

FEDERAL COURT OF AUSTRALIA

JACOBSON, YATES AND KATZMANN JJ

THE COURT:

- 1 The *Trade Marks Act 1995* (Cth) (“the Act”) allows a person aggrieved by the registration of a trade mark to apply for it to be removed from the Register if, amongst other reasons, its registered owner has not used it for a continuous period of three years ending one month before the application is filed (“the statutory non-use period”). Despite this, the Registrar (and, on appeal or referral of the application, the Court) has a discretion not to remove the mark. This case is concerned with the proper exercise of that discretion.

- 2 The respondent, Lodestar Anstalt (“Lodestar”), a company incorporated in Liechtenstein, is the registered owner of trade mark registration no. 839740 (“the WG mark”). The WG mark consists of the words “WILD GEESE”, apparently derived from the name given to Irish soldiers of fortune but intended to reflect the Irish diaspora. The WG mark was registered on 8 December 2000 in respect of goods in class 32, which includes beers and non-alcoholic drinks, and class 33, which includes alcoholic drinks (except beers). It was not until 2003, however, that Lodestar started to promote a product carrying the mark. That was “The Wild Geese” Irish whiskey (“Wild Geese whiskey”). At that time promotion was confined to markets outside Australia and no sales were made anywhere in Australia until August 2008.

- 3 On 27 June 2005 and 6 September 2005 respectively, the first appellant, Austin, Nichols & Co Inc (“Austin”), and Wild Geese Wines Pty Ltd (“Wild Geese Wines”) applied to the Registrar to have the WG mark removed from the Register for non-use. Austin made bourbon under a number of trade marks including “WILD TURKEY”. It sought removal of the WG mark for all goods for which it was registered. Wild Geese Wines wanted to register two trade marks – “WILD GEESE WINES” and “WILD GEESE”. In June 2007 Wild Geese Wines assigned its registration applications to Austin. After some initial difficulty, the Wild Geese Wines registration applications were successful. Wild Geese Wines sought removal of the WG mark only in respect of class 33 goods. The statutory non-use periods were 28 May 2002 to 27 May 2005 for Austin and 7 August 2002 to 6 August 2005 for Wild Geese Wines, the difference reflecting the different dates of the applications.

4 The Registrar's delegate refused the first removal application, which Austin had filed, holding that Austin lacked standing, but accepted that for the second removal application Austin was an aggrieved person and therefore able to bring the application filed by Wild Geese Wines for goods in class 33. He rejected Lodestar's contention that there were obstacles preventing the use of the WG mark in Australia, holding that the failure to sell Wild Geese whiskey in this country during the statutory non-use periods was entirely attributable to Lodestar's marketing strategy. He also found that the WG mark and the Wild Turkey trade mark were not deceptively similar. During the course of the hearing before the Registrar, Lodestar consented to the removal of the WG mark in respect of "wine, fortified wine and wine-based spirits, namely brandy, grappa and cognac" and the Registrar ordered the partial removal of the WG mark reflecting that agreement.

5 Austin appealed the delegate's decision to a single judge of this Court pursuant to s 104 of the Act.

6 Before the delegate handed down his decision, Austin and its parent company, together with another of that company's subsidiaries, entered into an agreement under which certain assets including 17 trade marks and the Wild Turkey business were sold to the second appellant, Rare Breed Distilling LLC ("Rare Breed"), a US company. The details of this transaction can be found in the judgment ordering the appellants to provide security for costs: *Austin, Nichols & Co Inc v Lodestar Anstalt* [2009] FCA 1228. After the appeal was filed, Rare Breed was added as an appellant and became, in effect, the moving party.

7 Before the primary judge Lodestar did not dispute that it had not used the WG mark during the statutory non-use periods. It contested the applications on three bases. First, it maintained that the appellants lacked standing. But the primary judge held that the High Court decision in *Health World Ltd v Shin-Sun Australia Pty Ltd* (2010) 240 CLR 590 had disposed of the standing issue. There is no appeal from that decision. Secondly, it claimed there were obstacles preventing the use of the WG mark in the statutory non-use periods (see s 100(3)(c) of the Act). The alleged obstacles included prolific world-wide trade mark litigation and difficulties arranging for the production of the whiskey, its promotion and sale. The primary judge rejected this claim. There is no appeal from this decision either. Thirdly, Lodestar asked the Court to exercise its discretion pursuant to s 101(3) of the Act not to remove the WG mark, relying on evidence of international and local use apparently designed to show that it always intended to

use the WG mark in Australia and in recent years (albeit only after the non-use applications had been filed) it had in fact done so. The primary judge acceded to Lodestar's request and exercised his discretion to decline to remove the WG mark. The appellants now challenge the exercise of that discretion.

