

IN THE COURT OF APPEAL OF NEW ZEALAND

**CA740/2012
[2013] NZCA 654**

BETWEEN ICE SA (formerly named TKS s.a.)
Appellant

AND SWATCH AG (SWATCH SA) (SWATCH
LTD)
Respondent

Hearing: 26 November 2013

Court: Ellen France, Stevens and Wild JJ

Counsel: J G Miles QC for Appellant
C L Elliot QC for Respondent

Judgment: 16 December 2013 at 11 am

JUDGMENT OF THE COURT

- A The application to adduce further evidence on this appeal is dismissed.**
- B The appellant is to pay the respondent's costs calculated as for a standard application on a band A basis with usual disbursements.**
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REASONS OF THE COURT

(Given by Wild J)

Introduction

[1] This is an application by the appellant (which we will call Ice-Watch) for leave to adduce further evidence on its appeal to this Court.

[2] The appeal is from a judgment of Ronald Young J in the High Court,¹ largely upholding the decision of the Assistant Commissioner of Trade Marks (the Commissioner) to decline Ice-Watch’s application to register Ice-Watch as a trade mark in New Zealand.² The respondent (Swatch) had opposed registration.

[3] We intend dismissing this application on the ground that the evidence now sought to be adduced could – and therefore should – have been adduced in the High Court, if not before the Commissioner. The evidence is distinctly, and admittedly, not fresh.

Background

[4] The relevant events are conveniently chronicled in tabular format:

Date	Event
1981	SWATCH trade mark first registered, in Switzerland.
24.6.86	Swatch ³ trade mark registered in New Zealand for Class 14 goods, which includes watches.
September 2009	Ice-Watch watches become available in New Zealand.
5.1.10	Ice-Watch applies to register Ice-Watch as a trade mark in New Zealand for Class 14.
28.4.10	Swatch files notice of opposition to Ice-Watch’s application.
May 2011	Evidence of Ice-Watch filed with Commissioner.
July 2011	Swatch’s evidence in reply filed with Commissioner.
February 2012	Ice-Watch appoints a new distributor to handle distribution of Ice-Watches in Australasia.
1.3.12	Assistant Commissioner of Trade Marks hears application. Both parties represented by counsel.
19.3.12	Assistant Commissioner’s decision directing that the trade mark Ice-Watch must not be registered.
18.4.12	Ice-Watch appeals to High Court.
4.10.12	Appeal heard by Ronald Young J.
16.10.12	Judgment of Ronald Young J: <ul style="list-style-type: none"> • Rules Swatch’s reply evidence admissible (the Assistant Commissioner had excluded this evidence). • Rules Ice-Watch’s further evidence on the appeal inadmissible. • Upholds Assistant Commissioner’s decision, except that it: <ul style="list-style-type: none"> ○ Allows registration of the trade mark Ice-Watch for items in Class 14 other than watches.

¹ *TKS s.a. v Swatch AG (Swatch SA) (Swatch Ltd)* [2012] NZHC 2642.

² *TKS s.a. v Swatch AG (Swatch SA) (Swatch Ltd)* [2012] NZIPOTM 7.

³ The original Swiss mark was capitals, the New Zealand mark lower case.

[5] Counsel appearing on this application were not counsel in the High Court or before the Commissioner.

Evidence put forward by Ice-Watch

[6] Ice-Watch's evidence before the Commissioner comprised a statutory declaration by Jean-Pierre Lutgen, the Chief Executive Officer of Ice-Watch. This declaration:

- attached images of various Ice-Watch watches and their packaging, and screenshots from the website www.ice-watch.com;
- screenshots from music videos featuring Ice-Watch watches;
- a list of New Zealand retailers of Ice-Watches;
- examples of advertisements in New Zealand magazines and newspapers for Ice-Watch watches;
- copies of advertisements for Ice-Watch watches in Australian magazines distributed in New Zealand;
- details of the number of Ice-Watch watches sold in New Zealand, and of the advertising expenditure for Ice-Watch watches in New Zealand, for the years 2009 and 2010; and
- details of countries in which the Ice-Watch trade mark had been registered, which included Australia.

