

IN THE INTELLECTUAL PROPERTY OFFICE OF NEW ZEALAND

[2013] NZIPOTM 2

IN THE MATTER of the Trade Marks Act 2002

AND

IN THE MATTER of trade mark application nos



825601 **N E X T D C** and
825602 **NEXTDC** in classes 9, 16,
35, 36, 37, 38, and 42 in the name of
NEXTDC LIMITED

Applicant

AND

IN THE MATTER of an opposition by **Next Retail
Limited**

Opponent

EC Gray/RC Winick for the applicant (written submissions)

BP Cain for the opponent (written submissions)

Introduction

1. This is the decision for the opposition to trade mark application nos



825601 for **N E X T D C** and 825602 for **NEXTDC** (**opposed marks**)¹.

2. The applicant is NextDC Limited (**applicant** or **NEXTDC**).
3. The opponent is Next Retail Limited (**opponent** or **Next Retail**).
4. Both trade mark applications were filed on 11 June 2010² (**relevant date**).
5. The Trade Marks Act 2002 (**Act**), and the regulations made under that Act (**Regulations**), apply to these proceedings.

Grounds

6. The opponent pursues the following grounds of opposition:

Ground no.	Summary of the allegations	Act reference
1	Use of each opposed mark would be likely to deceive or cause confusion.	Section 17(1)(a)
2	Use of each opposed mark is contrary to the Fair Trading Act 1986.	Section 17(1)(b)
3	Use of each opposed mark is contrary to New Zealand law because it will amount to passing off.	Section 17(1)(b)
4	Use of each opposed mark is disentitled to protection because of grounds 2 and 3.	Section 17(1)(b)
5	The trade mark application for each opposed mark was made in bad faith.	Section 17(2)

¹ Details of these trade mark applications are set out in the attached Schedule 1.

² This is the relevant date for determining the parties' rights – *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 at 61.

Ground no.	Summary of the allegations	Act reference
6	Each opposed mark is similar to the opponent's marks set out in the attached Schedule 2, and its use is likely to deceive or confuse.	Section 25(1)(b)
7	Each opposed mark, or an essential element of it, is identical/similar to the opponent's marks, which are well known in New Zealand. Each opposed mark is applied for in respect of goods and services that are the same as or similar to the opponent's goods and services. Use of each opposed mark would be likely to prejudice the interests of the opponent.	Section 25(1)(c)
8	The applicant is not the owner of each opposed mark.	Section 32(1).

7. In its counter-statement, the applicant denies the grounds of opposition.

Evidence

Opponent's evidence in support of the opposition

8. The opponent's evidence in support of the opposition under regulation 82 of the Regulations consists of the statutory declaration of:

Name	Occupation	Date of evidence	Exhibits	Reference
Shaun Nicholas Sherlock	Not stated	21 December 2011	10	Sherlock

Applicant's evidence in support of its trade mark applications

9. The applicant's evidence in support of its trade mark applications under regulation 84 of the Regulations consists of the statutory declaration of:

Name	Occupation	Date of evidence	Exhibits	Reference
Bevan Slattery	Chief Executive Officer of the applicant	14 March 2012	5	Slattery

Opponent has filed no evidence in reply

10. The opponent has filed no evidence in reply under regulation 85 of the Regulations.

Preliminary matters

Discontinuance of the opposition

11. The applicant submits that the opponent has discontinued this opposition under regulation 83(a) of the Regulations because the opponent did not, within the applicable deadline, file evidence or notify the Commissioner that the opponent did not intend to file evidence.
12. The opponent submits that the applicant's discontinuance submissions are effectively out of time, and the Commissioner has already responded³ to this issue.
13. I consider that if regulation 83(a) of the Regulations applies, then the opponent has discontinued the opposition as a matter of law. To determine whether the opponent has discontinued this opposition, I have reviewed the steps taken in this opposition. A brief chronology of events is set out in the attached Schedule 3. I have also reviewed the relevant legislative provisions, which are set out in regulations 82, 83, 32, 28, and 123 of the Regulations and section 176 of the Act, and state:

82 Opponent must file evidence

- (1) Within 2 months after the opponent (O) has received a copy of the counter-statement, O must—
- (a) file evidence in support of the opposition; or
 - (b) notify the Commissioner that O does not intend to file evidence; or
 - (c) notify the Commissioner that O withdraws the application.
- (2) The Commissioner must notify the applicant as soon as practicable after O has taken one of the steps under subclause (1)(b) or (c).

83 Discontinuance of opposition

- An opponent (O) discontinues opposition if—
- (a) O does not within the applicable deadline file evidence or notify the Commissioner that O does not intend to file evidence; or
 - (b) O notifies the Commissioner that O withdraws the opposition.

³ This response was set out in IPONZ's letter dated 21 December 2011.

32 Commissioner may extend time

- (1) The Commissioner may, if satisfied in a particular case that there are genuine and exceptional circumstances that justify an extension of time, extend the time specified by these regulations for a step to be taken, except where these regulations stipulate that time must not be extended.
- (2) In extending the time for a step to be taken, the Commissioner may stipulate the terms and conditions on which the extension is granted.

28 Commissioner may halt proceeding

- (1) The Commissioner may halt a proceeding, if the Commissioner thinks it appropriate, on the application of a party or on the Commissioner's own initiative.
- (2) The Commissioner may halt the proceeding for the period and on the terms and conditions that the Commissioner thinks appropriate, but must not halt the proceeding for more than 6 months.
- (3) The Commissioner may halt the proceeding for further periods, but on each occasion for no more than 6 months.
- (4) The Commissioner may at any stage, while the proceeding is halted, recommence the proceeding.

123 Hearing before exercise of Commissioner's discretion

- (1) A person (Y) who claims that the proposed exercise by the Commissioner of a power under the Act or the regulations will adversely affect Y must, if Y requires an opportunity to be heard before the power is exercised, file with the Commissioner a notice of a requirement to be heard.
- (2) The notice must—
 - (a) contain Y's name and address for service, and, if Y has an agent, the agent's name;
 - (b) state the matter in respect of which a hearing is required;
 - (c) be signed by Y.
- (3) Y must file the notice within 10 working days of the receipt by Y of notification by the Commissioner of the decision that the Commissioner proposes to make.
- (4) This regulation does not apply to—
 - (a) a proceeding to which regulation 124 applies;
 - (b) a proceeding if these regulations make provision for a hearing in that proceeding.

176 Hearing before exercise of Commissioner's discretion

The Commissioner must not exercise any of the Commissioner's discretionary or other powers under this Act or any regulations made under this Act adversely to any person without (if required to do so within the prescribed time) giving the person an opportunity of being heard.

14. Neither party appears to dispute that the original applicable deadline for filing the opponent's evidence was 30 August 2011. The opponent did not file its evidence or notify the Commissioner that the opponent did not intend to file evidence before the original applicable deadline expired. Instead, on 24 August 2011, the opponent applied to extend the original applicable deadline, and, on 13 September 2011, IPONZ proposed to extend the original applicable deadline to 30 September 2011.
15. The tenor of the applicant's submissions appears to be that it was effectively too late for IPONZ to extend the original applicable deadline after that deadline had expired because, at that stage, the opposition was

discontinued under regulation 83(a) of the Regulations. In support of this submission, the applicant relies on *Muir Electrical Company Pty Ltd v The Good Guys Group Ltd*⁴. In that case, however, I note that the applicable deadline had already expired before the extension of time was applied for and therefore the High Court was not required to decide the issue of whether an application for an extension of time that was filed before the expiry of the deadline would have prevented the proceeding from being discontinued.

16. I consider that the filing of an application for extension of time before the expiry of the applicable deadline is significant because it means that the Commissioner must process the extension in accordance with the prescribed procedure, which, in turn, must effectively necessitate the original applicable deadline being suspended pending the determination of the application for extension of time, which may or may not result in a new applicable deadline. The reason for this is that an application for extension of time that is filed before the applicable deadline requires the Commissioner to exercise a power or discretion for which the Commissioner must allow a hearing under section 176 of the Act, which prevails over any regulation to the contrary.

17. I consider that the significance of the filing of an application for extension of time before the expiry of the applicable deadline is supported by the fact that there was jurisdiction to hear the *Good Guys* case because, in that case, the owner had applied for extensions of time before the expiry of the applicable deadline for the filing of its evidence and the extensions were granted after the applicable deadline expired⁵. However, granting an extension of time after the deadline did not appear to cause the consequence of not filing the owner's evidence before the deadline to have effect or else there would have been no need for the *Good Guys* case to be heard because the consequence of the owner not meeting the applicable deadline was for the Commissioner to determine the

⁴ HC Auckland CIV-2009-404-4965, 18 December 2009.

⁵ *The Muir Electrical Company Pty Ltd v The Good Guys Group Limited* [2009] NZIPOTM 13 at [6], [8] – [19].

application [for revocation for non-use] on the papers filed by the applicant⁶.

