

## TRADE MARKS ACT 1995

### DECISION OF A DELEGATE OF THE REGISTRAR OF TRADE MARKS WITH REASONS

Re: Opposition by Deckers Outdoor Corporation to application under section 92 of the Act by Luda Productions Pty Ltd to remove trade mark number 785466(25) - **UGG AUSTRALIA and device** - in the name of Deckers Outdoor Corporation

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<b>DELEGATE:</b>	<b>Alison Windsor</b>
<b>REPRESENTATION:</b>	<b>Opponent:</b> Dr Sam Ricketson of counsel, instructed by Middletons, lawyers <b>Applicant:</b> Michael Gronow of counsel, instructed by Slater & Gordon, solicitors
<b>DECISION:</b>	Section 92 application unsuccessful. Trade mark to remain on the register.

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#### Background

1. Trade mark registration 785466 is registered in the name of Deckers Outdoor Corporation (“Deckers”) following an assignment of ownership from Ugg Holdings Inc.<sup>1</sup> The trade mark has been registered since 12 February 1999 for the following goods in class 25: “clothing and footwear, including boots, shoes, clogs, insoles, and T-shirts”. The trade mark is shown below:



2. On 30 July 2004, Luda Productions Pty Ltd (“Luda”) filed an application for removal of the trade mark for non-use, nominating the provisions of paragraphs 92(4)(a) and 92(4)(b) of the *Trade Marks Act 1995* (“the Act”). The application was accompanied by a declaration made by Lena Fishman, manager of Luda. The trade marks office

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<sup>1</sup>The assignment was recorded on 10 December 2004. Where parts of the evidence mention the predecessor in business, Ugg Holdings, for ease of reference I will always refer to the opponent as Deckers.

advised Luda that the accompanying declaration only supported grounds under paragraph 92(4)(b), and Luda amended its application accordingly. The application for removal was in respect of all the goods claimed in the registration.

3. Deckers filed a notice of opposition to the removal application on 1 December 2004, within the time allowed. Their grounds of opposition were that the trade mark, or versions of the mark with additions or alterations not substantially affecting its identity had been used in good faith within the relevant period.
4. The usual evidence stages ran their course, with evidence in support, evidence in answer and evidence in reply provided. Deckers also requested and were granted permission to submit further evidence. The matter eventually came to a hearing before me in Melbourne on 8 June 2006. Deckers was represented by Dr Sam Ricketson of counsel, instructed by Middletons lawyers. Luda was represented by Michael Gronow of counsel, instructed by Slater and Gordon, solicitors.

### **Legislation**

5. The sections of the Act relevant to this action are as follows:

#### ***92 Application for removal of trade mark from Register etc.***

- (1) A person aggrieved by the fact that a trade mark is or may be registered may, subject to subsection (3), apply to the Registrar for the trade mark to be removed from the Register.
- (2) The application:
  - (a) must be in accordance with the regulations; and
  - (b) may be made in respect of any or all of the goods and/or services in respect of which the trade mark may be, or is, registered.

...

- (4) An application under subsection (1) or (3) (***non-use application***) may be made on either or both of the following grounds, and on no other grounds:

...

- (b) that the trade mark has remained registered for a continuous period of 3 years ending one month before the day on which the non-use application is filed, and, at no time during that period, the person who was then the registered owner:
  - (i) used the trade mark in Australia; or
  - (ii) used the trade mark in good faith in Australia;
 in relation to the goods and/or services to which the application relates.

6. There are a number of elements of s.92 which must be satisfied before the Registrar could exercise her powers under the section, namely:
- a) the applicant must be a "person aggrieved";
  - b) the application must be in the correct form and must relate to at least some of the goods for which the trade mark is registered;
  - c) there must be no court proceedings pending which relate to the trade mark; and
  - d) at least one of the grounds referred to must be made out.
7. The application alleges that Luda is aggrieved by the registration of trade mark 785466. Deckers has not disputed Luda's standing. This matter requires no further consideration. The application for removal is in the correct form and covers all the goods for which the trade mark is registered. Luda also states that it understands that there are no pending court proceedings.
8. In this case, the only issue for decision is (d), that is, whether Luda is correct in its assertion that Deckers has not used its trade mark in good faith in Australia during the relevant period. The relevant dates between which Deckers would need to show use of its trade mark run from 30 June 2001 to 30 June 2004.