[7] Ice-Watch applied to adduce further evidence in support of its appeal to the High Court. That evidence comprised an affidavit giving details of the way in which Ice-Watch watches were displayed and offered for sale in six retail stores in the Wellington area.

[8] Although Ronald Young J accepted that there was a significant public interest aspect to trade mark litigation such as this, he refused the application to adduce the further evidence. He stated his reasons in this way:⁴

... I do not think that a survey of six shops in Wellington provides sufficient evidence to enable me to confidently predict how watches are commonly sold in New Zealand.

This survey was not based on a sufficiently broad range of retail outlets selling watches in New Zealand so that it could be reliably used as evidence in this case.

[9] The evidence Ice-Watch seeks to adduce in support of this appeal comprises an affidavit affirmed by Barry Ian Meskin on 18 June 2013 and one sworn by Sally Blockley on 24 June 2013. They are very detailed affidavits. Mr Miles QC summarised them thus:

4. The Meskin and Blockley affidavits relate to the manner in which ice-watch watches, and other goods of Ice S.A., have been displayed and offered for sale in New Zealand, and promotional use of the ice-watch logo in New Zealand, from February 2012 to May 2013.

Provisions governing evidence on an application to register a trade mark

[10] Section 172 of the Trade Marks Act 2002 (the Act) provides:

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...

- (2) Appeals must be heard only on the materials stated by the Commissioner unless a party, either in the manner prescribed or by special leave of the court, brings forward further material for the consideration of the court.

...

[11] “Court”, as defined in s 5 of the Act, “means the High Court”. There are no provisions in the Act dealing with appeals to this Court.

[12] There are also the Trade Marks Regulations 2003. Regulations 33–35C deal with evidence generally. Regulation 34 deals with the filing of evidence out of time. Regulation 34(3) provides:

⁴ At [20] and [21].

- (3) The Commissioner may allow the evidence to be filed only if—
- (a) the Commissioner considers that there are genuine and exceptional circumstances that justify filing the evidence; or
 - (b) the evidence could not have been filed earlier.

[13] Regulations 82–85 deal with the filing of evidence where an application for registration of a trade mark is opposed. Ronald Young J referred to those Regulations in his judgment.⁵

Further evidence on appeal to this Court

[14] Rule 45 of the Court of Appeal (Civil) Rules 2005 (the Civil Rules) provides “The Court may, on the application of a party, grant leave for the admission of further evidence ... by ... affidavit ...”. As set out in *McGechan on Procedure*, the principles governing the admission of further evidence on an appeal to this Court are:⁶

- (a) Litigants have a duty to adduce at trial all their evidence, reasonably discoverable.
- (b) The constraints on the admission of further evidence are very strict. Evidence which is not fresh should only be admitted in exceptional and compelling circumstances, and will also need to pass the tests of credibility and cogency.
- (c) While a balancing of the interests of the applicant and opposing parties is required, the aim is to ensure that parties put their best case at trial and that the public resources of the Court system are not wasted.

[15] Those principles are drawn from this Court’s decisions in *Rae v International Insurance Brokers (Nelson Marlborough) Ltd*⁷ and *Airwork (NZ) Ltd v Vertical Flight Management Ltd*.⁸ They are well established. Soon after this Court was permanently established in 1957, it emphasised the impracticality of the Court attempting to compare detailed fresh evidence with all the evidence given at trial, and that the aim of (what is now) r 45 was to allow the evidence given at trial to be

⁵ At [8]–[10].

⁶ *McGechan on Procedure* (online looseleaf ed, Brookers) at [CR45.02](2).

⁷ *Rae v International Insurance Brokers (Nelson Marlborough) Ltd* [1998] 3 NZLR 190 (CA) at 194.

