

# IP round-up: Recent decisions from the Courts

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***Austin, Nichols & Co. Inc v Stichting Lodestar* (Supreme Court of New Zealand, SC 21/2007, [2007] NZSC 103, 11 December 2007, Elias CJ, Blanchard, Tipping, McGrath and Anderson JJ)**

This Supreme Court decision was an appeal from the Court of Appeal decision in *Stichting Lodestar v Austin, Nichols & Co. Inc.*<sup>1</sup> The decision clarifies the approach that the High Court should take on an appeal against a decision of the Commissioner of Trade Marks on registration.

The case was about the registration of "WILD GEESE" as a trade mark. The Assistant Commissioner of Trade Marks initially held that Stichting Lodestar could register its "WILD GEESE" trade mark and that the mark was not deceptive or too similar to Austin, Nichols & Co Inc's "WILD TURKEY" trade mark. Austin, Nichols appealed to the High Court, and Gendall J allowed the appeal and refused registration. Stichting Lodestar successfully appealed to the Court of Appeal which granted the applications for registration. Austin, Nichols appealed to the Supreme Court.

The Supreme Court stated the issue as being whether the High Court on an appeal under s 27(6) of the Trade Marks Act 1953 must defer to the assessment of the Commissioner if the conclusion he or she has reached is one on which reasonable minds may differ. The Court held that the general appeal under s 27(6) required the High Court to come to its own view on the merits, and that the weight it should give to the decision of the Commissioner was a matter of judgment. If the High Court was of the opinion that the Commissioner's decision was wrong, it must act on its own view. The Court said that the Trade Marks Act 2002 continued to provide a right of general appeal from the Commissioner, and the correct approach to be taken by the High Court was common to the approach required of all appellate courts hearing general appeals.

The Supreme Court went on to discuss the well-established principles applicable to general appeals, saying that the most familiar general appeals were those between Courts. For example the Court of Appeal on general appeal from the High Court under s 66 of the Judicature Act 1908 was entitled to take a different view from the High Court. Similar rights of general appeal were provided by statute in respect of the decisions of a number of tribunals, and the appeal was usually conducted on the basis of the record of the Court or tribunal appealed from unless, exceptionally, the terms in which the statute providing the

right of appeal was expressed indicated that a de novo hearing of the evidence was envisaged.<sup>2</sup> In either case, the appellant bore the onus of satisfying the appeal court that it should differ from the decision under appeal. It was only if the appellate court considered that the appealed decision was wrong that it was justified in interfering with it. The Court said that the extent of the consideration an appeal court exercising a general power of appeal gave to the decision appealed from was a matter for its judgment, and an appeal court made no error in approach simply because it paid little explicit attention to the reasons of the Court or tribunal appealed from, if it came to a different reasoned result. On general appeal, the appeal court had the responsibility of arriving at its own assessment of the merits of the case.

The Court considered the approach of the Court of Appeal in this case, saying that it was not entirely clear that the Court of Appeal had meant to depart from these well-established principles, although passages in its judgment had given rise to doubt. The passages suggested that Gendall J, in allowing an appeal from the Commissioner, had given insufficient weight to an assessment of the Assistant Commissioner which was reasonably open to her. The Court of Appeal applied the approach to appellate review it had taken in its decision in *Federated Farmers of New Zealand Inc v Federated Farmers of New Zealand (Northland Province) Inc.*<sup>3</sup>

The Supreme Court said that the procedure prescribed for appeals by s 27 did not provide for full de novo rehearing of evidence, and clearly envisaged rehearing on the record.<sup>4</sup> The appeal court must be persuaded that the decision was wrong, but no deference was required beyond the customary caution appropriate when seeing the witnesses provides an advantage because credibility is important. The Court of Appeal's reliance on *Federated Farmers* however suggested a wider inhibition on appellate scrutiny, as did the apparent reluctance to differ from the tribunal appealed from in a context where questions of credibility did not arise. The Supreme Court said that in *Federated Farmers* the Court of Appeal was of the opinion that appellate scrutiny ought to be "restrained" where a value judgment was entailed, concluding in that case that the Registrar's decision was not wrong and "she was entitled to decide the way she did". The Supreme Court said that seemed to misstate the role of the appellate court on general appeal. The Court said that those exercising general rights of appeal were entitled to judgment in accordance with

1. [2007] NZCA 61.

