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ZOMBIE MARKS? CEASED REGISTRATIONS, FAILED APPLICATIONS AND CITATION OBJECTIONS UNDER SECTION 44 OF THE TRADE MARKS ACT

Michael Handler* and Robert Burrell**

1. Introduction

An applicant for registration of a trade mark facing an objection under s 44 of the Trade Marks Act 1995 (Cth) based on the existence of a conflicting earlier mark has a number of options available to it in order to overcome such an objection.1 One such option is to bring proceedings to have the conflicting mark removed from the Register on the grounds of non-use. If the non-use proceedings are successful,2 the Trade Marks Office’s longstanding practice has been to consider that the objection no longer exists and to accept the applicant’s application or, if s 44 is being raised as an opposition ground, to allow it to proceed to registration.3 The Trade Marks Regulations 1995 (Cth) specifically accommodate such a practice at the examination stage by allowing an applicant confronted with a s 44 objection to defer the acceptance of its application while awaiting the outcome of non-use proceedings it has brought in respect of the conflicting mark.4

The outcome of litigation between Chia Khim Lee Food Industries Pte Ltd and Red Bull GmbH currently working its way through the Federal Court5 has the potential to disrupt the above practices. One of the issues the Court will confront at trial is whether a mark that has been removed from the Register on the grounds of non-use, and whose registration has

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Our thanks go to the anonymous referee and to Janice Luck, in particular, for pushing us on the consequences of the Chia Khim Lee litigation for marks that are already on the Register.

1 See also Trade Marks Regulations 1995 (Cth), reg 4.15A where the ‘earlier’ mark can either be a protected international trade mark or a trade mark in respect of which the Registrar has received notification of an International Registration Designating Australia under the Madrid Protocol. In this article, it is assumed that s 44 and reg 4.15A are to be interpreted in the same manner.

2 That is, the outcome of the non-use proceedings is either that the earlier registered mark is removed from the Register, or that its specification is altered such that it no longer covers goods and/or services sufficiently similar or closely related to those the subject of the applicant’s application for registration.

3 See currently IP Australia, Trade Marks Office Manual of Practice & Procedure, pt 27.5 www.ipaustralia.gov.au/pdfs/trademarkmanual/trade_marks_examiners_manual.htm (as at January 2013) and Omega SA v Robinson [2012] ATMO 92 at [10]-[11]. See also Roll International Corp v Teleflora (Australia) Inc (1997) 40 IPR 318 (stating this to be the position under the equivalent section of the Trade Marks Act 1955 (Cth)) and Takata Corporation v Britax Child Care Products Pty Ltd (1999) 44 IPR 425 (considering the position adopted in Roll International to represent the law under the current Act). This also represented the law in the UK under all Acts up to and including the Trade Marks Act 1938 (UK): see n 29 for more detailed consideration.

4 Trade Marks Regulations 1995 (Cth), reg 4.13(1)(a), (b) and (c)(iii).

5 VID125/2012.
therefore ceased, nonetheless remains a conflicting mark for the purposes of s 44 if it was on the Register at the applicant’s priority date. In this article we argue that this interpretation of s 44 should be rejected, and that the Office’s current practice is consistent with the Act and case law, and represents sound policy. In doing so we seek to show that the alternative interpretation for which Red Bull is arguing has consequences that go well beyond those immediately at issue in the case. It would mean that marks whose registrations have ceased, or applications that have lapsed or been rejected, after a later applicant’s filing date would also need to be considered as ‘earlier’ marks for the purposes of s 44. This would lead to absurd results and would significantly disadvantage applicants, with the corresponding benefits unjustifiably flowing to parties whose registrations have ceased or whose applications never progressed to registration. We also argue that while a specific amendment to the Act might be thought desirable to deal with the particular issue raised in the litigation, we believe that this would need to be thought through carefully. We suggest that if legislative intervention is to occur a better approach would be for Parliament to clarify a number of larger, more fundamental issues with the Act, such as the effect of ‘cessation’ of registration generally, and the relevant date at which various grounds of rejection and opposition ought to be assessed by tribunals.

2. The Chia Khim Lee litigation

The case giving rise to the controversy over whether a mark whose registration has ceased remains a conflicting mark for the purposes of s 44 involves a dispute between Chia Khim Lee Food Industries Pte Ltd, which applied in 2008 for registration of a ‘Red Eagle’ device mark for Class 32 goods, and Red Bull GmbH, the owner of the earlier registered mark RED HAWK for similar goods, which opposed Chia Khim Lee’s application. In January 2012 a delegate of the Registrar upheld Red Bull’s opposition under s 44.6 Chia Khim Lee has appealed this decision to the Federal Court under s 56 and commenced non-use proceedings in relation to the RED HAWK mark. In its notice of appeal, Chia Khim Lee argued that its mark should proceed to registration because, first, the two marks are not deceptively similar and, second, if it is successful in its non-use proceedings there will no longer be a citation against its mark under s 44. In Chia Khim Lee Food Industries Pte Ltd v Red Bull GmbH (No 1) [2012] FCA 1184 (‘Chia Khim Lee (No 1)’) Red Bull applied to the Federal Court to strike out Chia Khim Lee’s second ground of appeal.

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Red Bull argued that Chia Khim Lee’s second ground of appeal was ill-founded for two, related reasons. First, Red Bull relied on the Full Federal Court’s decision in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2009) 175 FCR 386, where it was held that an order for the removal of a registered mark on the grounds of non-use operates prospectively from the date of the order and has no retrospective effect, meaning that it cannot have a legal effect on events that occurred before the order was made. Second, Red Bull contended that there was an ‘unqualified principle’, articulated in Australian cases going back to *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1953) 91 CLR 592, that under ss 44 the rights of the parties are to be determined as at the date of the application for registration of the later mark. On this reasoning, it was argued that since the RED HAWK mark was on the Register at the priority date of Chia Khim Lee’s ‘Red Eagle’ mark, it would remain a conflicting mark for the purposes of ss 44 even if the Court were to order the removal of the RED HAWK mark on the grounds of non-use. Red Bull contended that the statements of principle drawn from Australian case law overrode the Office decisions and practice on which Chia Khim Lee relied in support of its second ground of appeal.

Justice Dodds-Streeton refused to strike out Chia Khim Lee’s second ground on the sole basis that it disclosed a point of law that it would be inappropriate to decide at the interlocutory stage. While not therefore required to assess the question of whether Chia Khim Lee’s ground had no reasonable prospects of success, Dodds-Streeton J stated:

> despite the apparently very powerful impediments to its success constituted by the clear, unqualified and authoritative general statements that the rights of the parties must be determined as at the date of the application, ground 2 was reasonably arguable. While the analysis advocated by Chia Khim appeared at odds with binding statements of principle, it was not logically untenable and was articulated in the authorities on which it relied.

In further support of the decision that the ground of appeal did not lack any reasonable prospect of success, her Honour noted:

> the authoritative statements [in the cases relied on by Red Bull] are general; possible qualifications in relation to some subsections of ss 44 are acknowledged; no Full Court or

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7 *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2009) 175 FCR 386 at 405-6 [65]-[66].  
8 For Red Bull’s arguments, see *Chia Khim Lee (No 1)* [2012] FCA 1184 at [26]-[34].  
9 *Chia Khim Lee (No 1)* [2012] FCA 1184 at [64]-[71].  
10 *Chia Khim Lee (No 1)* [2012] FCA 1184 at [84].
indeed single judge has comprehensively assessed and unequivocally rejected the detailed arguments now advanced by Chia Khim on the specific point; [and] those arguments are not insubstantial and are supported by a number of decisions of hearing officers…11

The s 56 appeal is due to be heard in 2013.

