

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

CIV 2008-485-1792

UNDER the Trade Marks Act 2002

IN THE MATTER OF an appeal from the decision of the Assistant
Commissioner of Trade Marks dated 17
July 2008 and New Zealand Trade Marks
Applications Numbers 744171 and 744172
in the name of Atspec Limited

BETWEEN LG CORPORATION LIMITED
Appellant

AND ATSPEC LIMITED
Respondent

Hearing: 11 March 2009

Counsel: R M Wallis for Appellant
R J Hopkins for Respondent

Judgment: 23 April 2009

JUDGMENT OF SIMON FRANCE J

Introduction

[1] The Electricity Regulations 1997 require owners of electrical equipment being used in commercial pursuits to have them regularly tested. It is the equivalent of the warrant-of-fitness system for cars.

[2] Atspec's core business is carrying out such testing. Recently it sought to register a trademark for its business. In fact it registered two trademarks:



[3] The difference between the two is the happy or sad mouth. The primary use of the trademark will be on tags that are required to be attached to tested equipment. Again, the tag is like the warrant of fitness sticker affixed to windcreens on cars. The tag will have the name of the tester, and the period for which the certificate lasts. Atspec indicates a successful test with the happy face, and an unsuccessful test with the other. The latter face will rarely be seen since equipment which fails the test must be removed from service until it is compliant. (Because of this, the judgment focuses on the happy face logo.)

[4] Although the tags are the primary use of the trademark, that is not the limit of it. The registration authorises the use of the trademark in relation to promotional material, and on documents such as Atspec's letterhead and the like.

[5] When Atspec sought to register the marks, LG Corporation objected, saying the mark was too similar to its already registered and well known logo:



[6] LG is a large multi-national manufacturer of electrical goods. It has several trademarks registered. The evidence it filed showed the most prominently used device is the stylised face above, accompanied by the letters LG in close proximity beside it to the right, or sometimes above. It is routinely coloured with a red background with all the lines and shapes in white. It should be noted, however, that neither Atspec's nor LG's trademarks are colour specific.

[7] LG was unsuccessful in its opposition, and now appeals. It is common ground that the appellate Court is to reach its own conclusion.

The registration

[8] Atspec's trademarks are registered in three categories. Classes 37 and 42 are service classes. Class 37 relates to testing, analysis and inspection of equipment used in the building and construction industry. Class 42 relates to a wider range of inspection and calibration services and is not limited to specific areas. The two classes provide:

Class 37

diagnostic testing, analysis and inspection services for appliances, tools, machines, equipment, devices and systems used in building construction, repair and installation; consultancy, information and advisory services in connection with the foregoing

Class 42

diagnostic testing, measuring, audit and calibrating services; testing, audit and inspection services for compliance with regulation, legislation, quality control, performance and safety standards; quality control services; certification services; laboratory services; appliance diagnostic testing services; design, development and implementation of machines, equipment, apparatus, systems, devices and instruments for diagnostic testing applications (and the interpretation of diagnostic testing), measuring and calibrating and all parts, components, fittings, accessories, training manuals, reference material and teaching aids relating to the foregoing; design, development and implementation of computer software and software products for diagnostic testing applications (and the interpretation of diagnostic testing), measuring and calibrating and all accessories, training manuals, reference material and teaching aids relating to the foregoing; consultancy, information and advisory services in connection with the foregoing.

[9] In addition the registration was sought and obtained in one goods class. Class 16 covers promotional material, brochures, business cards, letterhead and the like. It reads:

Class 16

printed material, publications, certification certificates, stationery, photographs, computer generated reports, manuals, posters, instructional and teaching and/or training material (other than apparatus), reference material, brochures, pamphlets, newsletters, product inserts, business cards

[10] LG's registration for its logo standing alone (i.e. without the accompanying letters "LG" or words "LIFE'S GOOD") is in four different classes – 7, 9, 11 and 15.

They are all goods classes, and cover a very wide range of equipment, including industrial equipment and machinery such as bulldozers, presses and electrical motors. Class 9 covers the goods probably most commonly associated with LG being the gamut of domestic electrical appliances.

Are the logos similar?

[11] A common thread to all grounds of objection is that there must be sufficient similarity in the trademarks to give rise to a potential problem. Whilst there are variations in the different grounds on which objection is taken, if there is no essential similarity in the trademarks other inquiry is unnecessary.

[12] The Assistant Commissioner recognised a broad similarity but did not consider it was of a degree that would give rise to any confusion once the actual or permitted uses were taken into account.

[13] In my view there is a much stronger similarity that the Assistant Commissioner recognised.

[14] The limits of expert evidence in the area of whether trademarks are similar is well recognised. Nevertheless I found assistance in the evidence given on behalf of LG by Mr John Shepherd, a graphic designer. The evidence highlights the core features of the LG logo, and points to the presence of these similar features in the Atspec logo. Giving expression to one's general impressions can be difficult, especially with stylised marks, and the material provides a useful focus.