2. *Shotover Gorge Jet Boats Ltd v Jamieson* [1987] 1 NZLR 437 was an example.

3. Court of Appeal, CA 162/05, 19 September 2006, William Young P, O'Regan and Arnold JJ.

4. Similar to appeals under s 76 of the District Courts Act 1947.

the opinion of the appellate court, even where that opinion was an assessment of fact and degree and entailed a value judgment. If the appellate Court's opinion was different from the conclusion of the tribunal appealed from, then the decision under appeal was wrong in the only sense that mattered, even if it was a conclusion on which minds might reasonably differ. In such circumstances it was an error for the High Court to defer to the lower court's assessment of the acceptability and weight to be accorded to the evidence, rather than forming its own opinion.

The Supreme Court held that the Court of Appeal was not correct to suggest in this case that the decision turned on a value judgment apparently open to the Assistant Commissioner, and that the High Court Judge ought to have considered and given weight to the Assistant Commissioner's conclusion. The Supreme Court said that the High Court Judge was obliged to reconsider the issue and was entitled to use the reasons of the Assistant Commissioner to assist him in reaching his own conclusion, but the weight he placed on them was a matter for him. There was no basis for caution in differing from the assessment of the tribunal appealed from. The case entailed no question of credibility. It turned on a judgment of fact and degree, not the exercise of discretion entrusted to the tribunal.

The Supreme Court said however that the Court of Appeal overturned the High Court decision not just because the High Court had not given sufficient weight or deference to the Assistant Commissioner, but also because it formed its own assessment that the Assistant Commissioner's decision was the correct one. Stichting Lodestar had discharged to the satisfaction of the Court of Appeal the onus of showing that there was no likelihood of deception or confusion arising out of the use of its mark. Had the Court of Appeal not come to its own conclusion, the matter would have had to be remitted to it. As it was, however, the Court of Appeal had considered the merits of the appeal and had come to its own decision. There being no ultimate error in approach, the appeal was dismissed.

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***Neumann v Sons of the Desert, &L. (High Court, Auckland CIV 2007-485-212, 12 October 2007, Courtney J and 5 November 2007, Andrews J)***

This was a successful appeal against a decision of the Assistant Commissioner of Trade Marks ("the Assistant Commissioner"), delivered on 15 January 2007, directing that a trade mark application for a seated boy device, (a small cartoon figure with or without the words "El Nino Tarifa" below it), may proceed to registration. The appellant, Mr Neumann, had opposed registration on the grounds that the application for registration had been made in bad faith.

On 11 November 2003 the respondent filed an application to register the seated boy device trade mark in Classes 16 and 25. The appellant opposed registration, and the application was heard before the Assistant Commissioner on 14 December 2006. The grounds of opposition were that the application for registration was made in bad faith, pursuant to s 17(1) (b)(iii) of the Trade Marks Act 2002 (now s 17(2)).

The allegation of bad faith was based on the appellant's evidence that he and two others, a Mr Galdeano and a Mr Steffan, had incorporated in September 1998, in Spain, a company called Lucky Charm Distribuciones Tarifa S.L. ("Lucky Charm"). Mr Galdeano was the sole director and shareholder of the respondent, Sons of the Desert, S.L. Lucky Charm was formed to market casual wear and clothing using the El Nino name and the seated boy device. The appellant said there was an oral agreement between the three men that the trade marks of the business – including the El Nino name and the seated boy device – would be jointly owned by all three of them, in all countries of the world.

The Assistant Commissioner held that, although Mr Galdeano's knowledge could be imputed to the respondent she had no evidence of an agreement between Mr Galdeano and the appellant that they would jointly own trade marks consisting of the seated boy device, in all countries of the world. The appellant's opposition therefore failed.

