marks. Hearsay and argumentative evidence are routinely included in statutory declarations (the form in which evidence is presented to the Registrar). Although it is theoretically possible for deponents to be cross-examined before the Registrar, in practise it almost never happens. For these reasons, it is sometimes the case that parties will agree on filing fresh evidence in an appeal to the Federal Court, to "tidy up" the evidence from that before the Registrar of Trade Marks, and put it into a form admissible in the Federal Court.

<sup>51</sup> Federal Court Rules 1979 (Cth) O 58, R5(3). This is less prescriptive than s172 of the Trade Marks Act 2002 (NZ), given that s197 of the Trade Marks Act 1995 (Cth) is couched in more permissive terms than s 172 of the New Zealand Act. For example, s172(2) of the New Zealand Act requires that "appeals *must* be heard only the materials stated by the Commissioner...". Neither s197 of the Australian Act nor the Federal Court Rules mandate that the evidence before the Registrar shall be the only evidence on appeal.

- (b) permit the examination and cross-examination of witnesses, including witnesses who gave evidence before the Registrar;
- (c) order an issue of fact to be tried as it directs;
- (d) affirm, reverse or vary the Registrar's decision or direction;
- (e) give any judgment, or make any order, that, in all the circumstances, it thinks fit;
- (f) order a party to pay costs to another party<sup>52</sup>.

73. The Registrar may appear and be heard at the hearing of an appeal to the Federal Court against a decision or direction of the Registrar<sup>53</sup>. However, the Registrar is not a party to proceedings, other than an appeal from a decision of the Registrar, or an appeal in which there is no party in opposition to the party bringing the appeal<sup>54</sup>.
74. There is no right of appeal from a decision of a single judge to the Full Federal Court and a person wishing to appeal must obtain the leave of the court, under section 195(2) of the Act.
75. The now-repealed Trade Marks Act 1955 (C<sup>th</sup>) contained equivalent provisions to those extant in the Trade Marks Act 1995 (C<sup>th</sup>) in relation to the matters under consideration. Each of the provisions referred to in paragraph 68 above other than 68(d) had an equivalent under the 1955 Act<sup>55</sup>. The predecessor provision to s197 in the 1955 Act was in virtually identical terms<sup>56</sup>.

#### *Standard of review*

76. The case law in this area clearly establishes that an "appeal" from a decision of the Registrar is a hearing de novo<sup>57</sup>. The courts have stated that this is more accurately described as a rehearing, which involves an exercise of the court's original jurisdiction<sup>58</sup>.

<sup>52</sup> This does not, in substance, differ to the power of the High Court of New Zealand under s173 of the Trade Marks Act 2002 (NZ).

<sup>53</sup> Trade Marks Act 1995 (Cth), s196; Federal Court Rules 1979 (Cth) O 58, R3.

<sup>54</sup> Federal Court Rules 1979 (Cth) O 58, R3.

<sup>55</sup> Trade Marks Act 1955 (Cth), ss 46, 51, 42(4) and 23(7) respectively.

<sup>56</sup> Trade Marks Act 1955 (Cth), s115A.

<sup>57</sup> *Torpedoes Sportswear Pty Ltd v Thorpedo Enterprises Pty Ltd* (2003) 59 IPR 318, 321.

<sup>58</sup> *Jafferjee v Scarlett* (1937) 57 CLR 115; *Eclipse Sleep Products Inc v Registrar of Trade Marks* (1957) 99 CLR 300; *Registrar of Trade Marks v Woolworths Ltd* (1999) 45 IPR 411, 422; *Philmac Pty Ltd v Registrar of Trade Marks* (2002) 126 FCR 525, 528; *Austereo Pty Ltd v DMG Radio (Australia) Pty Ltd* 61 IPR 257, 258; *Blount Inc v Registrar of Trade Marks* (1998) 83 FCR 50, 59 where Branson J said: "Section 197 of the Act, like s115A of the 1955 Act, discloses, in my view, a clear intention that the established practice of an appeal of this kind being conducted as a rehearing is to be maintained."



77. Although due weight will be given to the opinion of the Registrar as that of a skilled and experienced person<sup>59</sup>, there is no presumption in favour of the correctness of the Registrar's decision<sup>60</sup>.

