

IP Round-up: Recent decisions from the Courts

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Nutramarks, Inc v Nature's Life NZ Ltd

[2012] NZHC 1134

This was a trade marks case. The appellant, Nutramarks, appealed against a decision of the Assistant Commissioner of Trade Marks upholding registration of a trade mark of the respondent, Nature's Life. Nature's Life mark was a logo or device incorporating the words "Nature's Life", registered in classes 3 and 5 for skin care and health care products. Nutramarks opposed registration on grounds of ss 17(1)(a) and (b) of the Trade Marks Act 2002 ("the Act"). Nutramarks claimed that it had used a range of marks incorporating the words "Nature's Life" on products sold in New Zealand since 2001, and that use of Nature's Life mark was likely to deceive or cause confusion, would breach the Fair Trading Act 1986 ("the FTA") or would constitute passing off.

The Assistant Commissioner found against Nutramarks on its opposition under s 17(1)(a), of the Act because it had not established that, at the relevant date, there was an awareness of its mark, and said that she did not need to consider Nutramarks' opposition under s 17(1)(b), as a higher threshold of "confusion" was required to establish passing off or a breach of the FTA than was required under s 17(1)(a) of the Act.

In the High Court, the Judge considered the legal test in relation to s 17(1)(a)¹ and identified the following two issues:

- Is there an awareness or reputation of the opponent's trade marks in the New Zealand market? For this issue, the onus is on the opponent.
- Is use of the applicant's mark likely to deceive or cause confusion amongst a substantial number of persons? For this issue, the onus is on the applicant.

The Judge said that both assessments were to be made on the balance of probabilities, as at the date the trade mark application was filed.

The Judge did not accept the argument for Nutramarks that the Assistant Commissioner identified the relevant market too broadly. The Judge said that the Assistant Commissioner defined the market so as to comprise only those members of the purchasing public, or businesses, who were interested in natural health remedies, medicines, supplements, and the like.

The Judge considered Nutramarks's submission that the Assistant Commissioner was wrong in finding that Nutramarks

had not established sufficient awareness of its marks at the relevant date. The Judge referred to *NV Sumatra*,² and said that, given that its marks were not registered in New Zealand, Nutramarks needed to point to evidence showing that a substantial number of persons in the market had awareness, cognisance or knowledge of its mark. The Court of Appeal in *NV Sumatra* said that what was a "substantial number of persons" depended on the nature and size of the market, and was relative both to the number of persons involved in, and their impact on, that market. The evidence for Nutramarks was that it had products for sale in New Zealand, that there had been sales of its products, and that Nutramarks' products were advertised on two websites that could be accessed in New Zealand. There was no evidence as to the size of the market comprising those (discerning) members of the purchasing public, or businesses, who were interested in natural health remedies, medicines, supplements, and the like, and there was no evidence as to how the sales figures for Nutramarks' products fitted into the actual market. The Judge said that such evidence was required to prove awareness of Nutramarks' marks in the relevant market by a substantial number of persons in that market. The Judge held that the Assistant Commissioner did not err in finding that Nutramarks had not established awareness of its marks in the relevant market.

The Judge did not then need to consider likely deception or confusion, but did consider it briefly in case he was wrong on his other conclusions. The Judge set out the relevant principles, compared the marks and considered the nature of the goods to which the marks were to be applied, the nature and kind of customer and all the surrounding circumstances. The Judge held that the overall impression of Nature's Life and Nutramark marks was different as a result of different colouring and design, and that the goods to which the marks were to be applied were quite different from those to which the Nutramarks marks were applied. Nature's Life goods were (with the exception of Rotorua thermal mud masks) animal-based creams and tablets or capsules, while the Nutramarks' products were vitamins and minerals. The Judge did not accept the submission that the goods were identical, or at least very similar, by reason of their being used as natural health remedies, medicines, and supplements, being likely to be sold via the same or similar trade channels (in particular, specialty health stores) either in competition or in combination with each other, and the physical nature of the goods (vitamins or supplements sold in tablet or capsule form). The

1. Citing *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) and *NV Sumatra Tobacco Trading Company v British American Tobacco (Brands) Incorporated* [2010] NZCA 24, (2010) 86 IPR 206.
2. *NV Sumatra Tobacco Trading Company v British American Tobacco (Brands) Incorporated* [2010] NZCA 24, (2010) 86 IPR 206, [77]-[80].