8 Two questions therefore arise on this appeal. The first is whether the discretion miscarried. The second is how, in that event, the discretion should be exercised.

The relevant findings of the primary judge

9 His Honour noted that Lodestar had not used the WG mark until three years after the statutory non-use periods and not at all before the beginning of the first period. He stated (at [153]) that those factors weighed heavily against the exercise of the discretion in Lodestar's favour. Nevertheless, he observed (at [156]) that during and after the completion of the statutory non-use periods there had been "substantial" use of the WG mark in other jurisdictions. He noted that Wild Geese whiskey had been distributed in 34 countries and exhibited in trade fairs in Europe in 2009 and in various parts of the world (though not Australia) since then. He said (at [158]) that Protégé International Limited ("Protégé"), Lodestar's exclusive marketing consultant, was actively marketing Wild Geese whiskey through newspapers in many countries, that the product was "referenced" in a Penguin publication available in Australia, and that since 2003 Lodestar had received 11 industry awards in other countries. He remarked (at [159]) that this evidence was entitled to "limited weight" "unless such profile is of such a magnitude as to raise the possibility of confusion in Australia should the [WG mark] be removed".

10 His Honour then said (at [160]) that he was satisfied that Wild Geese whiskey had attained a limited profile in Australia and referred to evidence of sales of the product "in the order of 120 cases since late 2008 to mid-2010". He said that such exposure, though small, "could amount to a degree of brand recognition on the part of the public that might lead to confusion should the [WG mark] be removed", referred to the evidence of promotional material and noted the appointment in 2009 of a sales consultant for Protégé in Australia, New Zealand and Fiji.

11 He also noted the following additional matters:

- Lodestar’s obvious interest in maintaining the WG mark on the Register and the legal and financial consequences to it for the development of the brand were it to be removed (at [161]);
- that the period of non-use was “not substantial” and a period of about five years had passed since the statutory non-use periods expired, during which Lodestar had made use of the WG mark internationally and also in Australia (at [162]);
- although the obstacles Lodestar relied upon were insufficient for the purposes of s 100(3)(c), its “submissions” about them carry limited weight in determining the exercise of the discretion (at [163]);
- Lodestar acquired the WG mark with an intent to use it and did not abandon that intention (at [164]);
- the distinction between whiskey and wine is such that no confusion will arise if the WG mark remains on the Register together with the Wild Geese wines trade mark and so the maintenance of the status quo would not cause confusion (at [165]-[166]).

12 His Honour went on to find (at [167]) that:

... the extent of Lodestar’s use of the [WG mark] **both in Australia and internationally** requires that the mark be maintained on the Register. Although Lodestar’s use of the [WG mark] in Australia has been limited, the Court is satisfied that because the [WG mark] now possesses some degree of reputation and profile, its removal may cause a degree of confusion to the public.

[Emphasis added.]

13 He then said (at [168]) that the continued presence of the WG mark on the Register would not be detrimental to the purity of the Register having regard to present use of the WG mark in the promotion and sale of Wild Geese whiskey in Australia and the absence of any evidence of any other trader currently producing substantially identical products. He said that neither the public nor the private interest would be “unduly compromised” if the WG mark remained on the Register.

14 He noted (at [169]) that no evidence had been produced concerning any prospect of confusion were the WG mark to remain on the Register, nor of any public mischief in maintaining it. He said that the lack of such evidence was not determinative but any evidence to the contrary would have been relevant to the Court’s deliberations.

15 Finally, his Honour said that it was difficult in the absence of evidence to “quantify” the interests of unknown traders who might have been affected by the registration and prolonged non-use of the WG mark. He indicated he had had regard to their interests and noted that they primarily accounted for the requirement that the Court exercise its discretion to decline to remove a trade mark only in cases where there are good reasons for doing so.

The appeal

16 To succeed the appellants must show that the primary judge committed an error of the kind described in *House v The King* (1936) 55 CLR 499 at 504-5. That is to say they must show that the primary judge acted on a wrong principle, allowed extraneous or irrelevant matters to guide or affect him, mistook the facts, did not take into account a material consideration or that, upon the facts, the judgment is unreasonable or plainly unjust so that a substantial wrong must have occurred.