(a) Latham CJ in *Jafferjee v Scarlett*<sup>61</sup>, stated that it was the duty of a court to decide the matter as upon an original application and not merely to decide whether the decision of the Registrar could or could not be supported.

(b) In *Rowntree plc v Rollbits Pty Ltd*<sup>62</sup>, Needham J commented that while giving due weight and respect to the decision of the Registrar as an experienced and skilled person, "...the court must approach the matters afresh and without undue concern as to the ratio decidendi of the registrar."

(c) In *Registrar of Trade Marks v Woolworths Ltd*, French J stated that<sup>63</sup>:

"...the Court on appeal from the Registrar must, in determining the question of acceptance of the application, apply to it the same legal criteria that the Registrar is required to adopt. That is to say the application must be accepted unless the Court is satisfied that it has not been made in accordance with the Act or that there are grounds for rejecting it. If the matter is left in doubt, then the application should be accepted...Weight can be given to the Registrar's opinion without compromising the duty of the Court to construe the relevant legal criteria...That does not mean the Court is bound to accept the Registrar's factual judgment. Rather it can be treated as a factor relevant to the Court's own evaluation."

(d) The Federal Court in *Austereo Pty Ltd v DMG Radio (Australia) Pty Ltd* held that<sup>64</sup>:

"...the Court is to conduct a re-hearing of the matter in its original jurisdiction...and, in lieu of the Registrar, is itself to apply the provisions of the Act in determining whether the application for registration should be granted. It is not necessary to decide whether the Registrar's decision was correct in law and fact although weight should be given to the Registrar's opinion, it being the decision of a skilled and experienced person: *Malibu Boats West Inc v Catanese* (2000) 51 IPR 134 at [6], [30]."

78. The Australian law, as stated in *Rowntree plc v Rollbits Pty Ltd*, *Registrar of Trade Marks v Woolworths Ltd* and *Austereo Pty Ltd v DMG Radio (Australia) Pty Ltd*, does not materially

<sup>59</sup> *Eclipse Sleep Products Inc v Registrar of Trade Marks* (1957) 99 CLR 300, 308.

<sup>60</sup> *Registrar of Trade Marks v Woolworths Ltd* (1999) 45 IPR 411, 422.

<sup>61</sup> (1937) 57 CLR 115 at 119 (under the Trade Marks Act 1905 (Cth)).

<sup>62</sup> (1998) 10 IPR 539, 545.

<sup>63</sup> 45 IPR 411, 422.

<sup>64</sup> 61 IPR 257, 258.

differ from that stated in the New Zealand cases of *Heineken*<sup>65</sup> and *V B Distributors v Matsushita*<sup>66</sup>.

79. There is some debate in relation to what evidence the Federal Court may consider in deciding an appeal from the Registrar. In *Malibu Boats West Inc v Catanese*<sup>67</sup> Finkelstein J suggested that there are two possible approaches.
- (a) One method is to regard all the evidence that was before the Registrar, with any additional evidence which the parties may wish to adduce, as admissible.
- (b) The other approach was that proposed by Kitto J in *Kaiser Aluminium and Chemical Corp v Reynolds Metal Co*<sup>68</sup>. This concerned an appeal from the Commissioner of Patents, where it was stated that all the material that was before the Commissioner (Registrar) should be brought before the court and, if the parties agree, the evidence can then be used on the appeal. If the parties do not agree, the evidence, or so much of it as a party wishes to adduce, must be tendered again. In addition, further evidence can be led. The appeal would then be decided on the evidence before the court, even if it presents a case that is different from that which was before the Commissioner (Registrar).
80. Although Finkelstein J described the two approaches, he did not consider it necessary to decide which of the two was correct. His Honour did, however, state that order 58 rule 8(1) of the Federal Court Rules<sup>69</sup>, may be inconsistent with provisions under the Act, in that it may limit a person's right to rely on evidence which was tendered before the Registrar.
81. The standard of proof required in an appeal from a decision of the Registrar in opposition proceedings under section 56 of the Act is an important issue to be considered. Previously, the position has been that the onus of establishing a ground of opposition is borne by the opponent and the court should only uphold an opposition if it is satisfied that the trade mark should clearly not be registered<sup>70</sup>.