3. Why the Office’s current practice can be supported and must be maintained

We are of the view that the Office’s current practice, on which Chia Khim Lee is seeking to rely, can be supported and must be maintained.

For relevant purposes, s 44 provides that an application for registration is to be rejected if the applicant’s mark is sufficiently similar to ‘a trade mark registered by another person’ or ‘a trade mark whose registration … is being sought by another person’ with the same or an earlier priority date.12 While the section clearly requires there to have been a conflicting registered mark or application at the applicant’s priority date, the use of the present tense in the extracts just quoted suggests that the decision-maker should also take into account whether a conflicting mark or application continues to exist at the time the assessment under s 44 is being made.13 This plain reading of s 44, which recognises that both ‘registration’ and ‘the seeking of registration’ are fluid, changeable states of affairs, represents current Office practice. Thus, an examiner considering s 44 will assess the state of the Register and in determining whether a conflicting mark exists will discount marks removed from the Register for non-use, as well as marks whose registration has been cancelled, marks whose registration expired more than six months ago, and lapsed or rejected applications.14

Notwithstanding the above, it might be argued that because the date at which the question of whether there is an earlier conflicting mark or application is to be assessed is not specified in s 44, we need to look to other provisions of the Act and relevant case law to determine this issue. This requires a close engagement with the two-pronged argument being raised by Red Bull in the Chia Khim Lee litigation. In this part we seek to demonstrate that

11 Chia Khim Lee (No 1) [2012] FCA 1184 at [86].
12 Emphasis added.
13 See also Trade Marks Act 1995 (Cth), s 6(1) where ‘registered trade mark’ is defined to mean ‘a trade mark whose particulars are entered in the Register under this Act’ (emphasis added).
14 See generally Trade Marks Office Manual of Practice & Procedure, n 3, pts 26.1 and 26.9. If the applicant for registration is awaiting the finalisation of proceedings in respect of the earlier application for registration, or has begun proceedings to have the Register rectified in relation to the earlier registration, or is awaiting the renewal of the earlier mark in the six month grace period, it will have grounds for deferring acceptance: see Trade Marks Regulations 1995 (Cth), reg 4.13(1)(c)(i), (iv), (v) and (vi).
when Red Bull’s arguments are unpacked, it becomes clear that the Office’s current practice is consistent with the Act and is not in conflict with relevant case law, and that there are overwhelming policy justifications for its retention.

(a) The effect of cessation of registration

In attempting to understand the effect of removing a mark from the Register, it is first important to note that while s 73(a) specifies that the registration of a mark ‘ceases’ if it is removed from the Register, it does not specify the consequences of such cessation. Nothing in the Act provides, for example, that a mark whose registration has ceased is deemed never to have been registered.15 What further authority we have is from case law. The Full Federal Court in Gallo made clear that the order under s 101 to remove a mark from the Register on the grounds of non-use ‘only operates prospectively’; that is, it is not open to the court to ‘backdate’ the order so the removal is deemed to have taken effect from a point in time earlier than the date of the order (such as the end of the non-use period).16

But to say that an order for removal only has prospective effect leaves open a number of questions relating to the ongoing effect of a mark whose registration has ceased. In Gallo the Full Federal Court commented on the effect of the removal order, in the context of proceedings where it was considering whether the respondent had infringed the mark that was subject to removal for non-use, as follows:

Does the act of making the [removal] entry in the Register have a legal effect on events which occurred before the entry was made? It is tolerably clear from s 127 that, apart from the effect of that section, it does not. The section proceeds on the basis that even if a ground for removal is made out and, by implication as at least one possibility, a removal order has been made, there nonetheless can be infringement of the trade mark whilst ever it is registered and before the entry is made.17

In that case, the infringement and non-use actions were being heard at the same time, and the Court was considering whether an order for removal would have any effect on its finding that the respondent had infringed the registered mark, taking into account that the effect of s 127

15 Cf Trade Marks Act 1994 (UK), s 47(6); Trade Marks Act 1998 (Singapore), s 23(10).
16 E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2009) 175 FCR 386 at 405 [65]. Lion Nathan sought special leave to cross-appeal on this issue, which was refused by the High Court: E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2010) 241 CLR 144 at 171 [72] (French CJ, Gummow, Crennan and Bell JJ), 175 [87] (Heydon J).
17 E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2009) 175 FCR 386 at 405-6 [66].
would be to limit the relief available to the appellant in relation to any infringing conduct that occurred at the time its mark was not being used. Further, in making its comment that where ‘a removal order has been made, there nonetheless can be infringement of the trade mark whilst ever it is registered and before the entry is made’ the Court seemed to be stating that a registered mark can be infringed, and action can be taken in respect of that infringement, between the date the removal order is made by the court and the date that the mark is actually removed from the Register. This conclusion is by no means unproblematic. For present purposes, however, the key question is how far the principle articulated in Gallo extends. What is uncertain is the extent to which the Court’s statement that the removal order, apart from the effects of s 127, has no legal effect on events that occurred before the date of the order applies to ‘events’ other than infringing conduct. Can it be argued that an order for the removal of a mark from the Register cannot change a tribunal’s determination of whether that mark is a ‘registered’ conflicting mark for the purposes of s 44?

In understanding whether Gallo has any impact on s 44, it is necessary to differentiate between two situations. The first is where the s 44 assessment takes place after the conflicting mark has been removed from the Register, as would happen in the course of ordinary examination proceedings following deferred acceptance, or as might happen in opposition proceedings if the non-use proceedings had already been finalised. The second situation is where the registration of mark is opposed under s 44, and the applicant then brings non-use proceedings in an attempt to have the opponent’s mark removed, and where the opposition and non-use proceedings are heard and determined at the same time.

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18 See E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2009) 175 FCR 386 at 405 [65]. In practice, there might sometimes be a gap between the date of the court order and the date that removal is effected. For example, in Optical 88 Ltd v Optical 88 Pty Ltd (2011) 197 FCR 67 the effect of the Full’s Court dismissal of the appeal was that the appellant’s mark (registration number 520707) was ordered to be removed from the Register on the date of the judgment, 17 October 2011. It appears from a search of the Register that the removal was only effected on 10 November 2011.

19 In particular, we would note as an aside that the parties in Gallo both seemed to accept that, unless Lion Nathan’s argument that the removal order should be backdated to the date of the filing of the non-use application prevailed, the removal would take effect from 27 June 2008, the date of the trial judge’s original order that the mark be removed from the Register. See E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2009) 175 FCR 386 at 393-4 [13], 405 [63], 410 [79]. Yet, as has just been seen, this does not accord with the Full Court’s statement of principle which, read literally, would preserve the owner’s rights up to the point that removal of the mark from the Register is effected. It strikes us as extraordinary that a defendant could be exposed to liability for infringement for conduct occurring after a removal order has been made but before the Registrar has removed the mark.

