

*Woolly Bull Enterprises Pty Ltd v Reynolds* [2001] FCA 261

FEDERAL COURT OF AUSTRALIA

DRUMMOND J

**DRUMMOND J:**

1 This is an appeal under s 104 the *Trade Marks Act 1995* (Cth) (“the 1995 Act”) from a decision of the Registrar’s delegate under s 101 to remove the first applicant’s mark from the Register. The second applicant has, at all material times, been the controlling director of the first applicant. Its mark was registered as from 15 July 1992 in respect of beer and all other goods in Class 32. On 17 September 1998, the respondent made application under s 92 of the 1995 Act for removal of the first applicant’s mark on the ground provided for by s 92(4)(b), ie, non-use by the first applicant during the three year period 17 August 1995 to 17 August 1998 of its mark in relation to all of those goods. By his decision of 30 November 1999, the Registrar’s delegate ordered removal of the mark from the Register.

2 The issues for determination in this appeal are:

- (1) whether the respondent had standing to make the application for removal of the first applicant’s mark, ie, whether the respondent was “a person aggrieved” within the meaning of that expression in s 92(1); if so
- (2) whether the first applicant, who opposed the application for removal, had discharged the burden of proving that it had, at some time during the three year period referred to, used the mark “or the trade mark with additions or alterations not substantially affecting its identity”: see ss 100(1)(c) and (3)(a); if not
- (3) whether the first applicant has discharged the onus of proving that there was an obstacle to the use of the trade mark “during that period”: see s 100(1)(c) and (3)(c).

3 The applicants disavowed any claim to have the residual discretion in s 101(1) exercised in favour of the first applicant if it failed to establish use and if it failed to establish

circumstances within s 100(3)(c).

**(1) PERSON AGGRIEVED**

4            Though the public and not just the applicant for removal of a mark has an interest in non-used marks not being allowed to remain on the Register, the right to apply for removal created by s 92 is not given to “any person”, only to “a person aggrieved”.

5            The Registrar’s delegate cited *The Ritz Hotel Ltd v Charles of the Ritz Ltd* (1998) 12 IPR 417 at 454 and said:

*“The applicant here has applied for registration of the word trade mark RAGING BULL on application number 721838 and the statement of goods, ‘Beverages in this class including beers’ in Class 32. The present trade mark has been cited as a bar to the registration of application number 721838 and the opponent here has also accused the applicant that it is in breach of WBE’s registration. Accordingly, I find that the applicant is such a person and qualifies to apply for removal of the present trade mark from the Register.”*

6            I do not think that the Registrar was correct in holding that if an applicant for trade mark registration is barred by an existing registration that, without more, means he is a “person aggrieved” with respect to the latter mark for the purposes of s 92. In *The Ritz Hotel Ltd*, it was said at 454 that a “person aggrieved” in the present context:

*“would include any person who would be, or in respect of whom there is a reasonable possibility of his being, appreciably disadvantaged in a legal or practical sense by the register remaining unrectified ...”*

7            To be capable of registration as a trade mark, a sign must be “used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person” from the goods or services of others (s 17). Only a person so using or intending to use a sign is entitled to apply for its registration as a trade mark (s 27). It is a ground of opposition to registration of a trade mark that the applicant does not intend to use the mark “in relation to the goods and/or services” specified in the application. An object of the 1995 Act is to create, by registration of trade marks, a species of tradeable property - see ss 21 and 22 - but only where such marks are connected with actual or contemplated trade in goods or services. It would be contrary to this object of the 1995 Act to accord standing to a person to attack a registered mark on the ground that that person had made his own application for

registration of a conflicting mark where there was no proof that the person either had a trade in goods marked with the mark the subject of his registration application or had a bona fide intention to trade in such goods. Such a person cannot be said to be “appreciably disadvantaged in a legal or practical sense” by a mark he wishes to attack remaining on the Register, though he might wish to traffick in marks as distinct from to trade in marked goods.

8           But the respondent is the trustee of a family trust which operates the “Bootleg Brewery”, a mini-brewery in the Margaret River district of Western Australia. Since 1995, the respondent has made a beer which he has sold under the name “Raging Bull”. He intends to pursue this activity. By application filed 14 November 1996, he sought registration of the word mark “Raging Bull” in respect of all goods in Class 32. On 27 April 1997, the Registrar cited the first applicant’s registered mark as a bar to the registration of the respondent’s trade mark application. Moreover, in July 1998, Mr Birmingham advised the respondent’s solicitor that any use by the respondent of the first applicant’s mark or any similar mark would require its permission and, in the course of this litigation, the first applicant, by Mr Birmingham, has alleged that the respondent’s activity in producing his beer under the name “Raging Bull” infringes its rights in its registered mark.

9           In these circumstances, there can, in my opinion, be no doubt that the respondent is “a person aggrieved” for the purposes of s 92 of the 1995 Act. In *Continental Liqueurs Pty Ltd v GF Heublein and Bro Inc* (1960) 103 CLR 422 at 427 - 428, an applicant for removal of a mark was held to be a “person aggrieved” within s 72 the *Trade Marks Act 1905* (Cth) (“the 1905 Act”) on the following basis:

*“It is enough to say that the respondent has shown an intention of preventing the applicant from using the word, if by any means it can do so, and on some future occasion it may well rely for this purpose on the trade mark now in question.”*

10           See also *Kraft Foods Inc v Gaines Pet Foods Corporation* (1996) 34 IPR 198 at 210 and *New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company Ltd (No 2)* (1989) 14 IPR 75 at 77.