<sup>65</sup> [1964] 1 NZLR 115, 139.

<sup>66</sup> (1999) 9 TCLR 349.

<sup>67</sup> (2000) 54 IPR 134, 138-139.

<sup>68</sup> 1A IPR 107.

<sup>69</sup> Material before the Registrar of Trade Marks for the purpose of the decision appealed from is, with the leave of the Court and saving all just exceptions, admissible in evidence on the hearing of the appeal.

<sup>70</sup> *Registrar of Trade Marks v Woolworths Ltd* (1999) 45 IPR 411, 426; *Torpedoes Sportswear Pty Ltd v Thorpedo Enterprises Ptd Ltd* (2003) 59 IPR 318, 322; *Austereo Pty Ltd v DMG Radio (Australia) Pty Ltd* 61 IPR 257, 258 [4]. See also *Lomas v Winton Shire Council* (2003) AIPC 91-839, where the Court stated that the presence of s 195(2) of the *Trade Marks Act 1995* (Cth) suggested that a parallel should be drawn with the scheme of appeals in opposition proceedings under the *Patents Act 1990* (Cth), and that on that basis, on an appeal under section 56 of the Act, the court should consider whether the trade mark should clearly not be registered. This is also consistent with the views expressed in recent patent cases: *F Hoffman la Roche AG v New England Biolabs Inc* (2000) 99 FCR 56 and *Fina Research SA v Halliburton Energy Services Inc* (2002) 121 FCR 94.

82. However, recently in *Pfizer Products v Karam*, the Federal Court held that while an opponent to a trade mark registration bears the onus of establishing a ground of opposition, there is no obligation to “clearly” establish such a ground<sup>71</sup>.

*Hearings Office practice*

83. Hearing Officers employed by IP Australia are career employees holding the position of Deputy Registrars of Trade Marks. There are currently six Deputy Registrars of Trade Marks.

*Commentary*

84. Notwithstanding the more prescriptive approach of s172 of the Trade Marks Act 2002 (NZ), in substance the effect of ss172-173 is not dissimilar to that of s 197 of the Trade Marks Act 1995 (C<sup>th</sup>) and the relevant provisions of the Federal Court Rules.

85. A more significant point of departure between Australian and New Zealand practice in matters before the Registrar/Commissioner may be that the rules of evidence are strictly applied in New Zealand before the Commissioner of Trade Marks, whereas in Australia they are not. This point of departure (and the less prescriptive form of s197 of the Trade Marks Act 1995 (C<sup>th</sup>)) may provide a basis for the Supreme Court of New Zealand to have less regard to Australian law and practice.

86. However, the Australian courts take the approach that they do notwithstanding that the Registrar of Trade Marks has (arguably) greater expertise in trade mark practice than does the Federal Court. They do not give any particular weight to the Registrar’s decision. Ultimately it is for the Federal Court to make its decision without being beholden in the first instance decision.

**(d) Canada**

*The relevant statutory provisions*

87. The Canadian *Trade-Marks Act*, R.S.C. 1985, c. T-13 (the **Act**) borrows from similar trade mark statutes, in particular the United Kingdom and United States statutes, but also introduces some unique concepts.
88. Under s56(1) of the Act an appeal lies to the trial division of the Federal Court from any decision of the Registrar (whether it be from one or the other of the Registrar’s administrator’s sections i.e. the opposition board or the s45 expungement division) within two months from the date on which the notice of the decision is despatched by the Registrar or within such

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<sup>71</sup> (2006) 70 IPR 599, 605.

further time as the Court may allow, either before or after the expiration of two months.