20 For recent examples, see Kowa Co Ltd v NV Organon (2005) 66 IPR 131; Hills Industries Ltd v Bitek Pty Ltd (2011) 90 IPR 337; South African Airways Pty Ltd v Virtuoso Ltd (2011) 93 IPR 494; and Hotel Cipriani SPA v Altunis-Trading Gestao E Servicos LDA [2011] ATMO 106. This is also likely to be the case in the Chia Khim Lee trial.
Nothing in *Gallo* impacts on how the tribunal must interpret s 44 in the first situation. The Full Court in *Gallo* was only interested in the state of affairs until the time of removal of the mark; it did not consider what happens after the mark is removed, when the registration ceases. Put simply, it can be argued that if the tribunal is making its s 44 assessment at a point in time after the conflicting mark has been removed from the Register, there is simply no ‘past event’ to which the removal order relates. As Hearing Officer Lyons put it in *Omega SA v Robinson* [2012] ATMO 92 at [11]:

The facts are to be examined as they now stand. For the purposes of section 44(1) ‘a trade mark registered’ means a trade mark presently registered. The [ceased] registrations no longer form a basis for objection under that section. In *Gallo* … the Full Court’s finding was linked to the submission that Lion Nathan’s use infringed the trade mark whilst it remained registered. That finding has no bearing on the operation of section 44 as a ground for refusal of registration.

To bolster this point we would point out that it is important to be clear that the principle articulated in *Gallo* has significant limitations even in the infringement context. In particular, it is important to appreciate that *Gallo* does not change the fact that, after removal, the formerly-registered owner can no longer bring proceedings against a party that was infringing its mark before it was removed from the Register. This claim may at first come as a surprise and a critic might be tempted not merely to cite *Gallo* but also perhaps to draw an analogy between the formerly-registered owner and the owner of a chattel that has been destroyed who wishes to bring an action for conversion that took place at a time the chattel was in existence. But in the trade marks context the fact of registration is the very thing that provides the owner with exclusive rights and the ability to bring an action for infringement. This is clear from the use of the present tense in s 20 of the Act: it is only ‘[i]f a trade mark is registered’ that the ‘registered owner … has the right to obtain relief under [the] Act if the trade mark has been infringed’. If *Gallo* does not change the fact that, after removal, the

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21 See also Dufty A and Lahore J, *Patents, Trade Marks & Related Rights* (LexisNexis, looseleaf), [55,760]. This is not, of course, to suggest that a registered owner that commenced proceedings while its mark was registered will find that if the registration ceases before trial its right to obtain relief necessarily disappears. For example, in *Colbeam Palmer Ltd v Stock Affiliates Pty Ltd* (1968) 122 CLR 25 at 31, 35-6 Windeyer J was prepared to accept that a party whose registration expired after it commenced proceedings but before trial remained entitled to an account of profits or damages in relation to the defendant’s past conduct (although the plaintiff was not entitled to an injunction to restrain future infringement). This does not, however, detract from our broader point as to the importance of not reading too much into the finding in *Gallo* as to the prospective effect of a removal order. We thank the anonymous referee for pressing us to clarify this point.
formerly-registered owner can no longer take action against a party that was infringing its mark before it was removed from the Register, we need to be very wary of assuming that *Gallo* has any impact on the interpretation of s 44.

The second situation is more complex. It might be asked whether, if the hearing officer or court finds that the opponent’s registered mark conflicts with the applicant’s mark but also that grounds for removal of that mark have been made out, a different approach is required from that taken in the first situation described above. That is, is it arguable that since the tribunal’s determination takes place before the conflicting, non-used mark has been removed, *Gallo* requires the tribunal to take account of the non-used mark as a ‘registered’ mark and thus uphold the s 44 ground of opposition? Here *Gallo* must be distinguished. It must be remembered first that the result in *Gallo* was compelled by the need to give s 127 of the Act a meaningful role. *Gallo* should not be treated as if it turned on a more fundamental question of principle. Secondly, and in any event, the fundamentally different contexts of infringement and opposition proceedings involving non-used marks must be borne in mind. In infringement proceedings the court is considering the *past* conduct of the defendant in contravention of the registered owner’s exclusive rights, as limited by s 127. Opposition proceedings based on s 44 on the other hand look to a *future* state of affairs, that is, whether the applicant’s mark should be allowed on the Register. In this future state of affairs, the registration of the non-used mark will have ceased and the formerly-registered owner will have lost its exclusive rights.22 We consider it would be a fatuity to allow the registration of a mark to be blocked by a ‘registered’ mark that is then immediately removed, or ordered to be removed, from the Register.23 Moreover, it needs to be borne in mind that there is nothing to prevent a tribunal from determining the non-use application ‘first’.

(b) What do *Southern Cross* and subsequent cases require?

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22 Even though s 72(1) provides that the successful applicant’s rights will be backdated to its filing date (at which time the removed mark was registered), by the time the applicant’s mark is entered on the Register the owner of the removed mark will have lost any rights in the mark. Insofar as one might be concerned about the implications for third parties of backdating protection to the filing date, including for those who have now forfeited the benefits of registered trade mark protection through one means or another, these are issues that need to be dealt with by clarifying the reach of the s 122(1)(e) defence to infringement. This is something we touch upon in the Conclusion. Admittedly, s 122(1)(e) does not provide protection for unsuccessful applicants for registration, but there is no reason that such parties deserve the benefits of a defence to infringement. On the operation of the s 122(1)(e) defence, see Burrell R and Handler M, *Australian Trade Mark Law* (Oxford University Press, Melbourne, 2010), pp 366-7.

23 This is the converse of Learned Hand J’s comment in *Yale Electric Corporation v Robertson*, 26 F 2d 972 at 974 (2nd Cir, 1928) that ‘[i]t would plainly be a fatuity to decree the registration of a mark whose use another could at once prevent’.
The second prong of Red Bull’s argument is that *Southern Cross* and subsequent cases require s 44 to be read so that whether there is a conflicting ‘registered’ mark must be assessed only by reference the state of the Register at the applicant’s priority date. An important element of Red Bull’s argument is that statements in *Southern Cross* and subsequent cases compel this result.

This aspect of Red Bull’s case undoubtedly had a significant influence on Dodds-Streeton J in *Chia Khim Lee (No 1)*—as has been seen, her Honour concluded that there are ‘clear, unqualified and authoritative general statements’ that supported Red Bull’s interpretation. However, a close assessment of the relevant cases reveals that they do not inexorably lead to the conclusion that every issue in s 44 needs to be addressed by looking solely to the position at the priority date of the applicant’s mark.

