

Carnival Cruise Lines Inc v Sitmar Cruises Limited [1994] FCA 68

FEDERAL COURT OF AUSTRALIA

GUMMOW J

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This is an appeal pursuant to s. 51 of the *Trade Marks Act 1955* ("the Act") from the decision of a Delegate of the Registrar of Trade Marks given under s. 50 of the Act. The decision was given 2 October 1992 after a hearing on 6 March 1992. The Delegate dismissed the opposition by the present applicant ("Carnival") to 6 trade mark applications by the respondent ("Sitmar"). Carnival is incorporated in Panama but has its principal operations in Miami, Florida. Sitmar is incorporated in the United Kingdom and on 7 May 1985 was registered as a foreign company pursuant to the Companies (N.S.W.) Code. Since 1988 the ultimate holding company of Sitmar has been The Peninsular and Oriental Steam Navigation Company.

The trade mark applications all seek registration in Part B of the Register in respect of services.

The particulars of the applications by Sitmar are as follows:

Application Number	Application Date	Trade Mark	Services
B423111	1 March 1985	SITMAR'S FUNSHIP	Entertainment services provided in connection with the running and organization of ship cruises [being services in Class 41].
B423114	1 March 1985	FAIRSTAR THE FUNSHIP	Entertainment services in [Class 41] provided in connection with ship cruises.
B426422	7 May 1985	SITMAR'S FUNSHIP	Services relating to arranging ship cruises and transportation services provided in connection with ship cruises [being services in Class 39].
B426424	7 May 1985	FAIRSTAR THE FUNSHIP	Services relating to arranging ship cruises and ship transportation services [being services in Class 39].
B426541	8 May 1985	FUNSHIP	Services relating to arranging ship cruises and transportation services provided in connection with ship cruises (being services in Class 39).
B426542	8 May 1985	FUNSHIP	Entertainment services in (Class 41) provided in connection with ship cruises.

Advertisement of acceptance of the applications was made in late 1987 and the notice of opposition by Carnival was dated 31 March 1988. On 24 May 1991, application was made to amend the description of the services in each of the applications. Notification of the acceptance

of the amendments was received by Sitmar's patent attorneys on 7 June 1991. Applications Nos. B423111 and B423114 were amended so as to read:

"Entertainment in this class (Class 41) provided in connection with ship cruises, not being ship cruises originating from North American ports."

Applications Nos. B426422 and B426424 were amended so that the statement of services read:

"Services relating to arranging ship cruises not being cruises originating from North American ports and transportation services provided in connection with ship cruises not being ship cruises originating from North American ports."

Application No. B426541 was amended so as to describe the services as:

"Services relating to arranging ship cruises not being cruises originating from North American ports and transportation services provided in connection with ship cruises not being ship cruises originating from North American ports."

Finally, application No. B426542 was amended so that the description of services read:

"Entertainment in (Class 41) provided in connection with ship cruises, not being ship cruises originating from North American ports."

Put broadly, the significance of the amendments, for the present litigation, is that whilst Carnival operates from North American ports, Sitmar does not seek registration in respect of such activities. Such business activities as have taken place in Australia concerning cruises operated by Carnival have not involved cruises from Australian ports.

The notice of opposition put forward many grounds but the decision of the Delegate was concerned with but two of them. The delegate held that the opposition failed on both counts. First, the Delegate rejected the contention that Sitmar could not properly claim to be proprietor of the trade marks, within the meaning of s. 40 of the Act. He also held that the use of the marks by Sitmar would not be likely to deceive or cause confusion, within the meaning of para. 28 (a) of the Act, finding that Carnival "lacked the necessary reputation in its mark to displace the applicant's rights".

Neither before the Delegate nor before the Court was it contended that any of the trade marks should be denied registration in Part B on the footing that by reason of their descriptive character they were, within the meaning of the authorities dealing with ss. 25 and 26 of the Act, inherently incapable of becoming distinctive of the services of the applicant; cf Chancellor, Masters and Scholars of the *University of Oxford v Registrar of Trade Marks* (1990) 24 FCR 1 at 14. That the litigation took this course is not surprising when regard is had to the position that has been taken by Carnival. In the period 24 June 1985 - 17 November 1986 it lodged 10

applications for registration in Part A in respect of goods and services of the marks "Fun Ship", "Fun Ships", "The Fun Ship" and "The Fun Ships".

The effect of sub-s. 33 (3) of the Act is that in these circumstances the Registrar may defer acceptance of the applications by Carnival until the applications by Sitmar have been disposed of. Accordingly, the applications by Carnival are presently held in abeyance pending the determination of the present litigation.

Although it is, of course, in no way determinative of the present dispute, it may be noted that the present parties were earlier before this Court in *Sitmar Cruises Limited v Carnival Cruise Lines Inc.* (1986) ATPR Para. 40-728, a decision of Beaumont J. The evidence before his Honour was that Sitmar and Carnival operated cruise ships for tourists respectively in the Southern Pacific region and in the Caribbean; since 1974 Carnival had used the terms "Fun Ship" and "Fun Ships" in the promotion of its services, and since 1984 Sitmar had used the term "Funship" in its efforts to promote its Pacific cruises from Australian ports. Sitmar unsuccessfully sought injunctive relief to restrain Carnival from using the expression "Fun Ship" in relation to business activities in Australia. For its part Carnival sought injunctive relief to restrain Sitmar from using "Funship" in its Australian business. Each party relied on passing-off and contravention of ss. 52 and 53 of the *Trade Practices Act 1974*. Beaumont J dismissed the application and cross-claim. His Honour referred (at 47,950) to the difficulties confronting both parties "in their attempts to establish that merely descriptive words such as 'Funship' or 'Fun Ship' have become distinctive of Sitmar's or Carnival's services so that the public is likely to be misled if a similar slogan is adopted by a competitor".

PARAGRAPH 28 (A) OF THE ACT

I turn now to the issues arising in the present case, commencing with para. 28 (a) of the Act.

