

OTHER SPECIAL CIRCUMSTANCES AND THE REGISTRATION OF TRADE MARKS

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Under s 26(b) of the Trade Marks Act 2002 (the 2002 Act), where "other special circumstances" exist and it is considered "proper", a trade mark application may be registered despite its conflicting with an existing trade mark. What amounts to "other special circumstances" is not defined in the 2002 Act, and the exception has not been subject to detailed judicial consideration. This lacuna creates challenges for applicants, their advisers, the Intellectual Property Office and the courts. In this article, by considering the text, context and historical purpose of such an exception, I argue that the provision should be understood as a mechanism to grant registration where this would avoid injustice because of the existence of out-of-the-ordinary circumstances faced by the trade mark applicant or which relate to the position between the trade mark applicant and the owner of a conflicting registration. A wide range of circumstances may be deemed "special" under s 26(b). However, I suggest that evidence of prior use per se and without more does not and should not automatically fall within the exception. Further, adjudicators should continue to approach the exception cautiously and narrowly to ensure it does not undermine other core tenets of New Zealand's trade mark system.

I INTRODUCTION

Section 34(1) of the Trade Marks Act 2002 (the 2002 Act) states that priority will be afforded to the first trade mark application received by the Commissioner of Trade Marks.¹ Section 25(1)(a) reinforces this first in time principle by providing for a "relative" ground of refusal if a trade mark

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1 There is an exception where there has been prior use of a trade mark: see Rob Batty "The Challenges of Prior Use to New Zealand Registered Trade Mark Law" (2014) 45 VUWLR 257; *North Face Apparel Corp v Sanyang Industry Co Ltd* [2014] NZCA 398; and Earl Gray and Rob Batty "Ownership jurisprudence under the Trade Marks Act 2002 – past and future directions" (2019) 9 NZIPJ 1.

application conflicts with an earlier *identical* trade mark that has priority.² More commonly a conflict will occur because there already exists a *similar* trade mark on the Register, covering the same or similar goods or services, and use of the mark applied for would be likely to cause deception or confusion. Registration in such a situation is prohibited by s 25(1)(b). It is the role of the Commissioner of Trade Marks to examine applications to ensure a conflicting application is not accepted for registration under s 25.³

The screening of applications to ensure a conflicting trade mark is not accepted for registration has long been a core feature of British Commonwealth law.⁴ Such a prohibition can be seen as furthering the public interest in "maintaining a strong and pure register".⁵ A pure register is one which is an accurate record of valid trade marks.⁶ A prohibition on registering conflicting marks can be seen as safeguarding the economic function of trade marks in conveying valuable information to consumers about the origin of goods or services. Registration of a trade mark which, if used, would be likely to cause deception or confusion has the potential to erode the fidelity of such information.⁷ The

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- 2 More precisely, s 25(1)(a)(i) addresses conflicts based on an identical trade mark in respect of the same goods or services. Section 25(1)(a)(ii) addresses conflicts based on an identical trade mark in respect of similar goods or services, where use of the trade mark applied for would be likely to deceive or confuse.
- 3 In addition to s 25(1)(a) and (b), s 25(1)(c) prohibits the registration of a trade mark which conflicts with an earlier well-known trade mark where use of the trade mark covered by the application would be "taken as indicating a connection in the course of trade" and "would be likely to prejudice the interests of the owner" of the well-known trade mark. The scope of operation of s 25(1)(c) is not restricted to an earlier registration and may potentially be raised by the "owner" of an unregistered trade mark. In practice, s 25(1)(c) has to date been exclusively a ground of opposition or invalidation, and examiners at the Intellectual Property Office of New Zealand (IPONZ) do not typically raise s 25(1)(c) as a ground of refusal: see IPONZ "Practice guidelines: Relative grounds – Identical or similar trade marks" <www.iponz.govt.nz> at [5].
- 4 *Report of the Committee to Examine British Trade Mark Law and Practice* (Cmnd 5601, 1974) [*Mathys Committee Report*] at 40, chaired by HR Mathys. By virtue of the Trade Marks (Relative Grounds) Order 2007 (UK) the position in the United Kingdom has now changed. The United Kingdom Intellectual Property Office (UKIPO) can no longer refuse registration of a trade mark application based on an earlier trade mark. The UKIPO still conducts a search and notifies the applicant of any conflicting marks it finds to give the applicant an opportunity to consider if they wish to proceed. If the applicant does proceed with its application, the owners of any earlier conflicting marks are notified by the UKIPO and are able to challenge registration through the opposition process: see UKIPO "Manual of trade marks practice" (23 August 2018) <www.gov.uk> at "Part C Notification (Earlier Rights)".
- 5 *Mathys Committee Report*, above n 4, at 40.
- 6 Rob Batty and Richard Watts "Aggrieved No More: Is There a Need for Standing to Remove Unused Trade Marks?" [2013] NZ L Rev 1 at 5.
- 7 The literature on the economic function of trade marks in terms of providing information to consumers and reducing their "search costs" is vast. The classic work is William M Landes and Richard A Posner "Trademark Law: An Economic Perspective" (1987) 30 JLE 265. There has been some discussion of such literature in the New Zealand context in *Levi Strauss & Co v Kimbyr Investments Ltd* [1994] 1 NZLR 332 (HC) and in Peter Gorringer *An Economic Perspective on Trademark Law* (The Treasury, April 1988).

guarantee that a conflicting trade mark application will not be accepted for registration also furthers a trade mark owner's interests in protecting against encroachment on the goodwill and brand value associated with its trade mark.⁸ Indeed, such a guarantee is seen as one of the prime advantages of a trade mark registration.⁹

The protection offered by s 25 under the 2002 Act, though, is qualified. Section 26(b) of the 2002 Act provides that in "a case of honest concurrent use" or if "other special circumstances exist", and it is considered "proper", an objection under s 25 may be overcome. This article is about the scope of the "other special circumstances" exception and how jurisprudence concerning the exception should develop in the future. Such questions have taken on increased significance following *International Consolidated Business Pty Ltd v SC Johnson & Son Inc (ICB v SC Johnson)*, where the Supreme Court found that s 25 of the 2002 Act cannot countenance two conflicting trade mark registrations being on the Register *at any time* – even when the earlier trade mark is subsequently removed for non-use.¹⁰ As it is not necessarily uncommon for conflicting marks to be on the Register at the same time, the Supreme Court's interpretation in *ICB v SC Johnson* has left the exceptions in s 26(b) with a lot of work to do. "Honest concurrent use" is generally well understood and subject to a relatively developed jurisprudence.¹¹ By contrast, there is little case law or academic commentary on the meaning of "other special circumstances".

A first contribution of this article is to advance an understanding of the scope of the "other special circumstances" exception under the 2002 Act. I argue that the "other special circumstances" exception should be seen as embracing circumstances that are out of the ordinary and which (if registration is not granted) would create an injustice to the trade mark applicant or which would reflect an injustice having regard to the position between the trade mark applicant and the owner of the conflicting registration. A second contribution of the article is to provide a critical evaluation of the limited existing case law and practice concerning "other special circumstances" under the 2002 Act, and to offer observations about how jurisprudence relating to the exception should develop. In so doing, I deliberately do not directly examine the important but already canvassed wider normative question as to the place of such an exception under the 2002 Act.¹² Rather, on a narrower normative footing, I

8 See also *Pharmazen Ltd v Anagenix IP Ltd* [2020] NZCA 306, (2020) 157 IPR 198 at [33]–[34], citing Lord Upjohn in *Berlei (UK) Ltd v Bali Brassiere Co Inc* [1969] 1 WLR 1306 (HL) at 1323.

9 See for example Emma Lindblom "4 Advantages of Trade Mark Registration in New Zealand" (15 December 2021) LegalVision <<https://legalvision.co.nz>>.

10 *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2020] NZSC 110, [2021] 1 NZLR 92 [ICB SC] at [53].

11 For a review of such jurisprudence, see Rob Batty "Recalibrating Honest Concurrent Use Under New Zealand's Trade Marks Act 2002" (2016) 27 NZULR 1.

12 See for example Batty, above n 11; and Rob Batty "The Conclusiveness of Trade Mark Registration: A New Zealand Perspective" (2019) 4 IPQ 306.

argue New Zealand jurisprudence and practice has been appropriately cautious and adjudicators should continue to be wary of allowing the "other special circumstances" exception to develop more broadly.

An important aspect of my second contribution is to probe the interrelationship between prior use and the "other special circumstances" exception. This is necessary because there has been debate as to whether evidence of prior continuous use should amount to "other special circumstances". Further, the Government has also signalled the eventual introduction of a specific exception for prior continuous use into the 2002 Act.¹³ Given its focus on avoiding injustice, I argue that it is important not to equate prior continuous use with the potentially wider ambit of the "other special circumstances" exception. Moreover, given the ongoing potential for out-of-the-ordinary scenarios beyond prior continuous use to arise, there will be a continued need for the "other special circumstances" exception.

I begin in Part II by explaining how the "other special circumstances" exception currently operates under the 2002 Act, having particular regard to *ICB v SC Johnson*. In Part III, I glean clues as to the meaning of "other special circumstances" from the text and context of the 2002 Act. In Part IV, I interrogate the purpose of the exception by examining its historical origin and subsequent interpretation. In Part V, I turn my attention to the existing case law under the 2002 Act. In light of its original purpose and subsequent jurisprudence considering the "other special circumstances" exception, I critically analyse New Zealand cases. I also examine how case law should develop considering the planned amendment to introduce a continuous prior use exception. Part VI concludes.

II THE OPERATION OF THE "OTHER SPECIAL CIRCUMSTANCES" EXCEPTION UNDER THE 2002 ACT

A An Exception to s 25

On receipt of a trade mark application, an examiner at the Intellectual Property Office (IPONZ) is obliged under s 39 to consider whether it complies with the 2002 Act, and whether any absolute or relative grounds would prevent registration.¹⁴ Leaving aside other objections that may arise, the first step in making an assessment as to whether s 25 prohibits registration is a search of the Trade Marks Register. Where an earlier and conflicting application or registration is identified under s 25, the examiner will notify the applicant of this in a compliance report. The applicant will have at least 12 months to respond.¹⁵ Unless the applicant can overcome an objection raised under s 25, it will not be

13 Cabinet Economic Development Committee "Minute of Decision: Intellectual Property Laws Amendment Bill – Policy Decisions" (24 June 2020) DEV-20-MIN-0109 at [5.2].

14 Trade Marks Act 2002, s 13(2).

15 Trade Marks Regulations 2003, reg 61.

able to register its trade mark. Section 25(2) of the 2002 Act, though, states that s 26 overrides the grounds of refusal in s 25(1). Section 26(b) provides:

The Commissioner must register trade mark A if—

...

(b) the Commissioner or the court, as the case may be, considers that a case of honest concurrent use exists, or other special circumstances exist, that, in the opinion of the court or the Commissioner, makes it proper for the trade mark to be registered subject to any conditions that the court or the Commissioner may impose.

Although s 26(b) uses the word "must", the language of "in the opinion of" and "proper" indicates that the application of s 26(b) is discretionary.¹⁶ The discretion is initially exercised by an examiner at IPONZ, on an ex parte basis. Evidence in the form of a statutory declaration is required.¹⁷ Whether it is proper to allow registration will require the examiner to weigh up public inconvenience, hardship to the applicant and the relative inconvenience to the owner of the conflicting earlier trade mark.¹⁸ However, it has been said that the existence of special circumstances (or honest concurrent use) is a "condition precedent that must be fulfilled" before the court or Commissioner can decide whether it is "proper" for the trade mark applied for to be registered.¹⁹

Even if an application is accepted by an examiner under s 26(b), there is an opportunity for third parties to oppose an application based on s 25 grounds, which can lead to a hearing before an Assistant Commissioner at IPONZ.²⁰ In such a case, an Assistant Commissioner will need to evaluate whether a ground under s 25(1)(a) or s 25(1)(b) justifies refusal of the registration and then whether s 26(b) should operate to "save" the application from being rejected. Section 25(1)(a) and (b) are also potential grounds of invalidation for third parties,²¹ and consideration of other special circumstances might also arise in that context.

16 That is, in the sense of providing a choice whether to grant registration: see further Daniel Kalderimis, Chris Nixon and Tim Smith "Certainty and Discretion in New Zealand Regulation" in Susy Frankel and John Yeabsley (eds) *Framing the Commons: Cross-Cutting Issues in Regulation* (Victoria University Press, Wellington, 2014) 112 at 113. See also *Brands Ltd v Bed Bath 'N' Table Pty Ltd* [2023] NZHC 1766 at [185].

17 IPONZ "Practice guidelines: Overcoming a citation" (24 August 2022) <www.iponz.govt.nz> at [4.1]; and IPONZ "Evidence" <www.iponz.govt.nz> at [3].