There are two places in *Southern Cross* where Kitto J made reference to relevant dates for assessing certain issues (the case involved an opposition to registration based on provisions of the *Trade Marks Act 1905* (Cth) similar to the current ss 44 and 60). Before considering either ground of opposition, Kitto J noted the applicant’s filing date and held ‘it is in relation to that date that I must consider the evidence which has been adduced on this appeal’.24 Later, when considering the ground of opposition similar to the current s 60, Kitto J held that ‘[i]n applications for registration, the rights of the parties are to be determined as at the date of the application.’25 The legislative provision in question stated that ‘no mark, the use of which would by reason of its being likely to deceive … shall be registered as a trade mark’.26 Justice Kitto’s statements were important because on the face of the legislation the relevant time at which the question of whether the mark was likely to deceive was to be assessed was not specified. His Honour’s statements clarified this issue, making clear that the evidence of the reputation of the opponent’s mark, and how consumers responded or were likely to have responded to the two marks, was to be assessed at the applicant’s filing date. In part because of the close relationship between the requirement of ‘likely to deceive’ in that provision and the requirement of ‘deceptive similarity’ in s 44 of the *Trade Marks Act 1995* (Cth), Kitto J’s latter statement in *Southern Cross* was adopted by the Full Federal Court in

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24 *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1953) 91 CLR 592 at 594.
25 *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1953) 91 CLR 592 at 595, adopting Romer J’s statement in *Jellinek’s Application* (1946) 63 RPC 59 at 78 under s 11 of the *Trade Marks Act 1938* (UK), which broadly corresponds to s 60 of the *Trade Marks Act 1995* (Cth).
26 *Trade Marks Act 1905* (Cth), s 114.
Registrar of Trade Marks v Woolworths Ltd (1999) 93 FCR 365 and in a number of subsequent Federal Court decisions on whether marks are deceptively similar.

Although it is true that the statements in Southern Cross and subsequent cases under s 44 were not made subject to any particular limitation, it would be a fallacy to assume that Southern Cross must therefore be interpreted in an unqualified manner. In neither Southern Cross nor any of the subsequent cases was there any issue as to the validity of the earlier mark at the time of the hearing. It is strongly arguable that the question of whether there is in fact an earlier ‘registered’ mark is different in kind from the issue considered in Southern Cross. Whether the use of the applicant’s mark would result in deception or confusion, or whether it resembles the earlier mark to such an extent that it is likely to deceive or confuse, might well turn on evidence as to consumer responses and marketplace factors, particularly in inter partes proceedings. It is entirely appropriate for these matters to be assessed at a fixed point in time. But whether or not there is an earlier ‘registered’ mark is a binary question that does not turn on this sort of evidence, instead being a technical matter resolved by looking at the state of the Register. It is also a question the answer to which will switch during the application process if the earlier mark’s registration ceases. It is an anterior question to the ones being considered in Southern Cross and the subsequent cases on s 44, suggesting that none of these cases should be interpreted as standing in the way of the Office’s current interpretation of the section.

Alternatively, if the view is taken that there must be a single ‘date’ that applies for any and all questions that arise under s 44 we would suggest that it is the assumption that matters must be decided at the priority date that needs to be reconsidered. None of the cases under the 1995 Act have considered the relevance of s 44 being expressed in the present tense. Moreover, it must be remembered that the issue with which Kitto J was concerned in Southern Cross was one that would now be addressed under s 60. The latter section is instructive in that it specifically ties the question of whether an earlier mark has acquired a reputation to the applicant’s priority date. This could be taken to suggest that Parliament gave careful consideration to the continued applicability of the Southern Cross test under the new Act and made a conscious decision to confine it to opposition cases arising under s 60. On

27 See at 383 [50] (French J), 396 [104] (Tamberlin J).
this view s 44 should be read literally—it is expressed in the present tense and the test should be applied at the time the issue comes to be determined.\textsuperscript{29}

Strong support for the Office’s approach is also contained in the Full Federal Court’s interpretation of s 58, which allows for the registration of a mark to be opposed on the ground that the applicant is not the owner of the mark. The Full Court has accepted that in some circumstances arising under s 58 Southern Cross does not set up an unqualified principle as to the relevant time at which the parties’ rights are to be determined. The issue has arisen in an unusual set of cases where the person in whose name the application for registration was filed was not the first user of the mark and hence not the ‘owner’ at the priority date, but where the mark was subsequently assigned to the true owner before registration. In Crazy Ron’s Communications Pty Ltd v Mobileworld Communications Pty Ltd (2004) 61 IPR 212 the Full Federal Court, following the trial judge, refused to cancel the registration of a mark under s 58 in these circumstances. In doing so the Court focused on whether the true owner was the applicant not at the priority date but at the time of the grant of registration, an approach taken because ‘applicant’ is defined in (what is now) s 6(1) of the Act as ‘the

\textsuperscript{29}In this regard, it is worth noting that such a distinction was drawn under former UK legislation. On the one hand, s 11 of the Trade Marks Act 1938 (UK), which corresponds broadly to s 60 of the current Australian Act, provided ‘[i]t shall not be lawful to register as a trade mark … any matter the use of which would, by reason of its being likely to deceive or cause confusion … be disentitled to protection in a court of justice’. As indicated at n 25, this was interpreted as requiring the tribunal to determine the rights of the parties at the date of the application: see Jellinek’s Application (1946) 63 RPC 59 at 78. On the other hand, s 12 of the the Trade Marks Act 1938 (UK) as it stood until 1984, a provision that corresponds to s 44 of the current Australian Act, provided ‘no trade mark shall be registered in respect of any goods or description of goods that is identical with a trade mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or that so nearly resembles such a trade mark as to be likely to deceive or cause confusion’. This provision and its predecessor in the Trade Marks Act 1905 (UK) were interpreted as requiring the tribunal, in considering whether there was a mark ‘already on the register’, to look to the state of affairs at the time the entry of the applicant’s mark on the register was to be made (that is, the time the issue came to be determined by the tribunal): see, eg, ‘Palmolive’ Trade Mark (1932) 49 RPC 269 at 276-7; POLYMAT Trade Mark [1968] RPC 124 at 126; Kambly SA Spécialités de Biscuits Suisses v Intersnack Knabber-Gebäck GmbH & Co KG [2004] EWHC 943 (Ch) at [26]; see also Lord Diplock’s comments in GE Trade Mark [1972] RPC 297 at 329. In Chia Khim Lee (No 1) [2012] FCA 1184 at [30], Red Bull argued that UK cases such as POLYMAT ought to be distinguished because of the differences in language between s 12 of the 1938 UK Act and s 44 of the Australian Act. We accept that s 12 provided that ‘no trade mark shall be registered’ in the event of a conflict with an earlier registered mark, and that UK tribunals emphasised that this referred to the act of entering the mark on the Register, guiding their interpretation as to the relevant time for assessing the existence of a conflicting mark that was ‘already on the register’. However, contrary to Red Bull’s submission, the absence of this precise language in s 44 does not support a different approach being taken. Section 44 provides for an ‘application for the registration of a trade mark’ to be rejected in the event of a conflict, and in doing so looks forward to the same point in time as the UK Act, namely the time at which the act of registration is to be made. In addition, Red Bull’s submission overlooks the history of s 44 and its connections with UK law. Section 25 of the Trade Marks Act 1905 (Cth)—the predecessor of the current s 44 and one of the provisions in issue in Southern Cross—stipulated, like its UK counterpart, that the Registrar ‘shall not register’ a mark identical or sufficiently similar to one ‘already on the register’. Had the issue of whether the opponent’s mark remained a ‘registered’ mark post-removal been a live one in Southern Cross, is it difficult to see the basis on which the court could have distinguished ‘Palmolive’ Trade Mark (1932) 49 RPC 269. It would also be a surprising result if any change had been intended on this particular issue merely due to the different language used in s 25 of the 1905 Act, s 33(1) of the 1955 Act and s 44 of the current Act.
person in whose name the application is for the time being proceeding’. \(^{30}\) Crazy Ron’s was followed in *Global Brand Marketing Pty Ltd v YD Pty Ltd* (2008) 76 IPR 161, in which Sundberg J specifically distinguished *Southern Cross* on the basis that the proper date at which the rights of the parties were to be determined was not in fact a live issue in that case.\(^ {31}\)

Just as the Act recognises that the notion of who is an ‘applicant’ might be subject to change within the registration process, and that this requires *Southern Cross* to be qualified in the context of s 58, the same approach should be taken to the similarly changeable notions of ‘registration’ and ‘application’ in s 44.

