

Hannaford & Burton Ltd. - - - - - *Appellant*

v.

Polaroid Corporation - - - - - *Respondent*

FROM

THE COURT OF APPEAL OF NEW ZEALAND

**JUDGMENT OF THE LORDS OF THE JUDICIAL COMMITTEE OF
THE PRIVY COUNCIL, DELIVERED THE 5TH APRIL 1976**

Present at the Hearing :

LORD WILBERFORCE
LORD HAILSHAM OF ST. MARYLEBONE
LORD CROSS OF CHELSEA
LORD EDMUND-DAVIES
LORD FRASER OF TULLYBELTON

[*Delivered by* LORD FRASER OF TULLYBELTON]

This is an appeal from a decision of the Court of Appeal of New Zealand 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". Beattie J. refused the application. The respondent appealed to the Court of Appeal which allowed the appeal and ordered that the Register be rectified by expunging the appellant's trade mark. This appeal is against that judgment.

The respondent is a corporation registered in the State of Delaware, U.S.A., and it carries on business in many countries in the world including New Zealand. Polaroid sunglasses have been manufactured and sold by the respondent in the U.S.A. since 1936 and they are also manufactured under licence from the respondent in several other countries including New Zealand. It has registered the trade mark Polaroid for a variety of products including sunglasses in more than 150 countries. In New Zealand it is the owner of trade mark registrations numbered 38281 dated 28th May 1940 and 42821 dated 29th March 1946 for Polaroid. Its Polaroid sunglasses have been advertised extensively in New Zealand and elsewhere throughout the world and have acquired a wide and valuable reputation with the general public, and they had already done so by the time that the appellant's sunglasses came on the market.

On 21st October 1966 the appellant applied to the Commissioner of Trade Marks in New Zealand to register the word Solavoid as a trade mark for sunglasses. The application (No. B82513) was successful and the word was registered with effect from that date in part B of the New Zealand Register. Sunglasses under the trade mark Solavoid first went on sale to the public in New Zealand in September 1968. The appellant's

use of the name was first noticed by the respondent late in 1968 or early in 1969 and shortly thereafter the respondent found that the trade mark Solavoid had been registered. Some correspondence then took place between the parties but it has not been produced in these proceedings and their Lordships are not aware of its terms. On 22nd January 1971 the respondent began proceedings for rectification of the Register under section 41 of the (New Zealand) Trade Marks Act 1953. There were no pleadings in the ordinary sense. The proceedings were initiated by a notice of motion which stated that rectification would be sought on certain grounds there stated. Some of the grounds have been abandoned in the course of the proceedings in the Courts below and those which are now alive are 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) [now abandoned]

(b) At the date of registration the mark was likely to deceive or cause confusion and otherwise disentitled to protection.

(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.

(d) [now abandoned]

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

2. [now abandoned]

3. The applicant is a person aggrieved by the entry on the Register in respect of the said trade mark registration number B82513 ”.

Paragraph 3 of those grounds is admitted. Paragraph 1(b) evidently refers to section 16 of the Trade Marks Act 1953 and paragraph 1(c) refers to section 17(1) of the Act. It will be convenient to set out here the relevant parts of those sections and of section 41 of the Act.

“ 16. **Prohibition of registration of deceptive, etc., matter**—It shall not be lawful to register as a trade mark or part of a trade mark any scandalous matter or any matter the use of which would be likely to deceive or cause confusion or would be contrary to law or morality or would otherwise be disentitled to protection in a Court of justice.

17. **Prohibition of registration of identical and resembling trade marks**—(1) Subject to the provisions of subsection two of this section, no trade mark shall be registered in respect of any goods or description of goods that is identical with a trade mark belonging to a different proprietor and already on the register in respect of the same goods or description of goods, or that so nearly resembles such a trade mark as to be likely to deceive or cause confusion. . . .

41. **General power to rectify entries in register**—(1) Any person aggrieved by the non-insertion in or omission from the register of any entry, or by any entry made in the register without sufficient cause, or by any entry wrongly remaining on the register, or by any error or defect in any entry in the register, may apply in the prescribed manner to the Court or, at the option of the applicant and subject to the provisions of section sixty-seven of this Act, to the Commissioner, and the Court or the Commissioner, as the case may be, may make such order for making, expunging, or varying the entry as the Court or the Commissioner may think fit. . . .”.