18 Following the principles set out in honest concurrent use cases by *Re Alex Pirie & Sons Ltd's Application* (1933) 50 RPC 147 (HL) [*Alex Pirie* HL] at 159–160 and summarised in *Re John Fitton & Co Ltd's Application* (1949) 66 RPC 110 (Assistant Comptroller) at 112.

19 *Re Alex Pirie & Sons Ltd's Application* (1932) 49 RPC 195 (CA) [*Alex Pirie* CA] at 213.

20 Even if a ground of refusal is not raised by an examiner under s 25.

21 Trade Marks Act 2002, s 73.

There is longstanding authority that "the rights of the parties are to be determined as at the date of the application".²² The date of the application is usually the date on which IPONZ,²³ and indeed the courts,²⁴ have made an assessment under s 25. The Court of Appeal in *ICB v SC Johnson* observed that the proposition that the relevant date was the date of application was true in respect of issues "concerning the fact and extent of use of a trade mark and the intention to use a trade mark".²⁵ However, matters related to the "state of the register" – such as whether s 25 applies – are to be determined on the actual date of entry of the mark on the Register.²⁶

The Court of Appeal's approach appears sensible and accords with the approach in Australia.²⁷ On this view, it is possible to take into account events that occur after the date of application when making an assessment under s 25. As a result, for example, if a trade mark registration that was raised as a conflicting registration at the filing date of an application subsequently is not renewed and is removed from the Register, it would not be a block to registration.²⁸ The Supreme Court's judgment in *ICB v SC Johnson* has muddied the waters by reversing the Court of Appeal's approach in a significant respect. The Supreme Court accepted that whether a conflicting application or registration will ultimately block registration is to be assessed at the actual date of entry of the mark on the Register.²⁹ However, crucially, the Supreme Court went on to hold that the position as at the application date remains relevant when an application to revoke a trade mark for non-use (or indeed for other grounds) is filed.³⁰ The Supreme Court held that s 25(1) of the 2002 Act does not

22 *Pioneer Hi-Bred Corn Company v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 (CA) at 61.

23 See for example *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* IPO T36/2007, 15 October 2007 at 8; and *Sherpa Pty Ltd v Urban Sherpa Ltd* [2017] NZIPOTM 25 at [16].

24 *Dr August Wolff GmbH & Co KG Arzneimittel v Combe International Ltd* [2020] NZHC 1679, [2021] 3 NZLR 236 at [22]: "It is common ground that the relevant date for determining the parties' rights in relation to each of the grounds of opposition is the priority date of Dr Wolff's mark."

25 See *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2019] NZCA 61, [2019] 3 NZLR 318 [*ICB CA*] at [84].

26 At [84].

27 See Robert Burrell and Michael Handler "Zombie Marks Redux: Is Australia Safe from the New Zealand Variant?" (2022) 33 AIPJ 19 at 23.

28 This is nicely explained in Michael Handler and Robert Burrell "Zombie marks invade New Zealand! How scared should the rest of the world be?" (2021) 21 OUCLJ 275 at 285–286 and 280. See also the comments of the Supreme Court in *ICB SC*, above n 10, at [44], n 51, and [53], n 63, referring to and agreeing with the comments in *RIVERIA Trade Mark* [2003] RPC 50 (Trade Marks Registry) at [16]–[19].

29 *ICB SC*, above n 10, at [43], [45] and [83].

30 At [60] and [83].

countenance two similar or identical trade marks being on the Register at the same time.³¹ Thus, if a conflicting registration is cited and is later removed for non-use, this will not change the position at the application date. The unused registration will still be a block to registration.³²

B International Consolidated Business Pty Ltd v SC Johnson & Son Inc and "Other Special Circumstances"

The Supreme Court in *ICB v SC Johnson* offered two solutions to the applicant faced with a conflicting registration *at the application date* which is later removed from the Register for non-use. First and primarily, the Court signalled that "[a]ny application for revocation must predate the application for registration or there must be an application for backdating under s 68(2)".³³ Section 68(2)(a) stipulates that if a registration is revoked, the rights associated with the registration cease on the date of application for revocation. However, s 68(2)(b) contemplates backdating. That is, an applicant may apply for the date of revocation to be backdated to a date prior to the date of the revocation application if the grounds for revocation existed at this earlier date. Secondly, the Court said an applicant could ask for a finding of other special circumstances.³⁴

To elaborate on how the special circumstances solution could play out, it is useful to consider the facts of the *ICB v SC Johnson* case itself. SC Johnson & Son Inc (Johnson) had filed an application to register ZIPLOC for "plastic bags and plastic film for wrapping purposes" on 19 April 2013. Three days later, on 22 April 2013, Johnson filed an application to revoke International Consolidated Business Pty Ltd's (ICB) existing trade mark registration for ZIPLOC covering "plastic bags", "plastic bags for food storage" and "cling wrap", which was standing in the way of registration of Johnson's application. ICB's trade mark registration was revoked for non-use with effect on 22 April 2013. ICB, though, opposed Johnson's application relying on, amongst other grounds, s 25(1)(a). ICB argued that, as at the application date (19 April 2013), its registration for ZIPLOC meant Johnson's application was barred by s 25(1)(a), despite the fact that its registration was subsequently removed from the Register for non-use.³⁵ The Assistant Commissioner held that "other special circumstances" existed under s 26(b) "by virtue of the opponent's [ICB's] trade mark registration being revoked only three

31 At [53], following the approach in *Campomar SL v Nike International Ltd* [2011] SGCA 6, [2011] 2 SLR 846 at [41].

32 This outcome can be contrasted with a declaration of invalidity made under s 73 of the Trade Marks Act 2002. Section 74 provides that, where a trade mark is declared invalid, it is to be "treated as if it had not been registered".

33 *ICB SC*, above n 10, at [60].

34 At [60], n 79.

35 *SC Johnson & Son, Inc v International Consolidated Business Pty Ltd* [2017] NZIPOTM 4 at [66].

days after the relevant date (with those three days covering a weekend)".³⁶ The Assistant Commissioner dismissed the s 25(1)(a) opposition.³⁷

The decision of the Assistant Commissioner was appealed.³⁸ When the matter reached the Court of Appeal, the Court (taking the view that the assessment under s 25 should take place at the date of entry into the Register) found it was appropriate to take into account that ICB's ZIPLOC trade mark was removed from the Register. Thus, at the date of entry into the Register the presence of ICB's ZIPLOC trade mark was not an obstacle to Johnson's application and there was no need to consider s 26(b).³⁹ However, as explained above, the Supreme Court held that the date of application remains relevant where a trade mark is subsequently removed for non-use and where there is no backdating. Its judgment, therefore, reinforced the importance of s 26(b). As special circumstances were found to exist and this was not challenged on appeal, Johnson's application was allowed to proceed to registration despite the s 25 objection.

C Statutory Limitations to the Operation of s 26(b)

While *ICB v SC Johnson* appeared to provide a stark reminder that "other special circumstances" is an important exception to s 25, other aspects of the statutory scheme of the 2002 Act suggest the exception has key limitations. Section 25(2) of the 2002 Act only states that s 26 overrides the grounds of refusal in s 25(1). On its face, s 26 – and hence "other special circumstances" – is not an exception to overcome other grounds for refusing registration of a trade mark.

The most common ground of opposition to a trade mark application under the 2002 Act is s 17(1)(a), which provides that the Commissioner must not register a trade mark "the use of which would be likely to deceive or cause confusion". Section 17(1)(a) focuses on evaluating the notional use of the mark applied for in comparison with actual use of the opponent's trade mark. Difficulties arise because opponents who have registered trade marks that they are using in the marketplace will seek to rely on both ss 17(1)(a) and 25(1)(b) (or s 25(1)(a)) in oppositions. Technically, s 25(1)(b) has

³⁶ At [81].

³⁷ But not the ground of opposition under s 32 (prior ownership), which was upheld: at [54]. This was later overturned by the Court of Appeal: *ICB CA*, above n 25, at [91]. The Court of Appeal held that the revocation of ICB's ZIPLOC mark for non-use meant ICB could not invoke earlier (November 2009) use that pre-dated the continuous non-use period (22 March 2010 to 22 March 2013) to assert that it was the legitimate owner of the ZIPLOC trade mark. Leave to appeal on ownership issues under the 2002 Act was refused: see *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2019] NZSC 71.

³⁸ *SC Johnson & Son Inc v International Consolidated Business Pty Ltd* [2017] NZHC 3238.

³⁹ At [85].

a different sphere of operation (and different purpose)⁴⁰ because it focuses entirely on notional use of the mark applied for in comparison with the opponent's mark as it appears on the Register.⁴¹ Yet, in practice there is a significant degree of overlap between ss 17(1)(a) and 25(1)(b).⁴² Both consider similarity of marks and similarity of goods or services and a likelihood of deception or confusion. Further, arguments about s 17(1)(a) are typically heard first.⁴³ If an opponent succeeds under s 17(1)(a) it is likely to succeed under s 25(1)(b).⁴⁴ The significance of the above is that if an opponent succeeds under s 17(1)(a), there appears to be no room for "other special circumstances" (or honest concurrent use) to apply as s 26 is not an exception to s 17(1)(a).

The situation under equivalent provisions of the Trade Marks Act 1905 (UK) 5 Edw VII c 15 (the 1905 Act) and Trade Marks Act 1938 (UK) 1 & 2 Geo VI c 22 (the 1938 Act) exercised the English courts for some time. Clear authority under the 1905 Act held that honest concurrent use was not an exception to the equivalent of s 17(1)(a).⁴⁵ However, under the 1938 Act a line of authority,⁴⁶

40 *Pioneer Hi-Bred*, above n 22, at 63 per Richardson J: "The object [of s 16, now 17(1)(a)] is to protect the public interest by refusing to accord monopoly rights to a mark, the use of which is likely to deceive or confuse those in the market for the goods"; and *British American Tobacco (Brands) Inc v NV Sumatra Tobacco Trading Co* HC Wellington CIV-2007-485-2814, 11 November 2008 at [38]: "The purpose of s 17(1) [now s 25(1)] is, by contrast, to protect a registered mark, and the interest the proprietor of that mark has, from the registration of a potentially deceptive or confusing similar mark." The Court of Appeal in *Pharmazen*, above n 8, at [32]–[35] also outlined the "distinctly different purposes" of ss 17(1)(a) and 25(1).

41 Confirmed by *Pharmazen*, above n 8, at [27] and [35].

42 See *Anheuser-Busch Inc v Budweiser Budvar National Corporation* [2003] 1 NZLR 472 (CA) at [27]; and *Australian Council for Educational Research Limited v ACER Incorporated* [2017] NZIPOTM 2 at [145].

43 Though, there has been some discussion about whether s 25(1)(b) should be considered first: see *Guangzhou Baiyunshan Pharmaceutical Holdings Co Ltd v Multi Access Limited* [2021] NZIPOTM 8 at [35].

44 Indeed, it has been commented that the resolution of the assessment of a likelihood of confusion under s 17(1)(a) will often "drive" a conclusion under s 25(1)(b): see *Daimler AG (formerly DaimlerChrysler AG) v Sany Group Co Ltd* [2014] NZHC 532 at [58]; *Daimler AG v Sany Group Co Ltd* [2015] NZCA 418, (2015) 14 TCLR 191 at [48]; *NV Nutricia v Cambricare New Zealand Ltd* [2012] NZHC 1344 at [54]–[55]; and *Carabao Tawandang Company Ltd v Red Bull GMBH* HC Wellington CIV-2005-485-1975, 31 August 2006 at [60].

45 See *Re Compagnie Industrielle des Petroles' Application* (1907) 24 RPC 585 (Ch) at 591; FG Underhay *Kerly's Law of Trade Marks and Trade Name* (4th ed, Sweet & Maxwell, London, 1913) at 295–296; and FG Underhay and TW Morgan *Kerly's Law of Trade Marks and Trade Name* (6th ed, Sweet & Maxwell, London, 1927) at 305. But compare *Bass, Ratcliff and Gretton Ltd v Nicholson and Sons Ltd* [1932] AC 130 (HL), where the House of Lords held that s 19 of the 1905 Act (which provided an exception for the registration of old marks) was not subject to the prohibition in s 11: at 141 per Lord Buckmaster, at 147 per Lord Warrington, at 152 per Lord Russell and at 158–159 per Lord Macmillan. Lord Warrington suggested in obiter that s 21 was also an exception to s 11: at 146.

