

*DC Comics v Cheqout Pty Ltd* [2013] FCA 478

FEDERAL COURT OF AUSTRALIA

BENNETT J

**BENNETT J:**

1 DC Comics appeals against the decision of a delegate of the Registrar of Trade Marks (the **Registrar**) to register the trade mark “superman workout” (the **Trade Mark**) over DC Comics’ opposition (*DC Comics v Cheqout Pty Ltd* [2012] ATMO 64). The application to register this mark was lodged by Cheqout Pty Limited (**Cheqout**) on 2 June 2009 (the **Priority Date**), in respect of the Class 41 services of “conducting exercise classes; fitness and exercise clinics, clubs and salons; health club services (exercise)” (the **Services**).

2 The issue is reasonably narrow but not easily answered. It is whether the registration of the Trade Mark should be rejected pursuant to ss 43, 60 and/or 62A of the *Trade Marks Act 1995* (Cth) (the **Act**).

**THE GROUNDS OF OPPOSITION**

3 In the proceedings before the Registrar, DC Comics pursued grounds of opposition based on ss 43, 44, 60 and 62A of the Act. It presently presses only those grounds based on ss 43, 60 and 62A.

4 Section 43 provides:

*An application for the registration of a trade mark in respect of particular goods or services must be rejected if, because of some connotation that the trade mark or a sign contained in the trade mark has, the use of the trade mark in relation to those goods or services would be likely to deceive or cause confusion.*

5 Section 60 provides:

*The registration of a trade mark in respect of particular goods or services may be opposed on the ground that:*

(a) *another trade mark had, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, had acquired a reputation in Australia; and*

(b) *because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.*

6 Section 62A provides:

*The registration of a trade mark may be opposed on the ground that the application was made in bad faith.*

7 DC Comics accepts that if it fails on the s 60 ground, it would also fail on the ground based on s 43. Accordingly, it is unnecessary separately to consider this latter provision.

8 The parties have provided agreed relevant facts, which are Annexure A to these reasons (the **Agreed Facts**).

9 DC Comics does not assert that “superman” is a word invented by it. It accepts that the word, in English, derives from “Übermensch” as discussed by Friedrich Nietzsche. However, it says that the word “superman” and the expression “super man” have come to be associated with the character invented by Jerry Siegel and Joe Shuster in 1938 and well publicised since then (**Superman**). This is the Superman referred to in the Agreed Facts. As an aside, it seems that this character developed from an earlier and different character created by the creators of the Superman character at issue here. That character was a villain and not a hero, and appeared in a short story, *The Reign of Superman*, rather than a comic strip.

10 DC Comics says that this association exists and existed at the Priority Date, whether or not the word is used in connection with the stylised form of the word and/or the Superman logo and/or the figure of Superman as depicted in the relevant DC Comics trade marks (Agreed Facts at [22]). It is sufficient for DC Comics’ purposes in regards to s 60 (and therefore s 43) to submit, as it does, that the use of its unregistered word trade mark “superman” (the **Superman word mark**) in association with health and fitness services is sufficient to import that association in the minds of sufficient members of Australian society, as at the Priority Date. It says that given the suitability of the “Superman” brand for the licensing of goods and services in the health and fitness sector, the use of the brand in this sector represents a proper “stretch” and “fit” of its trade mark and, accordingly, that this association would be made by consumers.

11 The Registrar does not dispute that the consumer would see the word “superman” in the Trade Mark and associate it with Superman. However, he says, in essence, that there would be no confusion for at least the following reasons:

- DC Comics concedes that while licensed use of the Superman marks covers a diverse range of products and services, DC Comics has not itself ever conducted exercise classes, operated fitness clinics or health clubs, or licensed or planned to license others to do so.
- The consumer seeing Cheqout’s Trade Mark used in conjunction with the Services would perhaps think of Superman, but would reject any association with him.
- For that reason, substantial numbers of the Australian public would not be caused to wonder whether the Services for which registration is being sought enjoyed DC Comics’ licence, sponsorship or approval or otherwise enjoyed some connection with DC Comics.

#### **APPEAL FROM THE DECISION OF THE REGISTRAR**

12 The proceeding is brought pursuant to s 56 of the Act. The Registrar contends that his decision should be given “great weight” and that his opinion is that of an expert in regard to trade mark use, particularly with respect to questions of confusion or deception. Although referred to as an appeal in s 56, it has been accepted that in proceedings of this kind:

*... the Court exercises its original jurisdiction and conducts a hearing de novo. The Court is required to determine the same question that was before the Registrar – whether any ground on which the application for registration was opposed has been established – and, in answering this question, the Court must apply the same legal criteria that the Registrar was required to adopt under the Act. The Court must make its decision having regard to the evidence before it. The Registrar’s decision is not presumed correct, but the Court is entitled to have regard to the Registrar’s opinion as that of a skilled and experienced person in the field of trade mark registration ... [Sports Warehouse Inc v Fry Consulting Pty Ltd (2010) 186 FCR 519 at [24] per Kenny J].*

13 It is accepted that DC Comics, as the opponent to the registration of the trade mark, bears the onus of establishing a ground of opposition on the ordinary balance of probabilities (*Allergan Inc v Di Giacomo* (2011) 199 FCR 126 at [11]–[12] per Stone J).

14 Cheqout has indicated that it does not wish to participate in these proceedings. Accordingly, the Registrar appears under s 196 of the Act, to ensure that the Court is not left without a

contradictor. The Registrar has a right to appear and be heard in an appeal from his decision, and should be allowed more latitude where a party does not appear or does not argue the case before the Court (*Merck & Co Inc v Sankyo Co Ltd* (1992) 23 IPR 415 at 417-418 per Lockhart J; *Commissioner of Patents v Sherman* (2008) 172 FCR 394 at [23] per Heerey, Kenny and Middleton JJ).

## THE DECISION OF THE REGISTRAR

15 Before the Registrar, DC Comics relied on the Superman word mark in regard to the s 60 ground of opposition. It relies on the same unregistered mark in these proceedings.

