

IN THE COURT OF APPEAL OF NEW ZEALAND

**CA227/2014
[2015] NZCA 418**

BETWEEN DAIMLER AG
 Appellant

AND SANY GROUP CO LIMITED
 Respondent

Hearing: 28 July 2015

Court: Ellen France P, White and Winkelmann JJ

Counsel: P D M Johns and T A Huthwaite for Appellant
 M T Lennard for Respondent

Judgment: 8 September 2015 at 9.30 am

JUDGMENT OF THE COURT

- A The appeal is dismissed.**
- B The appellant must pay the respondent costs for a standard appeal on a band A basis and usual disbursements.**
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REASONS OF THE COURT

(Given by Ellen France P)

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Introduction

[1] Daimler AG (Daimler),¹ the appellant, began to use its three-pointed star mark on vehicles it manufactured internationally in 1909 and in New Zealand in 1911. Daimler has registered a number of trade marks reflecting that use in New Zealand (the Daimler marks), namely:



[2] The respondent, Sany Group Co Ltd (Sany), applied on 31 August 2006 to register the following trade mark (the Sany mark), namely:



[3] Daimler opposed registration of the Sany mark on a number of grounds including that Sany's mark was likely to deceive or cause confusion because of its similarity to the Daimler marks² and that Sany's mark was not registrable under s 25(1)(c) of the Trade Marks Act 2002 (the Act) dealing with the adverse effect of similarity to a well known mark. The Assistant Commissioner of Trade

¹ Formerly known as DaimlerChrysler AG.

² Trade Marks Act 2002, s 17(1)(a).

Marks (Assistant Commissioner) approved Sany's application.³ Daimler's appeal to the High Court was unsuccessful.⁴ Daimler now appeals to this Court.⁵

[4] The issues on appeal reflect the grounds of opposition and are as follows:

- (a) Whether use of the Sany mark would be likely to deceive or cause confusion (s 17(1)(a));
- (b) Whether use of the Sany mark is contrary to New Zealand law (s 17(1)(b));
- (c) Whether the Sany mark is similar to the Daimler marks, in respect of the same or similar goods and services, and its use is likely to deceive or confuse (s 25(1)(b)); and
- (d) Whether the Sany mark, or an essential element of it, is similar to Daimler's well known marks; whether Sany's goods and services are the same as or similar to Daimler's goods and services; whether the use of the Sany mark would be taken as indicating a connection in the course of trade with Daimler; and whether use of the Sany mark would be likely to prejudice the interests of Daimler (s 25(1)(c)).

Background

[5] There is no dispute over the relevant facts. Sany was incorporated in China in 1989. Its business focus is on the manufacture, leasing, importing and exporting of "building machinery ... road machinery ... hoist machinery ... vehicle[s] ... new materials ... [and] network communication equipment ...".⁶ Sany first applied to register its mark in China in 1989 in relation to welding materials.⁷ Sany's mark has

³ *Sany Group Co Ltd v DaimlerChrysler AG* T27/2008, 29 September 2008 [Assistant Commissioner's decision].

⁴ *Daimler AG (Formerly DaimlerChrysler AG) v Sany Group Co Ltd* [2014] NZHC 532 [High Court judgment].

⁵ This Court determined the appeal is properly brought under s 66 of the Judicature Act 1908 in the earlier decision of *Daimler AG v Sany Group Co Ltd* [2014] NZCA 421, [2014] NZAR 1159.

⁶ Declaration of Haobing Wang, 26 September 2007, cited at [5] of the High Court judgment, above n 4.