11           The argument of the applicants that, by failing to search the Register and thus to discover the existence of the first applicant’s mark before he commenced to use his own

“Raging Bull” mark in 1995 or before he applied for registration of that mark in 1996, the respondent disentitled himself from the discretionary remedy of removal of the first applicant’s mark is unsupported by authority. The dictum of Whitford J in “*ASTRONAUT*” *Trade Mark* (1972) 89 RPC 655 at 669 - 670 relied on by the applicants relates solely to the issue whether the Registrar’s decision to reject the removal application was invalidated by bias by reason of the comment the Registrar made about the applicant for removal’s conduct in not searching the Register. I can see no reason in principle why a person whose existing trade may be disrupted because the owner of a registered mark is threatening to enforce his rights against the former should not have standing to challenge the continued registration of an allegedly unused mark, whether that person commenced his trade with or without knowledge of the registered mark. The applicants’ submission is in conflict with Kitto J’s ruling in *Continental Liqueurs Pty Ltd v GF Heublein and Bro Inc* at 428 that, in seeking to deny an applicant for removal the status of a “person aggrieved” within s 72 of the 1905 Act, it was irrelevant to inquire into whether the applicant had engaged in reprehensible conduct in establishing the business upon which he relied to show that he had a real interest in having the offending mark removed from the Register. The reason is the same as that given by Kitto J for refusing to exercise the residual discretion to allow the non-used mark nevertheless to remain on the Register on the ground of allegedly unconscientious conduct of the applicant for removal in building up its business. His Honour said, at 433, that that discretion:

*“... is not one to be exercised upon a consideration of any demerits of the particular person who happens to be moving for expungement. The question whether the respondent’s non-user of his trade mark disentitles him to have it retained on the register is really one between the respondent and the public, and not only between the respondent and the applicant ...”*

12 Further, the respondent says he adopted his “Raging Bull” word mark in ignorance of the first applicant’s registered mark. He was not challenged on this. A failure to search the Register before using his own mark shows nothing approaching unconscientious conduct on the part of the respondent even if that were relevant to the question of his standing in these proceedings.

## **(2) WAS THE APPLICANTS’ MARK USED?**

13 While the applicants do not say their mark was used continuously throughout the period August 1995 to August 1998, their case is that it was used at least during the period

March to April 1996 (as well as intermittently on other occasions). If what the applicants did in the March to April 1996 period amounts to “use” of their mark, that will be, without more, a good answer under s 100(3)(a) sufficient to defeat the respondent’s removal application.

14 In order to establish the ground for removal of a trade mark from the Register provided for by s 92(4)(b), the applicant for removal must show that “at no time during that period”, ie, the relevant “continuous period of three years” has the registered owner used the trade mark in Australia in relation to the relevant goods. An application for removal cannot be made on an allegation of almost continuous non-use throughout the whole of the three year period: only an allegation of unbroken non-use throughout a continuous period of three years will suffice. If a single user of the mark during that period is sufficient to disentitle a person from making an application for removal based on s 92(4)(b), the opponent must be entitled by s 100(3)(a) to rebut the allegation on which such a removal application is based by proving a use (in good faith) on just one occasion during the three year period.

15 In *Settef SpA v Riv-Oland Marble Co (Vic) Pty Ltd* (1987) 10 IPR 402, McGarvie J, speaking of s 23(1)(b) the *Trade Marks Act 1955* (Cth) (“the 1955 Act), said, at 437:

*“The defendant must establish that during the three-year period to 4 July 1983 the plaintiff did not once use the mark in good faith in Australia: the Estex case (1967) 116 CLR 254 at 258-9. The contest between the parties is whether the plaintiff during that period used its trade mark in Australia at least once.”*

16 There are differences in the wording of s 23(1)(b) of the 1955 Act and s 92(4)(b) of the 1995 Act. In contrast to s 23(1)(b) of the 1955 Act, which required proof of no use in good faith to justify removal of a mark, s 92(4)(b) provides for removal either where the registered owner has not “used the trade mark in Australia” or where the registered owner has not “used the trade mark in good faith in Australia”. Section 92(4)(b)(i) deals with no use at all; s 92(4)(b)(ii) deals with use, but a use which is not in good faith. Consistently with s 92(4)(b), s 100(1)(c) casts the burden on the opponent to removal of rebutting any allegation by the applicant for removal that the mark has not “been used, or been used in good faith”; s 100(3)(a) then declares that the opponent is taken to have rebutted “the allegation that the trade mark has not ... been used, or been used in good faith” only if he establishes that the mark “was used in good faith”. Proof by the opponent of use within the relevant three year period is not sufficient to rebut the allegation of non-use: only proof of use in

good faith will suffice. But s 92(4)(b)(i) and (ii) only restate, in verbose fashion, the ground for removal for non-use in s 23(1)(b) of the 1955 Act. (The expression “use in good faith” has a well understood meaning in this context, viz, real, as opposed to token, use in a commercial sense: see *New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company Ltd* (1989) 14 IPR 26 at 45 and Shanahan, *Australian Law of Trade Marks and Passing Off*, 2<sup>nd</sup> ed, 1990, at pp 272 - 274.)

