

**IN THE HIGH COURT OF NEW ZEALAND
WELLINGTON REGISTRY**

**I TE KŌTI MATUA O AOTEAROA
TE WHANGANUI-Ā-TARA ROHE**

**CIV-2016-485-190
[2017] NZHC 2393**

UNDER	Trade Marks Act 2002
IN THE MATTER OF	An appeal from the decision of the Assistant Commissioner of Trade Marks in relation to New Zealand Trade Marks Application No. 998778
BETWEEN	MONSTER ENERGY COMPANY Appellant
AND	OX GROUP GLOBAL PTY LIMITED Respondent

Hearing: 2 March 2017

Appearances: B P Cain for Appellant
G F Arthur for Respondent

Judgment: 29 September 2017

JUDGMENT OF CLARK J

*Pursuant to r 11.5 of the High Court Rules I direct that
the delivery time of this judgment is 4:30 pm on
29 September 2017*

Introduction

[1] This appeal concerns an application by Ox Group Global Pty Ltd to register the following trade mark:



(the OX Mark or the opposed mark).

[2] The appellant, Monster Energy Company, opposed Ox Group's application on the basis the opposed mark is likely to deceive or confuse and is confusingly similar to Monster Energy's trade mark: UNLEASH THE BEAST! (Monster Energy's mark).

[3] The Assistant Commissioner of Trade Marks rejected Monster Energy's opposition.¹ She found, in essence, that the differences between the two marks are such that confusion or deception is unlikely to arise.²

[4] Monster Energy appeals. It says the focus of the comparison exercise must be on the similarities not the differences between the two marks. When considering the idea behind them, and their look and sound, the similarities are such as likely to result in deception or confusion.

The parties

[5] Monster Energy is a global creator, developer, producer, distributor and marketer of energy drinks based in Corona, California. It is the owner of the trade mark UNLEASH THE BEAST! which it uses extensively around the world, including in New Zealand. Monster Energy is also the registered proprietor of the trade mark UNLEASH THE ULTRA BEAST!

[6] Monster Energy launched the original MONSTER energy drink in New Zealand on 1 March 2009. Monster Energy says that "at least one" of its UNLEASH marks has appeared on one or more of the energy drink cans sold in New Zealand since that time. At the time of the Assistant Commissioner's decision,

¹ *Ox Group Global Pty Ltd v Monster Energy Co* [2016] NZIPOTM 3 [Assistant Commissioner's decision].

² At [78].

more than one million cans of Monster energy drinks were sold each year in New Zealand.

[7] Ox Group is an international supplier, predominately to the construction industry, of hand tools, diamond tools, power tool accessories, safety products and associated peripheral items which include machinery, lighting and an energy drink. Ox Group's trade mark



is used in the packaging and

marketing of numerous tools and its energy drinks.

[8] Ox energy drinks were launched in November 2012 in the United States and in February 2013 in the United Kingdom. Ox energy drinks were launched in Australasia in June 2014. At the time of the Assistant Commissioner's decision, 2,262 cans of Ox energy drinks had been sold in New Zealand and another several thousand handed out free at trade events.

[9] The opposed mark was registered by the World Intellectual Property Office (WIPO) on 27 March 2014, and the designation under that registration requesting an extension of protection to New Zealand was submitted to the New Zealand Intellectual Property Office (IPONZ) on 29 May 2014. The opposed mark was given a New Zealand trade mark number, examined as for a local trade mark application and accepted and published for opposition on 27 June 2014. Monster Energy opposed the application.

The decision under appeal

[10] The Assistant Commissioner considered first Monster Energy's ground of opposition under s 17(1)(a) of the Trade Marks Act 2002 (the Act). Section 17(1)(a) provides:

17 Absolute grounds for not registering trade mark: general

- (1) The Commissioner must not register as a trade mark or part of a trade mark any matter—
 - (a) the use of which would be likely to deceive or cause confusion; or

...

[11] For the purpose of comparing trade marks under s 17(1)(a) the Assistant Commissioner adopted³ the methodology summarised by Turner J in *New Zealand Breweries Ltd v Heineken's Bier Browerij Maatschappij NV*:⁴

1. You must take the two words and judge of them both by their look and by their sound; 2. You must consider the goods to which they are to be applied and the nature and kind of customer who is likely to buy these goods; and 3. You must consider all the surrounding circumstances and what is likely to happen if each of the marks is used in a normal way as a trade mark for the goods of the respective owners of the marks.

