

HIGH COURT OF AUSTRALIA

FRENCH CJ, GUMMOW, HEYDON, CRENNAN AND BELL JJ

FRENCH CJ, GUMMOW, HEYDON AND BELL JJ:

1 These are two appeals from the decision of the Full Court of the Federal Court of Australia (Emmett, Besanko and Perram JJ)¹ which dismissed two appeals from a decision of a judge of that Court (Jacobson J)². The primary judge dismissed three proceedings between the present appellant, Health World Ltd ("Health World"), and the present respondent, Shin-Sun Australia Pty Ltd ("Shin-Sun"). In the Full Court and in this Court the appeals were heard together.

2 The appeals turn upon provisions of the *Trade Marks Act* 1995 (Cth) ("the Act"). Section 88(1) confers standing upon an "aggrieved person" and s 92(1) upon a "person aggrieved". In deciding that Health World did not satisfy these criteria the Full Court applied the reasoning in an earlier Full Court decision, *Kraft Foods Inc v Gaines Pet Foods Corporation*³ ("Kraft's case").

3 The appeals to this Court by Health World should be allowed for the following reasons.

The factual background

4 The three proceedings arose out of the following circumstances.

5 *Health World's business.* In 1991 Health World began manufacturing and supplying a probiotic powder. The powder contains quantities of acidophilus bacteria. It has been marketed under the name "Inner Health". Since 2000 Health World has also manufactured and supplied probiotic capsules. The capsules contain greater quantities of acidophilus than the powder, and other live bacteria as well. They are marketed under the name "Inner Health Plus". The primary judge found that the Inner Health Plus capsules have obtained a measure of success in the marketplace.

6 *Shin-Sun's business.* In 2001 Shin-Sun began preparing to manufacture and sell natural health supplements derived from squalene and shark cartilage, and from bees or beeswax, under the label "HealthPlus".

1 *Health World Ltd v Shin-Sun Australia Pty Ltd* (2009) 174 FCR 218.

2 *Health World Ltd v Shin-Sun Australia Pty Ltd* (2008) 75 IPR 478.

3 (1996) 65 FCR 104.

7 *The applications for registration.* On 7 May 2001 Shin-Sun applied for registration of "HEALTHPLUS" as a trade mark in class 5 for "[p]harmaceutical products including vitamins and dietary supplements". On 12 September 2001 Health World applied for registration of "INNER HEALTH PLUS" as a trade mark in class 5 for "[p]harmaceutical preparations; dietetic substances adapted for medical use; products in this class sold by pharmacies and/or health food shops including vitamins, minerals, health foods, dietary foods, Chinese and ayurvedic herbs, and nutrition bars included in this class".

8 *Health World's notice of opposition.* In December 2001 Health World filed a notice of opposition to Shin-Sun's application to register the "HEALTHPLUS" trade mark. It claimed that Shin-Sun's "HEALTHPLUS" mark was deceptively similar to its "INNER HEALTH PLUS" mark. The opposition failed before the Registrar of Trade Marks. The Federal Court of Australia (Cooper J) dismissed an appeal from the Registrar's decision⁴. The mark "HEALTHPLUS" was entered on the Register on 28 February 2005.

9 *Shin-Sun's notice of opposition.* On 15 August 2003 Shin-Sun filed a notice of opposition to the registration of "INNER HEALTH PLUS". Shin-Sun later withdrew its opposition. On 17 February 2005 "INNER HEALTH PLUS" was entered on the Register.

10 *The parties' trading activities.* In August 2004, before either mark was entered on the Register, a range of products using the trade mark "HEALTHPLUS" was launched. Though Shin-Sun had applied to register the "HEALTHPLUS" trade mark, its name did not appear on the products. Instead they bore the name of an associated company, Nature's Hive Pty Ltd ("Nature's Hive"). Like items in Health World's "INNER HEALTH PLUS" range of products, which had been in the market for some time, items in the "HEALTHPLUS" range were mainly sold in health stores and were natural health supplements. Many of them were listed in the Australian Register of Therapeutic Goods.

11 *The first proceeding.* On 13 February 2006 Health World commenced what may be called "the first proceeding" in the Federal Court. It claimed to be an "aggrieved person", and sought cancellation of the registration of "HEALTHPLUS" under s 88(1) of the Act⁵. It did so on the ground, inter alia, that

4 *Health World Ltd v Shin-Sun Australia Pty Ltd* (2005) 64 IPR 495.

5 At the relevant time s 88 relevantly provided:

"(1) Subject to subsection (2) and section 89, a prescribed court may, on the application of an aggrieved person, order that the Register be rectified by:

Shin-Sun did not intend to use the mark "HEALTHPLUS" in Australia. On 31 May 2006 Health World overcame an obstacle raised by Shin-Sun to the first proceeding in relation to another contention: the primary judge held that the decision of Cooper J did not estop Health World from contending that Shin-Sun's mark "HEALTHPLUS" was substantially identical with or deceptively similar to Health World's mark "INNER HEALTH PLUS"⁶.