46 See *Spillers Ltd's Application* (1952) 69 RPC 327 (Ch) at 337; and *Berlei (UK) Ltd v Bali Brassiere Co Inc* [1970] RPC 469 (Ch) at 476, both referring to *Bass, Ratcliff and Gretton Ltd v Nicholson and Sons Ltd*, above n 45.

explained and summarised in *Chelsea Man Trade Mark*,⁴⁷ found that honest concurrent use (or other special circumstances) could permit registration despite an objection under the equivalent of s 17(1)(a). The Trade Marks Act 1953 (the 1953 Act) closely followed the form of the United Kingdom's Trade Marks Act 1938, and several obiter statements from cases under the 1953 Act suggested that honest concurrent use or other special circumstances under s 17(2) (later s 17(5))⁴⁸ could also be relied upon even in light of an objection under s 16 (the predecessor of s 17(1)(a)).⁴⁹

Despite such case law, under the 2002 Act New Zealand courts have appeared to side with the view that s 26 is not an exception to an objection under s 17(1)(a). In *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* the Court of Appeal observed that s 26 does not "override" s 17.⁵⁰ This was followed in *Fonterra Brands (Tip Top Investments) Ltd v Tip Top Restaurant Ltd* where it was found that, as the opponent's objection under s 17(1)(a) was successful, its claim for honest concurrent use under s 26(b) had no application.⁵¹ More recently, in *Brands Ltd v Bed Bath 'N' Table Pty Ltd* Ellis J, after traversing some of the history, the approach in Australia and issues of policy, concluded honest concurrent use is not available as a "shield" to a s 17 challenge.⁵²

47 *Chelsea Man Trade Mark* [1989] RPC 111 (Ch) at 123. See also *Budweiser Trade Marks* [2000] RPC 906 (CA) at 914, where it was said that there was no "dispute that s 12(2) is not merely an exception to s 12(1) but also can override a s 11 objection".

48 When the 1953 Act was enacted, the other special exception was contained in s 17(2). By virtue of the Trade Marks Amendment Act 1994, s 17 of the 1953 Act was repealed and replaced, which shifted the exception to s 17(5).

49 Most clearly in *Sea World LLC v Sea World Management Pty Ltd* [2018] NZHC 1995 at [64], where Cooke J said in obiter: "In my view the better view is that s 17(5) applies notwithstanding s 16 if the relevant question arises purely from confusion between two trademarks. That is more consistent with the purpose of the provisions." See also *VB Distributors Ltd v Matsushita Electric Industrial Co Ltd* (1999) 53 IPR 466 (HC), where Hammond J would have allowed registration under s 17(2), but this was obiter as the s 16 ground of the Trade Marks Act 1953 was not made out; and *Telecom IP Ltd v Beta Telecom Ltd* HC Wellington CIV 2004-485-2789, 27 September 2006, where it was suggested that honest concurrent use could have – but for the lack of concurrent use – overcome the objection under s 16.

50 *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* [2011] NZCA 264, [2011] 3 NZLR 206 at [10].

51 *Fonterra Brands (Tip Top Investments) Ltd v Tip Top Restaurant Ltd* HC Wellington CIV-2011-485-1011, 4 November 2011 at [60] and [77].

52 *Brands Ltd v Bed Bath 'N' Table Pty Ltd* [2023] NZHC 1766 at [249]–[277]. Ellis J observed at [275] that from a policy perspective it seemed "statutorily anomalous to permit, by dint of honest concurrent use, the registration of a trade mark that is in fact [a] confusing and deceptive trade mark under s 17 only then to have its use constitute an infringement of the FTA."

The current construction given to the interrelationship between ss 17(1)(a) and 26(b) detailed above may be unfortunate in robbing s 26(b) of some of its utility.⁵³ However, consideration of s 17(1)(a) is only likely to arise if a third party files an opposition. Opposition proceedings can only occur if an application is first accepted by IPONZ, and, even then, not all accepted trade mark applications are opposed. As explained above, the prosecution of trade mark applications before IPONZ occurs *ex parte*. In this context, the potential for a s 25 objection raised by an examiner at IPONZ will be of central importance. Thus, for practitioners prosecuting applications and seeking to overcome s 25 objections, and for examiners at IPONZ seeking to evaluate whether s 26(b) provides a valid exception to such objections, an understanding of the meaning of "other special circumstances" is vital.

It has been noted by various commentators that the scope and boundaries of "other special circumstances" is notoriously vague and ill-defined.⁵⁴ The modern approach to interpretation requires the meaning of text to be ascertained in light of its purpose and context.⁵⁵ It is to the text of s 26(b) in light of its legislative history, the internal context of the 2002 Act and related legislation to which I turn next.

III LEGISLATIVE HISTORY, INTERNAL CONTEXT AND OTHER LEGISLATION

A Legislative History

In the lead up to the drafting of the Trade Marks Bill 2001 (142), there was, seemingly, no consideration of the existing operation of s 17(5) of the 1953 Act.⁵⁶ Section 26(b) began life as cl 27(b) of the Trade Marks Bill 2001. This clause largely replicated s 17(5), but with the use of the term "genuine" instead of honest. The Trade Marks Bill 2001 was modelled on Singapore's trade mark legislation and the United Kingdom's Trade Marks Act 1994 (UK).⁵⁷ Such legislation contained

53 Whether s 26(b) can operate as an exception to prior use challenges under s 32(1) was left opaque by *ICB v SC Johnson*. It is suggested that the reasoning of the Supreme Court (see *ICB SC*, above n 10, at [82]) indicates that an opponent cannot succeed under s 32(1) by simply pointing to its earlier (and ultimately) revoked registration. However, it leaves the position unclear where there has been prior use of an *unregistered trade mark* and the owner of such a mark opposes a subsequently filed trade mark application under s 32(1).

54 Handler and Burrell, above n 28, at 282; and Earl Gray *Laws of New Zealand* Registrability of Identical or Similar Trade Marks (online ed) at [103].

55 Legislation Act 2019, s 10.

56 I have been unable to find any reference to "other special circumstances" in the Ministry of Commerce *Review of Industrial Property Rights – Patents, Trade Marks, and Designs: Possible Options for Reform* (July 1990), the Ministry of Commerce *Reform of the Trade Marks Act 1953: Proposed Recommendations* (December 1991) or the Cabinet Economic Committee *Review of the 1953 Act* (13 April 1999) ECO (99) 34.

57 *Crocodile International Pte Ltd v Lacoste* [2017] NZSC 14, [2017] 1 NZLR 679 at [6].

honest concurrent use provisions when enacted,⁵⁸ but did not retain an "other special circumstances" provision. New Zealand's exceptionalism in this regard attracted little attention as the Bill moved through Parliament. A submitter on the Trade Marks Bill 2001, Telecom New Zealand Ltd, suggested that, in line with the approach in Australia, prior continuous use should also be an exception to a ground of refusal based on a conflicting registration or application.⁵⁹ The Ministry of Economic Development disagreed and considered that cl 27(b) "does provide for the circumstances described by Telecom".⁶⁰ I will return to this issue of prior use in Part V(C).

Clause 27(b) became s 26(b) in the 2002 Act with one final amendment to include the word "must", so that registration would be mandatory if the exception in s 26(b) (or s 26(a)) was satisfied.⁶¹ As Clark J was to identify in *Re Lacoste*, the legislature did not provide criteria for determining whether circumstances were special circumstances.⁶² In the absence of such criteria, it is appropriate to first consider the plain and ordinary meaning of the words "special circumstances". Despite the move towards purposive interpretation, statutory interpretation remains confined by the text of a statute.⁶³

B Plain Meaning of "Special Circumstances"

As noted in *Commerce Commission v Fonterra Co-operative Group Ltd*, reference to dictionaries is common and in accordance with trying to ascertain the plain meaning of words in legislation.⁶⁴ The Shorter Oxford English Dictionary defines "special" as "exceptional in quality or degree; unusual; out

58 Trade Marks Act 1994 (UK), s 7; and Trade Marks Act 1998 (Singapore), s 9. Honest concurrent use, though, has a reduced scope of operation under the United Kingdom's Trade Marks Act 1994: see further James Mellor and others *Kerly's Law of Trade Marks and Trade Names* (16th ed, Sweet & Maxwell, London, 2018) at [7.040]–[7.041]; and Phillip Johnson "The Rise and Fall of Honest Concurrent Use" in Ilanah Simon Fhima (ed) *Trade Mark Law and Sharing Names: Exploring Use of the Same Mark by Multiple Undertakings* (Edward Elgar, Cheltenham, 2009) 31 at 48.

59 Telecom New Zealand Ltd "Submission to the Commerce Committee on the Trade Marks Bill 2001" (21 September 2001) at [5.1]–[5.2].

60 Ministry of Economic Development *Clause by Clause Analysis of Submissions on the Trade Mark Bill: Clauses 1 to 70* (2001) at 27.

61 At 27.

62 *Re Lacoste* [2017] NZHC 2216 at [50].

63 Ross Carter *Burrows and Carter Statute Law in New Zealand* (6th ed, LexisNexis, Wellington, 2021) at 395. See also *Energy Beverages LLC v Frucor Suntory New Zealand Ltd* [2022] NZCA 536, [2023] 2 NZLR 329 at [45]: "However our task is not to determine what the legislative drafter might ideally have stated but rather to determine the meaning of what the drafter in fact said", citing *Stock v Frank Jones (Tipton) Ltd* [1978] 1 WLR 231 (HL) at 236 per Lord Simon.

64 *Commerce Commission v Fonterra Co-operative Group Ltd* [2007] NZSC 36, [2007] 3 NZLR 767 at [23], n 12.

of the ordinary".⁶⁵ The term "special circumstances" appears in a variety of New Zealand statutes.⁶⁶ Court decisions have orientated towards a meaning of "special" that accords with the dictionary meaning; that of being out of the ordinary, but not necessarily extraordinary. For example, in *Cortez Investments Ltd v Olphert & Collins* Richardson J cited with approval the observation of Lopes LJ in *Re Norman* that the words "special circumstances" are wide, comprehensive and flexible and that courts should not attempt to lay down an exhaustive definition.⁶⁷ Richardson J continued:⁶⁸

Synonyms such as "unusual", "out of the ordinary run", "uncommon", "abnormal", "striking" convey the same flavour but really add nothing except to emphasise that "special" is something less than extraordinary or unique.

McMullin J also referred to Lopes LJ's statement in *Re Norman*.⁶⁹ He warned that decisions under one statute may not be of much relevance to another and that "'special circumstances' must be considered against the statutory background in which they are used" and "whether or not they exist will often be a value judgment on the facts".⁷⁰ McMullin J continued that:⁷¹

All that can be said is that to be special circumstances must be abnormal, uncommon, or out of the ordinary. They may be extraordinary but they do not require to be given the extra emphasis which that word sometimes carries.

Both Richardson and McMullin JJ's comments have been followed by different courts in different contexts.⁷² McMullin J's warning about the importance of statutory background context, though, is salutary. Under the 2002 Act, this statutory context includes how judges have interpreted the terms

65 Lesley Brown (ed) *The New Shorter Oxford English Dictionary on Historical Principles* (Clarendon Press, Oxford, 1993) vol 2 at 2971.

66 See for example Costs in Criminal Cases Act 1967, s 6; Administration Act 1969, s 6(2); Immigration Act 2009, s 187(4)(b); and the High Court Rules 2016, r 7.28. See also the legislation mentioned in *InterAg v Bayer Intellectual Property GmbH* [2020] NZIPOTM 21 at [65]–[69], including the Child Support Act 1991 and the Mining Act 1971.

67 *Cortez Investments Ltd v Olphert & Collins* [1984] 2 NZLR 434 (CA) at 439, citing with approval *Re Norman* (1886) 16 QBD 673 (CA) at 677.

68 *Cortez Investments Ltd*, above n 67, at 439.

69 At 441.

70 At 441.

71 At 441. This statement was subsequently cited with approval in *Fujifilm Business Innovation New Zealand Ltd v Whittaker* [2021] NZHC 3292 at [10].

72 *Lyon v Wilcox* [1994] 3 NZLR 422 (CA) at 431; *Peninsula Watchdog Group (Inc) v Minister of Energy* [1996] 2 NZLR 529 (CA) at 536; and *Kidd v Van Heeren* (1997) 11 PRNZ 422 (CA) at 424.

"other circumstances" in s 18(2) and "special circumstances" in s 66(2) of the 2002 Act and "exceptional circumstances" under the Trade Marks Regulations 2003.