16 The Registrar concluded (at [39]), and it is not presently in dispute, that:

*... the Superman character would be very familiar to most people in [Australia] and that [DC Comics'] various promotional and merchandising activities ... would have garnered a significant reputation in Australia for the name Superman as a trade mark for relevant merchandise and entertainment services as at the Priority Date.*

17 He noted that under s 60, it is the actual past use enjoyed by the mark on which the opponent to the registration relies that must be considered, not any abstract concept of notional use.

### The actual use of “Superman” in Australia

18 The evidence indicated to the Registrar that the reputation of the Superman word mark is closely linked to the Superman character and to the indicia with which the character is associated. These indicia include the character’s strength, powers and the clothing that he wears, as well as the Superman Shield Device (**the S Shield Device**) (as depicted below at [70]). He observed (at [43]) that the Superman word mark has in the past ‘*almost invariably been used in close association with ... other indicia*’ and was ‘*almost invariably*’ rendered in the stylised form in which it exists in the registered Superman trade mark (Agreed Facts at [22]). He noted (at [42]) that the Superman word mark is ‘*intrinsically connected*’ to the S Shield Device that is also the subject of trade mark registration (Agreed Facts at [23]).

19 The Registrar also accepted that Superman is one of the most recognised superhero characters in the world and that the character has been used in promotional and merchandising activities covering a diverse range of products and services, including in Australia. However, he noted (at [65]) DC Comics’ concession that there is no evidence that DC Comics has ever itself, with

respect to the Superman character, conducted exercise classes, operated fitness clinics or health clubs, or licensed or had plans to license others to do so.

### **Notional use of the Trade Mark**

20 The question was, the Registrar said, the notional use that Cheqout might make of the trade mark if registration were obtained and whether that use would give rise to a real danger of confusion (*Registrar of Trade Marks v Woolworths Limited* (1999) 93 FCR 365 at [50] per French J (***Woolworths***); *Berlei Hestia Industries Ltd v The Bali Company Inc* (1973) 129 CLR 353 at 362 per Mason J).

21 Such notional use is to be assumed to be the use of the mark by the applicant in a ‘*normal and fair manner*’ in relation to the services for which it is registered, and not use that would give rise to an action in passing off (*Smith Hayden & Co Ltd’s Application* (1946) 63 RPC 97 at 101 per Evershed J; *Sym Choon & Co Ltd v Gordon Choons Nuts Ltd* (1949) 80 CLR 65).

22 It is an agreed fact that Cheqout used a shield device featuring the initials “BG” (the **BG Shield Device**) (as depicted below at [70]) in relation to its personal training and film and entertainment services and in titles to video clips appearing on its website. However, given the above authorities regarding notional use, the Registrar (at [46]) disregarded the presence of the BG Shield Device and considered only the use of the plain words “superman workout”.

### **Consideration by the Registrar**

23 The Registrar considered (at [47]) the question before him to be whether:

... [i]n light of the reputation of [DC Comics’ Superman word mark] as at the Priority Date, use of the plain words “superman workout” as a trade mark in relation to ‘Conducting exercise classes; fitness and exercise clinics, clubs and salons; health club services (exercise)’ would be likely to deceive or cause confusion.

24 The Registrar noted (at [48]) that the word “superman” has a meaning in English that pre-dates the creation of the Superman character and that the proposed use of the Trade Mark was in combination with “workout”, alluding to the Services for which it was sought to be registered.

25 He further accepted (at [61]) evidence before him that the word “superman” might be seen as ‘*somewhat descriptive*’ of the Services, both because of “superman’s” primary dictionary

meaning (referring to a man of ‘*more than human powers*’) and the public’s familiarity with the Superman character.

26 The Registrar also considered (at [52]–[54]) the dictionary definitions of the word “superman” and the fact that the normal and fair use of the Trade Mark would include the mark rendered in any standard combination of upper and lower case letters.

27 The Registrar observed (at [74]) that the reputation of the Superman word mark in Australia was ‘*closely bound up with a combination of a particular, stylised manner of representation, and its use together with other indicia associated with the [Superman] character*’. The Registrar also noted that the Services covered by Cheqout’s proposed trade mark were not the same as, or of the same description as, any of the goods and services for which DC Comics has actually used, or might be expected to use the Superman word mark in Australia. He described the Services as ‘*rather different from the kind of services which one would usually expect to be provided by, or subject to the sponsorship or license of, an entity such as [DC Comics]*’ (at [65]).

28 Given both the strong association between the Superman word mark and its indicia, as well as the differences between the Services covered by Cheqout’s application and those goods and services DC Comics has used the word in reference to in Australia, the Registrar concluded that while potential consumers of the Services would be likely to recognise the allusion to the Superman character, it was unlikely that a significant number of consumers of the Services ‘*would be caused to wonder about any commercial connection*’ between Cheqout and DC Comics (at [74]).

29 In summary, the Registrar noted a number of matters as relevant to his consideration of the case sought to be made under s 60 of the Act:

- It is the actual past use of the mark on which the opponent relies on that is relevant to reputation, not any abstract concept of notional use. However, it is the notional, rather than actual, use of the Trade Mark sought that must be considered.
- The reputation of the Superman word mark is closely linked to the Superman character, as portrayed in comics, films and television and to indicia such as the character’s

strength and powers and the clothing that he wears, including the presence of the S Shield Device.

## LEGAL PRINCIPLES

30 It is usually the case, and even more so where trade marks are concerned, that consideration is specific to the particular subject matter. However, the reasoning in cases which raise similar issues are helpful in discerning the application of the principle to the present facts.

31 DC Comics submits that its case is similar to that advanced in *Radio Corporation Proprietary Limited v Disney* (1937) 57 CLR 448, where the High Court considered the words “Mickey Mouse” and “Minnie Mouse” as trade marks. Chief Justice Latham expressed himself satisfied (at 453) that Disney established that the names and figures were so closely associated in the public mind, in Australia and elsewhere, with Walter E Disney and his activities, that the use of either the names or the figures in connection with any goods at once suggested that the goods were ‘*in some way or other connected*’ with Walter E Disney, regardless of the nature of the goods to which the names were attached. The Chief Justice said further that ‘*[i]t is very seldom indeed that there can be a world-wide association of ideas in connection with a particular name or figure, but the evidence shows that this association does exist in the present case*’.