18. In the case before me, I consider that the 30 September 2011 deadline was properly set as the opposition was not discontinued, and I consider that this new applicable deadline stands because a hearing on the deadline was not requested in accordance with the prescribed procedure.
19. Now, I consider the effect of the opponent's application for a halt dated 22 September 2011. It appears that the opponent applied for a halt, rather than applying for another extension of time, because the opponent considered that the parties were actively negotiating a settlement. As it turns out, the applicant did not agree with that view, but a hearing on the proposed halt to proceedings was not requested, which means that IPONZ's decision to halt proceedings stands.
20. It appears that no express terms and conditions were imposed by IPONZ in granting the halt. However, in accordance with IPONZ's practice⁷, there was an implied term and condition that IPONZ would re-start the proceedings from the step where they were halted and re-set the applicable deadline for taking that step. I consider that the relevant regulations for IPONZ to re-set the applicable deadline are regulation 28 (which allows IPONZ to halt proceedings "*on the terms and conditions that the Commissioner thinks appropriate*") and regulation 32 (which allows an extension to be granted on the Commissioner's own initiative and if the Commissioner considers that there are genuine and exceptional circumstances).
21. I consider that applying for the halt before the expiry of the applicable deadline of 30 September 2011 had the effect of suspending that deadline pending IPONZ processing the halt application in accordance with the prescribed procedure, which included holding a hearing under section 176 of the Act if requested by a person adversely affected by the proposed exercise of the Commissioner's power/discretion.

⁶ Regulation 96(2) of the Regulations.

⁷ IPONZ's letter dated 1 December 2011.

22. I consider that the halt and its implied condition mentioned at [20] effectively suspended the requirement for the opponent to file its evidence until it was informed by IPONZ that the new applicable deadline for taking that step was 30 December 2011. The opponent filed its evidence on 23 December 2011.
23. Accordingly, I find that the opponent filed its evidence within the applicable deadline for taking that step and the opposition is *not* discontinued as a matter of law.

Finding

24. Accordingly, I find that the opponent has not discontinued the opposition.

Applicant's objections to the opponent's evidence

25. The applicant submits that a significant part of the Sherlock declaration consists of statements that this tribunal has already held to be inadmissible in another opposition⁸, and that these statements are also inadmissible for the purposes of this opposition.
26. The opponent submits that this tribunal should admit the Sherlock declaration in its entirety as evidence in this opposition because: (1) the Evidence Act 2006 does not apply to opposition proceedings before this tribunal; (2) there is no concurrent jurisdiction for an opposition, which means that *Royal New Zealand Yacht Squadron v Daks Simpson Group Plc*⁹ has no precedent value; (3) the rules of natural justice demand that it be admitted; (4) the Sherlock declaration is reliable evidence; and (5) if the Evidence Act 2006 is held to apply, then the Sherlock declaration is admissible under section 18 of that Act.
27. I consider that the application of the Evidence Act 2006 to proceedings before this tribunal is not clear, but, in any case, does not prevent this tribunal from making rulings concerning the admissibility of evidence before it whether or not the proceedings are opposition proceedings. I

⁸ *Intercast Europe SRL v Next Retail Limited* [2011] NZIPOTM 20 (***Intercast* opposition**).

⁹ [2001] NZAR 187.

note that section 5(3)¹⁰ of that Act states that the Act “*applies to all proceedings*¹¹ ...”, which means that the Act does not *expressly* apply to a proceeding before a tribunal. However, I consider that this does not mean that the Evidence Act 2006 does not or cannot apply at all to any evidential issues before this tribunal.

28. First, I note that the definition of Judge¹² in the Evidence Act 2006 expressly includes a tribunal even though the definition of proceeding does not expressly include a tribunal.
29. Second, the reference to Judge is used throughout that Act, including in section 18¹³, which specifically deals with the general admissibility of hearsay.
30. Third, I note that in the context of proceedings that may be brought before this tribunal (i.e. the Commissioner) or the High Court (which would exclude opposition proceedings at first instance), the High Court has

¹⁰ Section 5 of the Evidence Act 2006 states:

5 Application

- (1) If there is an inconsistency between the provisions of this Act and any other enactment, the provisions of that other enactment prevail, unless this Act provides otherwise.
- (2) Despite subsection (1), if there is any inconsistency between rules of court made under any enactment with the concurrence of 2 or more members of the Rules Committee and this Act, the provisions of this Act prevail.
- (3) This Act applies to all proceedings commenced before, on, or after the commencement of this section except—
 - (a) the continuation of a hearing that commenced before the commencement of this section; and
 - (b) any appeal from, or review of, a determination made at a hearing of that kind.

¹¹ Section 4(1) of the Evidence Act 2006 defines “proceeding” and “court” as follows:

proceeding means—

- (a) a proceeding conducted by a court; and
- (b) any interlocutory or other application to a court connected with that proceeding

court includes the Supreme Court, the Court of Appeal, the High Court, and any District Court

¹² Section 4(1) of the Evidence Act 2006 defines “Judge” as follows:

Judge includes a Justice of the Peace, a community magistrate, and any tribunal

¹³ Section 18 of the Evidence Act 2006 states:

18 General admissibility of hearsay

- (1) A hearsay statement is admissible in any proceeding if—
 - (a) the circumstances relating to the statement provide reasonable assurance that the statement is reliable; and
 - (b) either—
 - (i) the maker of the statement is unavailable as a witness; or
 - (ii) the Judge considers that undue expense or delay would be caused if the maker of the statement were required to be a witness.
- (2) This section is subject to sections 20 and 22.

already held that this tribunal is bound by the usual rules of evidence, in particular the rules of evidence as they relate to hearsay.¹⁴ The rationale for this decision appears to be that “[i]t would be wrong for there to be different rules of evidence applying to a s 35 application depending on whether the application was dealt with by the Court or by the Assistant Commissioner. The rules of evidence applicable to the High Court must therefore apply to both.”¹⁵ I also note that an appeal from any decision of the Commissioner is to the High Court.

31. Fourth, I consider that the conflicting *obiter* statements in two High Court decisions¹⁶ concerning whether the usual rules of evidence that apply to the High Court also apply to this tribunal in opposition proceedings do not appear to prevent this tribunal from being guided by the principles and content of the Evidence Act 2006 (or its predecessor, which was in force at the time of those High Court decisions).
32. Fifth, I note that this tribunal has made rulings concerning the inadmissibility of evidence on the basis of hearsay in opposition proceedings, which have not been overturned on appeal¹⁷.

The Sherlock declaration

33. I consider that it is unclear from paragraph 1¹⁸ of the Sherlock declaration whether Mr Sherlock is in fact the legal representative of the opponent. With the exception of paragraph 8 of the Sherlock declaration (which

¹⁴ *Royal New Zealand Yacht Squadron v Daks Simpson Group plc* [2001] NZAR 187 at [29].

¹⁵ *Royal New Zealand Yacht Squadron v Daks Simpson Group plc* [2001] NZAR 187 at [28].

¹⁶ *Royal New Zealand Yacht Squadron v Daks Simpson Group plc* [2001] NZAR 187 at [15] to [20].

Rainbow Technologies Inc v Logical Networks Limited [2003] 3 NZLR 553 at [47] –[48]:

[47] I begin with some general observations. In the *Yacht Squadron* case Young J adopted the approach that a trade mark hearing officer is effectively a “tribunal” and therefore subject to what might be termed as the “tribunals approach” to evidence. In particular, at para [18] it will be recalled that the judge said:

General principle favours the inapplicability of the ordinary rules of evidence in such circumstances given the desire of administrative tribunals to function informally.

[48] With all due respect I think that is stated much too broadly, and has to be approached with considerable caution.

¹⁷ *Mars New Zealand Limited v Roby Trustees Limited* HC Auckland CIV 2011-404-004613, 7 December 2011 at [7]; *Roby Trustees Limited v Mars New Zealand Limited* [2012] NZCA 450 at [15].

¹⁸ Paragraph 1 of the Sherlock declaration states:

1. I am an employee of Marks & Clerk LLP, a firm of Patent and Trade Mark Attorneys and have day to day responsibility for this matter on behalf of the Opponent Next Retail Limited.

deals with statistical information), it is also unclear where the hearsay statements in the Sherlock declaration came from. For instance, did Mr Sherlock take his hearsay statements from the opponent's business records to which he had access? Without knowing this, it is difficult to assess the reliability of his hearsay statements or to assess whether his hearsay statements are admissible because they are contained in a business record. I consider that this information should be established evidentially, rather than provided in the form of the following submission¹⁹ by the opponent:

Mr Sherlock is a qualified trade mark attorney and his firm the appointed legal representative for the Opponent in the United Kingdom where the Opponent's head office is based. Mr Sherlock and his firm will have had access to the Opponent's business records in order to form and submit the Sherlock Declaration. Mr Sherlock is therefore suitably qualified not only to give evidence on behalf of the Opponent but, more significantly, reliable evidence.