The appellant subsequently successfully applied under r 716 of the High Court Rules to adduce further evidence in support of his claim.<sup>5</sup> The evidence consisted of affidavits and affidavit evidence of translations of documents from former shareholders of Lucky Charm. The evidence confirmed that there was an oral agreement between the shareholders of Lucky Charm that trade marks incorporating the seated boy device and the name El Nino were owned by them in equal shares, in all countries of the world. This evidence was not available to the Assistant Commissioner. On 12 October 2007 Courtney J held that under r 716 of the High Court Rules the evidence proposed to be adduced must be cogent and likely to be material and could not have been discovered at the earlier stage. The Judge held that these requirements were satisfied, and granted the application for leave to adduce further evidence.

The appeal was heard by Andrews J and judgment given on 5 November 2007. There was no appearance on behalf of the respondent at the hearing of the appeal. Andrews J said that the appeal was by way of re-hearing, and the Judge was required to reach his own conclusion, based on the material presented to the Assistant Commissioner, and the further evidence adduced by leave. The Judge identified two questions:

1. Were the appellant and Mr Galdeano co-owners of the trade mark in New Zealand?
2. If yes, then was the application for registration by the respondent made in bad faith?

On the first question of co-ownership, the judge accepted the newly adduced evidence as supporting the appellant's claim that he and Mr Galdeano were co-owners of the trade marks anywhere in the world, and therefore held that Mr Galdeano and the appellant were co-owners of the trade mark for which the respondent applied for registration in New Zealand.

The Judge then considered the second question, whether the application was made in bad faith so as to preclude registration by s 17(1) (b) (iii). The Assistant Commissioner was not required to consider the issue of bad faith. The Judge adopted the test in *Harrison's Trade Mark Application*.<sup>6</sup> The

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5. *Neumann v Sons of the Desert, S.L.* (High Court, Auckland CIV 2007-485-212, 12 October 2007, Courtney J).

6. [2005] FSR 177, 185.

Commissioner (or Court) must decide whether the knowledge of the applicant (a subjective element) was such that its decision to apply for registration would be regarded as being in bad faith by persons adopting proper standards (an objective element). The Judge considered whether the respondent's application for registration of the trade mark was in bad faith, in all the circumstances. The relevant circumstances were that Mr Galdeano and the appellant were the co-owners of the trade mark by agreement, that Mr Galdeano controlled the respondent and his knowledge was imputed to the respondent, that the respondent's application for registration was made without the knowledge or consent of the appellant, and that registration of the trade mark by the respondent had the effect of depriving the appellant of the benefit of registration in New Zealand. The Judge held that in those circumstances he was satisfied that the respondent's application for registration of the trade mark was conduct that fell short of reasonable standards of commercial behaviour. The Judge was satisfied that the application was made in bad faith, and accordingly, pursuant to s 17(1)(b)(iii)/17(2) of the Act, the trade mark should not have been accepted for registration. The appeal was allowed.

***DB Breweries Ltd v Lion Nathan Ltd***  
**(High Court, Auckland CIV**  
**2007404006681, 9 November 2007,**  
**Harrison J)**

This was a case in which DB alleged passing off and breach of the Fair Trading Act by rival Lion Nathan in relation to use of "summer ale".

DB had produced and marketed Summer Ale since 1998. In 2007 Lion launched its new product, Mac's Sun Dance Summer Ale. DB applied ex parte for an interim injunction, alleging that, by displaying the words "Summer Ale" on its packaging and labels, Mac's Sun Dance was held out to be very similar to Monteith's Summer Ale, and that as a result, the distinctiveness and any goodwill attaching to Monteith's Summer Ale was likely to be irreparably deleted or harmed. The application was heard by Duffy J on a Pickwick basis on 31 October 2007. The Judge dismissed it, expressing her provisional view that the words "Summer Ale" were generally descriptive of the style of beer rather than of DB's product. Duffy J did not foresee a real risk of confusion or misleading so as to cause irreparable damage to Monteith's Summer Ale before a defended hearing took place.

