

GROUNDINGS OF REFUSAL IN AUSTRALIA

Background

Australia has a common law trade mark system based on judicial precedent as well as statute. In Australia rights in a trade mark accrue through use whether or not the trade mark is registered. Rights are in fact dependent on use, and whether or not that use has been commercial trade mark use.

Two of the most significant objectives in developing the current legislation, enacted in 1996, were to broaden the definition of a trade mark and to introduce a presumption of registrability.

Definition of a trade mark

A trade mark is defined in Australian trade mark law as a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.

A "sign" is then defined as including the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent.

The definition of "sign" is an open or inclusive definition and is therefore understood to include *any means* of distinguishing the goods or services of one person from those of another so long as it is capable of being perceived by the senses.

There is no explicit requirement in the Australian legislation's *definition* of a trade mark that, in order to *be* a trade mark, it must be capable of being represented graphically. The issue of graphical representation is dealt with separately as a ground for rejection.

Presumption of registrability

There is a general presumption under current Australian trade mark law that a trade mark is registrable. That is, an application for registration of a trade mark must be accepted unless it has not been made in accordance with the Act or there are grounds for rejecting it.

The grounds for rejection are set out in the Act and Regulations, and the Registrar of Trade Marks must accept the application unless he or she is satisfied there are clear, supportable reasons for rejecting it under those grounds.

At the initial stage of examination, the onus is now on the Trade Marks Registrar to demonstrate that grounds for rejection exist, rather than on the applicant to justify the trade mark is registrable.

GROUND FOR REJECTION IN EXAMINATION

Trade marks containing prohibited and prescribed signs (s39)

This ground for rejection prohibits the use of trade marks that contain or consist of certain signs and provides the Registrar with the discretion to reject others. Australia can reject applications for the registration of trade marks falling under one or more categories of prohibited and prescribed signs. Trade marks containing or consisting of such signs generally cannot be accepted for registration unless the proposed use is in accordance with the relevant law or the owner has the consent of the authority responsible for the administration of the particular sign.

Prohibited and prescribed signs can be:

- Signs specifically prescribed by the Trade Marks Act and Regulations. These include arms, seals, and flags of Australian Federal or State governments, arms or emblems of Australian public authorities or towns and trade marks containing certain symbols or phrases (such as ©, 'Patent' and 'Plant Breeders Right').
- Signs that have been notified under the provisions of the Paris Convention. These include foreign national symbols, hallmarks and signs of intergovernmental organisations.

Graphic Representation (s40)

An application must include a graphical representation of the trade mark and must be rejected if the trade mark cannot be represented graphically. Given the inclusive definition of a sign, a trade mark must be presumed registrable unless it is clear that no suitable graphical representation is possible.

In developing the current legislation, graphic representation was seen as necessary to enable adequate searching of the Trade Marks Register. This ensures that the elements, scope and nature of the trade mark are clear to the public and examiners, as well as to potential opponents. Graphic representation defines the trade mark so that it is possible to determine what is being claimed and to ensure that other traders know competitors' claims and rights.

Most trade marks are by virtue of their written or pictorial nature capable of graphic representation. The most problematic areas are some of the newer types of non-traditional signs which do not obviously lend themselves to notation or pictorial representation. For this reason, if a trade mark contains or consists of a colour, scent, shape, sound or an aspect of packaging, or any combination of these, Australian regulations require that the application must include a description of the trade mark.

Australia currently takes a comparatively liberal and achievable view to the issue of how this requirement can be met. A clear, written description is currently interpreted as assisting in meeting graphical representation requirements. So far, shape, colour, sound, scent, gesture and motion trade mark applications have all been found to be capable of being represented graphically. However, Australia does not have as broad experience as some jurisdictions in considering the more unusual types of trade marks such as *motion, scent, taste and texture* and as yet there is no significant guidance on these from the Australian courts.

Trade marks not distinguishing goods or services (s41)

This equates to the concept of distinctiveness. Australian legislation requires a trade mark to at least be *capable* of distinguishing the goods or services of one trader from those of another in order to be registrable.

