

FRESHCO LTD v THE FRESH FRUIT CO
OF NEW ZEALAND LTD

High Court, Wellington (AP201/96)
Doogue J

10 April; 11 April 1997

Trade marks — Likely to deceive or cause confusion — Use of word “Freshco” as trademark — Another business once known as “Fresh Corp” — No deception or confusion — Trade Marks Act 1953, s 16.

Trade marks — Capable of distinguishing goods or services — Use of word “Freshco” as trademark — Word an artificial one inherently capable of distinguishing goods — Not a descriptive word— Trade Marks Act 1953, s 15.

This was an appeal from a decision of the Assistant Commissioner of Trade Marks allowing the registration of a mark (“FRESHCO”) in Part B of the Register by the respondent. Having made the requisite searches in 1990, the respondent applied to the Commissioner for Trade Marks to register the mark FRESHCO. That application gave rise to the present appeal. The appellant (“Freshco Ltd”) submitted that the registration of FRESHCO was barred by ss 15 and 16 Trade Marks Act 1953.

The appellant claimed firstly that allowing the respondent to register the trademark would be likely to deceive or cause confusion in breach of s 16. This claim was based on the use of the phrase “Fresh Corp” by a completely separate business in the 1980s which traded as Fresh Corp Ltd. That business, which was dissolved in 1989, did not use “Fresh Corp” as a trademark. The appellant’s claim under s 16 was also based on a document purporting to assign the trade name “Freshco” to it. The appellants second claim was that the mark FRESHCO was incapable of distinguishing the respondent’s goods, and therefore in breach of s 15.

The Assistant Commissioner found that the trade mark or trade name FRESHCO was probably never used by Fresh Corp Ltd, and the purported assignment was invalid on the grounds that it was made by someone who had no right to execute a transfer, and because it would have been an assignment of an unregistered trade mark without any goodwill. The s 15 point was not addressed directly by the Assistant Commissioner. The appellant now appealed that decision.

Held, (1) so far as the appellant’s argument in respect of s 16 of the Act was concerned, it failed totally not only for the reasons traversed by the Assistant Commissioner but because there were no facts before the Assistant Commissioner or the Court which could possibly lead to any conclusion of any likelihood of the respondent’s proposed mark deceiving or causing confusion with any existing mark. The appellant simply did not satisfy the evidential onus on it to establish that

a reputation existed in a prior mark at the time of the respondent's application on 9 January 1991. (p 615, line 16)

(2) With regard to the appellant's argument in respect of s 15 there was no possible room for confusion in respect of the mark with any other mark, regardless of whether the mark was in fact in use at the date of application, or soon thereafter, or not. It was inherently capable of distinguishing the respondent's goods. The word FRESHCO is not a descriptive word. It is an artificial word capable of distinguishing goods with which the proprietor of the mark is or may be connected in the course of trade from goods in the case of which no such connection subsists. (p 616, line 2)

Statutes and regulations referred to

Trade Marks Act 1953, ss 15, 16

Cases referred to

Bestform Foundations Inc v Commissioner of Trade Marks [1957] NZLR 574

Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd [1978] 2 NZLR 50 (CA)

Appeal

This was an appeal against a decision of the Assistant Commissioner of Trade Marks.

C L Elliott and *R M Cockburn* for appellant

P J McDonald for respondent

DOOGUE J (reserved):

Introduction

This is an appeal against a decision of 21 June 1996 of the Assistant Commissioner of Trade Marks that Trade Mark Application No 207550
 5 FRESHCO series in Class 31 may proceed to registration in Part B of the register. The appellant opposed that application and seeks orders reversing the decision of the Assistant Commissioner.

10 On the appeal the appellant has pursued two points, the first of which was in issue before the Assistant Commissioner, if not in the same way, and the second of which does not appear to have been in issue before him. The first point is that the registration of the trade mark FRESHCO was barred by s 16 of the Trade Marks Act 1953 ("the Act") in that use of the trade mark would be likely to deceive or cause confusion. The second point is that the mark FRESHCO is ineligible for
 15 registration within the terms of s 15 of the Act because it is incapable of distinguishing the applicant's goods. It is clear that this second point was not addressed directly by the Assistant Commissioner because the Examiner had determined that the mark was capable of distinguishing the applicant's goods and no point of opposition was taken in the original notice of opposition. When the appellant sought to take the point by way of an amended notice of opposition,
 20 leave was refused to file the notice of opposition, and there is no appeal in respect of that issue.

It is common ground that the relevant date for determining the rights of the parties is the date of the application, which was 9 January 1994.

Background facts

The evidence is clear that no-one, the appellant, the respondent, or anyone else, was using the word FRESHCO at any time before the applicant did in January 1991 contemporaneously with its application. The appellant's first use of the word was on 11 July 1991.

