

## 05a Overcoming section 18

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## 1. Introduction

Subpart 2 of Part 2 of the Trade Marks Act 2002 (the Act) contains the absolute grounds for not registering a trade mark, and incorporates sections 17 to 21 of the Act. Pursuant to section 18(1) of the Act, the Commissioner may refuse to register a trade mark on the grounds that it is not distinctive. These Guidelines focus on methods of overcoming a distinctiveness concern under section 18(2) and by other means.

There are various means whereby an applicant may be able to overcome an eligibility concern raised under section 18(1) of the Act. These include:

- Convincing IPONZ that the mark is eligible under section 18(1) of the Act;
- Convincing IPONZ that the mark is eligible under section 18(2) of the Act (see above);
- Restricting the specification of goods or services.

## 2. Evidence of use

Section 18(2) of the Act states:

The Commissioner must not refuse to register a trade mark under subsection (1)(b), (c) or (d) if, before the date of application for registration, as a result of either the use made of it or of any other circumstances, the trade mark has acquired a distinctive character.

Where the Commissioner has raised concerns that a mark is not registrable under sections 18(1)(b), 18(1)(c) or 18(1)(d) of the Act, the applicant may be able to overcome those concerns if it can show that, prior to the date of the application for registration, the mark acquired a distinctive character.

It is clear from section 18(2) of the Act that the distinctive character must have been acquired:

- Prior to the date of application for registration;
- As a result of either the use made of the mark, or of “any other circumstances”.

## 2.1 Onus

In instances where the Commissioner has raised concerns that a mark does not appear to be registrable, there is a burden of proof on the applicant to satisfy the Commissioner that registration should be allowed. The onus is therefore on the applicant to establish that a mark has acquired a distinctive character.

## 2.2 Distinctive character acquired as a result of use

A mark that does not appear to be registrable under sections 18(1)(b), 18(1)(c) or 18(1)(d) of the Act must be registered if, before the date of application for registration, it has acquired a distinctive character as a result of “the use made of it”.

In *Windsurfing Chiemsee Produktions-und Vertriebs GmbH v Boots-und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECR I-2779, paragraph 46 (the *Windsurfing Chiemsee* case), the European Court of Justice explained that:

... distinctive character acquired through use means that the mark must serve to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from goods of other undertakings.

The Court went on to comment that where a mark has acquired a distinctive character through use that mark “has gained a new significance and its connotation, no longer purely descriptive, justifies its registration as a trade mark”.<sup>1</sup>

### 2.2.1 Assessing distinctive character through use

Section 18(2) of the Act requires an overall assessment of the ability of the mark to distinguish the goods or services of the applicant. In making this assessment, the expectations of the “average consumer” of the goods or services concerned must be taken into account. The average consumer is deemed to be reasonably well informed and reasonably observant and circumspect.<sup>2</sup>

In the *Windsurfing Chiemsee* case, the European Court of Justice discussed the various factors that must be considered when assessing whether a mark has acquired a distinctive character through use<sup>3</sup>. These include:

- The market share held by the mark;
- How intensive, geographically widespread and long-standing the use of the mark has been;
- The amount invested by the applicant in promoting the mark;
- The proportion of the relevant class of persons who, because of the mark, identify goods or services as originating from a particular undertaking;
- Statements from chambers of commerce and industry or other trade and professional associations.

After consideration of all relevant factors, the test is whether the relevant class of persons, or at least a significant proportion thereof, identifies the goods or services “as originating from a particular undertaking because of the trade mark”.<sup>4</sup>

The question as to whether a mark has acquired a distinctive character is one of degree. In the *Treat* case, Jacob J stated that section 18(2) “really means ‘has the mark acquired a sufficiently distinctive character that the mark has really become a trade mark.’”<sup>5</sup>

The amount of evidence required to establish that a mark has acquired a distinctive character will vary depending upon the facts of the particular case. Generally, the greater the strength of the prima facie concerns regarding the registrability of the mark, the greater the amount of evidence that will be needed to show that the mark has acquired a distinctive character.

### 2.2.2 Form of evidence

Evidence should be in the form of a [statutory declaration or declarations](#).

Informal submissions or statements of evidence will not be considered.

The applicant should also submit, in the form of exhibits, examples showing how the mark has been used in New Zealand. The exhibits should be referred to in the leading statutory declaration of the applicant.

