

ROBY TRUSTEES LTD v MARS NEW ZEALAND LTD

5 NEW ZEALAND COURT OF APPEAL

RANDERSON, STEVENS and MILLER JJ

20 September, 1 October 2012 — New Zealand

10 [2012] NZCA 450

Trade marks — Appeal — Opposition — Comparison of marks — Descriptive quality of marks — Importance of considering mark as a whole — (NZ) Trade Marks Act 2002 ss 17(1)(a), 25(1).

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Mars New Zealand Ltd (Mars) and Roby Trustees Ltd (Roby) both sold pet food, including dog food rolls. Mars owned device marks comprising OPTIMUM and OPTIMUM NUTRITION FOR LIFE, and the word marks OPTIMUM and OPTIM-ATE, all in class 31. Mars had used words and phrases incorporating or comprising “Optimise”, “Optimize”

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and “Optimum” in conjunction with its trade marks in promoting its petfood products. On 16 July 2009, Roby applied to register a device mark comprising OPTIMIZE PRO together with the less prominent tagline “Lead the Pack”. Mars opposed Roby’s application under ss 17(1)(a), 17(1)(b), 25(1)(b) and 25(1)(c) of the Trade Marks Act 2002 (Act).

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The assistant commissioner dismissed the opposition holding that (among other things) the marks were visually, aurally and conceptually dissimilar.

On appeal to the High Court, Venning J overturned the decision of the Assistant Commissioner of Trade Marks. He found that the visual, aural and conceptual similarities between the marks were such that, when taken together with the developed brand and consumer awareness of Mars’ marks, it was inevitable that the proposed mark would deceive or cause confusion to a substantial number of persons in the relevant market.

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There was no challenge to the assistant commissioner’s finding that Mars enjoyed a substantial reputation in its marks in relation to dog food in New Zealand.

On further appeal, the central question was whether, having regard to Mars’ use of and reputation in its OPTIMUM marks, fair use of the appellant’s OPTIMIZE PRO “Lead the Pack” mark for chilled dog roll was likely to deceive or confuse consumers for the purposes of 17(1)(a) of the Act.

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The appellant, Roby, submitted that:

- (a) The decision under appeal had failed to examine the proposed mark in its entire and composite form but rather dissected it, dropping the “Lead the Pack” phrase which was an integral part of the mark and focusing incorrectly on the remaining similarities. It was wrong to assume that “PRO” would also be dropped. Further, such dropping of parts of the mark could occur only in aural use, which overlooked the visual and conceptual similarities and differences;
- (b) The word “Optimum” was descriptive. That matter had to be taken into account in the court’s overall assessment. The court did not lightly confer a monopoly on the use of a descriptive word. Rather, quite small differences should render the proposed mark immune from action. “Optimum” or “Optimise” did convey the same concept, but the concept was commonplace or descriptive so its use need not cause confusion: at [36], [37].

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Mars contended that the dominant element of the proposed mark was very close, and conceptually identical, to the two Mars’ OPTIMUM brands. Regarding the submission that the courts were wary of conferring monopoly on a descriptive word, Mars accepted that “Optimum” and “Optimise” were descriptive words and accepted that the descriptive

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quality of the Mars' marks was relevant notwithstanding that the marks had been registered. However it submitted that the decision under appeal correctly recognised that such words were registrable where they are not, in normal use, descriptive of the particular goods. In this case, "Optimum" had become associated with Mars animal food products.

On appeal, the court admitted further evidence that after the relevant date a third party (Nestlé) had been permitted to register OPTISTART and OPTIHEALTH in class 31: at [43].

Held, allowing the appeal:

Applicable principles under s 17(1)(a)

(i) The opponent must first establish a substantial reputation in its mark. The onus then shifts to the applicant to show that any fair and proper use of its mark is not likely to cause confusion and deception among a substantial number of consumers of the goods in question. That assessment assumes fair use of both marks, and is made from the perspective of the consumer and others involved in such a purchase: at [44].

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

(ii) Marks are to be compared using the principles in the *Pianotist* case. Attention must be paid to the whole of each mark, the look and sound of the marks, the kind of customer likely to buy the goods, the surrounding circumstances in which the marks will be used, the impact of imperfect recollection, the idea of each mark, and any descriptive quality of the marks: at [45], [46].

Re Pianotist Company's Application (1906) 1A IPR 379; 23 RPC 774, applied.

(iii) The actual use of an opponent's mark may be the best guide to its fair and normal use. It was noteworthy that Mars used the complete OPTIMUM "Nutrition for Life" device mark in all of its advertising and packaging (that is with no abbreviation). The "Nutrition for Life" tagline was therefore important and visual impact was an important reference: at [49], [50].

Comparison of marks

(iv) The court should consider the impact of any essential feature of the proposed mark. The first part of a mark was generally the most important for the purposes of comparison. However that was not always so. It had to be borne in mind that there were other marks in the same class that began with OPTI. In such a case, consumers may pay more attention to the other features of the respective marks. The proposed mark was also a device mark and so had to be considered as a whole: at [53].