17 Although there were seven grounds of appeal, and although no attempt was made to resile from any of them in written submissions, the appellants’ case came down to four points:

- (a) His Honour applied the wrong test.
- (b) In considering the private interests of the trade mark owner and attributing significance to the owner’s intention to use the mark in the future, his Honour took into account irrelevant considerations.
- (c) His Honour failed to have any or any sufficient regard to the position at the time the application was made.
- (d) His Honour should not have found that the owner had proved that it had acquired the necessary reputation to give rise to confusion if the mark were removed from the Register and in so doing he mistook the facts.

18 For the reasons that follow we are of the opinion that his Honour identified the correct test but that in the application of the test he made a finding of fact unsupported by the evidence. To use the terminology in *House v The King*, his Honour mistook a fact upon which he relied in reaching his conclusion. That fact was critical to the way in which he exercised the discretion. In the result, the discretion miscarried.

The legislative scheme

- 19 Before providing our reasons it is convenient to outline the legislative scheme.
- 20 The Act, which replaced the *Trade Marks Act 1955* (Cth) (“the 1955 Act”), establishes a scheme for the registration of trade marks by class. A Register is to be kept, maintained by the Registrar, which includes particulars of registered trade marks (s 207). A trade mark is relevantly defined in s 17 as “a sign used, or intended to be used, to distinguish goods ... dealt with or provided in the course of trade by a person from goods ... so dealt with or provided by any other person”. A sign is defined so as to include words alone (s 6). Registration depends on ownership and use or intended use (s 27(1)). Where the trade mark consists of words any aural representation is a use of the mark for the purposes of the Act (s 7(2)). There are several bases upon which registration may be rejected. They include substantial identity or deceptive similarity with another registered trade mark (s 44). A trade mark is taken to be deceptively similar to another if it so nearly resembles the other that it is likely to deceive or cause confusion (s 10).
- 21 The subject of removal of trade marks from the Register for non-use is dealt with in Part 9. Subject to a qualification that is not presently relevant, a person aggrieved by the fact that a trade mark is registered may apply to the Registrar for the trade mark to be removed from the Register for non-use (s 92(1)).
- 22 The grounds upon which a non-use application may be made are set out in s 92(4). Austin relied on s 92(4)(b). The Wild Geese Wines application was originally wider (it relied on s 92(4)(a) as well) but by the time the matter came before the Registrar, the s 92(4)(a) case had been abandoned. The only relevant ground, therefore, was the ground for which subs (4)(b) provides, namely:
- ... 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 the relation to the goods and/or services to which the application relates.

23 This ground is only available where a period of five years has passed from the date of the application to register the trade mark (s 93(2)).

24 The Registrar must give notice of the application for removal for non-use (s 95). Anyone may oppose it by filing a notice of opposition in the approved form (s 96). If there is no opposition the trade mark must be removed (s 97). If, as here, the application is opposed, then s 101(1) provides that, subject to subs (3) and s 102, which is not relevant, the Registrar has the power to remove the trade mark in respect of any or all of the goods to which the application relates, provided he or she is satisfied that the grounds on which the application was made have been established. Subsection (3) states:

If satisfied that it is reasonable to do so, the Registrar or the court may decide that the trade mark should not be removed from the Register even if the grounds on which the application was made have been established.

25 Without limiting the matters the Registrar may consider in the exercise of his discretion, subs (4) permits the Registrar to take into account whether the trade mark has been used by its registered owner in respect of similar goods or closely related services or similar services or closely related goods to those to which the application relates.

Was the wrong test applied?

26 The appellants argued that the primary judge made two errors in this regard.

27 First, they submitted, at the outset of his consideration of s 101(3) his Honour wrongly defined the issue he had to resolve as whether there was *any* justification for the exercise of the discretion. Rather, they submitted, the correct test was whether there was *sufficient* justification.

28 In fact, however, neither position is correct. The requirement that “sufficient reason” be shown for leaving the trade mark on the Register stems from earlier authorities which were considering the position under the 1955 Act where there was no equivalent of s 101(3): *Re Carl Zeiss Pty Limited’s Application* (“*Carl Zeiss*”) (1969) 122 CLR 1, *Ritz Hotel Ltd v Charles of the Ritz Ltd* (1988) 15 NSWLR 158. To ask whether sufficient reason has been shown is apt to mislead. The question to be asked is whether it was reasonable not to remove the trade mark from the Register, although the trade mark had not been used during the statutory period. As the High

Court said in a different context, “no paraphrase of the expression can be adopted as a sufficient explanation of its operation, let alone definition of its content”: *Spencer v The Commonwealth of Australia* (2010) 241 CLR 118 at [58]. In the present context Lander J emphasised the danger of adopting statements of principle made about the exercise of a discretion in a section of an Act which is not in the same form as the section under consideration: *Kowa Company Ltd v NV Organon* (2005) 66 IPR 131 (“*Kowa*”) at [97]. On a fair reading of his Honour’s reasons, we are satisfied that he was well aware of the statutory test. Despite his opening remark, his Honour later (at [154]) correctly noted that the discretion is to be exercised “when it is reasonable to do so”.