Beattie J. refused the respondent's application. The Court of Appeal reversed his decision and held that the learned Judge had misdirected himself on two points of law. The first of these points relates to the weight to be given in the circumstances of this case to the experience of the Commissioner of Trade Marks when the Court is considering whether the appellant's mark had been wrongly entered in the Register. Beattie J. said that he adopted the reasoning of McGregor J. in *New Zealand Breweries Ltd. v. Heineken's Bier Browerij Maatschappij N.V.* (1964) N.Z.L.R. 115 and he quoted this statement from the judgment of McGregor J.:

"The necessary starting point is, therefore, to attach great weight to the Commissioner's conclusions".

But the circumstances in the *Heineken Bier* case were quite different from the present. In that case the application for entry in the Register had been opposed and the decision of the Commissioner had therefore been given after hearing evidence and argument on both sides. In the present case the appellant's application to register Solavoid was not opposed: it was accepted after normal consideration in the Commissioner's office but without evidence having been heard. Their Lordships agree with the Court of Appeal that the learned judge's reference to the *Heineken Bier* case was not appropriate, but the Court of Appeal went on to say:

"Nor indeed does it even appear from the evidence that the applicant's mark was considered in relation to the mark of the present appellants [the respondent before their Lordships' Board]."

Since the hearing before the Court of Appeal the appellant has obtained further evidence in the form of an affidavit from the Commissioner of Trade Marks showing the result of the search made in his office when the appellant's application was made. The appellant sought leave to refer to the additional evidence. The application was very properly not opposed by Counsel for the respondent, and their Lordships have looked at the affidavit and the search sheet attached to it. These show that when the search was made, as required by regulation 26 of the (New Zealand) Trade Marks Regulations 1954 the respondent's mark Polaroid was noticed by the examiner in the Commissioner's office as a mark to be considered in relation to the proposed new mark, but it was not cited against the proposed new mark because it was not considered likely to deceive or cause confusion. In the light of this additional evidence, and of Mr. Gault's explanation of the procedure normally followed in the Commissioner's Department when application is made for registration of a trade mark, their Lordships are satisfied that the mark Polaroid and the then proposed mark Solavoid were considered in relation to one another before registration of the latter by an officer known as an examiner in the Commissioner's Department and that they may also have been, but probably were not, considered by the Commissioner himself or by an assistant Commissioner. In these circumstances the decision to allow registration, while it does not carry so much weight as if it had been made by the Commissioner himself after hearing evidence, is entitled to substantial weight, having been made by an officer of the Department who was entrusted with the duty of making such decisions and who is shown to have taken into account the respondent's trade mark in coming to his decision. In practice proper weight will be given to the decision because the onus of proof, which at the stage of applying for registration lay upon the present appellant as applicant, now at the stage of rectification has shifted to the present respondent. The result is that, in their Lordships' opinion, any misdirection of himself by Beattie J. in relying upon the *Heineken Bier* case had no material effect upon his decision.

The second point on which the Court of Appeal held that the learned judge had misdirected himself was in relation to the materiality of the fact that the appellant's mark had actually been on the Register for about four years at the time of the proceedings before him. The Court of Appeal agreed with Beattie J. that the standard of proof was that appropriate to ordinary civil proceedings—the balance of probability—and not that appropriate to criminal proceedings—proof beyond reasonable doubt. They also agreed that the onus was on the applicant for rectification, now the respondent. The only difference between them arose from the statement of Beattie J. that there was an onus on the applicant 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*”. Beattie J. referred in support of his view to *In Re Chesebrough Manufacturing Company's Trade Mark* (1902) 19 R.P.C. 342. Their Lordships agree with the Court of Appeal, that, for the reasons given by them, that case is not an authority for any proposition relevant to the present case. But while that is so, the fact that the appellant's mark has been on the Register, or rather that it has been used, for about four years is in their Lordships' opinion undoubtedly of importance when considering the inference to be drawn from the lack of evidence of actual confusion with the respondent's trade mark which has been circulating side by side with it. See *Kerly's Law of Trade Marks and Trade Names* (Tenth Edition) 17–38. It would also be relevant if at a later stage the question should arise of whether the Court's discretion should be exercised against expunging the appellant's mark from the Register. Accordingly their Lordships do not consider that Beattie J. misdirected himself in taking into account the time that the applicant's mark had been on the Register, although it would have been more accurate to refer to the time it had been in use, because of course any confusion would arise not from registration but from use.

Turning now to the merits of the appeal, the questions for decision were conveniently stated by Mr. Price, adapting the form of questions posed by Evershed J. in *Smith Hayden & Co.'s Application* (1946) 63 R.P.C. 97, as follows:—

1. Having regard to the actual use of “Polaroid” in October 1966 is the Court satisfied that “Solavoid” if used in a normal and fair manner in connection with sunglasses would be reasonably likely to deceive or cause confusion among a substantial number of persons? and
2. (Under section 17(1)) assuming use by the respondent of its trade mark “Polaroid” in a normal and fair manner for sunglasses, is the Court satisfied that there would be reasonable likelihood of deception or confusion among a substantial number of persons if “Solavoid” was used in a normal and fair manner also for sunglasses?

