

## 10. Relative grounds: Identical or similar trade marks

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### 1. Introduction

Subpart 3 of Part 2 of the Trade Marks Act 2002 (the Act) contains the relative grounds for not registering a trade mark, and incorporates sections 22 to 30 of the Act. These Guidelines focus on the registrability of a trade mark under section 25 of the Act.

Pursuant to section 25 of the Act, the Commissioner may refuse to register a trade mark on the grounds that it conflicts with another trade mark that belongs to a different owner.

### 2. Raising of citations

The presumption in the Act is that a trade mark is eligible for registration unless one or more of the absolute or relative grounds set out in Part 2 of the Act apply. <sup>1</sup>Therefore, examiners should carefully consider the issues before raising citations under section 25 of the Act. If there is some real doubt, the examiner should rule in the applicant's favour. When considering whether sections 25 of the Act prohibits the registration of a trade mark, examiners must consider two issues of prime importance:

1. The nature of the mark; and
2. The types of goods or services for which registration is sought.

Moreover, when considering whether sections 25(1)(a) or (b) of the Act prohibit the registration of a trade mark, examiners must also consider applications belonging to different owners that have earlier priority than the application under examination.

Sections 34, 35 and 36 of the Act set out the priority to be given to trade mark applications that have been filed in respect of identical or similar trade marks for identical or similar goods or services. These sections are to be read together with sections 25(1)(a) and 25(1)(b) of the Act. Please refer to the [Practice Guideline 02b Priority of Trade Mark Applications](#).

When raising citations, examiners need to consider the following types of marks as potential citations under section 25(1)(a) or (b) of the Act:

- Marks that are registered<sup>2</sup>
  - Marks whose registrations have expired due to the failure of their owners to renew the registrations, where less than a year has passed since the date that their registrations expired<sup>3</sup>
  - Marks from pending applications that have earlier priority,<sup>4</sup> including marks at examination,<sup>5</sup> accepted for advertisement,<sup>6</sup> awaiting registration<sup>7</sup> and in abeyance<sup>8</sup>.
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#### Footnotes

<sup>1</sup> Section 13 of the Act

<sup>2</sup> Registered trade marks are status 100 in the IPONZ database.

<sup>3</sup> These trade marks are status 105 in the IPONZ database. See Section 60 of the Act.

<sup>4</sup> This would include trade marks that are status 20 in the IPONZ database.

<sup>5</sup> Trade marks at examination are status 50 in the IPONZ database.

<sup>6</sup> Trade marks that have been accepted for advertisement are status 70 in the IPONZ database.

<sup>7</sup> Trade marks that are awaiting registration are status 90 in the IPONZ database.

<sup>8</sup> Trade marks that are in abeyance are status 150 in the IPONZ database.

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## 2.1 Same entity

<sup>10</sup>Occasionally it may transpire that the owner of a cited mark is related to the applicant of a later filed application even though the owner of the cited mark(s) has a different name to the applicant.

In this situation, IPONZ will raise a citation where it considers that section 25(1) of the Act applies. IPONZ is not in a position to determine whether the owners of the respective trade marks are one and the same but must examine based on the applicant's details that appear in the IPONZ database.

Until the matter is resolved to the satisfaction of the Commissioner, the citation will stand. Please see [Practice Guideline 10a Overcoming a Citation](#).

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#### Footnote

<sup>10</sup>Practice Guideline Amendment 2007/10, IPONZ Newsletter, October 2007.

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## 2.2 Address details

IPONZ will generally not raise a citation against an application where the applicant is the same legal entity as the owner of an earlier identical or similar mark and from the same state and/or country. However, IPONZ retains its discretion to raise a concern under section 25 of the Act where it has concerns as to whether or not the applicant and the owner of the cited mark are one and the same entity.

Therefore, where the name of the owner of a cited mark is the same as the name of an applicant of a later filed application, but the address details differ, the Examiner will proceed as follows:

- Where the applicant is resident in the same State and/or country as the owner of the cited mark(s), the examiner will not raise a concern under section 25 of the Act. The examiner will assume that they are the same legal entity.
- Where the applicant is resident in a different State and/or country to the owner of the cited mark(s), a concern will be raised under section 25 of the Act. Until the matter is resolved to the satisfaction of the Commissioner, the citation will stand. Please see [Practice Guideline 10a Overcoming a Citation](#).

### 3. Identical trade marks

<sup>11</sup>Section 25(1)(a) of the Act states:

The Commissioner must not register a trade mark (trade mark A) in respect of any goods or services if ... it is identical to a trade mark (trade mark B) belonging to a different owner and that is registered, or has priority under section 34 or section 36, -

(i) in respect of the same goods or services; or

(ii) in respect of goods and services that are similar to those goods and services, and its use is likely to deceive or confuse.