C Special Circumstances, Other Circumstances and Exceptional Circumstances Under the 2002 Act

Under s 18(2) of the 2002 Act, an applicant for a trade mark can overcome an objection to registration based on s 18(1)(b), (c) or (d) if they can establish their trade mark has acquired a distinctive character as a result of use or "any other circumstances". The leading case on the meaning of this phrase is *Le Cordon Bleu v Commissioner of Trade Marks*, which stated that a range of circumstances could fit within the provision.⁷³ Commensurate with the absence of the word "special" in s 18(2), there is seemingly no requirement that the circumstances be out of the ordinary or unusual in any way. This is consistent with the focus of s 18(2), which is on the "end result".⁷⁴

A closer contextual equivalent to "other special circumstances" in s 26(b) can be found in s 66(2) of the 2002 Act. Under this section, a registered trade mark owner can refute an application to remove its trade mark on the grounds of non-use if it can establish its non-use is due to "special circumstances" that are outside its control. In *Manhaas Industries (2000) Ltd v Fresha Export Ltd*, Collins J suggested that for circumstances to be special they must be "peculiar or abnormal".⁷⁵ The Judge further said that the threshold for special circumstances is particularly high and required the establishment of "rare and highly unusual factors that are beyond the control of the person who seeks to rely upon those special circumstances".⁷⁶ In *Fokker Brothers Inc Ltd v Fokker Brothers Ltd*, Palmer J took issue with this characterisation of special circumstances.⁷⁷ Palmer J thought that the threshold should not be considered particularly high.⁷⁸ Rather, the phrase was equivalent to "out of the ordinary".⁷⁹ As a subsequent Assistant Commissioner has recognised, though, Palmer J also noted that "out of the ordinary" was broadly akin to the terms "peculiar or abnormal in abstract".⁸⁰ In my view, that coheres

⁷³ *Le Cordon Bleu v Commissioner of Trade Marks* [2012] NZHC 724 at [29].

⁷⁴ *Fredco Trading Ltd v Miller* (2006) 11 TCLR 751 (CA) at [73].

⁷⁵ *Manhaas Industries (2000) Ltd v Fresha Export Ltd* [2012] NZHC 1815, (2012) 96 IPR 560 at [28(1)], followed by *Cure Kids v National SIDS Council of Australia Ltd* [2014] NZHC 3366, [2015] 3 NZLR 90, citing *Woolly Bull Enterprises Pty Ltd v Reynolds* [2001] FCA 261, (2001) 51 IPR 149 at [136], and mentioning *Manhaas Industries* at [137], n 32.

⁷⁶ *Manhaas Industries*, above n 75, at [30].

⁷⁷ *Fokker Brothers Inc Ltd v Fokker Brothers Ltd* [2020] NZHC 953 at [37].

⁷⁸ At [39].

⁷⁹ At [39].

⁸⁰ At [39], and noted in *InterAg v Bayer Intellectual Property GmbH*, above n 66, at [94].

with the ordinary meaning of "special" above, and the synonyms "rare and highly unusual factors" should be avoided in future cases.

The point that "special" does not require extraordinary circumstances can be reinforced by considering the meaning of "exceptional circumstances" under regs 32(2) and 34(3) of the Trade Marks Regulations 2003 (which address the Commissioner's power to extend time). *Muir Electrical Co Pty Ltd v The Good Guys Group Ltd* is the leading case on the meaning of "exceptional circumstances" in this context.⁸¹ Lang J considered that the phrase "quite out of the ordinary" encapsulated the "flavour that Parliament intended" by using the term "exceptional circumstances".⁸² Some doubt regarding the threshold of "quite out of the ordinary" was raised, but not resolved, in *Mohammed Hussein v Industria De Diseño Textil, SA (Inditex SA)* on the basis of a patent decision which suggested a meaning of "unusual".⁸³ However, the notion that "exceptional circumstances" connotes the higher threshold of being "quite out of the ordinary" appears apt if it is accepted that the meaning of "special circumstances" is "out of the ordinary". This also has the advantage of placing "other circumstances", "special circumstances" and "exceptional circumstances" along a logical continuum.

It is evident that merely equating special circumstances with circumstances that are out of the ordinary does little to provide guidance as to the boundaries of the phrase. It is well established that context includes consideration of a modern statute's "legislative predecessors".⁸⁴ It is suggested that further clues as to the ambit of "other special circumstances" under the 2002 Act can therefore be gleaned from an understanding of the historical legislative context, informed by subsequent case law.⁸⁵ This history can also inform us of the purpose of the "other special circumstances" provision, and an understanding of this purpose can provide a further necessary step in the interpretation process.⁸⁶

81 *Muir Electrical Co Pty Ltd v The Good Guys Group Ltd* HC Auckland CIV-2009-404-4965, 18 December 2009.

82 At [85], referring to *Awa v Independent News Auckland Ltd* [1996] 2 NZLR 184 (HC) at 186. *Sambbasivam v Chetty* (2011) 94 IPR 214 (HC) at [25] (to be read with [20]) also followed the approach in *Muir Electrical*.

83 *Mohammed Hussein v Industria De Diseño Textil, SA (Inditex SA)* [2022] NZIPOTM 28, referring to *Merial Inc v Intervet International BV* [2017] NZHC 2918, which drew on *Creedy v Commissioner of Police* [2008] NZSC 31, [2008] 3 NZLR 7. In *Merial Inc*, Simon France J noted that in *Muir Electrical* "[i]t does not appear that the Court was referred to *Creedy*": at [27].

84 Carter, above n 63, at 351.

85 At 642: "The context in which the provision in question appeared in the earlier legislation, and the social circumstances surrounding its passing, can also provide a clue as to its meaning, and hence to the meaning of the equivalent provision in the new Act."

86 *Commerce Commission v Fonterra*, above n 64, at [22]: "Even if the meaning of the text may appear plain in isolation of purpose, that meaning should always be cross-checked against purpose".

IV THE HISTORICAL PURPOSE OF THE EXCEPTION AND JURISPRUDENTIAL DEVELOPMENT

A The Genesis of "Other Special Circumstances"

Despite the immediate origin of the "other special circumstances" exception in the 2002 Act being s 17(5) of the 1953 Act, the genesis of such an exception has a much older heritage. To elaborate, a brief historical exegesis is required. Prior to the first registration legislation, independent concurrent use of the same or similar trade mark, sometimes geographically limited, was "not uncommon".⁸⁷ The three-mark rule – which as its name suggests allowed up to three marks to be registered to different owners – developed as a practice to prevent injustice to innocent and genuine concurrent users caused by the rush by traders to register their marks.⁸⁸ Another Registry practice developed where applicants were suggested to seek the consent of the owner of the conflicting mark if there was doubt about the potential for deception.⁸⁹ However, the courts were particularly mindful in interpreting registration legislation to protect the public from deception. The onus fell on applicants to establish an absence of deception or confusion.⁹⁰ Thus, an early attempt in *Re Ehrmann's Applications* to argue that "special circumstances", in the absence of consent, justified registration was rejected.⁹¹

In light of this context, the architect of the 1905 Act, Mr J Fletcher Moulton KC, sought with ss 19, 20 and 21 to deal more comprehensively with the potential injustice of traders seeking to register identical and deceptively similar trade marks. Section 19 of the 1905 Act reinforced the "ordinary rule" of awarding priority to the first to file an application by prohibiting, except by order of the court,

87 *Report and Special Report from the Select Committee on the Trade Marks Bill Together with the Proceedings of the Committee, Minutes of Evidence and Appendix* (7 July 1905) [1905 Select Committee Report] at [4] (per the evidence of Mr J Fletcher Moulton KC).

88 For further background, see Johnson, above n 58, at 35–40.

89 *Report of the Board of Trade Committee to Inquire into Duties, Organisation and Arrangements of Patent Office, so far as Relates to Trade Marks and Designs* (Cmnd 5350, 1888) at [3] (interim report) and [217] (evidence of Henry Reader Lack, Comptroller of the Patent Office).

90 See *Eno v Dunn* (1890) 15 App Cas 252 (HL).

91 *Re Ehrmann's Applications* [1897] 2 Ch 495 (Ch). The case considered s 72(1) of the 1883 Act, which provided: "Except where the Court has decided that two or more persons are entitled to be registered as proprietors of the same trade-mark the comptroller shall not register in respect of the same goods or description of goods a trade-mark identical with one already on the register with respect to such goods or description of goods". In that case a partnership involving five brothers had dissolved, creating two separate businesses. It was agreed that each business would simultaneously file applications to register the trade marks used by the old partnership. The applicants argued that the Court had power under s 72(1) to allow registration where there were special circumstances like the case presented. Stirling J, at 502, taking into account all the circumstances, declined the applications.

the registration of an identical or deceptively similar mark for the same goods.⁹² Section 20 provided that, where several persons claimed to be the proprietor of a trade mark and sought registration, registration would be refused until the rights between the parties had been determined by the court, or settled by agreement in an approved manner by the Registrar (or, on appeal, by the Board of Trade).⁹³ Section 21 of the 1905 Act provided:

In case of honest concurrent user or of other special circumstances which, in the opinion of the Court, make it proper so to do, the Court may permit the registration of the same trade mark, or of nearly identical trade marks, for the same goods or description of goods by more than one proprietor subject to such conditions ... as it may think it right to impose.

By s 21 Fletcher Moulton KC desired to give the court an "enabling power" to register trade marks where "the Court thinks it is a case where both should be registered with proper limitations".⁹⁴

The select committee considering the Trade Marks Bill 1905 centred its discussions on instances of honest concurrent use, and there was little indication of what was intended by the words "other special circumstances". It may be surmised that "other special circumstances" was inserted as a kind of amorphous "catch-all" that would remedy situations such as *Re Ehrmann's Applications*, where unusual circumstances existed that fell outside concurrent use or consent.⁹⁵ Indeed, not long after the 1905 Act was enacted, Kerly and Underhay said in relation to s 21:⁹⁶

... [it] provides for special cases which may arise, rendering it expedient for the working of substantial justice between the owners of two trade marks, who cannot come to an agreement under sec 20 ...

There was, though, limited case law on s 21 under the 1905 Act.⁹⁷ One reason for such limited case law was that the "enabling power" under s 21 was wielded by the court and not the Registrar. It took

92 Section 19 provided an exception, though, for "old marks". That is, trade marks in use before the first registration legislation was enacted in 1875. Trade mark legislation up until the Trade Marks Act 1938 made special accommodation for such marks: see *Report of the Departmental Committee on the Law and Practice Relating to Trade Marks* (Cmnd 4568, April 1934) at [50]–[51].

93 Section 20 was therefore limited to considering two pending applications rather than when a "person is claiming to be registered alongside of and concurrently with an already registered proprietor": see *Re Roskill's Trade Mark* (1915) 32 RPC 577 (Ch) at 585.

94 *1905 Select Committee Report*, above n 87, at [128]. As Johnson, above n 58, has argued, "the links to the 'three mark rule' are clear".

95 See *Eno v Dunn*, above n 90.

96 DM Kerly and FG Underhay *The Trade Marks Act, 1905: with notes, cross references, and a commentary* (Sweet & Maxwell, London, 1906) at 65.

97 But see the brief consideration in *Re Roskill's Trade Mark*, above n 93 (application for rectification); and *Re the Gutta-Percha and Rubber Manufacturing Company of Toronto Ltd's Application* [1909] RPC 428 (CA) at 431–432 (in argument).

until the 1916 case of *Re Maeder's Trade Mark Application* – which concerned a claim of honest concurrent use – for the courts to provide some guidance on the role of s 21.⁹⁸ Sargant J confirmed that s 21 removed the "prima facie disability imposed" by s 19 by weighing:⁹⁹

... against a slight possibility of deception or a slight possibility of confusion in the minds of the public, the commercial claims which a proprietor of a common law trade mark might have acquired through a considerable amount of concurrent user.

By using the term "slight possibility" of deception or confusion, Sargant J suggested that, in terms of honest concurrent use at least, s 21 would operate narrowly.¹⁰⁰ This view was also consistent with the sentiment that the prohibition against registering conflicting applications in s 19 of the 1905 Act placed a duty on the Registrar to protect the public from deception and confusion.¹⁰¹

Such a narrow interpretation is evident in the New Zealand case of *Kemphorne, Prosser, & Co v Kiwi Polish Co (Kiwi Polish)* – one of the few British Commonwealth cases to engage with "other special circumstances".¹⁰² At issue was a conflict between an earlier trade mark registration (no 2821) comprising an image of a kiwi bird owned by Kemphorne, Prosser, & Co (KPC), as shown below,¹⁰³ and an application by Kiwi Polish Co, an Australian company, for the trade mark shown below.¹⁰⁴

98 *Re Maeder's Trade Mark Application* [1916] 1 Ch 304 (Ch).

99 At 311.

100 See also "Notes of Official Rulings" (1929) 46 RPC App A i at ii. It is also possible that this early concern to avoid deception and protect the public influenced the courts in cases like *Re Compagnie Industrielle des Petroles' Application*, above n 45, to find that s 21 of the 1905 Act was not an exception to the prohibition in s 11 against registering trade marks calculated to deceive (the historical equivalent to s 17(1)(a) of the 2002 Act). My thanks to Earl Gray for this thought.