⁷ The High Court judgment, above n 4, at [7].

been registered in China subsequently in relation to all classes of the Ninth Edition of the International Trademark Classification System (ITMCS) adopted as part of the Nice Agreement.⁸

[6] Sany's application in New Zealand is in relation to goods in class 7 and class 12 of the ITMCS. Those classes relate to the following goods:

Class 7

Road rollers; excavators; diggers (machines); hydraulic pumps; concrete pumps; trailers and truck-mounted concrete pumps; elevating apparatus; mixing machines; concrete mixers (machines); bulldozers; motor graders; asphalt pavers; horizontal directional drilling machines; cranes; asphalt mixing plants; concrete mixing plants; rotary pile drills; milling machines; mining machines; pumps (machines); extractors for mines; mine borers; drilling machines; mine-working machines; rail-laying machines; railroad constructing machines; power shovels; road making machines; pumps (parts of machines, engines or motors); belt conveyors; hydraulic controls for machines, motors and engines; hydraulic components ...

Class 12

Buses; lorries; sports cars; motor cars; motor buses; locomotives; concrete mixing vehicles; aerial conveyors; lifting cars (lift cars); automobile chassis; hydraulic circuits for vehicle; asphalt material transfer vehicles; automobile bodies ...

[7] Daimler began as an automobile manufacturer in 1882 when the Daimler Motorenengesellschaft company was established in Stuttgart.⁹ As we have noted, the company began to use the three-pointed star trade mark on its vehicles internationally in 1909 and in New Zealand in 1911. Daimler today reflects a number of mergers and acquisitions of vehicle and other manufacturing companies such as Benz & Cie in 1926 and the Chrysler Corporation in 1998. It is "one of the world's leading automobile companies".¹⁰ Daimler manufactures a range of cars, trucks, buses, UNIMOG multipurpose heavy duty vehicles, diesel engines, turbines, rail vehicles, power generators and other industrial products. Those vehicles are produced under the name "Mercedes-Benz". Daimler's "heavy duty vehicles are

⁸ Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (opened for signature 15 June 1957, entered into force 8 April 1961).

⁹ High Court judgment, above n 4, at [10].

¹⁰ High Court judgment, above n 4, at [11].

often adapted by “partner companies” to create vehicles that have, for example, cranes, winches ... [and] rescue equipment”.¹¹

Decision of the Assistant Commissioner

[8] Daimler opposed registration on the grounds that registration of the Sany mark was contrary to ss 17(1)(a), 17(1)(b), 17(2) (bad faith), 25(1)(b) and 25(1)(c) of the Act. In relation to s 17(1)(b), Daimler said use of the Sany mark was contrary to New Zealand law because such use would breach ss 9, 10, 13 and 16 of the Fair Trading Act 1986¹² and amount to passing off. The Assistant Commissioner determined that none of Daimler’s grounds of opposition had been made out.¹³ Central to the Assistant Commissioner’s approach was her conclusion that the marks were visually and conceptually different.¹⁴ The Assistant Commissioner did not accept that Daimler’s marks met the test for a well known mark.¹⁵

High Court decision

[9] Before the High Court Daimler abandoned the bad faith argument (s 17(2)) but pursued its other four grounds of opposition. In dismissing the appeal, Collins J agreed with the Assistant Commissioner that s 17(1)(a) was not made out. Sany had discharged its burden of proving the absence of confusion or deception.¹⁶ It followed from this finding that the ss 17(1)(b) and 25(1)(b) grounds also failed.¹⁷ In the High Court Daimler accepted that if Sany was to establish absence of deception or confusion for the purposes of s 17(1)(a), there was little chance of there being sufficient evidence to establish breaches of the Fair Trading Act or passing off as would be required under s 17(1)(b).¹⁸ The s 25(1)(b) ground failed because the marks lacked sufficient similarity to deceive or confuse.¹⁹

¹¹ High Court judgment, above n 4, at [11].

¹² Dealing with, generally, misleading conduct, false or misleading representations and false use of a trade mark in a manner likely to mislead or deceive.

¹³ Assistant Commissioner’s decision, above n 3.

¹⁴ At [33]–[36], [73] and [78].

¹⁵ At [77].

¹⁶ High Court judgment, above n 4, at [46].

¹⁷ At [51] and [58].

¹⁸ At [50].

¹⁹ At [58].