Harrison J heard full arguments and issued this oral judgment. DB argued that it had established and owned a valuable reputation and goodwill in the words "Summer Ale" for beer products; that the phrase was distinctive of and synonymous with the company's seasonal goods; and that the term meant predominantly its Monteith's Summer Ale. Its argument was refined so that it argued that, by using the name "Summer Ale" on its labels and on its packaging, Lion was appropriating – taking the benefit or advantage of – or trading off Monteith's goodwill in the words "Summer Ale". It was an argument for the existence of goodwill arising from a combination of a brand name and a product description. The Judge said that the words "Summer Ale" described the

goods, and did not originate with DB or Monteith's. "Summer Ale" was a generic term applied to a sweet refreshing type of beer especially batch brewed for summer. It first became popular in the United Kingdom and was adopted by Monteith's in 1998. The Judge noted that DB had applied to register "Summer Ale" as a trade mark but the Intellectual Property Office of New Zealand (IPONZ) had refused the application on grounds that the name was too generic, and there was insufficient evidence to show the product had acquired distinctiveness.

The Judge concluded that a claim for passing off could not be sustained solely upon a descriptive or generic term where there was no proof of, first, an exclusive or secondary reputation and, second, a misrepresentation arising from labelling or packaging get-up. The phrase "Summer Ale" did not of itself suggest or convey that all summer ale emanated from the same source, Monteith's. Instead the name "Monteith's" identified the brand; the words "Summer Ale" connoted the product.<sup>7</sup> The Judge said that there was no justification in policy or principle for providing DB with what was in effect a monopolistic or quasi monopolistic right, equivalent to the protection of a trademark, to a descriptive or generic name. To the contrary, such a result would be inimical to commercial freedom and competition, and could only ever be rationalised if DB was able to show the words "Summer Ale" had acquired a secondary meaning, connoting a degree of exclusivity, as denoting its goods. There was no evidential foundation for that argument on the facts.<sup>8</sup>

The Judge also said that, even if DB was able to show a legal or evidential basis for acquisition of a secondary meaning in the words "Summer Ale", it must still establish a foundation for an argument of misrepresentation. Lion's get-up and packaging did not misrepresent Mac's Sun Dance as Monteith's Summer Ale. All DB could expect the law to protect was that Lion distinguish its product by the appropriate means, as it had here, in making it clear that its beer was produced by Mac's. Lion had actually gone further and, in contrast to DB, which sought to incorporate or link its Monteith's brand compositely with the generic product description, Lion's product was expressly branded by a combination of its Mac's name and the fancy name "Sun Dance". The descriptive phrase, Summer Ale, carried much less prominence. The Judge found no basis for saying that DB's property in the trade or goodwill of Monteith's product, which did not extend to property in the phrase "Summer Ale", might possibly be injured by Mac's use of that descriptive term. The Judge endorsed Duffy J's initial decision that DB has no property in words generally descriptive of a style of beer rather than its own product.

In relation to balance of convenience, the Judge said that even if DB had been able to show an arguable case, the merits and its relevant weakness would have been decisive at the balance of convenience stage. In relation to the adequacy of damages the Judge said that it was neutral but, if anything, might favour Lion. DB's application was dismissed, and Lion was awarded costs.

7. Citing *McCain International Ltd v Country Fair Foods Ltd* [1981] RPC 69 (CA), 73-4.

8. Citing *Cellular Clothing Co Ltd v Maxton Murray* [1899] AC 326, 329.

***Intellectual Property Development Corporation Pty Ltd v Primary Distributors New Zealand Ltd* (High Court, Auckland CIV 2006404-4695, 6 November 2007, J P Doogue AJ)**

In this case the plaintiffs claimed that the defendants had breached their registered trade marks in respect of wrapping products marketed under the name "HEFTY". They alleged that the defendants imported into New Zealand and sold counterfeit HEFTY brandy products bearing the HEFTY registered trade marks, and also products not bearing the registered trade marks but sold under and by reference to the registered trade marks.

The defendant filed a notice of interlocutory application for further particulars of amended statement of claim. All but one issue was resolved in the course of the hearing, and this decision related to that matter. The defendants sought particulars of the facts, matters or circumstances relied on in support of the allegation that the alleged conduct "adversely affected the plaintiffs' ability to successfully enter the New Zealand market with their own HEFTY branded products". The plaintiffs argued that the pleading in its present form was sufficient, and that the request was really a request for evidence.