34. The tenor of the Sherlock declaration is that Mr Sherlock's hearsay statements are tendered to establish the truth of the opponent's factual allegation that there was an awareness of the opponent's mark in the relevant markets for each opposed mark on the basis of the opponent's alleged worldwide reputation²⁰, in particular, from the market in the United Kingdom. If the opponent is not successful in establishing that there was an awareness of its **NEXT** trade mark in New Zealand at the relevant date, then its ground of opposition under section 17(1)(a) of the Act must immediately fail, and by necessary implication the grounds of opposition under sections 17(1)(b) and 25(1)(c) of the Act must also fail.
35. I note that there are also statements throughout the Sherlock declaration that appear to be in the nature of submission or opinion, for example paragraph 14.

¹⁹ Opponent's written submissions at [13.4.3].

²⁰ Paragraph 14 of the Sherlock declaration states:

14. In my view, the Opponent has established a significant worldwide reputation in the mark NEXT, and many New Zealand consumers are likely to be familiar with the Opponent's worldwide activities. Accordingly, the applicant's use of the NEXTDC (Device) and NEXTDC trade marks with respect to the goods and services covered could cause confusion in the marketplace, namely by causing consumers to falsely believe that those goods or services are provided or somehow licensed or approved by the Opponent.

Ruling

36. My ruling is that:

36.1 paragraph 1 of the Sherlock declaration is admissible:

36.2 paragraphs 2 and 3²¹ and exhibit SNS 1 are inadmissible because they appear to be hearsay:

36.3 paragraph 4 (except for the last sentence) is inadmissible because it appears to be hearsay. The last sentence of paragraph 4 and exhibit SNS 2 (a selection of pages from the Opponent's mail order catalogue and website from 2006 to 2008) are admissible:

36.4 paragraph 5 and exhibit SNS 3 are inadmissible because they appear to be hearsay:

36.5 the first sentence of paragraph 6 and exhibit SNS 4 (copies of pages from the 2009 Annual Report for Next Group Plc) are admissible; but not the rest of paragraph 6, which appears to be submission and/or hearsay:

36.6 paragraph 7 is inadmissible because it appears to be hearsay:

36.7 paragraph 8 (except for the following statements) is inadmissible because it appears to contain submission and/or opinion:

²¹ Paragraphs 2 and 3 of the Sherlock declaration state:

2. The Opponent is a wholly owned subsidiary of Next Group Plc, which is a public-listed company in the United Kingdom. Next Group Plc was incorporated in the United Kingdom in 1891 under the name of J Hepworth & Son.
3. The Opponent first adopted and used the trade mark NEXT in 1982 in the United Kingdom upon and in relation to a wide range of clothing products, sold through NEXT retail outlets owned or controlled by the Opponent. From that date, the Opponent has continuously operated a chain of High Street stores in the United Kingdom. The Opponent first adopted and used the trade mark NEXT for clothing, fashion accessories, home furnishings and electrical goods (and their retailing) in 1982, and has continued to use the marks with respect to such goods and services to date, I have attached and marked as **Exhibit SNS 1** materials which provide further details, facts and a history of the Opponent.

Attached and marked as **Exhibit SNS 5** are extracts from the New Zealand Bureau of Statistics website.

[M]arked as **Exhibit SNS 6** are extracts relating to New Zealand visitors to the United Kingdom from the Visit Britain website operated by the British Tourist Authority.

- 36.8 exhibits SNS 5 and SNS 6 are admissible:
- 36.9 paragraphs 9, 10 and exhibit SNS 7 are inadmissible because they appear to be hearsay:
- 36.10 paragraph 11 and exhibit SNS8 are admissible.
- 36.11 paragraph 12 is inadmissible because it is hearsay, but exhibit SNS 9 is admissible.
- 36.12 Paragraph 13 and the table of goods in exhibit SNS 10 are inadmissible because they are hearsay.
- 36.13 Paragraph 14 is inadmissible because it appears to be submission and/or opinion.

Ground 1: section 17(1)(a) of the Act

37. Under section 17(1)(a) of the Act, the “*Commissioner must not register as a trade mark or part of a trade mark any matter...the use of which would be likely to deceive or cause confusion.*”

Mark relied on by the opponent

38. For this ground²², the opponent relies on its **NEXT** trade mark.

The issues

39. The test laid down in *Smith Hayden & Co Ltd’s Application* (1945) 63 RPC 97, 101 (and applied by *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 at 57) sets out the issues:

²² Notice of opposition at [1] and [7].

“Having regard to the reputation acquired [for **NEXT**] is the Court satisfied that [the



opposed marks, which are **N E X T D C** and **NEXTDC**], if used in a normal and fair manner in connection with [the applicant's goods and services], will not be reasonably likely to cause deception and confusion amongst a substantial number of persons.”

The relevant market

40. The relevant market will consist of persons in New Zealand who are the prospective or potential purchasers of the goods on, or in relation to, which each opposed mark may be applied and others involved in the purchase transactions – *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 at 61:

(7) It is in relation to commercial dealings with goods that the question of deception or confusion has to be considered, and the persons whose states of mind are material are the prospective or potential purchasers of goods of the kind to which the applicant may apply [its] mark and others involved in the purchase transactions.

41. The goods and services (**opposed goods and services**) covered by each opposed mark are set out in the attached Schedule 1.

42. It appears that the relevant market for the applicant's range of data centre and information technology goods or services consists of “*enterprise' customers such as corporations, government agencies and wholesalers. NEXTDC does not sell products or services to individual retail consumers.*”²³ However, I must identify the relevant market(s) for this ground by having regard to the opposed goods and services on a fair notional use basis. On that basis, it appears that there may be more than one relevant market in New Zealand for the opposed goods and services. For instance, the applicant's goods in class 9, which includes computers, will include the general purchasing public, business consumers, organisations, and others involved in the purchase transactions. I consider that given the technical nature and cost of the opposed goods

²³ Slattery declaration at [7].

and services, any purchase decisions made by the applicable relevant market are likely to be carefully considered.

43. The question is whether “a substantial number of persons” in the relevant markets is likely to be deceived or confused by the use of each opposed mark – *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* at 62:

- (9) The test of likelihood of deception or confusion does not require that all persons in the market are likely to be deceived or confused. But it is not sufficient that someone in the market is likely to be deceived or confused. A balance has to be struck. Terms such as “a number of persons” (*Jellinek’s Application*), “a substantial number of persons” (*Smith Hayden & Co Ltd’s Application*), “any considerable section of the public” (*New Zealand Breweries Ltd v Heineken’s Bier Browerij Maatschappij NV*), and “any significant number of such purchasers” (*Polaroid Corporation v Hannaford & Burton Ltd*) have been used.

Deception and confusion

44. The differences between deception and confusion are set out in *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* at 62:

“Deceived” implies the creation of an incorrect belief or mental impression and causing “confusion” may go no further than perplexing or mixing up the minds of the purchasing public (*New Zealand Breweries Ltd v Heineken’s Bier Browerij Maatschappij NV* [1964] NZLR 115, 141). Where the deception or confusion alleged is as to the source of the goods/[services], deceived is equivalent to being misled into thinking that the goods/[services] bearing [each opposed] mark come from some other source and confused to being caused to wonder whether that might not be the case.

Awareness of the opponent’s mark

45. Before the applicant has the onus of establishing that each opposed mark does not offend against section 17(1)(a) of the Act, the opponent must first establish that, at the relevant date of 11 June 2010, there was an awareness, in the relevant markets, of the opponent’s mark – *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* at 63:

For myself I prefer to use a more neutral term such as “awareness” or “cognizance” or “knowledge” and on that basis to ask: having regard to the awareness of [the opponent’s mark] in the New Zealand market for goods/[services] covered by the registration proposed, would the use of [each opposed] mark be likely to deceive or cause confusion in that market?

46. The opponent need not establish that there was an awareness of its mark for the goods/services covered by each opposed mark²⁴. I also note that “*the manner in which or the source from which knowledge has been acquired is immaterial.*”²⁵
47. The opponent must establish that the awareness of its mark is sufficiently substantial to lead to the possibility that the goods/services covered by each opposed mark would be identified with the opponent²⁶. However, this is a relatively low threshold²⁷.
48. I find that, on the evidence²⁸ before me, the opponent has not established that, as at 11 June 2010, there was an awareness of the opponent’s mark in the relevant markets for each opposed mark for the reasons set out below.
49. There is no evidence that the opponent has used its mark in New Zealand. Therefore, the opponent must establish the awareness of its mark in some other way. In this case the opponent appears to rely on its alleged worldwide reputation (in particular, its spillover reputation from the United Kingdom) for its **NEXT** trade mark. But this is not easy – *Conagra Inc v McCain Foods (Aust) Pty Ltd*²⁹:

[R]eputation within the jurisdiction may be proved by a variety of means including advertisements on television, or radio or in magazines and newspapers within the forum. It may be established by showing constant travel of people between other countries and the forum, and that people within the forum (whether residents there or persons simply visiting there from other countries) are exposed to the goods of the overseas owner. [my emphasis]

50. At exhibit SNS 2 of the Sherlock declaration are copies of pages from the opponent’s mail order catalogues. However, I have no evidence

²⁴ *The Council of Ivy Group Presidents (t/as The Ivy League) v Pacific Dunlop (Asia) Ltd* (2000) 66 IPR 202 at 212.