[10] In terms of s 25(1)(c), Collins J took a different view from that of the Assistant Commissioner. On this aspect, the Judge agreed with Daimler that it met the criteria for its marks to be considered well known at the relevant date.²⁰ However, this ground also failed because the Sany mark, or an essential element of that mark, was not identical or similar to any of the Daimler marks.²¹

Is there a likelihood of confusion (s 17(1)(a))?

[11] Section 17(1)(a) provides that the Commissioner must not register as a trade mark or part of a trade mark “any matter ... the use of which would be likely to deceive or cause confusion”.

[12] There is general agreement as to the relevant principles applicable in considering s 17(1)(a). Daimler takes issue on one aspect relating to the nature of the relevant market and we discuss that aspect shortly.

The relevant principles

[13] The starting point is that the purpose of the section is, as Collins J said, to “protect the public rather than the proprietary rights of traders”.²²

[14] It is common ground that the application of s 17(1)(a) required Daimler first to establish a reputation in its mark. If so, the onus shifted to Sany 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”.²³ The meaning of deception and confusion is discussed in *Pioneer Hi-Bred Corn Co v Hy-Line Chicks*

²⁰ At [69].

²¹ At [71].

²² High Court judgment, above n 4, at [29] citing *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 54 per Richmond P and at 63 per Richardson J; see also *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* [2011] NZCA 264, [2011] 3 NZLR 206 at [78], leave to appeal declined in *NV Sumatra Tobacco Trading Co Ltd v New Zealand Milk Brands Ltd* [2011] NZSC 113; and *Sexwax Inc v Zoggs International Ltd* [2014] NZCA 311, [2015] 2 NZLR 1 at [27], leave to appeal declined in *Zoggs International Ltd v Sexwax Inc* [2015] NZSC 16.

²³ *Roby Trustees Ltd v Mars New Zealand Ltd* [2012] NZCA 450, (2012) 98 IPR 353 at [44]; and *Pioneer Hi-Bred*, above n 22, at 57.

*Ltd.*²⁴ Richardson J said that where the alleged deception or confusion 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”.²⁵

[15] The assessment assumes fair use of both of the marks and is made from the perspective of the consumer and others involved in purchase. It is made as at the applicable date, in this case 31 August 2006, when Sany applied to register its mark.²⁶

[16] The two marks are then compared applying the principles in *Pianotist Company’s Application*:²⁷

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 for the goods of the respective owners of the marks.

[17] As this Court said in a recent application of these principles in *Roby Trustees Ltd v Mars New Zealand Ltd*:²⁸

[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 recollection, the idea of each mark, any descriptive quality of the marks.

Daimler’s case

[18] There is no question in this case that Daimler has a substantial reputation. Daimler’s challenge relates rather to the Judge’s overall assessment of the marks and

²⁴ *Pioneer Hi-Bred*, above n 22, at 62; and see *Sexwax Inc v Zoggs International Ltd*, above n 22, at [49]–[54] and [65].

²⁵ At 62.

²⁶ *Roby Trustees Ltd v Mars New Zealand Ltd*, above n 23, at [44].

²⁷ *Pianotist Company’s Application* (1906) 23 RPC 774 (Ch) at 777 applied in *New Zealand Breweries Ltd v Heineken’s Bier Browerij Maatschappij NV* [1964] NZLR 115 (CA) at 139 per Turner J.

²⁸ *Roby Trustees Ltd v Mars New Zealand Ltd*, above n 23; and see *Polaroid Corp v Hannaford & Burton Ltd* [1975] 1 NZLR 566 (CA) at 571.

as to the likelihood of deception or confusion. Daimler makes four principal submissions.

[19] Daimler says, first, the Judge placed too much emphasis on the differences between the marks. In developing this submission, Mr Johns says the three-pointed star within the circle is the essential element and dominant feature of the Daimler marks. Because the Judge found there were similarities between the marks in relation to their dominant concepts, sufficient similarity was established. This submission draws on the Judge's observation that:²⁹

... there are some similarities between Sany's mark and ... Daimler's marks. Both involve a circle with a three-pronged device that either abuts or slightly overlaps the edges of the circle. The three-pronged devices are aligned in a similar way in both sets of marks. However, those similarities are minor.