101 See *Re Egg Products Ltd's Application for a Trade Mark* (1922) 39 RPC 155 at 165.

102 *Kemphorne, Prosser, & Co v Kiwi Polish Co* [1925] NZLR 26 (CA) [*Kiwi Polish*], decided under the Patents, Designs, and Trade-marks Act 1911, where the equivalent section to s 21 was s 76.

103 The image of the trade mark is derived from the judgment. The trade mark also had the word "trade mark" underneath. Moreover, both Chapman J's judgment and the trade mark application form in the court file (derived from Archives New Zealand, R26284574) appear to interchangeably use the terms "boot polisher" and "boot polish".

104 The precise details and image of the trade mark filed under application no 16733 are not available on the IPONZ database. This image was kindly provided by Archives New Zealand, R26284574.



Figure 1: Trade Mark Registration No 2821



Figure 2: Trade Mark Application No 16773

Kiwi Polish argued that KPC lacked a bona fide intention to use the mark and had not made bona fide use of it. Kiwi Polish also, in the alternative, applied for an order that its own trade mark comprising an image of a kiwi and the words "Boot Polish" and "Tan" for boot polish should be registered on the grounds that there were special circumstances making it proper that its mark be registered. Kiwi Polish had registered its trade mark in 28 countries around the world. It had not used its trade mark in New Zealand, but it argued that its boot polish under the name "KIWI" was well known in New Zealand and distinguished its product, and that it received numerous enquiries for such polish in New Zealand.

Chapman J, in the Supreme Court, refused to rectify the register to remove the goods "tan boot polish". In the circumstances, Chapman J thought the appropriate course of action was to grant Kiwi

Polish a concurrent registration for an amended mark, as shown in Figure 3 below, on the basis that there were special circumstances.¹⁰⁵



Figure 3: Amended Trade Mark Application

On appeal, the Court of Appeal rejected Kiwi Polish's application for concurrent registration. Stout CJ characterised the application as "wiping out" KPC's registration and, bolstered by the finding that KPC's registration had been used for boot polish, saw no justification for allowing KPC's registration to be "invaded" by Kiwi Polish.¹⁰⁶ Stout CJ also suggested an element of bad faith and wondered why one of the many birds in Australia had not been selected by Kiwi Polish as its trade mark.¹⁰⁷ Sim J considered that Sargant J's explanation in *Re Maeder's Trade Mark Application* that registration ought to be allowed where there was a "slight possibility of confusion" correctly stated the purpose of the equivalent section of New Zealand's legislation.¹⁰⁸ Sim J found that any application with the word "kiwi" in it would lead to confusion and deception and that Kiwi Polish had failed to discharge its onus to establish that confusion or deception would not result.¹⁰⁹ Sim J then suggested that the bad faith of Kiwi Polish's predecessor precluded reliance on special circumstances.¹¹⁰ Sim J identified that this predecessor had appropriated KPC's trade mark and registered it in Victoria even

¹⁰⁵ *Kiwi Polish Co v Kempthorne, Prosser, & Co* [1925] NZLR 26 (SC). The Judge thought that the image of the kiwi in Kiwi Polish's original application might cause confusion and would be detrimental to KPC and "embarrassing to the public": at 49. The trade mark is derived from the judgment.

¹⁰⁶ *Kiwi Polish*, above n 102, at 62.

¹⁰⁷ At 63.

¹⁰⁸ At 68.

¹⁰⁹ At 69.

¹¹⁰ At 69: "the application seems to be quite without merit. In substance it is an attempt to deprive the appellant of the benefit in New Zealand of its own trade mark."

after being notified by KPC that he was taking its mark.¹¹¹ Stringer J also drew on Kiwi Polish's predecessor's actions and unsuccessful attempts to obtain consent from KPC as counting against its application for registration.¹¹²

As Brown and Grant have suggested, it is possible to detect a strong sense of nationalism in the Court of Appeal's judgment declining Kiwi Polish's registration.¹¹³ In my view, it is also possible to detect another undercurrent that explains the decision and that, in turn, reinforces the purpose of the "other special circumstances" exception. *Kiwi Polish* indicates that, in order to achieve justice between the parties, the conduct and actions of the trade mark applicant can weigh heavily in deciding whether "other special circumstances" exist and ought to be applied. A "clean hands"-type principle can be applied, meaning that sharp practice or underhand activities by the applicant can be disqualifying. As Brown and Grant have noted, in *Kiwi Polish* it was the lack of "clean hands on the part of the applicant's predecessor in title" that appeared to disqualify the applicant from relying on "other special circumstances".¹¹⁴

B The Growth of Case Law Under the 1938 Act

An amendment to United Kingdom trade mark law in 1919 allowed the Registrar – and not just the courts – to consider applications under s 21.¹¹⁵ Such an amendment was replicated in New Zealand by dint of s 86 of the Patents, Designs, and Trade-marks Act 1921. In the United Kingdom, the amended s 21 led to an increase in case law concerning honest concurrent use.¹¹⁶ Such case law culminated in the House of Lords' decision in *Re Alex Pirie & Sons Ltd's Application*.¹¹⁷ The significance of this case for our purposes is that Lord Tomlin, agreeing with Lord Hanworth MR in the Court of Appeal,¹¹⁸ observed that Sargant J's suggestion in *Re Maeder's Trade Mark Application* that s 21 could only operate where there was the "slight possibility" of confusion was misconceived.¹¹⁹ Rather, s 21 contemplated that there could be the existence of confusion and

111 At 69.

112 At 71: "it now urges this as a special circumstance why it should be allowed to invade the domicile of origin of the 'Kiwi' trade-mark and to compete there with the original proprietors thereof. I think, on the contrary, that this is a very good reason for refusing to accede to the respondent's application."

113 Andrew Brown and Anthony Grant *The Law of Intellectual Property in New Zealand* (Butterworths, Wellington, 1989) at [2.52], n 12.

114 At [2.52], n 12.

115 Trade Marks Amendment Act 1919 (UK) 9 & 10 Geo V c 79, second schedule.

116 Johnson, above n 58, at 42.

117 *Alex Pirie* HL, above n 18.

118 *Alex Pirie* CA, above n 19, at 213.

119 *Alex Pirie* HL, above n 18, at 158.

deception, even where such confusion and deception were significant.¹²⁰ The discretion under s 21 was unfettered and a more generous approach to registration was therefore possible.¹²¹

Section 12(1), (2) and (3) of the 1938 Act restated ss 19, 20 and 21 of the 1905 Act in a single section. As Johnson has commented, it was after the more expansive approach signalled by *Re Alex Pirie & Sons Ltd's Application* and the passing of the 1938 Act that the honest concurrent use doctrine entered its "heyday".¹²² However, there appeared to be no decisions that considered the "other special circumstances" exception until *Re Peddie's Application*.¹²³ This case involved an application to rectify the Register to remove trade mark registrations owned by Angier Chemical Co Ltd on the basis of an earlier conflicting trade mark registration. In respect of one of the trade mark registrations (the Angier mark), the Comptroller-General used "other special circumstances" to justify the registration remaining on the Register. The "exceptional circumstances" included that, at the date of application of Angier's mark, the conflicting registration had not been used for two and a quarter years and during this time Angier had put its trade mark to use and acquired a large and valuable goodwill.¹²⁴

Re Peddie's Application can be seen as responding to an apparent limitation to an applicant relying on honest concurrent use where the conflicting registration is not being used, and hence where there is no *concurrency* of use.¹²⁵ That "other special circumstances" could supplement honest concurrent use claims was also illustrated in *Granada Trade Mark*.¹²⁶ The period of concurrent use in that case was only two years and 10 months. However, the fact that the conflicting registration had a disclaimer

120 At 158. See also *Alex Pirie CA*, above n 19, at 213 per Lord Hanworth MR: "I cannot, therefore, read into Section 21 some limitation as to the possibility of deception, slight or great."

121 *Alex Pirie HL*, above n 18, at 158. See also FE Bray and FG Underhay *Trade Marks Act 1938: With Annotations and Trade Marks Rules* (Sweet & Maxwell, London, 1938) at 19, noting the decision in *Alex Pirie HL*, above n 18, "makes it clear that the discretion is unfettered".

122 Johnson, above n 58, at 43.

123 *Re Peddie's Application* (1944) 61 RPC 31 (Trade Marks Registry). RG Lloyd and FE Bray *Kerly's Law of Trade Marks and Trade Names* (7th ed, Sweet & Maxwell, London, 1951) while addressing *Re Peddie's Application* stated at 235: "The words 'or of other special circumstances' have not been the subject of judicial decision".

124 *Re Peddie's Application*, above n 123, at 36–37.

125 The later case of *L'AMY Trade Mark* [1983] RPC 137 (Trade Marks Registry) held that an applicant could not rely on honest concurrent use where the conflicting trade mark had not been used. Doubt as to the correctness of this holding was expressed in *Origins Natural Resources Inc v Origin Clothing Ltd* [1995] FSR 280 (Ch).

126 *Granada Trade Mark* [1979] RPC 303 (Trade Marks Registry).

meant that the applicant's use was not an infringing use and this was considered a special circumstance that helped tip the balance in favour of registration.¹²⁷

Re Peddie's Application can also be seen as reflecting a concern that there would be an injustice if a conflicting mark *not in use* could block registration. Such a notion also clearly emerged in *Electrix Ltd's Application*.¹²⁸ The opponent, Electrolux Ltd, had registered its trade mark ELECTRUX in 1928 but had not used it until 1947. The applicant, Electrix Ltd, had been using its trade mark ELECTRIX since 1933. The Assistant Comptroller found that the applicant made out its case for honest concurrent use, and weighed heavily the disproportionate hardship on Electrix if its mark was not registered.¹²⁹ The Assistant Comptroller said he was "reinforced in this conclusion" by the addition of other special circumstances – namely, the history of the ELECTRIX and ELECTRUX marks.¹³⁰ On appeal, Wynn-Parry J upheld the decision to allow the registration on the basis of honest concurrent use.¹³¹ In a similar fashion, the Judge used "other special circumstances" to bolster his conclusion that there was honest concurrent use.¹³² In particular, Wynn-Parry J took into account the fact that Electrolux Ltd "had revived their mark for the purpose of attacking the Applicant's mark".¹³³

In a decision in the same year, *Re Holt & Coy (Leeds) Ltd's Application*, the Assistant Comptroller took into account 15 years of prior use (before the opponent's use) by the applicant as an "other special circumstance".¹³⁴ The Assistant Comptroller placed weight on the hardship that would be inflicted upon the applicant in refusing registration, relative to the opponent.¹³⁵ On appeal, Lloyd-Jacob J

127 At 317. By contrast, in *Bali Trade Mark (No 2)* [1978] FSR 193 (Ch) – a case about honest concurrent use – Fox J in refusing registration placed weight on the fact that the applicant's use was objected to by the opponent and was established as an infringing use.

128 *Electrix Ltd's Application* [1957] RPC 369 (Ch).

129 At 375.

130 At 375.

131 At 379–380.

132 At 379. Wynn-Parry J said that he did not read Lord Tomlin's speech in *Alex Pirie* HL, above n 18, as "intending to make an exhaustive statement of the factors which a judge should take into consideration when deciding how to exercise his discretion. The discretion is unfettered, and it appears to me that any relevant circumstance may, and indeed ought, to be considered."

133 At 380. This decision was appealed. When the matter reached the House of Lords (*Electrix Ltd's Application* [1959] RPC 283 (HL)), it was found that ELECTRIX was not distinctive and was inherently incapable of registration as a trade mark in respect of electrically operated appliances.

134 *Re Holt & Coy (Leeds) Ltd's Application* [1957] RPC 289 (Ch).

135 At 292.

endorsed the view that the applicant's prior use could be classed as "other special circumstances" and dismissed the appeal.¹³⁶

The explicit identification of prior use as a special circumstance by Lloyd-Jacob J in *Re Holt & Coy* appeared to be a significant expansion of the exception. This is because it cut across the strict principle of priority in assessing applications for registration, with honest *concurrent* – not *prior* – use and consent being exceptions. However, when it is remembered that s 12(2) is designed to deal with situations that are out of the ordinary, the apparent expansion is tempered by the particular circumstances in *Re Holt & Coy*. The applicant claimed use since 1909 – 15 years prior to the opponent's first use. The applicant continued to use the trade mark since 1909 and concurrently with the opponent's mark from 1924, and there was no evidence of confusion.¹³⁷ The prior use relied upon therefore augmented a significant period of concurrent use. The special circumstances were not prior continuous use per se (without more).