12 *The second proceeding.* On 25 July 2006 Health World instituted what may be called "the second proceeding" in the Federal Court. In the second proceeding Health World contended that it was a "person aggrieved" within the meaning of s 92(1) of the Act⁷ and sought removal of the "HEALTHPLUS" trade mark under s

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- (a) cancelling the registration of a trade mark ...
 - (2) An application may be made on any of the following grounds, and on no other grounds:
 - (a) any of the grounds on which the registration of the trade mark could have been opposed under Division 2 of Part 5;
 - ...
 - (c) because of the circumstances applying at the time when the application for rectification is filed, the use of the trade mark is likely to deceive or cause confusion for a reason other than one for which:
 - (i) the application for the registration of the trade mark could have been rejected under section 43 or 44; or
 - (ii) the registration of the trade mark could have been opposed under section 60 ..."

Among the grounds referred to in s 88(2)(a) is s 59. Section 59 provided in part:

"The registration of a trade mark may be opposed on the ground that the applicant does not intend:

- (a) to use, or authorise the use of, the trade mark in Australia ...
- in relation to the goods and/or services specified in the application."

⁶ *Health World Ltd v Shin-Sun Australia Pty Ltd* (2006) 68 IPR 557.

⁷ At the material time s 92 relevantly provided:

"(1) A person aggrieved by the fact that a trade mark is or may be registered may, subject to subsection (3), apply to the Registrar for the trade mark to be removed from the Register.

...

(4) An application under subsection (1) or (3) (*non-use application*) may be made on either or both of the following grounds, and on no other grounds:

(a) that, on the day on which the application for the registration of the trade mark was filed, the applicant for registration had no intention in good faith:

(i) to use the trade mark in Australia; or

(ii) to authorise the use of the trade mark in Australia; or

(iii) to assign the trade mark to a body corporate for use by the body corporate in Australia;

in relation to the goods and/or services to which the non-use application relates and that the registered owner:

(iv) has not used the trade mark in Australia; or

(v) has not used the trade mark in good faith in Australia;

in relation to those goods and/or services at any time before the period of one month ending on the day on which the non-use application is filed;

(b) that the trade mark has remained registered for a continuous period of 3 years ending one month before the day on which the non-use application is filed, and, at no time during that period, the person who was then the registered owner:

(i) used the trade mark in Australia; or

(ii) used the trade mark in good faith in Australia;

in relation to the goods and/or services to which the application relates."

92. It claimed that when Shin-Sun filed its application for registration, it had no intention in good faith to use the mark in Australia (s 92(4)(a)(i)) and that the mark had not been used within the period described in s 92(4)(b). The second proceeding rested on the contention that neither Shin-Sun nor Nature's Hive launched the "HEALTHPLUS" range of products into the Australian market until August 2004, which was after the expiration of the three year period referred to in s 92(4)(b).

13 *The third proceeding.* On 15 September 2006 Shin-Sun commenced what may be called "the third proceeding" in the Federal Court. The third proceeding sought removal of Health World's mark "INNER HEALTH PLUS" from the Register pursuant to s 92 of the Act, so far as it was registered in respect of goods other than certain probiotic products.

14 *The result of the first proceeding.* The three proceedings were heard together. The primary judge dismissed the first proceeding on the ground that Health World was not "an aggrieved person" under s 88(1) of the Act. Had he not done so, the primary judge would have acted on two conclusions favourable to Health World. The first was that Health World had made out the ground for removal of "HEALTHPLUS" under s 59(a) of the Act, namely that at 7 May 2001 Shin-Sun did not intend to use or authorise the use of the mark in Australia. The second was that Health World had made out the ground for removal of "HEALTHPLUS" under s 88(2)(c) in that Shin-Sun had allowed "HEALTHPLUS" to become deceptive or to cause confusion as at the date of the application for rectification, because the mark was used to identify the relevant goods as goods of Nature's Hive, not those of Shin-Sun. The primary judge would have rectified the Register on those grounds.

15 *The result of the second proceeding.* The primary judge dismissed the second proceeding on the ground that Health World was not a "person aggrieved" under s 92(1) of the Act. Had he not done so, the primary judge would have acted on the conclusion that it was Nature's Hive, not Shin-Sun, which had used "HEALTHPLUS" during the relevant three year period described in s 92(4)(b), and would have removed the trade mark from the Register.

16 *The result of the third proceeding.* The primary judge dismissed the third proceeding. He found that Shin-Sun's reliance on s 92(4)(b) was made out because Health World had only used the "INNER HEALTH PLUS" mark on probiotic products. He would have made the orders sought by Shin-Sun, but for his conclusion that it was not a person aggrieved. Shin-Sun has not appealed. The third proceeding thus has no further significance in the case. But it does highlight the curious character of the Full Court's conclusion, where there are two rival traders who have lost no opportunity to attack each other's attempts to register trade marks both before the Registrar and in four sets of court proceedings which have

In October 2006, after these proceedings were commenced, the requirement in s 92(1) that the applicant be "aggrieved" was dropped.

so far been heard by 10 judges, that neither of them is aggrieved, and each is to be regarded as falling within a class of inter-meddlers, lacking any interest to be protected.

17 *The structure of the appeals to the Full Court.* Health World appealed against the primary judge's dismissal of the first two proceedings by contesting his conclusion that it lacked standing. But it did not challenge his conclusion that the marks are not deceptively similar and his consequent rejection of its arguments that the mark should be revoked on the grounds of deceptive similarity.

