

CUSSONS (NEW ZEALAND) PTY LTD v UNILEVER PLC

Privy Council (PC Appeal 35/97) 21, 22 October; 20 November 1997
Lord Browne-Wilkinson, Lord Steyn,
Lord Hoffmann, Lord Cooke of Thorndon, Lord Hutton

Trade marks — Infringement of trade mark — Whether a duplicate trade mark application is valid — Registration of identical mark is allowed.

Trade marks — Infringement of trade mark — Registration can not be removed unless the registration had subsisted for at least 5 years without the registered mark being used — Trade Marks Act 1953, s 35(1).

Practice and procedure — Interlocutory injunction — Application to use a trade mark already registered with another party.

The appellant, Cussons (New Zealand) Pty Ltd (“Cussons”), was a New Zealand subsidiary of an international group. The two respondents (“Unilever”) were the parent group and its New Zealand subsidiary, also part of an international group.

Unilever was the registered proprietor and registered user of the trade mark “Radiant” for Class 3 goods, which are soaps and laundry substances. The trade mark No 44598 was registered on 20 August 1947. Unilever used the trade mark only in the UK.

In 1988, Cussons acquired proprietorship of the “Radiant” trade mark for detergents in Australia, and considered using it in New Zealand. On 12 July 1995, Cussons inquired whether Unilever would assign the name to it. Unilever successfully applied on 21 July 1995 to register “Radiant” again (No 251537). Cussons failed to notice the advertisement of the application and decided to proceed with the launch of its product.

On 15 August 1996, Unilever applied for an interlocutory injunction. The High Court dismissed Unilever’s appeal (reported at (1996) 7 TCLR 334). The Court of Appeal allowed the injunction as there was no reason which would justify an infringement (reported at [1997] 1 NZLR 433; (1996) 37 IPR 354; (1997) 6 NZBLC 102,001).

Cussons appealed to the Privy Council on two grounds. First, whether it was permissible to obtain a second registration for the one trade mark for the purpose of overcoming the fact of non-use of the trade mark. Secondly, what interpretation should be given to s 35(1) Trade Marks Act 1953.

Held, dismissing the appeal:

(1) Nothing in s 17(1) Trade Marks Act 1953 prohibits the registration of an identical mark where there is an existing mark in the respect of the same goods or description of goods. Section 32(2) Trade Marks Act 1953 expressly contemplates

the registration of an identical mark by the same proprietor, and gives the Commissioner power to require that the marks be registered as associated.

(p 101, line 8)

Origins Natural Resources Inc v Origin Clothing Ltd [1995] FSR 280 followed

(2) The scheme of the Trade Marks Act is to treat each registration as if it were a different mark. A registration can not be removed unless that registration had subsisted for at least 5 years without the registered mark being used.

(p104, line 12)

Statutes and regulations referred to

Patents, Designs, and Trade Marks Act 1883 (UK), s 72(1)

Trade Marks Act 1905 (UK), s 12(2)

Trade Marks Act 1919 (UK), ss 2(6), 26(1)(b)

Trade Marks Act 1953, ss 17(1), 27, 32(1),(2), 35(1), 39(1), 41(1)

Cases referred to

Birmingham Small Arms Co's Application, Re [1907] 2 Ch 396

G E Trademark, Re [1973] RPC 297

John Player & Sons' Application for a Trade Mark, Re (1900) 18 RPC 65

Klissers Farmhouse Bakeries Ltd v Harvest Bakeries Ltd [1985] 2 NZLR 129; (1985) 1 TCLR 294 (HC & CA)

Origins Natural Resources Inc v Origin Clothing Ltd [1995] FSR 280

Appeal

This was an appeal against the Court of Appeal judgment which held that there was no justification for infringing the trade mark.

S Thorley QC and *B W F Brown QC* for appellants

J G Miles QC and *C L Elliott* for respondent

The judgment of the Court was delivered by

LORD HOFFMANN (reserved):

This is an appeal from the grant of an interlocutory injunction to restrain the infringement of a trade mark. The plaintiffs are Unilever plc and Unilever New Zealand Ltd, respectively the registered proprietor and registered user of the mark RADIANT in respect of goods in Class 3 (including soaps and substances for laundry use). Their Lordships will refer to them collectively as "Unilever". The defendant is Cussons (New Zealand) Pty Ltd, a member of another multinational group which their Lordships will refer to as "Cussons".