17            Though s 92(4)(b) is differently expressed from s 23(1)(b), I do not consider the changes in wording are enough to justify any different approach to the operation of the new provision in the respect now relevant. Section 23(1)(b) of the 1955 Act, which exposed a registered mark to removal where “a continuous period of not less than 3 years had elapsed ... during which there was no use in good faith of the trade mark”, is similarly worded in this respect to s 92(4)(b). An application for removal could not properly be brought on the basis of almost continuous user under s 23(1)(b), just as a removal application cannot now be brought under s 92(4)(b) on such a basis. A single bona fide use of the mark in the relevant period is sufficient to answer an application for removal under both provisions.

18            Both counsel relied upon *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No. 2)* (1984) 156 CLR 414 as showing what was required for there to be a use of the applicants’ mark sufficient to answer the respondent’s allegation of non-use. *Moorgate* was concerned with whether what had been done in the course of establishing trading relations between an overseas trader and an Australian trader amounted to a use in Australia of the trade mark of the overseas trader. The specific issue for determination was whether, at the time Philip Morris applied for registration of the mark in question, Moorgate was already the proprietor of that mark for the purposes of s 40 of the 1955 Act because it had previously used the mark as a trade mark in Australia. Moorgate relied on the fact that, in connection with discussions with Philip Morris about the possible introduction of its low tar cigarette in Australia, Moorgate’s overseas predecessor, Loew’s, sent packets of cigarettes and associated advertising material displaying a version of the mark to representatives of Philip Morris in Australia. In the leading judgment, Deane J said at 433 - 434:

*“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 ... or*

that the mark has been used in an advertisement of the goods in the course of trade: ... 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. The cigarette packets and associated advertising material were delivered to Philip Morris to demonstrate what Loew's was marketing in other countries and what Philip Morris might market, under licence from Loew's, if it decided to manufacture and trade in the goods in Australia and to use the mark locally at some future time. There was no relevant trade in the goods in Australia and the delivery of the cigarette packets and associated material to Philip Morris did not, in the circumstances, constitute a relevant user or use in Australia of the mark 'KENT GOLDEN LIGHTS' for the purpose of indicating or so as to indicate a connexion in the course of trade between the new cigarettes and Loew's.*” (emphasis added)

19 At the hearing, attention was concentrated on the second applicant's dealings in the period March-April 1996 with Mr Warner of Sanctuary Cove Brewery, a subsidiary of Carlton United Breweries (“CUB”), as establishing that the mark (or the mark with relevant additions or alterations) was used in good faith by the first applicant during the relevant three year period. The applicants submitted that Mr Birmingham's dealings with Mr Warner of CUB showed that the first applicant had used its mark during the course of those discussions in that it then had an existing intention to offer or supply goods bearing the mark in trade within the second limb of Deane J's dictum in the passage in emphasis in *Moorgate*.

20 The applicants, in my opinion, misunderstand what Deane J said. His Honour made the comment relied on in the context of explaining what was necessary to establish use of a mark in Australia by an overseas trader, though there was no actual dealing in goods bearing the mark in this country in the sense of no actual sales or offers of sale of the goods here. The dictum cannot be read in isolation from this context. Where an overseas trader has in some way committed goods for export to Australia, eg, by actually shipping them or by earmarking them for export in some other way, there will be actual trade in the marked goods in Australia sufficient to show use of the mark here where the foreign goods have been offered for sale in Australia under the mark, though none have yet arrived here. Further, where such a commitment of the goods has occurred, there will be “an existing intention etc”, sufficient to show use of the mark in Australia where the mark has been used, in advertising in this country their future availability for purchase here, though none of the goods earmarked

for export to Australia have yet arrived. Deane J did not say that a subjective intention of the owner of the mark to use the mark in trade at some time in the future was, without more, sufficient to show use of a mark. What he said was that such an intention, if accompanied by objective proofs of that intention in the form of evidence of action by the mark owner to commit goods bearing the mark to actual trade in Australia, would suffice to show use of the mark here at the time in question, though no marked goods had yet been offered for sale in this country.

21           McGarvie J understood Deane J's dictum as being to this effect in *Settef*. One issue there was whether an Italian company, Settef, had used its "Riv-Oland" word mark in Australia before 1978 so as to become the proprietor of the mark here and thus entitled to the registration of the mark which it obtained in 1978. McGarvie J said at 417:

*"I consider that it follows from the authorities that a mark is used as a trade mark only if it is used with a view to facilitating or promoting the operation of a trading channel which in a business sense had already been opened to Australia. The mark must be used for the purpose of trade ... The forwarding of samples and brochures [in 1967] is not sufficient to indicate that Settef was ready and willing to fulfil such orders as it received from Australia. The purpose of these items may well have been to ascertain whether there was a market in Australia sufficient for it to be worthwhile for Settef to export here. Use of the mark in such preliminary activities would not be a use in the course of trade: Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2) (1984) 59 ALJR 77 at 83."*

22           His Honour held, however, that by late 1968, Settef had made a sufficient use of the mark here to entitle it to be recognised as the proprietor of the mark. But, according to McGarvie J, a present intention to offer goods with the mark on them is not sufficient to constitute use of the mark unless there then exists "a trading channel which in a business sense had already been opened to Australia".

23           But *Moorgate* has been accepted as establishing in other contexts that there is a line of demarcation between use of a mark in trade and activities with respect to the mark which are preliminary to actual use of the mark. In *Settef* at 437 - 440 and *Conquip Holdings Pty Ltd v S & A Restaurant Corp* [2000] FCA 256 at [76] to [85], this distinction was applied to determine whether a mark had been used by the registered owner so as to defeat an application for its removal from the Register for non-use. In *Buying Systems (Australia) Pty Ltd v Studio SRL* (1995) 30 IPR 517, the distinction drawn in *Moorgate* between acts of user



of a mark and acts preliminary to user was applied to determine whether an opponent to an application for registration of a mark had a good ground of objection to registration because the opponent had itself used the mark prior to the date of the other's application.