89. Section 56 of the Act is not a customary appeal provision in that an appeal does not necessarily proceed on the basis of the record as it stood before the Registrar. Section 56(5) of the Act allows for new evidence to be filed on the appeal, as follows:

“56(5) On an appeal under subsection (1), evidence in addition to that adduced before the Registrar may be adduced and the Federal Court may exercise any discretion vested in the Registrar”

90. When new evidence is filed on appeal that would have materially affected the Registrar’s findings of fact, or the exercise of his discretion, the judge seized of the appeal must come to his or her own conclusion as to the correctness of the Registrar’s decision: *Philip Morris Inc. v. Imperial Tobacco Ltd. (No. 1)*<sup>72</sup>.
91. Where, on the other hand, the new evidence adds nothing of significance, but is merely repetitive of existing evidence without enhancing its cogency, its presence should not affect the standard of review applied by the Court on the appeal: *Garbo Group Inc. v. Harriet Brown & Co.*<sup>73</sup>. The applicable standard remains that of reasonableness *simpliciter*, whether the issue is one of law, fact, or mixed law and fact: *Molson Breweries v. John Labatt Ltd*<sup>74</sup>.
92. Depending on the scope of the new evidence filed on appeal, different issues raised in the appeal may each have their own separate standard of review: *Guido Berlucchi & C. S.r.l. v. Brouillette Kosie Prince*<sup>75</sup>.
93. Fresh evidence adduced on appeal can only go to issues raised before the Registrar. The opponent on appeal, for example, may not introduce new grounds of opposition: *Sun World International Inc. v. Parmalat Dairy & Bakery Inc*<sup>76</sup>. The exception to the general rule that the Court may entertain new evidence but not new issues, is that new grounds on a pure question of law may be added, but only in reference to evidence already present before the Registrar: *Labatt Brewing Co. v. Benson & Hedges (Canada) Ltd*<sup>77</sup>.
94. Under s55 of the Act, the Federal Court has jurisdiction to entertain any action or proceeding for the enforcement of any of the provisions of the *Trade-Marks Act* or of any right or remedy conferred or defined thereby.

<sup>72</sup> (1987), 17 C.P.R. (3d) 289 (F.C.A.).

<sup>73</sup> (1999), 3 C.P.R. (4th) 224 (F.C.T.D.).

<sup>74</sup> [2000] 3 F.C. 145 (F.C.A.).

<sup>75</sup> 2007 FC 245.

<sup>76</sup> 2007 FC 641.

<sup>77</sup> (1996), 67 C.P.R. (3d) 258 at paras. 7-8 (F.C.T.D.).

*Procedural issues*

95. The procedure and rules for oppositions are found in s38 of the Act, in Rules 35 to 47 of the *Trade-Marks Regulations* and in Practice Notices issued by the Trade-Marks Office on a periodic basis.
96. Evidence filed by the parties in an opposition is submitted in either affidavit or statutory declaration form<sup>78</sup>. In addition, the parties may file certified copies of registrations, or other portions of Trade-Marks Office files, without any affidavit<sup>79</sup>. The requirement that such copies be certified is strictly enforced.
97. The evidence should conform to the rules of evidence applicable in the Federal Court with respect to the filing of affidavits or statutory declarations. Not only is that standard required of evidence filed in the Trade-Marks Office but, since opposition evidence may be relied upon from appeal to the Federal Court, the requirements of that Court should be met.
98. In addition to the requirements of technical sufficiency, affidavit evidence must meet substantive requirements. To be given weight, such evidence must be more than a statement that the attached exhibits support the application; exhibits must elaborate or particularise evidence given in the affidavit in order to be acceptable.
99. In addition to evidence in chief, an opponent may file evidence in reply, and any person who swears an affidavit filed in an opposition proceeding may be cross-examined.

*Standard of review*

100. Rather than focusing on classifying issues as jurisdictional or otherwise, the Supreme Court of Canada has adopted a “pragmatic and functional approach” to determining the appropriate standard of review for decisions of administrative tribunals. To date the Court has identified three standards of review falling along the spectrum of deference, applicable on an issue-specific basis: correctness, reasonableness *simpliciter*, and patent unreasonableness.
101. The appropriate standard of review is determined in relation to four contextual factors: (1) the presence or absence of a privative clause or statutory right of appeal; (2) the expertise of the tribunal relative to that of the reviewing court on the issue in question; (3) the purposes of the legislation and the provision in particular; and (4) the nature of the question - law, fact, or mixed law and fact. These factors, which may not

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<sup>78</sup> Rules 41 to 43.