An annexure listing all documents and exhibits must be supplied with all evidence submitted. This annexure will be retained on file.

IPONZ will not return evidence submitted in support of trade mark applications, unless the applicant provides a reason acceptable to the Commissioner for the return of the evidence. Clear and accurate certified copies of documents must accompany original copies of evidence that the applicant wishes to be returned.

Electronic images or clear and detailed photographs of exhibits will continue to be accepted (and preferred) in place of the exhibits themselves.

Exhibits containing one or more of the following are not to be provided as evidence unless there is no practical alternative:

- foodstuffs
- liquids
- any material, such as glass, which, if damaged in any way may be dangerous
- any material that is not directly related to the trade mark applied for, e.g., the contents of containers where those contents are immaterial to the trade mark concerned.

### **2.2.3 Extent of use**

Evidence demonstrating the extent of use must be submitted. This should include:

- The date the mark was first used in New Zealand, and information regarding the continuity or otherwise of the use;
- Information about the geographical extent of the use of the mark in New Zealand;
- Sales/turnover figures pertaining to the goods or services provided under the mark in New Zealand (preferably set out as annual figures);
- Advertising or promotional expenses in respect of the goods or services provided under the mark in New Zealand (preferably set out as annual figures), together with information regarding the nature of the advertising (for example, television, radio, newspapers, trade publications);
- A list of the goods/services that the mark identifies in New Zealand.

Evidence of the extent of use may demonstrate that a mark has acquired a reputation in the market place and operates as a badge of origin for the applicant. In some cases, however, even evidence of extensive use will not establish that a mark has acquired a distinctive character. As Jacob J remarked in the Treat case:<sup>6</sup>

There is an unspoken and illogical assumption that “use equals distinctiveness”. The illogicality can be seen from an example: no matter how much use a manufacturer made of the word “Soap” as a purported trade mark for soap the word would not be distinctive of his goods.

Morritt LJ made similar comments in *Bach and Bach Flower Remedies Trade Marks* [2000] RPC 513 at 530:

... use of a mark does not prove that the mark is distinctive. Increased use, of itself, does not do so either. The use and increased use must be in a distinctive sense to have any materiality.

### **2.2.4 Period of use**

As a general rule, the longer a mark has been in use, the more likely it is to have acquired a distinctive character. However, the length of time that the mark has been used will be considered in conjunction with other factors suggestive of the notoriety of the mark, such as sales figures.

Evidence of use must relate to use prior to the date of application. Any use after that date should not be taken into account.

The evidence should show that the use of the mark has been continuous. If there have been gaps in the continuity of use, the effect of those gaps on the reputation of the mark, will need to be considered.

### **2.2.5 Exhibits showing use of the mark**

The specification of goods/services should normally reflect the goods and services that are shown in the exhibits accompanying the applicant's declaration(s). Where the exhibits do not show use of the mark in relation to all of the goods or services specified in the application, the applicant may be asked to restrict the specification in accordance with the use that has been proven.

Care should be taken where the exhibits show use of the mark in conjunction with other matter that will obviously be taken as a trade mark. As Jacob J remarked in the Treat case:<sup>7</sup>

Mere evidence of use ... will not suffice, without more, to prove that it is distinctive of one particular trader – is taken by the public as a badge of trade origin. This is all the more so when the use has been accompanied by what is undoubtedly a distinctive and well-recognised trade mark.

## 2.2.6 Additional evidence

An applicant may submit additional material in the attempt to establish that its mark has acquired a distinctive character. If additional material is submitted it should be referred to in the leading statutory declaration of the applicant.

Additional material may include:

- Supporting declarations from persons in the relevant trade attesting to the mark's distinctiveness and the period of use for which the mark has been known.
- Survey evidence as to distinctiveness.
- Any other evidence in support of a mark's distinctiveness.

The weight given to supporting declarations from persons in the relevant trade is likely to depend on the perceived independence of the declarants. Where the supporting declarations are from trade buyers, the comments of Lloyd J in *Dualit Limited's Trade Mark Applications* [1999] RPC 890 at 898-899 are pertinent:

These, however, are people whose business it is to know the applicant's products and the products of other manufacturers in the market. The fact that they knew their job and could recognise the shapes as being those of the applicant's products does not seem to me to begin to show that "the relevant class of persons, or at least a significant proportion thereof, identify the goods as originating from a particular undertaking because of the trade mark". The relevant class of persons is not trade buyers such as these witnesses but customers.