Both parties agreed that the applicable principles were set out in the well known passage from the judgment of Kitto J in *Southern Cross Refrigerating Co. v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 at 594-5. His Honour there said, omitting citations of authority:

- (i) In all applications for registration of a trade mark, the onus is on the applicant to satisfy the Registrar (or the court) that there is no reasonable probability of confusion.
- (ii) It is not necessary, in order to find that a trade mark offends against the section, to prove that there is an actual probability of deception leading to a passing-off. While a mere possibility of confusion is not enough - for there must be a real, tangible danger

of its occurring . . . - it is sufficient if the result of the user of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough if the ordinary person entertains a reasonable doubt. (iii) In considering the probability of deception, all the surrounding circumstances have to be taken into consideration. (This includes the circumstances in which the marks will be used, the circumstances in which the goods will be bought and sold, and the character of the probable purchasers of the goods. . . .) (iv) In applications for registration, the rights of the parties are to be determined as at the date of the application. (v) The onus must be discharged by the applicant in respect of all goods coming within the specification in the application . . . of the goods or class of goods in respect of which the registration is desired, and not only in respect of those goods on which he is proposing to use the mark immediately. And the onus is not discharged by proof only that a particular method of user will not give rise to confusion. The test is, what can the applicant do if he obtains registration?"

This passage in substance was adopted by the Full Court: 91 CLR at 607-608.

Kitto J was, of course, speaking of s. 114 of the Trade Marks Act 1905 ("the 1905 Act"). This statute provided for registration only in respect of goods, not also in respect of services and his Honour's remarks are to be understood in the context of the present legislation. The decision was further considered by Richardson J in the New Zealand Court of Appeal in *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* (1979) RPC 410 at 422-423. His Honour there pointed out that the persons whose states of mind are material may include not only prospective or potential purchasers of goods of the applicant, but others involved in such transactions. He also emphasised (at 424) that the object of provisions such as s. 28 was to protect the public interest in the purity of the register by denying registration of a mark the use of which was likely to deceive or cause confusion, and not the goodwill of any trader. The law places upon the applicant for a statutory monopoly a burden, for the protection of the public: *A. and F. Pears Ltd v Pearson Soap Co. Ltd* (1925) 37 CLR 340 at 348, per Isaacs J.

In respect of each of its trade mark applications, the onus is upon Sitmar to show, in respect of all services coming within the amended specification in the applications, that it will not be the case that the result of use will be that a number of persons will be caused to wonder whether it might not be the case that the services of Sitmar and Carnival come from the same source, and that ordinary persons, being prospective or potential purchasers of the Sitmar services and persons such as travel agents involved in these transactions, will not entertain a reasonable doubt. (I will return later to the role of travel agents.) In short, it is for Sitmar to satisfy the Court that there is no reasonable probability of confusion.

It is necessary now to turn to the evidence. Some of the material which was before the Delegate was tendered but there was also a considerable body of fresh evidence.

In 1974 Carnival commenced to operate cruises from Miami to the Caribbean area and to use the expression "Fun Ship" in relation to the services provided. Its operations have expanded to include, for example, cruises from the West Coast of the United States to Mexico. Carnival began cruise operations with one ship, the "Mardi Gras", and 2nd, 3rd and 4th ships were added to the fleet in 1975, 1977 and 1982 respectively. The 4th ship was the "Tropicale". Some 40,000 passengers were carried in 1974. The number increased year by year and by 1985 was 310,296. In that year the approximate gross revenues earned by the corporation from these activities were U.S.\$273m. The evidence indicates that Carnival is the largest cruise operator in the world. Throughout this period the corporation used the terms "Fun Ship" and "Fun Ships" as the theme of its advertising and promotion. It issued carefully and attractively prepared brochures with many colourful illustrations of the attractions of life aboard the Carnival ships. Comprehensive details were given of various travel "packages".

In late 1977 or early 1978 Bank Street Travel of Adelaide became the Australian agent for Carnival. It continued as such until 1980. On 1 July 1980 a Sydney agency, Coulter Tours, was appointed general sales agent, on a non-exclusive basis. Whilst it was the agent, Bank Street Travel received from Carnival approximately 100 copies of each of the issues of the brochures for 1977-1978 and 1979-1980. These were distributed to about 80 other travel agents in South Australia. Some of the remaining brochures were sent on request to travel agents in other States. In the first brochure there are some 8 references to "Fun Ship" or "Fun Ships", and in the other some 21 references. Despite some submissions to the contrary, these included, in my view, representations of these terms which were in the technical sense trade mark uses, as explained in authorities such as *Johnson and Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326. On the front page of the first brochure there appears in large type "Cruise the 'Fun Ships'" and on the front page of the second brochure "Cruise the 'Fun Ships' to the Caribbean". This pattern continued in subsequent brochures.

In 1980, 10 passengers booked from Australia on cruises operated by Carnival, and in the following 5 years the numbers were respectively 34, 28, 14, 69 and 25. In addition to Bank Street Travel and Coulter Tours, other travel agents were involved in the placing of these bookings. In September 1983, Bridge Travel (Australia) Pty Ltd (trading as "Cruise World")

became a general sales agent on a non-exclusive basis. I refer later in these reasons to the respective roles of the general sales agents and other travel agents.

The Carnival brochures for 1981, 1982, 1983, 1984 and 1985 also prominently featured the terms "Fun Ship" and "Fun Ships" in relation to the services provided by the corporation. 2,000 copies of the 1982 brochure were received by Coulter Tours, and 1 or 2 dozen were passed on by it to approximately 15 travel agents. These included substantial concerns such as Grace Bros Traveland, Thomas Cook, N.R.M.A. Travel, American Express Travel and the travel agencies of Westpac Bank, National Australia Bank, the A.N.Z. Bank and the Commonwealth Bank in Sydney. Early in September 1981, 5,000 copies of the 1982 brochure were received from Carnival by the agency Flight International in Sydney. The evidence does not disclose the manner of their subsequent distribution, but Flight International secured bookings for cruises for its clients in the period 1980-1983. In 1982 Coulter Tours used a promotional film which it had received from Carnival to promote Carnival cruises to travel agents.