24 In *Settef*, in the course of considering the defendant's counter-claim for removal from the Register of the plaintiff's mark under s 23(1)(b) of the 1955 Act for non-use, McGarvie J referred to the evidence of a visit by a Mr Tessarallo to a principal of Settef in Italy during the course of which Tessarallo said he was interested in distributing Settef products in Australia. The Settef principal said he would visit Tessarallo early the following year and, in the meantime, would send him publicity material to enable him to research the market. Soon after, he sent Tessarallo sample books and catalogues of Settef's "Riv-Oland" marked products and, a little later, visited Tessarallo in Australia, but did not think he would be a suitable distributor, so Settef took the matter no further. McGarvie J, at 439, concluded:

*"I do not regard Settef as having used its trade mark in its transactions with Mr Tessarallo. At no time did it open a trading channel to him by indicating that it was ready and willing to sell to him. The matter never advanced beyond preliminary discussions as in Moorgate Tobacco ..."*

25 However, he found sufficient use of the mark to defeat the counter-claim for removal in other evidence that the principal of an Australian company, J & P Applicators, during a visit to the Settef factory in Italy agreed to commence immediately to promote Settef's products to architects and other potential users in Queensland and that, though J & P Applicators purchased only one drum of "Riv-Oland" marked material and three small sample tins similarly marked, it had purchased the drum to make sample panels of the material to show to architects, developers and others and used at least some of the material for that purpose. McGarvie J said, at 439:

*"In my opinion the plaintiff made use of its trade mark in Australia through its transactions with J & P Applicators. Settef was ready and willing to supply Riv-Oland material to the Australian market through the trading channel to J & P Applicators. In the first consignment the mark was used in relation to the material by being used in the invoice and by being marked on the drum. It was a use in the course of trade although the drum was purchased to make samples to show to prospective customers and although only one drum of material was sold ... Sending the samples, brochures and catalogues to a trader who had agreed to distribute the product was also a use of the trade mark. In my opinion the use of the mark in the invoice and upon the three small tins supplied free of charge in the second consignment was a use in*

*relation to the plaintiff's goods in the course of trade."*

26 In *Conquip*, the only evidence of any activity that took place in Australia in the relevant three year period that was relied on to show use here of the mark was the despatch to Australia on a confidential basis of standard menus used in an American restaurant chain operated under a trade mark name by the American owner in response to an inquiry from an Australian resident interested in discussing the possibility of opening up restaurants in Australia under that same name by agreement with the American owner. The evidence was that negotiations were unsuccessful and did not result in the opening of any such restaurant here. Not surprisingly, Heerey J held that these negotiations were "as their terms plainly indicate" of a preliminary nature and did not lead to any use of the marks in Australia. It can be inferred that the American owner, by sending his marked menus to Australia in response to the inquiry then intended to use his mark as a trade mark in Australia, if agreement were reached with the Australian inquirer for the opening of a restaurant here. But that was not enough to show use of the mark in this country.

27 In *Buying Systems (Australia) Pty Ltd v Studio SRL*, the question was whether Buying Systems had used the mark (the word "Studio" in relation to fashion and hairdressing magazines) prior to the use of that mark by Studio SRL so as to defeat the latter's claim to registration as proprietor of the mark within s 40 of the 1955 Act. The critical date was 8 December 1983. In the period September to November 1983, Grand, the principal of Buying Systems, decided to set about publishing a new fashion magazine under the name "Studio Collections". He had business cards and letterheads with the word "Studio" printed. He contacted potential advertisers and solicited advertisements for the new magazine. Two of the organisations approached in this period ultimately took up advertising space in the first issue, which appeared in mid-1984. Gummow J concluded at 520:

*"These steps amount to sufficient activity by the opponent to produce the result that [Studio SRL] the applicant for registration at the date of its application on 8 December 1983 could not accurately put itself forward as claiming to be proprietor of the relevant mark. The activities of the opponent were sufficient to constitute a relevant use of the mark in Australia for the purpose of indicating or so as to indicate a connection in the course of trade between it and the new magazine. This is not a case where those activities occurred without any existing intention to offer or supply the magazine in trade. The case is quite different from activities of the nature discussed in Moorgate."*

28           Buying Systems not only had an existing intention to trade in the magazine, it had gone beyond making preliminary arrangements to use the mark by December 1983. It had an objectively ascertainable commitment to offering to supply the magazine in trade demonstrated by its having purchased and used appropriate business cards and letterheads in connection with the proposed offering of the magazine and by having solicited advertisers for the magazine. (In the absence of evidence as to the subsequent publication of the magazine, however, it may well have been difficult for Buying Systems to satisfy the Court that, by December 1983, it then had an intention to offer or supply goods bearing the mark in trade and had done things sufficiently unambiguous to objectively show that it had that intention.)