Survey evidence must be carefully considered. The comments of Jacob J in *Philips Electronics NV v Remington Consumer Products* [1998] RPC 283 at 303 are relevant:<sup>8</sup>

... experience of detailed examination of opinion polls (including questioning of interviewees) conducted for the purpose of litigation in the English courts has shown that such polls may not be reliable. They certainly require detailed scrutiny. For instance leading and non-leading questions often produce quite different answers. And sometimes it turns out that the public were just guessing at matters which had never, in their ordinary shopping, bothered them at all.

## 3. Other circumstances

Section 18(2) of the Act states:

The Commissioner must not refuse to register a trade mark under subsection (1)(b), (c) or (d) if, before the date of application for registration, as a result of either the use made of it or of any other circumstances, the trade mark has acquired a distinctive character.

Therefore, a mark that does not appear to be registrable under sections 18(1)(b), 18(1)(c) or 18(1)(d) of the Act must be registered if, before the date of application for registration, it has acquired a distinctive character as a result of "any other circumstances".

This means that an applicant may seek to rely on any circumstances that have resulted in the mark acquiring a distinctive character. An applicant may seek to rely on use that is not "trade mark use", for example. Use that is not "trade mark use" may include use of a mark:

- As a company name;
- In a composite mark;
- In respect of other goods and services.

Evidence of this type will be given due weight.

### 3.1 Prior rights

Section 18(2) of the Act also allows for consideration of "any other circumstances" when determining whether a mark has acquired a distinctive character. The "other circumstances" must precede the date of application for registration.

Existing registrations may provide an applicant with “prior rights” in a mark. When determining the registrability of a mark, the examiner should consider the existing registrations (if any) of the applicant.

### **3.1.1 Same mark, same goods or services**

A mark that is otherwise unregistrable may be registrable provided that all of the following criteria apply:

- The mark, or part of the mark, is the subject of an existing registration; and
- The existing registration has a deemed date of registration that is earlier than the date of application of the application now being considered; and
- The existing registration has the same ownership as the application now being considered; and
- The existing registration is in respect of all of the goods or services covered by the application now being considered; and
- The mark in the existing registration forms a prominent feature of the mark in the application now being considered; and
- The mark now being considered is no less distinctive than the mark in the existing registration. For example, if the applicant had an existing registration for the mark “Probably” for beer, that registration could not be relied on in order to register the later-filed mark “Probably the best beer in the world”.

### **3.1.2 Minor variation of the mark, same goods or services**

A mark that is otherwise unregistrable may be registrable if:

- The mark is a minor variation of a registered mark such that the two marks would have constituted a series had they been applied for in the same application; and
- The registered mark has a deemed date of registration that is earlier than the date of application of the application now being considered; and
- The registered mark has the same ownership as the application now being considered; and
- The registered mark is in respect of all of the goods or services covered by the application now being considered; and
- The mark now being considered is no less distinctive than the registered mark.

### **3.1.3 Same or similar mark, similar goods or services**

A mark that is otherwise unregistrable may also be registrable when regard is had to existing registrations of the applicant for the same mark for similar goods or services. In the *Esso* [1972] RPC 283 it was held that an application for ESSO<sup>9</sup> for vehicle tyres should proceed because it “could on a reasonable basis be said to be fairly closely allied to the pre-existing fields of the applicant’s activities” as reflected in a number of existing registrations.

A mark that is otherwise unregistrable may be registrable if:

- The mark is the subject of an existing registration or is a minor variation of a registered mark such that the two marks would have constituted a series had they been applied for in the same application; and
- The existing registration was registered on the basis of evidence of acquired distinctiveness; and
- The existing registration has a deemed date of registration that is earlier than the date of application of the application now being considered; and
- The existing registration has the same ownership as the application now being considered; and
- The existing registration is in respect of similar goods or services to those covered by the application now being considered, such that the goods/services in the application now being considered “could on a reasonable basis be said to be fairly closely allied to the pre-existing fields of the applicant’s activities”;<sup>10</sup> and
- The mark is no less distinctive for the goods or services of the application now under consideration as compared to the goods or services of the existing registration.

