

1976, 9

IN THE PRIVY COUNCIL

No. 31 of 1975

O N A P P E A L
FROM THE COURT OF APPEAL OF NEW ZEALAND

BETWEEN:

HANNAFORD & BURTON LIMITED

Appellant

- and -

POLAROID CORPORATION

Respondent

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CASE FOR THE APPELLANT
HANNAFORD & BURTON LIMITED

RECORD

1. This is an appeal from the judgment of the Court of Appeal of New Zealand given on 29 November 1974 in proceedings for rectification of the register of Trade Marks. The respondent, as owner of the trade mark POLAROID, had applied to the Supreme Court for an order to rectify the register by removing the appellant's trade mark SOLAVOID. In a judgment delivered on 14th August 1973 the Supreme Court refused the application. The respondent appealed to the Court of Appeal. The Court of Appeal allowed the appeal and ordered that the register be rectified by expunging the appellant's mark. The present appeal is from that judgment.

2. The appellant, Hannaford & Burton Limited, is a New Zealand company having its registered office in Auckland. It has carried on business since its incorporation on 31st March 1938 as manufacturers' agents, importers and optical manufacturers.

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p.56, lines
11 - 20

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It does not engage in manufacture on its own account but has products made to its order. Among these products are sunglasses sold under the trade mark SOLAVOID.

p.3, lines
29-35
p.4, lines
17-34

3. The respondent, Polaroid Corporation, is a corporation organised under the laws of the State of Delaware, U.S.A., located at Massachusetts. It also manufactures and sells sunglasses. Its sales are on a worldwide basis and are made under the trade mark POLAROID. 10

p.211.

4. The appellant is a registered holder of the trade mark SOLAVOID by virtue of registration B82513 dated 21st October 1966 in respect of sunglasses. The registration is in Class 9 (Schedule IV) of the classifications under the Trade Marks Regulations 1954, and is in Part B of the register.

pp.141-146

5. The respondent is the registered holder of the trade mark POLAROID under two registrations. Registration 38281 covers a composite material accepted for use in a wide range of optical devices and scientific instruments including sunglasses, and is dated 29th May 1940. This registration is in Class 8. Registration 42821 also covers a composite material adapted for use in a range of optical devices, and is in Class 9 (Schedule IV). 20 30

pp.2-3

6. The grounds set out in the respondent's motion for rectification were as follows :

1. That the said trade mark registered number B82513 is a mark wrongly remaining on the Register having been wrongly entered for the following reasons:

(a) At the date of registration the trade mark was not and could not have been distinctive of the goods of the proprietor. 40

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- (b) At the date of registration the mark was likely to deceive or cause confusion and otherwise disentitled to protection.
- 10 (c) At the date of registration there existed on the Register a trade mark belonging to the applicant, registered for the same goods or description of goods which the trade mark SOLAVOID so nearly resembled as to be likely to deceive or cause confusion.
- 20 (d) The registered proprietor had not at the time of application for registration of the said trade mark and has not now any bona fide claim to be the proprietor of the said trade mark.

Each and every reason set forth in sub-paragraphs (a) to (d) inclusive hereof is as applicable to the said registration now as it was at the date on which the said registration was granted.

- 30 2. The trade mark was registered without any bona fide intention at the date of application on the part of the applicant for registration (the registered proprietor) that it should be used in relation to the goods for which it is registered and there has been in fact no bona fide use of the trade mark in relation to those goods by the proprietor thereof for the time being or any registered user up to the date one month before the date of this application.
- 40 3. The applicant is a person aggrieved by the entry on the

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Register in respect of the said
trade mark registration number
B82513.

- p.99,line 39
p.100,line 19 7. At the hearing in the Supreme Court ground 1(d) was abandoned, as was paragraph 2 of the Notice of Motion. (See pages 99-100).
- p.100,line 21 8. Paragraph 3 alleges that the respondent is a person aggrieved in terms of section 41 of the Trade Marks Act 1953 and this was conceded by the appellant. 10
The grounds of the application were therefore those set out in paragraph 1(a) (b) and (c) of the Motion. These may be summarised as lack of distinctiveness, deceptiveness and confusing similarity. The first of these grounds, lack of distinctiveness, was abandoned by the respondent when the case later reached the Court of Appeal. 20
9. The relevant sections of the Trade Marks Act 1953 are sections 14 and 15 as to distinctiveness, section 16 as to deceptiveness, section 17 as to confusing similarity and section 41 as to the power to rectify the register. These sections correspond, with minor differences, with sections 9, 10, 11, 12 and 32 of the Trade Marks Act 1938 (U.K.).
10. In support of its case, the respondent filed a number of affidavits. 30
- pp.4-5 11. Mr H.S. Kassman, Secretary of the respondent, deposed that POLAROID sunglasses were first manufactured and sold in the United States in 1936 and were now sold worldwide. They had been continuously sold in Australia and New Zealand since at least 1950 and over this time more than 750,000 pairs of POLAROID sunglasses had been sold in New Zealand. The company had licensed Polarizers (N.Z.) Limited to manufacture and market in New Zealand sunglasses bearing the POLAROID trade mark 40

and an application for the entry of that company as a registered user of the trade mark was currently pending. As a result of the tens of millions of pairs of POLAROID sunglasses sold over many years throughout the world and the millions of dollars worth of advertising for POLAROID sunglasses POLAROID had become an internationally famous trade mark and enjoyed an extensive and valuable goodwill and reputation throughout the world both with the relevant trade and with the purchasing public.