The purpose of section 25(1)(a) of the Act is to prevent the registration of a trade mark that is identical to another registered or pending trade mark that has earlier priority for the same or similar goods or services. When assessing whether there are any potential citations under section 25(1)(a) of the Act, an examiner must consider:

- Whether there is an identical mark belonging to somebody else that is registered, or that is the subject of an application with earlier priority;
- Whether the identical mark is in respect of the same goods or services as the mark under examination
- Whether the identical mark is in respect of the similar goods or services as the mark under examination.

Where the examiner considers that the criteria in section 25(1)(a) of the Act apply, they should raise the trade marks concerned as a citation against the application.

In determining whether a trade mark is identical to another mark the following comments from the European Court of Justice, in its judgement in the LTJ Diffusion SA v Sadas Vertbaudet SA case (C-291/00) decision is of assistance:

A sign is identical with the trade mark where it reproduces, without any modification or addition, all the elements constituting the trade mark or where, viewed as a whole, it contains differences so insignificant that they may go unnoticed by the average consumer.

When considering whether the goods or services are the same, a citation may be raised under section 25(1)(a) of the Act where:

- The entire specification of the identical mark is the same as that of the application under examination;
- The specification of the identical mark overlaps with the specification of the application under examination.

For example, application A has been filed in class 5 in respect of “pharmaceutical preparations; pharmaceuticals for the treatment of asthma”. A search of the IPONZ database reveals an identical trade mark that is registered in respect of “pharmaceuticals for the treatment of coronary artery disease”.

The “pharmaceutical preparations” part of application A’s specification would include “pharmaceuticals for the treatment of coronary artery disease”, and in that respect application A is in respect of the same goods as the identical registered trade mark. The identical registered trade mark should therefore be raised as a citation against application A under section 25(1)(a) of the Act.

The specifications should cover identical goods and services and the meanings should not be stretched to cover all eventualities.<sup>12</sup>

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#### Footnotes

<sup>11</sup> Practice Guideline Amendment 2006/01, IPONZ Newsletter, February 2006.

<sup>12</sup> Reed v Reed [2004] EWCA (Civ) 159.

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### 4. Similar trade marks

Section 25(1)(b) of the Act provides that:

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.

The purpose of section 25(1)(b) of the Act is to prevent the registration of a trade mark that is similar to another registered or pending trade mark that has earlier priority<sup>13</sup> for the same or similar goods or services, where use of the applicant's trade mark is likely to deceive or confuse.

When assessing whether there are any potential citations under section 25(1)(b) of the Act, an examiner must consider whether:

- there is a similar mark belonging to a different owner that is registered, or the subject of an application with earlier priority;
- the mark is in respect of the same or similar goods or services as the mark under examination; and
- in light of the similarity of the marks and the similarity of the goods and services, use of the mark under examination is likely to deceive or confuse.

Where the criteria in section 25(1)(b) of the Act are considered to apply, the examiner should raise the trade marks concerned as citations against the application.

When considering raising a citation, the examiner must consider the similarity of the mark under examination against any marks that are potential citations. The examiner must consider whether the marks are sufficiently similar that a citation should be raised under either section 25(1)(b) of the Act.

Case law provides well-established guidelines for comparing trade marks in order to determine whether they are sufficiently similar for citation purposes. The overriding principles for comparison of trade marks are set out in *Re Pianotist Co's Application* (1906) 23 RPC 774 at 777:

You must take the two words. You must judge of them, both by their look and by their sound. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark for the goods of the respective owners of the marks.

These principles have evolved into five basic guidelines that can be applied in respect of all trade marks:

1. The marks should be compared as a whole.
2. Imperfect recall must be taken into account.
3. The idea of the mark is important.
4. The look and sound of the mark must be considered.
5. The trade channels of the respective goods and/or services must be taken into account.

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#### Footnote

<sup>13</sup> It follows from section 34(4) that references to section 34 anywhere in the Act should be read as references to section 34 or section 36. Section 25(1)(b) thus prohibits the registration of a trade mark if it is similar to a trade mark that belongs to a different owner and that has priority, under either section 34 or section 36, in respect of the same or similar goods or services, where use of the trade mark under examination is likely to deceive or confuse.

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## 4.1 Marks compared as a whole

The marks should be compared in their entirety. The overall or net impression of the two marks should be considered.