Care should be taken. If the evidence of use provided in relation to the existing registration would definitely not have justified registration in relation to the goods or services of the present application, the present application should not be allowed to proceed on the basis of “prior rights”.

## **4. Restricting the specification <sup>11</sup>**

An applicant may be able to overcome a concern under section 18 of the Act by restricting the specification of goods and services pursuant to section 37(1) of the Act so as to avoid any reference to the nature of the goods and services being provided. ([See Amendments to trade mark applications](#))

A restriction to the specification of goods and services may be done by:

- Deleting goods or services from the existing specification;
- Adding a positive limitation; or
- Excluding certain goods or services from the existing specification.

## 4.1 Deleting goods or services

In order to overcome a concern under section 18 of the Act, the applicant may request that the offending goods or services giving rise to the concern are deleted from the specification. This will only be acceptable where it is clear that only some of the goods and services listed in the specification are of concern and the mark is clearly distinctive for the rest of the specification.

Please note that once goods or services have been deleted from a specification, they cannot be reinserted at a later date. ([See Amendments to trade mark applications](#))

## 4.2 Positive limitations

In order to overcome a concern under section 18 of the Act, the applicant may request that a positive limitation be inserted to restrict the specification by more clearly defining the goods or services. This is commonly placed at the end of a specification or after the offending wording and usually relates the goods or services to specific topics or simply lists specific items. For example, “all the aforesaid relating to..” or “computer services namely...”

This sort of restriction is a positive statement affirming the exact scope of the offending goods or services. This ends up being of benefit to Examiners, but also to outside users who wish to check whether there are registered marks in use that conflict with marks they are using or propose to use. In encouraging applicants to make the specification precise and by ensuring that the specification is sufficiently clear, Examiners lay the groundwork for sound decisions in these areas. It is important that the punctuation is also correct.

## 4.3 Excluding particular goods or services

In order to overcome a concern under section 18 of the Act, the applicant may request the insertion of exclusions. Exclusions are statements which clarify that particular goods or services are not included in the description of the goods and services being provided.

Previous Office practice allowed a descriptiveness objection to be overcome with any exclusion in the specification that states that the goods or services do not have certain characteristics.

However, the recent decision of Glazebook J in Cadbury Limited v Effem Foods Limited, (unreported) CA274 /05, 20 July 2007, (the Purple decision), has clarified that such exclusions are no longer acceptable. The decision provides that a specification of goods or services should not exclude the goods or services that the mark describes. The reasoning for this premise is that such practice would lead to uncertainty as to the protection afforded by the mark. Glazebook J held that:

We accept Effem’s submission that any differences in statutory framework do not prevent POSTKANTOOR<sup>12</sup> and Croom’s<sup>13</sup> applying in New Zealand. We consider these cases applicable to the extent that they stand for the proposition that an exclusion based on the particular characteristics of goods or services covered by any registration, as against the types of goods or services, will, in most cases, be too uncertain as to scope to be allowable. In effect, the distinction we draw between the characteristics of goods and services and the type of goods and services is the distinction drawn by Richard Arnold QC in Merlin’s<sup>14</sup> case. It is also the distinction made in the proposed IPONZ guidelines summarised above<sup>15</sup>. [Emphasis added]

As a result, the Office will not allow the registration of a mark on a condition that the goods or services applied for do not possess a particular characteristic or nature if it could still lead to confusion or deception as to the characteristics of the goods or services. Such practice leads to legal uncertainty as to the protection afforded by the mark. Other traders may refrain from legitimately using the mark to describe their goods or services as it would be unclear that the mark’s protection does not actually extend to the particular goods or services for which it is descriptive.

Therefore, there is reduced scope for overcoming a concern under section 18 of the Act through the use of exclusions that state that the goods or services do not have certain characteristics. Specifically, a restriction that excludes the trade mark itself or limits the function of a particular use of the mark, the price, the condition of use or marketing of the goods is not acceptable.

The Office will treat such requests on a case-by-case basis and consider whether the exclusion is precisely defined and clear as to the nature of the goods and services being provided. For guidance, on what sort of exclusions may be acceptable, the Office may refer to international best practice and overseas decisions such as Koninklijke KPN Nederland NV and Benelux-Merkenbureau (Postkantoor) [2004] E.T.M.R 57, Croom's Trade Mark Application [2005] RPC 2, UK Trade Mark Application No. 2295012 MERLIN in Class 36 (17 February 2005) unreported, O/043/2005, and UK Trade Mark Application No. 2256640, EDOCS in classes 9, 36 and 42 (18 August 2004), unreported, O-254-04.