32 Justice Rich observed (at 454) that the Court was there dealing ‘*with the vague and indefinite impressions of the great mass of the public who neither are required nor desire to refine upon distinctions of this sort*’. To them it is shown that the name “Walt Disney” summons up a picture of “Mickey Mouse” and the picture of “Mickey Mouse” reminds them of “Walt Disney” and, somehow, the public connects the appearance of an article of the name or form of “Mickey Mouse” with “Walt Disney”. Thus, his Honour said, it was impossible to negative all likelihood of confusion, which involves indefiniteness of ideas. The applicant had failed to prove that any confusion was improbable.

33 Justice Dixon pointed (at 455-456) to the existence of an elaborate and extensive system of licensing set up by Disney for all sorts and descriptions of goods produced by numbers of unconnected manufacturers where many of the goods were in unrelated classes. Accordingly, his Honour commented that while the figures have no connection in the public mind with trading in goods, their celebrity and that of the author was based upon a notoriety obtained through the media (at 457).

34 His Honour pointed out that it was not easy to say what, if any connection, was thought to exist between Disney on the one hand and the manufacturer or seller of goods with a representation of Mickey Mouse on the other. The impression conveyed by applying the name or representation of Mickey Mouse to goods does not, his Honour commented, primarily relate to the origin, selection or treatment of the goods and the reason for using the names was to attract the attention of members of the public that have found pleasure and amusement in the characters. His Honour concluded (at 457):

*No doubt this means that the trader makes use of elements which belong to the reputation and fame of Disney's creations and it may be that in some vague way the buyer supposes that Disney must have sanctioned it.*

35 This gives rise to an intangible advantage arising from public celebrity, widespread fame and interest, and is not a diversion of trade, custom or profit. His Honour (at 459) disregarded the fact that the continued use of the trade mark would not affect the commercial operations of Disney.

36 In *Southern Cross Refrigerating Company v Toowoomba Foundry Pty Ltd* (1953-1954) 91 CLR 592 Kitto J, at first instance, set out a number of principles that have been regularly applied for the purposes of a determination as to whether a mark is disentitled to protection if it is likely to deceive or confuse. His Honour observed (at 594) that the words "cause confusion" and "likely to deceive" convey similar requirements. His Honour adopted principles previously stated, relevantly (at 595-6):

- A mere possibility of confusion is not enough; there must be a real, tangible danger of it 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.
- All the surrounding circumstances are to be taken into consideration (including 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.



- A probability of confusion, if it is real, is sufficient even though the confusion may be unlikely to persist up to the point of, and be a factor in, inducing actual sales.
- A mark will offend and be likely to cause confusion or deception in the minds of persons to whom the mark is addressed even if actual purchasers will not ultimately be deceived.

37 The test of whether there is a real risk that a number of persons will be caused to wonder whether it might not be the case that the two products came from the same source, was reaffirmed by the High Court in the appeal from the decision of Kitto J.

38 In *Woolworths*, French J (with whom Tamberlin J agreed) adopted and restated (at [50]) what had been said by Kitto J in *Southern Cross*, in particular that:

- The rights of the parties are to be determined as at the date of the application.
- The question of deceptive similarity must be considered in respect of all goods or services coming within the specification in the application and in respect of which registration is desired, not only in respect of those goods or services on which it is proposed to immediately use the mark. The question is not limited to whether a particular use will give rise to deception or confusion. It must be based upon what the applicant can do if registration is obtained.

39 As was pointed out in *Re Application by Pianotist Company Ltd* (1906) 1A IPR 379, the consideration must encompass what is likely to happen if each of the trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks. As Parker J pointed out (at 380), the question is not whether one man will be injured and the other will gain illicit benefit, but that there will be a confusion in the mind of the public which will lead to confusion in the goods. Interestingly, Parker J observed (without a conclusion on this aspect), that while the word “Pianola” was an invented word, there was evidence that it had become associated in the mind of the public with the instrument and not with the maker of the instrument: it had lost its primary signification of denoting an instrument made by a particular manufacturer.

40 Other relevant considerations for the purposes of s 60 of the Act are set out in *Torpedoes Sportwear Pty Ltd v Thorpedo Enterprises Pty Ltd* (2003) 132 FCR 326 at [78]. In particular (citations omitted):

- An attempt must be made to estimate the effect or impression produced on and retained by customers and potential customers.
- What is to be compared with one mark is the impression based on recollection of the other mark that persons of ordinary intelligence and memory would have.
- Consideration is given to the goods to which the marks are to be applied and the nature of the customer, as well as all the surrounding circumstances when the marks are used in a normal way as a trade mark.
- It is important to look at the whole of the marks.
- Deceptiveness must result but from similarity; a likelihood of deception is judged by the effect of the similarity in all of the circumstances.
- The fact that two marks convey the same idea is not sufficient in itself to create a deceptive resemblance between them and a proprietor of the mark is not entitled to a complete monopoly of all words conveying the same idea as that mark. However, the presence of a common idea may be a determining factor because the idea is more likely to be recalled than the precise details of the mark.
- Where an element of a trade mark has a degree of notoriety or familiarity, it would be artificial to separate out the physical features of the mark from the viewer's perception of them. The question of resemblance is about how the mark is perceived.
- The comparison is between marks, not uses of marks, although use is not irrelevant as a circumstance. The consideration is not only actual use but also the extent of the statutory monopoly by reference to the full extent of the goods or services in respect of which the mark is registered.

## **CONSIDERATION**

- 41 It must be remembered that DC Comics' registered trade marks consist of the word Superman together with a device or figure of the superhero or simply of the S Shield Device, but not of the word alone. DC Comics maintains that the public will be misled or confused by use of the word alone.
- 42 There is no dispute, and no doubt, that Superman the superhero is well known and recognised, by look and by name, to the public at large.