In answering these questions it is necessary to have in mind the nature of the market for sunglasses. They are sold not to a restricted class of specialist merchants but to the general public for everyday use, and the market therefore consists of the whole population of New Zealand. The majority of sales take place during and shortly before the summer holiday season when shops are busy with Christmas shoppers. Both Polaroid and Solavoid sunglasses are sold by about 1,200 retail shops in New Zealand, particularly by chemists but also by department stores, sports dealers and opticians. The general practice of retailers is to display their full range of sunglasses of different styles and marks on display stands often with the various makes mixed together. Several makes of sunglasses other than Polaroid and Solavoid are sold in New Zealand but Polaroid are probably the best known brand and sales of Polaroid amount to at least thirteen per cent of the total sales of sunglasses.

Manufacturers generally put their mark on the frame of the sunglasses. They also attach to each pair a label bearing their mark. Purchases are normally made by customers selecting a pair of sunglasses from the display stand by reference to their style and price and it is uncommon for customers to ask an assistant in the shop for sunglasses of a particular make. That is a matter of some importance because when sunglasses are selected by the customer for himself confusion will not arise from similarity in the pronunciation of the two names.

The Court of Appeal held that confusion was likely to occur in two ways. First they thought that the similarity between Polaroid and Solavoid was such as to create likelihood of confusion among people with an imperfect recollection of the name Polaroid. Secondly they thought that the confusion would be likely to take the form of supposing, or at least wondering whether, Solavoid sunglasses were made by the same manufacturers as Polaroid sunglasses; that is to say, that the two marks had a common origin. They concluded that a substantial number of people would be likely to be confused on those grounds. The grounds of the Court of Appeal's decision were adopted by the respondent who did not seek to rely on any other grounds before their Lordships.

Their Lordships are not able to agree with the decision of the Court of Appeal. They are of opinion that the likelihood of confusion between the two marks has not been established. There are no doubt certain similarities between the marks. Each consists of three syllables, each ends with the syllable "oid", and each has the letters "ola" in the middle. But their Lordships do not regard these similarities, individually or together, as creating much likelihood of confusion. Three syllabled words are of course common, and the termination "oid" is also common, meaning "having the form of" or "like"—see *Shorter Oxford English Dictionary*. The Courts in New Zealand considered that the "o" in the first syllable of each mark would probably be pronounced by some people as long in both words, by others as short in both words and by others again as short in one word and long in the other. Their Lordships accept these findings which are in accordance with what they themselves would have expected. If the question had arisen on an application for registration of the mark it is possible that the applicants might have failed to discharge the onus of showing that confusion was not likely. But in these proceedings for rectification, where the onus is the other way, their Lordships consider that the likelihood of confusion by a substantial number of purchasers has not been established. An important matter is that the initial letters "P" and "S" are not likely to be confused and their Lordships agree with Beattie J. that the first syllables "Pol" and "Sol" look and sound dissimilar. Further it does not appear to their Lordships that the two words convey the same idea. Polaroid conveys the idea of polarising light. It is not to be expected that many members of the public could explain how the process of polarising light is effected, but many people must be aware of its results in preventing or reducing glare. Evidence which was not challenged was given on behalf of the appellant to the effect that the mark Solavoid is made up by combining the Latin word "Sol" meaning sun and the English word "avoid" and it was submitted that the appellant's mark would convey the idea of avoiding the sun which was different from that of polarising light. The ideas are clearly different although their Lordships feel some doubt whether the idea of avoiding the sun would readily occur to members of the public as being associated with the appellant's mark if its derivation had not been explained to them. But even if they did not associate that idea with the appellant's mark there would be no reason why they should associate with it the idea of polarisation. Accordingly comparison of the marks does not in their Lordships' opinion suggest that confusion between the marks would be likely.