The Judge referred to authorities in relation to particulars.<sup>9</sup> The Judge said that legitimate questions could be asked as to what connection existed between the allegations of infringement and the claimed consequence that the plaintiffs' ability to successfully enter the New Zealand market with their own HEFTY branded products was adversely affected. The particulars sought were not particulars of specific facts which would be proved by individual witnesses, nor did they go into the question of how much the loss was and the way in which the plaintiff calculated it. The particulars sought would explain the steps of the reasoning by which the plaintiff reached the position where it said that earlier breaches of the plaintiffs' registered trademarks made it harder for the plaintiff to sell its own products when it started operations in New Zealand marketing HEFTY branded products. The Judge said that it seemed particulars should be ordered unless there was some factor that militated against the fairness of doing so, and there was no such factor. The Judge granted the application, and the particulars were to be provided within 15 working days. A standby fixture was allocated in case of further problems.

***Inverness Switzerland GMBH v MDS Diagnostics Ltd* (High Court, Auckland CIV 2007-404-748, 1 November 2007, Allan J)**

This was a successful application for joinder of an additional defendant in a copyright case. The plaintiff, Inverness Switzerland, claimed to own the copyright in certain drawings

relating to pregnancy testing devices. It alleged that the defendant imported into New Zealand devices that were copied, or substantially copied, from the plaintiff's copyright works when it knew, or ought to have known, of the existence of such copyright.

The plaintiff applied for an order pursuant to r 97(1)(b) joining Dr Prakash Appanna, the managing director of the existing defendant, MDS Diagnostics, as second defendant. The plaintiff argued that Dr Appanna was responsible as a director who had allegedly procured or directed the commission by the defendant of a tort.<sup>10</sup> Alternatively it argued by analogy with the personal liability imposed in *Megavitamin Laboratories (NZ) v Commerce Commission*.<sup>11</sup> The defendant argued that in order to succeed at trial the plaintiff would need to establish a sufficient assumption of responsibility by Dr Appanna to bring the case within the principles in *Trevor Ivory Ltd v Anderson*.<sup>12</sup> The defendant also argued that the plaintiff would need to show an element of deliberate wrongdoing.<sup>13</sup>

The Judge said that there was at least an available argument that Dr Appanna may have "procured or directed" the activities of the defendant. The Judge was satisfied that this was not one of those rare cases in which a defendant could properly ask the Court to decline a plaintiff's application for the joinder of the further defendant upon the ground that no reasonable cause of action existed against that defendant. The Judge ordered that that Prakash Appanna be joined as a defendant.

***Finance Now Ltd v Finzsoft Solutions (New Zealand) Ltd* (High Court, Auckland CIV 2006-404.4398, 17 September 2007, H Sargisson AJ)**

This case was about a software licence and services agreement relating to a finance industry software product known as "Sovereign and Banking Software". The parties entered into the agreement on 9 October 2000. In the agreement Finzsoft licensed Finance Now to use the software for its business as a finance company. Finance Now's claim was based on various alleged breaches of the agreement. Finzsoft counterclaimed and raised several causes of action based on breach of copyright among other things.

This judgment relates only to an interlocutory application by Finzsoft seeking a number of orders including the striking out of the statement of claim or summary judgment, and an order that the hearing of the counterclaim be split into separate hearings on liability and quantum. The Judge reviewed each of the orders sought in turn, declining them all. The application was therefore disallowed in its entirety.

9. CC v *Qantas Airways* (1992) 5 PRNZ 227, *Re Securitibank Ltd* (No 25) (10 October 1983), HC AK A355-81, *Custom Technology Systems Limited v Honeywell Limited* (AK HC CL 11102, 11 April 2003).
10. Citing *Wah Tat Bank Ltd v Chan Cheng Kum* [1975] AC 507, 514-515, *C Evans and Sons Ltd v Spritebrand Ltd* [1985] 2 All ER 415, 425, *DB Breweries Ltd v The Domain Name Company Ltd* HC AK M724/00 15 March 2001.
11. (1995) 6 TCLR 231.
12. [1992] 2 NZLR S17.
13. Citing *Winchester International (NZ) Ltd v Cropmark Seeds Ltd* CA226/04 5 December 2005; *DB Breweries v The Domain Company Ltd* HC AK M724/00 15 March 2001at [19].