29           Mr Birmingham says that it was in August 1994 that he collapsed and suffered a severe relapse of his chronic fatigue syndrome sufficiently severe to disable him from working at that time. This necessitated postponement of surgery on his knee planned for September 1994 until February 1995. It was not until December 1995 that he says his health gradually began to improve “for the first time in a number of years”. By about March 1996, he says his health had improved sufficiently to allow him to hold his discussions with Mr Warner of CUB in relation to the manufacture and distribution of “Raging Bull” drinks, including beer and soft drinks. It appears he took the initiative in contacting a Mr Murphy of the CUB plant at Yatala. Murphy referred him to Mr Warner, the manager of the CUB brewery at Sanctuary Cove, which acted as a development base for new products for CUB, including beer and soft drink. In April 1996, Mr Birmingham says he had a number of discussions with Mr Warner. These involved “the manufacturing and distribution of the range of ‘Raging Bull’ drinks, including beer and soft drinks”. Mr Warner sought an assurance that Woolly Bull Enterprises was the registered owner of the “Raging Bull” trade mark. Mr Birmingham provided Mr Warner with a range of promotional material. I accept that this consisted of material substantially identical to that contained in exhibit 14 to Mr Birmingham’s first affidavit. None of this material depicts the registered mark, though, in various places, it depicts both word and pictorial elements of that mark. Mr Birmingham describes the course of discussions with Mr Warner as follows:

*“47. Mr Warner expressed a great deal of interest during the course of these discussions in reaching an agreement to manufacture the ‘Raging Bull’ drink products. During the course of these discussions Mr Warner expressed the need for a long term commitment to CUB by the Company in respect of the ‘Raging Bull’ brand name and products. I advised Mr Warner that I was*

*prepared to enter into an arrangement with CUB whereby the Company would licence all rights for 'Raging Bull' drinks, including the rights to use 'Woolsy' in all marketing and promotion of the 'Raging Bull' drink products. This arrangement was to be conditional upon my cross-promotion of the other Raging Bull products and my consent and availability to consult with CUB with respect to marketing concepts and opportunities for Raging Bull drinks and other products (e.g. Raging Bull Records, Raging Bull Clothing, 'The Adventures of Woolsy', etc.).*

*48. The extent of my discussion with Mr Warner were such that I undertook to him not to commence any discussions or arrangements with any other parties until it became clear that an agreement could not be reached with CUB. At that time there was no apparent reason why an agreement could not be reached with CUB, and the opportunity still remains open. It is now my health and the existence of this litigation which is preventing me from exploiting this opportunity. Annexed hereto and marked with the letters 'DGPB15' is a true copy of correspondence, dated 5 April 1996, which I forwarded to CUB at that time ..."*

30 In his letter of 5 April 1996 to Mr Warner headed "Private and Confidential" and with reference to "'Raging Bull'<sup>TM</sup> drink products" Mr Birmingham wrote:

*"Further to our meeting and subsequent discussions regarding your possible interest in manufacturing various drinks by the above name, I now provide the following background and information for you as requested ..."*

31 Mr Birmingham summarised the first applicant's use of the "Raging Bull" trade mark on beer that was manufactured and sold in Victoria during 1992 for the first applicant and the use of the trade mark, variously described as "Woolsy - The Original Raging Bull", "Woolsy" and "Raging Bull", in relation to a range of other goods such as records and videos. He suggested various other contexts, including sporting events, in which the "Raging Bull" trade mark might be used and concluded this letter as follows:

*"As previously advised to you, as '**WOOLSY**'<sup>TM</sup> is distinctly **Australian**, it would be my preferred option to work in conjunction with an **Australian** company and one which uses, as far as possible, natural products and processes, such as your organisation.*

*As also discussed, I can appreciate your concern to enter into an arrangement whereby you could be left holding stock, etc., as with past experiences, and for this reason, I would be prepared to look at an arrangement whereby your company would license the '**RAGING BULL**'<sup>TM</sup> beer and soft drinks, including the Trade Marks, and use of the character '**WOOLSY - The Original Raging Bull**'<sup>TM</sup> and other intellectual property rights, as well as making myself available on a consulting basis for advice on marketing of the*

*'RAGING BULL'<sup>TM</sup> drinks and cross-promotions with other associated activities involving 'WOOLSY'<sup>TM</sup> and other 'RAGING BULL'<sup>TM</sup> products, as preferred by you.*

...

*I trust this information satisfies all your immediate requirements for information and background on the product and related 'RAGING BULL'<sup>TM</sup> activities, and look forward to talking with you further and hopefully proceeding with an arrangement to our mutual benefit."*

32 Mr Warner did not reply: he said in his letter of 29 August 2000 that, "as he had advised previously", he did not receive Mr Birmingham's letter of 5 April 1996 addressed to him, though Mr Birmingham subsequently provided him with a copy in 1999.

33 Mr Birmingham's discussions with Mr Warner came to a halt for the reason, according to Mr Birmingham, that soon after writing to Mr Warner on 5 April 1996, he sustained a fall which caused a range of orthopaedic injuries and another relapse of his chronic fatigue syndrome. Soon after that, he spoke to Mr Warner about these problems and gave evidence that: "We agreed that it was not appropriate to proceed with any arrangement until I recovered my health." Mr Birmingham also says that "due to my on going medical problems I found myself in a state of extreme impecuniousness in 1996". The consequence was that in November 1996 he entered into a Deed of Arrangement with his creditors under Pt X the *Bankruptcy Act 1966* (Cth), a step which resulted in him having to resign as a director of the first applicant and to "refrain from any activities on behalf of the Company which may have been deemed to be activities of a director". It was not until January 1998 that the trustee of the Deed certified that the arrangements had been carried out.