The appellant, in opposing the registration of the mark by the respondent, relies on what occurred in respect of a business known as "Fresh Corp". There was some evidence before the Assistant Commissioner as to the use of those words, although none to establish that the words were ever used as a mark. The evidence is that for a period from 1987 until 1989 the name was used as a business name connected with the selling of fresh fruit and vegetable produce.

The history is that the name came into existence in Auckland when a wholesale fruit and vegetable business in Quay St, Auckland, under the name of "Fruit Shed Wholesale" was sold by a Mr Rakich to two men called Otway and Taylor, who purchased the business either in the name of their company, Greybeard Investments Ltd, or in their own names, with the reasonable inference being that it was then taken over by their company as Greybeard Investments Ltd became Fresh Corp Ltd on 16 November 1987. That company filed annual returns on 1 July 1988 and 1989 in which Mr Otway was listed as a director and majority shareholder. Mr Taylor left the business in 1988 and Mr Rakich returned to manage it for approximately a year until it was sold in 1989. Mr Rakich affirmed that the business was known as "Fresh Corp" and had a letterhead with those words on it, with the word "Fresh" appearing above the word "Corp". There is no suggestion that the produce of the business was sold under that name. On 13 September 1989 Mr Otway made a declaration in support of the dissolution of the company Fresh Corp Ltd, declaring that the company had ceased to operate prior to that date.

The business was sold to a Mr Vukotic, who owned a company called Global Traders Ltd. The last annual return of that company was dated 30 March 1989. That company was struck off the companies register on 20 March 1991 after relevant notice having previously been given on 24 October 1990. There is no evidence that Mr Vukotic or Global Traders Ltd used the name Fresh Corp. There were entries in the Auckland telephone book for the business under that name, in both the white and yellow pages, in 1989 and 1991. The entries relate to the same address in Quay St, Auckland, which was the address from which Mr Rakich had first operated the business which subsequently became Fresh Corp and was sold to Mr Vukotic and Global Traders. The particular premises were demolished in about January to March 1991. There is no evidence whatever that the business was in fact operating after 1989. The history of Global Traders Ltd and the fate of the building from which the business was operated strongly suggest otherwise. Entries in telephone books by themselves are probative of nothing other than the entries.

It is this frail evidence of a wholesale fruit and vegetable business called "Fruit Corp" upon which the appellant relies for suggesting that the mark FRESHCO would be likely to deceive or cause confusion.

The respondent's business is the supply of fresh fruit and vegetables which it says are marketed both overseas and throughout New Zealand. During 1990 it determined to use for brand purposes the trade mark FRESHCO. All requisite searches were made and as a result the respondent made the application which has given rise to the present appeal.

The appellant on 11 July 1991 changed its name from South Island Produce Supplies Ltd to Freshco Ltd and began using the name as a trade name at that time. It is a supplier of fresh fruit and vegetables, primarily in the South Island, but in 1991 it expanded its activities to the North island. It appears that it did not become
 5 aware of the respondent's use of the name FRESHCO until the respondent communicated with it in September 1991. As a result of that approach, the appellant obtained a signature to a document reading:

“TRANSFER OF TRADE NAME — FRESHCO

“undersigned authorised in that respect by the proprietors . . . the business previously
 10 carried on at Auckland under the name of ‘Freshcorp’ in consideration of the sum of \$100.00, receipt of which is hereby acknowledged, hereby transfers and assigns all right, interest and title in the name-or style ‘Freshco’ to Freshco Limited having its registered office at Christchurch.

“Dated this 30th day of September 1991

15 “[signature indecipherable]”

The copy before the Assistant Commissioner and before the Court is incomplete in the manner shown. The text was typed. The word “Freshcorp” had the letters “r” and “p” added to it in handwriting. It does not correctly represent the name of the company operated in Auckland, which used two words and not one. There is no
 20 evidence that there has ever been any business under that name. There is no evidence that if there were such a business it has ever had any interest in the name FRESHCO. The evidence of Mr Rakich is clear that until 1989 at least it did not use that name. There is no evidence Mr Vukotic or Global Traders used it thereafter.

25 There was some evidence that the document had been signed by Mr Otway. Mr Otway was said by the appellant to have retained an interest in the business because it was owned by a partnership. That is totally contrary to any reasonable inference to be made from the facts already recited as it would seem apparent that the business was operated by his company and in any event it was sold on by him
 30 or his company to either Mr Vukotic or Global Investments Ltd. There is no evidence Mr Otway had any residual interest in Fresh Corp. It seems quite apparent that the document only came into existence because of the effort by the appellant to achieve some interest in the name FRESHCO given the respondent's application.