18 Shin-Sun filed notices of cross-appeal which were treated as notices of contention challenging the primary judge's conclusions in relation to ss 59 and 88(2)(c) in the first proceeding and s 92(4)(b) in the second.

19 *The outcome of the appeals to the Full Court.* The Full Court agreed with the primary judge's conclusions that Health World was not a person aggrieved in either of the first two proceedings. It therefore dismissed the appeals without having to determine the issues raised by the notices of contention. Shin-Sun has protected itself by filing notices of contention in this Court in relation to those issues.

General considerations

20 Before examining the respects in which it is necessary to depart from the Full Court's reasoning, it is desirable to start with some general principles.

21 First, the meaning of a general expression like "aggrieved" will depend on an examination of the language of the particular statute in which it appears. That examination will reveal the subject, scope and purpose of the statute, and the meaning of "aggrieved" may vary as the subject, scope and purpose varies⁸.

22 Secondly, the legislative scheme reveals a concern with the condition of the Register of Trade Marks. It is a concern that it have "integrity"⁹ and that it be

8 *Allan v Transurban City Link Ltd* (2001) 208 CLR 167 at 174 [15]; [2001] HCA 58. Correctly, it was not submitted that the construction of "aggrieved" in the Act is affected by any differences between it and other legislation going back to the *Trade Marks Registration Act 1875* (Imp).

9 *Campomar Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45 at 65 [40] per Gleeson CJ, Gaudron, McHugh, Gummow, Kirby, Hayne and Callinan JJ; [2000] HCA 12.

"pure"¹⁰. It is a "public mischief" if the Register is not pure¹¹, for there is "public interest in [its] purity"¹². The concern and the public interest, viewed from the angle of consumers, is to ensure that the Register is maintained as an accurate record of marks which perform their statutory function – to indicate the trade origins of the goods to which it is intended that they be applied¹³.

23 This concern and this interest are reflected in the following scheme. If an application is made to have a mark registered which does not meet the criteria for registration, there are two opportunities for registration to be prevented. And if a mark has been registered which does not meet the criteria for remaining on the Register, a further opportunity exists to have the Registrar adjust it.

24 The first opportunity arises when an application is lodged. Section 31 of the Act creates a duty on the Registrar to examine and report on whether the application has been made in accordance with the Act, and whether there are grounds under Pt 4 Div 2 for rejecting it¹⁴. The Registrar must accept the application unless satisfied that the application has not been made in accordance with the Act, or there are grounds for rejecting it (s 33).

25 Even if the application is accepted, a second opportunity arises. Section 34 creates a duty on the Registrar to advertise the decision to accept the application in the *Official Journal of Trade Marks*. This enables those who wish to oppose registration to do so pursuant to s 52 of the Act. Section 52 has no standing requirement. If opposition proceedings are not brought, or if they fail, the trade mark is registered (s 68).

26 However, a third opportunity to ensure the purity of the Register arises, for recourse can be had to s 88 or s 92. Those sections require applicants under them to be "aggrieved". It is not the case that any applicant who wants the Register rectified or a mark removed is "aggrieved" merely by reason of that desire: the

10 *Attorney-General for New South Wales v Brewery Employés Union of New South Wales* (1908) 6 CLR 469 at 595 per Higgins J; [1908] HCA 94.

11 *Powell v The Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 at 10 per Lord Herschell LC.

12 *Australian Institute of Marine and Power Engineers v Secretary, Department of Transport* (1986) 13 FCR 124 at 131 per Gummow J.

13 *Campomar Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45 at 65 [42] per Gleeson CJ, Gaudron, McHugh, Gummow, Kirby, Hayne and Callinan JJ.

14 Following amendments in 2006, s 31 now relevantly provides that the Registrar is to examine whether there are grounds under the Act for rejecting an application.

word has a filtering function. But against that legislative background, it is not clear why the word should be construed restrictively rather than liberally.

27 While the Act offers these facilities for ensuring that the Register is pure in the sense that no mark is to be registered unless valid, and no registration of a mark is to continue if it is not valid, the purpose of ensuring purity exists alongside another purpose. That is the purpose of preventing the security of the Register from being eroded by applications for rectification or removal by busybodies or "common informers or strangers proceeding wantonly"¹⁵ or persons without any interest in the Register or the functions it serves beyond gratifying an intellectual concern or reflecting "merely sentimental motives"¹⁶. Applications of that kind, by clogging up and causing delay in the courts, would cause an unnecessary cloud to hang over registrations. The purpose of avoiding this outcome is reflected in the standing requirements in ss 88 and 92. Applications by persons who are not aggrieved are positively inimical to the fulfilment of the statutory purposes through the Register.

28 Despite the importance of preventing applications of that kind, Lord Herschell LC pointed out that the presence on the Register of a mark which should not be on it may affect "many persons ... who nevertheless would not be willing to enter upon the risks and expense of litigation."¹⁷ A wider, rather than a narrower, meaning for "aggrieved" ensures that more people are available to procure the removal of a "public mischief" than those reluctant persons to whom Lord Herschell LC referred.