***Intellectual Reserve Inc v Robert Sintes* (High Court, Auckland CIV 2007-404-2610, 13 December 2007, Winkelmann J)**

This was an appeal from a decision of the Assistant Commissioner of Trade Marks dismissing the plaintiff's opposition to registration of the defendant's trade mark. The Trade Marks Act 2002 applied.

The appellant, Intellectual Reserve Inc. was a non-profit corporation from Utah, United States and was the owner of various trade marks around the world, which it licenced to the Church of Jesus Christ of Latter-day Saints (the Church). It had five New Zealand registered trade marks comprised of or containing the text "Familysearch", in relation to a range of genealogical services and associated goods. It had two word mark registrations for FAMILYSEARCH in classes 16 and 41. It also had three trade mark registrations in classes 9, 16, and 42 for the stylised word FAMILYSEARCH. These registrations contained a limitation that the registration did not give Intellectual Reserve any right to the 'exclusive use, separately, of the words "family" and "search".'

The respondent, Mr Robert Sintes, applied for registration of a stylised representation of "Familysearch" in relation to services in class 45 "for the purposes of locating missing family including birth parents, adopted children and family". Intellectual Reserve opposed the application, asserting that Mr Sintes' trade mark was visually identical, or at least very similar to its mark, phonetically identical, conceptually identical, and related to identical or similar services. The grounds of appeal from the Assistant Commissioner's decision dismissing the opposition alleged that the decision was erroneous in fact or law because registration of Mr Sintes' trade mark was contrary to:

- (i) s 25(1)(b) of the Trade Marks Act 2002 ("the Act");
- (ii) s 25(1)(c) of the Act;
- (iii) s 17(1)(a) of the Act;
- (iv) s 17(1)(b) of the Act (in relation to ss 9 and/or 16 of the Fair Trading Act/passing off);
- (v) s 18(1)(b) of the Act.

The Judge said that the appeal Court had the responsibility of arriving at its own assessment of the merits of the case when determining appeals from the Commissioner.<sup>14</sup>

The Judge first considered whether registration was contrary to s 25(1) (6) which provided that the Commissioner must not register a trade mark in respect of any goods or services if:

... it is similar to a trade mark (trade mark C) that belongs to a different owner and that is registered, or has priority under section 34 [or section 36], in respect of the same goods or services or goods or services that are similar to those goods or services, and its use is likely to deceive or confuse;

Intellectual Reserve argued that the Assistant Commissioner erred in finding that the respondent's mark was not similar to *its* marks and that its use was not likely to deceive or confuse. The Judge found that Mr Sintes' mark was similar to each of Intellectual Reserve's word marks as they contained precisely the same words, and that it was also similar to the stylised

marks. The same words were used, they were said the same, and the core concept of the marks was such that they were clearly similar. In respect of the stylised marks, although there were some stylistic differences, such as different font, the differences were trivial, and in some ways emphasised rather than detracted from the similarity. However the Judge found that Mr Sintes' mark was not to be registered for the same or similar goods and services as Intellectual Reserve's mark, so that there was no need to decide whether it was likely to deceive or confuse.

The Judge then considered whether registration would be contrary to s 25(1) (c), which provided that the Commissioner must not register a trade mark in respect of any goods or services if:

it is, or an essential element of it is, identical or similar to, or a translation of, a trade mark that is well known in New Zealand (trade mark D), whether through advertising or otherwise, in respect of those goods or services or similar goods or services or any other goods or services if the use of trade mark A would be taken as indicating a connection in the course of trade between those other goods or services and the owner of trade mark D, and would be likely to prejudice the interests of the owner.