Hannaford & Burton Ltd v Polaroid Corporation [1976] 2 NZLR 14 (PC); *Harrods' Application* (1935) 52 RPC 65, applied.

(v) When the marks were considered as a whole, they were visually different. Particular importance was to be placed on the addition of the word "PRO" and the phrase "Lead the Pack". The latter phrase was striking and likely to be remembered by customers in distinguishing the proposed mark from the Mars mark. The marks were also aurally different. The aural difference extended to shortened versions, since the Roby mark was likely to be shortened to OPTIMIZE PRO not OPTIMIZE: at [54], [55].

Nature of purchasers and circumstances of purchase

(vi) Given that most retail purchases would be made in supermarkets after the competing products were viewed, the visual impact of the mark was most significant. Roby's dog rolls were essentially the same product as Mars' dog rolls, both occupying the lower end of the pet food market, such that consumers were likely to buy it casually or on impulse, increasing the risk of confusion and deception: at [57], [58].

Dr Martens Australia Pty Ltd v Figgins Holdings Pty Ltd (1999) 44 IPR 281; [1999] FCA 461, referred to.

(vii) Imperfect recollection also had to be taken into account, particularly when Mars was discontinuing its product so that consumers would not view the competing products

side-by-side. The features of the proposed mark most likely to be recalled were the words OPTIMIZE PRO and the phrase “Lead the Pack”: at [58].

(viii) While the idea of each mark was much the same, a quality or premium product, there was nothing inherently distinctive about the idea. “PRO” did not add anything material to the idea: at [59].

5 *Descriptive quality of the opponent’s mark*

(ix) Courts were wary of granting a monopoly in the use of descriptive words. The evidence did not establish that the word “OPTIMUM”, as opposed to the existing device marks, had become so associated with Mars’ products as to lose its ordinary meaning: at [62], [63].

10 *European Ltd v Economist Newspaper Ltd* [1998] FSR 283 (CA); *Cooper Engineering Co Pty Ltd v Sigmund Pumps Ltd* (1952) 86 CLR 536, referred to.

Conclusion on s 17(1)(a)

15 (x) Viewed as a whole, the marks were distinctly different. Even in aural use PRO was not likely to be dropped, so the marks were aurally distinctive too. The idea of OPTIMUM and OPTIMISE PRO were the same, but the latter was not the complete mark and not an inherently distinctive idea. Viewed overall, it was not likely that the proposed mark would deceive or cause confusion to a substantial number of persons in the market for dog food. Rather, PRO and “Lead the Pack” together clearly distinguished the marks from Mars’ marks. The decision under appeal ultimately attached too little weight to the visual and aural dissimilarity of the marks when considered as a whole: at [63], [64].

Section 25(1)

(xi) The conclusion in respect of s 17(1)(a) applied also to s 25(1): at [66].

25 *C L Elliott* instructed by *Shanahans* for the appellant.

E C Gray and *C E Foggo* instructed by *Simpson Grierson* for the respondent.

Miller J.

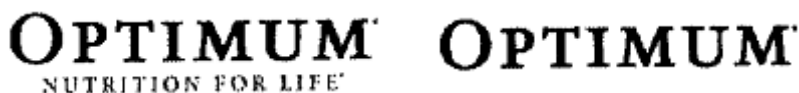
		Para No
30	Table of Contents	
	Introduction	[1]
	Background	[6]
	Mars’ objection to registration	[14]
	The decision of the assistant commissioner	[15]
35	The High Court decision	[24]
	The appeal	[33]
	The application to admit further evidence	[40]
	Applicable principles under s 17(1)(a)	[44]
40	Reputation in the Mars marks	[47]
	Use of the respective marks	[48]
	Is such use likely to confuse or deceive?	
	Comparison of the marks	[53]
45	Nature of purchasers and circumstances of purchase	[56]
	The idea of each mark	[59]
	Descriptive quality of the opponent’s mark	[60]
	Conclusion	[63]
	The s 25(1) grounds	[66]
50	Decision	[69]

Introduction

[1] Roby Trustees Ltd makes and sells pet food. It sought to register the mark OPTIMIZE PRO “Lead the Pack” to be used for dog rolls in class 31. The proposed mark is a device mark, as follows:



[2] Mars New Zealand Ltd, Roby Trustees’ major competitor, resisted registration, claiming that the proposed mark risked deceiving or confusing consumers or was similar to Mars’ existing marks OPTIMUM and OPTIMUM “Nutrition for Life”, which are registered in class 31 for pet food. The two Mars marks are also device marks:



[3] Mars has also registered OPTIMUM and OPTI-MATE as word marks in class 31. It has also used the words and phrases “Optimise”, “Optimise Your Pet”, “Optimize your Dog” and “Optimize Your Cat” in connection with its products.