[12] Accepting that while the focus is on the totality of the mark applied for the Assistant Commissioner correctly observed that the common or essential features of both marks must not be overlooked nor their similarities.⁵

[13] Examining first the look and sound of the marks the Assistant Commissioner saw no reason to consider the words UNLEASH THE separately from BEAST as Monster Energy had proposed. The Assistant Commissioner viewed the word BEAST as a distinctive component of Monster Energy's mark and an unusual and evocative term when used in the context of energy drinks.⁶

[14] The Assistant Commissioner did not accept Monster Energy's submission that the OX mark subsumes the essential feature of UNLEASH THE BEAST!. Following her detailed comparison of the words in the two marks, the size of the fonts and the distinctive first word OX in the opposed mark the Assistant Commissioner concluded overall that the OX mark neither looks nor sounds similar to UNLEASH THE BEAST!.⁷

[15] The Commissioner turned to the second limb of the *New Zealand Breweries* test and considered the idea of the marks. She accepted there was some similarity in the idea between the two although the word "beast" evokes a range of connotations

³ At [49].

⁴ *New Zealand Breweries Ltd v Heineken's Bier Browerij Maatschappij NV* [1964] NZLR 115 (CA) at 139.

⁵ Assistant Commissioner's decision, above n 1, at [53].

⁶ At [55]–[58].

⁷ At [59]–[66].

not fully captured by the word “power”.⁸ The Assistant Commissioner did not accept that any conceptual similarity between the two marks outweighed the significant visual and phonetic differences.⁹

[16] The Assistant Commissioner considered the relevant market for the goods. The opposed goods are identical to the goods covered by Monster Energy’s trade mark.¹⁰ She also accepted that energy drinks and other beverages are fast moving consumer goods and that the level of consumer engagement in purchasing decisions is likely to be low.¹¹

[17] Notwithstanding that the relevant goods were the same and are likely to be purchased by customers in low-involvement transactions, the Assistant Commissioner concluded the opposed goods would not reasonably be likely to cause deception and confusion amongst a substantial number of persons.¹²

[18] Turning to s 25(1)(b) of the Act the Assistant Commissioner regarded the details of an opponent’s mark as it appears on the register to be important not the opponent’s actual use of and reputation in those marks. Accordingly, Monster Energy was entitled to rely on both UNLEASH THE BEAST! and UNLEASH THE ULTRA BEAST! Ultimately, the Assistant Commissioner agreed with Monster Energy’s submission that in the circumstances of this case, she should be driven to the same conclusion in respect of both s 17(1)(a) and s 25(1)(b) of the Act. The Assistant Commissioner could see no reason why a different conclusion would be reached in respect of s 25(1)(b) particularly as the inclusion of the word ULTRA in the mark UNLEASH THE ULTRA BEAST! meant that mark was even less similar to the OX mark. The Assistant Commissioner concluded her reasoning in respect of s 17(1)(d) applied and Monster Energy was likewise unsuccessful in respect of s 25(1)(b).¹³

⁸ At [71].

⁹ At [72].

¹⁰ At [74].

¹¹ At [76].

¹² At [77].

¹³ At [87].

Grounds of appeal

[19] Monster Energy advances two grounds of appeal and a new ground of opposition:

- (a) the Assistant Commissioner erred in fact and law in her application of s 17(1)(a) of the Act;
- (b) the Assistant Commissioner erred in fact and law in her application of s 25(1)(b) of the Act; and
- (c) at the relevant date Ox Group did not have the requisite degree of intention to use the opposed mark and therefore the mark should be rejected under s 32 of the Act.¹⁴

Principles applicable to the appeal

[20] Appeals against decisions of the Commissioner are by way of rehearing,¹⁵ except in relation to the new ground of objection which is being heard de novo. On all grounds, the High Court must arrive at its own assessment of the merits of the case.¹⁶

[21] An appellate court is obliged to consider the Commissioner's view but is not obliged to defer to the assessment of the Commissioner.¹⁷ If the appellate court considers the Commissioner's view is erroneous, the appellate court must act on its own view.¹⁸ However, the Supreme Court has noted where, as in this case, the decision is focused on the aural, visual and conceptual qualities of a trade mark the Commissioner may have a "broader and more nuanced appreciation of the trade mark Register than judges".¹⁹ While this may mean I should hesitate to depart from

¹⁴ Monster Energy applied to add, and was granted leave to add, as a further ground of opposition to registration of the OX trade mark, "no intention to use the mark applied for" under s 32(2) of the Act: *Monster Energy Co v Ox Group Global Pty Ltd* [2016] NZHC 2124.

¹⁵ Trade Marks Act 2002, s 173; High Court Rules 2016, r 20.18.

¹⁶ *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141 at [5].

¹⁷ *Crocodile International Pte Ltd v Lacoste* [2017] NZSC 14, [2017] 1 NZLR 679 at [65].