Unilever's predecessor in title registered the mark as Trade Mark No 44598 on 20 August 1947. Unilever has never used it in New Zealand, although it did so in the UK and some other countries until about 15 years ago. Unilever conducts an annual review of its trade mark portfolio to decide whether to renew them or allow them to lapse. The prospect of the RADIANT mark in New Zealand being commercially valuable at some future date has so far been assessed by Unilever as sufficient to warrant maintaining the registration.

In 1988 Cussons acquired proprietorship of the RADIANT mark for detergents in Australia and launched a successful brand under that name. In 1995 it was considering a launch in New Zealand. A search of the trade mark registry revealed Unilever's registration. On 12 July 1995, Cussons wrote to Unilever, saying that the mark appeared not to have been used in the past 5 years and asking whether Unilever would be willing to sell it.

This letter rang alarm bells at Unilever. Section 35(1) of the Trade Marks Act 1953 ("the Act"), as amended in 1994, reads as follows:

"a registered trade mark may be taken off the register in respect of any of the goods in respect of which it is registered on application by any person aggrieved to the Court or, at the option of the applicant . . . to the Commissioner, on the ground either—

- (b) That up to the date one month before the date of the application a continuous period of five years or longer elapsed during which the trade mark was a registered trade mark and during which there was no *bona fide* use thereof in relation to those goods by any proprietor thereof for the time being:"

As No 44598 had not been used for nearly 50 years, it was plainly vulnerable to removal on an application by Cussons. So Unilever wrote Cussons some non-committal letters and meanwhile applied to register RADIANT again in respect of the same goods. The application was filed on 21 July 1995 and duly advertised for opposition in accordance with s 27 of the Act. Cussons appears not to have noticed and Unilever were duly registered as of 6 March 1996 as proprietors of trade mark No 251537, associated with No 44598. The association was because s 32(2) of the Act provides that:

"Where a trade mark that is registered, or is the subject of an application for registration, in respect of any goods is identical with another trade mark that is registered, or is the subject of an application for registration, in the name of the same proprietor in respect of the same goods or description of goods, or so nearly resembles it as to be likely to deceive or cause confusion if used by a person other than the proprietor, the Commissioner may at any time require that the trade marks shall be entered on the register as associated trade marks."

The consequences of association are set out in s 32(1):

"Trade marks that are registered as, or that are deemed by virtue of this Act to be, associated trade marks shall be assignable and transmissible only as a whole and not separately, but they shall for all other purposes be deemed to have been registered as separate trade marks."

On 25 July 1996 Cussons, having made no progress in its attempt to buy the mark, applied to the Commissioner for the removal of No 44598 under s 35(1). In the expectation of success, it prepared for the launch of the product. Unilever then told it of the existence of No 251537. Cussons considered this a foul; some heated correspondence followed and Cussons decided to proceed with the launch all the same. On 15 August 1996 Unilever applied for an interlocutory injunction.

At the hearing before Baragwanath J (1996) 7 TCLR 334, Cussons submitted that an injunction should be refused because there was no realistic prospect of Unilever succeeding at the trial. No 44598 was virtually certain to be removed under s 35(1). As for No 251537, it was said that for two reasons it could not be

relied upon. The first was that it was impermissible to register a mark for a second time in respect of the same goods while the earlier registration remained extant. The second was that it was also liable to be removed under s 35(1) because during the previous 5 years it had not been used and had been a registered mark, even though for most of the time it was the subject of a different registration.

Unilever did not seriously dispute the vulnerability of No 44598 and the argument therefore focused on the efficacy of No 251537. The Judge rejected the argument that duplicate registration was not permitted but accepted Cussons's construction of s 35(1) and held that there was no realistic prospect that Cussons would fail to clear off both registrations. He therefore found it unnecessary to exercise his discretion as to whether, if Unilever had had a realistic prospect of success, overall justice would have required that an injunction should be granted or withheld: see *Klissers Farmhouse Bakeries Ltd v Harvest Bakeries Ltd* [1985] 2 NZLR 129; (1985) 1 TCLR 294.

The Court of Appeal [1997] 1 NZLR 433; (1997) 6 NZBLC 102,001 agreed with the learned Judge on the question of duplicate registration but disagreed with his construction of s 35(1). It held that a registration could be removed only if the mark had not been used for upwards of 5 years during the currency of that registration.

As No 251537 had been registered for only a few months, s 35(1) could not be applied. The proposed launch was bound to infringe this mark. The Court exercised its discretion in favour of granting an injunction. Gault J concluded at p 442; p 102,008:

"In the end, we see this as a straightforward case in which a clear infringement should be restrained now: there has been advanced no seriously arguable reason why that will not be the outcome at the trial, and no special factors which would justify the infringing use being allowed to continue in the meantime."

