



UNSW Law & Justice Research Series

**Zombie Marks Redux: Is
Australia Safe from the New
Zealand Variant?**

Robert Burrell and Michael Handler

[2024] *UNSWLRS* 4
(2022) 33 *Australian Intellectual Property
Journal* 19-33

UNSW Law & Justice
UNSW Sydney NSW 2052 Australia

E: LAW-Research@unsw.edu.au

W: <http://www.law.unsw.edu.au/research/faculty-publications>

AustLII: <http://www.austlii.edu.au/au/journals/UNSWLRS/>

SSRN: <http://www.ssrn.com/link/UNSW-LEG.html>

Zombie Marks Redux: Is Australia Safe from the New Zealand Variant?

Robert Burrell and Michael Handler*

(2022) 33 *Australian Intellectual Property Journal* 19-33

ABSTRACT

In International Consolidated Business Pty Ltd v SC Johnson & Son Inc, the New Zealand Supreme Court interpreted the New Zealand trade mark statute in a manner that leaves open the possibility of unused marks whose registrations have been revoked turning into “zombies” and blocking the registration of later, similar marks. In this article we explore the implications of this decision for Australia. Specifically, we analyse the new normative justification for recognising zombie marks put forward by the New Zealand Supreme Court, and its reinterpretation of the old British cases on which the current Australian approach rests. We argue that both the justification and the reinterpretation are unconvincing and ought not to be followed in Australia. We also show that the Supreme Court’s decision rests on a misunderstanding of a provision of the New Zealand statute that allows for orders for the removal of a mark to be “backdated” to an earlier point in time, and suggest that while the introduction of such a provision into Australian law would be beneficial, it should not be interpreted in such a manner that would open the door to zombie marks.

* Robert Burrell: Professor, Intellectual Property and Information Technology Law, Faculty of Law, University of Oxford; Professor, Melbourne Law School. Michael Handler: Professor, School of Private and Commercial Law, Faculty of Law & Justice, UNSW Sydney. Our thanks go to Rob Batty, Nick Holmes, Emily Hudson, Megan Jones, Ng-Loy Wee Loon, and the anonymous referee.

I. INTRODUCTION

Australian trade mark law has suffered from uncertainty over recent years as to the whether the “conflicts between marks” ground of rejection contained in s 44 of the *Trade Marks Act 1995* (Cth) (*TMA 1995*) should be assessed solely by reference to the state of the trade marks register at the applicant’s priority date. This has the distinction of being both an incredibly dry and technical question of trade mark doctrine, but also a question that if answered incorrectly could cause enormous disruption to the operation of the trade mark system. Several years ago, we argued at length in this journal that the “priority date must prevail” view of s 44 must be rejected: it is wrong in principle, would produce absurd results and would cause widespread inconvenience for trade mark owners.¹ The essence of the problem with the priority date must prevail view is that marks that are expunged from the register in the period between the applicant’s priority date and the time that the s 44 issue is determined will continue to form a barrier to acceptance of the applicant’s mark. We coined the term “zombie marks” to describe the phenomenon of marks continuing to have a strange sort of half-life even after their removal from the rolls of the living.

In the period since we wrote that article it has been gratifying to see both the Australian Trade Marks Office and the Federal Court taking steps to reject the priority date must prevail view, with even the language of zombie marks getting a degree of traction. Consequently, although the matter could not be regarded as definitively settled, it looked as though Australian law was back on a sensible path. Unfortunately, however, and consistent with the plot of the most predictable sort of horror film, just as the danger seemed to have passed, events have now taken a new and concerning twist. Specifically, in *International Consolidated Business Pty Ltd v SC Johnson &*

¹ Michael Handler and Robert Burrell, “Zombie Marks? Ceased Registrations, Failed Applications and Citation Objections under s 44 of the Trade Marks Act” (2013) 23 AIPJ 206.

Son Inc (ICB v Johnson),² the New Zealand Supreme Court interpreted the *Trade Marks Act 2002* (NZ) (*TMA 2002 NZ*) in a manner that leaves open the possibility of unused, revoked marks turning into “zombies” and blocking the registration of later, similar marks.