By 1983 there were about 230 inquiries from prospective Australian passengers. Coulter Tours received and distributed in the manner described above 1,150 of the 1984 brochures. Cruise World received 1,200 copies of each of the 1984 and 1984/1985 brochures, and 1,500 of the 1985 brochures, and distributed them to about 300 travel agents throughout Australia. A number of these distributions were in response to specific requests from agents. In the period of 15 months commencing October 1984, Cruise World distributed to other travel agents in Australia about 600 "counter cards" which prominently featured the term "Fun Ship". Letters in evidence show that in 1984, Cruise World introduced a North American Fly/Cruise programme which included the Carnival 7 day cruises; this was supported by a television advertising campaign over 6 weeks on Channel 9 in Melbourne and Sydney. The advertisements were not in evidence but other evidence indicates there was an emphasis on Carnival cruises and their destinations. Cruise World received over 1,380 responses from the public.

In about November 1984 Cruise World received from Carnival a promotional film, which is in evidence. It runs about 15 minutes. The sound track commences with the statement: "This film begins at the end, at the end of a Fun Ship cruise aboard 'The Tropicale'". The term "Fun Ship" appears in the script of the final credits, and also several times in a song sung at two stages in the course of the film. Cruise World caused the film to be shown at a national sales seminar

attended by travel agents and at a seminar for airlines sales management. In the issue for November 12, 1984 of "Traveltrade", which circulates among travel agents, there appeared an article headed "Carnival adds Holiday to '85 cruise schedule". The body of the article stated that Carnival, which is represented by Cruise World in Australia, had introduced a new and 5th vessel, the "Holiday". The article displayed a photograph of the front cover of the current brochure for Carnival Cruise Lines. This showed the phrase "the Fun Ships".

The evidence includes affidavits by three female officers of Bankers Trust Australia Limited, who together booked through Cruise World a cruise on the "Tropicale" which left Los Angeles on 3 March 1985. They recall that the term "Fun Ships" was strongly associated with the services provided to them in the course of the cruise. Badges bearing the words "Fun Ships" were worn and distributed on board the ship, the cruise director often referred to "Fun Ships" when arranging activities, and special drinks at the bar were served in glasses with "Fun Ships" appearing on them. There were also coasters, brochures and napkins with "Fun Ships" written upon them.

I turn now to consider the evidence concerning the adoption by Sitmar of "Funship" and associated expressions.

The evidence discloses that beginning in October 1984 there was nationwide newspaper advertising in which the expression "Fairstar the Funship" was used in relation to cruises by the "Fairstar" from Sydney to South Pacific ports, which were conducted by Sitmar. The reader was urged to "call your travel agent". The newspapers in which the advertisements appeared included The Age, The Canberra Times, The News (Adelaide), The Sun (Sydney), The Daily Mirror (Sydney), The Tasmanian Mail, The Advertiser (Adelaide) and The West Australian. Initially the phrase "Fairstar the Funship" was not featured prominently. A change occurred in February 1985. The first advertisement in which the phrase was prominently displayed was that which appeared in the "Sunday Telegraph" and "Sun-Herald" for 24 February 1985. A brochure issued by Sitmar for cruises, the first of which commenced on 8 June 1985, used prominently on the second page the expression:

"Sitmar's Fairstar,
the Funship".

In the period October 1984 - May 1985, there was a large number of passengers carried on cruises operated by Sitmar from Australian ports. The evidence does not reveal any precise figure but an idea of the number may be gained from the total of 39,143 passengers carried throughout 1985.

It should be noted that a cruise on either species of "Fun Ship" required a significant outlay. In each case the fare structure was complex, but by way of example, on the "Tropicale" 7 day cruise from Los Angeles on 23 December 1984 the charge for the best accommodation was U.S.\$1,795, and on the 8 day cruise on the "Fairstar" leaving Sydney on 22 June 1985 it was A\$1,740. I accept that a prospective purchaser of services such as these would not be likely to be lacking in discernment and would not be in a hurry to make a commitment to purchase; cf *Cooper Engineering Co. Pty Ltd v Sigmund Pumps Ltd* (1952) 86 CLR 536 at 539. The evidence suggests that many persons considering a cruise consulted a travel agent for information and advice before making any final decision. Exhibit O comprises over 500 pages of business records of Carnival and Australian travel agents, many of which reflect attention by travel agents to the wishes and concerns of particular clients and prospective clients for Carnival cruises. General practices in the trade which affect sales and prospective sales are a relevant matter: *Sym Choon and Company Ltd v Gordon Choons Nuts Ltd* (1949) 80 CLR 65 at 72. There is some indication from the correspondence in Ex. O (p. 464) that Sitmar was directing its efforts to the lower end of the market for those taking cruises. But in considering an issue under para. 28 (a) one must take into account all legitimate uses to which Sitmar could properly put the marks even if it had not done so at the application dates: *Berlei Hestia Industries Ltd v Bali Company Inc* (1973) 129 CLR 353 at 355, 362.

Sitmar tendered 23 statutory declarations which had been before the Delegate. The declarations were made by travel agents or persons working in such agencies. The declarations were in the form of answers to a questionnaire typed in common form. Persons were asked whether they knew of the use in Australia of the Trade Marks "Sitmar's Funship", "Fairstar The Funship" and "Funship" in respect of services relating to arranging ship cruises and transportation and entertainment services provided in connexion with ship cruises. Those making the declarations answered in the affirmative and then answered with "P. and O. - Sitmar Cruises" or some variant thereof to the question of whether they knew of the name of the particular trader providing those services.

There are several difficulties with these declarations. First, as I have indicated, they were in response to questions in typed common form presented to the person involved. Secondly, the declarations were made in 1990 and 1991 and in response to the question how long the declarant had known of the use of the trade marks in connexion with the services in question, in a number of cases a period was identified which commenced after the relevant application dates. Further, in the case of 6 of the 23 declarations, periods of such length were identified that they significantly preceded the commencement of user by Sitmar in late 1984. At that time there could have been no recognition of two of the trade marks with which the declarations were concerned, "Sitmar's Funship" and "Fairstar The Funship". As to the third, "Funship" simpliciter, before late 1984 the use of the mark in material circulating amongst travel agents identified "Fun Ship" with Carnival.