[4] The Assistant Commissioner of Trade Marks allowed Roby Trustees to register the proposed mark.¹ In the High Court, Venning J allowed Mars’ appeal.²

[5] The general question on further appeal to this court is whether, having regard to Mars’ use of and reputation in its OPTIMUM marks, fair use of the appellant’s OPTIMIZE PRO “Lead the Pack” mark for chilled dog roll is likely to confuse or deceive consumers.

Background

[6] Roby Trustees Ltd is the majority owner of Butch Pet Foods Ltd, which has long sold chilled pet food in this country. Indeed, the evidence is that the first chilled dog roll was created by Ian and Lorraine Roby in 1964 in New Zealand as a means of combating hydatids. The evidence of Jeffrey Roby, for Roby Trustees, is that Butch Pet Foods brands collectively lead the market for chilled dog food in New Zealand.

[7] Mars is the major competitor of Butch Pet Foods in New Zealand. It too uses several brands. It began using the OPTIMUM mark on its own in New Zealand in 2004. Under that mark the company sold chilled dog roll, dry dog and cat food (sold in bags) and wet pouch food for dogs and cats. Mars invested significantly in promoting the OPTIMUM-branded roll, which became the single largest selling chilled dog roll.

1. *Roby Trustees Ltd v Mars New Zealand Ltd* IPO T17/2011, 4 July 2011.

2. *Mars New Zealand Ltd v Roby Trustees Ltd* HC Auckland CIV-2011-404-4613, 7 December 2011.

[8] In March 2007 Mars launched a website called “Optimise your Pet”. Pages on that website included the catch phrase “Optimise Your Dog with OPTIMUM”. Since then (in 2010) Mars has launched a promotion called “Optimise Your Life” in Australasia.

5 [9] However, in May 2009 Mars wrote to its trade customers advising that it had decided to stop producing chilled dog roll. It explained that it had been losing money in that market segment for 3 years. In evidence its managing director, Gerard Lynch, explained that Mars also felt that dog rolls are not a good “fit” with the premium OPTIMUM brand. Dog roll has come to be perceived as a
10 low-end product, and its popularity has been declining relative to dry food.

[10] On 16 July 2009 Roby Trustees applied to register the OPTIMIZE PRO “Lead the Pack” mark.

[11] Mars opposed registration, asserting that the OPTIMUM brand and OPTIMIZE name are so closely associated in the public mind with Mars pet food products that members of the public would be misled or confused by any use of the
15 OPTIMIZE PRO “Lead the Pack” device. In his evidence Mr Lynch deposed that:

20 In my view, the words “OPTIMIZE PRO” are the key element of the Optimize Pro Mark, with OPTIMIZE being the dominant element. I believe that the Applicant intends to use the words OPTIMIZE PRO as a mark in its own right, and it is inevitable that the Applicant’s product would be referred to in the trade, and by members of the relevant purchasing public, as “OPTIMIZE PRO”.

[12] On 3 September 2009 Nicola McCarthy, a staff solicitor with Simpson Grierson, visited the Woolworths online website, searched “dog roll” and found
25 OPTIMIZE PRO dog rolls for sale. She placed an order. What was delivered, however, was Mars OPTIMUM dog roll. It came with an invoice confirming that she had ordered OPTIMIZE PRO. In a declaration Ms McCarthy explained that she called Woolworths and spoke to a customer service representative, who suggested that the person filling the order could not tell the difference between
30 the two rolls and sent the wrong one. This evidence was ruled inadmissible before the assistant commissioner, who also noted that the OPTIMIZE PRO roll had not been in stock at the supermarket where the order was filled and Woolworths has a policy of substituting a similar product in such circumstances. We observe that in the result, there is no evidence of actual consumer confusion between the
35 chilled dog roll sold by Roby Trustees and that sold by Mars.

[13] Mars moved shortly thereafter for an interlocutory injunction to restrain sale of the OPTIMIZE PRO chilled dog roll. An agreement was reached under which Roby Trustees would not market the product while it pursued its application for
40 registration of the mark.

Mars’ objection to registration

[14] Mars’ opposition to Roby’s application was based on reliance on:

- 45 (a) Section 17(1)(a) Trade Marks Act 2002 (use of the proposed mark is likely to deceive or cause confusion);
- (b) Section 17(1)(b) (use of the proposed mark would be contrary to law: specifically, passing off and/or breach of the Fair Trading Act 1986);
- (c) Section 25(1)(b) (the proposed mark is similar to Mars’ marks and its use is likely to deceive or confuse); and
- 50 (d) Section 25(1)(c) (the proposed mark is, or an essential element of it is, identical or similar to Mars’ well known marks and its use would be likely to prejudice Mars’ interests).

