

Wild Goose Chase

CASE

Austin, Nichols & Co Inc V Lodestar Anstalt [2011] FCA 39

COURT

Federal Court of Australia

DECISION DATE

4 February 2011

IMPLICATIONS FOR TRADE MARK OWNERS

The Court's discretion to not remove a trade mark from the Register in cases of non-use is very broad and it may be convinced to exercise this provision in cases where use commences after the end of the relevant non-use period.

Pizzeys' client Lodestar Anstalt has successfully defended an appeal in the Federal Court to remove its WILD GEESE trade mark on the basis of non-use. The action was defended despite the fact that use of the WILD GEESE trade mark did not commence in Australia until three years after the relevant non-use period had come to an end.

BACKGROUND

For many years Lodestar Anstalt has been defending actions around the world commenced by Austin Nichols & Co Inc ("Austin Nichols") to try and prevent the registration of its WILD GEESE trade mark in respect of whisky. Austin Nichols during this time was the owner of the WILD TURKEY trade marks for whisky products. The WILD TURKEY trade mark portfolio was assigned to Rare Breed Distilling LLC (part of the Campari group) around the time of the filing of this Appeal.

Whilst in other jurisdictions the disputes between the parties had focused on opposition proceedings, in Australia the

WILD GEESE mark had been sitting quietly on the Register since 2000. The registration was in class 32 for "*beers, mineral and aerated waters and other non-alcoholic drinks, fruit drinks and fruit juices; syrups and other preparations for making beverages*" and in class 33 for "*alcoholic beverages (except beers)*".

The removal for non-use proceedings were filed by Austin Nichols in 2005 prior to the 2006 amendment to the Trade Marks Act which dispensed with the need for Applicants for Removal to have status as a person aggrieved. Accordingly, Austin Nichols was required to establish that it was a person aggrieved in these proceedings.

At the same time, and independent of the disputes occurring between Austin Nichols and Lodestar Anstalt, a South Australian wine manufacturer was attempting to register its wine trade mark WILD GEESE WINES and WILD GEESE. The Lodestar Anstalt registration was blocking these applications and so the wine manufacturer

launched its own removal for non-use proceedings.

During the course of the removal proceedings before the Trade Marks Office the wine manufacturer assigned its trade mark rights to Austin Nichols and Austin Nichols continued to prosecute both actions.

THE DEFENCE

Lodestar Anstalt had not used its trade mark in Australia during the relevant non-use period (2002 to 2005). Use of the trade mark did not commence in Australia until late 2008.

Lodestar Anstalt's defence focused on there being obstacles to its use of the mark during the relevant period, the removal applicants not being persons aggrieved and a request for the application of the Registrar's discretion not to remove the trade mark.

THE DECISION BEFORE THE TRADE MARKS OFFICE

When the matter was heard before the Registrar's Delegate in 2009 it was found that Austin Nichols was not a person aggrieved as they had not proven that the WILD GEESE and WILD TURKEY trade marks were deceptively similar.

The wine manufacturer was found to be a person aggrieved. Lodestar Anstalt's claim that there were obstacles to its use of the trade mark was not accepted. The Registrar decided, with Lodestar Anstalt's consent, to remove the trade mark in part and essentially in respect of wine related goods. The resulting coverage of the trade

mark in class 33 was restricted to "*alcoholic beverages (except beers) but excluding wine, fortified wine and wine-base spirits, namely brandy, grappa and cognac*".

THE FEDERAL COURT APPEAL

The Registrar's decision not to remove the trade mark in its entirety was appealed by Austin Nichols to the Federal Court. Before the matter was heard the High Court decision in *Health World Ltd v Shin-Sun Australia Pty Ltd (210) 240 CLR 590* was handed down and moved the test for "*person aggrieved*" from the long standing narrow test to a more liberal test.

PERSON AGGRIEVED

The Court found that both Austin Nichols and the wine manufacturer were persons aggrieved at the time that their removal for non-use applications were filed.

In respect of Austin Nichols, which prior to the *Health World* decision did not fit the traditional understanding of a person aggrieved, Justice Cowdry stated that as a result of the liberal construction prescribed by the *Health World* case there was no requirement that Austin Nichols have any intention to use a trade mark in respect of the goods of the challenged mark, nor that there be a possibility of disadvantage arising from Lodestar Anstalt's use of the trade mark. A finding that the parties were in the same trade and trade rivals was considered sufficient for Austin Nichols to have the requisite standing. His Honour observed that the emphasis of the test was now upon the identity of the parties as trade rivals as opposed to

placing emphasis on the goods contained in the specific marks.