29 In argument there was some debate about why, while there is a standing requirement for applications to rectify the Register or remove a trade mark from it, s 52(1) creates no standing requirement in relation to opposition proceedings before the grant of a trade mark. Health World submitted that the difference was to be explained by the fact that the only persons likely to bring opposition proceedings are persons assisted by professional advisers whose business it is to keep a close watch on advertisements of acceptance in the *Official Journal of Trade Marks*; that that is the only means by which members of the public are likely to hear that a trade mark application has been accepted; and that persons of that kind are unlikely to be busybodies. The submission may be correct. A further consideration is that, while there is something to be said for permitting anyone in the world to initiate opposition proceedings before registration, at a time when the

15 *Powell v The Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 at 14 per Lord Ashbourne.

16 *In re Apollinaris Company's Trade-marks* [1891] 2 Ch 186 at 225 per Fry LJ. See also *Farley (Aust) Pty Ltd v J R Alexander & Sons (Q) Pty Ltd* (1946) 75 CLR 487 at 491 per Williams J; [1946] HCA 29.

17 *Powell v The Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 at 10.

Registrar may be relatively ignorant and in need of all the assistance that can be obtained, and when no property right in the form of a registered trade mark has yet been granted, those considerations do not apply once it has been granted. Once it has been granted, the proprietor of the mark and others, including licensees and assignees, are likely to have relied on the grant of registration made after solemn processes have been pursued by a Registrar who is probably better informed than at the time of advertisement. The legislation accommodates the interests of traders "in protecting their goodwill through the creation of a statutory species of property protected by the action against infringement, and in turning this property to valuable account by licensing or assignment."¹⁸ The statutory requirement appears to reflect the desirability, once registration of a mark has been granted, of preserving stability in the grant and preventing doubts about its validity from arising unless they are raised by someone who has an interest in doing so. Someone with that interest is likely to sharpen controversy in a fashion which advances the public interest in the purity of the Register.

30 It is for these reasons that the authorities call for the word "aggrieved" in the trade mark legislation to be "liberally construed"¹⁹.

31 The legislation has not defined "aggrieved" in ss 88 and 92, and many courts have eschewed any attempt to do so. Rather they have proceeded to deal with the particular problem before them, leaving it to later courts to deal with different problems in the light of their own peculiar circumstances. It is desirable to employ that technique in this case as well.

The Full Court's reasoning

32 Shin-Sun submitted that its trade mark had been held not to be deceptively similar to Health World's. It said that Health World could not be an aggrieved person where it was not impeded in its ownership and use of its trade mark by the registration of the Shin-Sun trade mark, where the evidence was inconsistent with any intention on its part to use Shin-Sun's trade mark and where there was no potential for "reputational interference". Shin-Sun supported the orders under appeal by defending the reasoning of the Full Court against various attacks which Health World made on it.

18 *Campomar Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45 at 65 [42] per Gleeson CJ, Gaudron, McHugh, Gummow, Kirby, Hayne and Callinan JJ.

19 "*Daiquiri Rum*" Trade Mark [1969] RPC 600 at 620 per Lord Wilberforce. See also *Powell v The Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 at 10 per Lord Herschell LC ("I should be very unwilling unduly to limit the construction to be placed upon these words") and at 14 per Lord Ashbourne ("I do not see any reasons of public policy rendering it at all desirable to unduly narrow the definition of this class of 'persons aggrieved'"); *Australian Institute of Marine and Power Engineers v Secretary, Department of Transport* (1986) 13 FCR 124 at 131.

The key part of the Full Court's reasoning can be summarised as follows²⁰:

- (a) The Full Court of the Federal Court in *Kraft's* case²¹ held that McLelland J in *Ritz Hotel Ltd v Charles of the Ritz Ltd*²² ("the *Ritz Hotel* case") adopted a particular exhaustive test for ascertaining whether an applicant is "aggrieved".
- (b) One aspect of the test in question was that a person claiming to be aggrieved "must demonstrate, to use the language of McLelland J, at least a reasonable possibility of being 'appreciably disadvantaged in a legal or practical sense' by the trade mark remaining on the Register."²³ In using the word "must", the Full Court in *Kraft's* case was attributing to McLelland J, and adopting, an exhaustive test. The Full Court in the present case described the test as the "general test" laid down by McLelland J²⁴.
- (c) Another aspect of the test was said to be:

"A trader who has dealt in the same class of goods as the registered proprietor and shows that he or she could use the mark, establishes a prima facie case that he or she is a person aggrieved for the purposes of a removal application. The inference may be rebutted by evidence from the objector, demonstrating that the applicant would not take advantage of the opportunity to use the mark, but in the absence of such evidence the prima facie inference remains."²⁵

²⁰ *Health World Ltd v Shin-Sun Australia Pty Ltd* (2009) 174 FCR 218 at 225 [23], [24] and [26] and 227 [32]-[34].

²¹ (1996) 65 FCR 104 at 112-113.

²² (1988) 15 NSWLR 158 at 193.

²³ *Kraft Foods Inc v Gaines Pet Foods Corporation* (1996) 65 FCR 104 at 113 per Sackville J (with whom Sheppard and Tamberlin JJ agreed) (emphasis added). The quotation is from *Ritz Hotel Ltd v Charles of the Ritz Ltd* (1988) 15 NSWLR 158 at 193 per McLelland J.

²⁴ *Health World Ltd v Shin-Sun Australia Pty Ltd* (2009) 174 FCR 218 at 225 [23].