29 Secondly, the appellants submitted that his Honour asked himself the wrong question when he posed for his consideration the question whether anyone had been deceived or was likely to be deceived if the trade mark remained on the Register (cf. *Paragon Shoes Pty Ltd v Paragini Distributors Pty Ltd* (1988) 13 IPR 323 at 345). According to the submission he should have asked whether anyone was likely to be deceived if the trade mark were removed (cf. *Carl Zeiss* at 11).

30 The appellants submitted that if his Honour had properly directed himself he would have asked himself whether the public would be harmed by the removal of the trade mark and if the answer was no, then the trade mark should be removed. In our view, that approach is beguilingly simple and fails to give full weight to the words of s 101(3).

31 There can be no doubt that his Honour addressed the question whether the removal of the WG mark would lead to deception or confusion. This was plainly a relevant consideration to be taken into account. Indeed, as [167] of the reasons show, this consideration was fundamental to his Honour’s conclusion that the mark be retained on the Register.

32 His Honour also considered (at [166]) that evidence showing a lack of deception or confusion should the WG mark remain on the Register would be relevant to the exercise of the discretion, but that any finding to that effect would not stand as a sufficient reason to justify the Court exercising the discretion in favour of retention. Contrary to the appellant’s submission, that reasoning does not reveal error. In any event, his Honour later noted (at [169]) that no evidence had been produced concerning the prospect of confusion should the WG mark remain on the Register.

Were irrelevant considerations taken into account?

33 The appellants submitted that the primary judge wrongly took into account the interests of the owner of the trade mark. They contended that his Honour misunderstood the remarks of Flick J in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2008) 77 IPR 69 (“*Gallo*”) at [210] or, if not, that Flick J was wrong. Flick J observed in *Gallo* that the public interest was the guiding principle behind the discretion, particularly the public interest in the integrity of the Register, but then stated that the private commercial interests of the parties were matters that “may be taken into account” in the exercise of the discretion. His Honour emphasised that the interests of both consumers and traders had to be recognised.

34 The submission must be rejected.

35 As the primary judge pointed out, the discretion under s 101(3) is a broad one. Whilst it might also be true to describe it as “unlimited”, as his Honour also did (citing *Pioneer Computers Australia Pty Ltd v Pioneer KK* (2009) 176 FCR 300 (“*Pioneer*”) at [167], [172] and [173]), in the sense that there are no express limits on it, more correctly it is a discretion limited only by the subject-matter, scope and purpose of the legislation and, in particular, by the subject-matter, scope and purpose of Part 9 of the Act. See, for example, *The Queen v Australian Broadcasting Tribunal; Ex parte 2HD Proprietary Limited* (1979) 144 CLR 45 at 49-50, *Minister for Aboriginal Affairs v Peko-Wallsend Limited* (1986) 162 CLR 24 at 39-40. Only if the subject-matter, scope and purpose of the legislation impliedly exclude the interests of the owner of the trade mark could it be said that those interests are irrelevant to the exercise of the discretion. In our view it does not.

36 There is nothing in the subject-matter of the legislation that assists the appellants. Nor is there in its scope and purpose. The High Court considered the scope and purpose of the 1955 Act in *Campomar Sociedad, Limitada v Nike International Limited* (2000) 202 CLR 45 (“*Nike*”), observing that it struck a balance between various disparate interests. At [42] the Court observed:

... [T]he Australian legislation has manifested from time to time a varying accommodation of commercial and the consuming public’s interests. There is the interest of consumers in recognising a trade mark as a badge or origin of goods or services and in avoiding deception or confusion as to that origin. There is the interest of traders, both in protecting their goodwill through the creating of a statutory species of property protected by the action against infringement, and in turning this property to valuable account by licensing or assignment ...

37 *Nike* was concerned with the operation of s 28 of the 1955 Act, which provided that certain trade marks could not be registered. This case is concerned with a different area of discourse. But this passage should not be read down. And, although the 1995 Act makes some significant changes, not least to remove a prohibition on registration for which s 28 provided, these principles equally underpin the 1995 scheme.

38 The purpose of Part 9 is to provide for the removal of unused trade marks from the Register. In that regard it is plainly designed to protect the integrity of the Register, and in this way, the interests of the consumer. At the same time, however, it seeks to accommodate, where reasonable, the interests of the registered trade mark owners. Otherwise, there would be no need for the discretion. There is no doubt that his Honour took Lodestar's interests into account but he was not wrong to do so. They were not irrelevant.