None of the declarants was cross-examined, but counsel for Carnival submitted that there was at least a likelihood that there had been some "carry over" to Sitmar of a primary or anterior recognition among travel agents which associated "Fun Ship" with Carnival. There is some force in that submission but I do not place any great weight upon it. Nor, and this is perhaps more important, do I place any weight favourable to the case of Sitmar upon the submission that by the dates of the relevant applications by it in 1985, the activities of Sitmar had significantly supplanted the previously subsisting identification of "Fun Ship" with Carnival.

In any case, it would not be to the point, where the application of para. 28 (a) is in issue, that because of awareness of the activities of Sitmar since late 1984 there were some persons who at the relevant dates of application by Sitmar in 1985 would not have been confused because they associated "Funship" exclusively with Sitmar. The relevant question rather is whether there was a number of persons who would be caused to wonder whether it might not be the case that the "Funship" services offered by Sitmar came from the same source as those marketed for Carnival; see *Pioneer Hi-Bred Corn Co. v Hy-Line Chicks Pty Ltd* (1979) RPC 410 at 439. Further, as Richardson J earlier pointed out in the same case (at 423-424) phrases such as "a number of persons" indicate that (i) it is not always necessary that large numbers of people should probably be at risk of confusion, it being more a matter of significance of the numbers in relation to the market and (ii) to focus upon an issue of whether the opponent had established a reputation sufficient to support a business goodwill for a passing-off action, diverted attention from the real issue that arises under provisions such as para. 28 (a); his

Honour preferred more neutral terms such as "awareness", "cognizance" or "knowledge" of the mark of the opponent in the forum at the relevant date.

I have referred to the significant part played by the travel agents in the consideration by prospective purchasers and purchasers of services in the market for ship cruises. Whilst the evidence discloses that the number of persons from Australia who actually booked on Carnival Cruises in the period before the relevant application dates was not large, the evidence also indicates that there were substantial numbers of inquiries of travel agents. An example is the 50 calls a day received by Cruise World at the height of its campaign to promote its North American fly/cruise programme, which included the services provided by Carnival. The well prepared and attractively presented brochures of Carnival were distributed to Australian travel agents in significant numbers over several years. The impact of this material would be to associate firmly in the mind even of a relatively casual reader the term "Fun Ship" and related expressions with the services provided by Carnival. I take into account that the services which had been offered and provided were not for cruises from Australian ports, and were confined to cruises emanating from North America. I also take into account that the registrations sought by Sitmar are in respect of services provided in connexion with cruises originating from other than North American ports, although, as counsel for Carnival pointed out, this does not confine the desired registrations to Sitmar cruises from Australian ports.

As I have indicated, the evidence before me was more extensive than the material before the Delegate. With the assistance it now provides, I have reached a conclusion contrary to that of the Delegate that the evidence was insufficient to show that as at March or May 1985 what he called "the reputation" of Carnival was insufficient to found a successful opposition under para. 28 (a). I have referred to the care needed in using the term "reputation" in this field of discourse, and to the onus carried by Sitmar.

In my view, as at each of the application dates, 1 March and 7, 8 May 1985, Sitmar has not discharged the onus in respect of the services coming within the relevant specifications of showing that there was not a number of persons who, as a result of user of the marks, would be caused to wonder whether it might not be the case that the Sitmar services came from the same source as the Carnival services. That plainly is so in respect of the applications B426541 and B426542 which comprised "Funship".

Registration is also sought in respect of "Sitmar's Funship" and "Fairstar The Funship". Counsel for Sitmar submitted that in each case the dominant element of the mark was not "Funship"; it was "Sitmar's" or "Fairstar". I do not accept that submission. Looking at the marks as a whole the striking feature is the term "Funship" and what precedes it serves to identify a particular sub-class, namely the Funship of Sitmar or that Funship which is the "Fairstar"; cf *The Seven Up Company v Bubble Up Company Inc.* (1987) AIPC 90-433 at 37,813.

Nor does the formulation of principle in *Southern Cross*, supra at 595, do more than refer to the goods or services coming "from the same source". It is not a requirement that the source represented by the opponent, here Carnival, be known by name. It is enough that the purchaser or prospective purchaser of the services of the applicant will have the necessary awareness or identification of the trade mark with a source which in fact is the opponent; cf the phrase "whether with or without an indication of the identity of that person" in the definition of "trade mark" in sub-s. 6 (1) of the Act.

There is also force in the submission of counsel for Carnival that given a general awareness of licensing and other such commercial arrangements, the Court could not be satisfied that even those who identified "Funship" with Carnival by name would not be likely to attribute the use of it by Sitmar to some such arrangement.

Finally, these are not cases for the granting of registration, but subject to conditions involving, for example, restrictions of the mode of user; see Shanahan "Australian Law of Trade Marks and Passing Off", 2nd ed., pp. 213ff.

The decision of the delegate dismissing the oppositions should be set aside. In place thereof it should be ordered that the Registrar should refuse to register the trade marks.

PROPRIETORSHIP

It thus is strictly unnecessary to consider the further issue of "proprietaryship". However, in view of the detailed arguments which were directed on the point, I should give it some consideration.

Sub-section 40 (1) of the Act states:

"40 (1) A person who claims to be the proprietor of a trade mark may make application to the Registrar for the registration of that trade mark in Part A or Part B of the Register."

Section 41 provides for a report by an Examiner as to whether the application is as prescribed and "the trade mark is capable of registration under this Act". If the Registrar is satisfied "that there is no lawful ground of objection to an application" he shall accept the application (s. 44). After acceptance, a notice of opposition to registration may be lodged; if there is no opposition or if the opposition is unsuccessful, the Registrar is to register the trade mark (s. 53).