The decision of the assistant commissioner

[15] Assistant Commissioner Walden first dealt with evidential matters, excluding survey evidence upon which Roby Trustees sought to rely and rejecting as inadmissible Ms McCarthy's hearsay evidence about alleged confusion. She found that Mars had comfortably established market awareness of the device marks OPTIMUM "Nutrition for Life" and OPTIMUM, and the Optimum name, basing those findings on the evidence that OPTIMUM dog roll was the consistent market leader in its segment in the 6 years before the relevant date and Mars' heavy investment in advertising campaigns. There appeared to have been no use of Mars' OPTIM-ATE mark in New Zealand. The assistant commissioner also found that "Optimise", "Optimise your Pet", "Optimize your Cat", and "Optimize your Dog" did not appear to have been used as marks or names.

[16] The assistant commissioner directed herself that the question was whether, having regard to the reputation acquired for Mars' marks, the OPTIMIZE PRO "Lead the Pack" mark, if used in a normal and fair manner in connection with the applicant's goods, would be reasonably likely to cause deception and confusion among a substantial number of persons. She identified the relevant market as mainly members of the general purchasing public, and recognised that chilled dog roll is located in a substantial "bottom end" of the pet food market where low involvement consumer purchasing is common and a strong and distinctive brand is advantageous. She recognised also that the goods of both parties are similar.

[17] Turning to a comparison of the marks, the assistant commissioner referred to *New Zealand Breweries Ltd v Heineken's Bier Browerij Maatschappij NV*.³ She accepted that the whole of the marks must be considered, allowance must be made for imperfect recollection, and actual use of Mars' OPTIMUM mark must be considered.

[18] The assistant commissioner found the marks visually, aurally, and conceptually dissimilar. She held:

39. From the outset, I consider that it is important to note that this is the opposed mark:



The opposed mark is not "OPTIMIZE", nor is it "OPTIMIZE PRO". The mark is the device mark as shown, which is what I must assess *as a whole*. However, I note that it is permissible to consider the impact of any essential feature of the opposed mark on the whole of the mark when making this assessment.

40. As I have mentioned, I am comparing the opposed mark with the opponent's OPTIMUM mark, which is this mark:

OPTIMUM

41. Both marks are device marks. I consider that the visual impact of the marks will therefore be more significant, but not necessarily determinative.

3. [1964] NZLR 115 (CA) at 139.

[19] After noting that no colour limitation was attached to the proposed registration, so that it would be registered for all colours, she found that if shortened, the mark was likely to be called OPTIMIZE PRO. She observed that that was not the opposed mark, but in any event the shortened version was aurally
5 dissimilar to OPTIMUM.

[20] The assistant commissioner recognised that OPTIMISE and OPTIMUM share the same Latin origin of “optimus”, meaning “best”. “PRO” added little; in this context the parties appeared to agree that it stands for “professional” and is used
10 to suggest a premium product. The main point of contention between the parties was that Mars believes it enjoys exclusivity in relation to OPTIM- marks for pet food. While both marks have the letters OPTIM in common that was not sufficient, in the assistant commissioner’s opinion, to make the marks visually, aurally or conceptually similar because those letters were not a distinct and distinctive
15 component of either mark.

[21] Turning to s 17(1)(b) of the Act, the assistant commissioner found it unnecessary to consider Mars’ opposition in detail as a higher threshold of confusion is required for passing off or a breach of the Fair Trading Act than is
20 required under s 17(1)(a).

[22] With respect to s 25(1)(b) of the Act, the assistant commissioner referred to the test in *N V Sumatra Tobacco Trading Company v British American Tobacco (Brands) Inc.*⁴ She noted that Roby Trustees had to establish that its proposed mark did not breach the section, and accepted that the inquiry required
25 consideration of the fair and notional use of the trade marks on any of the applicant’s goods or the goods covered by the opponent’s mark. However, the assistant commissioner found that the marks were not similar for the purposes of s 25(1)(b) either, basing that conclusion on her earlier finding that the marks were visually, aurally and conceptually dissimilar notwithstanding that they contained
30 the same letters OPTIM.

[23] For the same reasons the assistant commissioner did not accept that the proposed mark would indicate a connection in the course of trade between the applicant’s goods and those of the opponent for the purposes of s 25(1)(c) of the
35 Act.

The High Court decision

[24] Venning J accepted that the proposed mark was OPTIMIZE PRO “Lead the Pack”, and that the opposing marks were OPTIMUM and OPTIMUM “Nutrition for
40 Life”. He observed that Mars had also registered each device against a background featuring a dog’s face, and that Mars had a separate registered mark for the words OPTIMUM and OPTIM-ATE in class 31. Contrary to the view taken by the assistant commissioner, he found by reference to the Mars “Optimise your Pet” website that Mars had at the relevant date used the words and phrases
45 “Optimise”, “Optimise your Pet”, “Optimize your Dog” and “Optimize your Cat” in connection with its marks.

[25] Turning to s 17(1)(a) the judge identified the issue as follows:

[28] The real issue under s 17(1)(a) is whether the use by Roby of its proposed mark:

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4. (2010) 86 IPR 206; [2010] NZCA 24 at [18] (*N V Sumatra*).