35 There is, however, no evidence whatever that anyone used the name FRESHCO until the respondent did in January 1991. Nor is there any evidence of the use of the word FRESHCORP prior to then. There is the evidence of the use of the words FRESH CORP as a business name from 1987 to 1989. While it could be inferred its use, or any residual goodwill in the name, extended into 1990, it cannot be
 40 inferred anyone had any residual goodwill in the name at January 1991. There is no evidence it was used as a mark.

Relevant statutory provisions

Section 15 provides:

45 “(1) In order for a trade mark to be registrable in Part B of the register it must be capable, in relation to the goods or services in respect of which it is registered, of distinguishing

goods or services with which the proprietor of the trade mark is or may be connected in the course of trade from goods or services in the case of which no such connection subsists, either generally or, where the trade mark is registered or proposed to be registered subject to limitations, in relation to use within the extent of the registration.

5 “(2) In determining whether a trade mark is capable of distinguishing as aforesaid the Commissioner or the Court may have regard to the extent to which—

“(a) The trade mark is inherently capable of distinguishing as aforesaid; and

“(b) By reason of the use of the trade mark or of any other circumstances, the trade mark is in fact capable of distinguishing as aforesaid.

10 “(3) A trade mark may be registered in Part B, notwithstanding any registration in Part A in the name of the same proprietor of the same trade mark or any part or parts thereof.”

Section 16 provides:

15 “(1) 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.”

Assistant Commissioner’s decision

In respect of the objection under s 16 the Assistant Commissioner found, at p 6:

20 “The evidence satisfies me that the trade mark or trade name FRESHCO was probably never used by the Auckland business founded by Mr Rakich and his wife, and even if the name was used in connection with that business, the purported assignment to the opponent appears to be invalid being an assignment by someone having no right to execute a transfer and also because it would have been an assignment of an unregistered trade mark without any goodwill. That being the case the earliest use of FRESHCO by the opponent is unclear but it would seem to date from a time somewhat later in 1991 than the applicant’s filing date. Accordingly there was no likelihood of deception or confusion at the application date.”

30 As already noted, the Assistant Commissioner had dealt with the s 15 point by recording that the Examiner agreed that the trade mark was capable of distinguishing the goods.

Argument

(1) Section 16 point

35 The appellant put at the forefront of its argument the submission that the Assistant Commissioner “did not consider use of the trade mark FRESHCORP by the Appellant, its predecessors in title or by any other third parties prior to 9 January 1991”.

40 It repeated its reliance on the purported assignment to the names FRESHCO and FRESHCORP, despite the facts already outlined. It said that in any event at January 1991 the use of FRESHCO was likely to deceive or cause confusion as a result of use of the FRESHCO or FRESHCORP trade mark by any third party, again despite the total absence of evidence of any such usage.

The appellant cited and relied upon the well-known tests set out in *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50, 61-63, and in particular highlighted that part of the decision of Richardson J which emphasises

the public interest and the concern with the protection of the relevant New Zealand buying public and the question:

5 “having regard to the awareness of the opponent’s mark in the New Zealand market for goods covered by the registration proposed, would the use of the applicant’s mark be likely to deceive or cause confusion to persons in that market?”

10 It was submitted that the names FRESHCO and FRESHCORP were substantially similar and that as there was some evidence that the name FRESHCORP had been used since 1987 the evidence established that there was at 9 January 1991 a reputation in the trade mark or trade name FRESHCORP, that people were aware that a company traded under that name and that the company was associated with the business. In support of this primary proposition that the respondent had accordingly not discharged the burden of proving that its use of the name FRESHCO was not deceptive at 9 January 1991, the appellant relied upon the purported assignment of 30 September 1991. The appellant further submitted 15 that it was well established that residual goodwill may persist for a considerable period after a business has ceased to trade. It was further submitted that, even if the Assistant Commissioner was correct in finding that the assignment of rights in the mark FRESHCO or FRESHCORP was invalid, the Assistant Commissioner erred in holding that this would mean that there was no likelihood of deception or 20 confusion at the date of the application given that the use can be by a third party, and again the appellant relied upon the alleged use of the words by the FRESHCORP partnership.

The respondent replied succinctly to these points, primarily relying upon the factual position that as at the date of the application there was no evidence that 25 anyone apart from the applicant was using the name FRESHCO and there was no evidence that anyone was using the name FRESHCORP or FRESH CORP. There was also no evidence that other than the respondent anyone had used any of those words as a mark on goods or in respect of goods and services, and the most that was involved was a business name for FRESH CORP. So far as the purported 30 assignment was concerned, it was submitted there was no evidence that the assignor was the owner or that the assignment was executed by someone having the authority of the assignor to execute. It was further submitted that a bare assignment of an unregistered trademark without an assignment of the goodwill in the business with which it was associated was not effective and that in any event 35 the assignment document relied upon was clearly expressed to be limited to the name and was therefore not effective.