[20] Mr Johns submits that the differences then identified by the Judge are not enough to neutralise this shared conception, particularly when allowance is made for imperfect recollection. Rather, it is said, both the dominant concepts and visual appearances of the marks are similar. Daimler says the assessment of the German Federal Patent Court³⁰ in an equivalent case provides a more apt comparison than that of the High Court of England and Wales³¹ referred to by Collins J.³² The latter case was a trade mark infringement action in which Daimler bore the onus of proof.

[21] Second, Daimler says any reliance on conceptual differences between the marks is misplaced. That is because the "three 1s" conception behind the Sany mark is too abstract to have any impact on the perception of consumers in New Zealand. Further, Mr Johns makes the point that the Daimler marks also have a "trifecta ambition", namely, "on land, on water, and in the air".

²⁹ High Court judgment, above n 4, at [43].

³⁰ *DaimlerChrysler AG v Sany Holding Co Ltd* 28 W (pat) 115/70, 5 December 2007. That Court found the "upper figurative element" in the Sany mark featured the "essential elements" of the Daimler marks: at 9. Similar conclusions were reached in equivalent decisions in France and Taiwan: *Sany Group Co Ltd v DaimlerChrysler* OPP 06-3665/VL, 15 May 2007 and *DaimlerChrysler AG v Sany Group Co Ltd* G00960830, 2 April 2008 .

³¹ *Daimler AG v Sany Group Co Ltd* [2009] EWHC 2581 (Ch). The Judge said at [80] that while there was an outer circle with a three-pointed image "within (or partly within)" the circle in both marks, "there the similarity ends".

³² High Court judgment, above n 4, at [43], n 41.

[22] Third, Daimler submits that the Judge was wrong to take into account the inclusion of the word “Sany” in the Sany mark because the word would convey no information to a consumer in New Zealand about the origin of the goods in question. Two principal matters are advanced in support of this submission. The first is that the Judge ignored the fact it is common within the motor industry to use names along with logos, particularly to distinguish between models. The examples given include Toyota Corolla and Fiat Punto. The second matter relied on is that the word “Sany” is an invented word and has no meaning.

[23] Finally, Daimler says that the Judge placed too much emphasis on the discerning nature of potential purchasers and thereby limited his analysis to a small portion of the general public. Mr Johns also emphasises the distinctiveness and repute of the Daimler marks and, as well, the context in which the marks are used. The latter submission is a reference to the fact the Daimler marks are consistently found on the front grill or bonnet of vehicles. Mr Johns submits that if the Sany mark is similarly placed, or on a Sany trailer attached to a Daimler vehicle, confusion or deception is likely. Finally, Mr Johns points out the likelihood of confusion has to be assessed in a context where Sany has not traded in New Zealand.

Our approach

[24] The question of similarity is ultimately one of impression. This Court must form its own view of the merits giving such weight to the decisions below as it thinks appropriate.³³ Applying that approach we agree with Collins J and the Assistant Commissioner that the marks are not similar, essentially for the reasons they gave. In particular, like Collins J, when we look at the Sany mark we do not think of the Daimler marks.³⁴

[25] We agree with the Assistant Commissioner that overall the impression of the Sany mark is “suggestive of rotational movement or the potential for such movement; and [Sany’s] device appears not to have the symmetry of [Daimler’s]

³³ *Austin, Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 103, [2008] 2 NZLR 141 at [4]–[5].