²⁵ *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* at 70.

²⁶ *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* at 62.

²⁷ *N V Sumatra Tobacco Trading Company v British American Tobacco (Brands) Incorporated* [2010] NZCA 24, (2010) 86 IPR 206 (CA) at [77].

²⁸ The evidence before me is not the same evidence that was before me, in *Stefanel Next Pty Ltd v Next Retail Limited* [2006] NZIPOTM 15 at 11. I found that the evidence in that case established that there was a sufficient awareness of the opponent’s **NEXT** trade mark in New Zealand at the relevant date in that case (which was 18 May 2004) on the basis of its spillover reputation from the United Kingdom where its NEXT branded goods and stores were likely to have been well known.

²⁹ [1992] 23 IPR at p 234.

concerning how, when, or what proportion of, the relevant markets for each opposed mark has been exposed to these pages. I also have no details about the distribution of these catalogues. However, I consider that these pages are useful in establishing the kinds of products covered by the opponent's mark.

51. At exhibit SNS 4 are copies of pages from the 2009 Annual Report for Next Plc (**Annual Report**). The relevant markets for each opposed mark is not likely to have been exposed to this document. However, I consider that this document is useful in establishing: (1) the level of awareness that there is likely to have been for the opponent's mark in the United Kingdom; and (2) giving an impression of how likely it is that the relevant markets for each opposed mark would have been exposed to the opponent's mark if they were in the United Kingdom. For example, page 3 states:

The Directors present their annual report and audited accounts for the financial year ended 24 January 2009.

PRINCIPAL ACTIVITIES

Next is a UK based retailer offering stylish, good quality products in clothing, footwear, accessories and home products. Next distributes through three main channels: Next Retail, a chain of more than 500 stores in the UK and Eire, the Next Directory, a direct mail catalogue and transactional website with more than 2 million active customers, and Next International, with more than 170 stores overseas.

52. At pages 5 and 6 of the Annual Report, marketing is discussed, which I do not mention in this decision. However, my impression from this information (along with the information mentioned at [51]) is that the opponent's mark is likely to have been well known in the United Kingdom at the relevant date. I also consider that the opponent's mark is likely to have been highly visible on its 500 stores in the United Kingdom and Eire at the relevant date.
53. At exhibit SNS 6 (which is an extract from the Visit Britain website), the number of visitors from New Zealand to the United Kingdom was: (1) 174,000 in 2004; and (2) 210,000 in 2005. However, it appears that, in light of *Lacoste v Crocodile International Pte Limited*³⁰, that number of visitors is not of a sufficient scale to cross the relatively low threshold

³⁰ HC Wellington CIV 2009-485-2536, 1 March 2011 at [19] to [27].

referred to in *NV Sumatra Tobacco Trading Company v British American Tobacco (Brands) Incorporated*³¹ because: (1) the size of the relevant markets for each opposed mark is quite large; (2) it is difficult to know what the purpose of the trips was; and (3) it is unclear how likely the visit would leave the New Zealand visitor with a sufficient awareness of the opponent's mark.

Finding

54. Accordingly, I find that the opponent does not succeed on this ground because it has not established that, at the relevant date, there was an awareness of its mark in the relevant markets, which are in New Zealand.

Grounds 2 to 4: section 17(1)(b) of the Act

55. Under section 17(1)(b) of the Act, *“the Commissioner must not... register a trade mark or part of a trade mark if...its use is contrary to New Zealand law or would otherwise be disentitled to protection in any court.”*

56. The opponent alleges that use of each opposed mark would be contrary to law and is disentitled to protection in any court because use of each opposed mark: (1) is contrary to the Fair Trading Act 1986; and (2) amounts to passing off.

57. I need not consider these grounds in detail as a higher threshold of confusion appears to be required to establish passing off or a breach of the Fair Trading Act 1986 or passing off than is required under section 17(1)(a) of the Act (ground 1); and the opponent has not succeeded on that ground.

Finding

58. Accordingly, I find that the opponent does not succeed on this ground.

³¹ [2010] NZCA 24 at [77].

Ground 5: section 17(2) of the Act

59. Under section 17(2) of the Act, the “*Commissioner must not register a trade mark if the application is made in bad faith.*”

60. I note that bad faith is not confined to dishonesty and may be demonstrated by evidence of conduct falling short of reasonable standards of commercial behaviour.³²

61. In determining whether there has been an appropriate standard of commercial behaviour, I must apply the “combined” test in *Harrison’s Trade Mark Application*³³, which was considered by the High Court in *Herbert Neumann v Sons of the Desert, S.L.*³⁴ to be appropriate:

...the Commissioner (or Court) must decide whether the knowledge of the applicant (a subjective element) was such that its decision to apply for registration would be regarded as being in bad faith by persons adopting proper standards (an objective element)...

62. The opponent’s bad faith allegation appears to rest on ownership³⁵. However, later, in this decision, I have found that the opponent has not succeeded under section 32(1) of the Act (ground 8), which is the ground that deals with the opponent’s allegation that the applicant is not the owner of each opposed mark. Therefore, in my view, it must follow that ground 5 must immediately fail to the extent that it is based on ground 8.

Finding

63. Accordingly, I find that the opponent does not succeed on this ground because I am not satisfied that the application for registration of each opposed mark was conduct that fell short of reasonable standards of commercial behaviour.

³² *Herbert Neumann v Sons of the Desert, S.L.* (CIV 2007-485-212, Andrews J, 5 November 2007 at paragraph 32), which applied *Valley Girl Co Limited v Hanama Collection Pty Limited & Another* (2005) 66 IPR 214 at 224, which considered *Wham-O Mfg Co v Lincoln Industries* [1984] 1 NZLR 641 at 681-684 (a copyright case where the Court of Appeal also discussed the requirements for registration of a trade mark); and *Gromax Plastaculture Limited v Don & Low Nonwovens Limited* [1999] RPC 367 at 369 (a case involving a joint enterprise to market a plastic crop cover).

³³ [2005] FSR 177.

³⁴ HC Auckland CIV 2007-485-212, 5 November 2007 at [33].

³⁵ Notice of opposition at [17] to [19].

Ground 6: section 25(1)(b) of the Act

64. Under section 25(1)(b) of the Act, the “*Commissioner must not register a trade mark (trade mark A) in respect of any goods or services if....it is similar to a trade mark (trade mark C) that belongs to a different owner and that is registered, or has priority under section 34 or section 36, in respect of the same goods or services or goods or services that are similar to those goods or services, and its use is likely to deceive or confuse.*”
65. In its notice of opposition, the opponent relies on trade mark registration nos 713285 and 718884 and on trade mark application no. 806688. I note that these trade mark registrations fall within scope of the inquiry for this ground because they were registered before the relevant date. However, I note that trade mark application no. 806688 was abandoned after warning on 29 November 2011, which means that section 26(b)³⁶ of the Act applies to it and I need not consider it further.
66. There are three interrelated elements to the section 25(1)(b) inquiry³⁷, which are usually considered and answered separately in the course of making an overall global assessment³⁸. The order of inquiry³⁹ is:
- 66.1 is each opposed mark in respect of the same or similar goods/services covered by the trade mark registrations relied on by the opponent?

³⁶ *N V Sumatra Tobacco Trading Company v New Zealand Milk Brands Limited* [2011] NZCA 264 at [65] to [75].

³⁷ The context of the section 25(1)(b) inquiry is broad because it requires the fair and notional use of the trade marks on the applicant's goods or the goods covered by the opponents' trade mark registrations to be considered – *Anheuser Busch Inc. v Budweiser Budvar National Corporation* [2003] 1 NZLR 472 at [30] (which related to consideration of the corresponding ground under section 17(1) of the Trade Marks Act 1953):

On his comparison of the trade marks themselves Doogue J correctly recognised that he was required to consider not the actual use of the BB marks but a notional use. The test of likely deception or confusion under s 17(1) is applied to any fair use of each mark in relation to any of the goods covered by the registration.

³⁸ *N V Sumatra Tobacco Trading Company v British American Tobacco (Brands) Incorporated* [2010] NZCA 24, (2010) 86 IPR 206 (CA) at [18].

³⁹ *N V Sumatra Tobacco Trading Company v New Zealand Milk Brands Limited* [2011] NZCA 264 at [32].