OPTIMIZE PRO

would be likely to deceive or cause confusion amongst a substantial number of persons in the relevant market. The Assistant Commissioner considered it would not cause such deception or confusion primarily because she considered Roby's proposed mark was visually, aurally and conceptually dissimilar to Mars' marks.

[26] We observe that in framing the issue in this way the judge omitted the phrase "Lead the Pack" from the device mark. He accepted that when assessed visually side by side the marks were different, but he considered that the differences were not particularly marked, noting that both parties used gold outlining around black lettering. He held that it is the overall impression and appearance that matter, and similarities between the marks matter most. The judge found that the dominant feature of the proposed mark was the words OPTIMIZE PRO. "Lead the Pack" was a tagline which, although part of the device, was likely to be dropped in use by those in the relevant market. Indeed, Roby Trustees itself had used OPTIMIZE PRO without the tagline on its own website, as did the Woolworths internet shopping page.

[27] The judge also suggested that OPTIMIZE PRO was likely to be further reduced to its main element, OPTIMIZE, drawing an analogy with the use of "Coke" to describe Coca Cola. Similarly, the dominant feature of the Mars mark was the word OPTIMUM. Most people would recognise and recall the "opti" syllables. The judge considered that both marks conveyed the overall impression or concept of a best or premium product, and the main concept left on the mind by both marks over time would be essentially the same.

[28] The judge noted that dog rolls were self-serve consumer items and the competing products were likely to be found in the same area of the supermarket. The products were "directly competitive" with each other in the same market.

[29] The judge accordingly concluded that the assistant commissioner erred on the facts. The visual, aural and conceptual similarities between the marks were such that, when taken with the developed brand and consumer awareness of Mars' marks, it was inevitable that the proposed mark would deceive or cause confusion to a substantial number of persons in the relevant market.

[30] In reaching this conclusion the judge rejected a submission for Roby Trustees that Mars was seeking impermissibly to use a variant of its descriptive mark to prevent Roby Trustees from registering a composite device mark containing that variant. The Mars marks, including OPTIMUM, had been registered, and this was not an application for revocation.

[31] Further, the judge observed that a word may be registrable although it is descriptive, provided it is not descriptive of the particular goods or services associated with the mark. For example, the word "vintage", although descriptive, was registrable in relation to cheese.⁵ The judge considered that the word "optimum" is a common word which is not normally descriptive of dog rolls or animal food. Applied generally to dog food it could signify that the product is the

5. *Mainland Products Ltd v Bonlac Foods (NZ) Ltd* (1998) 42 IPR 388; [1998] 3 NZLR 341 (CA) (*Mainland Products*).

best available, but it had been used by Mars as a trademark and, in consequence of Mars' marketing, it was now identified with Mars products.

5 [32] For substantially the same reasons, the judge found that Roby Trustees' use of its proposed mark for dog rolls would also constitute misleading and deceptive conduct in breach of the Fair Trading Act, so that the mark would be disentitled to protection under s 17(1)(b) of the Act and it would also be likely to deceive or confuse for purposes of s 25(1)(b). Further, Roby Trustees' use of the mark would be likely to prejudice Mars interest for the purposes of s 25(1)(c),
10 given that both parties were in the same market.

The appeal

15 [33] Although the appeal invokes each of the statutory grounds, counsel agree that the central question for us is whether the respective marks so resemble one another as to be likely to deceive or confuse consumers. That is the question posed by s 17(1)(a) of the Act. Mr Elliott accepted, for his part, that if it is answered affirmatively the appeal must fail.

20 [34] In the event that the appeal succeeds under s 17(1)(a) we did not understand Mr Gray to maintain reliance on s 17(1)(b), the result of which must inevitably follow for the reasons given by the assistant commissioner, but he did argue that the decision below might still be upheld under the s 25(1) grounds.

25 [35] Mr Elliott pointed out that there is no allegation that the assistant commissioner misdirected herself or overlooked any relevant consideration. He did not dispute, however, that Venning J was entitled to substitute his own assessment for that of the assistant commissioner.

30 [36] Counsel submitted that it is necessary to consider two issues; whether the opposed mark resembles the Mars marks and, if so, whether the resemblance is likely to deceive. He submitted that Venning J failed to examine the proposed mark in its entire and composite form but rather dissected it, dropping the "Lead the Pack" phrase which is an integral part of the mark and focusing incorrectly on the remaining similarities. It was wrong to assume that "PRO" would also be dropped. Further, such dropping of parts of the mark could occur only in aural use, which overlooks the visual and conceptual differences and similarities.
35 Consumers who view dog roll in supermarket chillers will observe the entire mark OPTIMIZE PRO "Lead the Pack" placed prominently on the packaging.