39 The appellants also argued that the primary judge elevated the private interests of the registered owner of the trade mark into "any justification for the Court exercising its discretion" in Lodestar's favour and then treated that private interest as sufficient to refuse to remove the WG mark from the Register. This is an inappropriate characterisation of his Honour's reasons. In any case, the weight his Honour attached to the interests of the trade mark owner was a matter for him and not of itself amenable to attack on appeal.

The supposed failure to have any or any sufficient regard to the position at the time the application was made

40 The appellants further submitted that his Honour erred in relying on Lodestar's use of the trade mark after the expiry of the statutory non-use periods. They argued that such an approach would be contrary to the intention of the section as it would permit any owner of a trade mark to leave the trade mark unused on the Register for as long as it chose, and then, after being served with a removal application, to start using it in order to defeat the application. They pointed in particular to the inclusion of the one month grace period in s 92(4)(b), which, they submitted, allows a party intending to apply for removal for non-use to notify the registered owner and seek to negotiate voluntary removal or restriction of the trade mark. The one month period, they submitted, permits those negotiations to take place "without the applicant being vulnerable to use being recommenced in that time". According to the argument, if his Honour's approach in this case were correct, and the adoption of minimal use after the statutory non-use

period had expired could justify an exercise of the discretion, that mechanism would be redundant and there would be an incentive to defend (and extend) proceedings despite the absence of any use in the relevant period, in the expectation that use while the case is pending may attract an exercise of the discretion.

41 The argument has some attraction. Nevertheless, s 101(3) is expressed in the present tense. The question is whether at the time the Court is called upon to make its decision, it is reasonable not to remove the trade mark. Indeed, the appellants did not take issue with the proposition that the position must be assessed at the time the discretion is to be exercised. Although the situation at the time the application was made was relevant, we do not think that his Honour failed to have regard to it. Once again, however, the weight he might attach to that circumstance is not a matter which is of itself susceptible to challenge in an appeal against the exercise of the discretion. As for use after the application for removal has been made, there is nothing in the subject-matter, scope and purpose of the Act that would require it to be disregarded. We are satisfied that, provided the use of the trade mark after the statutory non-use period is in good faith and not colourable, the Court is not precluded from considering it. Here, the evidence does not indicate, and the appellants did not suggest, that the use was otherwise.

42 Finally, the appellants attacked the primary judge's reference (at [164]) to Lodestar's intention. His Honour rejected the appellants' contention that evidence of Lodestar's intention not to abandon the WG mark was irrelevant. He said:

... The evidence establishes that Lodestar acquired the [WG mark] with an intent to use it, namely to brand their Wild Geese Whiskey product. Having acquired the registration of the [WG mark] Lodestar could have abandoned the mark by exhibiting an intention not to use it as planned. Despite delays in its use, Lodestar plainly did not abandon its intent to use the [WG mark] to market Wild Geese Whiskey. The Court considers that the fact of non-abandonment is relevant in the Court's exercise of its discretion.

43 The appellants submitted that if Lodestar's intentions were relevant, then there is no point to the distinction between paragraphs (a) and (b) of s 92(4). Section 92(4)(a) provides for the making of applications for removal based on the absence of an intention to use the trade mark on the day the applications for removal are filed. On the other hand, s 92(4)(b) makes no mention of the registered owner's intentions. Section 92, however, is concerned with the grounds upon which an application for removal for non-use may be made. The circumstances

that are relevant to the exercise of the discretion are necessarily different. The intentions of the owner may be irrelevant to whether non-use during the statutory non-use period can be proved. But that does not make them irrelevant to whether the trade mark should remain on the Register, despite that ground being made out. The appellants concede that if the owner had no intention to use the trade mark, that would be relevant. If it did have an intention and had not abandoned it, we do not see why those circumstances would be irrelevant cf. *Re Hermes Trade Mark* [1982] RPC 425 at 433. That is not to say that the Court would be bound to have regard to it (upon which we express no view), merely that there is no error in doing so. As Lodestar put it, its intention and later use reflects the fact that the mark would not simply clutter the Register and have no practical use. That is plainly not irrelevant.

Did the primary judge mistake the facts?