This principle was clearly stated in *Clarke v Sharp* (1898)15 RPC 141 at 146:

One must bear in mind the points of resemblance and the points of dissimilarity, attaching fair weight and importance to all, but remembering that the ultimate solution is to be arrived at, not by adding up and comparing the results of such matters, but by judging

the general effect of the respective wholes.

The European Court of Justice has recently commented in *Sabel BV v Puma AG, Rudolf Dassler Sport* [1998] RPC 199 at 224, that the visual, aural or conceptual similarity of the marks must be assessed by reference to:

the overall impression given by the marks, bearing in mind, in particular, their distinctive and dominant components...the perception of marks in the mind of the average consumer of the type of goods or services in question plays a decisive role...the average consumer normally perceives a mark as a whole and does not proceed to analyse its various details.

Where the marks contain one or two similar elements, but also contain other distinctive elements, this may not be considered enough to create deception or confusion. On the other hand, marks that differ from each other in only some respects may still be considered confusingly similar overall.

Each case must be considered on its merits, taking into account the following comments:

- Adding a prefix, suffix or other material (such as a house mark) to another person's mark will usually constitute an infringement.<sup>14</sup>
- Disclaimed elements may still cause confusion and should be considered.<sup>15</sup>
- Other matter that is not distinctive (such as borders) should not be considered.

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#### Footnotes

<sup>14</sup> Section 162 of the Act states that the 'registration of the owner of a trade mark shall be prima facie evidence of the validity of the original registration'.

<sup>15</sup> *Granada Trade Mark* [1979] RPC 303 at 308.

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## 4.2 Imperfect recall

The doctrine of imperfect recall should be taken into account.

The courts recognise that most people do not have a photographic recollection of the visual details of a mark, but instead remember marks by their general impression, or by some significant detail.<sup>16</sup> This means that when considering whether two marks are sufficiently similar for citation purposes, a detailed comparison or close examination of the marks is not appropriate. Instead it should be assumed that consumers might have an "imperfect recollection" of a mark. In *Rysta Ltd's Application* (1943) 60 RPC 87 at 108, Luxmoore LJ said:

It is the person who only knows the one word, and has perhaps an imperfect recollection of it, who is likely to be deceived or confused. Little assistance, therefore, is to be obtained from a meticulous comparison of the two words, letter by letter and syllable by syllable, pronounced with the clarity to be expected from a teacher of elocution. The Court must be careful to make allowance for imperfect recollection and the effect of careless pronunciation and speech on the part not only of the person seeking to buy under the trade description, but also of the shop assistant ministering to that person's wants.

The two marks should not be compared side by side, as they will not usually be encountered in this way.<sup>17</sup> As the European Court of Justice recently remarked in *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [1999] ETMR 690, paragraph 26:

Account should be taken of the fact that the average consumer only rarely has the chance to make a direct comparison between the different marks but must place his trust in the imperfect picture of them that he has kept in his mind.

If the two marks display some differences when compared side by side, it does not necessarily follow that a citation should not be raised.

The test concerning imperfect recollection that is generally applied is that stated in *Re Sandow* (1914) 31 RPC 196 at 205:

The question is not whether if a person is looking at two trade marks side by side there would be a possibility of confusion; the question is whether the person who sees the proposed trade mark in the absence of the other trade mark, and in view only of his general recollection on what the nature of the other mark was, would be liable to be deceived and to think that the trade mark before him is the same as the other, of which he has a general recollection.

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## Footnotes

<sup>16</sup> De Cordova & Others v Vick Chemical Company (1951) 68 RPC 103 at 106.

<sup>17</sup> Re Sandow (1914) 31 RPC 196 at 205; De Cordova & Others v Vick Chemical Company (1951) 68 RPC 103 at 106.

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### 4.3 Idea of the mark

The idea suggested by a mark should also be considered, as the idea is more likely to be recalled than the precise details of the mark.<sup>18</sup> If it appears that two marks convey an idea so similar that customers may refer to the marks by the same name, a citation should be raised.

In *Jafferjee v Scarlett* (1937) 57 CLR 115, the applicant's mark, consisting of two runners breasting a tape, was refused registration due to an existing mark of two men grasping javelins. It was held that both marks conveyed the idea of male athletes with a line across the chest.

That case cited the Herschell Committee report where it stated:

Two marks, when placed side by side, may exhibit many and various differences, yet the idea left upon the mind by both may be the same, so that a person acquainted with a mark first registered and not having the two side by side for comparison, might well be deceived if goods were allowed to be impressed with the second mark, into a belief that he was dealing with goods which bore the same mark as that with which he was acquainted.