Perhaps the most expansive approach to "other special circumstances" occurred in "*ACEC*" *Trade Mark*, which seemed to recognise that use outside the jurisdiction could be a special circumstance.¹³⁸ In assessing the case for registration under s 12(2), the Assistant Comptroller observed that the applicant was a large Belgian company which had used the relevant trade mark extensively overseas.¹³⁹ The Assistant Comptroller found that the hardship to the applicant in not allowing registration would outweigh any hardship to the opponent.¹⁴⁰ Later commentary in *Kerly's Law of Trade Marks and Trade Names* viewed this case as standing for the proposition that "other special circumstances" could capture a situation where the mark was "the ordinary mark of a foreign company so that it would cause hardship if it could not be used" in the United Kingdom.¹⁴¹ However, this proposition should be viewed with some caution. First, the finding in "*ACEC*" *Trade Mark* under s 12(2) was obiter, as it was held that, because of differences between the applicant's mark and the opponent's mark, registration was not barred by ss 12(1) or 11.¹⁴² Secondly, the Assistant Comptroller's evaluation under s 12(2) also encompassed consideration of concurrent use.

136 At 294 and 296. Lloyd-Jacob J reasoned that there should be continuity with the defence for prior continuous use in s 7 of the 1938 Act. This section (in line with s 41 of the 1905 Act) provided that a registered trade mark owner could not object to a prior continuous user of a trade mark "being put on the register" in respect of its conflicting trade mark.

137 At 295.

138 "*ACEC*" *Trade Mark* [1965] RPC 369 (Trade Marks Registry).

139 At 373.

140 At 373.

141 TA Blanco White and Robin Jacob *Kerly's Law of Trade Marks and Trade Names* (10th ed, Sweet & Maxwell, London, 1972) at [10.21].

142 "*ACEC*" *Trade Mark*, above n 138, at 372.

C Cases Under the 1953 Act

New Zealand courts and IPONZ had few opportunities to add to the case law of England and Wales when considering claims for "other special circumstances" under the 1953 Act. Such limited case law tended to suggest that the special circumstances had to be in existence at the date the applicant filed its trade mark application.¹⁴³ However, a rare decision released in 1999 – *VB Distributors Ltd v Matsushita Electric Industrial Co Ltd* – indicated that New Zealand courts were not constrained to looking at special circumstances that existed at the application date.¹⁴⁴ Although obiter, Hammond J accepted the submission of VB Distributors Ltd's counsel that it was permissible to look at events after the date of the application in applying the provision.¹⁴⁵ The Judge reasoned that s 17(2) (which, as explained above, later became s 17(5)) was an "ameliorating" provision and the actual period of concurrent use (or other special circumstances) would be relevant to the exercise of discretion.¹⁴⁶ The case was unusual because the trade mark application under consideration was filed in 1985 and VB Distributors Ltd commenced use in 1986. However, a hearing on the fate of the application was not held until 1998. The Judge commented that the marks had safely co-existed for years and the "equities of the case patently support[ed] concurrent registration".¹⁴⁷

The principle that circumstances and use after the date of the application could be taken into account was followed in the IPONZ decision *Th Goldschmidt AG v Tergo Industries Ltd*.¹⁴⁸ In that case, the applicant was successful in its claim for honest concurrent use. There had been 20 years of use prior to the priority date of the application, concurrent use and use after the priority date. The Assistant Commissioner would – had it been necessary – have found in favour of the applicant under the "other special circumstances" limb. The Assistant Commissioner also observed, citing *Kiwi Polish*, that "[u]se elsewhere does not constitute special circumstances".¹⁴⁹ This made it clear that any prior or concurrent use had to be in New Zealand.¹⁵⁰

143 See for example *Re Trade Mark Solprene* (1980) 1 NZIPR 310. This case was considering honest concurrent use but there was emphasis on the position at the application date. Yet, it was also remarked that "evidence of use subsequent to the application date is of course relevant in showing whether or not confusion has actually occurred": at 338. See also Mark Davison and Ian Horak *Shanahan's Australian Law of Trade Marks and Passing Off* (7th ed, Thomson Reuters, Sydney, 2022) at [40.2505]: "The circumstances probably need to be in existence as at the priority date of the application".

144 *VB Distributors Ltd*, above n 49.

145 At [81]–[82].

146 At [82].

147 At [97].

148 *Th Goldschmidt AG v Tergo Industries Ltd* IPO T56/2001, 10 December 2001 at 18.

149 At 17.

150 See also Brown and Grant, above n 113, at [2.5.2].

D Summary

The original purpose of the "other special circumstances" exception under the 1905 Act was to grant registration to a trade mark where this would achieve justice between the applicant and the owner of a conflicting registration.¹⁵¹ Courts initially interpreted the exception narrowly, giving primacy to protecting the public from deception. However, United Kingdom and New Zealand case law from 1938 took a more liberal approach and indicated that a range of circumstances may be special in this sense and justify registration. Leaving aside "*ACEC*" *Trade Mark*, such case law about "other special circumstances" primarily cohered around augmenting an applicant's claim to honest concurrent use where such a claim was deficient in some way, eliminating perceived injustice where the conflicting trade mark has not been used or where the owner of the conflicting mark acted inequitably,¹⁵² and reflecting the merits of an applicant's claim where it had prior use and goodwill in the marketplace before concurrently using the mark alongside the conflicting registration. No case law unequivocally found that evidence of prior continuous use would automatically satisfy a finding of "other special circumstances".¹⁵³ Prior continuous use, though, was unquestionably one of the considerations in determining whether it would be unjust to refuse registration.

In light of such jurisprudence, and the original purpose of the exception, in the final Part, I critically evaluate New Zealand case law under the 2002 Act.

V EVALUATING THE EXISTING AND FUTURE SCOPE OF "OTHER SPECIAL CIRCUMSTANCES" UNDER THE 2002 ACT

A A Necessary Bulwark Against the ICB v SC Johnson decision

The Supreme Court's observation in *ICB v SC Johnson* that "other special circumstances" could overcome a s 25 conflict that existed at the date of application (but did not exist at a later date when the conflicting registration was removed) was not novel. The use of "other special circumstances" in such a situation had already been highlighted by the Court of Appeal in *NV Sumatra Tobacco Trading*

151 Fox J appeared to restate this purpose some 70 years later in *Bali Trade Mark (No 2)*, above n 127, at 221, where he said the exception deals with circumstances "which justify taking the case out of the ordinary rules so that justice may be done to the applicant". This statement was subsequently cited in *Re Lacoste*, above n 62, at [49].

152 In *Budweiser Trade Marks*, above n 47, at 920, it was also noted that it would be unlikely that an applicant could rely on the "other special circumstances" exception if its actions "could properly be stigmatised as dishonest".

153 See also DR Shanahan *Australian Trade Mark Law and Practice* (Law Book Co, Sydney, 1982) at 168: "Generally 'special circumstances' have only been something to consider along with concurrent use in weighing the case for registration".

Co v New Zealand Milk Brands Ltd.¹⁵⁴ In the Court of Appeal,¹⁵⁵ the thrust of Sumatra's arguments under s 26(b) was that Milk Brands had "inappropriately maintained trade mark registrations" covering goods it did not manufacture or trade in.¹⁵⁶ As a result of a revocation action being filed in 2006, the specifications of some of Milk Brands' conflicting registrations had been pared back. Sumatra argued Milk Brands knew that the goods covered by its registration were vulnerable to being pared back and "there was in reality no material overlap between Sumatra's specification" and the "range of goods for which Milk Brands was justified in maintaining a trade mark registration".¹⁵⁷ Sumatra argued that this was a special circumstance, and that if its application did not proceed to registration it would find itself being blocked by another trader maintaining a registration for merely defensive reasons. The Court of Appeal accepted Sumatra's arguments that there were other special circumstances.¹⁵⁸ *NV Sumatra* was followed by an Assistant Commissioner in *The Eden Park Trust v Cinq-Huitiemes SA*, a case with broadly similar factual circumstances.¹⁵⁹

The notion that the vulnerability of a conflicting registration to removal (as at the date of application) is a special circumstance can also be traced to, and is consistent with, *Re Peddie's Application* and *Electrix Ltd's Application*. Such a notion is also consistent with the purpose of achieving justice between the parties. Since as long ago as *Edwards v Dennis*, the courts have been reluctant to allow a trader to enforce rights in registered trade marks which they are not using.¹⁶⁰ The principle of "use or lose it" has now become well enshrined as a core principle in New Zealand trade mark law.¹⁶¹ It is difficult to argue that it would be just to allow a trade mark registrant to enforce its

154 *NV Sumatra*, above n 50.

155 As noted at [65], this was a new point raised on appeal and was not considered by Dobson J in *New Zealand Milk Brands Ltd v NV Sumatra Tobacco Trading Co* HC Wellington CIV-2007-485-2485, 28 November 2008. New Zealand Milk Brands' registrations had not yet been partially revoked when the High Court hearing took place.

156 *NV Sumatra*, above n 50, at [66].

157 At [68].

158 The Court noted that there was still similarity between some of the goods covered by Sumatra's application and the pared back goods of certain of Milk Brands' registrations: at [72]–[73]. However, it found that registration of Sumatra's application should not be precluded under s 25(1)(b) and (c) in relation to cereal, biscuits and confectionery: at [74]. The Court also found that the conclusion under s 17(1)(a) should follow from its finding in relation to s 25(1)(b) and (c) and s 26(b): at [79]. That is, if Sumatra's mark was registered with the full range of goods included in the specification, there would be a breach of s 17(1)(a). However, if the application proceeded only in relation to cereal, biscuits and confectionery, there would be no contravention of s 17(1)(a): at [79].

159 *The Eden Park Trust v Cinq-Huitiemes SA* IPO T33/2011, 20 September 2011.

160 *Edwards v Dennis* (1885) 30 Ch D 454 (CA); and Rob Batty "The rise, fall and convulsion of the intent to use requirement under New Zealand trade mark law" (2020) 10 QMJIP 87 at 89.

161 *Tasman Insulation New Zealand Ltd v Knauf Insulation Ltd* [2014] NZHC 960, (2014) 108 IPR 162 at [72].

rights (whether in the context of an opposition or otherwise) in respect of a trade mark it has not been using for the applicable non-use period, or which is in some other way invalid.¹⁶² One can have no quibble that the vulnerability of the conflicting registration to removal should be seen as a special circumstance.

It is, though, worth reflecting on whether an applicant's reliance on s 26(b) in such situations is truly necessary. As Handler and Burrell have pointed out, the Supreme Court in *ICB v SC Johnson* appears to have overweighted the need for a pure register *at all times*.¹⁶³ Finding that the application date remains relevant in terms of s 25 (when an application to revoke is filed) loses sight of the fact that the assessment under s 25 is designed to be a forward-looking evaluation.¹⁶⁴ This explains why, for instance, conflicting trade marks (at the date of application) that are not renewed and are removed from the Register do not and should not prevent registration. As Handler and Burrell correctly observe, the problem of two conflicting trade marks being on the Register at the same time identified by the Supreme Court is illusory if the assessment of s 25 is made at the actual date of entry on the Register. *At that date* – and as the Court of Appeal also recognised – the conflicting trade mark is no longer registered and the ground of refusal falls away.¹⁶⁵ In addition, and again as commentators have pointed out, and as the Court of Appeal warned, the reasoning and end result in *ICB v SC Johnson* creates a host of practical problems for applicants seeking registration of their trade mark.¹⁶⁶

Had the Supreme Court followed the approach of the Court of Appeal, such doctrinal and practical problems could have been avoided. Further, and more significantly in respect of s 26(b), "other special circumstances" would have less work to do in situations where a conflicting registration existed at the date of application (but not at a later date when the conflicting registration was removed). However, that is not the case, and, as *ICB v SC Johnson* is a decision of the Supreme Court, the law is unlikely to change absent an amendment to the 2002 Act. Thus, it is necessary that the "other special circumstances" exception in s 26(b) continues to embrace similar circumstances such as those in *NV Sumatra*, *ICB v SC Johnson* and *The Eden Park Trust*. It is therefore pleasing to see that the updated IPONZ practice guidelines state that IPONZ will be "taking a relatively broad interpretation of special circumstances in cases where a cited mark is revoked after the trade mark application date".¹⁶⁷

162 Handler and Burrell, above n 28, at 292–293 note that consideration could be given to a legislative change to make the owner of a conflicting trade mark prove it has made genuine use of the trade mark it wants to rely upon in an opposition, as in Europe and the United Kingdom.

163 Burrell and Handler, above n 27, at 32.

164 Handler and Burrell, above n 28, at 290.

165 At 290.

166 At 287; *ICB CA*, above n 25, at [79]–[82]; and Nick Holmes "New Zealand's highest court find that 'zombies' do exist in New Zealand after all" (14 December 2020) Davies Collison Cave <<https://dcc.com>>.