44 For the discretion to operate in favour of the registered owner, the Court must be positively satisfied that it is reasonable that the trade mark should not be removed. On this question Lodestar bears the onus of proof: *Optical 88 Ltd v Optical 88 Pty Ltd (No 2)* (2010) 275 ALR 526 (“*Optical 88*”) at [273]. This is a legal, and not merely an evidential, onus. The foundation for the conclusion of the primary judge that the WG mark should stay on the Register was his finding that the WG mark had acquired a reputation and profile overseas and in Australia such that confusion might result if it were to be removed. There are two problems with this finding. First, there was an insufficient basis in the evidence for the finding concerning reputation in Australia. Lodestar had not proved that the international profile was known to the Australian consumer. Secondly, neither the source of the postulated confusion nor the reason for it was identified. Consequently, the discretion miscarried.

45 “Reputation” in this context means the recognition of the mark by the public generally: *McCormick & Co Inc v McCormick* (2000) 51 IPR 102 (“*McCormick*”) at [81]. Although reputation is commonly inferred from such evidence as a high volume of sales and substantial advertising and promotional expenditure (see *McCormick* at [86]), here there was neither direct evidence of consumer appreciation of the WG mark nor sufficient evidence from which reputation could be inferred. Although the evidence was sufficient to show that Wild Geese whiskey had acquired an international profile, the evidence of any penetration of the brand into the Australian market was weak and certainly not enough to show that confusion could arise if the WG mark were removed from the Register.

46 At first, his Honour expressed his conclusion about reputation in very tentative terms. That is understandable in the light of the evidence. Yet, by [167] his Honour had moved from an observation that there was a possibility of brand recognition to a finding that the WG mark had in fact acquired a reputation and one that might cause confusion if it were removed from the Register. He did not, however, explain how he got there and the evidence did not support it.

47 Evidence of the sales and promotion of Wild Geese products was given by Andre Levy, the Chief Executive Officer of Protégé. He testified that in 2003 Protégé displayed the brand at the London Wine and Spirit Fair, an international exhibition venue, and at exhibitions in 2004 and 2005 of the Tax Free World Association (“TFWA”). He said that before these last two exhibitions Protégé sent brochures to delegates due to attend the exhibitions which referred to the Wild Geese brand, and he identified three Australians to whom those brochures were sent. There is no evidence that any of these individuals read the brochures or, if they did, whether they noticed the WG mark. Mr Levy said their attention was drawn to the Protégé website, which, he said, provided more information and “visuals” of the Wild Geese brand. But there is no evidence that any of them ever looked at it.

48 Mr Levy gave evidence that Wild Geese whiskey was exhibited at trade fairs in various countries in 2009 and 2010 and that at all these shows “various people in the spirits trade in Australia were presented to”. Although this evidence was received without objection, it is difficult to know what to make of it. What is meant by “presented to”? How many Australians attended? In the circumstances, the evidence has little weight.

49 Mr Levy said that Protégé continues to promote Wild Geese whiskey by circulating a newspaper entitled “The New York Story”. The Wild Geese brand is featured on several of its pages. Evidence was tendered to show that the newspaper was distributed to three Australian businesses – Alpha Flight Services, Sydney Airport Corporation Ltd and The Nuance Group (Australia) Pty Ltd. But there was no evidence that anyone read it or that the newspaper was made available at any outlet of these businesses or any other business.

50 Unless Lodestar showed that the international publicity and the overseas sales gave rise to a reputation in Australia, that international profile could not cause confusion here. His Honour recognised this when he observed (at [159]) that evidence of the international profile of Wild Geese whiskey was of limited weight unless it was of such a magnitude as to raise the

possibility of confusion in Australia should the WG mark be removed. His Honour relied on the international profile, concluding (in [167]) that the WG mark should remain on the Register. But his Honour made no finding about what that profile was or, importantly, how it had reached Australia. His Honour found that the product had attained “**some** degree of reputation and profile” in this country which “**may** cause a degree of confusion to the public” (our emphasis). That finding was apparently based on the evidence of the sale here of “120 cases” between late 2008 and mid-2010, the promotional material and the appointment in 2009 of Mr Gray as sales consultant.

51 The evidence about these matters was unimpressive.

52 The first evidence of any sales in Australia of Wild Geese branded products is in August 2008. Then, 65 cases were sold to a Melbourne wholesaler, Alepat Taylor. No further evidence was adduced of sales of the products until late October 2009 when Alepat Taylor bought an additional 50 cases of Wild Geese whiskey, one carton containing six plastic display shelves, 100 Wild Geese brochures and 800 Wild Geese tasting cards. Of the 115 cases (1380 bottles) sold to Alepat Taylor, the evidence disclosed sales to retailers of only 71 bottles or 5% (of four different types of Wild Geese whiskey) (49.7 litres), to a total of eight retailers. Of the eight, two retailers purchased only two bottles each. The largest single sale was of 24 bottles of single malt whiskey. The evidence does not reveal what happened to the display shelves, the brochures and the tasting notes. Moreover, there was no evidence about whether any of the retailers had sold any of the bottles it had acquired.

