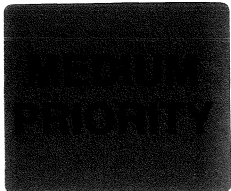


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**IN THE HIGH COURT OF NEW ZEALAND
WELLINGTON REGISTRY**

CIV 2002-485-000207

UNDER the Trade Marks Act 1953

IN THE MATTER OF an appeal from the Decision of the
Assistant Commissioner of Trade Marks
dated 8 October 2002

AND IN THE MATTER OF And New Zealand Trade Mark
Registration No.287108

BETWEEN FAREED KHALAF SONS COMPANY
TRADING AS KHALAF STORES
Appellant

AND PHOENIX DAIRY CARIBE NV
Respondent

Hearing: 3 September 2003

Appearances: S A Fogarty & J Blume for Appellant
No appearance for Respondent

Judgment: 3 September 2003

JUDGMENT OF HAMMOND J

Introduction

[1] This is an appeal under s.66 of the Trade Marks 1953 from a decision of K B F Hastie, Assistant Commissioner of Trade Marks.

[2] Phoenix Dairy Caribe NV of the Netherlands Antilles is the registered proprietor of trade mark no 287108 HALIBNA in class 29 for the specified goods "milk and dairy products; milk powder; cheese; cheese products". The date of registration is 9 January 1998. The mark has an international convention date of 3 December 1987.

[3] On 20 September 1999 Fareed Khalaf Sons Company t/a Khalaf Stores, a Jordanian company, filed an application for rectification.

[4] A number of grounds were set out in the application for rectification but at the hearing before the Assistant Commissioner they were restricted to s.26(1) grounds under the Trade Marks Act 1953. In short, the appellant/applicant claimed that, by virtue of prior use in New Zealand, it was the proprietor at common law of the trade mark HALIBNA.

[5] The Assistant Commissioner declined to remove the mark from the register. The appellant now appeals to this court.

The Role of the High Court on Appeal

[6] Section 66 of the Trade Marks Act 1953 provides that, on appeal “[this Court] shall have and may exercise the same discretionary powers as are conferred on the Commissioner”.

[7] An appeal to the High Court is by way of rehearing (*VB Distributors v Matsushita Electrical Industrial Company Limited* (2000) 9 TCLR 349 at 355; *FMEFFEM Foods Limited v Commissioner of Trade Marks* (1996) 7 TCLR 246 at 248).

Background

[8] The declarations before the Assistant Commissioner showed that Mr Khalaf is the Marketing Director of, and a partner in, Khalaf Stores. The business is carried on as an importer and exporter of food products, and in particular, instant milk powder. Khalaf Stores deals with suppliers of dairy products and other foodstuffs in a number of countries throughout the world, including New Zealand. Khalaf Stores uses the trade mark HALIBNA in relation to this instant milk powder. The mark was registered in Jordan in class 29 on 27 January 1990. It is used and registered in other countries, such as Iraq and Lebanon. At the time of the hearing before the

Assistant Commissioner applications to register the mark in other Arab states were pending.

[9] This trade mark was owned by the Jordanian Ministry of Supply from January 1980 to December 1991. Thereafter, ownership was transferred to the appellant. The exact extent of that transfer posed the principle difficulty for the Assistant Commissioner at the trade mark hearing. It is sufficient for preliminary purposes to indicate that Mr Khalaf's declaration asserted that all rights in HALIBNA were assigned to his company by a Deed of Assignment dated 18 January 1998.

[10] The New Zealand Dairy Board has been contracted to supply instant milk powder branded HALIBNA to the Jordanian Ministry of Supply and subsequently to the applicant since at least 1990, and continues to do so. Before it is exported from New Zealand this instant milk powder must be packaged in HALIBNA brand packaging.

[11] It is convenient to note here that under s.40 of the Trade Marks Act 1953 the use of a trade mark on goods to be exported from New Zealand is deemed to constitute use of the trade mark in New Zealand.

[12] The Assistant Commissioner had before her evidence which established substantial shipments of instant milk powder branded HALIBNA from New Zealand for the years 1990, 1992, 1993, 1996 and 1999. It is sufficient for present purposes to notice that the shipment of this milk powder was therefore substantial and constant.

[13] Phoenix Dairy filed declarations which established that that enterprise is the present proprietor in New Zealand of the HALIBNA trade mark. It claims priority pursuant to a Benelux registration dated 3 December 1997. It holds registrations for that mark in other countries, including Australia, Denmark, Ireland, Singapore and the United Kingdom.

The Assistant Commissioner's Decision

[14] The Assistant Commissioner rightly noted that in broad terms the “substantive issue” before her was “who is the proprietor of the trade mark HALIBNA and thus has the right (assuming it complies with all legal requirements) to register that mark under the Act”?