In *Moorgate Tobacco Company Ltd v Philip Morris Ltd (No. 1)* (1980) 145 CLR 457 at 477, Stephen, Mason, Aickin and Wilson JJ said:

"It has been accepted that when s. 40 (1) provides that a person 'who claims to be the proprietor of a trade mark' may make application for registration it expresses the notion of proprietorship of a mark before registration and that registration depends upon proprietorship (*Shell Co. of Australia Ltd v Rohm and Haas Co.* (1949) 78 CLR 601 at 629; *The Kendall Co. v Mulsyn Paint and Chemicals* (1963) 109 CLR 300 at 304). It is also settled that proprietorship for the purposes of s. 40 (1) is demonstrated by prior public user of a distinctive mark or authorship and the making of an application for registration (*Shell* at 627-629, *Aston v Harlee Manufacturing Co.* (1960) 103 CLR 391 at 399-401)."

Their Honours also pointed out (at 478) that the terms of sub-s. 40 (1) mean that "the statutory proprietor is the person who is entitled to get on the register if the requirements of the statute e.g. s. 28 are otherwise fulfilled". Carnival submits that by reason of the prior public user by Carnival, Sitmar cannot be the statutory proprietor of the marks for which it seeks registration.

Later, in *Moorgate Tobacco Company Ltd v Philip Morris Ltd (No. 2)* (1984) 156 CLR 414 at 432-434, Deane J, who delivered a judgment with which the other members of the court agreed, said:

"The prior use of a trade mark which may suffice, at least if combined with local authorship, to establish that a person has acquired in Australia the statutory status of 'proprietor' of the mark, is public use in Australia of the mark as a trade mark, that is to say, a use of the mark in relation to goods for the purpose of indicating or so as to indicate a connexion in the course of trade between the goods with respect to which the mark is used and that person: see, generally, *Shell Co. of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 at 423-424; *Re Registered Trade Mark 'Yanx'*; *Ex parte Amalgamated Tobacco Corporation Ltd* (1951) 82 CLR 199 at 204-5; and the definition of 'trade mark' in s. 6 (1) of the Trade Marks Act. The requisite use of the mark need not be sufficient to establish a local reputation and there is authority to support the proposition that evidence of but slight use in Australia will suffice to protect a person who is the owner and user overseas of a mark which another is seeking to appropriate by registration under the Trade Marks Act.

The Court was referred to a large number of cases and some administrative decisions in which consideration has been given to what constitutes a use or user of a trade mark for the purposes of the statutory notion of proprietorship of the mark before registration. The cases establish that it is not necessary that there be an actual dealing in goods bearing the trade mark before there can be a local use of the mark as a trade mark. It may suffice that imported goods which have not actually reached Australia have been offered for sale in Australia under the mark (*Re Registered Trade Mark 'Yanx'; Ex parte Amalgamated Tobacco Corporation Ltd* (1951) 82 CLR at 204-205) or that the mark has been used in an advertisement of the goods in the course of trade: *Shell Co. of Australia v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR at 422. In such cases, however, it is possible to identify an actual trade or offer to trade in the goods bearing the mark or an existing intention to offer or supply goods bearing the mark in trade. In the present case, there was not, at any relevant time, any actual trade or offer to trade in goods bearing the mark in Australia or any existing intention to offer or supply such goods in trade. There was no local use of the mark as a trade mark at all; there were merely preliminary discussions and negotiations about whether the mark would be so used."

Some of the decisions to which the High Court refers in these passages were decided under the 1905 Act. Sub-section 32 (1) of that statute had stated:

"32. (1) Any person, claiming to be the proprietor of a trade mark, may make application to the Registrar for the registration of his trade mark."

This in turn followed sub-s. 62 (1) of the Patents, Designs, and Trade Marks Act 1883 (U.K.). Sub-section 62 (1) read:

"62 (1) The comptroller may, on application by or on behalf of any person claiming to be the proprietor of a trade mark, register the trade mark."

The phrase "claiming to be the proprietor" had not appeared in the comparable provisions of the first of the modern British statutes, the Trade Marks Registration Acts 1875-1877 (U.K.). After the passage of the 1875 legislation, there had been doubts as to whether the legislation did no more than provide for the registration of marks already distinctive by reason of use and, as such, protected at common law, or whether it enabled a person who had coined a trade mark to obtain registration and treat that registration as equivalent to prior public use; see, for example, *Edwards v Dennis* (1885) 30 Ch. D. 454 at 473, 479. The doubt was resolved in favour of the wider construction of the 1875 legislation by *In re Hudson's Trade-Marks* (1886) 32 Ch D 311 at 319-320, 325-326. In the meantime, s. 62 of the 1883 statute had come into force. The introduction of the phrase "claiming to be the proprietor" was treated in the 3rd edition of Sebastian's "The Law of Trade Marks", 1890, p. 361, as having clarified the situation. The learned author said that "By 'claiming to be the proprietor' nothing more is meant than 'claiming to be the first to adopt', whether there has been any user or not". He added that "Since

by s. 77 a trade mark cannot be protected until either it has been registered or registration has been refused, it hardly seems that there can be any effective proprietorship until registration has been granted . . .".

However, in the course of giving the broader interpretation to the 1875 Act, Cotton LJ in *In re Hudson's Trade Marks*, supra at 320, had said a person who had first designed and first printed or formed a trade mark was to be considered as the proprietor of it:

"(A)nd if there is no one else who has used it, or who can be interfered with by the registration and subsequent assertion of title to the mark, then he is to be considered as entitled within the meaning of the Act to the exclusive use of that which in fact has never been in any way used, but which has only been designed by him, and which he can be treated as the person entitled to register, if no one else had so used it as that his user would be interfered with by the registration."

That decision was cited by Mr Starke, the successful counsel in *In re Hicks's Trade Mark* (1897) 22 VLR 636 at 637-638. That was a case involving the operation of the Trade Marks Act 1890 (Vic.). This statute resembled the 1875 British legislation, which used the term "proprietor" but not the expression "claiming to be the proprietor". However, in the course of argument before the Full Court, Holroyd J said:

"A person cannot be properly registered unless he is the proprietor. Proprietor is the person who at the moment he makes application to be registered is entitled to the exclusive use of the name, whether he then or before publicly adopted it. A man cannot be said to have adopted a name if someone else has done so before him. Section 19 merely says that the act of applying is to be deemed equivalent to public user. No one could otherwise be entitled to registration as proprietor unless he had publicly used the trade name before. The section does not affect the fact that another person used the name first. The difficulty here is that although Hicks may have by virtue of his application publicly used the name, someone else publicly used it before him."