In Postkantoor the European Court of Justice provided that trade marks should not be registered for certain goods or services on the basis that they do not possess a particular characteristic.<sup>16</sup> However, the case indicates that exclusions may be acceptable where the wider category of such goods or services are excluded.

In light of the above, exclusions may still be used provided they are in respect of categories or sub-categories of goods or services and not simply in relation to their characteristic(s). A characteristic is a specific quality, feature or trait, whereas a category is a sub-set or sub-group of the item. The term "characteristic" therefore, not only includes obvious attributes such as colour, but also incorporates when, where, why and how the goods or service may be supplied and their intended purpose.

Any request for an exclusion from the specification of goods or services should be worded carefully. The Examiner must judge what goods or services are included within the specification once the exclusion has taken effect.<sup>17</sup>

When considering whether exclusions will be acceptable, Examiners must also evaluate whether the exclusion will render the mark deceptive or misleading when considered in light of the goods and services being provided or whether it is likely that the applicant intends to use the mark on goods or services for which it is descriptive. Examiners should note that such amendments, if accepted, could give rise to objections under [section 17\(1\)\(a\) of the Act](#) as being deceptive or confusing.

The following are examples of exclusions that would not be acceptable:

Mark: PURPLE

Specification: chocolate, chocolates, non-medicated confectionery, biscuits, wafers, cakes, snackfood, preparations made from cereal; ice cream, ices, frozen confections; none of the aforesaid goods being coloured purple

This is not acceptable as the Court of Appeal has stated it could still lead to confusion or deception as to the characteristics of the goods.<sup>18</sup>

Mark: POST OFFICE

Specification: direct-mail campaigns; the issue of postage stamps; none of the aforementioned being connected with a post office

This is not acceptable as it could still lead to confusion or deception as to the characteristics of the services.<sup>19</sup>

## Appendix 1: Sample statutory declaration

[Download a sample statutory declaration \[19 kB PDF\].](#)

## Footnotes

1. Paragraph 47
2. Lloyd Schuhfabrik Meyer & Co GmbH v Klijsen Handel BV [1999] ETMR 690, paragraph 26; Bach and Bach Flower Remedies Trade Marks [2000] RPC 513 at 534.
3. Paragraphs 50-52.
4. Ibid, paragraph 52.
5. British Sugar Plc v James Robertson & Sons Ltd [1996] RPC 281 at 306.
6. British Sugar Plc v James Robertson & Sons Ltd [1996] RPC 281 at 302.
7. British Sugar Plc v James Robertson & Sons Ltd [1996] RPC 281 at 286.
8. For a consideration of survey evidence under the previous legislative regime, see the decision of Whitford J. in Imperial v Philip Morris [1984] RPC 293 at 303; also Klissers Farmhouse Bakeries Limited v Harvest Bakeries Ltd [1985] 2 NZLR 129 at 132-133.
9. "ESSO" was considered prima facie unregistrable as the phonetic equivalent of the letters 'S'O'.
10. The test in the Esso case [1972] RPC 283.

11. From Practice Guideline Amendment 2007/09, IPONZ Newsletter, November 2007.
12. Koninklijke KPN Nederland NV v Benelux Merkenbureau (ECJ, C-363/99, 12 February 2004)
13. Croom's Trade Mark Application [2005] RPC 2
14. SVM Asset Management Ltd v Merlin Biosciences Ltd (UK Hearings Office, Case O-043-05 17 February 2005)
15. IPONZ Proposed Practice Guideline released on 27 July 2005
16. Koninklijke KPN Nederland NV and Benelux-Merkenbureau (Postkantoor) [2004] E.T.M.R 57, para 114-117
17. UK Trade Mark Application No. 2256640, EDOCS in classes 9, 36 and 42 (18 August 2004), unreported, O-254-04
18. Cadbury Limited v Effem Foods Limited,(unreported) CA274 /05, 20 July 2007
19. Koninklijke KPN Nederland NV v Benelux Merkenbureau (ECJ, C-363/99, 12 February 2004)