66.2 if so, is each opposed mark the same or similar to the trade mark registrations for the same or similar goods/services identified in the first inquiry?

66.3 if so, is use of each opposed mark likely to deceive or confuse⁴⁰?

Is each opposed mark in respect of the same or similar goods/services covered by the trade mark registrations?

67. The following goods and services are covered by each opposed mark:

Class 9:

Computer software; computers and data processing equipment; computer terminals; desktop computers; tape and disk drives for storage and retrieval of data; video monitors; printers; computer keyboards; data communications equipment; modems; computer programs; tapes and disks bearing data, computer programs; data security apparatus; data storage apparatus; data storage devices; electrical devices for storage of data; computer installations for the processing of data; computer installations for the storage of data; computer controlled access entry devices.

Class 16:

Manuals and printed matter relating to telecommunications, information technology, multimedia equipment and services, computers and computer services, facilities management, data management, data housing and tele-housing services.

Class 35:

Management and operation of computer data centres; business services in the nature of facilities management and technical operation services, namely, providing management and operation of data centres with network and internet infrastructure and interconnection, where the centres are providing data security, providing environmental controls, and providing power management for others; business continuity services to enable access to systems and data and continued operation of daily business activities at an offsite data centre location; consultancy and advice relating to the aforesaid.

Class 36:

Leasing of office space; leasing of office space for use in relation to data processing apparatus; rental of space for data centres; management of buildings; leasing of building space; provision of information, consultancy and advice relating to the aforesaid.

Class 37:

Development of computer data centres; rental of computer data centres; building construction services for building data centres; consulting services in the field of data centre construction and construction operations; providing information, including online, about the development of buildings; installation, maintenance, updating and repair of computer hardware; installation, maintenance, updating and repair of computer and information processing systems; consultancy and advice relating to the aforesaid.

⁴⁰ *Intellectual Reserve Inc. v Robert Sintes* HC Auckland CIV 2007-404-2610, 13 December 2007 at [15]:

[15] While the outcome of the third issue is likely to be largely informed by the resolution of the first two, it remains a separate issue, but it need only be determined if the answer to issues (a) and (b) is yes.

Class 38:

Providing access to online computer databases; communication services over computer networks; communication of information by computer; communication services over computer networks; computer aided transmission of messages and images; computer communication services; computer communications for the transmission of information; computer network communication services; netcasting (broadcasting over a global computer network); web portal services (providing user access to a global computer network); web casting (broadcasting over a global computer network); consultancy and advice relating to the aforesaid.

Class 42:

Design and programming of computer hardware, computer software, databases, web pages and computer and information processing systems; information, research and development services relating to computer hardware, computer software, databases, web pages and computer and information processing systems; computer data recovery services; design of electrical systems; design of information systems; design of layouts for offices; design of lighting systems; design of office space; design of storage systems; design services relating to civil engineering; designing and planning of real estate subdivisions and developments; design of computer data centres; development of systems for the storage of data; engineering services relating to computers; hosting of computer sites; preparation of reports relating to computers; real estate planning; scientific advisory services; technical project studies; urban design and urban planning; creating indexes of online information; creating indexes of online websites and information sources; online provision of web-based applications; computer and data recovery services including disaster recovery services; data recovery and backup services; computer security services (including security services related to data, computers, computer equipment and peripherals); application service provider (asp) services featuring software for use in managed hosting in the nature of hosting computer software, internet websites, internet web software applications, electronic databases, digital content, and business computer software applications of others that are accessible via the internet; managed hosting in the nature of hosting computer software, internet websites, internet web software applications, electronic databases, digital content, and business computer software applications of others that are accessible via the internet through the use of secure and environmentally controlled computer facilities; consultancy and advice relating to the aforesaid.

68. Trade mark registration no. 713285 cover the following goods:

Class 3:

soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices

Class 14:

precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments

Class 18:

leather and imitation leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks

69. Trade mark registration no. 718884 covers the following goods and services:

Class 25:

clothing, footwear, headgear

Class 35:

retail and wholesaling of clothing, footwear, headgear; supply of information through the internet relating to clothing, footwear and headgear, and the availability and price thereof; retailing and wholesaling of clothing, footwear, and headgear via the internet

70. In comparing the opposed goods/services (on a notional fair use basis) and the goods/services covered by the opponent's trade mark registrations (on a notional fair use basis), I have considered the following list of factors set out in *British Sugar Plc v James Robertson & Sons Ltd*⁴¹ bearing in mind that this list of factors is for "general guidance"⁴² and that "no single consideration is conclusive in itself"⁴³:

...I think the following factors must be relevant in considering whether there is or is not similarity:

- (a) The respective uses of the respective goods or services;
- (b) The respective users of the respective goods or services;
- (c) The physical nature of the goods or acts of service;
- (d) The respective trade channels through which the goods or services reach the market;
- (e) In the case of self-serve consumer items, where in practice they are respectively found or likely to be found in supermarkets and in particular whether they are, or are likely to be, found on the same or different shelves;
- (f) The extent to which the respective goods or services are competitive. This inquiry may take into account how those in trade classify goods, for instance whether market research companies, who of course act for industry, put the goods or services in the same or different sectors.

This is rather an elaboration on the old judicial test for *goods of the same description*. [17 See *per* Romer J. in *Jellinek's Application* (1946) 63 R.P.C. 59 at p. 70, approved by the House of Lords in *DAIQUIRI RUM Trade Mark* [1969] R.P.C. 600 at page 620.] It seeks to take account of present day marketing methods.

71. I find that none of the opposed goods/services is the same or similar to any of the goods/services covered by the opponent's trade mark registration nos 713285 and 718884.

Finding

72. Accordingly, I find that the opponent does not succeed on this ground.

⁴¹[1996] RPC 281 at 296-297.

⁴² *British Sugar Plc v James Robertson & Sons Ltd* ⁴²[1996] RPC 281 at 297; *N V Sumatra Tobacco Trading Company v New Zealand Milk Brands Limited* [2011] NZCA 264 at [38].

⁴³ *N V Sumatra Tobacco Trading Company v New Zealand Milk Brands Limited* [2011] NZCA 264 at [40]; *Application by John Crowther & Sons (Milnsbridge) Ltd* (1948) 65 RPC 369 at 372.

Ground 7: section 25(1)(c) of the Act

73. Under section 25(1)(c) of the Act, the “*Commissioner must not register a trade mark (**trade mark A**) in respect of any goods or services if... it is, or an essential element of it is, identical or similar to, or a translation of, a trade mark that is well known in New Zealand (**trade mark D**), whether through advertising or otherwise, in respect of those goods or services or similar goods or services or any other goods or services if the use of trade mark A would be taken as indicating a connection in the course of trade between those other goods or services and the owner of trade mark D, and would be likely to prejudice the interests of the owner.*”

The relevant principles

74. The following issues arise under section 25(1)(c) of the Act⁴⁴:

74.1 Is each opposed mark, or an essential element of it, similar to the opponent’s mark, which is well known⁴⁵?

74.2 Are the opposed goods/services and the goods/services covered by the opponent’s mark the same or similar? If not,

74.3 Would use of each opposed mark be taken as indicating a connection in the course of trade with the opponent?

74.4 If the answer to issue 2 or 3 is yes, would use of each opposed mark be likely to prejudice the interests of the opponent?

Is the opponent’s mark well known?

75. I have already found that the opponent has not established that there was an awareness of its **NEXT** trade mark in the relevant markets for the

⁴⁴ *Intellectual Reserve Inc. v Robert Sintes* HC Auckland CIV 2007-404-2610, 13 December 2007 at [40], which was followed in *New Zealand Milk Brands Limited v NV Sumatra Tobacco Trading Co* HC Wellington CIV-2007-485-2485, 28 November 2008 at [46].

⁴⁵ The threshold for establishing that a mark is well known is similar to the level of reputation required for the law of passing off – *Automobile Club De L’Ouest, ACO v South Pacific Tyres New Zealand Limited* (2006) 70 IPR 639 at 646 and 665, which, on this point, followed *McDonald’s Corporation v Joburgers Drive-Inn Restaurant (Pty) Ltd & Ors* (1996) 36 IPR 11 at 23-24.

purposes of the ground under section 17(1)(a) for which the threshold is relatively low. Therefore, I consider that it must follow that the opponent has not established that its mark was well known in the relevant markets at the relevant date for the purposes of this ground, which has a threshold that is similar to the level of reputation required for passing off.

Finding

76. Accordingly, I find that the opponent does not succeed on this ground.

Ground 8: section 32 of the Act

Section 32 of the Act

77. Under section 32(1) of the Act, a “*person claiming to be the owner of a trade mark*” may apply for the registration of a trade mark.