(2) *Section 15 point*

So far as s 15 is concerned, the appellant submitted that the respondent’s proposed mark was not, at the date of the application, capable of distinguishing the 40 respondent’s goods from those of the appellant because of the confusion or deception argument already traversed, and in the alternative that it is not capable of distinguishing the respondent’s goods from those of the appellant because it is descriptive of them. It was said that the word FRESH forming the predominant part of the proposed mark was a descriptive word common to the trade and not 45 registrable. The word CO is simply an abbreviation of the word “company” and accordingly the composite word was not an invented word for the purposes of registration or otherwise distinctive.

5 The respondent met this argument by submitting that the word FRESHCO is not
descriptive but an invented word, even though neither of its components is
invented. It submitted that a company would not ordinarily be described as “fresh”
and that the word is not descriptive of any particular goods, be they fruit or
10 vegetables, since it does not refer to them at all, nor to any other type of goods. It
was submitted that the issue was whether registration would have hindered the use
by other traders of words to describe their goods or services which it was otherwise
probable that they would wish to use. It was submitted that it would not as no other
15 trader would legitimately wish to describe produce as, for example, “FRESHCO
onions”.

Reasons for decision

This is an appeal from a specialist tribunal whose decision should not be lightly
disturbed: *Bestform Foundations Inc v Commissioner of Trade Marks* [1957]
NZLR 574, 578.

15 (1) Section 16

So far as the appellant’s argument in respect of s 16 of the Act is concerned, it
fails totally not only for the reasons traversed by the Assistant Commissioner but
because there were no facts before the Assistant Commissioner or this Court which
could possibly lead to any conclusion of any likelihood of the respondent’s
20 proposed mark deceiving or causing confusion with any existing mark. The
appellant simply did not satisfy the evidential onus upon it to establish that a
reputation existed in a prior mark at the time of the respondent’s application on
9 January 1991. First, it is clear that there was no other use of the word FRESHCO
at that time. Secondly, as is clear from the facts already outlined, there was no use
25 of a mark FRESHCORP, nor even the use of that word by any business. Thirdly,
there is no evidence of the use of any mark FRESH CORP and no evidence that
that name was used by a business after 1989 in Auckland. There could be no
possible likelihood of confusion in 1991 in respect of any residual goodwill which
may have arisen in relation to the name FOOD CORP, assuming that there was a
30 sufficient similarity between the two expressions for confusion to be possible.
Fourthly, there was no evidence that the appellant had any interest whatever in the
words FRESH CORP as the purported assignment has no relevance to those words.
Fifthly, as there was no evidence of the use of the word FRESHCO, there was
nothing which could have been assigned by the purported assignor to the appellant.
35 Sixthly, there was no evidence to establish that the signatory of the purported
assignment, whether it were Mr Otway or someone else, had any interest in either
the business FRESHCORP or the name FRESHCORP or FRESHCO at the time of
the signing of the assignment. If the signatory were Mr Otway, then the only
possible inference from the evidence is that he had no interest in any such name.
40 Seventhly, there is no evidence to support the appellant’s proposition that there
was a partnership Fresh Corp operating in Auckland after 1989. Eighthly, there
could be no possible confusion between the name FRESH CORP and the name
FRESHCO, and there is no evidence of the use of the word FRESHCORP by
anyone at any time.

45 Upon the evidence before him the Assistant Commissioner could not have come
to any other conclusion in respect of the opposition under s 16 than he did.

(2) *Section 15*

5 So far as the appellant's argument under s 15 is concerned, it is ironic that the appellant should regard the mark as registrable on its application but not on the application of the respondent. As already noted, there was no possible room for confusion in respect of the mark with any other mark, regardless of whether the mark was in fact in use at the date of application, or soon thereafter, or not. It was inherently capable of distinguishing the respondent's goods. The word FRESHCO is not a descriptive word. It is an artificial word capable of distinguishing goods with which the proprietor of the mark is or may be connected in the course of trade from goods in the case of which no such connection subsists. The presence of the word FRESH within the word FRESHCO does not of itself affect that conclusion. There are many examples in New Zealand and Australia of the identical word being used as part of either a multiple word mark or a singular word mark. The word "fresh" by itself may be descriptive but when joined to "co" creates a neologism which is not descriptive except of the goods of the holder of the mark. It is noted that a similar name has been registered in Australia and, whilst that clearly is not determinative, in areas such as this one would hope and reasonably expect that the same result would be achieved in both countries.

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20 It is understandable that the Assistant Commissioner did not address s 15 in any detail as there is no more substance in the appellant's case in respect of this section than in respect of s 16. Regrettably it is a case which was without substance as there is no factual basis to support the arguments advanced.

Decision

25 The appeal is and must be dismissed. The decision of the Assistant Commissioner is upheld.

Costs

The respondent is entitled to its costs, which are fixed in the sum of \$2,500.

Appeal dismissed

Reported by K J Oats and John Roberts