43 Indeed, the superhero and his “get-up” are so famous that they could be said to be instantly recognisable, as is, by name, Superman’s alter ego, Clark Kent. However, the word “Superman” was not invented by the applicant and it is not presently defined by reference only to the superhero. Whether or not an association of the word is with the superhero, the word superman has entered the language to connote more than the superhero.

44 The Macquarie Dictionary provides several relevant definitions of “superman”. The first is a definition which includes the plural “supermen”:

1. *an ideal human being who by virtue of greater spiritual powers rises above the usual notions of good and evil; conceived by the 19th-century German philosopher Friedrich Nietzsche as the product of human evolution.*
2.
  - a. *a man of more than human powers.*
  - b. *a man who prevails by virtue of such characteristics.*

45 The Macquarie Dictionary also defines ‘superman’ as:

[a] *hero with superhuman powers, including that of flight, first introduced in a US comic strip in 1938 and since the subject of television series, films, etc.*

46 The Oxford English Dictionary provides this definition:

1. *In Nietzschean thought (also with capital initial): an ideal superior man of the future who transcends conventional Christian morality to create and impose his own values; = Übermensch n. More generally: a man of extraordinary power or ability; a superior being. Cf. SUPERWOMAN n.*
2. *With capital initial. (The name of) an almost invincible superhero having the power to fly and typically depicted wearing a tight blue suit with a red cape; a person likened to this superhero.*

47 In the commentary following the definition in the Oxford English Dictionary are references to the superhero:

*The character first appeared in 1938 in a U.S. comic strip by writer Jerry Siegel (1914-96) and artist Joe Shuster (1914-92) and has since been the subject of radio and television series, as well as numerous films.*

48 The commentary also refers to the values that may be associated with him but do not connote the man himself or, for the more erudite, the characteristics of the *Übermensch*. The superior qualities may also, as the Oxford Dictionary recognises, apply to a “superwoman”.

49 The definitions, including the equivalent description of “superwomen” and the plural “supermen”, suggest a descriptive use of the words. My view as to the s 60 grounds of opposition accords with that of the Registrar. Namely, that the use of the word “superman” in the Trade Mark is, or has become, descriptive. Use of a word originally associated with a particular trade source, may over time become descriptive of a class of goods or characterisations.

50 When the Trade Mark is used without reference to any of the well known indicia associated with the DC Comics superhero and as contained in the registered Trade Mark or other trade marks registered by DC Comics, there is no likelihood that use of the Trade Mark would be likely to deceive or cause confusion by reference to the Superman word mark, or the subject matter of DC Comics’ registered trade marks. The public would not be caused to wonder whether “superman workout” came from the same source as the Superman character or DC Comics.

51 In particular:

- There is no real, tangible danger or real risk of confusion arising by the normal and fair use of the word “superman” in connection with “workout”.
- While “superman” may be thought by sufficient members of the public to derive from the superhero, they would see the word as descriptive and would not be caused to wonder if the Trade Mark was associated with DC Comics (or the company with which Superman is associated).

## **SECTION 62A**

52 Section 62A of the Act provides a ground of opposition where ‘*the application was made in bad faith*’.

53 The onus of establishing this ground of opposition lies with DC Comics.

54 DC Comics submits that the use of the Trade Mark together with the BG Shield Device (below at [58]) which, it says, mimics the S Shield Device, demonstrates that the application for the Trade Mark was made in bad faith.

55 The Registrar accepts that it may be inferred that Cheqout intended to strengthen an allusion to the Superman character by use of the BG Shield Device but submits that, even so, DC Comics's 62A argument adds little to the other grounds of opposition. He accepts that it is relevant that ordinary people would think of the superhero when they see the Trade Mark, but repeats the conclusion (at [74]) of his reasons that they would not be confused or deceived by the use of that mark.

56 However, this conclusion was reached with respect to the notional use of the Trade Mark (in the context of s 60) and therefore was based, at least in part, in the absence of the associated indicia present in DC Comics' trade marks. The Registrar submits that the link between DC Comics' trade marks (Agreed Facts at [22]) and their associated indicia is so strong that use of the words without those indicia would not cause confusion and, in the context of s 62A, that such use is within normal commercial use.

57 The Registrar seems to rely, and relied in his decision (at [97]), on the fact that, as at the date of the hearing before him, Cheqout had removed the BG Shield Device from its website. The Registrar did not, in his decision, accept that the previous use of the BG Shield Device, together with the Superman word mark, amounted to bad faith. Rather, he said, obvious or even deliberate use of, or allusion to, well known trade marks has been considered unobjectionable. He submits that s 62A establishes a "high bar" in situations where there is no deception or confusion. He submits that *Fry Consulting v Sports Warehouse Inc (No 2)* (2012) 201 FCR 565 (*Fry*) should be viewed as deciding that "conduct designed to acquire a springboard or advantage is not for that reason alone of an unscrupulous, underhand or unconscientious character".

### **Consideration**

58 In the absence of Australian judicial authority, Dodds-Streeton J recently considered s 62A in *Fry*. The relevant facts were:

- The director of Fry Consulting, Mr Fry, was well aware of the online retail store, Tennis Warehouse, as run by Sports Warehouse, the opponent to the application, and the fact that it sold goods to Australia through that website.

- His visits to the online store run by Sports Warehouse led him to register the business name Tennis Warehouse and the domain name www.tenniswarehouse.com.au and to set up an online retail store in competition.
- Mr Fry adopted the name “Tennis Warehouse” knowing that it would cause confusion between the stores.
- The potential for confusion was at least partly why he chose the name.
- In developing his website, Mr Fry took images from the Sports Warehouse website.
- After complaints by Sports Warehouse, Mr Fry changed the name on the website from “Tennis Warehouse” to “Tennis Warehouse Australia” but did not change the business name or domain name.
- In the earlier factual proceedings before Kenny J (*Fry Consulting Pty Ltd v Sports Warehouse Inc (No 1)* [2011] FCA 1417 (*Fry (No 1)*), Mr Fry’s explanation regarding the change to “Tennis Warehouse Australia” was rejected and his credibility was criticised (at [67]).
- Justice Kenny in *Fry (No 1)* concluded (at [104]–[105]) that the conduct of Fry Consulting and of Mr Fry was not that of a trader actuated only by proper motives in the sense intended in *Clark Equipment*.