Judge said this submission was at too generic a level and that both Nutramarks and Nature's Life were selling particular products, with particular qualities, and purchasers of the products would be discerning as to what they were buying. The Judge also held that the target market for the respective products was different, in that Nature's Life products are targeted at consumers of Asian origin (with the products being sold in souvenir shops aimed at Asian tourists), while the Nutramarks target market consisted of purchasers buying from Ponsonby Health Shop Ltd or online.

The Judge held that it was not likely that use of Nature's Life mark would deceive or cause confusion. The appeal was dismissed.

Le Cordon Bleu v Commissioner of Trade Marks

[2012] NZHC 724

This was an appeal against a decision of the Assistant Commissioner of Trade Marks, in which the Assistant Commissioner rejected Le Cordon Bleu's application for the trade mark "Le Cordon Bleu" for "meat, poultry and game, and meat extracts" in class 29.

The Assistant Commissioner's rejection was based on s 18(1)(b) of the Trade Marks Act 2002. The Assistant Commissioner decided "Le Cordon Bleu" was a laudatory term which lacked distinctive character, and that traders of meat, poultry and game and meat extracts might wish to use the words "Cordon Bleu" to communicate to consumers that their products were of the highest quality. The Assistant Commissioner also held that "Cordon Bleu" was similar to "Le Cordon Bleu" and this reinforced her concern that "Le Cordon Bleu" lacked distinctive character. The Assistant Commissioner also decided that s 18(2) did not save the trade mark because the trade mark had not previously been used in New Zealand by the appellant in relation to "meat, poultry and game, meat extracts" and the trade mark had not acquired a distinctive character as a result of any other circumstances.

Le Cordon Bleu was incorporated in the Netherlands. It had operated since 1895 as a pre-eminent culinary school and promoter of fine cuisine and retailer of food and related products. It had registered over 200 trade marks involving the words "Le Cordon Bleu" or derivatives of those words in over 70 countries, and had registered marks in relation to "meat, poultry and game, and meat extracts" in class 29 in over 50 countries. In New Zealand, Le Cordon Bleu had succeeded in registering "Le Cordon Bleu" in relation to other products.

The Judge said that the appeal was conducted as a rehearing,³ and that there were two issues:

- Does the trade mark "Le Cordon Bleu" have "distinctive character" within the meaning of s 18(1)(b) of the Act in relation to "meat, poultry and game, and meat extracts?"
- If not, as at 26 October 2006 had the trade mark "Le Cordon Bleu" acquired distinctive character through

"any other circumstances" under s 18(2) of the Act, in relation to "meat, poultry and game, and meat extracts?"

In relation to the first issue, the Judge held that "Le Cordon Bleu" had distinctive character when used in relation to "meat, poultry and game, and meat extracts", for the following reasons:

- The word "Le" added a distinctive element to the trade mark when it was assessed as a whole.
- "Le Cordon Bleu" was a proper noun, and had been used exclusively by the appellant for more than 100 years.
- The French words that made up the trade mark introduced an exotic flavour to the trade mark, thereby adding to its distinctive character.
- The literal translation of "Le Cordon Bleu" was "the blue ribbon". That phrase had no direct literal connection to "meat, poultry and game, and meat extracts".
- There was no evidence to suggest that other traders were likely to use "Le Cordon Bleu" in the ordinary course of their business.
- The trade mark "Le Cordon Bleu" had been accepted in Australia, the United Kingdom, the United States and other countries in relation to the products to which the application related and other products.