[15] In the result, the Commissioner held “albeit reluctantly, (because the evidence clearly establishes the respondent was not the first to use the mark HALIBNA in New Zealand) that the applicant has not established it is the true proprietor of the trade mark HALIBNA in this country”. The appellant challenges that proposition, as a matter of law.

[16] The Assistant Commissioner also held that, on the proper construction of the Deed of Assignment which had been adduced in evidence before her, it was defective (at least for trade mark purposes in New Zealand) in that it did not assign to the applicant “all rights in the trade mark HALIBNA as previously owned by the Jordanian Ministry of Supplies”.

[17] At the time of the hearing, counsel for Khalaf Stores was not aware that this sort of difficulty had occurred in other jurisdictions with respect to that Deed, and that in fact, a supplementary Deed had been executed on 13 June 2001. That further Deed is quite explicit in creating for Khalaf Stores “a world-wide transfer of all of the rights ... including but not limited to those related to the trade mark HALIBNA ...”. In other words, whatever deficiencies there were in the first Deed had been corrected by a second Deed, which was explicit in its terms.

[18] In fairness to the Assistant Commissioner, this additional information had not been put in evidence before her. Goddard J allowed an application to adduce further evidence on the appeal, and the supplementary Deed has now been placed before me, by affidavit.

Grounds of Appeal

[19] In the result, Mr Fogarty summarised the appellants case on these two grounds, in these terms:

- (i) To maintain the registration the respondent must demonstrate it has a right to claim to be the proprietor of the mark. If that right cannot be established then the registration cannot be maintained. It is not necessary for the party seeking removal of the registration to establish that it has a valid claim to proprietorship of the mark. In this case the registered proprietor cannot demonstrate that it has a right to claim to be the proprietor of the mark as another party has prior rights in the mark in New Zealand.
- (ii) In the event that the appellant does have to prove a proprietary right in the trade mark HALIBNA the evidence shows that all rights in the mark were transferred to the appellant and it clearly is the owner of the mark in New Zealand, therefore it can rely on the use of the trade mark HALIBNA by the Jordanian Ministry of Supply in support of its case.

Resolution

[20] It is convenient to take the second point - New Zealand usage – first. Mr Fogarty responsibly accepted (and I think rightly accepted) that on what was in front of her at the hearing, the Assistant Commissioner was correct in her determination on this point. However the supplementary Deed clearly evidences the acquisition of the relevant rights so that on the evidence as it now stands, Khalaf Stores can establish first use of the mark dating back to 1990, and preceding that of Phoenix Dairy. On this ground alone, the appellant must succeed.

[21] Mr Fogarty suggested, nevertheless, that it would be useful for the trade mark bar to have an indication of this Court’s view on the first issue (“proprietorship”). I hesitated before undertaking that exercise, given the view the Court had already reached, because I am conscious of the fact that I do not have counsel before me from Phoenix Dairy (it having chosen not to appear on the appeal). However, the

established authorities seem to me to be plain enough, and I make these observations.

[22] The issue is whether, under s.26(1) of the Trade Marks Act 1953, a party seeking removal of a mark needs to establish that it is the true proprietor of the mark. In my view Mr Fogarty is correct to contend, as he did, that the party applying for removal need only establish that it is an aggrieved party. Once that has been established that party need then only show that the claim to proprietorship cannot be sustained – not that the party seeking removal is the true proprietor. (See *Numen v Table For Six (1996) Limited* [1998] 44 IPR 269; *Northshore Toy Company Limited v Charles L Stevenson Limited* [1973] 1 NZLR 567; *Phillip Morris (NZ) Limited v Ligaden Buyers Tobacco* (1978) 1 NZIPR 195).

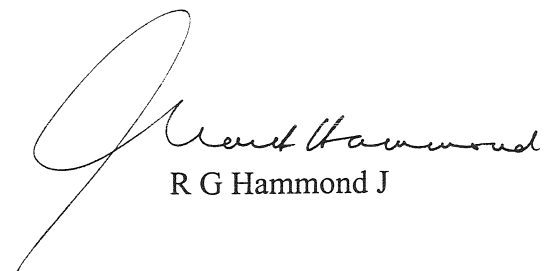
[23] I would add only that the term “aggrieved person” in s.41(1) of the Trade Marks Act 1953 is to be given a wide interpretation, consistent with s.5(1) of the Interpretation Act 1999.

Conclusion

- a) The appeal is allowed.
- b) Trade Mark registration no 287108 is to be removed from the Register.
- c) The costs order made by the Assistant Commissioner is reversed.
- d) The appellant will have its costs in this Court on a 2B basis together with its reasonable disbursements. In the event that there is no agreement on those costs, then same are to be fixed by the Registrar in the usual way.

Delivered at 4.15 pm this 3rd day of September 2003.

Solicitors:
A J Park, Wellington for Appellants


R G Hammond J