The Assistant Commissioner had found that the evidence fell short of meeting the threshold to establish that Intellectual Reserve's FAMILYSEARCH trademarks were well known. The Judge however accepted the argument that it was difficult to reconcile this with her finding that the website [www.familysearch.org](http://www.familysearch.org) featuring Intellectual Reserve's trade marks was well known in New Zealand. The Judge had already found that the goods and services were not similar goods and services, but s 25(1)(c) extended to "any other goods or services". The issue therefore was whether the proposed use by Mr Sintes of the mark in connection with the personal services he intended offering would be taken as indicating a connection in the course of trade between Mr Sintes and the Church, and would prejudice the interests of Intellectual Reserve. In relation to the word marks, the Judge agreed with the Assistant Commissioner that even if FAMILYSEARCH was a well known mark associated with the Church, if someone were to use "family search" or "familysearch" to search the internet, they were unlikely to understand or believe that every site revealed by the search result was connected to the Church. In relation to the stylised marks the Judge was also satisfied that the similarity between the stylised marks would not be taken as indicating a connection in the course of trade, because the Church's and Mr Sintes' services were very different and were in different markets. The Judge also agreed with the Assistant Commissioner that the fact that the services were accessed through the internet meant that the inquirer would exercise care in looking for points of difference between the sites and the services. The Judge upheld the decision of the Assistant Commissioner that registration was not prohibited by s 25(1)(c).

The Judge then considered whether registration was contrary to s 17(1)(a), which provided that the Commissioner must not register as a trade mark any matter "the use of

14. Citing *Austin, Nichols & Co. Inc v Stichting Lodestar* (SC21/2007, 11 December 2007); *VB Distributors Ltd v Matsushita Electric Industrial Co Ltd* (1999) 9 TCLR 349.

which would be likely to deceive or cause confusion". This ground of appeal failed on the basis of the Judge's earlier findings.

The Judge then considered the fourth ground of appeal, whether registration was contrary to s 17(1)(b) which provided that the Commissioner must not register as a trade mark any matter "the use of which is contrary to New Zealand law or would otherwise be disentitled to protection in any court". Intellectual Reserve relied on the Fair Trading Act and passing off as a basis for the submission that the application was not registrable because it was contrary to law and disentitled to the protection of the Court. The Judge did not consider this ground, for the same reason as the Assistant Commissioner, because the s 17(1)(a) ground had not been met. A higher threshold of confusion would be required to establish passing off or a breach of the Fair Trading Act 1986 than was required under s 17(1)(a), and (b) had not been satisfied, so that this ground of appeal must fail.

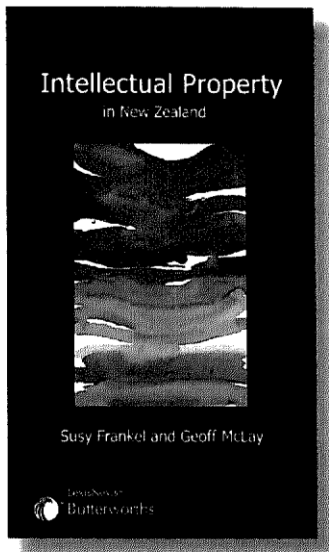
The Judge then considered the fifth ground of appeal, whether registration was contrary to s 18(1)(b) which provided that the Commissioner must not register a trade mark that has no distinctive character. Relevant also was s 18(2) of the Act which provided:

The Commissioner must not refuse to register a trade mark under subsection (1)(b), (c), or (d) if, before the date of application for registration, as a result of either the use made of it or of any other circumstances, the trade mark has acquired a distinctive character.

Intellectual Reserve argued that Mr Sintes' trade mark had a very low level of distinctiveness, and that he had not demonstrated that his application had acquired distinctiveness under s 18(2). It also argued that, given that FAMILYSEARCH had already acquired a distinctive character attributed solely to the Church, Mr Sintes could never demonstrate such acquired distinctiveness. The Judge upheld the decision of the Assistant Commissioner who said that if Mr Sintes' mark had only consisted of the word combination FAMILYSEARCH, then it would not have been capable of distinguishing Mr Sintes' services, but it was a combination of words and devices and was capable of distinguishing. The Judge said that, in the form that the application had been filed, with a graphic representation of the words FAMILYSEARCH, it was capable of being distinctive of Mr Sintes' services. The Assistant Commissioner was correct that the entire mark, which included a device, was not a generic expression for these types of services. The appeal was dismissed.

## Intellectual Property in New Zealand

Frankel and McLay



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