That opinion is fortified by a consideration of the circumstances in which the marks are used. Those purchasers who make their choice solely by reference to the style and price of the sunglasses which they see displayed in the shops are ex hypothesi indifferent to the marks and will not be confused between them. Even if they do feel confusion it would be immaterial as it would not affect their choice. Those other purchasers who ask for Polaroid sunglasses by name are clearly not confused. It was suggested in argument that there might be a middle group of purchasers who chose mainly by reference to the style but who had in mind an imperfect recollection of the Polaroid mark and whose choice would be to some extent affected by a mistaken belief that because the appellant's sunglasses bore the mark Solavoid they came from the same source as the respondent's sunglasses. Their Lordships are not persuaded that such a class exists or, if it does exist, that it is substantial in number. Having regard to the evidence accepted by Beattie J. that most purchasers choose by reference to style and not to mark, the number of those whose choice depends to any extent upon the mark must be a minority of the whole. There is no evidence that any purchasers have imperfect recollection of the Polaroid mark and their Lordships are not prepared to assume that those who do are a significant proportion of the minority who are interested in the mark. They are only a minority of a minority. There is no evidence that actual confusion between the marks has ever occurred since the sunglasses bearing the appellant's mark went on sale to the public in the latter part of 1968, about two years before these proceedings were begun and more than seven years before the matter came before their Lordships' Board. That is a strong indication that confusion was not, and is not in the future, likely to occur.

For these reasons their Lordships are not satisfied that the appellant's mark was wrongly entered in the Register. It was however submitted for the respondent that, even if the mark had not been wrongly entered, it was wrongly remaining on the Register because its subsequent use by the appellant had created a likelihood of confusion. The actions by the appellant which were complained of were these. First it was said that the type of lettering used by the appellant in their advertisements and labels for Solavoid sunglasses resembled that used by the respondent for Polaroid and attention was drawn to a comparison between the type of letters illustrated in two of the exhibits reproduced on pages 174 and 183 of the Record. The letters in both these exhibits are printed in outline only, with a blank space inside the outlines, in contrast to the more usual type of solid lettering. But the outline lettering is of a type that is quite commonly used for names or headings. It was not used in all the appellant's written promotional material; on the contrary there are several exhibits showing the word Solavoid divided into two parts with a ring round the "Sol" part to suggest the sun's rays. Moreover in the exhibits of the respondent's promotion material the outline lettering is used for the words "Sunglasses 1968" and sometimes for other words but never for the name Polaroid. Their Lordships consider that there is no substance in this point. The other action of the appellant since registration that was relied on in this connection was the use by it in its promotion material of statements that its sunglasses "have genuine polarised glass lenses" and of words such as "polarglass", "polarplastic" and "polarclip" to describe materials in various types of sunglasses and clips made by it. It is possible that if such words had played a prominent part in the appellant's advertisements (which they did not) they might have led to confusion. Their Lordships are satisfied that the appellant conducted an independent advertising campaign of its own goods. In the correspondence already mentioned, which took place between the parties shortly after the respondent had discovered the appellant's use of the mark Solavoid, the respondent

objected to the use of the words "Polarglass" etc. and the appellant "as a gesture of goodwill" agreed to cease using the words, replacing them with fuller descriptive terms such as "Sunglasses with Polarised glass lenses". The learned judge said he understood that it was a practice not confined to the appellant to inform purchasers that sunglasses had polarising or non-polarising lenses. That would seem to be appropriate and indeed necessary because the appellant, like at least some other manufacturers, makes some of its sunglasses with polarising lenses and some with non-polarising lenses. The respondent on the other hand makes all its sunglasses with polarising lenses. Their Lordships do not consider that the actings of the appellant in this respect have been such as to cause substantial risk of confusion. Accordingly they are of the opinion that there is nothing in the actings of the appellant since registration which justifies the complaint that its mark is wrongly remaining on the Register.

In connection with the last part of the argument reference was made to the proposition stated by Lord Diplock in *General Electric Co. (of U.S.A.) and General Electric Co. Ltd.* [1972] 1 W.L.R. 729, 751F, in the following words:

"(3) If the likelihood of causing confusion did not exist at the time when the mark was first registered, but was the result of events occurring between that date and the date of application to expunge it, the mark may not be expunged from the register as an entry wrongly remaining on the register, unless the likelihood of causing deception resulted from some *blameworthy act* of the registered proprietor of the mark or of a predecessor in title of his as the registered proprietor."

That statement was made in relation to section 11 of the (United Kingdom) Trade Marks Act 1938 and it was submitted on behalf of the respondent that it was not applicable to section 16 of the New Zealand Act which corresponds to section 11 of the United Kingdom Act but which is worded in a slightly different way. As their Lordships have held that the appellant's subsequent actings did not in the circumstances of this case create a likelihood of confusion it is not necessary to decide this point and their Lordships express no opinion upon it.

Their Lordships will humbly advise Her Majesty that the appeal should be allowed and that the case should be remitted to the Court of Appeal in New Zealand to make the necessary Order for restoring the appellant's mark to the Register. The respondent must bear the cost of the appeal to the Court of Appeal and of the appeal to this Board.

In the Privy Council

HANNAFORD & BURTON LTD.

v.

POLAROID CORPORATION

DELIVERED BY

LORD FRASER OF TULLYBELTON