²⁵ *Kraft Foods Inc v Gaines Pet Foods Corporation* (1996) 65 FCR 104 at 113. The Full Court in the present case stated that the test had been assented to not only in *Kraft's* case but also in *Campomar Sociedad Limitada v Nike International Ltd* (1998) 85 FCR 331 at 363. That is not so. In that case the Full Court did not say anywhere that McLelland J's test was "general" or exhaustive. In that case the parties claiming to be "aggrieved" tendered evidence which satisfied even a narrow version

- (d) The primary judge had found that the evidence before him was inconsistent with any intention of Health World to use the "HEALTHPLUS" mark other than as part of its existing "INNER HEALTH PLUS" mark. Hence the "prima facie rule" was rebutted, and Health World was not a person aggrieved.

Errors in the Full Court's reasoning

34 The errors in this reasoning lie in steps (a)-(c). Health World correctly submitted that the errors stem from the Full Court's adoption of the erroneous conclusion in *Kraft's* case that McLelland J in the *Ritz Hotel* case was stating an exhaustive test. With respect, the Full Court should not have followed its predecessor in *Kraft's* case, for that case was plainly wrong. McLelland J did not state any exhaustive test.

35 *Powell's case*. The source of the error in *Kraft's* case may have been in the way it quoted from and emphasised certain aspects of the reasoning in *Powell v The Birmingham Vinegar Brewery Co Ltd*²⁶ ("*Powell's case*"). One passage quoted from *Powell's* case in *Kraft's* case²⁷ was Lord Herschell LC's statement:

"I should be very unwilling unduly to limit the construction to be placed upon [the words 'person aggrieved'], because, although they were no doubt inserted to prevent officious interference by those who had no interest at all in the register being correct and to exclude a mere common informer, it is undoubtedly of public interest that they should not be unduly limited, inasmuch as it is a public mischief that there should remain upon the register a mark which ought not to be there, and by which many persons may be affected who nevertheless would not be willing to enter upon the risks and expense of litigation. Wherever it can be shewn, as here, that the applicant is in the same trade as the person who has registered the trade-mark, and wherever the trade-mark if remaining on the register would or might limit the legal rights of the applicant so that by reason of the existence of the entry upon the register he could not lawfully do that which but for the appearance of the mark upon the register he could lawfully do, it appears to me that he has a locus standi to be heard as a 'person aggrieved'."

It is desirable to add the next sentence, which was not quoted in *Kraft's* case:

of that test, and hence no inquiry into the outer reaches of what "aggrieved" meant was called for.

26 [1894] AC 8 at 10.

27 (1996) 65 FCR 104 at 112.

"In the present case I do not think it can be doubted that the rights of any person who was in the trade and who might desire to make use of the words 'Yorkshire Relish' would be less if this mark were upon the register than they would be if he were only subject to the common law liability of being restrained from making any attempt to pass off his goods as the goods of another person."

Another passage quoted in *Kraft's* case, part of which was there emphasised as indicated below, was Lord Watson's statement²⁸:

"In my opinion, any trader is, in the sense of the statute, 'aggrieved' whenever the registration of a particular trade-mark operates in restraint of what would otherwise have been his legal rights. Whatever benefit is gained by registration must entail a corresponding disadvantage upon a trader who might possibly have had occasion to use the mark in the course of his business. *It is implied, of course, that the person aggrieved must manufacture or deal in the same class of goods to which the registered mark applies, and that there shall be a reasonable possibility of his finding occasion to use it.* But the fact that the trader deals in the same class of goods and could use it, is prima facie sufficient evidence of his being aggrieved, which can only be displaced by the person who registered the mark, upon whom the onus lies, shewing that there is no reasonable probability that the objector would have used it, although he were free to do so."

Two other statements may be noted, although they were not quoted in *Kraft's* case. Lord Ashbourne said²⁹:

"In the present case, if free, the respondents might wish to deal in a similar article, and the existence of this mark might hamper and impede them in considering how they would develop and work their business."

And Lord Shand said³⁰:

"It appears to me that where a person is engaged in the same trade as the trader claiming the exclusive right to a registered trade-mark consisting, as here, merely of words describing or designating the article manufactured, and where in the development of his business he may find it advantageous

28 [1894] AC 8 at 12, cited in *Kraft Foods Inc v Gaines Pet Foods Corporation* (1996) 65 FCR 104 at 112.

29 [1894] AC 8 at 14.

30 [1894] AC 8 at 15.

to use the words claimed, he is within the meaning of the statute a 'person aggrieved'."