Conceptual similarity will not always be sufficient to give rise to deception or confusion, however. In *Sabel BV v Puma AG, Rudolph Dassler Sport* [1998] RPC 199 at 224, the European Court of Justice remarked:

In circumstances such as those in point in the main proceedings, where the earlier mark is not especially well known to the public and consists of an image with little imaginative content, the mere fact that the two marks are conceptually similar is not sufficient to give rise to a likelihood of confusion.

Whether or not two marks convey the same idea is a question of fact and each case must be considered on its merits. Some general points and previous examples may be helpful, however.

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## Footnote

<sup>18</sup> Shanahan, *Australian Law of Trade Marks and Passing Off*, 2nd edition, 1990, at page 174.

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#### 4.3.1 Device marks

The idea of a mark is particularly relevant for devices. In *I & R Morley v Macky Logan Caldwell Ltd*<sup>19</sup> an existing mark of a wheel and wings had become known as the 'flying wheel brand'. A later-filed mark comprising a circle with winged projections was held to have the same idea, and registration of the later mark was refused.

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## Footnote

<sup>19</sup> *I & R Morley v Macky Logan Caldwell Ltd* [1921] NZLR 1001

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#### 4.3.2 Word marks

If two word marks have dissimilar meanings, they will be more easily distinguished. For example, the idea of the mark POLAROID (polarising light) was held to be different from the idea of the mark SOLAVOID (avoiding the sun), with the result that confusion between the two marks was thought to be unlikely.<sup>20</sup>

If one mark has a particular meaning and the other mark is an invented word they may be easily distinguished, whereas two invented words (with no known meaning) are more likely to be confused.

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Footnote

<sup>20</sup> *Hannaford & Burton Ltd v Polaroid Corporation* [1976] 2 NZLR 14 (PC)

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#### 4.3.3 Word and device marks

Where a device mark has a pronounced or immediately recognisable meaning, the device mark may be held to be confusingly similar to a word mark that has the same meaning, or vice versa. For instance, a device of a panda bear for beer would be considered *prima facie* confusingly similar to the word mark PANDA for beer.

#### 4.4 Look and sound of the mark

As stated in *Pianotist Co's Application* (1906) 23 RPC 774 at 777, when comparing two marks it is necessary to “judge of them by their look and by their sound”. The reason for considering both of these features is that:

- Marks may be quite different phonetically, but nevertheless be confusingly similar due to their visual similarity; or
- Marks may look quite different but sound confusingly similar.<sup>21</sup>

Visual similarity is more important in respect of self-service items, and where goods show the mark clearly displayed. It has been held that the question of sound in this situation “is perhaps becoming of diminishing importance”.<sup>22</sup> Customers will clearly rely on the visual appearance of the mark when directly selecting items from a shelf or display. Note that when comparing marks visually, the size of the marks should not be taken into account, as trade mark owners are not given any size or scale limitations for the use of their marks.<sup>23</sup>

By comparison, if the relevant goods are likely to be purchased over the telephone or requested in a noisy environment such as a bar, the pronunciation of the mark will be considered the more compelling factor.<sup>24</sup> When comparing marks aurally, it is important to consider the marks in their “natural and normal pronunciation”.<sup>25</sup> The first syllable is of considerable importance.<sup>26</sup>

Another factor to take into account is the tendency of New Zealanders to clip and slur the final syllable in words.<sup>27</sup> In *New Zealand Breweries Limited v Heineken's Bier Browerij Maatschappij N.V.* [1964] NZLR 115 at 143, Haslam J remarked more generally on New Zealanders' tendency towards slurred pronunciation:

The possibility of slurred pronunciation, which is a topic accorded some importance in reported decisions, is an ever-present likelihood in the speech of New Zealanders, as is exemplified daily in the experience of sitting at first instance. A tendency to imperfect enunciation of parts of a word extends in ordinary local speech, not only to the opening consonant, but to the clipping of vowels, and even of concluding sibilants of unaccented syllables.

When considering the aural similarity of two marks, allowance must therefore be made for careless speech and slurred pronunciation.

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Footnotes

<sup>21</sup> As noted by the European Court of Justice in *Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV* [1999] ETMR 690 at paragraph 28, “it is possible that mere aural similarity between trade marks may create a likelihood of confusion”.