¹⁸ At [65].

¹⁹ At [66].

the Assistant Commissioner's assessment it does not mean that "significant weight" should be placed on her assessment if I ultimately consider it is erroneous.²⁰

First ground of appeal — s 17(1)(a)

[22] As it did before the Assistant Commissioner, Monster Energy submits that s 17(1)(a) is a bar to the registration of the OX mark.

[23] Where, as here, it is alleged that a trade mark should not be registered because it is likely to deceive or cause confusion the first inquiry is whether the opposing party's mark has a "sufficiently substantial reputation in the New Zealand market".²¹ If this is not established there cannot be any confusion between the respective trade marks.

[24] The onus is on the opponent (here Monster Energy) to establish a sufficient reputation in Monster Energy's mark in New Zealand.²²

The correct focus is on the awareness of the opponent's mark in relation to prospective purchasers of the goods to which its mark attaches and individuals and entities involved in that trade; not the entirety of the purchasing public of New Zealand. The question of likelihood of deception or confusion must then be assessed against that reputation, considering the fair, notional use of the goods bearing each of the marks.

[25] In this regard the Assistant Commissioner considered much of the evidence of use had no relevance to the proceeding but overall "after sifting through the extraneous material" she was satisfied the evidence was "sufficient to demonstrate 'threshold' awareness of the mark UNLEASH THE BEAST! in New Zealand as at the relevant date".²³ The relevant date is 27 March 2014 the date Ox Group filed its application with WIPO.

[26] The principles that are to guide the decision-maker in determining whether use of a mark is likely to deceive or cause confusion are settled. In New Zealand the leading judgment is that of Richardson J in *Pioneer Hi-Bred Corn Co v Hy-Line*

²⁰ At [66].

²¹ *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 62.

²² *Sexwax Inc v Zoggs International Ltd* [2014] NZCA 311, [2015] 2 NZLR 1 at [65] followed in *Omega SA (Omega AG)(Omega Ltd) v Guru Denim Inc* [2017] NZCA 81 at [17].

²³ Assistant Commissioner's decision, above n 1, at [36].

*Chicks Pty Ltd.*²⁴ *Pioneer Hi-Bred* was most recently followed by the Court of Appeal in *Omega SA*.²⁵ The following propositions which Richardson J sourced substantially to the judgments of Romer J and Kitto J²⁶ are adapted to the s 17 context:

- (a) The onus is on the applicant for registration of the trade mark to show the mark is not likely to deceive or cause confusion. The onus is discharged on the balance of probabilities.
- (b) The evidence as to, and the assessment of, likelihood of deception or confusion is to be assessed as at the date of the application for registration. That is the relevant date.
- (c) The concern is with the possible future use of the mark in relation to goods falling within the specification (or class) for which registration is sought.
- (d) Section 17 is not concerned with the particular mode of presentation of the product but with the use of the mark in any manner which may be regarded as a fair and proper use of the mark.
- (e) In considering the likelihood of deception or confusion all the surrounding circumstances must be considered, including the circumstances in which the applicant's mark may be used, the market in which the applicant's goods may be bought and sold and the character of those involved in that market.
- (f) It is the use of the mark in New Zealand that is to be considered not the association of a similar mark with another trader in an overseas market unless that use bears on the likelihood of deception or confusion in the New Zealand market.

²⁴ *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd*, above n 21.

²⁵ *Omega SA (Omega AG)(Omega Ltd) v Guru Denim Inc*, above n 22, at [16].

²⁶ In, respectively, *Jellinek's Application* (1946) 63 RPC 59 and *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1953) 91 CLR 592.

(g) The relevant states of mind are those of prospective or potential purchasers of goods of the kind to which the applicant may apply its mark and others involved in the purchase transactions.

(h) For a mark to offend against s 17 it is not necessary to prove a probability of deception leading to a passing off or infringement action; or detriment or financial loss to an opponent. It is sufficient if the registration will lead to persons to whom the mark is “addressed” being likely to be deceived or confused.²⁷

‘deceived’ implies the creation of an incorrect belief or mental impression and causing ‘confusion’ may go no further than perplexing or mixing up the minds of the purchasing public.

Where the deception or confusion alleged is as to the source of the goods, deceived is equivalent to being misled into thinking that the goods bearing the applicant’s mark come from some other source and confused to being caused to wonder whether that might not be the case.

(i) The test of likelihood of deception or confusion does not require all persons in the market to be likely to be deceived or confused. Nor is it sufficient that someone in the market is likely to be deceived or confused. A balance has to be struck. Various terms have been used:

“a number of persons”; a “substantial number of persons”; a “considerable section of the public”.