36 Three points must be made about *Powell's* case.

37 The first point is that none of the express language used suggests that any test stated is exhaustive.

38 The second point is that nothing in the case supported by implication the suggestion that any test stated was exhaustive. In particular, the passage in *Kraft's* case which the Full Court in this case quoted and relied on to support the "prima facie rule" which Health World failed to satisfy is not derivable from any exhaustive test in *Powell's* case³¹. In *Powell's* case in the Court of Appeal Lindley LJ said that though there was no evidence that the respondents "really will or do intend to make *Yorkshire Relish*", it "may well be that if they can get rid of this mark they will sell [it]."³² He and the other members of the Court of Appeal concluded that the respondents were therefore "persons aggrieved". The appellant contended to the House of Lords that to be a person aggrieved "the rival trader must actually at the time have an intention or desire to trade in the article in question; that at any rate there must be a reasonable probability of such an intention or desire at some future time"³³. Lord Watson accepted that submission, and cited two cases for it which counsel had cited³⁴. Despite the Court of Appeal's statement that there was no evidence that the respondents wished or intended to sell *Yorkshire Relish*, both the Court of Appeal and the House of Lords held that the respondents were persons aggrieved. Hence a possibility of use of the mark unsupported by evidence suffices, even where there is no evidence of an actual desire or intention on the applicant's part to use the mark. That is, even an absence of actual desire or intention to use the mark does not exclude the reasonable possibility or probability to which Lord Watson referred. Reliance by the Full Court in the present case on the primary judge's finding that Health World did not intend to use the mark without considering any reasonable possibility or probability unsupported by evidence is inconsistent with the reasoning in *Powell's* case as it applied to the facts.

31 See above at [33](c).

32 *In re Powell's Trade-mark* [1893] 2 Ch 388 at 400.

33 *Powell v The Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 at 9.

34 *In re Rivière's Trade-mark* (1884) 26 Ch D 48 at 54; *In re Apollinaris Company's Trade-marks* [1891] 2 Ch 186 at 224-225.

39 Thirdly, McLelland J's test, which the Full Court in this case took from *Kraft's* case, and which it said Health World failed to satisfy³⁵, is explicitly stated by Lord Herschell LC in *Powell's* case not to be exhaustive. The only support that test might find in Lord Herschell LC's speech is in the last sentence quoted from it above – particularly the words "who might desire to make use"³⁶. But the second-last sentence quoted from Lord Herschell LC's speech makes it clear that the test is not exhaustive, for in that sentence Lord Herschell LC stated a different test – not a test turning on whether the applicant "might desire" to use the trade mark, but a test turning on whether the trade mark "would or might limit the legal rights of the applicant", whatever future course of conduct the applicant actually had in mind or was likely to embark on.

40 In short, as Lord Pearce said in "*Daiquiri Rum*" *Trade Mark*³⁷ of Lord Herschell LC's statement:

"Lord Herschell was not there purporting to do more, I think, than decide that the applicants were within the ambit of the words ['person aggrieved']."

41 *The Ritz Hotel case*. The next question is whether McLelland J in the *Ritz Hotel* case³⁸ stated any exhaustive test. Although in *Kraft's* case there is an explicit statement, quoted above, that he did³⁹, that is not so. McLelland J was considering the meaning of "person aggrieved" in ss 22(1) and 23(1) of the *Trade Marks Act* 1955 (Cth). Section 22(1) broadly corresponded with s 88(1) and s 23(1) with s 92(1). Before enunciating the supposedly exhaustive test, McLelland J said⁴⁰:

"Decisions of high authority appear to me to establish that the expression has no special or technical meaning and is to be liberally construed⁴¹. *It is sufficient for present purposes* to hold that the expression would embrace

35 See above at [33].

36 See above at [35].

37 [1969] RPC 600 at 615.

38 (1988) 15 NSWLR 158 at 193-194.

39 See [33] above.

40 *Ritz Hotel Ltd v Charles of the Ritz Ltd* (1988) 15 NSWLR 158 at 193. The bulk of this passage was quoted in *Kraft's* case, and said to be "helpful": (1996) 65 FCR 104 at 112-113.

41 *Attorney-General for New South Wales v Brewery Employés Union of New South Wales* (1908) 6 CLR 469; *Powell v The Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 and "*Daiquiri Rum*" *Trade Mark* [1969] RPC 600; *Robert Crean & Co Ltd v Dobbs & Co* [1930] SCR 307.

any person having a real interest in having the Register rectified, or the trade mark removed in respect of any goods, as the case may be, in the manner claimed, and thus would *include* any person who would be, or in respect of whom there is a reasonable possibility of his being, appreciably disadvantaged in a legal or practical sense by the Register remaining unrectified, or by the trade mark remaining unremoved in respect of any goods, as the case may be, in the manner claimed." (emphasis added)

The emphasised words indicate that McLelland J, like Lord Herschell LC and the other members of the House of Lords, was deciding not what the legislation necessitated but what was sufficient to determine the precise issue presented for decision; they were not offering a complete account of what the legislation meant. McLelland J was deciding that Ritz Hotel Ltd, which was claiming to be aggrieved by Charles of the Ritz Ltd's trade mark registrations "CHARLES OF THE RITZ" and "RITZ", was an aggrieved person. Thus McLelland J was not laying down a "general" or exhaustive test. Instead he was enunciating a proposition "sufficient for present purposes", namely deciding the particular controversy before him. He was not marking the outer boundary of the words "aggrieved person".

42 It follows that so far as the Full Court in *Kraft's* case held that the test which it found Health World to have failed was an exhaustive test, *Kraft's* case should be overruled.