40 [37] Mr Elliott also emphasised that the word "optimum" is descriptive. The judge was wrong to discount Roby Trustees' characterisation of Mars' marks as descriptive by relying upon registration of those marks. That characterisation was accurate, and it must be taken into account in the court's overall assessment. The court does not lightly confer a monopoly on the use of a descriptive word. Rather, quite small differences should render the proposed mark immune from action. "Optimum" or "optimise" do convey the same concept, but the concept is commonplace or descriptive so its use need not cause confusion.

45 [38] For Mars, Mr Gray supported the High Court decision. He emphasised that the onus was, and is, on Roby Trustees to exclude a likelihood of deception or confusion and the decision is one of fact to be made in the circumstances in the particular case. In that regard, he submitted that the High Court judge had the advantage of evidence and facts that the assistant commissioner had excluded.
50 He submitted that the dominant element of the proposed mark is very close, and conceptually identical, to Mars' OPTIMUM brand.

[39] The question is ultimately one of impression on which different minds may reach different conclusions.⁶ This court must form its own view of the merits, attaching such weight to the decisions below as it thinks appropriate.⁷

The application to admit further evidence

[40] Before us Roby Trustees sought leave to adduce further evidence that Nestlé has been permitted since the relevant date (16 July 2009) to register the marks OPTISTART and OPTIHEALTH in the pet food class, contending that it contradicts Mars' claim to exclusivity in relation to OPTIM- marks for pet food. It is submitted that Mars placed considerable reliance on its claim to exclusivity in the High Court, emphasising that there was a high degree of similarity because the marks shared the root "optim" and consumers were likely to identify "opti" as the primary feature of the marks. It is submitted that Roby Trustees, the assistant commissioner and the High Court judge all accepted that Mr Lynch's evidence and Mars submission were accurate.

[41] The application was opposed. Mr Gray contended that the evidence is neither fresh nor cogent. It relates to a period after the relevant date, so cannot have an important influence on the outcome of the case. It was said that the root of the Nestlé marks is "opti", not "optim", which conveys a different concept. Mr Gray pointed out that there was evidence that there are other OPTI- marks on the register, albeit not the marks the subject of the proposed evidence.

[42] We observe that Venning J identified OPTIMIZE and OPTIMUM as the dominant feature of the respective marks, finding that both words convey the same idea. He accepted the expert evidence of Mr Innes, for Mars, that consumers will attach primacy to the "opti" syllables. He also held that "optimum" is a common word not normally descriptive of dog rolls or animal food products. It is true that the risk of confusion or deception is assessed as at the relevant date, but it must have been relevant to the judge's assessment of the argument for Mars that Nestlé had subsequently registered OPTI- marks in the same class, for Mars certainly conveyed the impression in its evidence that confusion might result should anyone else use the root "opti-" in connection with pet food. We take Mr Gray's point that Mr Lynch himself did not make this claim; the evidence was that of the expert, Mr Innes. We are not prepared to accept Mr Gray's submission that we should overlook that evidence on the ground that Mr Innes is an expert and Mars could not control his evidence. While his opinion is his own, Mars chose to call him.

[43] The evidence which Roby Trustees sought to adduce in this court is not fresh, but having regard to the approach taken in the High Court it is, we think, sufficiently relevant to justify its admission. We have accordingly considered it.

Applicable principles under s 17(1)(a)

[44] The relevant principles are not in dispute. The opponent must first establish a substantial reputation in its mark. If so, the onus shifts to the applicant to show that any fair and proper use of its mark is not likely to cause confusion and deception among a substantial number of consumers of the goods in question. That assessment assumes fair use of both marks, and it is made from the

6. *Smith Hayden and Company's Application* (1946) 63 RPC 97 (HC) at 102.

7. *Austin, Nichols & Co Inc v Stichting Lodestar* (2007) 74 IPR 452; [2008] 2 NZLR 141; [2007] NZSC 103 at [3]–[5].

perspective of the consumer and others involved in such purchase. It is also made as at the applicable date, in this case 16 July 2009.⁸

[45] Marks are compared using the principles in *Re Pianotist Company's Application*:⁹

5 You must take the two words. You must judge of them, both by their look and by their sound. You must consider the goods to which they are to be applied. You must consider the nature and kind of customer who would be likely to buy those goods. In fact, you must consider all the surrounding circumstances; and you must further consider what is likely to happen if each of those trade marks is used in a normal way as a trade mark
10 for the goods of the respective owners of the marks.

[46] Attention must be paid to the whole of each mark, the look and sound of the marks, the kind of customer likely to buy the goods, the surrounding circumstances in which the marks will be used, the impact of imperfect
15 recollection, the idea of each mark, and any descriptive quality of the marks.

Reputation in the Mars marks

[47] There is no challenge to the assistant commissioner's finding that Mars enjoys a substantial reputation in New Zealand for its marks, in relation to dog
20 food.

Use of the respective marks

[48] As at the relevant date Mars still sold chilled dog roll, and neither counsel was prepared to attach much significance to its subsequent withdrawal from that
25 market segment. It continues to sell other pet food under its OPTIMUM "Nutrition for Life" brand, and Mr Elliott suggested that it might return to the chilled roll segment. Mr Gray pointed to evidence that although chilled dog roll may be a distinct market segment some 76% of consumers also buy dried dog food.