53 On any view, the evidence showed that the Australian market is very small and barely developed.

54 Mr Levy said that Protégé did no extensive promotional work in Australia because the quantities of product sold were too small. He did say that the company had invested “some funds” in the marketing and promotion of the brand, but did not say how much, and, although he produced some of the marketing and promotional material, he did not say whether any of that material had been distributed or, if it had been, what the extent of its distribution was.

55 Mr Levy did say that the brand had received press coverage in a number of publications and on internet sites “covering Australia” and elsewhere. But of the publications he annexed to his

affidavit, none were Australian, and there was no evidence about the number of hits on the websites or other information that would otherwise indicate the level of interest, if any, in the internet sites.

56 Mr Levy also referred to the publication of a book entitled “World Whiskey”, published in 2009 by the Penguin Group, which, he said, was “available in general distribution in Australia”. What this actually means is not readily apparent. In any event, as the appellants pointed out, there was no evidence of the number of copies sold or of its entering into the public consciousness.

57 A solicitor employed by the firm acting for Lodestar in the proceeding gave evidence that on 19 July 2009 in the course of preparing for the case she bought a book entitled “Whisky Eyewitness Companions” (published in London in 2008) from an Angus and Robertson bookstore in Queensland which discusses Wild Geese whiskey on page 177. No evidence was called to show the number of copies sold or the extent of the distribution of the book in Australia. His Honour did not refer to it and, in the circumstances, her purchase does not advance Lodestar’s case on reputation.

58 The final matter his Honour mentioned was Mr Gray’s appointment. The mere fact of Mr Gray’s appointment cannot give the brand a profile or, more relevantly, create a reputation for it. Mr Gray did give some evidence on the question and perhaps his Honour’s remark about the appointment was intended to capture this evidence, although he did not refer to it.

59 Mr Gray, the sales consultant Protégé appointed in part to promote Wild Geese whiskey, said he attended the 2004 and 2005 TFWA exhibitions but did not say anything about the promotion or display of Wild Geese whiskey there. He also said that he went to a trade show in Dubai in 2005 and a wine and spirits fair in London in 2007 and at each show he visited the display stands at which Wild Geese whiskey products were displayed and promoted. But this evidence is arguably at odds with Mr Levy’s. Mr Levy did not say that Wild Geese exhibited at either of these events.

60 Mr Gray was not appointed until 25 November 2009, did not start work until 1 January 2010, and did not speak to any industry contacts about the Wild Geese products until 23 February 2010, only six months before the hearing before the primary judge. His work for Protégé

amounted to barely “a business week a month” and that work was not exclusively devoted to the promotion of Wild Geese whiskey, nor, presumably, was it confined to promotion of the product in Australia, as his work extended to New Zealand and Fiji.

61 Mr Gray said he bought a copy of the “Winestate Magazine” from his local newsagent in Victoria and the magazine contained a supplement on whiskeys of the world that featured a report on Wild Geese whiskey. The purchase was made only a month before the hearing before the primary judge. Mr Gray did say that the magazine was distributed nationally to major independent liquor and other retailers as well as selected restaurants and that it could be bought at newsagents. But the source of his knowledge was not disclosed and there was no evidence concerning the sales of the edition containing the whiskey supplement. Mr Gray also gave evidence that Wild Geese whiskey products are mentioned in a book entitled “Whiskies of the World”, which, he said, is available for sale in Australia. But the evidence was silent about the extent of its distribution or the number of sales and again, the source of his knowledge was not disclosed. He said his copy was given to him by Protégé. Where Protégé acquired it was not explored.

62 The most significant part of Mr Gray’s evidence related to his work managing Alepat Taylor, whom he described as the current Australian distributor for Wild Geese whiskey products, and sourcing other distributors both here and in New Zealand and Fiji. This was arguably the high point of Lodestar’s case on reputation. Mr Gray said that Alepat Taylor distributes Protégé’s products including Wild Geese whiskey “primarily in Victoria but also in other Australian states upon demand” and that included direct supplies to liquor retailers. No evidence was given about the extent of the demand and the only evidence that was called about sales revealed sales to only eight retail outlets. Mr Gray said he was trying to source a larger distributor to gain “more extensive exposure” and “therefore increase market knowledge and sales” of Wild Geese whiskey products but the evidence showed that he had had no success. In his affidavit he explained:

[23] The work I have so far done through my company to obtain a distributor for Wild Geese Irish Whiskey products has involved my contacting representatives of numerous liquor distribution companies that manage alcoholic beverage portfolios with a view to negotiating a distributorship agreement with their companies on behalf of Protégé (subject of course to Protégé’s final approval and consent to any distributorship agreement).