Thus far we have concentrated on showing why existing authority, whether it be *Gallo* or *Southern Cross* and the Federal Court cases that have applied it, does not require s 44 to be applied assessed solely by reference to the position at the priority date. But this still begs the question of whether it might be desirable for s 44 to be interpreted in this way, remembering that s 15AA of the *Acts Interpretation Act 1901* (Cth) provides that ‘the interpretation that would best achieve the purpose or object of the Act … is to be preferred to each other interpretation’. Answering this question first involves understanding the full implications of applying *Southern Cross* in an unqualified manner in the context of s 44, followed by a consideration of whether and why the owners of marks whose registrations have ceased should be privileged over applicants for registration in the context of s 44.

(c) Implications for expired registrations, cancelled registrations, and lapsed or rejected applications

The *Chia Khim Lee* litigation raises the issue of whether a tribunal is obliged to take into account a mark removed from the Register on the grounds of non-use as an earlier conflicting mark for the purposes of s 44. However, if Red Bull’s arguments are accepted the range of ‘earlier’ marks that would need to be considered for the purpose of s 44 would be broadened significantly. This would lead to problematic and, at times, absurd results.

First, such ‘earlier’ marks would include cited marks whose registrations subsequently expire. It would seem that a conflicting mark that was registered, or was...
deemed to be registered, at the applicant’s priority date, but whose registration was not subsequently renewed and thus ceased to have effect, would still need to be taken into account as an earlier ‘registered’ mark for the purposes of s 44 after the cessation of registration. Apart from raising the obvious question of why an owner of an expired registration should be privileged over a later applicant for registration in this way, such an approach would run contrary to the intended operation of s 80. This section provides:

If:

(a) the registration of a trade mark (unrenewed trade mark) has not been renewed under section 77 or 79; and

(b) an application for the registration of a trade mark is made, or has already been made, by a person other than the person who was registered as the owner of the unrenewed trade mark;

the unrenewed trade mark is taken to be a registered trade mark for the purposes of the application at any time when the registration of the unrenewed trade mark could have been renewed under section 79.

Parliament’s intention in enacting s 80 was to ensure that during the six month period after the expiry of registration of a mark, where renewal of the registration is still possible under s 79, such a mark is still to be treated as ‘registered’ for the purposes of s 44. What follows from this is that after the end of the six month grace period, the unrenewed mark is no longer taken to be registered and at that point no longer forms an obstacle to the pending application. In addition, s 80 has from 2001 been drafted so that it applies to earlier marks whose registration had expired before the applicant’s priority date and to marks whose

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32 Trade Marks Act 1995 (Cth), s 78.
33 See Explanatory Memorandum, Trade Marks Bill 1995 (Cth), p 15 (referring to a twelve month grace period in s 79; this period was amended to six months in 2006: Trade Marks Amendment Act 2006 (Cth), Sch 1 item 81).
34 This is the interpretation adopted in Lahore, n 21, [55,740] and in Shanahan: Davison M and Horak I, Shanahan’s Australian Law of Trade Marks and Passing Off (5th ed, Thomson Reuters, Sydney, 2012), p 399 [50.2165]. See also the Hearing Officer’s decision in Takata Corporation v Britax Child Care Products Pty Ltd (1999) 44 IPR 425. A different approach was recently taken in Basic Trademark SA v Karelia Tobacco Company Inc [2012] ATMO 125 at [15] where the Hearing Officer considered that a subsequently-expired mark remained a ‘registered’ mark for the purposes of s 44, but without referring to Britax or considering the interplay between s 44 and 80. The prevailing approach to expired registrations in Australia is the same as that taken under the current UK Act (TRANSpay Trade Mark [2001] RPC 10) and under former UK law (POLYMAT Trade Mark [1968] RPC 124). See n 29 on the ongoing relevance of UK cases in interpreting s 44 of the Australian Act.
35 That is, s 80(b) applies where the later application ‘is made’ at the time when the registration had expired (no renewal under s 77) and has not been renewed under s 79 in the six month grace period.
registration expired after the applicant’s priority date. That s 80 applies in this latter situation is clear from the Explanatory Memorandum to the Trade Marks And Other Legislation Amendment Bill 2001 (Cth), which stated that the new s 80(b):

provide[s] that an unrenewed trade mark continues as a ground for rejection of later applications made during the term of the registration or up to the end of the [grace] period following expiry of the registration. As worded prior to this amendment, section 80 does not provide for an unrenewed trade mark to be taken to be a registered trade mark in respect of later applications made during the term of the registration. This amendment is intended to address that shortcoming in the legislation.

If s 44 were to be interpreted in light of an unqualified Southern Cross principle, this would radically alter the effect of s 80. It would mean that a mark whose registration had expired less than six months before the applicant’s priority date would be deemed to be a ‘registered’ mark for the purposes of s 44, but that this would not change even if the registration of that mark was not subsequently renewed in the grace period. This is because the only relevant consideration in s 44 would be whether the earlier conflicting mark was ‘registered’ at the applicant’s priority date. In this way, the expired mark would permanently block the registration of the applicant’s mark, a situation contrary to the original legislative intent of s 80. More tellingly, this interpretation of s 44 would make the 2001 amendments to s 80 redundant. In cases where the registration of the earlier conflicting mark had not expired by the applicant’s priority date, there would be no need for s 80 given that under s 44 the tribunal would look only at the state of the Register at that date. The legislative history of s 80 and the amendment to s 80(b) strongly suggest that the question of whether there is a ‘registered’ mark under s 44 should be read at the time the decision under that section is being made.

Second, ‘earlier’ marks would include cited marks whose registrations are subsequently cancelled under any of ss 84, 86, 87, 88(2)(c) or 88(2)(e) of the Act. The cancellation of a mark on any of these grounds will not make the registration void ab initio.

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36 That is, s 80(b) applies where the later application ‘has already been made’ when the registration expired (without renewal having taken place under s 77).
37 Explanatory Memorandum, Trade Marks And Other Legislation Amendment Bill 2001 (Cth), [23] (emphasis added).
38 The same would apply to registrations whose specifications are amended under ss 86, 87 or 88 such that the specified goods/services are no longer similar/closely related to those of the applicant.
39 With the possible exception of s 88(2)(e) in some cases, discussed in n 40.
For example, in *Deckers Outdoor Corporation Inc v Farley (No 2) (2009) 176 FCR 33*, a case involving s 88(2)(c) (where the registered mark had become deceptive after registration), Tracey J considered that an order under that ground does not have retrospective effect. As we saw in our discussion of *Gallo*, the fact that an order only has prospective effect does not, in and of itself, dictate how s 44 is to be interpreted. However, if *Southern Cross* is read in an unqualified manner, the fact that a mark subsequently cancelled under any of the above grounds would still be taken to have been a registered mark at the applicant’s filing date will mean that it will remain an obstacle to registration under s 44.