59 Justice Dodds-Streeton rejected Sports Warehouse’s submission that an application could be in bad faith if, as in that case, the applicant for the mark knew or intended that its use would cause confusion, or was aware that an overseas company which owned the mark was already operating or intending to operate in Australia (at [139]). Fry Consulting submitted that Kenny J’s finding that its use of the mark did not constitute an example of a trader actuated by only proper motives was not relevant to whether it applied to register the trade mark in bad faith, as her Honour’s findings were directed only at whether Sports Warehouse’s mark “Tennis Warehouse” had inherent distinctiveness under s 41(3) of the Act.

60 Her Honour considered (at [144]) the Explanatory Memorandum relating to s 62A, which stated:

1. *The Act allows removal of a trade mark on the basis that there was no intention in good faith to use, authorise use of, or assign the trade mark. However, current opposition grounds do not cover instances in which a person has deliberately set out to gain registration of a trade mark, or adopted a trade*

*mark in bad faith. There have been several instances in which trade mark applicants have deliberately set out to gain registration of their trade marks, or have adopted trade marks, in bad faith. Some examples of these include:*

- a person who monitors new property developments; registers the name of the new property development as a trade mark for a number of services; and then threatens the property developer with trade mark infringement unless they licence or buy the trade mark;*
- a pattern of registering trade marks that are deliberate misspellings of other registered trade marks; and*
- business people who identify a trade mark overseas which has no market penetration in Australia, and then register that trade mark with no intention to use it in the Australian market and for the express purpose of selling the mark to the overseas owner.*

*When such situations occur, there is very little third parties can do to prevent registration of this type of trade mark, because existing grounds for rejection and opposition do not allow the Registrar to take these facts into account.*

61 Justice Dodds-Streeton observed (at [163]) that the examples of bad faith given in the Explanatory Memorandum are predominantly, but not exclusively, manifestations of blocking or holding to ransom a party which is, at least in conscience, entitled to a mark. However, her Honour noted that the illustrations are merely inclusive and do not limit the breadth of the concept of bad faith. Her Honour observed (at [145]) that the bad faith must be at the time of the application, that the onus is on the opponent seeking to establish bad faith and that the standard of proof is on the balance of probabilities.

62 Given limited Australian authority, her Honour (at [145]–[166]) also considered relevant authorities from the United Kingdom. These cases stated, relevantly:

- Bad faith is a serious allegation and the more serious the allegation, the more cogent the evidence required to support it.
- Bad faith does not require dishonesty.
- Bad faith is a combined test that involves subjective and objective elements. The subjective element refers to the knowledge of the relevant person at the time of making the application. The objective element requires the decision-maker to decide whether, in the light of that knowledge, the relevant person's behaviour fell short of acceptable commercial standards.

- The question is whether the conduct falls short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons in the particular area. It is whether the knowledge of the applicant was such that the decision to apply for registration would be regarded as in bad faith by persons adopting proper standards.
- It is difficult to see how a person who applies to register, in his own name, a mark he has previously recognised as the property of a potential overseas principal can be said to be acting in accordance with acceptable standards of commercial behaviour. Combining the mark with the applicant's own name is no answer to that criticism.
- The registration of a trade mark is designed to enable bona fide proprietors to protect their proprietary rights without having to prove unfair trading.
- All the circumstances surrounding the application to register the mark are relevant.
- An act of bad faith cannot be cured by an action after the date of application.

63 Justice Dodds-Streton concluded (at [164]) that bad faith in the context of s 62A does not require (although it includes) dishonesty or fraud and that it is a wider notion, potentially applicable to diverse species of conduct. Her Honour rejected the proposition that mere awareness that an overseas company owning the mark operated or intended to operate in Australia would amount to bad faith, concluding that this would be unduly absolute. Justice Dodds-Streton instead adopted as a touchstone the United Kingdom formulation of conduct falling short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons (at [165]). Her Honour observed that the applicant's mental state is also relevant, and stated (at [166]) that:

*... mere negligence, incompetence or a lack of prudence to reasonable and experienced standards would not, in themselves, suffice as the concept of bad faith imports conduct which, irrespective of the form it takes, is of an unscrupulous, underhand or unconscientious character.*

64 Justice Dodds-Streton accepted that certain aspects of the behaviour described in *Fry* may well have been regarded as being in bad faith. Her Honour also accepted (at [171]–[172]) that subsequent modifications to a mark or name appropriated in such circumstances would not necessarily negate improper motivation and noted that Kenny J had previously held that the use of the trade mark, although including a subsequently added device, did not evidence use actuated only by proper motives.



65 Her Honour did not conclude, contrary to the Registrar’s submission, that exploitative conduct alone cannot ground a finding of bad faith.

66 Her Honour said (at [170]) that:

*Mr Fry’s conduct was exploitative and designed to acquire a springboard or advantage for his fledgling business. While it is unnecessary to decide the question, given his knowledge as at September 2004, an attempt to register the words “TENNIS WAREHOUSE” at that time may well have been regarded as in bad faith according to proper or ordinary commercial standards.*

67 Her Honour’s finding that the “exploitative” conduct was not sufficient to establish the requisite bad faith was grounded in the facts of that case, and in particular, on the fact that Mr Fry’s application for the relevant trade mark was not lodged until November 2006, more than two years after the exploitative conduct. Furthermore, her Honour’s statement regarding unscrupulous behaviour was made in the context of her conclusion (at [166]) that:

*... mere negligence, incompetence or a lack of prudence to reasonable and experienced standards would not, in themselves, suffice, as the concept of bad faith imports conduct which, irrespective of the form it takes, is of an unscrupulous, underhand or unconscientious character.*