Cussons then applied for leave to appeal to Her Majesty in Council. As the proceedings were interlocutory, there was no appeal as of right and Unilever at first opposed the grant of leave. Cussons said in its notice of motion for provisional leave that the decisions of Baragwanath J and the Court of Appeal had turned upon two questions of law of general public importance, which it identified as follows:

"(i) Whether it is permissible to obtain a second registration for the one trade mark for the purpose of overcoming the fact of non-use of the trade mark; and

"(ii) The interpretation to be given to s 35(1) of the Trade Marks Act 1953."

On 6 November 1996 the solicitors for Cussons wrote to Mr Miles QC, counsel for Unilever, saying that these two questions would be determinative of the validity of No 251537 and the issue of infringement. If Unilever succeeded on these points, Cussons would discontinue an application which it had made to the Commissioner for the removal of No 251537 and would consent to judgment in the infringement proceedings. Unilever's solicitors expressed some reservations about the way in which the first issue had been formulated but, on the terms set out in the letter, withdrew their objections to the grant of leave.

The circumstances in which leave was granted have given rise to some argument about the precise scope of the issues before the Board, to which their

Lordships will in due course revert. First, however, they will deal with the two questions which were undoubtedly before both lower Courts and fully argued before the Board, namely, the question of duplicate registration and the construction of s 35(1).

5 Mr Thorley QC, who appeared for Cussons, said that upon the true construction of the Trade Marks Act 1953 and subject to certain express exceptions, the registration of a trade mark identical with one already registered in the name of the same proprietor in respect of the same goods was not permitted. There is nothing in the Act which expressly says so: s 17(1) prohibits the registration of a mark
10 identical with an existing mark in respect of the same goods or description of goods “belonging to a different proprietor”. This might suggest that there was no objection to the registration of a mark identical with one belonging to the same proprietor. Furthermore, their Lordships have already referred to s 32(2) which expressly contemplates the registration of an identical mark by the same proprietor
15 and gives the Commissioner power to require that the marks be registered as associated. In the face of these provisions, a submission that the registration of identical marks was prohibited might be thought a bold one.

Mr Thorley said that although, on a superficial examination of this kind, the Act might suggest that duplicate registration was not prohibited, trade mark legislation
20 could be properly understood only in the light of its legislative history. High authority for this proposition is to be found in the speech of Lord Diplock in *Re G E Trade Mark* [1973] RPC 297. The 1953 New Zealand Act is based upon the UK Trade Marks Act 1938, which was itself a consolidation of earlier legislation. Mr Thorley therefore took their Lordships through the historical evolution of the
25 current provisions with a view to showing that Parliament had from the first set its face against duplicate registrations and that although exceptions had been made, the general principle had never been relaxed.

Their Lordships think that with all respect to an interesting argument, the demonstration failed. They will endeavour to trace the steps. Section 72(1) of the
30 Patents, Designs, and Trade Marks Act 1883 said that “the comptroller shall not register in respect of the same goods or description of goods a trade mark identical with one already on the register with respect to such goods or description of goods”. In *Re John Player & Sons’ Application for a Trade Mark* (1900) 18 RPC 65 Cozens-Hardy J said that a second registration of the identical mark by the same
35 proprietor was superfluous and absurd. It would “cumber the register needlessly and unnecessarily”. The Trade Marks Act 1905 repealed s 72 of the earlier Act and re-enacted in s 19 the prohibition on identical marks in similar language, save for the addition of the words “belonging to a different proprietor” as in s 17(1) of the 1953 New Zealand Act.

40 Their Lordships consider that these words were inserted to make it clear that there was no absolute prohibition on the registration of an identical mark in the name of the same proprietor. This does not mean that the Legislature wished to encourage the cumbering of the register in the manner stigmatised by Cozens-Hardy J. But the Registrar in England and the Commissioner in New Zealand have
45 a discretion (originally in s 12(2) of the UK 1905 Act and now in s 26(2) of the 1953 New Zealand Act) to refuse an application for registration. Their Lordships have evidence from the New Zealand Patent Office that its practice in dealing with duplicate registrations is based upon what was understood to be the UK practice

and is to object when “there appears no reason for the duplication of a mark”. In such cases the applicant is asked to cancel the prior registration or abandon the new application.