43 *The "Daiquiri Rum" case.* In *"Daiquiri Rum" Trade Mark*, after the passage quoted above⁴², Lord Pearce said⁴³:

"In my opinion, the words ['person aggrieved'] were intended by the Act to cover all trade rivals over whom an advantage was gained by a trader who was getting the benefit of a registered trade mark to which he was not entitled. At common law a trader could ask the courts to protect him from the improper use of his mark by others who would pass off their goods as his. But to do this he had to establish by cogent evidence from the purchasing public and the trade that the mark had come to denote his goods and his alone. To avoid the paraphernalia of proof and to help traders by enabling them to see more clearly where they stood in respect of particular marks the Trade Marks Acts were passed. It is, and was intended to be, a great advantage to a trader to have his mark registered under the Acts. That advantage to him is to some extent a corresponding disadvantage to his rivals. He was only intended to have it if the necessary qualifications are fulfilled. If they are not, the mark is not to be entered on the register. If it subsequently appears that it is wrongly on the register, it is to be removed. For to permit it to remain would give him, at the expense of his rivals, an advantage to which he is not entitled. Thus, the general intention and policy

42 See [40].

43 [1969] RPC 600 at 615.

of the Act show, I think, that Parliament intended the words to have a wide meaning. If an erroneous entry gives to his rival a statutory trade advantage which he was not intended to have, any trader whose business is, or will probably be, affected thereby is 'aggrieved' and entitled to ask that the error should be corrected."

Lord Pearce stipulates no requirement that the applicant desires or intends to use or "could use"⁴⁴ the mark. Lord Pearce did not say that a relevant question was whether "the applicant would not take advantage of the opportunity to use the mark"⁴⁵, or whether there was "no reasonable probability" of use⁴⁶. For him it sufficed that a wrongly registered mark gave its proprietor an advantage to which the proprietor had no entitlement at the expense of rivals. All that mattered was that they were rivals in relation to the goods to which the mark applied. It did not matter whether or not they intended to use the mark on those goods.

44 "*Daiquiri Rum*" Trade Mark was cited in the court below⁴⁷, and Health World relied on Lord Pearce's test in this Court in the course of written and oral argument. Shin-Sun submitted that Lord Pearce's test was not a necessary step in the conclusion reached by the House of Lords. It submitted that the mark which the applicant desired to expunge was "DAIQUIRI RUM", registered in the face of an established meaning for "Daiquiri" as a Daiquiri cocktail. It submitted that the House of Lords considered that this prior meaning of "Daiquiri" as meaning a Daiquiri cocktail would be likely to hamper or impede the applicant, because whilst it might not wish to call its product Daiquiri Rum in the face of a registration for "DAIQUIRI RUM", it might find that purchasers would buy Daiquiri Rum, rather than its rum, for use in Daiquiri cocktails. Even if that was the House of Lords's reasoning, and even if Lord Pearce's test was not a necessary step in its conclusion, which are questions which need not be decided, the submission does not demonstrate that Lord Pearce's test was incorrect, or inapplicable to the facts of the present appeals. Shin-Sun cited an old case inconsistent with Lord Pearce's test, *In the Matter of the Trade Mark No 70,078 of Wright, Crossley & Co*⁴⁸, but did not otherwise submit that Lord Pearce's test was incorrect, nor why. So far as that case is inconsistent with Lord Pearce's test, it must be regarded as erroneous, for Lord Pearce's test is sound in principle, given the importance of construing "aggrieved" liberally. Shin-Sun submitted that the test required the applicant to establish a reasonable possibility that the trade mark proprietor in maintaining

44 *Kraft Foods Inc v Gaines Pet Foods Corporation* (1996) 65 FCR 104 at 113.

45 *Kraft Foods Inc v Gaines Pet Foods Corporation* (1996) 65 FCR 104 at 113.

46 *Powell v The Birmingham Vinegar Brewery Co Ltd* [1894] AC 8 at 12.

47 *Health World Ltd v Shin-Sun Australia Pty Ltd* (2009) 174 FCR 218 at 227 [32].

48 (1898) 15 RPC 131; aff'd (1898) 15 RPC 377.

registration was having an adverse impact on the applicant. The test does not require that, beyond proof of trade rivalry.

45 With respect, then, Lord Pearce correctly stated one test, among others, for ascertaining whether a person is "aggrieved". It is satisfied here, for Health World and Shin-Sun are rivals in selling the health products in question. They are in the same trade, and they each trade in the class of goods in respect of which the challenged mark is registered.

Other arguments of Health World

46 Health World propounded many other arguments in support of its claim to be "aggrieved". These were devised against the possibility that the reasoning in *Kraft's* case were held correct. It is not necessary to deal with them or Shin-Sun's detailed responses to them: the reasoning in *Kraft's* case is not correct, and the conclusion that Health World is aggrieved can be supported without recourse to those other arguments.

Orders

47 The appeals to this Court succeed. Hence the issues arising on Shin-Sun's notices of contention in this Court, which were not dealt with by the Full Court, will have to be determined. The parties have agreed that they should be referred back to the Full Court. That order should be made in each appeal.

48 Shin-Sun submitted that it should not have to pay the costs of the appeals. The grounds it assigned were that it was a small family company and that Health World suffered no legal or practical disadvantage by the registration of Shin-Sun's mark. These are not sufficient grounds for departing from the usual order, particularly in a case where the issue on which Health World succeeded assists in the possible eradication of a public mischief.