68 Justice Dodds-Streeton concluded that Sports Warehouse had not successfully discharged its onus of proof in regards to s 62A. Pivotal to her Honour’s reasoning (at [174]) was the correspondence between Mr Fry and Sports Warehouse prior to Fry Consulting’s application for the mark. It established that:

- In December 2004, Mr Fry had unequivocally indicated his willingness to cease using “Tennis Warehouse” if Sports Warehouse provided evidence of its entitlement and sought a prompt response so that he could change the name prior to expanding his business any further.
- Mr Fry did not acknowledge Sports Warehouse’s ownership or rights in Australia.
- Despite undertaking to do so, Sports Warehouse did not provide any documentation or evidence to Mr Fry of its entitlement or rights to the “Tennis Warehouse” mark in Australia, and their later attempt to register this mark was ultimately unsuccessful.
- In the period from December 2004 to November 2006 (in which Sports Warehouse did not attempt to correspond with Fry) Fry developed his business using the words “Tennis

Warehouse Australia” and commissioned a tennis ball logo that formed the composite mark which he sought to register in December 2006.

69 No such facts are present here. In the present case, there is no dispute that Superman, his strength and the indicia with which he is associated, including the S Shield Device, were very well known. There is no dispute that DC Comics has licensed the use of its registered Superman marks in Australia in relation to an array of goods, but has not licensed the use of these marks with respect to gyms or personal training.

70 It is an agreed fact that Cheqout used the Trade Mark together with the BG Shield Device in relation to its personal training and film and entertainment services and in titles to video clips appearing on its website. The triangular shape of the BG Shield Device is of a similar shape and style of lettering to the S Shield Device in DC Comics’ trade marks. This similarity can be observed through the side to side comparison of the devices:



71 The evidence as to the use of the BG Shield Device as at the Priority Date of 2 June 2009 is not clear. What is clear is that Cheqout’s website displayed the BG Shield Device at the time the images in the Statement of Agreed Facts were captured on 15 December 2009. It only removed the BG Shield Device after receipt of a “cease and desist” letter sent on behalf of DC Comics on 17 December 2009.

72 The Registrar’s decision sets out evidence adduced in the statutory declaration of Mr Gabrielle, the sole director and company secretary of Cheqout. Mr Gabrielle stated that the use of the words “superman workout” was designed to:

*... convey to potential users of my exercise program the potential of changing yourself into a muscularly powerful athletic superman ... not to associate my exercise program with the Opponent’s comic book character.*

73 That assertion is, in my view, at odds with the use of the BG Shield Device, to which Mr Gabrielle's evidence did not refer. It was Mr Gabrielle's decision to use the words "superman workout" together with the BG Shield Device. As the sole director of Cheqout, that mental element is attributable to the company. In my view, the inference is clear, from the immediate use of the Trade Mark together with the BG Shield Device that, in making the application to register the Trade Mark, Mr Gabrielle (and therefore Cheqout) intended to use it in combination with the BG Shield Device in order to strengthen the allusion to Superman. The inference can also be drawn that this use was designed to gain a benefit by appropriating Superman indicia and the reputation of the DC Comics superhero, so as to further the viewer's association between the Trade Mark and the Superman word mark.

74 This is a "relevant circumstance" in a consideration of bad faith for the purposes of s 62A (*Fry* at [167]).

75 The Registrar submits that if the fair use of the mark is unlikely to deceive or cause confusion, then this should "undercut" any argument that the application to register the trade mark was in bad faith. However, an important factor in both the Registrar's decision and my conclusion as to whether the Trade Mark is likely to deceive or cause confusion is the absence of any of the indicia associated with Superman. The relevant use of the Trade Mark for s 60 purposes is the notional use of the mark itself, which properly excludes the appropriation of indicia associated with Superman.

76 Conversely, s 62A was introduced into the Act as a separate ground of opposition to the registration of a trade mark. Section 62A does not require the opponent to establish that the trade mark's use would result in deception or confusion. That aspect is the subject of other grounds of opposition, such as ss 43 and 60. Such a requirement would, in my view, contradict the legislative intent in introducing a new ground of opposition by limiting its application to circumstances provided for by existing grounds. Evidence that the use of a mark is likely to cause confusion or deception may be persuasive in considering whether the application to register a mark was in bad faith. However, it is neither determinative of that finding, nor a prerequisite for it.

77 I am satisfied that DC Comics has established that Cheqout made the application for the Trade Mark in bad faith. This is evidenced by the use, soon after the application, of the word Superman together with the BG Shield Device, in the context of male fitness and strength. I note also that the red, white and blue colours traditionally used in conjunction with the Superman character were used by Cheqout together with the BG Shield Device. The design of the BG Shield Device closely resembles the insignia closely associated with the DC Comics character and the DC Comics registered trade marks. I am satisfied that at the date of application for the Trade Mark, Cheqout's conduct fell short of the standards of acceptable commercial behaviour observed by reasonable and experienced persons.

78 For the above reasons, I conclude that DC Comics has discharged its onus of proof with respect to the ground of opposition provided for in s 62A of the Act. It follows that:

- The appeal from the decision of the delegate of the Registrar should be allowed;
- The decision of the delegate of the Registrar should be set aside; and
- The application to register the Trade Mark should be refused.

## ANNEXURE A

Form 3  
Rule 2.13(4)

### Statement of Agreed Facts

Federal Court of Australia  
District Registry: New South Wales  
Division: General

NSD 1145 of 2012

#### DC Comics

Applicant

#### Cheqout Pty Ltd(ACN 124 830 726)

Respondent

#### Registrar of Trade Marks

Other

1. This Statement of Agreed Facts (*Statement*) has been prepared by the Applicant and is not contested by the Registrar of Trade Marks.