[49] As the assistant commissioner accepted, actual use of an opponent's mark
30 may be the best guide to its fair and normal use.¹⁰ It is noteworthy that in all of its advertising and packaging Mars uses the complete OPTIMUM "Nutrition for Life" device mark, in which OPTIMUM serves as an adjective. We accept that it sometimes adds OPTIMUM as a device or word mark, but the important point is that it never uses the shorter marks in isolation on such material. Mars may use
35 OPTIMUM without the so-called "tagline" in dealing with trade customers or on its website. But so far as its packaging and advertising is concerned the evidence supports Mr Elliott's submission that "Nutrition for Life" is considered important.

[50] The proposed mark will be used primarily as a complete device mark on
40 the packaging of dog roll displayed for sale in supermarket chillers. Accordingly, its visual impact is important. We also accept that the mark will likely be used in internet and other advertising as a complete device mark.

[51] Mr Lynch's opinion, which we have mentioned at [11] above, was that the
45 proposed mark is likely to be shortened in practice to OPTIMIZE PRO. We accept that the mark may be used in that way in aural use, and perhaps in dealings with trade customers or on an internet shopping site or website. We think it unlikely

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

9. (1906) 1A IPR 379 at 380; 23 RPC 774 (Ch) at 777.

50 10. James Mellor and others, *Kerly's Law of Trade Marks and Trade Names* (15th ed, Sweet & Maxwell, London, 2011) at [9-084].

that the mark will be further shortened to the descriptive word OPTIMIZE, as Venning J suggested. We observe that it was not so used on the Woolworths website, and note that the assistant commissioner considered that the shortened version would be OPTIMIZE PRO.

[52] There is evidence that Roby Trustees has used OPTIMIZE PRO on a website without “Lead the Pack”. However, we accept Mr Elliott’s submission that it was used in that way once, at the foot of a web page in which the full device mark featured repeatedly and far more prominently. The evidence suggests that “Lead the Pack” is an integral part of the mark.

Is such use likely to confuse or deceive?

Comparison of the marks

[53] We accept that the court should consider the impact of any essential feature of the proposed mark. It has been recognised that the first part of a mark is generally the most important for purposes of comparison.¹¹ However, that is not always so. It must be borne in mind that there are other marks in the same class that begin with OPTI-. In such a case consumers may pay more attention to the other features of the respective marks.¹² The proposed mark is also a device mark, and must be considered as a whole.

[54] When the marks are considered as a whole we agree with the assistant commissioner and Venning J that they are visually different. In our assessment of the visual differences, we place particular importance on the addition of the word “PRO” and the phrase “Lead the Pack”. We regard the latter phrase as particularly striking and likely to be remembered by customers in distinguishing the proposed mark from the Mars mark.

[55] We also share the assistant commissioner’s opinion that the marks are aurally different. We consider that the aural difference extends to the shortened versions, as we have agreed with the assistant commissioner that the Roby Trustees mark is likely to be shortened to OPTIMIZE PRO, not OPTIMIZE.

Nature of purchasers and circumstances of purchase

[56] It is common ground that the typical purchaser is a consumer who will seek out dog roll in a supermarket chiller. Dried dog food will be found elsewhere in the supermarket. Trade customers also buy chilled dog roll, of course, but there is no reason to suppose that they may be confused.

[57] Most retail purchases will be made in supermarkets after the competing products are viewed. Accordingly, the visual impact of the mark is most significant. There is no evidence that delegated purchases are sufficiently common to amount to a substantial part of the market. Given the evidence that dog roll, unlike high quality dried food, is a low involvement, low cost purchase, we consider that the person doing the supermarket shopping will also make the decision.

[58] As Venning J found, the Roby Trustees dog rolls are essentially the same product as Mars dog rolls. Dog roll occupies the lower end of the pet food market and consumers are likely to buy it casually or on impulse, which increases any

11. *Hannaford & Burton Ltd v Polaroid Corporation* [1976] 2 NZLR 14 (PC).

12. *Harrods’ Application* (1935) 52 RPC 65 at 70.

risk of confusion or deception.¹³ Imperfect recollection must also be taken into account, particularly when Mars was discontinuing its product so that consumers would not view the competing products side by side. The features of the proposed mark that are most likely to be recalled in such circumstances are the words
5 OPTIMIZE PRO and the phrase “Lead the Pack”.

The idea of each mark

[59] We accept Mr Gray’s submission that the idea of each mark is the same,
10 that of a quality or premium product. However, there is nothing inherently distinctive about the idea. Like the assistant commissioner and Venning J, we do not consider that “PRO” adds anything material to the idea.