Whilst the trade rivalry of the parties was clear in respect of the class 33 goods, Lodestar Anstalt argued that it was not so clear in respect of the class 32 goods. Austin Nichols pointed out that their whisky products are often mixed with or sold premixed with non-alcoholic goods such as cola. Justice Cowdry believed that this association between the goods together with the fact that it was now more common for traditional manufacturers of alcoholic products to distribute a range of products including non-alcoholic products was sufficient for there to be considered a connection between whisky and non-alcoholic beverages and to classify the parties as trade rivals. His Honour did specifically point out that he did not intend this to mean that the goods were similar goods merely that the liberal person aggrieved test was fulfilled.

Use of the trade mark had not commenced in 2006 when the amendments to the Trade Marks Act were implemented removing the requirement to be a person aggrieved. Austin Nichols could have avoided the risk of the need to pass this threshold question by refiling its removal application after the amendments were in force. Given the *Health World* decision, which essentially “cured” their standing as a person aggrieved, was only made just before the hearing of the Appeal the refiling of the removal action may have been a more prudent method by which to proceed.

OBSTACLES TO USE

Lodestar Anstalt attempted to defend the removal action on the basis that there were obstacles preventing the use of its mark during the relevant period. Lodestar Anstalt claimed that it had initially had difficulties sourcing a supplier of its whisky product and that when this issue was resolved it was being blocked out of trade fares and therefore prevented from promoting its goods. It also claimed that the ongoing litigation around the world between the parties meant that they had delayed the full commercialisation of their product until their rights in the trade mark had been established.

The Court found that there needed to be a causal connection between the obstacles relied upon and the non-use. The Court was of the opinion that as there was use in other jurisdictions during the relevant period and there was a readily accessible supply of product available at that time that Lodestar Anstalt had made a deliberate decision to develop their other international markets before Australia. Therefore the Court found there was no causal connection between the obstacles claimed and the reasons for non-use.

EXERCISE OF THE DISCRETION NOT TO REMOVE

Section 101 (3) of the Trade Marks Act prescribes the Registrar with the discretion not to remove a trade mark even if the removal grounds have been established.

In reviewing the case law his Honour found that the discretion prescribed by

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this section is unlimited and that it was not necessary to demonstrate that exceptional circumstances exist before the discretion is exercised in favour of the registered owner. His Honour reviewed a number of authorities to seek guidance as to how to apply the discretion. He observed that the fact situation in this case was different to the authorities as the use of the trade mark did not actually commence until three years after the relevant period and there was never any use prior to the relevant period. His Honour considered that these factors weighed heavily against exercising the discretion in favour of Lodestar Anstalt.

However his Honour found that the use of the trade mark which had occurred in other jurisdictions during and after the completion of the relevant period was substantial and a legitimate factor to consider in the exercise of the discretion, particularly if the profile was of sufficient magnitude to raise the possibility of confusion occurring in Australia if the mark was removed.

There had been 120 cases of product sold in Australia under the trade mark over the period late 2008 to mid-2010. Whilst his Honour considered this use to be small, he accepted that it could amount to a degree of recognition of the trade mark such that confusion may occur if the trade mark was removed.

His Honour also considered the fact that Lodestar Anstalt had clearly not abandoned its

intention to use the WILD GEESE trade mark in Australia, as demonstrated by the use which occurred after the relevant period, to be applicable in the exercising of the Court's discretion not to remove the mark.

His Honour considered the comments made by Justice Kitto in *Re Carl Zeiss Pty Limited's Appln (1969) 122 CLR 1* regarding the competing interests of maintaining an unused trade mark on the Register and the public interest in keeping the purity of the Register by removing unused marks. He considered that the maintenance of the WILD GEESE mark on the Register would not transgress the ideals displayed in this authority as the mark was now in use, even though its use commenced after the end of the relevant period it was still a relevant consideration in the exercise of the Court's broad discretion.

The Court observed that no evidence was presented by Austin Nichols to assist it to determine whether there was any prospect of confusion arising if the WILD GEESE mark were permitted to remain on the Register or if there would be any public mischief caused by its maintenance. Further, Lodestar Anstalt had already conceded removal in respect of various wine goods which had permitted the wine merchant's WILD GEESE marks to register. Accordingly, His Honour determined that it was appropriate to exercise its discretion in favour of Lodestar Anstalt to maintain a register and market place where WILD TURKEY whisky, WILD GEESE whisky and WILD GEESE wines co-exist.

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THE DISPUTE DOES NOT END HERE

The parties to this appeal remain engaged in a related opposition proceeding regarding the trade mark WILD GEESE WHISKY and two removal for non-use actions against the WILD GEESE wine trade marks. We note that His Honour was careful to state that in applying his discretion in this case he was not providing any detailed finding as to the similarity or otherwise of the WILD GEESE and WILD TURKEY trade marks.

Accordingly, we will need to return to our roosts and wait another day for that decision to be made.



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