[15] The core features of the LG brand are said to be:

- the broad circumference;
- the vertical line element;
- the horizontal line element;
- the single eye in the upper left quadrant;
- the overall winking face identity.

[16] In my view there is strength in the proposition that these features are replicated in the Atspec proposal. The similarities that appear most obvious to me are that they are the same essential shape and both have an outer border. LG's border is incomplete because the border is created by a G, but the overall effect is there. Likewise they both have the single dot (eye) in the same place and next to that there is a vertical line in both. It is true that the horizontal line attached to the vertical line is differently placed (top and to the right, cf bottom and to the right) but the effect is not particularly lessened by that, and both nevertheless have a horizontal line attached to the vertical line. Atspec's logo has a mouth which LG's doesn't, but the stylised G produces a similar effect.

[17] I admit the winking face identity impression is elusive to me, at least as regards the idea of "winking", but I am equally unimaginative in that regard in relation to all three logos so it is a neutral factor for me.

[18] The differences highlighted by the Assistant Commissioner were that the LG logo has the letters LG which is the company's corporate identity, and the presence of a mouth in Atspec's logo. I do not see these features as being sufficient to offset the broad similarity, especially where recall is imperfect. The LG is stylised and the dominant feature, at least as I see it, is the style rather than any attempt to portray the exact identity of the letters – i.e. that they are an L and a G. To me it is more a case that one only realises how clever the logo is once one is told or knows that the company is LG, rather than immediately seeing the logo as saying LG.

[19] I have already commented on the mouth aspect of each logo.

[20] Conceptually both can be seen to represent the image of a face. Ms Hopkins focused for Atspec on the evidence that the origins of their logo was a 3-point power plug and that it had been developed from that starting point. Accepting that, how one gets to the end point is less significant than the end point. To me the general impression is of a circular one-eyed face with bold lines in the area of the nose. There are of course differences but it is the overall impression of the whole mark that matters. On that basis I consider there is a considerable degree of similarity such as to necessitate analysis of the other issues.

[21] In reaching that conclusion, I note that I also took account of the evidence filed by Atspec from the designer of its logo. That deponent submitted that the core features of the Atspec design were the lips and mouth. Also emphasised was the horizontal line at the same height as the single eye, thereby giving an emphasis to the face concept which is lacking in the LG logo. I understand the points being made, but for the reasons given see the logos in a different light, and particularly when the marks are viewed as a whole.

Objection under s 17(1)(a) of the Trade Marks Act 2002

[22] Section 17(1) of the Trade Marks Act 2002 ('the Act') 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

[23] The relevant factors were set out by Richardson J in *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50.

[24] The focus under s 17(1)(a) is whether the new trademark is likely to deceive or cause confusion given the established use of the existing mark. Ms Hopkins submitted an answer was that LG's evidence failed to establish any reputation in its logo standing alone and unaccompanied by the letters LG or the words LIFE'S GOOD. Whilst it is true that the stylised device seems to be primarily used in association with the letters "LG", it is nevertheless a prominent core feature of LG's profile. I agree with the Assistant Commissioner that the necessary reputation is established in the logo with or without the letters.

[25] The key issue in this case is resolving the conflict between the very different focus of each enterprise on the one hand yet on the other the reality that the core endeavour for each revolves around the same type of goods. To put it crudely, it could be said that LG makes them and Atspec tests them. Will confusion arise in the

adoption by Atspec in relation to its services, and promotion of those services, of a mark that has in my view significant similarities to LG's well established logo?

[26] My initial instinct was that there was a greater risk of confusion than had been recognised, because of the overlap in goods. Plainly on its face the regular testing for safety reasons of commercially used goods is some way removed from the initial manufacture and sale of such goods. However, when one considers Atspec will record its work (the tags) and promote its work in relation to the very type of goods for which LG is known, there must be a concern that a significant portion of people will be at least left wondering as to whether there is a link.

[27] However, on further reflection, I consider the likelihood of confusion is reasonably remote. Atspec's registration allows the trademark to be used in relation to diagnostic services, and testing. Apart from minor repairs to plugs and cords (concerning which the use of the logo is not authorised), it is not in the business of fixing such equipment, nor at all of selling it. Those who will primarily seek Atspec's specialist services will be those who use electrical appliances in a commercial context and who need to have them tested for compliance with the regulatory scheme, or those who have malfunctioning equipment that needs specialist assessment to identify the fault. There is little chance that these people will be uncertain as to the nature or provenance of Atspec, or see a link to LG.

[28] I have not overlooked that LG inevitably has connection to repair work on its goods, presumably especially in relation to those under warranty. The evidence, however, shows it contracts out such work to a separate organisation. I also accept there is some prospect that members of the public may see the Atspec logo on a tag attached to tested electrical equipment. However, the tag is unlikely to be confused with the brand of the appliance. Brands are prominent on most appliances. The tag, if it were to attract attention at all, would need a focused reading in order to convey any message, at which point the other required details, including Atspec's name, will equally be apparent. I do not therefore consider a significant number of people will be confused, or associate LG with the tag.