### **Use During Relevant Period**

9. The relevant legislation is contained in section 100 of the Act. The parts of that section relevant to this action state:

100(1) In any proceedings relating to an opposed application, it is for the opponent to rebut:

...

- (c) any allegation made under paragraph 92(4)(b) that the trade mark has not, at any time during the period of 3 years ending one month before the day on which the opposed application was filed, been used, or been used in good faith, by its registered owner in relation to the relevant goods and/or services.

...

- (3) For the purposes of paragraph 1(c), the opponent is taken to have rebutted the allegation that the trade mark has not, at any time during the period referred to in that paragraph, been used, or been used in good faith, by its registered owner in relation to the relevant goods and/or services if:
  - (a) the opponent has established that the trade mark, or the trade mark with additions or alterations not substantially affecting its identity, was used in good faith by its registered owner in relation to those goods or services during that period

10. The use must be genuine commercial use in accordance with the test in *Imperial Group Ltd v Philip Morris & Co* [1982] FSR 72. A single bona fide use of the mark in the relevant period is sufficient to resist an application for removal: *Woolly Bull Enterprises Pty Ltd v Reynolds* [2001] FCA 261 ("*Woolly Bull*") at paragraph 17.

### **Evidence and submissions**

11. Deckers' evidence is complex in that several of the declarations provided incorporate other declarations within their exhibits. Deckers has had a number of actions in train within the trade marks office, and material used as evidence in these other cases has been provided as part of the evidence for this action. Not all of the material is relevant as it does not all refer to the trade mark under consideration here. I do not consider anything is to be gained by an exhaustive listing of this evidence, and I shall refer to relevant pieces as necessary.
12. John Kalinich, who describes himself as "Vice President of Consumer Direct and Intellectual Property for Deckers" provided the leading declaration for the evidence in support. The declaration claims that, within the relevant period, approximately 380,000 pairs of sheepskin boots were shipped from Australia to the United States of America, packed in boxes with the trade mark, or variations of it, printed on the outside.
13. In addition to the trade mark on the boxes, Mr Kalinich stated, approximately 195,000 pairs of boots manufactured in Australia and shipped to the United States during the relevant period incorporated the trade mark embossed onto the boot sole. He also stated that all the company's boots manufactured in Australia during the period also carried a label with the words UGG AUSTRALIA.
14. The claims in Mr Kalinich's declaration are supported by documentation attached to declarations made by Patrick Devaney, a senior vice president of Deckers, and Wade OBrien, who was managing director of Pacific Sheepskins Pty Ltd, the company who manufactured the footwear referred to by Mr Kalinich. The documents consist of copies of purchase orders from Deckers to Pacific Sheepskins, and invoices from Pacific Sheepskins to Deckers, as well as documents which evidence that money changed hands in respect of these goods. Examples of the boots showing the trade mark on the soles and uppers were also provided, along with actual boxes and

photographs showing all sides of the boxes. Also provided are copies of advertisements in Australian newspapers which clearly show the trade mark in question. These advertisements refer Australian customers to the UGG Australia website for further information on the footwear.

15. Mr Kalinich provided a second declaration dated 14 February 2006 as part of further evidence. This declaration gives information on sales of footwear via the internet website. At paragraphs 9 and 10, Mr Kalinich confirms that while it was not possible for customers in Australia to order footwear using their credit cards via the website itself, the website included a toll-free telephone number which could be used to make orders. Paragraph 12 gives particular information about an order for 144 pairs of shoes ordered in this way and shipped to a customer in Queensland in July 2003. Exhibits to the declaration confirm the order was made, shipped, money changed hands and the goods were delivered to the customer. The declaration also states that all footwear delivered to any customers was packed into one of the boxes mentioned above.

### **Discussion**

16. Because of s.100, the onus is on the opponent to establish its ground of opposition. Two main matters were raised by Luda in its submissions - both need to be satisfied before the opponent can establish its case. These matters are whether there was any use of the trade mark as registered, and whether that use was use within Australia in the relevant period.
17. Luda submitted that the way the trade mark was represented on the shoe boxes did not meet the provisions of section 7<sup>2</sup> of the Act. Therefore, they said, it did not demonstrate use of the trade mark in Australia. The main reason for this contention was that in the boxes evidenced, the trade mark did not always appear exactly as it is registered, but was sometimes broken up into its individual components, for example, one on the top of the box, and one on the side or front flap.