The situation is more complicated where cancellation is ordered as a result of s 88(2)(a) (any of the grounds on which the registration could have been opposed) or 88(2)(b) (amendment of the application for registration was obtained as a result of fraud, false suggestion or misrepresentation). In both of these cases the ‘defect’ in the mark that justifies cancellation is something that was present before the mark was registered. It might therefore be thought that the order for cancellation would make the registration void *ab initio* in these cases. This was certainly the case under the 1955 Act, and the Federal Court has in a number of cases under the current Act proceeded on the basis that an order for cancellation based on s 88(2)(a) extinguishes any rights conferred on the owner. That is, the effect of cancellation under this ground is that the mark is taken to have never been registered, meaning that it could no longer be a ‘registered’ mark for the purposes of s 44, irrespective of how *Southern Cross* is interpreted. However, the language of the 1955 Act relevant to this particular issue has not been retained in the current Act, and in *Deckers (No 2)* Tracey J held that orders for cancellation ‘made under s 88’ could not have retrospective effect as this was not specified in the Act. If this approach were taken in a case involving s 88(2)(a) or (b) then, combined with the unqualified *Southern Cross* principle, a registration cancelled under either of these grounds would also be considered an earlier registration for the purposes of s 44. It seems extraordinary that owners of marks that were inherently defective at their filing dates should be allowed to hold later applicants for registration hostage.

The third problem, which seems to lead to the most bizarre set of outcomes, relates to earlier applications for registration that subsequently lapse or are rejected, or whose
specifications are altered such that the specified goods and services are no longer similar to those in the later applicant’s specification. If Southern Cross is read as setting up an ‘unqualified’ principle as to the interpretation of the whole of s 44, it must apply equally to earlier applications for registration. That is, the question of whether there is a ‘trade mark whose registration in respect of similar goods/services or closely related services/goods is being sought by another person’ for the purposes of s 44 must be assessed only by reference to the state of affairs at the applicant’s priority date. Logically, this must mean that an earlier application for registration that was pending at that date would remain an obstacle to the registration of the later application, even if that earlier application were subsequently rejected following examination or it had lapsed by the time the later application came to be examined or opposition proceedings were heard. It must also mean that the question of whether goods and services are similar or closely related must also be assessed by reference to the goods or services specified in the earlier applicant’s specification at the later applicant’s priority date.43 These are absurd outcomes, not least because the applicant for the earlier mark could not be said to have had any ‘rights’ under the Act at the later party’s priority date.44 It would mean that earlier, often speculative applications that fall foul of one or more grounds of rejection, or which have ambiguous specifications, or where the applicant had no intention to use the mark in question, might permanently block the way of an otherwise unproblematic later application. The entire rationale for setting up a ground of rejection on the basis that an application conflicts with an earlier application is that the earlier application will ultimately proceed to registration, with its rights backdated to its own priority date. This rationale would be thwarted by an overly formalistic interpretation of Southern Cross that privileges failed or since-altered applications for registration.

(d) Why any change to current Office practice would cause manifest inconvenience and would be bad policy

In its application to strike out Chia Khim Lee’s second ground of appeal, Red Bull argued that its interpretation of s 44 ‘accorded with policy and convenience’, since the provisions ‘would otherwise have an ambulatory operation, and the date for determination of rights

43 As the Appointed Person noted in TRANSPAY Trade Mark [2001] RPC 10 at [16], this would mean that ‘it would not be possible for the parties to negotiate the part-cancellation of the goods and services covered by an earlier trade mark which might otherwise allow the later-filed application to proceed (because the same or similar services which had caused the conflict had been removed).

44 Apart from the ability to assign the unregistered mark under s 106(1), which would seem to remain unaffected by the failure to obtain registration, but would only give the assignee ‘title’ to the unregistered mark with no rights under the Act.
would be inherently uncertain. The appeal to convenience is doubly misplaced. First, it is difficult to identify any ‘inconvenience’ that is caused by the Office’s current practice. Under current practice the date for determining the substantive rights of the parties, in accordance with *Southern Cross* and all subsequent Federal Court authority, is the applicant’s priority date. The only proviso is that the Office discounts marks that are no longer an obstacle to registration by the time s 44 is being considered, hardly a state of affairs that can be said to cause ‘inherent uncertainty’. Second, any assessment of the ‘convenience’ of Red Bull’s approach would have to take cognisance of the dramatic effects that acceptance of Red Bull’s argument would have for marks that are already on the Register. The Office’s current practice predates the 1995 Act coming into force. Although accurate numbers are impossible to come by, it is absolutely clear that since 1 January 1996, when the new legislation came into force, several thousand marks must have been accepted after the Office had withdrawn a s 44 objection because the state of the Register had changed by the time the s 44 issue came to be finally decided. If Red Bull succeeds *all of these marks will be vulnerable to cancellation.*

Indeed, we are prepared to make a prediction—if Red Bull’s argument is accepted Parliament will have to dash through a legislative amendment to restore the *status quo ante,* something that rarely evidences the ‘convenience’ of a party’s case.

The appeal to ‘policy’ is still more surprising. To our mind, policy factors clearly favour the later applicant for registration, rather than the owner of the formerly registered mark or the failed earlier applicant, in all of the scenarios we have discussed in this part. As the UK Registry’s Appointed Person recognised in *TRANSPAY Trade Mark* [2001] RPC 10 at [16], not to take into account changes in relation to a cited mark occurring after the later applicant’s filing date ‘would result in a great deal of unfairness and inconvenience’.

45 *Chia Khim Lee (No 1)* [2012] FCA 1184 at [34].

46 To explain, these marks will be vulnerable to cancellation under s 88(2)(a), which allows a mark to be cancelled on any of the grounds on which registration could have been opposed, thus bringing in s 44. The current Act does not provide that the registration of such marks becomes conclusive after a period of years (cf *Trade Marks Act 1955* (Cth), s 61(1) and *Trade Marks Act 1995* (Cth), s 234 for marks registered in the former Part A). Admittedly, it might be objected that a court would have a discretion not to order cancellation of such registrations. But to our mind this is an entirely inadequate response and one that will certainly not be sufficient to mollify trade mark owners. In any event, moreover, there ongoing uncertainty as to the scope of the court’s discretion not to order the cancellation of a mark under either s 88 or s 89, as to which see Burrell and Handler, n 22, pp 277-9.

47 For a similar recognition of the ‘obvious inconveniences’ that would result, see *Palmolive* *Trade Mark* (1932) 49 RPC 269 at 277. See also *Campomar SL v Nike International Ltd* [2011] 2 SLR 846 where the Singaporean Court of Appeal held that ‘the Registrar, in considering an opposition to an application for registration of a mark, should view the matter as at the date of the hearing of the opposition instead of the date of the registration application’, an approach it considered to be ‘sensible, pragmatic and realistic’: at 854 [18]. The outcome of that case was, however, surprising. The Court went on to find that because under s 22(7)(a) of the *Trade Marks Act 1998* (Singapore) the effect of revocation of a conflicting mark on the ground of non-use is that the rights in that mark are deemed to have ceased on the date of the application for revocation, and because
explain why any change to Office practice would be unfair, it must first be remembered that an applicant for registration will not know before filing whether it will face a s 44 objection. A search of the Register might reveal a mark that is highly likely to be cited against the application (for example, an identical or very similar mark for similarly specified goods or services), but often the search will reveal an earlier mark where it cannot be said with any degree of certainty that the mark will be cited. Determining, for example, when two marks are deceptively similar, or when goods or services are sufficiently similar, can be a notoriously difficult task, turning on an individual’s assessment of a number of legal tests and factual elements. Even if the applicant has identified a registered mark or pending application that it considers is likely to be cited against it, it will want to preserve as many options as possible to allow it to overcome any future objection in the way that best serves its interests. Thus, it makes sense to set up a registration system where the applicant can file and secure the earliest possible priority date and, if and when a s 44 objection is raised, to afford the applicant a number of options at that point to overcome the objection. The option that the applicant takes might depend on such matters as the earlier mark owner’s willingness to negotiate or consent to the application, whether the earlier mark is near the end of its term, and the costs that the applicant is willing to incur in prosecuting its application (including by conducting an inquiry as to whether the cited mark has been used).