³⁴ High Court judgment, above n 4, at [43].

device.”³⁵ That impression is furthered by the fact, as Mr Lennard submits for Sany, that the three lines in the Sany mark protrude beyond the circle and, if anything, are as much like a triangle as like a star.³⁶ Even when allowance is made for imperfect recollection, we find compelling this summary by Collins J:³⁷

The Daimler marks are clearly a representation of a star and symbolise superior quality. The simplicity of the Daimler marks is one of their striking features. On the other hand, the Sany mark looks like a spinning rotor. It is a complicated device, the meaning of which is hard to discern by looking at the mark. Purchasers in the relevant markets could not confuse the Sany mark with Daimler’s three-pointed star within a circle. The device elements in the Sany and Daimler marks are not visually or conceptually similar.

[26] The Judge’s references to the similarities relied on by Daimler need to be put in context. Collins J was simply attempting to articulate why he formed the impression he did. That exercise may require identifying similarities as a precursor to explaining why, as a matter of overall impression, the marks are not viewed as similar.³⁸ We do not consider the Judge found the marks were similar in their essential elements.

[27] As to the conceptual differences in the marks, there was evidence to support the view there were differences. Mr Wang, in-house counsel for Sany responsible for intellectual property matters, describes Sany’s mark as a “three 1s device”. He says that this:

... has strong significance in the Chinese community and portrays a strong, prosperous and first class image. This part of the trade mark consists of three “1” symbols all pointing towards each other, but not actually connecting with each other. The three “1” elements are displayed in such a way that they create a distinctive circle in the middle of them. The three “1”s appear to be rotating, symbolising that Sany’s future development is like a snowball and is growing and thriving. The three “1”s pierce the outer circle, breaking through the siege and radiating outside, meaning that Sany’s products are sold on a global basis in a thoroughly successful manner. Further, the three “1”s come from Sany’s three main goals, those are, (1) to establish a first class enterprise, (2) to cultivate first class people, and (3) to make a first class contribution.

³⁵ Assistant Commissioner’s decision, above n 3, at [34].

³⁶ The Assistant Commissioner refers to the lines being arranged in a spiral: at [34].

³⁷ High Court judgment, above n 4, at [43].

³⁸ This is not a situation where although there are differences “the main idea left on the mind” by both marks is the same: James Mellor and others *Kerly’s Law of Trade Marks and Trade Names* (15th ed, Sweet & Maxwell, London, 2011) at [18–205].

[28] We do not attach a great deal of weight to this aspect but we agree with Collins J the marks are conceptually different.

[29] In making the submission Collins J was wrong to rely on the addition of the word “Sany” in the Sany mark, Daimler relied on the decisions in *Crocodile International Pte Ltd v Lacoste* and *Carabao Tawandang Co Ltd v Red Bull GMBH*.³⁹

[30] In *Crocodile International Pte Ltd v Lacoste* Simon France J was dealing with a challenge to the refusal of the Assistant Commissioner to register two trade marks that incorporated the word “CARTELO” with a crocodile depiction. The Judge accepted that it was “often considered that in combination marks the word will dominate” but took the view that was not the position in that case because the word CARTELO was meaningless and so would not “trigger any connections”.⁴⁰ In that situation the likelihood the recognisable device, the crocodile, would be the “operative element” for consumers was increased.⁴¹

[31] In *Carabao* Clifford J was dealing with the application for registration of a mark comprising a horned cattle skull on a red background with the word CARABAO. The mark was intended to be used for an energy drink product in New Zealand. Registration of the mark was opposed by the company responsible for the Red Bull brand of energy drink also sold in New Zealand. The Judge accepted that the marks, to the extent they included the words Carabao and Red Bull, sounded different. However, Clifford J said:⁴²

... the fact that the word “Carabao” does not have any particular meaning or certain pronunciation in English may reduce the distinction between the marks that might otherwise accompany that difference in sound.

[32] Those cases do not stand for the proposition a word without meaning is necessarily irrelevant as a part of the mark. Rather, they make the point that in some cases the addition of a word may not be significant. In this case, we consider the

³⁹ *Crocodile International Pte Ltd v Lacoste* HC Wellington CIV-2009-485-2534, 1 March 2011; and *Carabao Tawandang Co Ltd v Red Bull GMBH* HC Wellington CIV-2005-485-1975, 31 August 2006.