<sup>22</sup> *Mars GB Ltd v Cadbury Ltd* [1987] RPC 387 at 395

<sup>23</sup> I & R Morley v Macky Logan Caldwell [1921] NZLR 1001 at 1015 (CA); In the Matter of Speer's Trade Mark (1887) 4 RPC 521 at 524; See also Brown and Grant, The Law of Intellectual Property in New Zealand, Butterworths, 1989 at page 82

<sup>24</sup> New Zealand Breweries Limited v Heineken's Bier Browerij Maatschappij N.V. [1964] NZLR 115

<sup>25</sup> Shanahan, Australian Law of Trade Marks and Passing Off, 2nd edition, 1990, at page 177

<sup>26</sup> Hannaford & Burton Ltd v Polaroid Corporation [1976] 2 NZLR 14 at 19 (PC); London Lubricants (1920) Ltd's Application (1925) 42 RPC 264 at 279

<sup>27</sup> New Zealand Breweries Limited v Heineken's Bier Browerij Maatschappij N.V. [1964] NZLR 115 at 141 per Turner J.

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## 4.5 Trade channels of the goods and services

When considering whether two marks are confusingly similar the following should be taken into account:

- The nature of the goods and services; and
  - The purchasers, or the market, for those goods and services.<sup>28</sup>
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Footnote

<sup>28</sup>Brown and Grant, The Law of Intellectual Property in New Zealand, Butterworths, 1989 at pages 85-86

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### 4.5.1 Nature of the goods and services

It is important to consider the nature of the goods and/or services and the way that those goods and/or services will be purchased. This is a practical consideration, concerned not with "hypothetical possibilities of deception or confusion but with practical business probabilities".<sup>29</sup> The risk of confusion must be real rather than fanciful.<sup>30</sup>

The way that potential purchasers will encounter the mark should be considered. For example, are the goods selected from a shelf in a supermarket? Are they ordered over the telephone?

As the European Court of Justice has remarked:<sup>31</sup>

It should also be borne in mind that the average consumer's level of attention is likely to vary according to the category of goods or services in question. In order to assess the degree of similarity between the marks concerned, the national court must determine the degree of visual, aural or conceptual similarity between them and, where appropriate, evaluate the importance to be attached to those different elements, taking account of the category of goods or services in question and the circumstances in which they are marketed.

Expensive goods or services (such as electrical goods or cars) are bought less frequently and are more carefully selected, with consequent greater attention being paid to the trade marks used on those goods or services. In contrast, purchasers are likely to pay less attention to marks that are used on common products that are purchased in a hurry, such as bread and milk.

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Footnotes

<sup>29</sup> Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd [1978] 2 NZLR 50 at 76 per Richardson J (speaking of section 16)

<sup>30</sup> Lancer Trade Mark [1987] RPC 303 at 325

<sup>31</sup> Lloyd Schuhfabrik Meyer & Co. GmbH v Klijsen Handel BV [1999] ETMR 690, paragraphs 26-27

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## 4.5.2 The purchasers or the relevant market

The nature of the potential purchaser should be taken into account. It is the ultimate purchasers who must be considered, not the retailers or sales representatives who may be more familiar with the products.

The potential purchaser will vary according to the nature of the product. If the goods are everyday items, such as groceries, the relevant market will be the general public. If the goods are of a specialist or technical nature, such as surgical implements, the relevant market will be limited to those in the trade and/or those with technical knowledge or expertise.

A trade mark should not be barred from registration because “unusually stupid people, fools or idiots would be deceived”<sup>32</sup>. Historically the “ordinary person” test has been applied, namely, the potential purchaser has been assumed to be a person using ordinary care and intelligence who has an ordinary recollection of the mark.<sup>33</sup>

More recently the European Court of Justice has held that it is “the perception of marks in the mind of the average consumer of the type of goods or services in question”<sup>34</sup> that is decisive. The “average consumer” test is therefore the test that should now be applied. It should be noted, “the average consumer of the category of products concerned is deemed to be reasonably well-informed and reasonably observant and circumspect”.<sup>35</sup>

The risk of confusion is likely to be increased if the goods or services are purchased by children, impulse purchasers,<sup>36</sup> or people in a hurry.<sup>37</sup>

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### Footnotes

<sup>32</sup> Crook’s Trade Mark (1914) 31 RPC 79 at 85

<sup>33</sup> Don v Burley (1916) 22 CLR 136 at 140; see discussion in Shanahan, Australian Law of Trade Marks and Passing Off, 2nd edition, 1990, at page 183

<sup>34</sup> Sabel BV v Puma AG, Rudolf Dassler Sport [1998] RPC 199 at 224

<sup>35</sup> 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

<sup>36</sup> Golden Crumpet Co. Australasia v Hardings Manufacturers Pty Ltd (1987) 8 IPR 147 at 155

<sup>37</sup> Montgomery v Thompson (1891) 8 RPC 361 at 368 (H.L.)