Stating that it did so for the reasons given in the course of argument, the Full Court ordered expungement of the registration in question. It may be observed that the 1890 statute did not contain provisions dealing separately and clearly with distinct grounds of opposition and revocation, such as those now found in ss. 26, 28, 29, 30, 33, 56, 60 and 61 of the Act in relation to registrations in Part A and Part B.

Nevertheless, it was from these somewhat uncertain roots that the present doctrine has been developed and expounded in the series of decisions of the High Court upon the 1905 Act and the present statute. In *The Shell Company of Australia Limited v Rohm and Haas Company*, supra at 626-629, Dixon J, in construing the 1905 Act relied explicitly upon what had been said by Cotton LJ in *Hudson* and by Holroyd J in *Hicks* set out above. Earlier, Starke J, as he had

become, relied upon Hicks in support of the expungement of a mark used in Australia by the applicant for expungement, an American company, before the application date of the registration in question by a local trader: *Blackadder v Good Roads Machinery Company Inc.* (1926) 38 CLR 332 at 337.

As the cases have developed, the ground of lack of proprietorship may be made out against an applicant or a registered proprietor by an opponent whose prior use in Australia has not been sufficient to support a case of deceptiveness under para. 28 (a) or a case that the registration was effected by fraud, arising from breach of confidence or of contract or other arrangement between the parties, which would render the use of the mark contrary to law (see para. 28 (b)).

However, in response to the reliance upon these authorities by Carnival in the present case, Sitmar points to three matters. First, it is said the user relied upon by Carnival was not use in a course of trade which involved the provision of services within Australia. Secondly, it is said that the trade marks "Sitmar's Funship" and "Fairstar The Funship" are not relevantly the trade marks in respect of which Carnival is entitled to claim proprietorship, it not being sufficient that the marks include within them the term "Funship". Thirdly, reliance is placed upon the circumstance that the description of the services for which registration is sought is not identical with the services which were supplied by Carnival; in particular Sitmar does not seek registration in respect of cruises originating from North American ports. The submission is that these three factors take the present controversy outside the existing principles concerned with "proprietorship" for the purposes of s. 40 of the Act.

THE LIMITS OF PROPRIETORSHIP

I turn to the first point. It is necessary to begin with sub-s. 6 (1) of the Act. There "trade mark" is defined as follows:

"Trade mark' means:

(a) except in relation to Part XI (which deals with certification marks), a mark used or proposed to be used in relation to goods or services for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the goods or services and a person who has the right, either as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person; and

(b) in relation to Part XI, a mark registrable, or registered, in Part C of the Register."

In essence, much of the argument before me involved the proposition that the phrase "a connexion in the course of trade . . ." in this definition identified only a course of trade which

began and ended in Australia. Thus, it was said that there had been no use by Carnival of its mark in relation to services for the purpose of indicating or so as to indicate a connexion in the course of trade between the services and Carnival. This was because whilst services may have been procured by means of contracts negotiated, concluded and paid for as a result of steps taken in Australia, the services in question were supplied and, in terms of the contractual arrangements, could only have been supplied by the provision of sea cruises outside Australia.

In considering that submission it is as well to remember the statement of Windeyer J in *Estex Clothing Manufacturers Pty Ltd v Ellis and Goldstein Ltd* (1967) 116 CLR 254 at 267:

"The concepts upon which the case turns are economic, commercial, business concepts concerning the marking and marketing of goods, rather than the provisions of the Sale of Goods Act concerning the passing of property."

This, like many of the other authorities, was concerned with user in relation to goods, rather than services. In adapting what was said by Windeyer J to user of a service mark, it has to be remembered that whilst the same may be true of contracts for supply of future or unascertained goods, a service will not exist before its supply. Thus, the use of a trade mark in relation to services may readily be understood as a use in and about the soliciting and conclusion of contracts for the supply thereafter of services.

A number of the decided cases are concerned with territorial limits in the reach of trade mark law where what is at issue is proprietorship, alleged non-use (s. 23), or infringement (ss. 58, 62). It has been accepted that in the case of provisions of this nature the use, which goes to constitute proprietorship, which preserves the registration or which amounts to an infringement, must occur within Australia; see *Rothman's Ltd v W.D. and H.O. Wills (Australia) Ltd* (1955) 92 CLR 131 at 137, *Hella-Australia Pty Ltd v Quinton Hazell (Aust.) Pty Ltd* (1967) 10 FLR 86, *Moorgate Tobacco Co. (No. 2)* supra. But that is not to say that the whole of the course of trade, with which there is a connexion in Australia between the goods or services and the proprietor of a registered user, must be confined to Australia.

In *Rothman's* it was held by Fullagar J and by the Full Court (94 CLR 182) that there was no use for the purposes of s. 72 of the 1905 Act (the forerunner of s. 23) because there is no use at all in Australia by anybody; the whole trading in the cigarettes had taken place in the United States and when the goods left the United States they were no longer in the course of trade, the goods having been consigned to the consumer and being at the risk of the consumer.

On the other hand, in *Re the Registered Trade Mark "Yanx"; Ex parte Amalgamated Tobacco Corporation Limited* (1951) 82 CLR 199, a proprietorship case, it was held that there was a sufficient use in Australia by the offering of goods for sale in Australia under the mark, even though the goods in question had not then reached the country. The user at that stage was sufficient to give rise to a claim to proprietorship which preceded that of the intervening applicant for registration whose mark was now expunged. In that case, of course, the course of trade in the goods involved their importation. Again, in *Estex supra* it was held that there was, for the purpose of s. 23, use by an overseas manufacturer, the registered proprietor, when it projected goods bearing its mark into the course of trade in Australia by means of sales to Australian retailers, whether or not the property in the goods was passed on shipment from the United Kingdom or upon or after arrival in this country. See also *Re Trade Mark "Thunderbird"* (1974) 131 CLR 592 at 601. In these cases, unlike the situation in *Rothman's*, the course of trade had not ended outside Australia.