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12. Three affidavits were made by Mr W.W. Brackenridge, General Manager of Polarizers (N.Z.) Limited. In the first he deposed that the trade mark POLAROID was first used in New Zealand in relation to sunglasses in 1938 and had been continuously and extensively used in New Zealand in relation to sunglasses themselves, to the boxes and other forms of packaging in which they had been sold and to swing tickets and other labels used from time to time. Examples were produced. From 1956 to 1967 official import figures showed the proportion by value of POLAROID sunglasses to the total imports of sunglasses to New Zealand fluctuated between 13% and 15%. In the last two years with an increased volume of locally made sunglasses on the market a similar proportion could not be determined as accurately, but he believed that POLAROID sunglasses constituted about the same proportion of all sunglasses sold in New Zealand as in previous years. They had been distributed through opticians and chemists shops and there were now in excess of 1200 retail outlets for such glasses. Almost all of the whole of the annual sales were made in the few weeks prior to Christmas. Mr Brackenridge produced examples of advertising material. Late in 1968 or early in 1969 he became aware that there were sunglasses being offered for sale mainly through chemists shops and department stores under the name SOLAVOID.

pp.8-9

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p.9, line 42

13. In his second affidavit, Mr Brackenridge deposed to methods of display of sunglasses

pp.11-12

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- pp.52-55 in some shops and to the attitude of shop assistants. In his third affidavit he commented on the evidence for the appellant.
- pp.47-50 14. Mr P.M. ~~Euxford~~, a solicitor employed by the respondent's solicitors and patent attorneys, deposed that on 8th February 1971 his firm sent a letter and accompanying questionnaire to 30 retail traders throughout New Zealand and obtained 23 replies for which verifying affidavits were prepared. Of these, eleven were completed and were filed in support of the application. The questionnaires show certain details relating to the particular business and to the sale of sunglasses under the names POLAROID and SOLAVOID. 10
- pp.13-46
- pp.66-66 15. For the appellant, an affidavit was filed by one of its directors, Mr E.L. Watson. He deposed that the appellant's sunglasses carrying the trade mark SOLAVOID were sold in approximately 1200 retail outlets throughout New Zealand including pharmacists, optometrists, sports goods stores and department stores. They were first sold to the public under the mark SOLAVOID in September 1968. The number sold down to the date of his affidavit was 280,195 having a retail value of approximately \$1,000,000. 20
- p.57, lines 16-43
- p.58 Mr Watson deposed as to the advertising and other promotional material issued by the appellant and as to the origin of the appellant's mark from the combination and telescoping of the words "Sol" meaning sun, and "avoid". He deposed as to the correspondence with the Commissioner of Trade Marks in respect of the appellant's application for registration. No marks belonging to other traders were cited against the application as confusingly similar marks already on the Register. 30
- p.59, line 19
- p.118, line 24 Some of the sunglasses sold under the trade mark SOLAVOID incorporate polarizing lenses. (All sunglasses sold under the trade mark POLAROID have polarised lenses.) 40

16. Further affidavits were filed on behalf of the appellant from 10 pharmacists and other traders deposing as to their experience in the sale of sunglasses under the respective trade marks and as to the methods and circumstances in which sunglasses are sold in New Zealand.

17. The motion was heard in the Supreme Court by Beattie, J. on 2nd and 3rd July 1973.

10 18. In his judgment, delivered on 14th August 1973, Beattie, J. first set out the facts and referred to the grounds of the application. He mentioned the weight to be given to the Commissioner's view. He then considered the onus and extent of proof required of an applicant in proceedings for rectification. He concluded that the onus on an applicant for rectification is of the same standard as that imposed on an original applicant for registration, that is, to show there is a reasonable probability of deception having regard to the circumstances under which registration was obtained and the time it has been on the register.

pp.95-121
p.100, lines 28-38
p.100, line 39
p.106, line 39

20 19. His Honour then dealt with the issues of deceptiveness and confusing similarity. He referred to a number of cases as to the principles to be applied. He then examined the two marks and concluded "that there is no reasonable likelihood of confusion". He referred to the circumstances in which sunglasses are sold, to the evidence that the brand name is of minor significance, and to the fact that there was no evidence of confusion despite five years during which the marks had been circulating side by side. The learned judge said it would seem that such confusion as did exist was not between the two marks but between "Polaroid" and "polarized". He referred also to the delay on the part of the respondent who, from early 1969, was aware of the sale of SOLAVOID glasses but did not file its application for rectification for two years and had allowed a considerable time to lapse since all the respondent's affidavits had been filed.

pp.106-113
p.114, lines 27-32
p.118, lines 17-18
p.119, lines 11-22
p.119, line 23

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pp.120-121

p.121, lines
31-42

20. Beattie, J. went on to consider the ground of distinctiveness. He referred to relevant authorities and held that SOLAVOID was properly registered under Part B and any element of descriptiveness was not such as to prevent the mark being capable of distinguishing the goods. He also indicated that if he had been wrong in his view that there was no reasonable probability of deception, he would not, in the exercise of his discretion, lightly remove from the register a mark which had been, as he found, in bona fide use for approximately five years and around which obvious goodwill in commerce had been established by substantial expenditure. He also referred to the possibility that if the mark was removed on the grounds of close resemblance, a fresh application could be based on honest concurrent use invoking the unfettered discretion in Section 17(2).