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## 5. Well known trade marks

Section 25(1)(c) of the Act states:

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 purpose of section 25(1)(c) of the Act is to prevent the registration of a trade mark where that trade mark, or an essential element of that trade mark, is identical or similar to, or a translation of, a trade mark that is well-known in New Zealand for the same, similar or (in certain situations) other goods or services.

Section 25(1)(c) of the Act gives greater protection to well-known trade marks than previously conferred in sections 17(2) and 17(4) of the Trade Marks Act 1953 (the 1953 Act). Section 17(2) of the 1953 Act only prohibited registration of a trade mark for goods if there was a trade mark belonging to a different owner that was well-known in New Zealand for goods. Section 17(4) of the 1953 Act only prohibited registration of a trade mark for services if there was a trade mark belonging to a different owner that was well-known in New Zealand for services. Moreover, under sections 17(2) and 17(4) of the 1953 Act, the Commissioner could only refuse to register a trade mark if, in light of the existence of the well-known trade mark, its use would be likely to deceive or cause confusion.

There are no such limitations in section 25(1)(c) of the Act.

The well-known trade mark that is referred to in section 25(1)(c) of the Act need not be registered. Indeed, IPONZ need never have received an application in respect of the well-known trade mark.<sup>38</sup> may be considered a “trade mark that is well known in New Zealand” under section 25(1)(c) of the Act.

When assessing whether section 25(1)(c) of the Act applies, an examiner must consider whether the mark under examination, or an essential element of that mark, is identical to, similar to, or a translation of, a well-known New Zealand trade mark in respect of the same or similar goods or services as those in the application under examination.

Alternatively, an examiner must consider whether the mark under examination, or an essential element of that mark, is identical to, similar to, or a translation of, a well-known New Zealand trade mark in respect of goods or services that are not similar if use of the mark under examination would be:

1. taken as indicating a connection in the course of trade between the goods or services in the specification and the owner of the well-known trade mark, and
2. likely to prejudice the interests of the owner of the well-known trade mark.

Where the criteria in section 25(1)(c) of the Act are considered to apply, the examiner should raise the mark that is considered to be “well known in New Zealand” as a citation against the application. The examiner must also provide reasons to support his/her opinion that the cited mark was “well known in New Zealand” as at the date of application of the mark under examination. Because of this, rejections under section 25(1)(c) of the Act will be uncommon and be left to the proprietor of the well-known mark to prove reputation.

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#### Footnote

<sup>38</sup> A common law trade mark is a mark that is not registered but has established distinctiveness through use in the market place.

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## 6. Similarity of the goods or services

When contemplating raising a citation under section 25 of the Act, the examiner must consider whether the specification of the cited mark or well known mark covers the same or similar goods or services as the specification of the application under examination.

There is no precise definition of what constitutes “similar” goods or services. Whether the goods or services of the potential citation are similar to the goods or services of the application under examination is a question of fact, to be determined on a case by case basis. The approach to take is a practical one, looking at the respective goods or services from a business and commercial point of view.<sup>39</sup>

It is important to note that the classification of the goods or services is not conclusive. This is because similar goods and services may be classified in different classes (for example, sports drinks may be classified in class 5 or class 32), while dissimilar goods or services may fall within the same class (for example, music CDs and fire extinguishers are both classified in class 9).

In *Jellinek’s Application* (1946) 63 RPC 59 at 70, Romer J proposed a three-fold test when assessing whether goods and services are similar to other goods and services, namely the nature and composition of the goods, the respective uses of the goods, and the trade channels through which the goods are bought and sold. No one factor was considered conclusive and it was not considered necessary for all three factors to apply.<sup>40</sup>

Further considerations were proposed in *John Crowther & Sons (Milnsbridge) Ltd’s Appn* (1948) 65 RPC 369 at 372, where this passage from the decision of the British Assistant Comptroller was cited:

...the reported cases show that I have to take account of a number of factors, including in particular the nature and characteristics of the goods, their origin, their purpose, whether they are usually produced by one and the same manufacturer or distributed by the same wholesale houses, whether they are sold in the same shops over the same counters during the same seasons and to the same class or classes of customers, and whether by those engaged in their manufacture and distribution they are regarded as belonging to the same trade. In the case of *Jellinek’s Appn* (1946) 63 RPC 59 Romer J classified these various factors under three heads, viz., the nature of the goods, the uses thereof, and the trade channels through which they are bought and sold. No single consideration is conclusive in itself.