167 IPONZ "Practice guidelines: Overcoming a citation" (24 August 2022) <www.iponz.govt.nz> at [5.3].

B The Sandwich Principle

IPONZ has also taken a lead in developing its own practice to give effect to the so-called "sandwich" principle under s 26(b).¹⁶⁸ This principle holds that the owner of earlier trade mark rights should be able to register the same or highly similar marks for similar goods, even though an intervening mark has been registered by a different owner. There is no historical case law discussing such a principle. However, IPONZ started contemplating such a principle in 2014. The sandwich principle and the history of its development was considered in *Re Lacoste*.¹⁶⁹ Lacoste filed an application to register a composite trade mark comprised of an image of a crocodile and the word "Crocodile", as shown below.

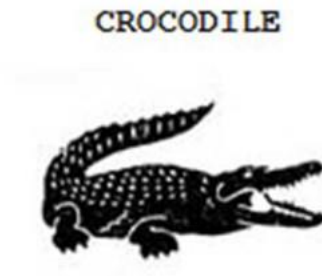


Figure 4: Lacoste's Composite Mark

IPONZ objected to registration on the basis of s 25, citing a conflicting application with an earlier priority date filed by another party, Crocodile International Pte Ltd (CIPL). CIPL's earlier conflicting application was in abeyance pending the outcome of other proceedings involving Lacoste. Lacoste argued that "other special circumstances" applied, and its application should be accepted. Lacoste identified that it was the owner of earlier, separate trade mark registrations for the word "CROCODILE" and for the image of the crocodile, as shown below.

168 At [5.1].

169 *Re Lacoste* [2015] NZIPOTM 7 at [70].

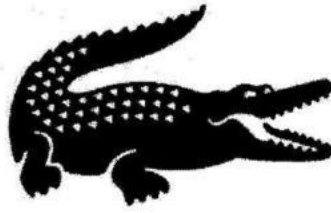


Figure 5: Lacoste's Device Mark

Lacoste also argued that it had used the two elements of the composite mark extensively for a number of years. IPONZ was not persuaded. It considered that Lacoste's earlier device mark (above) was visually dissimilar to the composite mark because of the "crocodile" word element. Further, as CIPL's mark was not registered, IPONZ did not think a "sandwich" mark scenario existed and issued a notice of intention to reject the application.

At a subsequent hearing, the Assistant Commissioner ordered a halt in proceedings pending the outcome of CIPL's other proceedings with Lacoste.¹⁷⁰ The Assistant Commissioner went on, though, to offer her views on the sandwich principle, noting the lack of case law.¹⁷¹ The Assistant Commissioner thought that for the sandwich principle to apply the intervening and cited mark must be registered.¹⁷² In so doing, the Assistant Commissioner agreed with IPONZ that accepting Lacoste's application for registration in light of CIPL's accepted but not registered mark would undermine the principle of priority at the heart of the trade mark system and create uncertainty and unfairness for CIPL.¹⁷³ CIPL would potentially be forced to oppose a mark which, "but for special circumstances, may not have proceeded to acceptance".¹⁷⁴

Lacoste appealed. On appeal, Clark J declined to express any views on the sandwich principle.¹⁷⁵ Nevertheless, in my opinion, the sandwich principle fits with the purpose of the "other special circumstances" exception and the historical jurisprudential developments outlined in Part IV. The principle rests on the fairness of an applicant securing registration where it has prior rights. If the applicant has prior rights, its existing protection likely embraces its later filed application. The "penumbra" of protection conferred by a trade mark registration extends to similar marks and similar

¹⁷⁰ At [50].

¹⁷¹ At [68].

¹⁷² At [75]–[77].

¹⁷³ At [72], [75] and [76].

¹⁷⁴ At [37.3], detailing IPONZ's formal notice of intention to reject the application under s 25(1)(b).

¹⁷⁵ *Re Lacoste*, above n 62, at [65].

goods and services (where there would be a likelihood of confusion).¹⁷⁶ The owner would likely succeed in an infringement action based on its earlier registration if another trader were to use the mark covered by its later filed application. Accordingly, I think it is difficult to argue against application of the sandwich principle as a special circumstance. That said, to be consistent with the purpose of the "other special circumstances" provision, it should be limited to situations where it has not been established that the earlier registration is itself vulnerable to revocation on the grounds of non-use. If this were not the case, an applicant could be acquiring further rights without the consumer "search cost" benefits that are associated with use in the marketplace.¹⁷⁷

Moreover, to ensure justice, the sandwich principle should be narrowly construed as intimated by the current IPONZ practice guidelines. That is, it should be constrained to a substantially similar mark for the same or very similar goods/services, where there could be no doubt that its prior rights would embrace the later application. A wider approach to similarity of marks would impinge on the first in time principle and enable traders to extend the penumbra of protection and potentially allow a trader to monopolise a particular idea or concept.¹⁷⁸ A wider approach to the similarity of goods or services would also cut across the principle of speciality in trade mark law that allows traders to "share" marks in relation to different goods or services.¹⁷⁹

C Taking into Account Prior Use

While Clark J in the appeal to *Re Lacoste* did not engage with the sandwich principle, she did find that special circumstances existed. The Judge said a core "first principle" in determining whether to apply "other special circumstances" was the "nature and extent of the applicant's use of the trade mark it seeks to register" and that "[t]his is no more than one of the considerations when deciding whether honest concurrent use exists".¹⁸⁰ There was no evidence of use of Lacoste's composite mark prior to its filing date. However, it was uncontested that there had been significant prior use of Lacoste's *device* mark and that there was widespread market awareness of this mark in New Zealand. Clark J reasoned that it was appropriate to take into account whether Lacoste has demonstrated use of a trade mark having the same distinctive character as the mark it was seeking to register.¹⁸¹

176 *Crocodile International*, above n 57, at [46]. See also the discussion of the ambit of the umbra and penumbra of a trade mark registration in *Energy Beverages*, above n 63, at [65] and [101].

177 On search costs, see above n 2.

178 *Crocodile International*, above n 57, at [62].

179 On this principle generally, see Ilanah Simon Fhima "Same Name, Different Goods – Death of the Principle of Specialty" in Ilanah Simon Fhima (ed) *Trade Mark Law and Sharing Names: Exploring Use of the Same Mark by Multiple Undertakings* (Edward Elgar, Cheltenham, 2009) 101.

180 *Re Lacoste*, above n 62, at [50].

181 At [56].

Conscious of the Supreme Court's approach in *Crocodile International Pte Ltd v Lacoste* in making the assessment of whether a similar trade mark had been used in a revocation context,¹⁸² Clark J observed that a less rigorous approach was appropriate under s 26(b) because the enquiry into special circumstances is "likely to engage principles beyond the ordinary rules in order to do justice to the applicant".¹⁸³ Clark J reasoned that the distinctive image of the crocodile in Lacoste's device was "unaltered" by its presence in the composite mark, despite the addition of the word "crocodile".¹⁸⁴ The Judge also took into account the fact that CIPL had no trading presence in New Zealand, Lacoste had not copied or appropriated the composite mark, and there would be considerable inconvenience to Lacoste if it could not register its mark but no inconvenience to the public because CIPL had not used its mark and had no reputation in its mark in New Zealand.¹⁸⁵

As with *Re Holt & Coy*, in my view, one should be wary of seeing *Re Lacoste* as sanctioning that prior use should *in itself* inevitably be considered a special circumstance. As explained above, in *Re Lacoste*, Clark J also took into account other factors and the Judge's reasoning was guided by the rationale of recognising the "justice of the applicant's case".¹⁸⁶ Indeed, the consideration of prior use of a similar trade mark in *Re Lacoste* can be seen as, again, responding to the limitations of "honest concurrent use". Lacoste had attempted to argue that it had made honest concurrent use of its trade mark. However, this was rejected as CIPL had not used its trade mark, meaning Lacoste's use was not *concurrent* with CIPL's conflicting application.¹⁸⁷

Further, viewed in the context that prior use is a consideration in a wider evaluation of whether other special circumstances exist, I think Clark J's suggestion in *Re Lacoste* that it is appropriate to take a less rigorous approach to assessing evidence of prior use of a trade mark may be justified in certain circumstances. In particular, the Supreme Court in *Crocodile International* indicated that a less strict approach to assessing whether the use of a differing trade mark in the marketplace could be equated with genuine use of a trade mark (as depicted on the Register) could apply where the trade mark has a strong reputation.¹⁸⁸ Acceptance of this notion in the context of s 26(b) arguably aligns with the realities of consumer perception and the scope of protection provided by passing off for trade marks with a strong reputation in the marketplace. Such alignment may be desirable because, where the law would "throw some other form of protection" around a trade mark in a passing off context,

¹⁸² *Crocodile International*, above n 57.

¹⁸³ *Re Lacoste*, above n 62, at [56].

¹⁸⁴ At [64].

¹⁸⁵ At [63].

¹⁸⁶ At [50].

¹⁸⁷ At [44] and [47].

¹⁸⁸ *Crocodile International*, above n 57, at [52]: "a strong reputation in a trade mark may mean that greater changes can be made before distinctive character is lost than would be the case for a less established brand."

arguably a trader ought to be able to secure registration.¹⁸⁹ That said, except in cases where the earlier trade mark enjoys a strong reputation in the marketplace, for the reasons outlined above in respect of the sandwich principle, I think adjudicators should be cautious. *Re Lacoste* should not be seen as sanctioning an expansive approach to assessing evidence of prior use when determining whether other special circumstances exist which make registration of an application "proper" under s 26(b).

D The Broader Debate About Prior Continuous Use

The consideration of prior use in *Re Lacoste* is also germane in highlighting an ongoing debate as to whether evidence of prior use should automatically satisfy the "other special circumstances" exception. Under the 2002 Act IPONZ developed a practice whereby it refused to consider prior use (whether under s 26(b) or not) as a mechanism to cover a conflicting trade mark.¹⁹⁰ Its practice guidelines provided that it would not consider arguments that an applicant has used a mark in New Zealand prior to the priority date.¹⁹¹ This practice generated criticism in the profession, which came to the fore when the Ministry of Business, Innovation and Employment (MBIE) released a discussion paper on possible amendments to intellectual property legislation.¹⁹² This discussion paper posed the question whether the 2002 Act should be amended to:¹⁹³

... expressly provide for the Commissioner of Trade Marks to consider the circumstances of prior continuous use as a ground to overcome the citation of a trade mark registration with an earlier priority date ...

This question was prefaced by MBIE identifying the ambiguities around "other special circumstances" and noting that practitioners had questioned IPONZ's narrow approach. The discussion paper recorded that s 44(4) of Australia's Trade Marks Act 1995 (Cth) provides an exception for prior continuous use.¹⁹⁴

The discussion paper further noted that IPONZ had considered amending its practice guidelines to allow prior use to be taken into account under s 26(b) but had concerns that a change in practice

189 Michael Handler and Robert Burrell "Reconciling Use-Based and Registration-Based Rights Within the Trade Mark System: What the Problems With Section 58A of the *Trade Marks Act* Tell Us" (2014) 42 FL Rev 91 at 113.

190 Pipers IP "Submissions Why IPONZ's Current Practice Not to Consider Prior Use as an Other Special Circumstance within the Provision of Section 26(b) of the 2002 NZ TM Act is Ultra Vires and Unlawful" (18 January 2022) (on file with author) identifies that the practice seems to have commenced in 1998.

191 IPONZ "Practice guidelines: Overcoming a citation" (27 October 2015) <www.iponz.govt.nz> at [2.1].

192 Ministry of Business, Innovation and Employment *Discussion Paper: Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953* (May 2019).

193 At 74.

194 At 74.

would leave some marks vulnerable to invalidation given the ambiguities around whether the "other special circumstances" exception could validly take into account prior use. MBIE recommended that the 2002 Act be amended along the lines of s 44(4) of the Trade Marks Act 1995 (Cth). This suggestion found support from submitters.¹⁹⁵ One submitter noted (perhaps generously) that such a change would be in line with how "other special circumstances" has always been interpreted.¹⁹⁶

The Government indicated in 2020 that it will amend the 2002 Act to introduce a prior continuous use exception to an objection under s 25.¹⁹⁷ This exception would appear to be intended to be a mirror of s 96 of the 2002 Act. Section 96 provides that a registered trade mark is not infringed by the use of an unregistered trade mark if the unregistered trade mark has been used continuously and its use commenced earlier than the date of the application of the registered trade mark or its first use. However, the introduction of legislation giving effect to this amendment has been delayed.

Subsequently, as part of the Trade Marks Technical Focus Group initiative, IPONZ's practice as to s 26(b) in light of some of the case law under the 1953 Act was queried.¹⁹⁸ In January 2022, Pipers Intellectual Property made extensive written submissions arguing that there was no legal basis for IPONZ's practice of not considering evidence of prior continuous use when assessing whether other special circumstances existed under s 26(b).¹⁹⁹ In light of those submissions, a decision was made by IPONZ to change its practice.²⁰⁰ IPONZ's practice guidelines were amended on 24 August 2022 to state:²⁰¹

Prior use may be one of the various factors which examiners may take into consideration when determining whether special circumstances exist under section 26(b), but prior use on its own may not amount to a special circumstance. Each case will be considered on its merits.