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<sup>2</sup> The relevant part of section 7 is as follows: (1) If the Registrar or a prescribed court, having regard to the circumstances of a particular case, thinks fit, the Registrar or the court may decide that a person has used a trade mark if it is established that the person has used the trade mark with additions or alterations that do not substantially affect the identity of the trade mark.

18. I note here that photographs attached as exhibits to the Devaney declaration show the boxes in made-up form, as they would appear to someone buying the footwear. While the components of the trade mark are sometimes separated from each other, they are still all there, and in reasonable proximity, sufficient that the trade mark can be clearly identified. Luda's arguments that this is not use of the trade mark as registered thus carry limited weight.
19. In any event, Mr Kalinich has declared that at least 195,000 pairs of boots left Australia bearing the trade mark in its entirety on their soles. He presented as evidence examples of boots which clearly show the trade mark in use on the sole, and in some of the examples, on the heel counter as well. This is clearly use of the trade mark on the goods.
20. The remaining issue to be decided is whether Deckers has used the trade mark in good faith in Australia. I am satisfied they have. Part of the support for my satisfaction is contained in the provisions of section 228 of the Act, the relevant parts of which read as follows:

***Use of trade mark for export trade***

(1) If:

(a) a trade mark is applied in Australia:

(i) to, or in relation to goods that are to be exported from Australia (*export goods*); or

(ii) in relation to services that are to be exported from Australia (*export services*); or

(b) any other act is done in Australia to export goods or export services which, if done in relation to goods or services to be dealt with or provided in the course of trade in Australia, would constitute a use of the trade mark in Australia;

the application of the trade mark or the other act is taken, for the purposes of this Act, to constitute use of the trade mark in relation to the export goods or export services.

21. Section 228 is quite clear in its wording. The actions to which the various declarants have attested on behalf of Deckers clearly fall into these provisions. Deckers ordered particular footwear from Pacific Sheepskins, who made that footwear, applied the trade mark to the soles and the heel counters, packed the footwear into boxes printed with the trade mark and exported it to the United States. If any of these acts of manufacture, labeling, packing and transport had been applied in respect of the relevant goods within the Australian market, they would clearly be use of the trade mark in Australia. Section 228 specifies that these actions done in respect of goods designed for export are taken to be use within Australia. Deckers provided copies of

documents showing orders for goods and payment for these goods within the relevant period. They have stated that these goods all bore the trade mark either on their boxes, on the soles of the shoes and/or attached to the boots themselves.

*Sales to a customer in Queensland*

22. In addition, there is the sale of 144 pairs of shoes to the customer in Queensland. This purchase occurred within the relevant period, is well documented and is for goods bearing the trade mark either on the box or on the footwear itself. Luda, in its submissions at the hearing, considered this not to be use of the trade mark in Australia because there was no evidence the footwear was on-sold. I do not agree with this submission. The footwear was purchased via a means directed at and available to customers resident in Australia, and the goods were subsequently delivered to that customer in Australia. This appears to me to be use of the trade mark in Australia.
23. I am satisfied Deckers has met the onus upon them to demonstrate use of their trade mark on footwear within the relevant period. However, the non-use application was mounted in relation to all the goods in respect of which the trade mark is registered, and this includes general clothing as well. No mention has been made by either party of this matter. For completeness, I note that no use has been demonstrated during the relevant period on goods other than footwear.
24. Luda has requested removal of Deckers' trade mark for all the goods claimed. I am satisfied Deckers has met the onus on it only in respect of footwear, and the trade mark should stay on the register for these goods alone. As the registration covers a wider range of goods in class 25, the removal applicant has been partially successful.

**Decision and costs**

25. I am satisfied that there has been genuine commercial use of the trade mark in relation to the following goods: footwear, including boots, shoes and clogs. Subject to any appeal from this decision, I direct that after 28 days from this decision, the trade mark registration be restricted to these goods. Should the Registrar be notified of an appeal within the allowed time, the trade mark registration will not be restricted until such time as the appeal is decided or discontinued.

26. As each party has been partially successful, I make no award of costs. It seems appropriate that each party bear their own costs.

Alison Windsor  
Hearings Officer  
Trade Marks Hearings  
IP Australia  
11 August 2006