5 The defence of the register against unnecessary encumbrance by duplicate registrations was thus shifted in 1905 from absolute prohibition to the exercise of discretion. There seems no doubt that this was in response to market dissatisfaction with the apparent rigor of the *John Player* decision. Mr Thorley’s argument against this conclusion was a complicated one. The 1905 Act introduced the concept of associated marks. The need for such provisions is understandable if it was thought
10 that the Act would allow the registration by the same proprietor of identical or colourably similar marks. If the proprietor could assign the marks separately, there was the possibility of the same or similar marks finding themselves in different ownerships, to the confusion of the general public. Association was intended to yoke such marks permanently together. But, Mr Thorley points out, the original
15 provisions for association in s 24 of the 1905 Act dealt only with marks which closely resembled each other. The section said nothing about marks which were actually identical. So, says Mr Thorley, if identical marks could not be associated, it must be because it was not contemplated that they would be permitted. It would be absurd to require association of similar marks but not of identical ones.
20 A continued prohibition of the latter must therefore be implied.

The question of the association of identical marks came before Kekewich J in *Re Birmingham Small Arms Co’s Application* [1907] 2 Ch 396. His opinion was that the omission of any reference to identical marks was probably a mistake (“it is impossible to my mind to conceive that the Legislature can have intended anything
25 of that kind”) but he felt obliged to give the words a literal construction. The error was corrected by the insertion of a reference to identical marks as a “minor amendment” to the 1905 Act in App 9, Second Schedule of the Trade Marks Act 1919.

Their Lordships agree with Kekewich J that the omission of a reference to
30 identical marks in the association provisions was a mistake and cannot accept the argument that, for the sake of conformity, a further anomaly should be introduced by holding that the 1905 Act allowed registration of marks closely resembling existing marks but not of marks which were actually identical. There seems no reason why Parliament should have wished to distinguish between marks which
35 were commercially the same and those which were literally the same. It has from earliest times been a principle of the law of trade marks and passing off to equate the two.

Mr Thorley supported his argument by a reference to s 2(6) of the 1919 Act, which introduced the division of the register into Pt A (marks “adapted to
40 distinguish the goods”) and Pt B (marks “capable of distinguishing the goods”). Section 2(6) says that a mark may be registered in Pt B notwithstanding any registration of the same mark by the same proprietor in Pt A. If duplicate registration of any mark was permissible, why, he asks, should it have been necessary to include such a provision? Their Lordships think that s 2(6) was
45 intended, not to create an exception to a general prohibition, but to prevent the rejection by the Registrar of a Pt B registration, as a matter of discretion, solely on the ground that the same mark was already in Pt A. Since the division of the register was a novelty, the need for such guidance to the Registrar is obvious.

No further guidance is to be obtained from any subsequent changes in the relevant provisions. Recently, in *Origins Natural Resources Inc v Origin Clothing Ltd* [1995] FSR 280, 284, Jacob J said of the UK legislation:

5 “There is no provision of the Trade Marks Act 1938 which prevents the registration of a mark twice for the same goods by the same proprietor.

“There is no reason in public policy why that should not happen under the old Act, provided of course that the two registrations were held by the same proprietor. That was bound to be the case if the marks were associated . . .

10 “The way it was said to be implicit under the old Act that two identical marks could not be registered for the same goods was under s 26 [corresponding to s 35 of the 1953 New Zealand Act as originally enacted]. The argument was that a man could keep registering the same mark, thereby avoiding the effect of s 26(1)(b) (non-use for five years). Again it does not seem to me that that provision shows anything of the kind. If a man were to keep
15 registering the same mark with no genuine intention of using it then he would lose his mark under s 26(1)(a) or (b). If, on the other hand, a man had registered a mark with a bona fide intention to use it and found himself unable to use it for a number of years so that the mark was removable under s 26(1)(b) but he still had genuine plans to use the mark then I see no reason why he should not apply again, thereby avoiding the effect of s 26(1)(b).

20 “In practice for very many years many people have been applying for registered trade marks which do cover the same goods as earlier marks registered by them, the mark being the same in both cases. They have done this for the sensible reason that they wanted to upgrade a Part B registration to a Part A registration and sometimes simply because they put in marks with wider specifications of goods. No harm to the public interest in any way has resulted from their doing so.”

25 These observations by a Judge with great experience in trade mark practice confirm their Lordships’ opinion that the Act contains no prohibition on duplicate registrations. So far as the learned Judge was giving examples of circumstances which the Registrar, in the exercise of his discretion, would accept as sufficient
30 reason for a duplicate registration, it is unnecessary for their Lordships to comment.

Their Lordships now turn to the construction of s 35(1), on which the Courts below were divided. The point is a relatively short one. The subsection says that there must have been a period of 5 years during which the trade mark was “a
35 registered trade mark” and there was no bona fide use of the mark. Does this mean that the mark must have been registered for 5 years under the registration which it is sought to remove (as the Court of Appeal thought) or simply under one or more registrations (as Baragwanath J thought)?