I should add that before it was amended by the *Trade Marks Act 1948*, s. 4 of the 1905 Act defined "trade mark" in terms which did not use the expression "a connexion in the course of trade". "Trade mark" was defined as meaning:

"(A) mark used or proposed to be used upon or in connexion with goods, for the purpose of indicating that they are the goods of the proprietor of the trade mark by virtue of manufacture, selection, certification, dealing with, or offering for sale."

That definition was inserted by s. 3 of the *Trade Marks Act 1912*. Its effect was to list specifically those forms of connexion which were to be regarded as allowing a trade mark use; the present definition was intended to be less restrictive (see *Shanahan supra*, p. 22). The definition introduced in 1912 had followed the text of that in the *Trade Marks Act 1905* (U.K.).

Under that definition it was held that the application in the forum of a mark to goods to be exported amounted to user in the forum: *New Atlas Rubber Company Limited's Trade mark* (1918) 35 RPC 269, *In the matter of an application by Evans Sons Lescher and Webb Ltd for the registration of a Trade Mark* (1934) 51 RPC 423. It also was held that importation into the United Kingdom for retail sale involved a trade mark use by the foreign manufacturer: *Itala Fabbrica di Automobili's Application* (1910) 27 RPC 493. See generally, as to the 1905 definition, Sebastian "The Law of Trade Mark Registration", 2nd ed., 1922, p. 46. See also *James Minifie and Co. v Edwin Davey and Sons* (1933) 49 CLR 349.

In argument, I was referred to *In re Neuchatel Asphalte Company's Trade Mark* (1913) 2 Ch 291. However, that case is authority for no more than the proposition that to fall within the definition in s. 3 of the 1905 British statute (and thus that introduced in Australia in 1912) a mark must be one which is used or presently proposed to be used in connexion with goods of the owner of the mark which are dealt with in the United Kingdom. The court (at 301) rejected the argument that it was sufficient if the mark was used in connexion with goods in foreign countries as "an international trade mark" so that it did not matter that the relevant goods when they reached the United Kingdom were sold by another party under another mark.

Thus the earlier definition was interpreted as embracing use in the course of trade which originated in the forum even though it involved export for further dealings elsewhere before the course of trade terminated. It would be odd if the definition inserted in 1948, by use of the broad term "in the course of trade", was designed to achieve a more limited result. As it happens, in sub-s. 117 (1) of the Act, it is now provided:

"117 (1) The application in Australia of a trade mark to goods to be exported from Australia and any other act done in Australia in relation to goods to be so exported which, if done in relation to goods to be sold or otherwise traded in within Australia, would constitute use of a trade mark in Australia, shall, for the purposes of this Act, be deemed to constitute use of the trade mark in relation to those goods."

A similar provision had been included in s. 31 of the Trade Marks Act 1938 (U.K.) and this has been said to have been inserted to affirm the position that had been established under the 1905 Act: "Kerly's Law of Trade Marks and Trade Names", 12th ed., p. 9. A similar provision in respect of service marks was made in England by the Trade Marks (Amendment) Act 1984 (U.K.).

It is appropriate now to consider more closely the nature of the arrangements pursuant to which bookings were made from Australia for Carnival cruises. Both Coulter Tours and Cruise World were appointed by Carnival as a general sales agent "on a non-exclusive basis". These firms were obliged to accept reservations from travel agents and to pass them on to Carnival on an "on request" basis. Final payment was to be received by Carnival in Miami 30 days before the departure date of the cruise in question. The gross commission of 20% received from Carnival by Coulter Tours or Cruise World was the only remuneration paid by Carnival; commissions to the local travel agents who dealt with the general sales agent were to be paid by the general sales agent out of that 20% commission. The local agent would contact the general agent

seeking a particular booking for clients. The general agent would then forward the request to Carnival. The result would then be communicated by the general agent to the local agent, giving particulars of payment requirements and stating to the local agent that the reservation had been accepted. Carnival billed the general agent which in turn billed the local agent. The effect of the procedures was that the general agent brought about a contract made by it on behalf of its principal, Carnival, with the local agent on behalf of the passengers. The evidence indicates that in many cases, in the interval between the initial inquiry and the conclusion of the contract, there might be a number of communications on such matters as the location of available cabins.

Thus, whilst the course of trade involved the provision of the services contracted for by steps taken outside Australia (i.e. the cruise itself) crucial integers in that course of trade took place in Australia. The trade commenced with the various steps taken to encourage inquiries from prospective customers and advanced with the placing and acceptance of bookings. In relation to that course of trade, the marks "Fun Ship" and "Fun Ships" were used so as to indicate the connexion between Carnival and the services to be provided by means of its cruises, and to distinguish Carnival Cruises from those operated by other traders: *Mark Foy's Limited v Davies Coop and Co. Ltd* (1956) 95 CLR 190 at 205. Accordingly, in my view, before the dates of the relevant applications by Sitmar, there had been public use in Australia of "Fun Ship" and "Fun Ships" as trade marks so as to confer upon Carnival the statutory status of "proprietor" of those trade marks, within the sense of the High Court authorities to which I have referred. Thus, I would not accept the first of the three submissions by Sitmar on the proprietorship issue.

The other two submissions direct attention to the circumstances that there is a lack of precise identity between the marks for which Sitmar seeks registration and those in respect of which Carnival is the statutory proprietor, and to the lack of identity in the description of "services".

In many of the "proprietorship" cases the bone of contention between the parties has been the same mark. This was so in *Hicks*, ("Empress"), *Blackadder* ("Winner"), *Yanx*, *Thunderbird* and *Aston v Harlee Manufacturing Co. supra*, ("Tastee Freez"). There is some suggestion in *The Seven Up Company v O.T. Limited* (1957) 75 CLR 203 at 207, 215, 216-217, that if "7 Up" had been used in Australia it would not have been open for the other party to claim statutory proprietorship of "8 Up"; but there is a suggestion also that this would have been on the further footing of "clear piracy" or fraud.