34 Notwithstanding what he said was his obligation under the Deed of Arrangement, between February and May 1997 (when he again collapsed and had to cease all work activities), Mr Birmingham says he "commenced discussions with various parties regarding 'Raging Bull' licensing opportunities which would complement and cross-promote the 'Raging Bull' beer". So far as they are relevant to the issue of use of the trade mark in relation to Class 32 goods during the relevant period, these activities included meetings and discussions with a licensing agency, a graphic designer and a costume designer (regarding the preparation of 'Raging Bull' costumes for use in promoting 'Raging Bull' products, including its beer). Quotes were obtained from some of these organisations for promotional and other

work to be done for the applicants but, on the evidence, they were never followed up by the applicants. In February 1997, Mr Birmingham also had discussions with the Wool Exchange Night Club in Geelong which made an offer to Mr Birmingham to hire the night club venue to him “at a discounted rate of \$1,000” for the relaunch of “Raging Bull” drinks. The principal of the Wool Exchange also offered his services as production assistant with respect to the production of a promotional video “at a nominal rate of \$300 per week”. These offers were not followed up either by Mr Birmingham.

35 In July-August 1997, Mr Birmingham was in England “for family matters”, but on his return in September 1997 again collapsed with a relapse of his chronic fatigue system. The only actions he took up to August of that year in 1998 with respect to the first applicant’s registered trade mark involved communications with the Trade Marks Office with respect to keeping up the application for registration of the mark (a registration which the first applicant obtained in June 1998) and in taking action to protect his mark in the face of the activities of the respondent.

36 Mr Warner was not called as a witness, though his letters of 13 April 1999 and 29 August 2000 to Mr Birmingham, which the latter solicited for use in this litigation, were put into evidence as original evidence. Mr Warner, in his earlier letter, says:

*“During our meetings possibilities of producing products under licence were raised, Gold Coast Brewery’s concerns about producing product and contributing to another party’s brand equity, and the situation of being left with stock in our warehouse were also discussed.*

*Since the time of our meetings in 1996 Gold Coast Brewery has undergone changes in strategic direction, and no longer produces private labelled beer products or softdrink products. As such, this facility is not in a position to pursue opportunities of the nature proposed by yourself.”*

37 In his letter of 29 August 2000 to Mr Birmingham, Mr Warner repeated the substance of what he had to say in his letter of April 1999, speaking again of the discussion turning on the production by CUB of beer under license from the first applicant and of his associated concerns. Mr Warner concluded his letter:

*“Even though Gold Coast Brewery was unable to produce the ‘Raging Bull’ drinks, I have referred you to other parties within CUB with whom I believe you are still exploring production opportunities.”*

38           The tenor of Mr Birmingham's own affidavit evidence and what he had to say in the letter of 5 April 1996 which he wrote to Mr Warner was to the effect that he was proposing that CUB enter into a licence arrangement for the use by it of the first applicant's mark in connection with goods to be produced and sold by CUB. Counsel for the applicants, however, sought to develop an argument on the basis of Mr Birmingham's oral evidence and of Mr Warner's letter of 13 April 1999 that something rather different to that was discussed between Mr Birmingham and Mr Warner, viz, an arrangement under which CUB would dedicate part of its production capacity to producing beverages to be sold to consumers under the first applicant's mark either by the first applicant alone or by a joint venture between CUB and the first applicant. Mr Warner's letter was admitted as original evidence only and so cannot provide a foundation for any such finding. But even if the letter were admissible without qualification, it would not be capable of supporting the finding contended for, given what Mr Birmingham himself has to say in his affidavit about his discussions with Mr Warner turning on licensing arrangements and what Mr Warner himself says in confirmation of that in the opening words of the letter. Nor would that finding, if made, advance the applicants' case that Mr Birmingham's dealings with Mr Warner showed a use of the applicants' mark.

39           In oral evidence, in contrast with his affidavit testimony and contemporaneous letter to Mr Warner, Mr Birmingham suggested that the discussions he had with Mr Warner in early 1996 were with a view to CUB entering into an arrangement with the first applicant for the production by CUB of beverages for the first applicant which would be sold to consumers by the first applicant under its mark. I am not prepared to accept this late-emerging evidence. But even if I were, it would not assist the first applicant's case that it then used its mark.

40           Though I have no doubt that Mr Birmingham was, at least in the period March-April 1996, trying hard to persuade Mr Warner to commit CUB to an arrangement with the first applicant under which CUB would produce and sell beer under the first applicant's registered mark or a version of it, his efforts were unsuccessful. His subjective intention, no doubt bona fide, was that the first applicant's mark be used in trade. But that is as far as the case for the applicants goes. It does not involve any use of the mark sufficient for the purpose of s 100(3)(a). Though it is not necessary, for there to be such a use of a mark, that there be an actual trade in the sense of the offering for sale and the sale of goods bearing the mark, the owner will not use its mark unless it has so acted to show that it has gone beyond

investigating whether to use the mark and beyond planning to use the mark and has got to the stage where it can be seen objectively to have committed itself to using the mark, ie, to carrying its intention to use the mark into effect. Mr Birmingham was never able to get beyond attempting to establish a means for the first applicant to use its mark in trade. That does not amount to any use of the first applicant's mark in trade sufficient to defeat the removal application. It goes no further than discussions preliminary to the first applicant actually committing itself to the use of the mark in the course of trade.