But as Cooke J stated in *Pioneer Hi-Bred*:²⁸

The varying terminology in the judgments is a reminder that it is not always necessary that large numbers of people should be, or should probably be, of the state of mind in question: rather it is a question of the significance of the numbers in relation to the market for the particular goods.

(j) Where goods are sold or are to be sold to the general public the Judge, or other decision-maker, is entitled to take into account her or his own experience and reactions as a member of the public. But where goods

²⁷ *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd*, above n 21, at 62 citing *New Zealand Breweries Ltd v Heineken’s Bier Browerij Maatschappij NV*, above n 4, at 141.

²⁸ *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1975] 2 NZLR 422 at 429.

are sold in a specialist market consisting of persons engaged in a particular trade, evidence of persons accustomed to dealing in that market as to the likelihood of deception or confusion is essential.

[27] The Court of Appeal in *Omega SA* cited the observation of Turner J summarising the role of the Court:²⁹

It is for the Court to decide the question of fact as a matter of impression, having due regard, of course, to any relevant evidence which has been produced. But the question is not one to be decided on the opinion of the witnesses. It is a matter for the Judge. He [/she] looks at the exhibits before him [/her] and, while [s/]he must pay due regard to any relevant evidence produced, the matter remains one of personal impression, visual or phonetic.

Section 17: assessment

Monster Energy's contentions

[28] Monster Energy's principal contention is that the Assistant Commissioner erred in law in incorrectly applying the legal tests to the facts of this case. In particular, it is said the Assistant Commissioner erred:

- (i) in declining to consider the words UNLEASH THE ... separately from the word BEAST because it would be improper to do so;
- (ii) in focusing on the word BEAST in Monster Energy's trade mark as that is not a common element of both marks and it is a difference not a similarity between the marks; in determining that the OX mark does not subsume the "essential feature" of Monster Energy's mark UNLEASH THE BEAST! and rejecting the submission that the incorporation of the feature is likely to deceive or cause confusion;
- (iii) in rejecting Monster Energy's submission that the most significant element in the OX mark and the feature that is liable to linger in consumers' minds is UNLEASH THE POWER; and

²⁹ *New Zealand Breweries Ltd v Heineken's Bier Browerij Maatschappij NV*, above n 4, at 139 cited in *Omega SA (Omega AG)(Omega Ltd) v Guru Denim Inc*, above n 22, at [29].

- (iv) in failing to adequately consider the adage “words speak louder than devices” which applies to the facts of this case.

[29] Monster Energy also lists a number of errors of fact which it has said the Assistant Commissioner made. It is unnecessary for me to set those out but I will address them in the course of my judgment.

The look and sound of the trade marks

[30] One of the main points of difference between the parties is whether (as Mr Arthur submitted) it is proper to approach the comparison exercise by dividing up the marks and comparing components or whether (as Mr Cain submitted) the Assistant Commissioner ought to have focused on the words UNLEASH THE POWER in the OX mark because those words are an essential and distinctive feature of Monster Energy’s portfolio of UNLEASH THE trademarks used in relation to its goods including in New Zealand.

[31] Mr Cain submitted that by incorporating UNLEASH THE in the OX mark the mark subsumed an essential feature of Monster Energy’s mark and incorporation of a prior mark in a later mark in relation to identical goods is contrary to the established rights of the first user and is likely to deceive or cause confusion amongst a substantial number of potential customers.

[32] Monster Energy cites *Robinson v Palm Inc* for the proposition that non-dominant but distinctive elements may give rise to a material degree of similarity between marks where trade mark A is subsumed within trade mark B yet retains an independent and distinctive role within trade mark B.³⁰ *Robinson* involved quite different facts. In that case the trade mark TREO was entirely subsumed within the mark ARCHTREO; ArchTreo. I do not regard *Robinson* as at all analogous.

³⁰ *Robinson v Palm Inc* T26/2007, 10 September 2007 at 16.

[33] In *Omega SA* the Court of Appeal expressly adopted as the test for considering deception or confusion the test set out by Evershed LJ in *Re Smith Hayden & Coy Ltd's Application* (adapted for this case):³¹

Assuming use by [Monster Energy] of its trade mark in a normal and fair manner for [the class 32 goods] is the [Court] satisfied that there will be no reasonable likelihood of deception or confusion among a substantial number of persons if [Ox Group] used its mark in a normal and fair manner also for [the class 32 goods].