Descriptive quality of the opponent’s mark

15 [60] Mr Elliott correctly emphasised that the courts are wary of granting a monopoly in the use of descriptive words.¹⁴

[61] Mr Gray did not dispute that “optimum” and “optimise” are descriptive words. Nor did he dispute that the descriptive quality of the Mars marks is relevant for present purposes notwithstanding that the marks have been
20 registered. Rather, he submitted that Venning J considered the issue and correctly recognised that such words are registrable where they are not in normal use descriptive of the particular goods. Venning J referred to “vintage” for cheese¹⁵ and “chunky” for pet food.¹⁶ Counsel submitted that in this case “optimum” has
25 now become associated with Mars animal food products.

[62] We observe, however, that the assistant commissioner did not make any such finding. She did accept that the Mars device marks and the OPTIMUM name have become well known in the market through advertising which, as noted earlier, invariably uses the full device mark. But that falls short of a finding that
30 consumers have come to associate the descriptive word “optimum” with Mars products in a way that displaces its ordinary meaning.¹⁷ By way of confirmation, she found that phrases such as “optimize your dog” would likely be considered descriptive terms by the market unless associated with a cue such as a trade mark
35 symbol. We note that even in Mars’ evidence the claim was that the OPTIMUM trade mark and packaging, rather than the word itself, had come to be highly distinctive of Mars products, and Mr Elliott pointed to evidence that other manufacturers have used “optimum” in connection with dog food. Counsel referred us to *NV Sumatra Tobacco Trading Co v British American Tobacco*
40 *(Brands) Ltd*, in which the word “lucky” was found to be the essential feature of the mark LUCKY STRIKE.¹⁸ But in that case there was evidence not only that the mark was famous but also that consumers habitually referred to the product (cigarettes) as “Luckies”.

45 13. *Dr Martens Australia Pty Ltd v Figgins Holdings Pty Ltd* (1999) 44 IPR 281; [1999] FCA 461 at [313]–[315].

14. *European Ltd v Economist Newspaper Ltd* [1998] FSR 283 (CA); *Cooper Engineering Co Pty Ltd v Sigmund Pumps Ltd* (1952) 86 CLR 536 (*Cooper Engineering*).

15. *Mainland Products*, above n 5.

16. *CHUNKY Trade Mark* [1978] FSR 322 (Ch) at 335.

50 17. *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 (Ch) at 302.

18. *N V Sumatra*, above n 4.

Conclusion

[63] We find that the visual appearance of the marks is most important, having regard to the nature of the goods concerned and the way in which they are sold. Viewed as a whole the marks are distinctly different. There is no evidence that delegated purchases are common. We consider that even in aural use PRO is not likely to be dropped, so the marks are aurally distinctive too. We do accept that the idea of OPTIMUM and OPTIMIZE PRO is the same, but the latter is not the complete mark and it is not an inherently distinctive idea.¹⁹ We do not accept that the evidence establishes that the word “optimum”, as opposed to the existing device marks, has become so associated with Mars products as to lose its ordinary descriptive meaning in this setting. Viewed overall we do not think it likely that the proposed mark will deceive or cause confusion to a substantial number of persons in the market for dog food. Rather, we consider that PRO and “Lead the Pack” together clearly distinguish the mark from the Mars marks.

[64] To some extent we base this conclusion on a different view of the marks and the facts than that taken by Venning J, and we have had the advantage of further evidence on appeal. But we also accept Mr Elliott’s submission that the judge ultimately attached too little weight to the visual and aural dissimilarity of the marks when considered as a whole.

[65] This ground of appeal succeeds.

The s 25(1) grounds

[66] As noted above, Mr Gray contended that the decision below might survive under s 25(1) even if Roby Trustees were to succeed under s 17(1)(a). In the particular circumstances of this case we, like the assistant commissioner and the High Court judge, prefer the view that the result under s 25 follows that under s 17(1)(a).

[67] With respect to s 25(1)(b), we agree with the assistant commissioner that Roby Trustees has shown the proposed mark and the Mars marks are dissimilar. It follows that fair and notional use of the proposed mark is not likely to deceive or confuse.

[68] With respect to s 25(1)(c), we agree with the assistant commissioner that use of the proposed mark would not be likely to prejudice the interests of Mars. It is not seriously in dispute that in this case such prejudice must result from consumer deception or confusion. Mr Gray pointed to “brand dilution” now that Mars has exited the dog roll segment, meaning that consumers may wonder whether the appellant’s dog roll is associated with Mars premium dried food. But that will occur only if consumers are deceived or confused about the origin of the appellant’s dog roll. We have found that such deception or confusion is not likely.

Decision

[69] The appeal is allowed. The appellant’s mark may proceed to registration. The appellant will have costs on a standard appeal on a band B basis and usual disbursements.

19. *Cooper Engineering*, above n 14.

Orders

- (A) The application for leave to adduce further evidence is granted.
- (B) The appeal is allowed. The appellant's mark may proceed to registration.
- 5 (C) The appellant will have costs on a standard appeal on a band B basis and usual disbursements.

JASON WACH
BARRISTER

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