⁴⁰ *Crocodile International Pte Ltd v Lacoste*, above n 39, at [45].

⁴¹ At [45].

⁴² *Carabao Tawandang Co Ltd v Red Bull GMBH*, above n 39, at [52].

inclusion of the word “Sany” does further distinguish the marks, but even without its inclusion there is no risk of confusion because of the lack of visual similarity.

[33] In our view the likelihood of confusion is further reduced by the fact, as the Assistant Commissioner found, purchasers or prospective purchasers of the goods are likely to be both “discerning and reasonably knowledgeable given that the goods in both classes are high-involvement because they are likely to be expensive and are likely to involve technical information concerning matters such as performance and safety”.⁴³ The Assistant Commissioner also considered that in terms of sports cars and motor cars “prestige will also be a relevant consideration”.⁴⁴

[34] Daimler submitted that confusion could occur where composite pieces of construction machinery, for example, a truck-mounted concrete mixer, have a Sany and a Daimler component. The evidence of practice suggests the composite pieces often comprise a cab or chassis made by one manufacturer and a body (such as a concrete-mixing unit) made by another manufacturer. There was evidence that the relevant consumers were alive to this practice and that Daimler had worked with Sany in China since at least 2003. We agree with Mr Lennard that in light of the industry practice and the significant cost of this type of equipment, confusion and deception are unlikely. Accordingly, even if there is overlap between the users and trade channels of the goods as Daimler suggests, the prospective consumer is not likely to wonder whether Sany’s goods are those of Daimler or connected to Daimler’s goods. We consider the industry practice and the nature of the purchase are relevant also to Daimler’s concern that potential customers may only see the mark very briefly on the grill or bonnet of a vehicle as the vehicle drives by.

[35] We need to deal here with the submission made by Daimler as to the effect of this Court’s decision in *Sexwax Inc v Zoggs International Ltd*.⁴⁵ Daimler argues that it is wrong to attach weight to the sophistication of prospective purchasers in assessing the likelihood of confusion, because the market is more extensive than

⁴³ Assistant Commissioner’s decision, above n 3, at [21].

⁴⁴ At [21]; and see Paul Sumpter *Intellectual Property Law* (2nd ed, CCH, Auckland, 2013) at ¶316: in referring to the surrounding circumstances Sumpter differentiates between “goods of a trivial nature purchased in a busy supermarket” and “a grand piano, latest laptop or sports car”.

⁴⁵ *Sexwax Inc v Zoggs International Ltd*, above n 22.

purchasers or prospective purchasers and extends to all those who are aware of the well known Daimler mark and who may be exposed to Sany's goods. This submission relies on the following observation from *Zoggs*:

[54] These authorities demonstrate that the risk of confusion is properly measured by reference to those who may be exposed to the applicant's goods and are aware of the opponent's mark. Absent exposure to goods bearing the applicant's mark, there will be no risk of confusion.

[36] We do not read the above observation as meaning that it is not possible to take into account the fact that purchasers and prospective purchasers are discerning. Accordingly, we reject Daimler's proposition. Two points can be made. First, the Court in *Zoggs* endorsed various principles from this Court's earlier judgment in *Pioneer Hi-Bred*. In particular, the Court cited this proposition from *Pioneer Hi-Bred*:⁴⁶

(7) It is in relation to commercial dealing with goods that the question of deception or confusion has to be considered, and the persons whose states of mind are material are the prospective or potential purchasers of goods of the kind to which the applicant may apply his mark and others involved in the purchase transactions.

[37] Second, the issue in *Zoggs* was whether the Assistant Commissioner and the Judge were wrong to look at the likelihood of confusion of a mark relating to surfboard wax by treating the relevant market as consisting of the general purchasing public. In concluding it was wrong to look at the market in this broader way, the Court said:⁴⁷

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.