<sup>79</sup> Section 54.

necessarily be exclusive, are considered in their totality and are not applied mechanically<sup>80</sup>.

102. The Court recently applied the pragmatic and functional analysis in *Mattel, Inc. v. 3894207 Canada Inc.*<sup>81</sup> in order to determine the standard of review applicable to a decision of the Registrar of Trade-Marks involving the determination of the likelihood of confusion.
103. The Court found that given the expertise of the opposition board and the “weighing up” nature of the mandate imposed by s6 of the Act, and despite the grant of a full right of appeal, the appropriate standard was one of reasonableness. The question therefore became whether the board’s decision was supported by reasons that could withstand a somewhat probing examination, and was not clearly wrong. The Court held that in the absence of fresh evidence to shed further light on the correctness of the board’s conclusion that there was no likelihood of confusion in the marketplace having regard to all the surrounding circumstances, the board’s decision could not be found unreasonable.

*Trade Mark Office practice*

104. For the past 45 years Hearing Officers of the Canadian Trade-Marks opposition board have been long-term career public servants with significant experience with trade mark prosecution. Many were originally private practitioners in intellectual property firms and made a career choice to join the public service.

**(9) CONCLUSIONS ON THE TWO QUESTIONS POSED BY THIS COURT**

105. It is apparent from this review that in each of the four comparable jurisdictions the Hearing Officers are long term or experienced staffers within the Intellectual Property Offices of the UK, Singapore, Australia and Canada.
106. There is no unanimity of approach in other jurisdictions.
- In Australia, the courts take the view that they are not beholden to a decision made by the Registrar of Trade Marks or his/her delegate.
  - In Singapore deference is given to the Hearing Officer and it must be demonstrated by the appellant that the decision at first instance involved a material error of principle.

<sup>80</sup> *Dr. Q v. College of Physicians and Surgeons of British Columbia*, [2003] 1 S.C.R. 226, 2003 SCC 19; *Law Society of New Brunswick v. Ryan*, [2003] 1 S.C.R. 247.

<sup>81</sup> [2006] 1 S.C.R. 772, 2006 SCC 22.

- In the UK the Court of Appeal in *DU PONT* and *REEF* noted a spectrum of appropriate respect depending on such factors as the nature of the decision, whether the decision was reached on oral evidence or purely on inferences drawn from and analysis of documentary material/written evidence. The standing and experience of the tribunal also appears a factor.
- In Canada, decisions of the Registrar, whether of fact, law or discretion within his or her area of expertise, are reviewed on a standard of reasonableness *simpliciter*, that is, whether the decision of the Registrar is supported by reasons that can withstand a somewhat probing examination and is not clearly wrong. However, where additional evidence is filed on appeal that would have materially affected the Registrar's findings of fact, or exercise of discretion, the Court must decide the issue *de novo* after considering all the evidence before it. In doing so, the Court will substitute its conclusion for that of the Registrar without any need to find an error in the Registrar's reasoning.

107. The observations of the Court of Appeal in this case approached the issue of the Hearing Officers decision on two levels:

- (a) First as a general perspective that the High Court on appeal "is required to give some weight to the decision of the Commissioner in an area within the Commissioners expertise. Further this is not limited to issues involving matters of practice"<sup>82</sup>;
- (b) On a second level the Court held that *in this case* deference to the expertise of the Hearing Officer was called for<sup>83</sup>. This was explained by the court as being because the decision related to an evaluative assessment. It involved a value judgment that was 'soundly based'. The High Court should there not have embarked on a reconsideration of the issue without considering and giving weight to the Assistant Commissioner's conclusions. It is not entirely clear whether this is imposing an additional hurdle to an appellant or not.

108. INTA makes the following submissions:

*The rationale for deference being given to Hearings Officers*

109. The rationale for giving weight or deference to the decision of a Hearings Officer in a trade mark matter would appear to rest on two factors. First, whether the Hearing Officer has

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<sup>82</sup> Decision under appeal para [24].

<sup>83</sup> *Ibid*, para [30].

experience or expertise in the matters of trade mark practice in issue. Typically, where long-term staffers of a Trade Marks Office become Hearings Officers they have had many years experience in making evaluative judgments on matters such as comparisons of trade marks or technical matters of registrability.