Whether the trade mark applied for will *function as a trade mark* is not assessed at the initial stage of examination. Each application must be taken on face value, and be considered in the usual fashion in relation to whether it is capable of distinguishing the goods or services specified. The question of whether a sign functions as a trade mark may sometimes become an issue on consideration of evidence of use, should this be determined as necessary during the course of examination.

Another feature of the current Australian trade mark law is that unlike its predecessors or the law of some other jurisdictions, it does not specify the kinds or types of trade marks which may be registrable in respect of distinctiveness. Nor does it specify in the statute such considerations (for example) as whether the trade mark is a common surname, or functional, or provides a technical advantage. However these issues are considered as integral to the overarching issue of whether the trade mark is capable of distinguishing.

Consideration of whether a trade mark is capable of distinguishing is guided by “whether other traders are likely, in the ordinary course of their business and without any improper motive to desire to use the same trade mark, or some trade mark so nearly resembling it, upon or in connection with their own goods”.¹

The first step in determining whether a trade mark is capable of distinguishing the specified goods or services is to consider the extent to which the trade mark is inherently adapted to distinguish those goods or services. Inherent adaptation is a concept that refers to a quality of the trade mark itself and cannot be acquired through use in the market place.

- A trade mark with sufficient inherent adaptation will be capable of distinguishing and therefore result in *prima facie* acceptance [s41(2)].

¹ Registrar of Trade Marks v W & G DuCross Ltd

- If the trade mark has some inherent adaptation to distinguish but not sufficient to decide that it is capable of distinguishing *prima facie*, consideration must then be given to a combination of the level of inherent adaptation to distinguish in conjunction with evidence of use or intended use and/or any other circumstances. If a trade mark has a very low level of inherent adaptation to distinguish, the evidence required to establish that the trade mark is *capable of distinguishing* needs to be extensive and persuasive. A more inherently adapted trade mark will require less evidence of use [s41(5)].
- If the trade mark is not to any extent inherently adapted to distinguish, evidence of the extent of use of the trade mark *prior* to the filing date is required. For such a trade mark to achieve acceptance for registration, the evidence must show the trade mark was distinctive in fact at the time of filing. [s41(6)].

Some guidance in determining capacity to distinguish is provided in a note to the legislation which states that:

“Trade marks that are not inherently adapted to distinguish are mostly trade marks that consist wholly of a sign that is ordinarily used to indicate: the kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services; or the time of production of goods or rendering of services”.²

Trade marks which have no inherent adaptation to distinguish might include, for example, simple devices, single colours, or common colour combinations which are common to the particular trade, pictorial images of the goods, representations of the shape of the goods, and shapes of goods which are functional or provide some kind of technical advantage. These are the sorts of signs that traders in particular fields are likely to need to use ordinarily in their day to day commercial operations. They are unlikely to distinguish any particular traders goods or services; and should therefore be available for other traders to use.

All trade marks are nonetheless potentially registrable under Australian legislation. Even trade marks with no inherent adaptation to distinguish, for example, a single colour in relation to goods typically that colour, may be registered if it can be demonstrated via evidence of use that they were distinctive in fact at the time of filing the application for registration.

Non-Traditional Trade Marks and Capacity to Distinguish

Australia has taken a view that our legal system should be able to provide protection for anything that can operate in the marketplace as a trade mark. The principles which govern registrability are applied to non-traditional trade marks in the same way as to traditional trade marks.

² Trade Marks Act 1995, Note 1 to s41(6)

Non-traditional trade marks have been registrable in Australia since our current Act came into force in 1996. The Act expressly includes among other things shape, sound, colour, scent and aspect of packaging as signs which can be protected. By virtue of the non-exhaustive definition of a sign, anything which can be perceived by the senses is potentially registrable.

Guidance as to whether or not other traders will ordinarily need to use particular kinds of signs is provided to examiners in procedural guidelines. (These are described in Australia's submissions to the Secretariat's paper for SCT 17).