Will substantial identity suffice? Or may questions of deceptive similarity be considered? Or is visual identity essential? This might be a practical criterion with word marks, but even then, is "Fun Ship" to be differently regarded to "Funship"? The position would be even more difficult with device marks.

Counsel for Carnival emphasised that in *The Shell Company of Australia Limited v Rohm and Haas Company* (1949) 78 CLR 601, the principle was applied in support of the expungement of the registration of "Ditrene" so that it no longer stood to block the application to register "Dithane". This application in fact had been lodged earlier than the application which had matured into the registration of "Ditrene". Neither mark had been used as a trade mark in Australia before its application date. The case was, of course, decided under the 1905 Act. That statute did not contain provision in the form of s. 33 of the present statute. This is designed to provide a procedure to resolve conflict between applications. Section 33 would, it seems, have prevented the registration of the second application ahead of the first application if the two marks were substantially identical or deceptively similar; see para. 68 of the Report of the Dean Committee, presented to the Attorney-General, 21 October 1954. It was conceded by both parties before the High Court that "Dithane" and "Ditrene" so resembled each other as to be calculated to deceive and cause confusion within the meaning of s. 114 of the 1905 Act, the forerunner of s. 28. Section 25 of the 1905 Act was an abbreviated and limited forerunner of s. 33. It dealt with conflict between a registered mark and a mark for which registration was sought, but did not, as does the present s. 33, also deal with conflict between two marks each unregistered but the subject of an application. Section 27 of the 1905 Act provided that where each of several persons claimed to be the proprietor of the same mark "or of nearly identical trade marks" in respect of the same goods or the same description of goods and to be registered as proprietor, the Registrar might refuse to register any of them until their rights had been determined by the court or settled by agreement. But, as Dixon J pointed out (at 629), in such a case the court could determine only legal rights.

In *The Shell Company of Australia Limited v Rohm and Haas Company*, Dixon J (629) approached the matter as follows:

"The marks 'Dithane' and 'Ditrene' cannot, by concession, both be placed or remain upon the Register in respect of the same description of goods. Sections 114 and 25 combine to insure that marks deceptively similar shall not both be on the Register in respect of the same description of goods. It follows in my opinion that the question in the present case is whether at the time the appellants made their application to register 'Ditrene' the respondents possessed a better title to the

proprietorship of 'Dithane' and a better right to be registered as proprietors of that mark. A contrary view of such a case as the present makes the rights of the parties depend entirely on the accidental circumstance of the expedition with which actual registration can be or is in fact obtained. If a better right to the registration of 'Dithane' existed in the respondent, then it appears to me to be clear, on the assumption of course that both marks should not be on the register, that the registration of the appellants as proprietors of 'Ditrene' was wrongly made and the entry ought to be expunged. To the question whether the respondents' title to the proprietorship of 'Dithane' and their right to register it as their mark is superior to the appellants' claim to use and register the conflicting mark 'Ditrine', I give an affirmative answer. . . . (W)hat is of importance is that the word 'Dithane' had been long since designed or adopted by the respondents Rohm and Haas Co., that they had formed a definite intention of using it in Australia upon or in connexion with their goods and had applied for the mark before the appellants lodged their application for 'Ditrene'. These facts give a prima-facie right to the respondents to register 'Dithane' which the application of the appellants to register 'Ditrene' could not defeat or displace. . . ."

When the decision is understood in this way, it does not supply any general authority for the proposition that in the case of disputed claims to proprietorship under the present statute anything less than substantial identity between the two marks will suffice. The phrase "substantially identical" as it appears in s. 62 (which is concerned with infringement) was discussed by Windeyer J in *The Shell Company of Australia Limited v Esso Standard Oil (Australia) Limited* (1963) 109 CLR 407 at 414. It requires a total impression of similarity to emerge from a comparison between the two marks. In a real sense a claim to proprietorship of the one extends to the other. But to go beyond this is, in my view, not possible. There is, as Mr Shanahan points out in his work, p. 158, real difficulty in assessing the broader notion of deceptive similarity in the absence of some notional user in Australia of the prior mark (something postulated by s. 33) or prior public recognition built up by user (para. 28 (a)).

In the present case there would, in my view, be no material distinction to be drawn between "Fun Ship" and "Funship" or between the addition of the definite article or the use of the plural. However, "Fun Ship" is for this purpose a substantially different trade mark to "Sitmar's Funship" and "Fairstar The Funship".

This would mean that were the case purely to rest on the claim to proprietorship, the opposition would not succeed in respect of applications Nos. B423111, B423114, B426422 and B426424. The fate of those 4 of the 6 applications thus would depend purely upon the operation of s. [28](#).

There remains the final objection on the proprietorship issue, namely that concerned with the lack of identity between the description of the services for which Sitmar seeks registration and those which have been provided by Carnival. It will be recalled that Sitmar excludes from the description ship cruises originating from North American ports.

In *Hicks supra* the Full Court (22 VLR at 640) spoke of the earlier use of "the same word in application to the same kind of thing", in that case stoves. In the present case, the evidence does not suggest that there is any particular difference in the character or quality of the services provided by cruises which originate from North American ports and those originating from other ports, save for the geographical location from which the provision of the services commences. Had the case turned on this point I would not have held that the difference in the description of the services was such as to disqualify Carnival from any other success it would otherwise have had in its opposition based on its claim to proprietorship.

CONCLUSION

The decision of the Delegate of the Registrar of Trade Marks given 2 October 1992, whereby the opposition by Carnival Cruise Lines Inc. to the trade mark applications Nos. B423111, B423114, B426422, B426424, B426541 and B426542 by Sitmar Cruises Limited, were dismissed, should be reversed; see para. 115A (d) of the *Act*. In place thereof it should be ordered that registration of the trade marks the subject of those applications be refused. The respondent will pay the costs of the applicant of the proceeding in this Court. The exhibits may be returned.