110. However, (unlike other jurisdictions being compared) IPONZ is not using long-term IPONZ staffers as Hearings Officers and has appointed outside barristers or solicitors with varying degrees of experience. During the course of dealing with cases, such Hearings Officers will of course acquire experience and expertise. In some cases, such Hearings Officers will have a residue of experience already. However, an ad hoc approach to individual Hearing Officers is an unattractive and unworkable basis for deference.
111. A second rationale for deference would be where at first instance, the Hearing Officer has heard oral evidence and had the opportunity to assess witnesses even through cross-examination. But this rationale rarely arises in New Zealand. Cases are determined on written evidence without cross-examination or oral presentation. Inferences are drawn from the written evidence. In such circumstances a High Court judge on appeal is just as able to make a judgment as the Hearing Officer. High Court judges are well used to dealing with comparisons of trade marks and passing off and cases under the Fair Trading Act where they exercise original jurisdiction.
112. In these circumstances, INTA submits that the rationale for giving considerable deference or weight to Hearings Officer decisions in New Zealand is not strong.

*The approach of the New Zealand High Court to patent appeals*

113. The approach taken by the High Court to appeals from the Commissioner of Patents is of assistance and ought to be taken into account. In *Beecham*<sup>84</sup>, Barker J noted that as there was no oral evidence and no cross-examination, he was in just as good a position as the Commissioner to form conclusions on the evidence. The appellant must show that the decision under appeal was wrong but that ultimately the Court must make its decision. In the other cases cited, Harrison and Gendall JJ gave some weight to the Commissioner or examiner's decision but ultimately reached their own conclusions.
114. It could be said that (unlike the case with trade marks) there is a greater case for deference in patent appeals in New Zealand given that the Hearings Officers have always been experienced long-term staffers, notably the Commissioner

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<sup>84</sup> [1980] 1 NZLR 192, 213.



himself. But yet the courts appear to have simply treated the weight to be accorded the first instance decision as *a factor, not an additional jurisdictional hurdle to an appeal*.

*Deference is simply a factor not an added procedural hurdle*

115. INTA submits that in the circumstances of the New Zealand Act and the practice in appointing Hearings Officers, the issue of deference to the decision under appeal should simply be a *factor to be weighed by the Court in making its decision on appeal*.
116. This was the approach taken by the Court of Appeal in *Heineken*<sup>85</sup>. There the Court held that proper weight should be given to any opinion of the Commissioner<sup>86</sup> but that the Court could “not shelter behind another judge’s decision”. The Commissioner’s decision “could not absolve the judge of his individual responsibility”.
117. In this regard, the approach taken by the English Court of Appeal in *DU PONT*<sup>87</sup> is a helpful one. There a spectrum of appropriate respect is accorded, depending on such factors as the nature of the case, whether the evaluation of evidence was after oral evidence and cross-examination or just from an analysis of written evidence, as well as the nature of the Tribunal itself. This “spectrum of respect” does allow different approaches to be taken where the facts or procedure of a *particular case* warrant this. But in the vast majority of trade mark appeals in New Zealand, it is submitted that the issue of deference should be *a factor to be weighed but not an additional jurisdictional hurdle to an appeal requiring the applicant to meet a higher standard such as showing that the decision is clearly wrong*.
118. INTA therefore submits that the Court of Appeal formulation in this case was wrong insofar as it appears to have imposed an additional hurdle on an appellant. In the vast majority of cases, the weight to be given to the first instance decision of a Hearing Officer in trade mark appeals is simply a factor to be weighed but that the requirement for the appellant to show that the decision under appeal was wrong should not be altered. If, in an appropriate case, additional deference or weight is due – either by the nature of the case or the fact that there was oral assessment of evidence (in rare cases) then the approach of the English Court of Appeal in *DU PONT* would accommodate that factor.

**DATED** this 20<sup>th</sup> day of September 2007

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Andrew Brown QC

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<sup>85</sup> [1964] 1 NZLR 115, 139.

<sup>86</sup> At that time a long-term staffer or the Commissioner himself.

<sup>87</sup> [2004] FSR 15.

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