[24] During my contact with those industry representatives I have been told by a number of them that they were already aware of The Wild Geese Irish Whiskey

products.

63 In cross-examination Mr Gray clarified that the number of people he had met who were previously aware of Wild Geese whiskey was four. In his affidavit he also said:

[26] I have received expressions of interest from the representatives of parties regarding the possibility of entering into a distributor agreement for The Wild Geese Irish Whiskey. I have been informed by the interested parties that they have heard of the Wild Geese Irish Whiskey products through either or both their international and Australian connections and business and which has included contact with the current Australian distributor of The Wild Geese Irish Whiskey products.

64 Mr Gray did not name the representatives or when (or how) the expressions of interest were received, but in a confidential exhibit listed six businesses “in discussions to be Australian Distributor”.

65 The overwhelming inference is that Alepat Taylor remains the sole Australian distributor.

66 Although the evidence justifies the conclusion that there was some brand recognition in this country, it is limited to a select few individuals. Even if that evidence were sufficient to establish reputation, reputation is one thing, the prospect of confusion another. His Honour did not explain why that circumstance means that if the WG mark were removed public confusion might follow. His Honour noted (at [169]) that there was no evidence concerning the prospect of confusion should the WG mark remain on the Register but the onus was on Lodestar to show that confusion might arise if it were removed, an onus it did not discharge. Indeed, to the extent that there was any evidence on the subject it was to the opposite effect. Mr Levy said that, apart from Austin’s parent company, who produced no evidence of confusion, nowhere in the world has anyone complained about confusion in the marketplace. In the absence of evidence of deceptive similarity between the WG mark and other non-registered marks, it is difficult to see how there could be any room for confusion if the WG mark were removed from the Register.

How should the discretion be exercised?

67 As the appellants have established that the discretion miscarried, the next question is how it should be exercised. Lodestar did not specifically address this question so we are left with the arguments put in the Court below.

68 Before the primary judge Lodestar submitted:

- It had not abandoned the mark. Wild Geese whiskey is currently sold in over 34 countries including Australia where sales have taken place since 2008. There has been extensive promotion and sale of the product before, during and after the statutory non-use periods.
- There were difficulties in the past producing, promoting and selling the product.
- During the relevant non-use periods Simon Ogilvie was appointed to make sales.
- There is no evidence that the public has been or would be deceived if the WG mark were to remain on the Register. Austin's "WILD TURKEY" mark is not deceptively similar to the WG mark and no confusion has resulted from the concurrent presence on the Register of the WG mark and the Wild Geese Wines marks.

69 Although the discretion is broad and exceptional circumstances need not be shown before it may be invoked in Lodestar's favour (*Kowa* at [96]-[98], *Pioneer Computers* at [168]; *Gallo* at [198] and *Optical 88* at [273]), we are not satisfied that it is reasonable to do so.

70 Whilst there is evidence of some use, it is confined to a two year period, from 2008 to 2010. Notwithstanding the recent use of the WG mark, there were few sales and, on Lodestar's own evidence, too few to justify expenditure on any extensive promotion. Lodestar did not use the WG mark for nearly eight years after it had been registered and then not until three years after the non-use applications had been filed. And there is no evidence to suggest that Lodestar used it on similar or closely related goods or that Lodestar authorised anyone else to use it at any time in that period. Whatever reputation the WG mark acquired, it is slight, not long established, and unlikely to have had any significant impact.

71 The primary judge found that Lodestar's involvement in trade mark litigation in other countries had no causal connection with its failure to use the WG mark in Australia, that the delays in producing the product had been overcome by 2003 and that Lodestar had made a strategic decision to first establish European markets. These findings are not challenged in the appeal, so the alleged obstacles can have no bearing on the exercise of the discretion.

72 Mr Levy said that some time in or after late 2003 Protégé retained the services of Mr Ogilvie to sell the Wild Geese brand in Australia but he also said that Mr Ogilve sold nothing in six months and that after six months Protégé lost contact with him.

73 The onus was on Lodestar to show that confusion would or, at least, could result from removal of the WG mark from the Register. In the absence of such evidence, there is no good reason why the WG mark should remain on the Register.

74 The appeal should therefore be allowed with costs and the WG mark should be removed from the Register.