⁸ *Airwork (NZ) Ltd v Vertical Flight Management Ltd* [1999] 1 NZLR 641 (CA) at 649–650.

supplemented, and not to open the door to a complete or substantial rehearing of the case.⁹

Submissions for Ice-Watch

[16] The main points advanced by Mr Miles for Ice-Watch were these:

- (a) Before the Commissioner neither party had appreciated the necessity of filing evidence to show how watches are displayed for sale in retail stores in New Zealand, and Ice-Watch had not done so.
- (b) Ice-Watch's application for registration must be assessed against market-place reality. The further evidence must be admitted in order to recognise the manner in which watches are likely to be displayed and promoted in retail stores in New Zealand, and the manner in which Ice-Watch watches are – and at the date of the application were – likely to be displayed and promoted.
- (c) The evidence Ice-Watch now seeks to adduce is not fresh. But r 45 does not specifically exclude such evidence.
- (d) Because of the public interest element in trade mark litigation, further evidence has been admitted on appeal, even though it is not fresh: *Indtex Trading Ltd v The Otago Rugby Football Union*,¹⁰ *Daimler AG v Sany Group Co Ltd*¹¹ and *VB Distributors Ltd v Matsushita Electric Industrial Co Ltd*.¹²
- (e) The evidence is relevant, credible and cogent. In his judgment Ronald Young J said:¹³

⁹ *Sulco Ltd v E S Redit & Co Ltd* [1959] NZLR 65 (CA) at 74–75.

¹⁰ *Indtex Trading Ltd v The Otago Rugby Football Union* HC Auckland AP23-SW 01, 1 June 2001 at [29] and [39].

¹¹ *Daimler AG v Sany Group Co Ltd* HC Wellington CIV-2008-485-2333, 22 April 2009 at [6].

¹² *VB Distributors Ltd v Matsushita Electric Industrial Co Ltd* (1999) 9 TCLR 349 at [81]–[82].

¹³ At [20].

I accept the question of how watches might be sold as retail items could be a matter of significance in this case. It could be relevant to the question of confusion. ...

- (f) No prejudice to Swatch would result from admitting the evidence, because there was no objection to Swatch being given time to respond to it.

Decision

[17] In the course of oral argument, the Court asked Mr Miles why the evidence now sought to be adduced could not have been led in the High Court. Mr Miles readily accepted “there isn’t a reason ...”. A little later Mr Miles said this:

... I haven’t pitched this application on the basis that this is fresh evidence. It’s just evidence that, in retrospect, should have been put before the hearing officer [a reference to the Commissioner], should have been presented in a wider way than it was before the High Court, but ultimately it comes back to being crucial in assessing the extent of the monopoly.

[18] We accept the submission of Mr Elliot QC for Swatch that it would be fundamentally wrong to grant Ice-Watch’s application and admit the further evidence. If we did, this Court could not, consistently, resist any other application to admit evidence which was not fresh and which therefore should have been adduced in the High Court, or even earlier in the court or tribunal of first instance. That would run directly against r 45 and the firmly established and soundly based principles that govern its application. Granting this application would risk turning this appeal into a first instance factual hearing before this Court. This Court made almost identical strictures when rejecting the application to admit further evidence in *Rae v International Insurance Brokers*.¹⁴ Mr Elliot was justified in describing Ice-Watch’s application as a second attempt to “recast” or “fix up” its case.