Trade marks that are scandalous [s42(a)]

A trade mark application must be rejected if the subject trade mark contains or consists of scandalous matter.

To be considered as scandalous, a trade mark needs to be more than just rude or in bad taste; it needs to be clearly offensive. Trade marks which will be regarded as scandalous include:

- trade marks with elements of personal abuse;
- trade marks incorporating racial or ethnic abuse;
- trade marks incorporating abuse of a national flag;
- trade marks incorporating elements of religious intolerance/abuse; and
- trade marks inciting violence or supporting terrorism.

Other considerations include profanity, highly obscene language of images, or images of persons where the relationship between the person and the specified goods or services would clearly scandalise.

In deciding the question of whether a trade mark is scandalous the Registrar's role is to reflect public opinion rather than drive it. We do not consider ourselves moral arbiters in isolation in this respect. The decision on whether a trade mark is scandalous must relate to the perspective of the Australian community and is therefore territorial. Although some accepted trade marks are in poor taste and verge on being scandalous, there have been no major community concerns over the years in relation to this approach. The question of whether trade marks are scandalous is also considered in the light of the relevant industry – eg our approach to a trade mark for use on “adult industry” products is different to the approach for use on “children's clothing”.

Trade marks that are contrary to law [s42(b)]

A trade mark must be rejected if its use would be contrary to law. There are two major areas where these provisions would be applied. These are where

- a trade mark contains or consists of a sign that the use of which is precluded by legislation; or

- court action establishes that use of a trade mark is illegal.

For this ground for rejection to apply, use of the trade mark should breach some piece of legislation, as opposed to being in breach of common law rights. As the function of the trade mark office is administrative, rather than judicial, this section is only applied in what is *clearly* a breach of another Act.

To assist examiners, the legislation which must be taken into account is listed in procedural guidelines. Signs specifically prohibited by other Australian legislation or Regulations include Australian Defence emblems, the Red Cross symbol, Olympic marks or well known copyrighted material.

There are two Acts that have particular implications for the examination of trade mark applications and these are the *Plant Breeder's Rights Act 1994* and the *Australian Wine and Brandy Corporation Act 1980*. These cover the use of trade marks which contain or consist of a registered plant breeder's right (covering plant material) or a geographical indication appearing on the Australian Register of Protected Names (covering wine or spirits) respectively.

It is sometimes the case that the situation is not clear cut, as may occur in the instance of prior copyright³. If the ground for rejection is not clearly supportable, the application must be accepted. However, once accepted it may be opposed on the ground that use of the trade mark is contrary to law, and recent case law has stipulated that in such cases, the question – for example of copyright - must be decided by the Trade Marks Registrar.

Trade marks likely to deceive or cause confusion [s43]

A trade mark application will be rejected if because of some connotation contained in the trade mark, its use in relation to nominated goods or services would be likely to deceive or cause confusion.

For a trade mark to be caught by this ground for rejection the connotation must arise from the trade mark itself, it must be obvious and direct, and the danger of being misled by the trade mark needs to be immediate. A mere possibility of deception or confusion at some indeterminate time is not sufficient - applications are considered in the context of the current marketplace, not in the marketplace as it was in the past and not as it may be in the future. For example, deception or confusion could arise in regard to:

- Character of the goods or services including their composition, nature or other properties
- Quality or quantity of the goods or services
- Geographical origin of the goods or services

³ The "Advantage Rent-a-Car" case, (*Advantage Rent-a-Car Inc v Advantage Car Rental Pty Ltd* [2001] FCA 683),

- Intended use or purpose of the goods or services
- Connection in the mind of the buying public with a person or organisation.