[29] Accordingly, whilst I consider an issue arises because of the similarity in marks which can be used in relation to similar goods, the nature of the wholly different connections to those goods satisfies me that there is no real likelihood of confusion. In *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281, Jacob J had recognised (in relation to the equivalent of our s 25) that there is no reason in principle why services could not be sufficiently similar to goods for the purpose of trademarks objections. I accept that is so, but consider that overall the risk of confusion stemming from the provision of subsequent testing services to the goods will not create any likelihood of confusion in this case.

Objection under s 25(1) of the Act

[30] Section 25(1) of the Act provides:

25 Registrability of identical or similar trade mark

- (1) The Commissioner must not register a trade mark (trade mark A) in respect of any goods or services if—
 - [(a) it is identical to a trade mark (trade mark B) belonging to a different owner and that is registered, or has priority under section 34 or section 36,—
 - (i) in respect of the same goods or services; or
 - (ii) in respect of goods or services that are similar to those goods and services, and its use is likely to deceive or confuse; or]
 - (b) it is similar to a trade mark (trade mark C) that belongs to a different owner and that is registered, or has priority under section 34 [or section 36], in respect of the same goods or services or goods or services that are similar to those goods or services, and its use is likely to deceive or confuse; or
 - (c) it is, or an essential element of it is, identical or similar to, or a translation of, a trade mark that is well known in New Zealand (trade mark D), whether through advertising or otherwise, in respect of those goods or services or similar goods or services or any other goods or services if the use of trade mark A would be taken as indicating a connection in the course of trade between those other goods or services and the owner of trade mark D, and would be likely to prejudice the interests of the owner.

[31] Objection is taken under both (b) and (c).

[32] Concerning (b), the conclusions reached under s 17 will mean a similar conclusion. The “fair and notional use” which the registration of each trademark entitles does not in this case add meaningfully to the actual use considered under s 17. There remains no real risk of confusion.

[33] Section 25(1)(c) may be thought to be the most appropriate limb under which LG might advance its case. The complaint could well be seen as being that, even if people are not likely to be confused, the reality is that the LG logo is well known and LG suffers loss by allowing a similar logo to be registered, especially where a focus of the activity underlying the new mark is in relation to similar goods.

[34] Ms Wallis accepted that the elements of s 25(1)(c) were not firmly established. The appellant’s case under this provision was focused very much on the analysis that was accepted by Dobson J in *New Zealand Milk Board v NV Sumatra Tobacco Trading Co* HC WN CIV-2007-485-2485, 28 November 2008, where prejudice was inferred from the existence of both similarity and likely confusion. That approach necessitates a finding of likely confusion which, along with the Assistant Commissioner, I have rejected.

[35] Given the appellant’s approach it is not necessary to consider what might be needed by way of evidence to establish prejudice in the absence of likely confusion. The simple fact is that the appellant presented no evidence on this, so its sufficiency or otherwise does not fall for determination.

[36] The Assistant Commissioner also held that the evidence, whilst establishing a reputation for s 17(1)(a) purposes, fell short of showing the brand was well known in New Zealand for s 25(1)(c) purposes. No analysis supporting this conclusion was given. Again, since the case cannot succeed on the prejudice element, it is unnecessary for this Court to conduct such analysis. The evidence that was tendered on this aspect had two features which, in my view, would have required careful consideration. First, the evidence was directed at a different trademark from that on which the objection was based. In other words, as noted, the evidence illustrates the use of the device accompanied by LG which is itself a different registered trademark. There is no evidence focusing on awareness of the device as a stand alone entity.

Whether the device standing alone is “well known in New Zealand” would indeed be an issue.

[37] Second, and related, the evidence seeks to establish “well known” by reference to advertising and sponsorship undertaken. Whether that is sufficient in the absence of any survey type evidence as to the success of such advertising and promotion, or perhaps alternatively, when sales figures in themselves might indicate a sufficient level of reputation for the purposes of s 25(1)(c), should await another case when it is necessary to the decision. It is obviously evidence that shows LG’s commitment to the brand and its efforts to promote it. The issue would be whether such evidence can be assumed to have had the desired effect of making the trademark well known.

Other challenges

[38] For completeness I note that the conclusions I have reached are equally determinative of other objections that were raised.

Conclusion

[39] Whilst I differ from the Assistant Commissioner as regards the degree of similarity in the trademarks, I have nevertheless reached the same conclusion as regards the likelihood of confusion. This conclusion is sourced in the different focus of the two enterprises, and therefore the different contexts in which the marks will be used.

[40] The respondent is entitled to costs. If agreement cannot be reached, memoranda should be filed.

Simon France J

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