[34] I do not agree with Monster Energy's criticism of the Assistant Commissioner's approach in declining to consider the words UNLEASH THE separately from the word BEAST. Regard must be had to each mark as a whole and while the marks may differ in parts it is not proper to divide up each mark and compare portions:³²

Dissecting a mark into components can cause a tribunal to miss overall similarity. The reason for this is that the commercial impression of a composite mark on the ordinary prospective buyer is created by the mark as a whole — not by its component parts.

[35] Monster Energy's mark UNLEASH THE BEAST! is a complete phrase which a consumer will observe as a single phrase. The word BEAST struck the Assistant Commissioner as an unusual and evocative term when used in the context of energy drinks and other beverages. I am of the same opinion as the Assistant Commissioner: the word BEAST is an important and distinctive component of Monster Energy's trade mark. As well, Mr Arthur has a point. The "!" is significant. One can test whether the "!" is visually a significant part of the phrase and aurally alters the volume or tone by removing the "!" mark when speaking the phrase. To my mind, UNLEASH THE BEAST has a more subdued connotation than UNLEASH THE BEAST!.

[36] Turning to the opposed mark



: OX is visually dominant.

³¹ *Re Smith Hayden & Coy Ltd's Application* [1946] 63 RPC 97 at 101 cited in *Omega SA (Omega AG)(Omega Ltd) v Guru Denim Inc*, above n 22, at [27].

³² *Robinson v Palm Inc*, above n 30, at 11–12.

The word OX is stylised and distinctive. It is in a font that is significantly larger than the words beneath.

[37] As well as the obvious visual differences there are significant aural differences. The Assistant Commissioner accepted Monster Energy's submission that the placement of the word OX as the first element of the opposed mark did not, as a matter of principle, make that word the most important in the mark. But the Assistant Commissioner's immediately following observation was well made. In this case the opposed mark comprises a very distinctive element — OX — followed by a slogan. Consumers faced with an energy drink bearing the opposed mark are likely to remember and refer to the product as an "OX energy drink". They are less likely to remember or refer to the Ox product as an "unleash the power energy drink". That is a matter of impression which it was legitimate for the Assistant Commissioner to form. I share the impression.

[38] This aspect of Monster Energy's case tends toward an approach which strikes me as a little artificial. The words UNLEASH THE without more are hardly likely to linger in the minds of consumers for the drink. It is unrealistic to propose that a consumer would ignore or relegate the visually dominant OX or the word POWER.

[39] Even if OX were relegated leaving simply UNLEASH THE POWER that is phonetically and visually dissimilar to UNLEASH THE BEAST. As Mr Arthur submitted there is no single letter in a common place; the pronunciation is entirely different; and UNLEASH THE BEAST! has an element of rhyme whereas UNLEASH THE POWER has no rhythm. That may be a small point but it is not irrelevant. How consumers remember and use words is influenced by visual impressions and linguistic patterns.

The idea of the trade marks

[40] Monster Energy submits there is a conceptual similarity underlying the two marks when considered in their totality and the conceptual similarity is likely to result in deception or confusion. Expanding on that contention Mr Cain submitted the idea behind the OX mark is about releasing something intrinsically 'raw' from within. In the context of Ox Group's energy drink "power" means the power of the

drink or the person consuming the drink, power meaning strength, confidence or endurance. That, it is said, is a very similar idea to the idea behind Monster Energy's mark where BEAST is a colloquial term for power. Consumers will take the idea when consuming the drink that BEAST like POWER means strength, confidence, endurance but at a more primeval level.

[41] In *Platinum Homes (NZ) Ltd v Golden Homes (1998) Ltd* Miller J considered similar arguments regarding marks which had significant phonetic and visual differences (GOLDEN HOMES cf PLATINUM HOMES) but which had similar underlying ideas.³³ Miller J adopted the reasoning of the High Court of Australia:³⁴

The fact that two marks convey the same idea is not sufficient in itself to create a deceptive resemblance between them, although this fact could be taken into account in deciding whether two marks which really looked alike or sounded alike were likely to deceive.

[42] The Assistant Commissioner was not in error in concluding that any conceptual similarity between the two marks outweighs the significant visual and phonetic differences. Conceptual similarity must be clear to the average consumer. As the Court of Appeal concluded in *N V Sumatra*, I do not consider the OX mark would trigger, in the average consumer, conceptions and recollections of the UNLEASH THE BEAST! mark without a process of analysis and approximation.³⁵ That is a process in which the average consumer is unlikely to engage.

[43] While there is some conceptual similarity, in that both trade marks refer to releasing something, the conceptual similarity is too abstract to be a dominant consideration in assessing the likelihood of deception or confusion. Conceptually, use of the element UNLEASH THE in both marks is unlikely to spark a connection in the minds of consumers. UNLEASH THE BEAST! is not a complex mark. The words UNLEASH THE BEAST are not diminished by any other feature in Monster Energy's mark: there is no other feature.