Indeed, it is difficult to see that an unqualified application of Southern Cross would be practicable—applicants simply cannot be expected to delay their applications to deal with all potential citations in advance. Leaving aside the difficulties in determining when a mark will be cited that we have just noted, any approach that required owners to deal with all potential conflicts in advance would be unworkable. Where the mark is close to its expiry date, the applicant would need to wait until the end of the grace period and on that date file for registration to avoid the citation. If the potential citation were a pending application, the applicant would need to wait to see if it lapsed or proceeded to registration—something that might be months or years away—before taking further action. If the potential citation were an

in the circumstances of the case this date was later than the applicant for registration’s filing date, to allow the applicant’s mark to proceed to registration would mean that conflicting marks would have been on the Register at the same time. We consider that the latter part of the Court of Appeal’s reasoning suffers from the same problems as the arguments raised in the Chia Khim Lee litigation, based on Gallo, that the effective date of the removal of a registered mark necessarily impacts on a tribunal’s assessment, once that removal has occurred, of whether that mark is a ‘registered’ mark for the purposes of s 44. For further background and commentary on the Singaporean Court of Appeal’s decision, see Tan TJ and Ng-Loy WL, “Intellectual Property: Annual Review of Singapore Cases 2011” in Teo KS (ed), Annual Review of Singapore Cases 2011 (Singapore Academy of Law, Singapore, 2012).

48 The deferral of acceptance provisions in reg 4.13 are designed with this in mind.
unused or ‘defective’ registered mark, the applicant would need to bring the non-use or cancellation proceedings first, and then file for registration on the day of the removal of the mark or cancellation of the registration.\textsuperscript{49} In all of these situations, the potential prejudice to the applicant is clear. By delaying the filing of its application, in order to deal with marks that might never be cited against it, the applicant loses the ability to secure as early a priority date as possible. This makes it vulnerable to third party applications for sufficiently similar marks that are filed before it (keeping in mind that these third party applications will themselves be permanent barriers, unless the original applicant deals with them in the manner identified above).

One objection to our argument might be to say that there is nothing to prevent an applicant from filing as early as possible and, if it receives a s 44 objection, to seek to have the cited mark removed or cancelled, or wait until it expires, etc,\textsuperscript{50} and once the cited registration has ceased or application lapsed to file a second application, which would not face a s 44 objection. Apart from the additional financial costs involved to the applicant in filing multiple applications, this does not provide a solution. The most serious problem is that while the applicant might secure some benefit from a ‘holding’ application with an early priority date, its eventual rights would only be backdated to the filing date of the second application, which might have a significant impact on its ability to take action against infringing third parties. Imagine, for example, a situation where applicant A filed for registration of RETECH on 1 February 2012, and, when faced with a s 44 objection based on B’s earlier registered RAYTEK mark, brought a non-use action to have RAYTEK removed. On 1 May 2012 while the non-use action was pending, C started to use and filed an application for registration of PRETEX, against which A’s pending RETECH application was cited. On 1 March 2013 RAYTEK was removed from the Register and A filed a fresh application for RETECH, only for C’s pending PRETEX application to be cited against it. Even if A were able to overcome this citation and get its second application for RETECH registered,\textsuperscript{51} its rights would only be backdated to 1 March 2013, meaning that it would not be able take action in relation to C’s use of PRETEX before this time. Further, even if C’s mark were not cited against A’s second application for RETECH, but A did not start using

\textsuperscript{49} See also Banerji M, “‘Deemed Dates’ and Earlier Trade Marks: Singapore Clarifies the Position” (2011) 6 Journal of Intellectual Property Law and Practice 520 at 521, noting a similar outcome for applicants for registration following the Singaporean Court of Appeal’s decision in Campomar SL v Nike International Ltd [2011] 2 SLR 846, discussed in n 47.

\textsuperscript{50} It is only in these circumstances that the deferral of acceptance provisions in reg 4.13(1)(c)(i), (iii), (iv), (v) and (vi) would have work to do.

\textsuperscript{51} For example, on the basis of s 44(3) or (4).
RETECH until after 1 May 2012, it would not be successful in infringement proceedings against C at any time, given that C would be able to raise a ‘prior continuous use’ defence under s 124 of the Act. The Office’s current interpretation of s 44 would have allowed A’s first RETECH application to have proceeded to registration after RAYTEX had been removed, with a registration date of 1 February 2012, meaning that A could take action against C in relation to C’s conduct from 1 May 2012, irrespective of when A first started using its RETECH mark.

Above all, it needs to be asked why the Act should be interpreted so formalistically, when the benefits of doing so would seem to flow solely to undeserving parties. In saying this, we accept that under current authority a party whose registration has expired or has been removed from the Register for non-use might still be considered to be the ‘owner’ of the mark if it has not formed an intention to abandon the mark. This means that it would potentially be able to raise a s 58 ground of opposition to the registration of a later substantially identical mark for goods or services of the same kind, even if its expired or removed mark could no longer be taken into account under s 44. However, the fact that another ground of refusal might be available in some circumstances is hardly a sufficient basis to allow s 44 to be interpreted so that all conflicting registered marks and applications on foot at the later applicant’s priority date remain permanent blocks to registration of the later mark. In particular, there is no good reason for allowing a mark cancelled on the basis that it was defective at its priority date to block a subsequent registration, nor is there any reason to give any more life to lapsed or rejected applications. At a time when other trade mark registries are being rightly criticised for excessive formalism in their decision-making,

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52 That is, C’s first use of PRETEX on 1 May 2012 would pre-date both A’s registration date (1 March 2013) and the date of A’s first use: see s 124(e) and (f). C might also be able to have A’s registration cancelled on the basis of s 88(2)(a) / s 44, since neither s 44(3) nor (4) would assist A if it had not used its mark by the priority date of C’s application for PRETEX.

53 See Rael Marcus v Sabra International Pty Ltd (1995) 30 IPR 261 at 266-7 (no intention to abandon mark within three years after the expiry of registration, meaning that the original proprietor was still the owner); Riv-Oland Marble Co (Vic) Pty Ltd v Settef SpA (1988) 19 FCR 569 at 571-2 (Bowen CJ), 587 (Northrop J), 600-2 (Lockhart J) (despite approximately six years’ non-use by the first user, the court was not prepared to infer an intention to abandon the mark, such that that party remained the owner). We agree, however, with the longstanding criticism expressed in Shanahan that there is something of a tension between the finding in Riv-Oland and the fact that a mark can be removed from the Register on the basis of three years’ non-use: see Shanahan 5th ed, n 34, p 75 [10.1510]. For a recent decision showing a greater willingness to infer an intent to abandon, see Lucas Finance Pty Ltd v Dig This Entertainment Pty Ltd [2007] ATMO 35 (intent could be inferred from the fact that the opponent had rebranded its business and had failed to adduce any evidence beyond a bare assertion that no intention to abandon had been formed).


the nuanced approach that our Trade Marks Office has taken to the interpretation of s 44 should not be undermined by an unqualified application of a legal principle when this is simply not required.