Applications for trade marks offending against this ground for rejection are not very common, but there are some specific examples where grounds for rejection are likely:

- Geographical indications (GIs) for wine - Use of a GI on wines which do not originate in the region to which the GI refers is likely to result in deception or confusion and this ground for rejection would be raised.
- Plant variety names - If the name of a particular plant (a variety), or a name deceptively similar to it, is used as a trade mark on plants of another similar variety, it would be likely to deceive or cause confusion as to the true nature of those plants. Use of such a trade mark in relation to those goods would be likely to deceive or cause confusion and would therefore attract this ground for rejection.
- International Non-Proprietary Names (INNS) - This ground for rejection would exist where the application is for a trade mark or part of a trade mark which is *substantially identical* to a notified INN and the goods covered by the specification are not restricted to the particular substance identified by the INN. Use of such a trade mark would be likely to give rise to deception and confusion. In the absence of other problems, such as distinctiveness, this ground for rejection could be overcome by clearly limiting the goods to accord with the INN.
- INN stems - Where a trade mark is *identical* to a notified INN stem and is to be used in relation to pharmaceutical preparations and substances, veterinary substances or pesticides but the goods covered by the specification are not restricted to the particular substance identified by the INN stem, its use on the other goods would be likely to give rise to deception or confusion. In some cases it may also be appropriate to take objections in relation to trade marks that are merely *substantially identical* to a notified INN stem. If an INN stem is *incorporated* into the trade mark, this ground for rejection is considered on the basis of whether the presence of the INN stem is “meaningful” enough to warrant objection. This ground for rejection in any of the above circumstances could possibly be overcome by clearly limiting the goods to accord with the INN stem.
- Trade marks suggesting endorsement, licence or approval – names or images of persons with significant fame, renown or notoriety in relation to the specified goods or services this ground for rejection may be triggered. Images can include photographs, portraits, cartoon caricatures and other stylised representations.

In some cases a connotation giving rise to this ground for rejection may not be obvious during examination and will only emerge at opposition. These kinds of cases are considered more appropriately identified and dealt with during opposition proceedings when evidence is often supplied by the opposing party, enabling both sides of the case to be put before the decision maker.

According to current Australian practice, this ground for rejection is not used as a way of addressing issues arising from a consideration of whether an earlier trade mark conflicts with the trade mark under examination – that is, it does not apply to a comparison of trade marks. This latter situation is provided for under grounds of opposition (s60), infringement or cancellation.

Conflict with other trade marks [s44]

These are “relative” grounds for rejection which in Australia must be considered as part of the examination of a trade mark application. They result from the existence of conflicting trade marks of earlier priority date.

These grounds for rejecting an application exist if the subject trade mark is substantially identical or deceptively similar to an earlier trade mark *application or registration* and the goods or services of both are the same or similar. This would also apply where goods are closely related to those services; or services are closely related to goods.

The tests for determining both substantial identity and deceptive similarity are set out in common law, but deceptive similarity has also been defined in the *Trade Marks Act 1995*:

A trade mark is taken to be *deceptively similar* to another trade mark if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion⁴.

Substantially identical trade marks are considered to be those that, when compared side by side, differ only in extremely minor, insignificant non-distinctive ways but not in material particulars.

Case law sets out the tests for deciding whether the trade marks in question are substantially identical or deceptively similar and whether the goods and services of the possible citations are similar or closely related.

Judicial decisions under the current legislation have established firmly that a presumption of registrability applies in relation to this ground for rejection. It has been stated that:

“Given the preliminary character of the acceptance decision and the availability of the later adversarial processes [*opposition*], it may be consistent with the policy of the 1995 Act that only in clear cases of deceptive similarity will the Registrar reject upon that ground”.⁵

⁴ Trade Marks Act 1995, Section 10

Examiners should therefore only raise a citation where the trade marks are deceptively similar or substantially identical, where there is a clear nexus of similarity between the goods or services claimed and there is as a result a real danger that deception or confusion will occur if the trade marks in question are used by the different proprietors in relation to those goods or services.

This ground for rejection may be able to be overcome in a number of ways, including:

- arguing the ground for rejection on a point of law,
- providing evidence of honest concurrent use showing the trade marks have been and can continue to co-exist in the marketplace,
- providing evidence of prior, continuous use to show that the later filed application has in reality been properly functioning as a trade mark prior to the effective filing date of the cited trade mark; or
- referring to persuasive “other circumstances” to support co-existence. These types of circumstances could include evidence of commercial relationship or a letter of consent from the owner of an earlier trade mark for the owner of the later trade mark to use the trade mark in relation to specified goods or services.