41           Given this conclusion, it is unnecessary to consider whether the provision by Mr Birmingham to Mr Warner in April 1996 of the folder containing the "beer label" version of the registered mark, though not the mark itself, was the use of the registered trade mark "with additions or alterations not substantially affecting its identity" within s 100(3)(a).

### **(3) AN OBSTACLE TO USE OF THE MARK?**

42           The final question for determination is whether the applicants can defeat the respondent's application to remove the first applicant's mark in reliance on s 100(3)(c), even though the mark has not been used in the relevant period.

43           The critical issue here is the interpretation of the expression "because of circumstances (whether affecting traders generally or only the registered owner of the trade mark) that were an obstacle to the use of the trade mark during that period" in s 100(3)(c).

44           The applicants submit that any circumstances constituting an impediment to the use by the registered owner of the mark, other than circumstances created by or within the control of the registered owner, come within this expression. The respondent in effect submits that the phrase covers only circumstances of a trade character that impede the owner's use of the mark; the respondent submits that the section takes its present form to expand the limited operation of the precursors to s 100(3)(c).

45           Section 26(3) the *Trade Marks Act 1938* (UK) ("the 1938 UK Act") prevented reliance by an applicant for removal on the ground of non-use on "any non-use of a trade mark that is shown to have been due to special circumstances in the trade and not to any intention not to use or to abandon the trade mark". Section 23(4) of the 1955 Act was to the like effect. The authorities on this provision establish the following propositions:



- (1) “The non-user must be due to circumstances of the trade and not to special circumstances attaching to and belonging to the trader personally”: *In re Columbia Gramophone Co., Ld’s Trade Mark* (1932) 49 RPC 621 at 628;
- (2) The expression “the trade” in the section means the same trade in which the registered proprietor is engaged: *Aktiebolaget Manus v RJ Fulwood and Bland, Ld* (1949) 66 RPC 71 at 79.
- (3) The phrase “due to special circumstances in the trade” refers “to circumstances which are ‘special’ in the sense of being peculiar or abnormal and which are experienced by persons engaged in a particular trade as the result of the working of some external forces as distinct from the voluntary acts of any individual trader”: *Aktiebolaget Manus* at 79.
- (4) For circumstances to be “special circumstances”: “it is not ... necessary that the ‘special circumstances’ should be such as to afflict all traders equally or indeed to afflict all of them at all”: *Aktiebolaget Manus* at 79.
- (5) It is not necessary to show that the “special circumstances” made use of the mark impossible; it is enough to show that those circumstances made it impractical in a business sense, to use the mark: “*BALI*” *Trade Mark* (1966) 83 RPC 387 at 406.
- (6) Even if “special circumstances” are established, they will excuse non-use only if there is a causal link between them and the non-use: *In re James Crean & Son Ld’s Trade Mark* (1921) 38 RPC 155.

46           It can be accepted that the wording of s 100(3)(c) was deliberately adopted to give the sub-section a wider operation than the narrowly worded provision contained in s 23(4) of the 1955 Act. It is now not necessary to show unusual or abnormal, as opposed to normal or usual, trading conditions (a difficult concept to comprehend and apply) before s 100(3)(c) can operate. Ordinary incidents of the trade cycle commonly encountered by traders, as well as abnormal ones, are now within the provision. Further, it is clear that a circumstance of a trading nature that has an impact only on the registered owner can also now be relied on to

justify non-use of the mark.

47 In the context of s 100(3)(c), there are, however, good grounds for reading “circumstances” as not embracing any event of any kind. The circumstances must be “an obstacle to the use of the trade mark by the registered owner”. This suggests that they must arise from or comprise events external to the registered owner in the sense of not having been brought about by the voluntary act of the owner.

48 But if any circumstance external to the owner, in the sense of being a circumstance not brought about by the voluntary act of the owner, is within the provision, the Court would be drawn into inquiries of a kind that it is difficult to accept were in the contemplation of the Parliament. Financial impecuniosity could excuse non-use of a trade mark, irrespective of how enduring and intractable the owner’s impecuniosity might be. Illness of the registered owner could also excuse non-use of the registered trade mark (as is the contention of the applicants here). A falling out between joint registered owners of a mark that disrupts the use by either of the mark might also be capable of excusing non-use. In all such situations, questions could arise requiring investigation by the Court into whether the obstructing circumstances were due to the conduct of the registered owner.

49 If the Parliament intended any circumstance external to the owner to be capable of providing an excuse for non-use, little purpose would be served by the words in parenthesis in s 100(3)(c), viz, “whether affecting traders generally or only the registered owner of the trade mark”. The presence of these words is some indication that the circumstances comprising an obstacle to use of the mark must not only arise externally to the registered owner, but must also be circumstances of a trading nature.

50 Section 100(3)(c) is, in my opinion, sufficiently obscure to permit recourse to extrinsic materials as an aid to its interpretation: see s 15AB(1)(b) the *Acts Interpretation Act 1901* (Cth).