The Judge was not required to consider the second issue, but did so in case he was wrong on the first issue. Because the appellant had not sold "meat, poultry and game, and meat extracts" under the trade mark "Le Cordon Bleu" in New Zealand, the issue under s 18(2) was whether by reason "of any other circumstances" the appellant's trade mark had acquired a distinctive character.

The Judge said that the concept "any other circumstances" as used in s 18(2) included, but was not limited to, the following circumstances:

- Where goods or services "could on a reasonable basis be said to be fairly closely allied to the pre-existing fields of the applicant's activities".⁴
- Where the mark was "another in a distinctive family of marks to which distinctiveness will already attach".⁵
- Where the mark forms "part of a well known business name but has been used in only a limited extent as a trade mark".⁶
- Where subsequent events "assist in establishing the essential quality at the time of registration".⁷

The Judge held that "Le Cordon Bleu" had acquired distinctiveness "through any other circumstances" within the meaning of s 18(2) of the Act, because: the mark formed part of a well known business name that had been used as a trade mark in New Zealand; the mark "Le Cordon Bleu" could on a reasonable basis be said to be fairly closely allied to the pre-existing fields of the applicant's activities, being foods in the same category as class 29; the trade mark "Le Cordon

3. Citing *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141 at [3].

4. Quoting *Esso Trade Mark* [1972] RPC 283.

5. Quoting *Advantage Group Ltd v Advantage Computers Ltd* [2002] 3 NZLR 741 (CA) at [19]-[21].

6. Quoting *Advantage Group Ltd v Advantage Computers Ltd* [2002] 3 NZLR 741 (CA) at [19]-[21].

7. Quoting *McCain Foods (Aust) Pty Ltd v Conagra Inc* [2002] 3 NZLR 40 (CA).

Bleu” “could on a reasonable basis be said to be fairly closely allied to the pre-existing fields of the applicant’s activities, being the same food in the same class to which the Australian and United Kingdom trade marks applied”; and the mark was “another in a distinctive family of marks to which distinctiveness had already attached”.⁸

The Judge allowed the appeal and ordered that the mark be registered in class 29 for “meat, poultry and game, and meat extracts”.

Sanofi-Aventis Deutschland GMBH v AFT Pharmaceuticals Ltd

[2012] NZHC 1051

This was an action for patent infringement and copyright infringement which had not yet reached a substantive hearing. This judgment related to an application by Baldwins Intellectual Property to inspect the court file because the proceeding was relevant to proceedings in another jurisdiction where a similar patent was in issue. Baldwins’ focus was on the patent issues. Baldwins would not disclose the identity of their client.

The Judge considered the request under r 3.16 of the High Court Rules, which required consideration of the nature and reasons for the request and the relevant criteria. The Judge said that in making the request Baldwins was pursuing a purely private interest, seeking information to assist in par-

allel litigation overseas. The request was not illegitimate, but the private interest in obtaining information to assist with parallel litigation overseas may not carry as much weight as other reasons for a request going to more important public interest considerations. The Judge considered the interests of the orderly and fair administration of justice, the protection of confidentiality and privacy interests, the principle of open justice and the freedom to seek receive and impart information. The Judge balanced these interests, and concluded that the balance came down against allowing access at this stage in the proceeding. The proceeding was still at a stage where it should not be open to scrutiny by non-parties. The privacy interests associated with conducting a private dispute before that dispute was heard in open court carried more weight than Baldwins’ interest in obtaining information for overseas parallel litigation. The information on the court file had not been tested by an open hearing in court, and there had not been a final decision on the merits of the plaintiffs’ claim. The information was not likely to be as useful as information that would become available after a substantive hearing. Overall, access to the file ought not to be allowed until the substantive hearing stage.

The request was dismissed. The Judge also said that a copy of this decision was to be sent to Minter Ellison Rudd Watts who had made a similar request, and said that Minter Ellison Rudd Watts should advise the Court whether it wished to continue with its request.

8. *Advantage Group Ltd v Advantage Computers Ltd* [2002] 3 NZLR 741 (CA).

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