[38] In summary, for these reasons we agree that the lack of similarity between the marks means deception or confusion is not likely. The Judge was right to conclude that s 17(1)(a) did not apply. That conclusion is reinforced by the fact the relevant purchasers or prospective purchasers are discerning.

⁴⁶ At [29], citing *Pioneer Hi-Bred*, above n 22, at 61.

⁴⁷ At [65].

Is use of the Sany mark contrary to New Zealand law (s 17(1)(b))?

[39] Section 17(1)(b) provides that the Commissioner must not register as a trade mark or part of a trade mark any matter:

the use of which is contrary to New Zealand law or would otherwise be disentitled to protection in any court; ...

[40] The Assistant Commissioner's decision was that it was unnecessary to consider whether registration of the Sany mark would be contrary to ss 9, 10, 13 and 16 of the Fair Trading Act or amount to passing off because these grounds would require a higher threshold of confusion than s 17(1)(a).⁴⁸

[41] Collins J found that his conclusions on s 17(1)(a) meant that the s 17(1)(b) ground of appeal also failed.⁴⁹

[42] Daimler argues that the higher threshold of reputation required for passing off is met and that the remaining elements of passing off and breach of the relevant sections of the Fair Trading Act are also met. The submission is use of the Sany mark will damage Daimler's business, including damage to its reputation and goodwill through mistaken associations and erosion of the distinctiveness of the Daimler marks through dilution of goodwill.

[43] Daimler's submission on this section is dependent on our accepting the Judge was wrong in his conclusions on s 17(1)(a). As we have upheld Collins J's decision on that subsection it follows that this ground of appeal must also fail.

Impact of consideration of fair and notional use (s 25(1)(b))

[44] Section 25(1)(b) states that the Commissioner must not register a trade mark (trade mark A) in respect of any goods or services if:

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; ...

⁴⁸ Assistant Commissioner's decision, above n 3 at [51]–[53].

⁴⁹ High Court judgment, above n 4, at [51].

[45] This Court in *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* said that the order of inquiry under s 25(1)(b) is:⁵⁰

- (a) Is an applicant's proposed mark (or marks) in respect of the same or similar goods or services covered by any of the opponent's trade mark registrations?
- (b) If so, is the applicant's proposed mark (or marks) similar to any of the opponent's trade mark registrations for the same or similar goods identified in the first enquiry?
- (c) If so, is use of the applicant's proposed mark likely to deceive or confuse?

[46] Under this heading, Daimler submits that the Judge was wrong just to rely on the findings in relation to s 17(1)(a). That is because under s 25(1)(b) the test is a broader one encompassing fair and notional use of the Daimler marks.⁵¹ Daimler identifies two different notional uses:

- (a) Use of all goods in classes 7 and 12; and
- (b) The use of its devices with a word underneath, for example a brand or model name. For example, use of the three-pointed star with the word ACTROS or the word UNIMOG underneath.

[47] The Judge acknowledged the "key" difference between ss 25(1)(b) and 17(1)(a) is that the former is not dependent on Daimler's actual use but upon notional use.⁵² However, Collins J said he was "driven" to conclude that the s 25(1)(b) ground of appeal must be dismissed because of his conclusion under s 17(1)(a) that the Daimler marks and Sany mark lack sufficient similarity to deceive or confuse.⁵³

[48] Following the inquiry set out in *NV Sumatra* we reach the same conclusion. The notional use of the Daimler marks does not alter the conclusion that the Sany mark is not similar to the Daimler marks and use of the Sany mark is not likely to deceive or confuse. It is relevant, as Sany submits, that there is still nothing to

⁵⁰ *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd*, above n 22, at [32].

⁵¹ *Anheuser-Busch Inc v Budweiser Budvar National Corp* [2003] 1 NZLR 472 (CA) at [66].

⁵² High Court judgment, above n 4, at [53].

⁵³ At [58].

suggest that Daimler and Sany will find themselves competing in a market where the purchasers or prospective purchasers are not discerning.