49 The orders set out below do not deal with the costs of proceedings before the primary judge. Those costs should be dealt with by the Full Court of the Federal Court in the light of the further hearing. If Shin-Sun were successful at the further hearing, it would be open to the Full Federal Court to leave the primary judge's costs orders undisturbed. If Health World is successful, it would be open to the Full Federal Court to change the primary judge's costs orders. In either event the circumstances relevant to a discretionary decision about those costs orders are best assessed at that future time.

50 In S199 of 2009, the following orders are made:

1. The appeal be allowed.

2. The orders made by the Full Court of the Federal Court of Australia on 17 February 2009 in Federal Court proceeding NSD 394 of 2008 be set aside.
3. The proceeding be remitted to the Full Court of the Federal Court of Australia for determination of the remaining issues.
4. The respondent to pay the appellant's costs of the appeal.
5. The respondent to pay the appellant's costs of the appeal in Federal Court proceeding NSD 394 of 2008.

51 In S200 of 2009, the following orders are made:

1. The appeal be allowed.
2. The orders made by the Full Court of the Federal Court of Australia on 17 February 2009 in Federal Court proceeding NSD 395 of 2008 be set aside.
3. The proceeding be remitted to the Full Court of the Federal Court of Australia for determination of the remaining issues.
4. The respondent to pay the appellant's costs of the appeal.
5. The respondent to pay the appellant's costs of the appeal in Federal Court proceeding NSD 395 of 2008.

CRENNAN J:

52 The facts and issues in these two appeals from the decision of the Full Court of the Federal Court of Australia (Emmett, Besanko and Perram JJ) are set out in the joint judgment of French CJ, Gummow, Heydon and Bell JJ and need not be repeated here.

53 I agree with their Honours that the requirement that certain applications be filed by "a person aggrieved", as provided for in s 88(1) and s 92(1) (as it then stood)⁴⁹ of the *Trade Marks Act* 1995 (Cth) ("the Act"), has a filtering function⁵⁰.

⁴⁹ Since 23 October 2006 applications to remove a trade mark for non-use can be filed by "a person", and the threshold of "a person aggrieved" need not be met: see *Trade Marks Amendment Act* 2006 (Cth), Sched 1, item 46.

⁵⁰ At [26].

54 I agree with their Honours that the relevant authorities call for the word "aggrieved" to be construed liberally⁵¹.

55 I agree with their Honours that consideration of the relevant authorities shows that no court considering the meaning of "aggrieved" in the context of trade mark law has purported to state an exhaustive test in respect of that issue⁵².

56 I also agree with the orders proposed by their Honours.

57 There is, however, a difference of opinion between their Honours and myself about the test enunciated by Lord Pearce in "*Daiquiri Rum*" Trade Mark⁵³ ("*Daiquiri Rum*"). By reference to that test, their Honours state that what is required to be "a person aggrieved" is that an applicant for removal is a trade rival in relation to the goods to which the mark is applied⁵⁴.

58 Before setting out his test in the *Daiquiri Rum* case, Lord Pearce approved what was said by Lord Herschell LC in the "Yorkshire Relish" case, *Powell v The Birmingham Vinegar Brewery Co Ltd*⁵⁵:

"Wherever it can be shewn, as here, that the applicant is in the same trade as the person who has registered the trade-mark, and wherever the trade-mark if remaining on the register *would or might limit the legal rights of the applicant* so that by reason of the existence of the entry upon the register he could not lawfully do that which but for the appearance of the mark upon the register he could lawfully do, it appears to me that he has a locus standi to be heard as a 'person aggrieved'." (emphasis added)

Lord Pearce then concluded his consideration of the meaning of "aggrieved"⁵⁶:

"If an erroneous entry gives to his rival a statutory trade advantage which he was not intended to have, *any trader whose business is, or will probably be, affected thereby* is 'aggrieved' and entitled to ask that the error should be corrected." (emphasis added)

51 At [30].

52 At [33]-[42].

53 [1969] RPC 600 at 615.

54 At [43]-[45].

55 [1894] AC 8 at 10.

56 [1969] RPC 600 at 615.

It can also be noted that in *Wright, Crossley & Co's Trade Mark*⁵⁷, it was held to be insufficient for "a person aggrieved" to merely be in the same trade as the registered owner.

59 The potential for, or actuality of, a business being "affected" is an important element in what Lord Pearce said, and is relevant to the filtering function of "aggrieved" mentioned above. Simple examples of "a person aggrieved" include a trade rival entitled to use a mark the same as the mark sought to be removed, because it is their trade mark or because it is a descriptive mark which should be open to use by all. In each of those examples the business of the trade rival is affected by the presence on the Register of the trade mark sought to be removed. The first example involves a proprietary right, the second example does not. Confusion between trade marks affects the businesses of those using them.

60 Health World satisfies Lord Pearce's test set out above. Health World, a trade rival of Shin-Sun's, is asserting a right to conduct its business in goods of the same description as Shin-Sun's goods, under its trade mark "INNER HEALTH PLUS", without having that business affected by a concurrent registration of the trade mark "HEALTHPLUS" for goods of the same description, which registration Health World claims is erroneously on the Register. For that reason, Health World is "a person aggrieved" as required by the applicable sections of the Act.

61 In my respectful opinion, it is not essential to the resolution of these appeals to decide that it is sufficient for "a person aggrieved" to prove no more than trade rivalry with the registrant of the trade mark sought to be removed.

57 (1898) 15 RPC 131 at 132-133.