Well known trade marks

The existence of unregistered trade marks (whether well known or not), or well known trade marks which are registered for goods or services which are not similar to those of the trade mark under examination, will not give rise to this ground for rejection in examination. Australian trade mark law does not specifically incorporate a definition for well known marks nor do we have a register of well known marks.

Opposition provisions allowing for prior reputation on dissimilar goods or services are considered to provide protection - but not stronger, exclusive or ‘special’ protection - for well known marks. If, because of the prior reputation of the well known mark, use of the mark under opposition would be likely to deceive or cause confusion, registration of the later trade mark may be refused. Owners of well known marks can also take infringement or cancellation action on this basis before the prescribed courts.

In addition it is possible to obtain protection proactively for well known marks in Australia using the defensive trade mark system⁶. For a defensive trade mark to be registered, the applicant must already have a registration for the same trade mark (for goods or services which do not have to be similar). The registered trade mark must have been used to such an

⁵ *Registrar of Trade Marks v Woolworths* [1999] FCA 1020 (29 July 1999)

⁶ Trade Marks Act 1995, Part 17, Defensive trade marks

extent on the goods or services for which it is registered that consumers are likely to assume a connection between those goods or services and the goods or services of the defensive trade mark. There is no requirement that a defensive trade mark be used on the goods or services of the defensive registration and a defensive trade mark cannot be removed on the basis of non-use.

Grounds of opposition (Part 5)

Opposition to registration may be filed by any person (there is no requirement to be a person of standing). The only grounds on which an application may be opposed are those contained in the *Trade Marks Act & Regulations 1995*. This limits the scope of opposition.

Registration may be opposed on the same grounds as for rejection except for graphical representation grounds (which are dealt with at the examination stage) [s57].

Grounds of opposition over and above those available at the examination stage are:

- that the applicant is not the owner of the trade mark [s58]
- that the opponent has prior use of a similar trade mark [s58A]
- that the applicant does not intend to use the trade mark [s59]
- that use of the trade mark may confuse or deceive because of another trade mark with a reputation in Australia [*well known marks*] [s60]
- that the trade mark contains or consists of a false geographical indication [s61]
- improper amendment or acceptance on the basis of evidence or submissions false in material particulars [s62]
- that the application was made in bad faith [s62A]

Grounds for cancellation (Part 8)

Amendment or cancellation—loss of exclusive rights to use trade mark [s87]

Trade marks that have become generic [s24,s87]

If a trade mark contains or consists of a sign that indicates to persons in the relevant trade a product or service in general, rather than a product or service from one particular trade source, then it is considered to have become generic and loses its protection. If the trade mark consists of a sign which becomes generic after registration, the registered owner loses the exclusive right to use or authorise other persons to use the trade mark in relation to the article, substance or service (or those of the same description) for which it has become generic.

A trade mark relating to an article formerly manufactured under a patent [s25, s87]

If a trade mark contains or consists of a sign that describes a product or service that has been patented, and the product or service cannot be described in any other way then it loses its protection. For example, if a registered trade mark consists of a sign that describes or is the name of an article, substance or service which was patented, the registered owner loses the exclusive right to use or

authorise other persons to use the trade mark in relation to the article, substance or service (or those of the same description) which it describes. The exclusive rights of the registered owner, in either case, cease from the end of the period of two years after the date the patent expired or ceased.

Amendment or cancellation—other specified grounds [s88]

Applications can be made to prescribed courts to amend or cancel trade mark registrations. Such applications can be made:

- on any of the grounds on which registration could have been opposed;
- because an amendment of the application was obtained on the basis of fraud, false suggestion or misrepresentation;
- because of circumstances at the time the application for rectification is filed use of the trade mark is likely to deceive or cause confusion;
- because the entry in the Register was made or amended as the result of fraud, false suggestion or misrepresentation.