Effect of the Daimler mark being well known (s 25(1)(c))

[49] Under s 25(1)(c) the Commissioner must not register a trade mark (trade mark A) in respect of any goods or services if:

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.

[50] In *NV Sumatra* this Court accepted the approach taken in *Intellectual Reserve Inc v Sintes* applied to s 25(1)(c).⁵⁴ Substituting the parties to this appeal, the approach is as follows:

- (a) Is the Sany mark identical or similar to one of the Daimler marks which is well known, or is an essential element of the Sany mark identical or similar to that which is well known?
- (b) Are Sany's goods and services the same as or similar to the goods and services of Daimler? If not,
- (c) Would use of the Sany mark be taken as indicating a connection in the course of trade with Daimler?
- (d) If the answer to issue (b) or (c) is yes, would use of the Sany mark be likely to prejudice the interests of Daimler?⁵⁵

⁵⁴ *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd*, above n 22, at [59]; and *Intellectual Reserve Inc v Sintes* HC Auckland CIV-2007-404-2610, 13 December 2007 at [40].

⁵⁵ *NV Sumatra* involved Milk Brands' iconic ANCHOR brand. Milk Brands' goods were similar to those of Sumatra. The Court accepted that in seeing a similar sounding name (ANGKOR) dealing with similar goods, consumers were likely to "see what they know", namely, the ANCHOR brand: at [60] and [63]; see also *Fonterra Brands (Tip Top Investments) Ltd v Tip Top Restaurant Ltd* HC Wellington CIV-2011-485-1011, 4 November 2011; *TKS SA v Swatch AG (Swatch SA) (Swatch Ltd)* [2012] NZHC 2642; and *Carabao Tawandang Co Ltd v Red Bull GMBH*, above n 39.

[51] Mr Johns says the various limbs of s 25(1)(c) are met. Relying on the submissions under s 17(1)(a), it is submitted that the marks are similar. Further, Daimler says an essential element of the Sany mark is the three-pointed star within a circle and that element is similar to the Daimler marks for the reasons Daimler advances in the argument under s 17(1)(a). Mr Johns notes that the comparison of marks is broader under this section than under s 17(1)(a) because s 25(1)(c) provides for the situation where an essential element of the Sany mark is similar to the Daimler mark. The submission is that the parties' goods are the same and the Sany mark would be taken as indicating a connection in the course of trade between Sany's goods and those of Daimler. When the well known status of the Daimler marks is taken into account together with the similarity of the Sany mark, it is submitted consumers may well think there is at least an association between the marks.

[52] In this context Daimler emphasises that Mercedes-Benz was ranked as the eleventh most valuable brand in the world in the 2005 Business Week International. It is submitted that given the evidence as to sales and advertising expenditure over the relevant period in New Zealand, the Daimler marks have a very high level of awareness and distinctiveness in New Zealand across a broad section of the public.

[53] There is no challenge to the finding that the Daimler marks are well known. Nonetheless, we agree with the submission for the respondent that s 25(1)(c) is not engaged in this case. That is because the marks are not similar and nor, on our analysis, is the Sany device inside the circle identical or similar to Daimler's three-pointed star. We agree with Mr Lennard that s 25(1)(c) is not engaged even if the word Sany is not taken into account.

[54] The question of what is necessary to show a connection in the course of trade for the purpose of the inquiry identified in [50](c) above has not been finally resolved in New Zealand. But it does appear to require more than a "tenuous

association” with limited similarity of names.⁵⁶ In any event, in the present case the only evidence as to common usage suggests that no connection would be made.

Result

[55] For these reasons, the appeal is dismissed. As the parties agreed, costs should follow the event. The appellant must pay the respondent costs for a standard appeal on a band A basis and usual disbursements.

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⁵⁶ *Wistbray Ltd v Ferrero SPA* HC Wellington CIV-2007-485-460, 11 December 2008 at [43]; as to prejudice, [50](d) above, see *Zespri Group Ltd v Enza Ltd* HC Wellington CIV-2008-485-1072, 18 September 2008 at [65].