78. By applying for registration of each opposed mark, the applicant was effectively claiming that, at the relevant date, it was the owner in New Zealand of that particular trade mark for the goods/services covered by it by virtue of paragraph (d) of the definition of **owner**⁴⁶ in section 5(1) of the Act.

79. The requirements⁴⁷ for a legitimate claim to ownership under section 32 of the Act are that:

- (1) There is no prior use or prior assertion of [ownership].
- (2) The applicant is using or has sufficiently definite intention to use the mark.

⁴⁶ Owner is defined in section 5(1) of the Act as follows:

owner,—

- (a) in relation to a registered trade mark that is not a certification trade mark or a collective trade mark, means the person in whose name the trade mark is registered; and
- (b) in relation to a collective trade mark that is registered, means the collective association in whose name the trade mark is registered; and
- (c) in relation to a certification trade mark that is registered, means the person who certifies the goods or services to which the certification trade mark relates; and
- (d) in relation to a an unregistered trade mark, means the person who owns all of the rights in the mark

⁴⁷ *Aqua Technics Pool and Spa Centre New Zealand Limited v Aqua-Tech Limited* [2007] NZCA 90 at [14] to [18], which followed *Newnham v Table for Six (1996) Ltd* (1998) 44 IPR 269 at 278 (HC) citing Brown and Grant, *The Law of Intellectual Property in New Zealand* (1989).

(3) There is no fraud or breach of duty involved.

80. According to the way that this ground has been pleaded, it appears that only the first requirement is in issue (*prior use or prior assertion of ownership*). The notice of opposition sets out the particulars of the ground as follows:

29. The Applicant is not the owner of the Alleged Trade Marks and the Alleged Trade Marks are accordingly not registrable pursuant to section 32(1).
- (a) The Alleged Trade Marks are substantially identical to the Opponent's Mark and/or the Opponent's Registrations and Application;
 - (b) The Applicant's Goods & Services are the same or similar to the Opponent's Goods & Services;
 - (c) The Opponent has prior use of the Opponent's Mark and/or the Opponent's Registrations and Application and/or has made prior assertions of proprietorship;

And the Applicant is, therefore, not the owner of the Alleged Trade Marks.

81. For prior use, the issue is whether, before the relevant date, there has been any trade mark use⁴⁸ in New Zealand by the opponent of an opposed mark, or a trade mark that is substantially identical⁴⁹ to an opposed mark, on or in relation to "*the same kind of thing*"⁵⁰ as the goods/services covered by each opposed mark.

82. In this particular case, there is no evidence before me that the opponent has used its **NEXT** trade mark in New Zealand. Therefore, the opponent cannot succeed on the basis of prior use.

⁴⁸ *Aqua Technics Pool and Spa Centre New Zealand Limited v Aqua-Tech Limited* [2007] NZCA 90 at [21]:

[21] Venning J referred to *New South Wales Dairy Corporation v Murray-Goulburn Co-operative Co Ltd* (1989) 86 ALR at 566 where Gummow J held on the issue of use:

The use must be as a "trade mark" ... relevantly, a mark used or proposed to be used in relation to goods for the purpose of indicating or so as to indicate a connection in the course of trade between the goods and the proprietor, whether with or without an indication of the identity of that person. ... The phrase "in the course of trade" is wide enough to cover steps necessary for the production of goods, as well as the actual placement of the goods on the market": *"Hermes" Trade Mark* [1982] RPC 425 at 432.

⁴⁹ *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* 31 IPR 375 at 391.

⁵⁰ *Re: Hicks' trade mark* (1897) 22 VLR 636 at 640; *Bombala v Wiltshire* 69 IPR 315; *Colorado v Strand Bags Group Pty Ltd* [2007] FCAFC 184; *Americana International Limited v Suyen Corporation* [2009] ATMO 86; *Dinning v New Balance Athletic Shoe, Inc.* (1992) AIPC 90-931.

83. Now, I consider prior assertion of ownership of each opposed mark. At the relevant date, the opponent was the owner of the trade mark registrations nos 713285 and 718884, which have deemed dates of registration of 2 June 2004 and 22 September 2004 respectively. For the purposes of the ground under section 25(1)(b) of the Act (ground 6), I have already found that the goods/services covered by the opponent's trade mark registrations are not the same or similar to the goods/services covered by each opposed mark. Therefore, it must follow that the opponent's trade mark registrations do not cover "*the same kind of thing*" as the applicant's goods/services, which means that the opponent's prior assertion of ownership of each opposed mark must immediately fail.
84. The opponent's mark and each opposed mark are set out side by side for comparison in the following table:

Opponent's mark	Opposed mark
NEXT	 NEXTDC (opposed mark 1)
NEXT	NEXTDC (opposed mark 2)

85. The test for determining whether marks are substantially identical is set out in *The Shell Company of Australia Limited v Esso Standard Oil (Australia) Limited* (1963) 109 CLR 407 at 414:

In considering whether marks are substantially identical they should, I think, be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison. "The identification of an essential feature depends", it has been said, "partly on the Court's own judgment and partly on the burden of the evidence that is placed before it": *de Cordova v. Vick Chemical Co.* (1). Whether there is substantial identity is a question of fact: see *Fraser Henleins Pty Ltd v. Cody* (2), per Latham C.J. (3), and *Ex parte O'Sullivan; Re Craig* (4), per Jordan C.J. (5), where the meaning of the expression was considered. Judging by the eye alone, as I think is proper for the determination of substantial identity, my opinion is that in each film there are one or more moments when the personified figure of the oil-drop appears in a form that is substantially identical with the registered mark. If the films were arrested at these moments and the image displayed in still form, I consider that use of a substantially identical mark would be established. But that is not what happens. The figure does not stand still. It does not hold its pose or expression for long enough, nor is it sufficiently isolated from its surroundings for long enough to establish infringement by the use of a substantially identical mark. That is my conclusion. But these fleeting glimpses of substantial identity are, I think, significant when one comes to consider deceptive similarity. To that I now turn. [my emphasis]

86. Applying the test set out at [85], I consider that each opposed mark is not substantially identical to the opponent's mark. I consider that "DC" in each opposed mark, which may or may not be perceived as an abbreviation for "data centre", sets the applicant's mark apart from the opponent's **NEXT** trade mark. In addition, I consider that the device which appears in opposed mark 1 also prevents that mark from being substantially identical to the opponent's mark, which consists only of the ordinary word "next".

Finding

87. Accordingly, I find that the opponent does not succeed on this ground.

Decision

Summary of findings

88. I have found that:
- 88.1 the opponent did not discontinue the opposition under regulation 83 of the Regulations:
 - 88.2 the Sherlock declaration is admissible to the extent set out at [36].
 - 88.3 the opponent has not succeeded on any of its grounds of opposition.

Direction

89. Accordingly, I direct that trade mark application nos. 825601



and 825602 **NEXTDC** must be registered after the expiry of the appeal period; but only if there is *no* appeal against this decision.

Costs

Opponent's costs

90. The opponent seeks an appropriate award of costs from the Commissioner in respect of the applicant's submissions concerning the discontinuance of this opposition, which the opponent submits "*is highly irregular and should not be permitted to prejudice the Opponent.*"⁵¹ This award is sought whether or not the applicant is successful in this proceeding.

Ruling on opponent's costs

91. I am not inclined to award costs to the opponent for the applicant's submissions on the discontinuance issue. I consider that the opponent had reasonable notice of this issue. There was no "*trial by ambush*"⁵² here as alleged by the opponent. As the opponent is aware, the applicant raised this issue in its letter dated 1 December 2011 to IPONZ (which was copied to the opponent's agent) and then indicated that it reserved its position on the matter in its letter dated 23 December 2011 to IPONZ (which was also copied to the opponent's agent), which gave the opponent an opportunity to be prepared should the matter arise at the substantive hearing. If the applicant had realised that the discontinuance issue existed during either of the periods for requesting an interlocutory hearing on either the opponent's extension of time application or application for a halt, then I consider that the matter should have been dealt with in the context of either of those possible interlocutory hearings concerning the proposed exercise of the Commissioner's power. This would have enabled the discontinuance matter, which effectively concerns the Commissioner's jurisdiction to hear and determine the interlocutory matter, to be dealt with in the same way that it was in the *Good Guys* case.

92. The applicant has raised the discontinuance issue again in the context of the substantive hearing, which is unfortunately at a late stage for both

⁵¹ Opponent's written submissions at [4] – [5].

⁵² Opponent's written submissions at [4].

parties. However, I consider that it is unclear how else the applicant could have been heard on the matter in light of the timing of its correspondence to IPONZ, which was outside of either of the periods for requesting an interlocutory hearing on the proposed extension of time or proposed halt. If the opposition had been discontinued under regulation 83 of the Regulations, this would have been a matter of law and would not have been a proposed exercise of the Commissioner's power for which the applicant could have requested an interlocutory hearing and it would not have been a decision of the Commissioner which could have been appealed. Therefore, I consider that the discontinuance issue has been properly put before this tribunal, and the opponent has had sufficient notice that this issue would need to be addressed.