Their Lordships think that the history and structure of the Act points to the construction adopted by the Court of Appeal. The scheme of the Act has been
40 consistently to treat each registration as if it were in respect of a different mark, even though the actual marks are similar or even identical. So the Act of 1905, which, as their Lordships have noted, introduced the concept of association, provided in s 27 that associated marks should not be separately assignable but should “for all other purposes be deemed to have been registered as separate trade
45 marks”. Mr Thorley says that what this means is that there are separate registrations. But this proposition would hardly have needed to be stated. The registrations are obviously separate. The purpose of the provision was to deem the marks to be independent of each other for the purposes of the Act. The same

philosophy was expressed in the proviso to that section, which enabled user of an associated mark to be relied upon to defend a separate mark against removal for non-user. Such a provision would not have been needed if all that mattered was the identity or similarity of the mark. These provisions now appear in ss 32(1) and 39(1) of the 1953 New Zealand Act.

The 1905 Act provided in s 37 for removal for non-user in the following terms:

“A registered trade mark may, on the application to the Court of any person aggrieved, be taken off the register in respect of any of the goods for which it is registered, on the ground that . . . there has been no bona fide user of such trade mark in connexion with such goods during the five years immediately preceding the application.”

In this section, “such trade mark” plainly refers back to the opening words of the section, “a registered trade mark”. This makes it clear that, at least under the 1905 Act, a registration could not be removed unless that registration had subsisted for at least 5 years without the registered mark being used. Their Lordships think that despite minor alterations in the language over the years, the current section has the same meaning.

Their Lordships therefore agree with the Court of Appeal on both points which were argued before them. There is however a further matter which was not decided by either of the lower Courts but which Mr Thorley says, on the formulation of the issues in the notice of motion for provisional leave and subsequent correspondence between the parties, it is open to him to argue before the Board. This is the question of whether Unilever had a good reason for applying for the registration of No 251537. The Court of Appeal remarked in passing (*supra*) at p 438 that since the Examiner had allowed the registration, he “must have been satisfied that there was sufficient reason”. Mr Thorley says that this is not good enough. Unilever should have adduced evidence that there was a good reason, that it was drawn to the Commissioner’s attention and that he was fully possessed of the facts when he exercised his discretion.

The legal basis for this new issue is said to be that one of the grounds upon which Cussons could apply for the removal of No 251537 is that the entry was made “without sufficient cause”: see s 41(1) of the 1953 Act. An application for rectification on this (among many other) grounds was made to the Commissioner on 8 August 1996. Therefore, just as Baragwanath J considered whether Unilever had a realistic chance of resisting the removal of No 44598 under s 35(1), the Board should consider whether it had a realistic chance of resisting the removal of No 251537 under s 41(1).

This is a point which could equally well have been argued in the Courts below. Their Lordships consider that the reason why this did not happen was that Mr Brown, who appeared there for Cussons, realistically accepted that, upon an application for an interlocutory injunction, it had not the slightest chance of success. A challenge to the exercise of the Commissioner’s discretion would require a detailed investigation of Unilever’s intentions which would have been quite unsuitable for an interlocutory hearing. In the Court of Appeal, Gault J recorded that Cussons were alleging that “Unilever made the new application with the intent to block Cussons and without any intention itself to use the trade mark RADIANT in New Zealand”. If this had been true, their Lordships think it would have been right for the Commissioner to exercise his discretion against granting

the application. But Unilever disputed the allegations. Gault J said that it was “unnecessary to dwell on Unilever’s motive in seeking the second registration” because “on an interlocutory application findings on disputed questions of fact and credibility are to be avoided” and that “questions of statutory interpretation are to be resolved for all fact situations”. Although the learned Judge offered some other examples of when it might be appropriate for the Commissioner to grant or refuse a second registration, it is clear that the Court of Appeal (like the learned Judge) thought that the only point in issue was whether second registrations were absolutely prohibited.

10 Their Lordships consider that the description of the issues in the correspondence cannot make it appropriate for the Board to decide a question of fact on materials which counsel and the Courts below recognised to be inadequate. Whatever consequences may have been agreed to follow from the Board’s disposal of the appeal, it remains an interlocutory appeal and must be decided accordingly. They
15 consider that it is impossible to say that Cussons was bound to succeed in removing No 251537 and this point therefore fails. Their Lordships will therefore humbly advise Her Majesty that the appeal should be dismissed. Cussons must pay Unilever’s costs before their Lordships’ Board.

Appeal dismissed

Reported by F E Scott