³³ *Platinum Homes (NZ) Ltd v Golden Homes (1998) Ltd* [2006] BCL 773 (HC).

³⁴ At [23]: *Cooper Engineering Co Pty Ltd v Sigmund Pumps Ltd* [1952] HCA 15, (1952) 85 CLR 536 at 539.

³⁵ *N V Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* [2011] NZCA 264, [2011] 3 NZLR 206 at [53].

Comparison of the goods and services provided by the parties

[44] This head deals with the second limb of *New Zealand Breweries*. The Assistant Commissioner determined the opposed goods are identical to the goods covered by Monster Energy's mark namely "beverages". All of the opposed goods fall within the scope of that classification. I do not understand Ox Group challenges this aspect of the Assistant Commissioner's decision.

Surrounding circumstances

[45] This, the third limb of the *New Zealand Breweries* approach, requires a consideration of fair use of the opposed mark. The evidence is of the OX mark being used on Ox Group's numerous tools. The Ox Group energy drink was designed and developed in 2012 its purpose being to provide trades people with a beverage and to promote the OX construction tool range. Presently, the energy drink is sold next to stands of OX tools although this is unlikely always to be the case. As the Assistant Commissioner observed, potentially OX energy drinks could also be sold at dairies, petrol stations, supermarkets or through other distribution channels. The real point is that the Assistant Commissioner accepted Monster Energy's submission that energy drinks are fast moving consumer goods and concluded the level of consumer engagement when purchasing them is likely to be low.

Conclusion

[46] The opposed mark, with its distinctive prominent and stylised OX dominating the words below and the whole mark on its 25 or so degree angle, is visually aurally and conceptually dissimilar to Monster Energy's mark. Use of the OX mark is unlikely to deceive or confuse.

[47] None of the challenges under this head of appeal are made out.

Section 25: assessment

[48] Monster Energy does not dispute six of the Assistant Commissioner's seven paragraphs in this part of her decision. Monster Energy disputes the Assistant Commissioner's finding:³⁶

I can see no reason why a different conclusion would be reached in respect of s 25(1)(b) of the Act. In particular, the inclusion of the word "ULTRA" in the mark UNLEASH THE ULTRA BEAST! means that the mark is even less similar to the opposed mark.

[49] Mr Cain made the point that Monster Energy does not rely on UNLEASH THE ULTRA BEAST! in classes 5 and 32. It only relies on UNLEASH THE BEAST! to support this ground of opposition.

[50] I take Mr Cain's point. Nevertheless, it is not a point that succeeds in overcoming the primary obstacle which is that the Assistant Commissioner could see no reason for reaching a different conclusion in respect of s 25(1)(b) than she had reached in respect of s 17(1)(a). The Assistant Commissioner's reference to the mark UNLEASH THE ULTRA BEAST! was not integral to her analysis but rather an additional argument. I do not regard either the presence or absence of UNLEASH THE ULTRA BEAST! in the analysis as influencing much less determining the outcome of the appeal.

[51] I see no basis for departing from the Assistant Commissioner's conclusions in this part of her decision.

Section 32: no intention to use

[52] Monster Energy submits that at the relevant date Ox group did not have the requisite degree of intention to use its trade mark and therefore its opposition under s 32 should succeed.

³⁶ Assistant Commissioner's decision, above n 1, at [86].

[53] Section 32 provides:

32 Application: how made

- (1) A person claiming to be the owner of a trade mark or series of trade marks may, on payment of the prescribed fee (if any), apply in the prescribed manner (if any) for the registration of the trade mark or series of trade marks used or proposed to be used in respect of the following:
 - (a) particular goods or services within 1 or more classes:
 - (b) particular goods and services within 1 or more classes.
- (2) The Commissioner must not register a trade mark in respect of all of the goods and services included in a class, or a large variety of goods or services, unless the specification is justified by the use or intended use of the sign.

[54] An inference of intention to use arises from the mere act of filing a trade mark application.³⁷ The inference, however, may be displaced by evidence showing there is no intention to use. For example, in *Effem Foods Ltd v Cadbury Ltd* Cadbury's own evidence showed its purpose in registration was purely defensive.

