

Non-use Not Necessarily Detrimental

Pioneer Computers Australia Pty Limited v Pioneer KK



The Federal Court recently handed down its decision concerning an appeal from a decision of the delegate of the Registrar of Trade Marks in respect of an application for removal of two registrations for the trade mark "PIONEER" and device in the name of Pioneer KK on the basis of non-use.

The decision deals with various matters including whether the removal application was defective, whether the Applicant was a person aggrieved, whether use of the trade marks occurred in respect of the removal goods and services, and importantly, the exercise of the discretion of the Registrar/Court to allow trade marks to remain on the Register in circumstances where use of the trade mark in respect of the removal goods/services has not been made out.

Background

Pioneer Computers Australia Pty Limited ("PCA") traded as a manufacturer and vendor of computer products and services since 1996. Pioneer KK was the well known Japanese manufacturer of audio and audio-visual products.

The removal goods included computers, computer peripheral devices and other computer products. The removal services comprised the installation, maintenance and repair of office machines and equipment, data processing apparatus and computers.

In the proceedings before the Trade Marks Office, the Registrar concluded that both registrations should be preserved in respect of the removal goods and the removal services. On appeal, PCA challenged the conclusion of the Registrar that there had been use of the trade marks in respect of computer peripherals and the decision of the Registrar to exercise the discretion under section 101(3).

Summary of Outcome

PCA relied upon both of the removal grounds under section 92(4) for the purpose of the Trade Mark Office proceedings and the appeal. That is, a lack of intention in good faith to use the trade mark on the day of applying for registration, with no use at any time up until one month before filing the removal application (being the ground provided for under section 92(4)(a)), and no use of the trade mark for a continuous period of three years ending one month before filing the removal application (being the section 92(4)(b) ground). The Court considered that the removal applications were defective insofar as the 92(4)(a) ground was concerned, because the supporting statutory declaration did not refer to Pioneer KK's intention to use the marks (as required by the regulations applicable at the time of filing).

In finding that PCA was a person aggrieved (a requirement under section 92(1) as it stood at

the time of filing of the non-use application), the Court took into account Pioneer KK's previous threat of proceedings against PCA for trade mark infringement. Although PCA had not sold or supplied all of the removal goods or removal services under the trade mark "PIONEER" at any time (which Pioneer KK relied upon to argue that PCA was not a person aggrieved in respect of all of the removal goods and removal services), the Court noted that Pioneer KK had demanded a complete cessation of the use of the trade mark "PIONEER".

The Court found that Pioneer KK had demonstrated use of the second "PIONEER" trade mark during the relevant period in respect of computer peripherals, but not in respect of the balance of the removal goods and removal services. Although there was no use of the first "PIONEER" trade mark during the relevant period, the Court found that the differences between the two marks did not substantially affect their identity. It was therefore necessary for the Court to consider whether to exercise its discretion under section 101(3) to allow the trade marks to remain on the Register even though the removal grounds (being non-use in this case) had been established in respect of the removal goods (save for computer peripherals) and the removal services.

In exercising its discretion under section 101(3) to allow both of the "PIONEER" trade marks to remain registered in respect of the removal goods, the Court took into account the following matters:

- » The convergence of computer products and audio visual products and the concept of brand extension, both of which were found to have resulted in some actual confusion (as between PCA and Pioneer KK) and be likely to give rise to confusion if the removal goods were sold under or by reference to the trade mark "PIONEER" by companies other than Pioneer KK.
- » The established use of the Pioneer KK marks in respect of audio-visual products

Dependent or Not?

Dependent claims need not narrow scope of invention in Australia

and multimedia devices. In that regard, section 101(4) was introduced in 2006 to provide that use of a trade mark in respect of similar goods or closely related services or similar services or closely related goods could be taken into account in the exercise of the discretion under section 101(3). Although the relevant period in this case pre-dated the introduction of section 101(4), the Court held that Pioneer KK's use of the trade mark "PIONEER" on closely related goods (being audio-visual products and multimedia devices) could be taken into account in considering whether to exercise its discretion under section 101(3). In other words, the Court was of the view that the introduction of section 101(4) in 2006 simply clarified the position concerning section 101(3).

With regard to the removal services (for which no use had been established during the relevant period), the Court did not consider that the above concepts of convergence and brand extension supported the exercise of the discretion in favour of maintaining the removal services.

As a result, the two registrations remain on the Register, the removal services being excised from the second registration.

The Court's exercise of its discretion under section 101(3) was conditional upon Pioneer KK providing an undertaking not to take action against PCA for past or future use prior to 31 July 2009 of the trade mark "PIONEER".



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The Australian *Patents Act 1990* requires that a complete specification for a non-provisional patent application end with at least one claim defining the invention, and each claim must be clear, succinct, and fairly based on the matter described in the specification. Further, the claims must relate to one invention only (divisional applications may be required if there is more than one invention). These are the substantive legislative restrictions imposed on the nature and scope of claims per se in Australia. The patents legislation does not prescribe the characteristics of an independent claim, a dependent claim, and a multiple dependent claim. Instead, the rules concerning the drafting of such claims have developed through judicial precedents, although in some respects they are merely conventions.

In *Austal Ships Sales Pty Ltd v Stena Rederi Aktiebolag* [2008] FCAFC 121, the Full Court of the Federal Court held that "[t]here is no requirement of [Australian] patent law that [dependent] claims narrow the scope of earlier [base] claims, even though, as a matter of practice, this is often the case." At issue were claims concerning the hull structure of a multi-hull, catamaran-type ship. Independent claim 1 recited that "the width of the hull at the water line is substantially greater in the after body of the hull than in the forward body of the hull and continually decreases in a forward direction". However, dependent claim 7 referring back to any one of claims 1 to 5 recited that "the width of the hull at the water line is substantially constant in the case of the sternward quarter part of the vessel and then narrows towards the prow of the vessel." Thus, independent claim 1 required that the hull width at the waterline continuously decrease in a forward direction, but dependent claim 7 contradicted this aspect of claim 1 by requiring that the same hull width be substantially constant in part. The Full

Court stated that "Claim 7 is an alternative to claim 1, insofar as [independent claim 1] is limited by [the hull width continually decreasing in a forward direction]." The Full Court stated that the relevant integer of independent claim 1 and dependent claim 7 spoke of different concepts.

This is a notable point of distinction concerning claim drafting for Australia in contrast to requirements for dependent claims in the United States and Europe. The U.S. legislation permits a claim to be drafted in independent, dependent or multiple dependent form, but a claim cast in dependent form is construed to include all of the limitations of its base claim and must specify a further limitation of the subject matter claimed in the relevant base claim. Thus, in the U.S., a dependent claim must be narrower than its base claim; otherwise, a dependent claim that does not narrow the scope of the invention is invalid. Under the European Patent Convention (EPC), a dependent claim includes all the features of its base claim and a reference to the base and then states the additional features which it is desired to protect. Thus, a dependent claim that would otherwise be improper in the U.S. and Europe may be valid and enforceable in Australia. Notably, the Australian Patent Office Manual of Practice and Procedures does not reflect this decision of the Full Court of the Federal Court of Australia and states that a dependent claim will warrant an objection if the dependent claim extends beyond the scope of its base claim and does not include all the features of the invention defined by the base claims.



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