#### History of the SUPERMAN character

2. The SUPERMAN character was created by Jerry Siegel and Joe Shuster and was first introduced to the public in the United States of America by the Applicant in Action Comics #1 in 1938.<sup>1</sup>
3. From the outset, the SUPERMAN character has worn a distinctive costume comprising a full length bodysuit complemented by contrasting coloured trunks, boots, belt and a long, flowing cape. A stylised SUPERMAN insignia has always appeared on his chest and the back of his cape. This insignia consists of a large letter "S" inscribed within a bordered shield.<sup>2</sup>
4. The SUPERMAN character was the first superhero to have its own regular comic book title.<sup>3</sup> The character has subsequently appeared in newspaper comic strips, a radio series,

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Filed on behalf of DC Comics, Applicant

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Prepared by Robert Arnold

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<sup>1</sup> Affidavit of Amy E. Jenkins 8.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid 10.

animated cartoon series, a hardcover novel, television series, Broadway musical entitled "It's a bird ... it's a plane ...it's SUPERMAN", motion pictures and computer and video games.<sup>4</sup>

5. The SUPERMAN character has been licensed in relation to a wide array of products and merchandise.<sup>5</sup> Examples include apparel, toys, sporting goods, video games, stationery and housewares. The table below illustrates the revenue earned for SUPERMAN trade marked consumer products worldwide for the period 2001 through 2009.<sup>6</sup>

<b>YEAR</b>	<b>Worldwide (In \$USD)</b>
2001	\$3,945,176
2002	\$4,574,299
2003	\$7,055,759
2004	\$10,673,065
2005	\$11,590,641
2006	\$54,937,798
2007	\$29,785,042
2008	\$12,793,463
2009	\$10,951,844

6. The SUPERMAN character has also been licensed to Wisepost ApS of Demark for sporting goods and in particular fitness equipment including elliptical trainers, aerobic steppers, step trainers, rowers, home gyms, treadmills, trampolines, jumping balls and dumbbells.<sup>7</sup>
7. Publications bearing the SUPERMAN Marks have been published and sold in the United States since 1938 and outside the United States since the early 1940s. The table below shows sale figures for SUPERMAN publications sold worldwide from the years 2002 to 2010 (4 months).<sup>8</sup>

<b>YEAR</b>	<b>Total Superman Publishing Revenues (\$USD)</b>
2002	\$11,261,166
2003	\$16,282,239
2004	\$23,476,962
2005	\$26,960,606

<sup>4</sup> Ibid.

<sup>5</sup> Ibid 23-24.

<sup>6</sup> Ibid 26-27.

<sup>7</sup> Ibid 25.

<sup>8</sup> Ibid 18.

<b>YEAR</b>	<b>Total Superman Publishing Revenues (\$USD)</b>
2006	\$34,975,006
2007	\$29,797,000
2008	\$36,654,000
2009	\$33,852,000
2010 (4 months)	\$9,079,000

8. SUPERMAN films are widely known throughout the world. They have been a global box office success, with SUPERMAN (1978) generating worldwide gross returns of US\$300 million, and "SUPERMAN Returns" (2006) generating worldwide gross returns of almost US\$400 million. SUPERMAN Returns was also nominated for an Oscar for "Achievement in Visual Effects" in 2007.<sup>9</sup>
9. SUPERMAN home videos and DVDs are sold widely throughout the world. Video sales of the SUPERMAN titles including both theatrical and non-theatrical titles for the period June 2003 to May 2008 generated \$187,845,959 in net revenue worldwide.<sup>10</sup>
10. The SUPERMAN character now has a presence, either through comic books, movies or licensed products, in over 140 countries around the world.<sup>11</sup>

#### **SUPERMAN in Australia**

11. The SUPERMAN character first appeared in Australia in the early 1940s in comic books.<sup>12</sup> Since then the character has been featured continuously in Australia in relation to entertainment services and goods falling under the following broad categories:
  - a. publications;
  - b. motion pictures;
  - c. home videos; and
  - d. licensed products.<sup>13</sup>

#### **Publications in Australia**

12. Publications bearing the SUPERMAN Marks have been sold in Australia since as early as the 1940s.<sup>14</sup> The table below shows approximated sales figures for publications bearing the SUPERMAN Marks sold in Australia from the year 2002 to 2010 (4 months).<sup>15</sup>

<sup>9</sup> Ibid 19-21.

<sup>10</sup> Ibid 22.

<sup>11</sup> Ibid 12.

<sup>12</sup> Ibid 28.

<sup>13</sup> Ibid.

<sup>14</sup> Ibid 29.

<sup>15</sup> Ibid.

<b>YEAR</b>	<b>Australia Total Superman Publishing Revenues (approximated) (In \$USD 000's)</b>
2002	\$190,762
2003	\$275,814
2004	\$397,694
2005	\$456,709
2006	\$592,471
2007	\$506,000
2008	\$476,000
2009	\$518,000
2010 (4 months)	\$148,000

#### **Motion pictures in Australia**

13. Most of the SUPERMAN films have been released in Australia. The film SUPERMAN (1978) was released in Australia on 26 December 1978; SUPERMAN II was released on 4 December 1980; and SUPERMAN Returns on 29 June 2006.<sup>16</sup>
14. In Australia SUPERMAN RETURNS earned US\$10,400,164 at the box office when it was released in 2006.<sup>17</sup>

#### **Home videos in Australia**

15. SUPERMAN home videos and DVDs are available throughout Australia.<sup>18</sup> Video sales of theatrical and non-theatrical SUPERMAN titles in Australia up until September 2009 grossed US\$22,950,939.<sup>19</sup>

#### **Licensing activities in Australia**

16. The Applicant has licensed the use of the SUPERMAN Marks in Australia in relation to an array of goods including apparel, toys, games, audio equipment, stationery and accessories.<sup>20</sup>
17. Significant royalties have been earned in Australia as a result of the licensing of the SUPERMAN Marks.<sup>21</sup>
18. In addition to the royalties earned, substantial revenue has been generated from the sale by licensees of consumer products bearing the SUPERMAN Marks. The table below

<sup>16</sup> Ibid 30-31.

<sup>17</sup> Ibid 32.

<sup>18</sup> Ibid 33.

<sup>19</sup> Ibid 34.

<sup>20</sup> Ibid 35.