In the *Treat* case, <sup>41</sup> Jacob J proposed the following general guidelines, which he described as “an elaboration of the old judicial test” that “seeks to take account of present day marketing methods”:<sup>42</sup>

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

1. The respective uses of the respective goods or services;
2. The respective users of the respective goods or services;
3. The physical nature of the goods or acts of service;
4. The respective trade channels through which the goods or services reach the market;
5. 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;
6. The extent to which the respective goods or services are competitive. This enquiry 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.

Jacob J went on to note that goods could be similar to services.<sup>43</sup>

The European Court of Justice has commented that:<sup>44</sup>

In assessing the similarity of the goods or services concerned ... all the relevant factors relating to those goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end users and their method of use and whether they are in competition with each other or are complementary.

When considering whether goods or services are “similar” to other goods or services, the following questions may be helpful:

- How will the goods or services be used? What is their purpose? If the goods or services are not identical but could be used together, or at the same time, or in the same way, or to achieve the same purpose, the public may see them as related and therefore assume that they originate from the same entity.
- How likely is it that the same entity would produce or provide the goods or services?
- Would the goods or services usually be provided or sold in the same types of outlets?
- In the case of self-serve consumer items, would the goods usually be found in the same place in the retail outlet, or on the same shelves?
- Would the goods and/or services usually be provided to the same class or classes of customer?
- How similar are the lines of business of the respective traders?
- How broad are the respective specifications of goods/services? If a trader offers a very narrow, specialised range of goods or services, there is less likelihood that consumers would expect that trader to produce or provide different goods or services. Alternatively, if a trader offers a very wide range of goods or services, consumers may associate almost any goods or services with that trader.
- How expensive are the goods or services? Consumers are likely to pay more attention when selecting expensive items than when selecting inexpensive ones. There may therefore be less likelihood of deception or confusion in relation to expensive goods or services.<sup>45</sup>
- Are the goods or services in competition with each other?

#### Footnotes

<sup>39</sup> Gutta-Percha & Rubber Manufacturing Co. (Toronto) Ltd’s Appn (1909) 26 RPC 84 (Ch.D.); (1909) RPC 428 (C.A.)

<sup>40</sup> Floradix Trade Mark [1974] RPC 583

<sup>41</sup> British Sugar Plc v James Robertson & Sons Ltd [1996] RPC 281

<sup>42</sup> Ibid, at 296-297

<sup>43</sup> Ibid, at 297: “I do not see any reason in principle why, in some cases, goods should not be similar to services (a service of repair might well be similar to the goods repaired, for instance).”

<sup>44</sup> Canon Kabushiki Kaisha v MGM Inc. [1999] RPC 117 at 133.

<sup>45</sup> Suzy Frankel and Geoff McLay, Intellectual Property in New Zealand, LexisNexis Butterworths, 2002, at page 460

## 6.1 Goods and services not similar

Under section 25(1)(c) of the Act, the examiner must also consider whether the potential citation is well-known in New Zealand with regards to goods or services that are not similar to the application under examination.

The Courts have still to decide what indicates a connection in the course of trade between the goods or services in the specification and the owner of the well-known trade mark and is likely to prejudice the interests of the owner of the well-known trade mark. Again, because of this, rejections under section 25(1)(c) of the Act will be uncommon and be left to the proprietor of the well-known mark.

## 7. Deception or confusion

In addition to assessing the similarity of the marks and the similarity of the goods or services, section 25(1)(b) requires examiners to consider whether the use of the mark under examination is likely to deceive or confuse.

The deception or confusion referred to in section 25(1)(b) is deception or confusion as to the origin of the goods or services in question. The European Court of Justice has defined the likelihood of confusion as “the risk that the public might believe that the goods or services in question come from the same undertaking, or ... from economically-linked undertakings”.<sup>46</sup>

Confusion and deception have different meanings. Haslam J considered their separate meanings in *New Zealand Breweries Ltd v Heineken’s Bier Browerij Maatschappij N.V* [1964] NZLR 115 at 142:

The meaning of “deceive” for present purposes may perhaps be regarded as equivalent to “mislead”, with the implication of creating an incorrect belief or mental impression. Causing “confusion” may go no further than perplexing or mixing up the minds of the purchasing public.

Richardson J concurred with this statement in *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 at 62 where he said:

Richardson J went on to say that:

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. As Cooke J put it in his judgment in this case:

“The varying terminology in the judgments is a reminder that it is not always necessary that large numbers of people should be, or should probably be, of the state of mind in question: rather it is a question of the significance of the numbers in relation to the market for the particular goods” ([1975] 2 NZLR 422, 429).