[55] Cases which counsel cited to me appear, on their face, to suggest varying thresholds of intention, for example: a "definite and present intention";³⁸ a "real intention to use, not a mere problematical intention, not an uncertain or indeterminate possibility, but it means a resolve or settled purpose";³⁹ and a "settled purpose".⁴⁰

[56] Mr Arthur submitted there is no requirement, in the absence of fraud, for the applicant for a trade mark to establish affirmatively it intends to use the mark. That must be correct. Not only is there no such onus on the applicant, s 32(1) itself reflects a legislative presumption that an applicant either proposes to use or has used the mark it seeks to register. As the emphasised words in s 32 below make clear an

³⁷ *Effem Foods Ltd v Cadbury Ltd* HC Wellington CIV-2005-485-1487, 21 March 2007 at [34].

³⁸ *Re Registered Trade Marks of John Batt & Co* (1898) 15 RPC 534 (Ch).

³⁹ *Re Ducker's Trade Mark* (1928) 45 RPC 397 (Ch).

⁴⁰ *Effem Foods Limited v Cadbury Ltd*, above n 37, at [33].

applicant can only proceed under s 32 on the basis of its past use or intended future use of its trade mark.

A person claiming to be the owner of a trade mark ... may, on payment of the prescribed fee ... apply ... for the registration of the trade mark or series of trade marks **used or proposed to be used** in respect of the following ...

[57] The real issue in this case is whether the evidence has the effect of displacing the presumption. Monster Energy suggests it is not sufficient for Ox Group to have had an uncertain intention, or that there was an indeterminate possibility of using its trade mark; intention means a resolve or settled purpose. I do not think it is necessary to engage with the various formulations of intention arising from the cases or to devise some gloss on proposed use. The starting point is that a bona fide intention to use may be assumed from the mere filing of the application for registration but that presumption is subject to evidence showing, on the balance of probabilities, that the applicant had in fact no bona fide intention to use.

[58] There is one further qualification: the intention must be, at the date of filing the application, to use the trade mark in respect of the relevant goods.

[59] What is the evidence of Ox Group's intention to use the OX mark at the relevant date, that is, 24 March 2014? Mr Arthur, counsel for Ox Group, characterises the evidence as unequivocal and identifies in particular the sworn testimony of Dean Hales, Managing Director and CEO of Ox Group, and Benjamin Truswell, the Ox Group's Supply Chain Manager.

[60] Monster Energy submits that Ox Group's application to register the opposed mark was tentative. To avoid Ox Group's apprehended opposition from Red Bull, Ox Group distributed drinks without the OX mark and bearing only the words UNLEASH THE POWER. Ox Group was "flip flopping" on what trade mark it proposed to use in Australia and New Zealand and the OX mark was not being used in New Zealand until 1 November 2016.

[61] For the reasons in the remainder of this part of the judgment I do not regard the evidence upon which Monster Energy relies as displacing the presumption that

Ox Group intended to use the OX mark in New Zealand or the evidence of that intention.

[62] As against Monster Energy's concerns that Ox Group was "flip flopping" in its use of different trade marks in Australia and that its intention to use the OX mark in New Zealand was tentative because it did not want to provoke litigation with Red Bull I do not construe any of the correspondence, which I have closely considered, as suggesting Ox Group did not intend to use the OX mark. Mr Hales made a statutory declaration on 5 March 2015. In his declaration Mr Hales discussed the history of the Ox Group Companies, the Ox Group trade marks, and the creation of the OX energy drinks launched in Australia and New Zealand in 2014. Mr Hales stated (emphasis added):

A strategic decision was made prior to the launch of the OX energy drinks in Australasia to alter their design to feature the words "UNLEASH THE POWER" alone without the "OX" prefix. This was done for all countries where the stylised OX trade mark had not **yet** been registered. The phrase "UNLEASH THE POWER" is synonymous with the Ox brand, particularly when coupled with the distinctive cyan colour scheme and sold alongside other OX products and merchandising and therefore did not require the word "OX" to provide distinctiveness or distinguish it from other traders.

[63] I observe that Mr Hales' declaration was made before Monster Energy signalled any concern about Ox Group's lack of intention to use the Ox mark. In that sense Mr Hales' evidence was not self-serving.

[64] Mr Hales swore further evidence on 6 May 2016. He deposed to having read Monster Energy's interlocutory application to add the new ground of opposition alleging Ox Group had no intention to use the mark it had applied to register. Mr Hales stated:

At the time of filing trade mark application number 998778 and now Ox Group intended to and still intends to use trade mark application number 998778. I explain below why, temporarily, Ox Group is using the "UNLEASH THE POWER" slogan, but not yet trade mark application number 998778.

[65] Mr Hales went on to explain that Ox Group was not yet (that is, as at 6 May 2016) using the OX mark. Distribution of the energy drinks in New Zealand

featuring only the words UNLEASH THE POWER without the OX prefix was “at all times intended to be a temporary measure”:

It was done to avoid any opposition from energy drink manufacturer Redbull. Redbull opposed Ox Group’s Community Trade Mark No. 9088667 “OX POWER & PERFORMANCE” in relation to energy drinks due to our use of the word “OX”.