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p.121, lines
12-35

21. From this judgment, the respondent appealed by Notice of Motion dated 7th November 1973. The appeal was duly heard on 9th and 10th September 1974 and the judgment of the Court was delivered by Richmond, J. on 29th November 1974. In its judgment, after narrating the facts, the Court dealt first with two preliminary submissions made on behalf of the respondent. The first related to the reference by Beattie, J. to the weight to be given to the Commissioner's conclusions. The Court said this was not a case where the Commissioner had looked fully into the matter on the basis of evidence as to market conditions or other relevant matters. Nor did it even appear from the evidence that the respondent's mark was considered in relation to the mark of the appellant. The Court concluded that on this particular point the learned judge had misdirected himself.

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p.127, line 36
to p.130,
line 18

22. The Court then considered the onus of proof which rests on the applicant. The Court agreed with Beattie, J. that all that is required is the ordinary civil standard of proof, the onus being on the person seeking removal from the register.

Beattie, J. had considered that the onus on the applicant was to show that "there is a reasonable probability of deception having regard to the circumstances under which registration was obtained and the time it has been on the register". The Court did not agree that in applications for rectification the onus of proof varied according to the time that the mark had been on the register.
 10 On this point it was of opinion that Beattie, J. had misdirected himself.

23. The Court then considered the first ground on which the application was based, that of confusing similarity. The Court referred to the principles applicable and considered various aspects of the present case. It held :

p.130, line 24

(i) The evidence established that at the time of registration of the SOLAVOID mark the POLAROID mark enjoyed a wide reputation so that to some members of the public it meant sunglasses generally or sunglasses with polarized lenses. There were a very large number of people in New Zealand to whom the word POLAROID was well known and accurately known.
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p.132, lines 22-28

(ii) There was a substantial body of evidence suggesting that purchasers of sunglasses were guided in their selection by style and price rather than by the trade mark. A substantial number of customers asked for POLAROID sunglasses as such.
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p.132, lines 39-46

(iii) The method of display of sunglasses was such that purchases were normally made by customers selecting a pair of suitable glasses rather than by demand over the counter for glasses of a particular mark.
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p.133, lines 1-16

(iv) From a comparison of the spelling and likely pronunciations of the two marks, the Court was not satisfied that persons with an accurate knowledge of the word POLAROID would mistake the one word for the other.

p.133, line 17 to p.134, line 24

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From a visual point of view the marks were different to anybody studying them with reasonable care. Although the word POLAROID was very well known, there must remain a considerable number of people to whom it was not so well known. To such people with an imperfect recollection, there would be a real risk of confusion.

p.134, line 25 (v) There was a real tangible danger that 10
to p.136, a significant number of buyers would
line 28 be caused to wonder whether the two
products came from the same manufacturer
and had been differently named
because of differences in lenses,
style or price. This strong prima
facie impression was not dispelled
by the evidence. There was a real
tangible danger of confusion in this
sense. 20

p.137, line 41 (vi) Having regard to these conclusions,
to p.138, it would be wrong to refuse the
line 19 application in the exercise of the
Court's discretion.

24. The appellant respectfully submits that this appeal should be allowed and that the order made by the Court of Appeal for the rectification of the register of Trade Marks by expunging the appellant's trade mark registered No. B82513 should be set 30
aside and that the respondent should be ordered to pay the appellant's costs and disbursements for the following among other

R E A S O N S

(i) FOR THE REASONS given by Beattie, J. in his judgment in the Supreme Court;

(ii) BECAUSE the Court of Appeal was in error in holding that Beattie, J. had misdirected himself in the 40
weight which he attached to the Commissioner's view;

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- (iii) BECAUSE the Court of Appeal was in error in holding that Beattie, J. had misdirected himself in taking into account the length of time that the mark had been on the register in considering whether or not there was a reasonable probability of deception;
- 10 (iv) BECAUSE the Court of Appeal was in error in holding that there was a real possibility of confusion on the part of a substantial number of buyers, not in the sense of their being deceived into the belief that the two marks were the same, but in the sense of being caused to wonder whether the two products came from the same source;
- 20 (v) BECAUSE on a proper comparison of the two marks there was no reasonable likelihood of deception or confusion;
- 30 (vi) BECAUSE in the exercise of the Court's discretion the application for rectification should have been refused having regard to the length of time the mark had been on the register, the expenditure made by the appellant to promote its mark, the delay in bringing and pursuing the respondent's application and the possibility of registration on the basis of honest concurrent use even if the mark were expunged.

I.L. McKAY.

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CASE FOR THE APPELLANT

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