195 Pipers IP "Submissions: Discussion Paper: Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953" (31 July 2019) at 6; Thomas George Robertson "Submissions: Discussion Paper: Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953" (2 August 2019) at 6; New Zealand Law Society "Submissions: Discussion Paper: Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953" (16 August 2019) at 7; and New Zealand Institute of Patent Attorneys Inc "Submissions: Discussion Paper: Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953" (2 August 2019) at 13.

196 Pipers IP, above n 195, at 6.

197 Cabinet Economic Development Committee, above n 13, at [5.2].

198 IPONZ *Trade Marks – Technical Focus Group (TFG) Meeting Minutes* (4 November 2021) at 8.

199 Pipers IP, above n 190.

200 IPONZ *Trade Marks – Technical Focus Group (TFG) Meeting Minutes* (8 March 2022) at 3. See also IPONZ *Trade Marks – Technical Focus Group (TFG) Meeting Minutes* (8 June 2022) at 4–5, referring to the response of IPONZ to the issue of prior use and a proposed practice update.

201 IPONZ, above n 167, at [5.4].

IPONZ's amended practice guidelines appear to be consistent with prior case law that has considered prior use as a special circumstance and indications of legislative intent when drafting the 2002 Act. Further, in my view, the caution in the amended practice guidelines against automatically equating prior use with a special circumstance is well placed. The policy rationale of maintaining the usual rules of priority and the certainty this engenders is a strong reason against finding prior use is necessarily a special circumstance. It is not difficult to envisage a scenario which may enliven such concerns. For example, consider a situation where a trader has started using a trade mark in relation to its new business. The trader searches the Register, finds it clear and then files and registers a trade mark. Subsequently a second trader files a trade mark application relying on minimal, perhaps localised, prior use of the same or a similar trade mark.²⁰² If such prior use was inevitably equated with a special circumstance (without considering the wider justice of the situation), the certainty of the system would be diluted, and the security offered by a trade mark registration would be eroded.²⁰³

A first rejoinder to such criticism is that oppositions and invalidations based on prior use under s 32(1) (and, to a lesser extent, the defence under s 96) already subvert the usual rule of priority. The operation of s 32(1), though, is dependent on establishing use prior to the applicant or registrant's *use*. The danger – recognised by the Australian legislature – is that automatically accepting that prior use overcomes a conflicting registration may cause injustice if the owner of the conflicting registration has started use of its mark at an earlier date than the date it filed its trade mark application. This led Australia to amend its legislation and add an additional ground of opposition.²⁰⁴ Further, s 32(1) does not provide a trader who relies on it with registered rights. For example, a person who is able to rely on s 32 to oppose an application based on its prior use must take steps to register its own rights under the 2002 Act and abide by the usual rules of priority.

A second rejoinder is that the Cabinet decision will eventually result in the creation of a separate exception for prior use under the 2002 Act which will render criticisms about priority and certainty moot in respect of the "other special circumstances" exception. Some reservations about this amendment without proper consideration of the interface between registered and unregistered rights under the 2002 Act have been expressed elsewhere.²⁰⁵ For the purposes of this article, I think it is important to reiterate that a stand-alone prior continuous use exception will not eliminate the need for the "other special circumstances" exception. There will be instances of prior use by an applicant which

202 Where such use is localised, though, the second application may be subject to a condition or limitation related to a geographical area. While this practice is anticipated in Australia (see IP Australia "Trade Marks Manual of Practice and Procedure" (20 April 2022) <<https://manuals.ipaustralia.gov.au>> at [28.5]), it is not currently outlined in IPONZ's practice guidelines.

203 Batty, above n 1, at 282–283.

204 Trade Marks Act 1995 (Cth), s 58A. See more generally Handler and Burrell, above n 189.

205 See Rob Batty "Submissions: Discussion Paper: Intellectual Property Laws Amendment Bill – Patents Act 2013, Trade Marks Act 2002, Designs Act 1953" (25 July 2019).

may not fit within the scope of the proposed prior continuous use exception, but which may still be relevant to the question of whether justice would be achieved by permitting registration. Therefore, it will remain important to maintain a coherent scope for the "other special circumstances" exception.

There are a couple of immediately obvious scenarios involving prior use when the "other special circumstances" exception will potentially continue to have work to do, and a prior continuous use exception may not be helpful. The first is where there has been prior use by the applicant before the priority date of the conflicting registration but not prior to the date the owner of the conflicting registration commenced use. Consider, for example, the Australian case of *Richard James Pty Ltd v Grant Olver Investments Pty Ltd*.²⁰⁶ The applicant had been using its trade mark since about 1994. It filed an application in 2003 and this was opposed. The opponent relied upon an earlier trade mark filed in 1988. It was found that the applicant could not rely on honest concurrent use as, while the opponent had used variants, it had never used its trade mark *as it had been registered*.²⁰⁷ The applicant could not rely on the free-standing prior use exception under s 44(4) of the Trade Marks Act 1995 (Cth) given the earlier filing date of the opponent's trade mark. However, registration was granted under Australia's equivalent of the "other special circumstances" provision.²⁰⁸

Secondly, there could be a scenario where the owner of a conflicting registration registers and uses its trade mark first. However, the owner may then suspend its use of the trade mark. This non-use may, because of circumstances outside the control of the owner, prevent the trade mark from being removed.²⁰⁹ The applicant may commence use of its conflicting trade mark during the non-use period and may apply to register the trade mark after several years of use in the marketplace. In the face of an objection under s 25, the applicant would not be able to rely on prior continuous use or honest concurrent use. However, the injustice of not allowing registration in this situation may well support a finding that other special circumstances exist under s 26(b).

E Other Situations and Future Developments

Škoda Auto as v Škoda Investment AS indicates that other special circumstances may also bolster arguments that the owner of a conflicting registration has consented to registration under s 26(a).²¹⁰ In that case, the opponent consented to registration of the mark ŠKODA DRIVEN BY POSITIVE ENERGY for certain goods in class 9, but not others. The applicant sought to rely on s 26(b). There

²⁰⁶ *Richard James Pty Ltd v Grant Olver Investments Pty Ltd* [2005] ATMO 18.

²⁰⁷ However, I agree with the observation of Robert Burrell and Michael Handler *Australian Trade Mark Law* (2nd ed, Oxford University Press, Victoria) at 288 that: "it is far from clear that the hearing office was correct in concluding that honest concurrent use could not apply on the facts".

²⁰⁸ *Richard James Pty Ltd*, above n 206, at 12.

²⁰⁹ Trade Marks Act 2002, s 66(2).

²¹⁰ *Škoda Auto as v Škoda Investment AS* [2022] NZIPOTM 5.

was a history of dealings between the parties, including several agreements made governing the use of the mark ŠKODA. The Assistant Commissioner opined that one of the effects of the agreements was that the two parties owned separate rights in marks, including ŠKODA.²¹¹ This was held to be a special circumstance that made it proper to register the mark for further goods.²¹² The IPONZ practice guidelines also indicate that, where consent has been given in the past, this could be a special circumstance.²¹³ In my view, this is consistent with the purpose of the exception.

It is inevitable that a variety of other circumstances will arise, and applicants will try to argue such circumstances come within the exception under s 26(b). Trade mark law consistently throws up unusual and unpredictable scenarios. While it is not appropriate to foreclose various possibilities, including – consistently with *VB Distributors* – circumstances arising after the priority date,²¹⁴ adjudicators should consider some limits or areas of caution. One appropriate limit is to discard consideration of international circumstances or international use such as in "*ACEC*" *Trade Mark*. This is a longstanding principle evident in *Kiwi Polish*,²¹⁵ and *Re Alex Pirie & Sons Ltd's Application*.²¹⁶ Consideration of use in foreign countries appears contrary to the general territorial approach of trade mark law. For example, it has long been established that overseas use and reputation is not relevant to determining whether a mark is distinctive in the United Kingdom.²¹⁷

In my view, a second area of caution concerns arguments about marketplace circumstances or the nature of the goods or services that lessen the prospect of confusion. In Australia, some cases have accepted arguments centred on the nature of the market or the nature of the goods or services as coming within the ambit of "other circumstances".²¹⁸ Given the focus of the exception on avoiding

211 At [72].

212 At [76].

213 IPONZ, above n 167, at [5.2].

214 Compare *Hills Industries Ltd v Bitek Pty Ltd* [2011] FCA 94, (2011) 214 FCR 396 at [163]–[164] and [177]–[178]; and *Tivo Inc v Vivo International Corp Pty Ltd* [2012] FCA 252 at [297].

215 *Kiwi Polish*, above n 102.

216 *Alex Pirie* HL, above n 18, at 160. Lord Tomlin said he was not prepared to accept that under s 21 of the 1905 Act regard should be had to the position in foreign countries. See also *Bali Trade Mark (No 2)*, above n 127, at 220. Compare *Campomar Sociedad Limitada v Nike International Ltd* (1998) 85 FCR 331 (FCAFC) at 335: "in my opinion, it is time to recognise that the phrase 'other special circumstances' in s 34 (to which I shall refer), or any similar expression in a comparable provision (cf s 44(3)(b) of the new Act), is apt to include, in an appropriate case, circumstances involving the use of a mark overseas."

217 *Impex Electrical Ltd v Weinbaum* (1927) 44 RPC 405 (Ch) at 410; and *Re Ford-Werke AG's Application* (1955) 72 RPC 191 (Ch) at 195.

218 See for example *Analyses Conseils Informations ACI v Iguassu (No 16) Pty Ltd & Al Gray Nominees Pty Ltd* [2001] ATMO 4; and *Totally & Permanently Disabled Soldiers' Assoc v Australian Federation of Totally & Permanently Incapacitated Ex-Service Men & Women Ltd* (2001) 52 IPR 626 (ATMO).

injustice, it would be wrong to conclude such arguments could never be given weight. For example, in cases like *Richard James Pty Ltd v Grant Olver Investments Pty Ltd* and *Re Holt & Coy*, longstanding use in the absence of confusion was a compelling consideration. Nevertheless, I consider some caution should be exercised. As the Court of Appeal indicated in *Pharmazen Ltd v Anagenix IP Ltd*, the assessment under s 25 is a fair and notional exercise.²¹⁹ An analysis of marketplace circumstances (without more) risks subverting this principle. Further, in most cases it is the remit of the honest concurrent use doctrine to assess whether there is an absence of a real risk of confusion because of circumstances that exist in the marketplace.

VI CONCLUSION

At first blush, the "other special circumstances" exception in s 26(b) appears to be an obscure and vestigial remnant in New Zealand's trade mark law. However, given that there is currently no exception for prior use, that honest concurrent use requires concurrency of use in the marketplace, and that the Supreme Court has indicated that the revocation of a conflicting trade mark at the date of application does not necessarily remove that trade mark as a barrier to registration, this exception is arguably crucial to the effective functioning of New Zealand's trade mark system. The difficulties for trade mark applicants in relying on "other special circumstances" is that the term is not defined in the 2002 Act and there is little case law. This places IPONZ and the courts in the challenging situation of determining the scope of "other special circumstances".

In this article, by examining the text in light of the context and original purpose, and reflecting on the historical development of the exception, I have argued that the "other special circumstances" exception should be seen as embracing circumstances which are out of the ordinary and which (if registration is not granted) would create an injustice to the trade mark applicant or would reflect an injustice having regard to the position between the trade mark applicant and the owner of the conflicting registration. I have defended the generally cautious development of the limited New Zealand jurisprudence and practice relating to the exception. In my view, it would be wrong to allow the "other special circumstances" exception to develop into a broad and unfettered exception that undercuts the usual rule of priority and undermines certainty for other users of the trade mark system.

The interrelationship between prior continuous use and the "other special circumstances" exception has been an area of ongoing contention. I have argued that while prior use is a relevant consideration, given that the exception responds to the overall justice of a situation, prior use should not be automatically treated as "other special circumstances". Current IPONZ practice is consistent with this notion. The future introduction of an express statutory exception for prior continuous use complicates matters and will also likely diminish some of the previous reliance by trade mark applicants on "other special circumstances". However, inevitably, out-of-the-ordinary scenarios beyond prior continuous use will continue to arise, and traders or their advisers will seek to rely on

²¹⁹ *Pharmazen*, above n 8, at [35].

the "other special circumstances" exception in order to register their marks. Further, given the Supreme Court's decision in *ICB v SC Johnson*, the exception will remain necessary. A cogent account of the meaning and scope of the "other special circumstances" exception is therefore required.