51 In his second reading speech on the Trade Marks Bill 1995, the Minister said (Hansard, 27 September 1995 at p MC1910):

*“The bill implements Australia’s obligations under the WTO Agreement, but its main thrust is to implement the government’s response to the July 1992*

*report, 'Recommended changes to the Australian trade marks legislation', as modified by the consultation process I have already mentioned. That report was prepared by the working party to review the trade marks legislation, which comprised representatives from the legal and patent attorney provisions, industry and government. It was asked initially to review and streamline the trade marks legislation, but as the work progressed its objectives expanded to take into account the international developments already described."*

52 In its report of July 1992 to the Minister for Science and Technology, the Working Party, in section 3.1 dealing with removal of trade marks for non-use, said that its proposals "took into account the provisions of the TRIPS Agreement", ie, the Agreement on Trade Related Aspects of Intellectual Property Rights. TRIPS forms part of the General Agreement on Tariffs and Trade 1994, which is contained within the Agreement establishing the World Trade Organisation 1994: see Lahore, *Patents, Trade Marks & Related Rights* at par 50,065. The Working Party's recommendations under the heading "Defence against an application for removal" included the following:

*"33A. A registration may be protected against a claim for non-use by:*

*...*

*circumstances which constitute an obstacle to the use of the registered trade mark, whether applicable to traders generally, or specific to the proprietor of the mark. For example, regulatory delay for pharmaceuticals, regulatory prohibition of use (e.g. tobacco products), import restrictions or circumstances of war could constitute special circumstances affecting a specific trader rather than all traders in a particular field.*

*The above description is used rather than 'special circumstances' in order to accommodate the somewhat wider terms of Article 19 of the TRIPS Agreement."*

53 The TRIPS Agreement is appended to the Working Party's report. Article 19 - "Requirement of Use" - states:

*"If use is required to maintain a registration, the registration may be cancelled only after an uninterrupted period of at least three years of non-use, unless valid reasons based on the existence of obstacles to such use are shown by the trademark owner. Circumstances arising independently of the will of the owner of the trademark which constitute an obstacle to the use of the trademark, such as import restrictions on or other government requirements for goods or services protected by the trademark, shall be recognized as valid reasons for non-use."*

54 It is apparent from these extrinsic materials that s 100(3)(c) was not intended by the Parliament to provide a defence to an attack on a registered trade mark for non-use on any grounds, including grounds entirely personal to the trade mark owner that do not bear any trading character, so long only as they do not arise from the voluntary actions of the owner.

55 In my opinion, circumstances within s 100(3)(c) will only exist when events arise that are capable of disrupting trade in the area of commercial activity in which goods bearing the registered owner's mark are traded. For the statutory excuse to be made out, those circumstances must cause (in a practical business sense) non-use of the particular mark by the owner, whether or not they have an impact on any persons other than the owner of that mark who are also involved in that same area of commercial activity. There must be a causal link shown between the relevant circumstances and the mark's non-use. This requirement arises from the fact that s 100(3)(c) creates an excuse only where the mark has not been used by the registered owner "because of" circumstances etc. It will not assist the opponent to removal to show the existence of an impediment to use of the kind referred to in s 100(3)(c) if he does not also establish that, but for that impediment, he would have used the mark. Cf *In re James Crean & Son Ltd's Trade Mark* at 162.

56 Circumstances that do not have a trade character but which only affect a mark owner in his personal character, such as illness afflicting the owner of the mark that is sufficiently disabling to prevent the owner using the mark, can never therefore found an answer within s 100(3)(c) to an application for removal of the mark for non-use.

57 I mention that s 46(1)(a) the *Trade Marks Act 1994* (UK) now permits revocation of a trade mark on the ground that "within the period of five years following the date of completion of the registration procedure it has not been put to genuine use in the United Kingdom, by the proprietor ... in relation to the goods or services for which it is registered, and there are no proper reasons for non-use". This Act was introduced in order to implement the first Trade Marks Directive of the Council of the European Communities; the reason why the expression "proper reasons" appears in s 46 is not because the draftsman decided that the expression "special circumstances in the trade" in s 26 of the 1938 UK Act should be replaced by a different one, but because he was required to implement the EC Directive. See *Magic Ball Trade Mark* (1999) 117 RPC 439 at 441 and 442. Decisions in which this provision has been considered are collected in *Kerly's Law of Trade Marks and Trade*

*Names*, 13<sup>th</sup> ed, 2001, at par 9-62. They are, however, of little assistance in seeking the meaning of s 100(3)(c) because of the different genesis of the UK legislation and the different wording of that provision.

58           There is also a question whether circumstances that constitute an obstacle to use of the mark must exist throughout the whole of the three year period if they are to be sufficient for the purposes of s 100(3)(c) or whether it is enough that they exist during a part (no doubt, during more than a *de minimis* part), of that period. The latter view is, in my opinion, the better reading. For the reasons given, a single bona fide use of the mark during the relevant three year period is, by force of s 100(3)(a), an answer to an application for removal for non-use. An obstacle of the kind referred to in s 100(3)(c) to the use of the mark that operates only for part (ie, more than a *de minimis* part) of the three year period provides the same justification for non-cancellation as does a single user of the mark in the relevant three year period, but only provided the opponent to removal establishes that the mark would have been used during that part of the three year period but for the existence then of the obstacle. A use of the mark which it is shown would have occurred during part of the three year period, but for the existence of the obstacle during that part of the period, has, in my opinion, the same claim to be recognised as excusing non-use that an actual use during that particular part of the period has.

59           But even if the evidence were sufficient to establish that for some time more than a *de minimis period* in the three years 17 August 1995 to 17 August 1998 Mr Birmingham was seriously ill and that, but for his illness, he would have ensured that the first applicant used its mark during the period of his disability that, for the reasons given, is incapable of providing the first applicant with an answer, pursuant to s 100(3)(c), to the respondent's allegation of non-use of the first applicant's mark throughout that three year period.

60           The appeal must be dismissed.