[66] Mr Hales attached to his affidavit a copy of a decision of the Office for Harmonisation in the Internal Market dated 22 December 2011. Mr Hales’ evidence was that although Red Bull’s opposition had been unsuccessful in that forum Ox Group made a strategic decision to refrain from using OX on the energy drinks in New Zealand until registration in New Zealand was secured.

[67] Mr Hales took issue with a contention in Monster Energy’s interlocutory application. Counsel for the applicant (not Mr Cain) had attributed to Mr Hales a statement he did not make. The application states:

The [r]espondent subsequently filed evidence in the Statutory Declaration of Dean Athol Hales dated 5 March 2015 which stated the [r]espondent did not intend to use the trade mark as applied for.

[68] The statement in the application is incorrect. Mr Hales sought to address that in his affidavit. He repeated what he had said in his statutory declaration: a strategic decision was made prior to the launch of the energy drinks in Australasia to feature alone, the words, UNLEASH THE POWER without the OX prefix. Mr Hales emphasised that part of his declaration in which he stated: “this was done [for] all countries where the stylised OX trade mark had not yet been registered”.

[69] I have no hesitation in accepting Mr Hales’ evidence that he “did not say that we did not intend to use the trade mark”. The declaration and later affidavit evidence are consistent. UNLEASH THE POWER was to be used in all countries where the stylised OX trade mark had not yet been registered.

[70] There is also the evidence of Mr Truswell who deposed that Ox Group had at all times, and still has, the intention to use the trade mark applied for in relation to energy drinks in Australia and New Zealand.

[71] Ox Group sought to rely on a further so-called ‘updating’ affidavit sworn by Mr Truswell on 2 December 2016. Monster Energy mounted a strong challenge to this affidavit. Mr Cain submitted the evidence was not of an updating or correcting nature but an attempt by Ox Group to “fix up” its case and such an attempt should be roundly rejected.

[72] I agree with Mr Cain’s submission that the affidavit is not truly updating. It seeks to supplement earlier affidavit evidence of use. Screen shots from the New Zealand website taken on 28 November 2016 showed extracts from Ox Group’s 2016 catalogue featuring energy drinks with the OX mark.

[73] I accept also Mr Arthur’s submission that the s 32 argument, being a new ground of objection, is being heard de novo and therefore the high threshold to be met before fresh evidence may be adduced in an appeal context is not directly applicable. I indicated at the hearing that I was disinclined to rule on the admissibility of this affidavit without a proper appreciation of the evidence which I would gain only after hearing the substantive arguments.

[74] I have been able to determine the issue raised by this ground of opposition without reference to Mr Truswell’s affidavit sworn 2 December 2016. My sense, having read all of the evidence and considered the submissions addressed to the s 32 point, is that there is an expectation on the part of Monster Energy that Ox Group should prove its intention to use the OX mark as at the relevant date. There is no such onus of course on an applicant for registration under s 32. But in any event there is ample evidence of Ox Group’s intended purpose. Beyond what I have referred to as the statutory presumption of intention to use there is the sworn evidence of the two Ox Group executives. Monster Energy construes correspondence as evidencing a lack of resolve or an uncertain intention on the part of Ox Group. But I consider the evidence is unequivocal: Ox Group intended to use its OX mark once it was registered. I reach this conclusion without reference to the challenged affidavit of Mr Truswell although I take the point that evidence of actual use can be relied on as evidence of an intent to use. In the end, Monster Energy’s case involves an implied challenge to the veracity of the affidavit evidence filed on

behalf of Ox Group. Attempting to impugn the evidence in this way is impermissible.⁴¹

[75] In conclusion, Monster Energy has not adduced evidence to displace the presumption, or which contradicts the actual evidence, of Ox Group's intention, at the relevant date, to use the OX mark in New Zealand.

Result

[76] The appeal is dismissed.

[77] Ox Group is entitled to costs. Both counsel accepted costs should be on a 2B basis. Monster Energy was successful on its interlocutory application. My preliminary view is that Monster Energy's entitlement to costs on its interlocutory application should be taken into account in its liability to Ox Group for costs on this appeal. If the parties are unable to agree costs they may file brief memoranda (no more than four pages) addressing the point.



Karen Clark J

Solicitors:
James & Wells, Hamilton for Appellant
Gibson Sheat, Wellington for Respondent

⁴¹ *Aqua Technics Pool and Spa Centre New Zealand Ltd v Aqua-Tech Ltd* [2007] NZCA 90 at [65].