In summary, for all of the reasons we have provided in this part, the interpretation of s 44 that best achieves the object or purpose of the Act is the one currently being taken by the Office and, as required by s 15AA of the Acts Interpretation Act 1901 (Cth), is to be preferred over the contrary interpretation that would unjustifiably prejudice applicants for registration and privilege owners of formerly registered marks and failed applications.

4. **Is reform needed?**

Our central argument is that s 44 can and must be interpreted so that the existence of the earlier mark or application is to be assessed at the time the decision-maker is making its assessment. It follows that we do not believe that an amendment to the Act is necessary to ensure that the Office’s current practice can be maintained.

Consideration also needs to be given, however, to what should occur in the event that Red Bull is successful. This raises two further issues. First, thought needs to be given to whether there is any flexibility within the existing provisions to deal with the problems we have identified. Secondly, on the assumption that no such flexibility exists, attention needs to be paid to the form that any legislative amendment should take. The first of these matters can be disposed of relatively quickly. The only provision that might be a candidate for dealing with the problems we have identified is s 44(3)(b), under which an application for registration that falls foul of s 44(1) or (2) may nevertheless be accepted for registration if the tribunal is satisfied that ‘because of other circumstances, it is proper to do so’. On its face, this provision might seem to offer a straightforward solution—even if a tribunal is obliged to look only to the applicant’s priority date to determine whether there is a conflicting ‘registered’ mark, the fact that such a mark has since been removed from the Register would seem to afford a strong justification for the tribunal exercising its discretion to accept the application for registration. However, if Southern Cross sets up an unqualified principle governing the entirety of s 44, then the ‘other circumstances’ in s 44(3)(b) must also have existed at the applicant’s priority date.56

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56 It might be added here that this is an area in which tension between the Office and the Federal Court as to the importance of the priority date has already arisen. Office practice has not been to confine its consideration of other circumstances to the position at the priority date. Thus, for example, when applying the ‘other circumstances’ ground there have been cases where the Office has taken account of the applicant’s post-filing use. See, under the current Act, *Ford Motor Co v Hino Motor Sales Australia Pty Ltd* [2002] ATMO 75 and
We therefore turn to the second question, namely, if the legislature is required to intervene, what should its intervention look like? From the preceding analysis it will hopefully be clear that a narrow amendment to deal with the particular issue of whether a mark removed for non-use is to be considered a registered mark under s 44 would not be adequate: accommodation would also have to be made for lapsed applications, expired marks, cancelled registrations, etc. However, we would go further and suggest that the legislature should not merely clarify that the subsequent removal of a mark, cancellation or expiry of a registration, or the lapsing or rejection of an application must be taken into account in the assessment of an examination or opposition ground, but also to deal with two larger issues thrown into relief by the Chia Khim Lee litigation.

First, it would be useful for the Act to spell out the consequences of the cessation of registration in detail. In particular, it would be useful if the Act specified the different consequences for marks removed from the Register and marks whose registrations are cancelled. For marks removed on the grounds of three years non-use under s 92(4)(b), it would be appropriate for the Act to specify that such a mark is taken to be removed as at the date of the filing of the removal application. For fundamentally defective marks whose registrations are cancelled under s 88(2)(a) or (b), or marks removed under s 92(4)(a) on the basis of no-intent-to-use/non-use, it would be appropriate for the Act to stipulate that such marks were taken never to have been registered. For marks cancelled under s 84, it would seem appropriate for the cancellation not to have retrospective effect. For marks cancelled under other grounds that turn on a disentitling event having occurred (such as the mark having become deceptive or generic post-registration, or that there has been a contravention of a condition or limitation relating to the mark), it would seem appropriate for the court to be required to backdate the order to the time of that event.

57 The issue arises not just under s 44, but also under reg 4.15A (see n 1), as well as under s 58A.
58 Thus overcoming the problems generated by the Full Court’s decision in Gallo: see Burrell and Handler, n 22, p 289.
59 Thus overcoming problems with the broad reading of Deckers (No 2): see Burrell and Handler, n 22, p 281.
60 See further Burrell and Handler, n 22, p 282.
defence under s 122(1)(e), that is, the defence that applies where the defendant has used a registered trade mark. The question of whether cancellation should always retroactively remove the availability of this defence is by no means straightforward.

Second, it would be useful for the legislature to clarify the time at which all of the grounds of examination and opposition are to be assessed. There are problems with expecting *Southern Cross* to provide an across-the-board answer to this issue, given the particular context in which Kitto J’s statements were made and the different roles the various examination and opposition grounds play. For a start, it would be useful for Parliament to clarify any lingering uncertainty about date at which s 58 is to be assessed by providing that the *Crazy Ron’s* approach is good law where the applicant at the time of opposition or registration is different from the party that filed the application.61 We also believe that more thought needs to be given to the ground of refusal dealing with lack of intention to use the mark. Section 59 applies where the ‘applicant does not intend’ to use the mark, which logically seems to require attention to be paid to the state of mind of the party in whose name the application is proceeding at the time of the opposition. Notwithstanding this, the Full Federal Court in *Food Channel Network Pty Ltd v Television Food Network GP* (2010) 185 FCR 9 at 29 [74] asserted that ‘intention’ is to be judged at the filing date. This interpretation was strongly criticised by Dodds-Streeton J in *Suyen Corporation v Americana International Ltd* (2010) 187 FCR 169 at 191-6 [147]-[177] and gives s 59 an odd sphere of operation as a cancellation ground,62 and we consider that this issue ought to be revisited by the legislature. Other sections where it would be helpful for the Act to spell out the time at which the ground is to be considered include s 42(a) and (b)63 and what from 15 April 2013 will be s 41(4).64

In drawing attention to these broader problems, we do not intend to diminish the importance of the specific issue at stake in the *Chia Khim Lee* litigation. Rather, we feel that some of the arguments being raised in the *Chia Khim Lee* litigation are indicative of a wider degree of uncertainty as to how the registered trade mark system is intended to operate. If the Act is to be amended attention should be given to removing these more fundamental uncertainties.

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61 See nn 30-31 and accompanying text. Alternatively, the legislature might consider amending s 58 so that it only applies where the opponent (or a predecessor in title) is in fact the owner, and to expand the scope of s 65(7) to allow a pre-registration amendment to be made to substitute the name of the ‘true’ owner for the name of the party in whose name the application was filed (cf *Crazy Ron’s Communications Pty Ltd v Mobileworld Communications Pty Ltd* (2004) 61 IPR 212 at 240 [125]-[127]).

62 See Burrell and Handler, n 22, pp 156, 267-8, 298-9. See also pp 309-12 for suggestions as to more fundamental reform of the ‘non-use’ provisions of the Act.

63 See Burrell and Handler, n 22, p 266.

64 See, in relation to the original s 41(5), Burrell and Handler, n 22, p 83.