Applicant's additional costs

93. In addition to the usual costs that would be awarded to the applicant as the successful party in this opposition, the applicant seeks "*an award of increased costs in favour of the Applicant.*"⁵³ The applicant submits:

- (a) The Opponent's evidence consists almost entirely of inadmissible hearsay, despite the Assistant Commissioner's decision only five months before that a nearly *verbatim* statutory declaration from the same deponent was inadmissible, and was insufficient to establish sufficient awareness of the Opponent's marks in New Zealand (see above paragraphs 22-28, the Sherlock Declaration in this proceeding and Mr Sherlock's declaration in the *Intercast* opposition);
- (b) The Opponent refused to withdraw its bad faith ground of opposition, despite the Applicant's written request, and the Opponent's actual knowledge that it had presented no evidence supporting this ground (see paragraph 104 and the letter in **Schedule 3**, and similarly did not abandon its s 32 ground);
- (c) The Opponent failed to file evidence within the statutory deadline, and obtained a halt in the proceeding on the basis of an unsubstantiated assertion that the parties were in settlement negotiations (see paragraphs 7-11 of the Applicant's Submissions on the Discontinuance of this Opposition)

115. In short, the Opponent has conducted its opposition in a way calculated to result in considerable and unnecessary cost, delay, and commitment of resources by the Applicant, despite being aware that its evidence was insufficient.

116. The Applicant seeks, in the Commissioner's discretion, increased costs having regard to the unnecessary nature of these proceedings, and the Opponent's actual awareness that the Statutory Declaration of Shaun Sherlock would be inadmissible and insufficient to establish the necessary

⁵³ Applicant's written submissions at [112] – [116].

reputation of the Opponent's NEXT mark in New Zealand. At a minimum, the additional costs should include all costs incurred by the Applicant related to issues (a), (b) and (c) discussed above in paragraph 114.

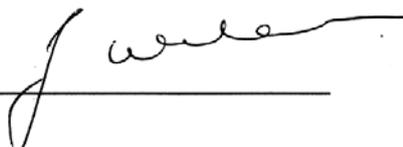
Ruling on applicant's additional costs

94. I am not inclined to award costs to the applicant above the usual award of costs because I consider that there is nothing exceptional in the matters on which the applicant has made submissions.
95. First, I have found that the Sherlock declaration was not wholly inadmissible. As it turns out, the Sherlock declaration was not sufficient to establish the necessary awareness for grounds 1, 2 to 4, and 7; but that issue was not a matter that could or should have been determined ahead of the proper hearing of the substantive matter. In any event, grounds 5, 6, and 8 did not require the opponent to establish awareness as a prerequisite to the applicable ground.
96. Second, the opponent's bad faith ground appears to have rested on ownership, which in turn appears to have rested on prior assertion based on the opponent's trade mark registrations and the applicant's alleged knowledge of the opponent's mark. Therefore, the opponent could and did rely on the New Zealand trade mark register (for prior assertion of ownership) and the Slattery declaration at [15] (for alleged implied knowledge of the opponent's mark) as the evidential basis for its bad faith ground.
97. Third, the opponent applied for an extension of time before the original deadline of 30 August 2011 expired.
98. Fourth, it appears that both parties have a different view concerning whether there were settlement negotiations which formed the basis for the halt, which the opponent applied for before the expiry of the applicable deadline of 30 September 2011. IPONZ proposed to halt the proceedings, and the applicant did not request an interlocutory hearing to put forward its view concerning settlement negotiations.

99. Fifth, I consider that the chronology of events for this opposition does not indicate that the opponent has conducted the opposition in the way submitted by the applicant. In my view, there is nothing unusual or exceptional in the opponent's conduct of this opposition. The opponent has sought: (1) one extension of time before the expiry of the original applicable deadline of 30 August 2011; (2) a halt before the expiry of the applicable deadline of 30 September 2011; and (3) clarification of what the new applicable deadline for filing its evidence would be when proceedings recommenced on the expiry of the halt on 30 November 2011, which set the new applicable deadline as 30 December 2011. The opponent then filed its evidence on 23 December 2011, which was before the expiry of that new applicable deadline.
100. Accordingly, I award costs to the applicant as the successful party in this opposition in accordance with scale in the sum of **\$2,750** calculated as follows:

Item in IPONZ scale of costs	Costs
Preparing and filing counter-statement:	300.00
Receiving and perusing the opponent's evidence:	400.00
Preparing and filing the applicant's evidence:	800.00
Preparation of written submissions:	500.00
Hearing fee:	750.00
TOTAL:	\$2,750.00 to the applicant

Dated this 14 day of January 2013



J Walden

Assistant Commissioner of Trade Marks

Simpson Grierson for the applicant

James & Wells for the opponent

Schedule 1

Details of trade mark application no. 825601:

Trade mark	
Trade mark name	NEXTDC
Trade mark type	Combined
Class	9 [Nice classification Schedule 9]
Goods	<i>Computer software; computers and data processing equipment; computer terminals; desktop computers; tape and disk drives for storage and retrieval of data; video monitors; printers; computer keyboards; data communications equipment; modems; computer programs; tapes and disks bearing data, computer programs; data security apparatus; data storage apparatus; data storage devices; electrical devices for storage of data; computer installations for the processing of data; computer installations for the storage of data; computer controlled access entry devices.</i>
Class	16 [Nice classification Schedule 9]
Goods	<i>Manuals and printed matter relating to telecommunications, information technology, multimedia equipment and services, computers and computer services, facilities management, data management, data housing and tele-housing services.</i>
Class	35 [Nice classification Schedule 9]
Services	<i>Management and operation of computer data centres; business services in the nature of facilities management and technical operation services, namely, providing management and operation of data centres with network and internet infrastructure and interconnection, where the centres are providing data security, providing environmental controls, and providing power management for others; business continuity services to enable access to systems and data and continued operation of daily business activities at an offsite data centre location; consultancy and advice relating to the aforesaid.</i>
Class	36 [Nice classification Schedule 9]
Services	<i>Leasing of office space; leasing of office space for use in relation to data processing apparatus; rental of space for data centres; management of buildings; leasing of building space; provision of information, consultancy and advice relating to the aforesaid.</i>

Class	37 [Nice classification Schedule 9]
Services	<i>Development of computer data centres; rental of computer data centres; building construction services for building data centres; consulting services in the field of data centre construction and construction operations; providing information, including online, about the development of buildings; installation, maintenance, updating and repair of computer hardware; installation, maintenance, updating and repair of computer and information processing systems; consultancy and advice relating to the aforesaid.</i>
Class	38 [Nice classification Schedule 9]
Services	<i>Providing access to online computer databases; communication services over computer networks; communication of information by computer; communication services over computer networks; computer aided transmission of messages and images; computer communication services; computer communications for the transmission of information; computer network communication services; netcasting (broadcasting over a global computer network); web portal services (providing user access to a global computer network); web casting (broadcasting over a global computer network); consultancy and advice relating to the aforesaid.</i>
Class	42 [Nice classification Schedule 9]
Services	<i>Design and programming of computer hardware, computer software, databases, web pages and computer and information processing systems; information, research and development services relating to computer hardware, computer software, databases, web pages and computer and information processing systems; computer data recovery services; design of electrical systems; design of information systems; design of layouts for offices; design of lighting systems; design of office space; design of storage systems; design services relating to civil engineering; designing and planning of real estate subdivisions and developments; design of computer data centres; development of systems for the storage of data; engineering services relating to computers; hosting of computer sites; preparation of reports relating to computers; real estate planning; scientific advisory services; technical project studies; urban design and urban planning; creating indexes of online information; creating indexes of online websites and information sources; online provision of web-based applications; computer and data recovery services including disaster recovery services; data recovery and backup services; computer security services (including security services related to data, computers, computer equipment and peripherals); application service provider (asp) services featuring software for use in managed hosting in the nature of hosting computer software, internet websites, internet web software applications, electronic databases, digital content, and business computer software applications of others that are accessible via the internet; managed hosting in the nature of hosting computer software, internet websites, internet web software applications, electronic databases, digital content, and business computer software applications of others that are accessible via the internet through the use of secure and environmentally controlled computer facilities; consultancy and advice relating to the aforesaid.</i>
Applicant	NEXTDC Limited
Statement of use	<i>The mark is being used or proposed to be used, by the applicant or with his/her consent, in relation to the goods/services</i>
Status	Under opposition
Filed on	11 June 2010

Schedule 1 continued
Details of trade mark application no. 825602:

Trade mark	NEXTDC
Trade mark name	NEXTDC
Trade mark type	Word
Class	9 [Nice classification Schedule 9]
Goods	<i>Computer software; computers and data processing equipment; computer terminals; desktop computers; tape and disk drives for storage and retrieval of data; video monitors; printers; computer keyboards; data communications equipment; modems; computer programs; tapes and disks bearing data, computer programs; data security apparatus; data storage apparatus; data storage devices; electrical devices for storage of data; computer installations for the processing of data; computer installations for the storage of data; computer controlled access entry devices.</i>
Class	16 [Nice classification Schedule 9]
Goods	<i>Manuals and printed matter relating to telecommunications, information technology, multimedia equipment and services, computers and computer services, facilities management, data management, data housing and tele-housing services.</i>
Class	35 [Nice classification Schedule 9]
Services	<i>Management and operation of computer data centres; business services in the nature of facilities management and technical operation services, namely, providing management and operation of data centres with network and internet infrastructure and interconnection, where the centres are providing data security, providing environmental controls, and providing power management for others; business continuity services to enable access to systems and data and continued operation of daily business activities at an offsite data centre location; consultancy and advice relating to the aforesaid.</i>
Class	36 [Nice classification Schedule 9]
Services	<i>Leasing of office space; leasing of office space for use in relation to data processing apparatus; rental of space for data centres; management of buildings; leasing of building space; provision of information, consultancy and advice relating to the aforesaid.</i>
Class	37 [Nice classification Schedule 9]
Services	<i>Development of computer data centres; rental of computer data centres; building construction services for building data centres; consulting services in the field of data centre construction and construction operations; providing information including online, about the development of buildings; installation, maintenance, updating and repair of computer hardware; installation, maintenance, updating and repair of computer and information</i>

	<i>processing systems; consultancy and advice relating to the aforesaid.</i>
Class	38 [Nice classification Schedule 9]
Services	<i>Providing access to online computer databases; communication services over computer networks; communication of information by computer; communication services over computer networks; computer aided transmission of messages and images; computer communication services; computer communications for the transmission of information; computer network communication services; netcasting (broadcasting over a global computer network); web portal services (providing user access to a global computer network); webcasting (broadcasting over a global computer network); consultancy and advice relating to the aforesaid.</i>
Class	42 [Nice classification Schedule 9]
Services	<i>Design and programming of computer hardware, computer software, databases, web pages and computer and information processing systems; information, research and development services relating to computer hardware, computer software, databases, web pages and computer and information processing systems; computer data recovery services; design of electrical systems; design of information systems; design of layouts for offices; design of lighting systems; design of office space; design of storage systems; design services relating to civil engineering; designing and planning of real estate subdivisions and developments; design of computer data centres; development of systems for the storage of data; engineering services relating to computers; hosting of computer sites; online provision of web-based software; preparation of reports relating to computers; providing information, including online, about design of buildings; real estate planning; scientific advisory services; technical project studies; urban design and urban planning; creating indexes of online information; creating indexes of online websites and information sources; online provision of web-based applications; computer and data recovery services including disaster recovery services; data recovery and backup services; computer security services (including security services related to data, computers, computer equipment and peripherals); application service provider (asp) services featuring software for use in managed hosting in the nature of hosting computer software, internet websites, internet web software applications, electronic databases, digital content, and business computer software applications of others that are accessible via the internet; managed hosting in the nature of hosting computer software, internet websites, internet web software applications, electronic databases, digital content, and business computer software applications of others that are accessible via the internet through the use of secure and environmentally controlled computer facilities; consultancy and advice relating to the aforesaid.</i>
Applicant	NEXTDC Limited
Statement of use	<i>The mark is being used or proposed to be used, by the applicant or with his/her consent, in relation to the goods/services</i>
Status	Under opposition
Filed on	11 June 2010

Schedule 2**Details of trade mark registration no. 713285:**

Trade mark	NEXT
Trade mark name	NEXT
Trade mark type	Word
Class	3 [Nice classification Schedule 8]
Goods	<i>soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices</i>
Class	14 [Nice classification Schedule 8]
Goods	<i>precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewellery, precious stones; horological and chronometric instruments</i>
Class	18 [Nice classification Schedule 8]
Goods	<i>leather and imitation leather, and goods made of these materials and not included in other classes; animal skins, hides; trunks and travelling bags; umbrellas, parasols and walking sticks</i>
Applicant	Next Retail Limited
Statement of use	<i>Proposed to be used by the proprietor(s), (being the applicant)</i>
Status	Registered
Registered on	6 April 2006
Deemed date of registration	2 June 2004

Schedule 2 continued
Details of trade mark registration no. 718884:

Trade mark	NEXT
Trade mark name	NEXT
Trade mark type	Word
Class	25 [Nice classification Schedule 8]
Goods	<i>clothing, footwear, headgear</i>
Class	35 [Nice classification Schedule 8]
Services	<i>retail and wholesaling of clothing, footwear, headgear; supply of information through the internet relating to clothing, footwear and headgear, and the availability and price thereof; retailing and wholesaling of clothing, footwear, and headgear via the internet</i>
Applicant	Next Retail Limited
Statement of use	<i>Being used by the proprietor(s), (being the applicant)</i>
Status	Registered
Registered on	11 January 2007
Deemed date of registration	22 September 2004

Schedule 2 continued
Details of trade mark application no. 806688:

Trade mark	NEXT
Trade mark name	NEXT
Trade mark type	Word
Class	9 [Nice classification Schedule 9]
Goods	<i>photographic, reproduction of sound apparatus; magnetic data carriers, recording discs; cash registers and calculating machines.</i>
Applicant	Next Retail Limited
Statement of use	<i>The mark is being used or proposed to be used, by the applicant or with his/her consent, in relation to the goods/services</i>
Status	Abandoned
Filed on	19 May 2009
Abandoned after warning	29 November 2011

Schedule 3 Chronology:

Event	Dates
Application for a 1 month extension of time to file notice of opposition filed:	23 March 2011.
In its letter dated 24 March 2011, IPONZ grants the extension to:	24 April 2011.
Notice of opposition filed:	26 April 2011.
In its letter dated 27 April 2011, IPONZ records the latest date for filing a counter-statement as:	28 June 2011.
Counter-statement filed:	28 June 2011.
In its letter dated 29 June 2011, IPONZ records the latest date for filing the opponent's evidence as:	30 August 2011.
The opponent's agent applies for an extension of time for one month from 30 August 2011 to file the opponent's evidence in its letter dated:	24 August 2011 (filed online).
In its letter dated 12 September 2011, IPONZ proposes to grant the opponent's extension of time and sets the deadline for filing the opponent's evidence as:	30 October 2011.
In its letter dated 13 September 2011, IPONZ notes the error in setting its deadline and re-sets the deadline for filing the opponent's evidence as:	30 September 2011.
The opponent's agent applies for a halt in the proceedings because the opponent and the applicant " <i>are currently engaged in settlement negotiations relating to the Applicant's trade marks in New Zealand and in Australia</i> " in its letter dated:	22 September 2011 (filed online)
The applicant's agent objects to the opponent's request to halt the proceedings because " <i>there are no active settlement negotiations between the parties</i> " in its letter dated:	30 September 2011 (filed online)
The opponent's agent explains why it	

Event

considers that there are active settlement negotiations between the parties in its letter dated:

In its letter dated 14 October 2011 to the parties, IPONZ proposes to halt the proceedings for a period of 2 months to:

The opponent's agent notes that the halt in proceedings expires 30 November 2011 and requests the new deadline for the opponent to file its evidence in its letter dated:

The applicant's agent submits (with reasons) that the opposition is discontinued in its letter to IPONZ dated:

In its letter dated 1 December 2011 to the parties IPONZ advises that, in accordance with current practice, it re-starts the proceedings from where they were halted, and allows the opponent one month for filing its evidence to:

The opponent's agent submits (with reasons) that the opposition is not discontinued in its letter to IPONZ dated:

The applicant's agent submits (with reasons) that the opposition is discontinued in its letter to IPONZ dated:

IPONZ advises (with reasons) that it considers that the proceedings have not been discontinued and that the deadline of 30 December 2011 for the opponent to file evidence is the applicable deadline for the proceeding in its letter dated:

Opponent's evidence is filed:

The applicant's agent advises that it remains of the view that the opponent discontinued the opposition as a matter of law, and reserves the applicant's rights and remedies on this matter in its letter to IPONZ dated:

In its letter dated 16 January 2012 to the parties, IPONZ records the date for filing the applicant's evidence as:

In its letter dated 29 March 2012 to the parties, IPONZ acknowledges receipt of the applicant's evidence, and records the deadline for the opponent to file evidence in reply is:

In its letter dated 9 May 2012 to the

Dates

3 October 2011 (filed online)

30 November 2011

30 November 2011 (filed online)

1 December 2011

30 December 2011

2 December 2011

2 December 2011

21 December 2011

23 December 2011

23 December 2011

17 March 2012**19 April 2012**

Event

parties, IPONZ notes that no evidence in reply has been filed and requests the parties to confirm how the case is to be decided by:

Dates

10 June 2012