[19] The High Court decisions relied on by Mr Miles are not relevant on an application such as the present one, under r 45 of the Civil Rules. Further, two of the

¹⁴ *Rae v International Insurance Brokers (Nelson Marlborough) Ltd*, above n 7, at 194.

cases pre-date the different provisions in the current Trade Marks Act and Regulations.¹⁵ Further still, those decisions rightly emphasise the public interest element in trade mark litigation.¹⁶ The other side of the coin was well put by Laddie J in this passage in his judgment in *Dualit Ltd v Rowlett Catering Appliances Ltd*:¹⁷

... it is not enough simply to allow in any evidence which can be argued to be relevant and in effect to allow in any evidence which is relevant. If such a low hurdle is imposed, other applicants and opponents will no doubt look at the decision adverse to them in the [Trademark] Registry, redesign their evidence and start again on appeal. But proceedings before the Registry are not a dry run to test out the evidence to see which parts can be criticised so that the evidence can then be perfected for the purpose of the proper run before the High Court. It is important for parties to realise that the function of the Registry is to examine applications and to consider oppositions, and that they must put before the Registry the material which is to be relied upon in support of their cases.

In my view, it is just as important that it is brought home to litigants that they must put the best evidence available to them before the Registry as it is to ensure that the appeal is a fair resolution of the dispute between the parties. It appears to me, therefore, that it is still necessary for the court to consider the issue of how important the evidence is, whether it could have been put in earlier and why it was not and the weight that evidence is likely to have at the appeal.

[20] However, because the High Court decisions relied on by Mr Miles do not bear on the present application, we say no more about them.

[21] We should note, but again need not decide, a further point. Mr Elliot disputed the relevance of the further evidence sought to be adduced. His point is encapsulated in this passage of Richardson J's judgment in this Court's decision in *Pioneer Hi-Bred Corn v Hy-Line Chicks Pty Ltd*:¹⁸

¹⁵ *Indtex Trading Ltd v The Otago Rugby Football Union*, above n 10 and *VB Distributors Ltd v Matsushita Electric Industrial Co Ltd*, above n 12.

¹⁶ *Indtex Trading Ltd v The Otago Rugby Football Union*, above n 10 at [29] and [39]; *Daimler AG v Sany Group Co Ltd*, above n 9 at [6]. Although not clearly identified in those cases there are in fact two aspects to the public interest. Incorrect registration of a trade mark:

- (a) creates "a monopoly which ought not to have been created affecting the whole of the trade and the public interest": *Indtex Trading*, above n 10, at [29];
- (b) has the potential "to deceive and cause confusion" to (the test under s 17(1)(a) of the Trade Marks Act 2002 or "to deceive or confuse" (the s 25(1)(b) test) the public.

¹⁷ *Dualit Ltd v Rowlett Catering Appliances Ltd* [1999] FSR 865 (Ch) at 870.

¹⁸ *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 61.

On an application for registration the rights of the parties are to be determined as at the date of the application. The evidence as to likelihood of deception or confusion must relate to the position at that time.

[22] Ice-Watch applied to register its trade mark on 5 January 2010. The evidence sought to be adduced on this appeal covers the position post-February 2012, when Ice-Watch's current Australasian distributor took over. The would-be deponents Mr Meskin and Ms Brockley are, respectively, a director of the new distributor and its national sales manager New Zealand. Mr Elliot protested "we are moving further and further away from the relevant date".

[23] Mr Elliot pointed to this further passage in Richardson J's judgment in *Pioneer Hi-Bred Corn Company*:¹⁹

The section [the predecessor of s 17(1)] is not concerned with the particular mode of presentation of the product adopted or proposed to be adopted by the applicant, but with the use of the mark in any manner which may be regarded as a fair and proper use of it ...

[24] Mr Miles very properly accepted that the concern upon an opposed application to register a trade mark is with the fair notional future use over the life of the mark. He submitted that if the further evidence had been before the Commissioner it would have been relevant and that was why Ice-Watch was seeking to introduce it now.

[25] That seems to us to be essentially a further concession that the evidence could and should have been placed before the High Court, if not before the Commissioner.

Result

[26] The application to adduce further evidence on this appeal is dismissed.

[27] The appellant is to pay the respondent's costs calculated as for a standard application on a band A basis with usual disbursements.

¹⁹ At 61.

Solicitors:
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