<sup>21</sup> Ibid 36.




illustrates revenue earned for SUPERMAN trade marked consumer products in Australia for the period 2000 through 2009.<sup>22</sup>

YEAR	Australia (In \$USD 000's)
2000	\$64,649
2001	\$43,997
2002	\$56,589
2003	\$194,297
2004	\$132,465
2005	\$225,482
2006	\$1,577,718
2007	\$822,360
2008	\$430,083
2009	\$479,593

19. A wide variety of merchandise bearing the SUPERMAN trade marks has been available for purchase in Australia over the internet. For example, SUPERMAN video games and DVDs are available from [www.gpstore.co.au](http://www.gpstore.co.au) and other merchandise and collectibles from [www.popcultcha.com.au](http://www.popcultcha.com.au), [www.ikoncollectables.com.au](http://www.ikoncollectables.com.au) and [www.bibyco.com.au](http://www.bibyco.com.au).<sup>23</sup>
20. At the WarnerBrosMovieWorldTheme Park in Australia, there is a "SUPERMAN Escapes" attraction that features the SUPERMAN character.<sup>24</sup>

### SUPERMAN Trade Mark Registrations

21. The Applicant is the owner of the trade mark registrations including or comprising the word SUPERMAN in over 120 countries around the world.<sup>25</sup>
22. The Applicant is the owner of the following trade marks registrations for marks containing the word SUPERMAN in Australia<sup>26</sup>:

Trade Mark	Number	Class
	86122	16





<sup>22</sup> Ibid 37-38.

<sup>23</sup> Ibid 39.



<sup>24</sup> Ibid 40.

<sup>25</sup> Ibid 13.






<sup>26</sup> Ibid 15-16.

	301371	9
SUPERMAN	311198	30
	321798	3; 16; 25; 28
	364804	16
	612154	41

23. The Applicant is also the owner of the following trade mark registrations for the "S-in-Shield" device that is associated with the SUPERMAN character in Australia<sup>27</sup>:

Trade Mark	Number	Class
	426045	24
	675463	14

<sup>27</sup> Ibid.

	675464	16
	675465	18
	675466	25
	675467	28
	728445	9; 41

24. The earliest of these Australian trade mark registrations dates back to 1946.<sup>28</sup>

### The Respondent

25. The Respondent is an Australian proprietary company limited by shares. As at 15 December 2009, its registered office was at 28 Lowan Avenue, Templestowe, Lower Victoria, 3107, Australia. The director, secretary and sole member of this company is Sam Gabrielle of the same address.<sup>29</sup>

26. The Respondent was incorporated in Australia in April 2007.<sup>30</sup>

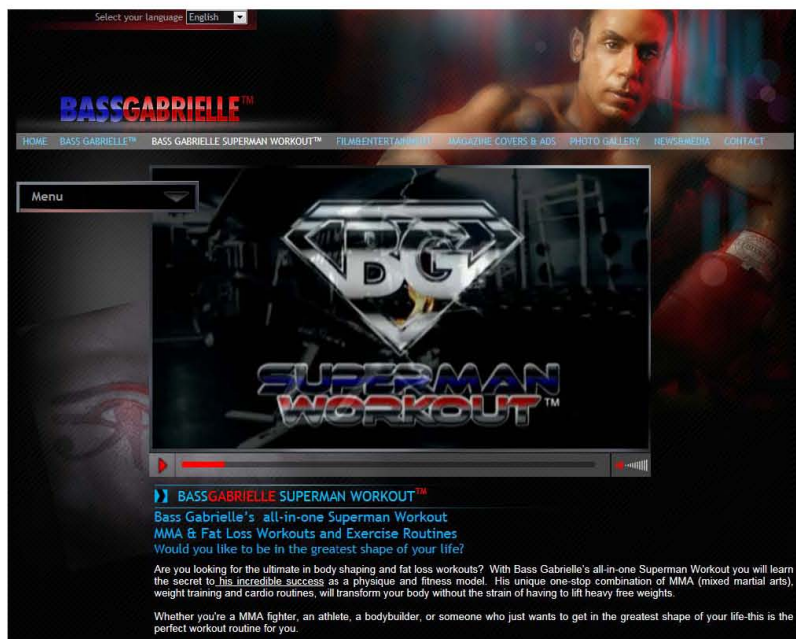
27. The Respondent has used the trade mark SUPERMAN WORKOUT together with a shield device featuring the initials "BG" in relation to its personal training and film and entertainment services and in titles to video clips appearing on the website located at [www.bassgabrielle.com](http://www.bassgabrielle.com) (accessed 15 December 2009), as pictured below.<sup>31</sup>

<sup>28</sup> Ibid 15.

<sup>29</sup> Ibid 48.

<sup>30</sup> Decision of a Delegate of the Registrar of Trade Marks with Reasons ("Registrar's decision") 5; Annexure AG-24 of Affidavit of Amy E. Jenkins.

<sup>31</sup> Above n 1, 49-50.



28. The Respondent is the Registrant for the domain name [www.bassgabrielle.com](http://www.bassgabrielle.com) and Sam Gabrielle is the administrative contact for this domain name.<sup>32</sup>

<sup>32</sup> Ibid 49.

**The trade mark application**

29. The Respondent filed application no. 1300433 for the trade mark **superman workout** in class 41 in respect of "conducting exercise classes; fitness and exercise clinics, clubs and salons; health club services (exercise)" on 2 June 2009 (the Application).<sup>33</sup>
30. The Application was accepted for registration on 23 June 2009 and advertised on 1 October 2009.<sup>34</sup> Notice of Opposition was filed by the Applicant on 23 December 2009.<sup>35</sup>
31. On 24 July 2012, a Delegate of the Registrar of Trade Marks dismissed the Applicant's opposition.<sup>36</sup> The Applicant filed Notice of Appeal to the Federal Court on 13 August 2012.

BAKER & McKENZIE  
Solicitors for the Applicant  
Date: 22 January 2013

<sup>33</sup> Trade mark application 1300433.

<sup>34</sup> Ibid.

<sup>35</sup> Above n 30 (Registrar's decision) 3.

<sup>36</sup> Ibid 108.