When considering whether use of the applicant’s trade mark is likely to “deceive or confuse”, examiners must hence consider whether the applicant’s use of the mark is likely to do one or both of the following with regards to a substantial or significant number of persons:

1. “Deceive”, namely:

- Create an incorrect belief or mental impression regarding the origin of the goods/services;
- Mislead into thinking that the goods/services come from some other source.

2. “Cause confusion”, namely:

- Perplex or mix up the minds of the purchasing public regarding the origin of the goods/services;
- Cause the purchasing public to wonder whether the goods/services come from some other source.

The test to be applied is that originally formulated by Evershed J in *Re Smith Hayden & Co* (1946) 63 RPC 97 at 101 and subsequently approved by the Privy Council in *Hannaford & Burton Ltd v Polaroid Corporation* [1976] 2 NZLR 14 at 18 namely:

Assuming use by [the owner of the cited mark] of its trade mark [X] in a normal and fair manner for [the goods or services in the specification of the cited mark], is the [Court or Commissioner] satisfied that there would be a reasonable likelihood of deception or confusion among a substantial number of persons if the applicant’s trade mark [Y] was used in a normal and fair manner for [the goods or services in the specification of the application under consideration]?

As should be clear from the above test, it must be assumed that the applicant's mark and the cited mark(s) will be used normally and fairly in respect of all of the goods or services in their respective specifications.<sup>47</sup>

As far as the likelihood of confusion is concerned, the European Court of Justice has remarked, "the likelihood of confusion must ... be appreciated globally, taking into account all factors relevant to the circumstances of the case".<sup>48</sup>

The degree of similarity of the marks and the degree of similarity of the goods/services must be considered when assessing the likelihood of deception or confusion. A lesser degree of similarity between the goods or services may be offset by a greater degree of similarity between the marks, and vice versa.<sup>49</sup>

The distinctiveness of the respective marks may also be a relevant consideration. It has been held that "the more distinctive the earlier mark, the greater will be the likelihood of confusion".<sup>50</sup> In a subsequent case the European Court of Justice commented that "marks with a highly distinctive character, either per se or because of the reputation they possess ..., enjoy broader protection than marks with a less distinctive character".<sup>51</sup>

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#### Footnotes

<sup>46</sup> Canon Kabushiki Kaisha v MGM Inc. [1999] RPC 117 at 133

<sup>47</sup> This has been referred to as the need to consider the normal and fair "notional use" of the applicant's mark and the cited mark(s); see Brown and Grant, *The Law Of Intellectual Property in New Zealand*, Butterworths, 1989, at page 72

<sup>48</sup> Sabel BV v Puma AG, Rudolf Dassler Sport [1998] RPC 199 at 224

<sup>49</sup> Canon Kabushiki Kaisha v MGM Inc. [1999] RPC 117 at 132

<sup>50</sup> Sabel BV v Puma AG, Rudolf Dassler Sport [1998] RPC 199 at 224

<sup>51</sup> Canon Kabushiki Kaisha v MGM Inc. [1999] RPC 117 at 132

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## 8. Removed trade marks

<sup>52</sup>Section 60(1) of the Act reads as follows:

A trade mark that has been removed from the register for non-payment of the renewal fee must be taken into account for a period of 1 year after the date of expiry of the registered trade mark when determining the registrability of a later application.

Therefore, expired registrations must be taken into account, for the purposes of determining the registrability of later applications, for a period of one year from the date of their expiry.

The purpose behind section 60(1) of the Act is to allow for the possible restoration to the register of expired registrations. Since an expired trade mark may be restored to the register within the period of 12 months from the date of expiry of its registration, it is necessary for expired trade marks to be considered as potential citations within that 12-month period.

A trade mark that has been removed from the register, because its owner failed to renew its registration by the specified time, is potentially citable under sections 25(1)(a) or 25(1)(b) of the Act during the period of one year from the date of expiry of its registration.<sup>53</sup>

Accordingly, when determining the registrability of an application under sections 25(1)(a) and 25(1)(b) of the Act, trade marks whose registrations have expired must be taken into account, as if they are still on the register, for the period of one year from the date of their expiry.

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#### Footnotes

<sup>52</sup> Paragraph 8 of this Guideline was updated on October 2007 by deletion of sub-paragraph 8.1 (included in sub-paragraph 7.7 of Guideline on Methods of Overcoming a Citation)

<sup>53</sup> Trade marks that have expired for non-payment of the renewal fee but may be restored to the register within the period of 12 months of the expiry date are status 105 in the IPONZ database.

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