ICB v Johnson is of considerable significance for Australian audiences. At a practical level, anyone wishing to register a trade mark in New Zealand will need to think carefully about whether they need to adjust their filing strategies in light of this decision. In this article, however, we focus not on these problems, but rather on why *ICB v Johnson* may prove to be important in policy terms. At the most general level, this case may signal that the issue of zombie marks ought not to be regarded as settled. But beyond this, there are at least three other reasons why *ICB v Johnson* is important. First, the New Zealand Supreme Court provided a normative justification for recognising zombie marks and if left unchallenged this justification may have the potential to persuade Australian tribunals to shift their approach.³ Second, *ICB v Johnson* turns in part on a reinterpretation of old British case law. Since the modern Australian approach rejecting zombie marks can trace its roots to the old British approach, the reinterpretation proposed in *ICB v Johnson* has the potential to chip away at the foundations of current Australian law and practice. Third, *ICB v Johnson* shows that there is a risk in introducing a mechanism to allow orders for the removal

² *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92; [2020] NZSC 110.

³ In this regard, it is worth noting that there is a long history of Australian tribunals looking to New Zealand for guidance on the interpretation of Australian trade mark law. Most notably, the New Zealand Court of Appeal’s decision in *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1978] 2 NZLR 50 on “deception” and “confusion” has been relied on by the Federal Court in numerous decisions (including by the Full Court in *Riv-Oland Marble Co (Vic) Pty Ltd v Settef SPA* (1988) 19 FCR 569 and *Coca Cola Co v All Fect Distributors Ltd* (1999) 96 FCR 107; [1999] FCA 1721). Further examples are *BP plc v Woolworths Ltd* (2004) 212 ALR 79; [2004] FCA 1362, where Finkelstein J relied on the New Zealand High Court’s approach to differentiating between the definition and representation of the mark in *Levi Strauss & Co v Kimbyr Investments Ltd* [1994] 1 NZLR 332, and the “keyword advertising” case of *Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd* (2016) 241 FCR 161; [2016] FCA 255, where Katzmann J gave extensive consideration to Asher J’s decision in *Intercity Group (NZ) Ltd v Nakedbus NZ Ltd* [2014] 3 NZLR 177; [2014] NZHC 124.

of a mark from the register to be backdated. Australia is now unusual among British Commonwealth countries in not having such a mechanism and while we think that allowing orders for removal to be backdated would be desirable, this should not come at the cost of opening the door to the resurgent ranks of undead marks.

II. THE CURRENT POSITION IN AUSTRALIA

The longstanding approach of the Australian Trade Marks Office when applying s 44 of the *TMA 1995* is to consider whether an earlier conflicting mark is on the register, or whether there is a current application for registration of a conflicting mark, at the time of making the decision. This approach underpins key elements of current trade mark practice. Applicants for registration will want to file as early as possible to ensure that they can gain priority over a third party that might happen to file for registration of a confusingly similar mark at around the same time. It is also to ensure that once their mark is registered, their rights are backdated to the earliest possible date. Well-advised applicants will search the register before filing, but if they identify a potentially conflicting mark and wish to proceed, those applicants will still want to file for registration as soon as is practicable and then wait to see if they receive an adverse report (bearing in mind that there are a large number of borderline cases in which it can be very difficult to predict whether the examiner will raise s 44 as a ground of rejection). If s 44 is raised, a common strategy is for the applicant to “clear” the register. In some cases, this may involve no more than patience: the cited mark may itself be a pending application that is highly likely to lapse or be refused, or registration of the cited mark may be about to expire. In other cases, this may involve seeking to have the earlier mark expunged from the register through removal or cancellation proceedings or by persuading the Registrar to revoke the registration of the mark.⁴

⁴ For detailed discussion, see Robert Burrell and Michael Handler, *Australian Trade Mark Law* (OUP, 2nd ed, 2016) 294–296.

If, however, Australia were to embrace the view that in applying s 44 the decision-maker should look to the state of the register at the applicant's priority date, none of the above strategies would be open to an applicant for registration. The register would be treated as fixed at that point in time and clearing the earlier problematic mark would not be sufficient to overcome the s 44 hurdle. If the priority date must prevail approach were to be accepted, it would create a host of undesirable consequences. It would mean that earlier conflicting marks whose registrations are later cancelled or subsequently expire, or earlier applications for registrations that never proceed to registration, would remain permanent bars to the registration of later marks. It would call into question the validity of thousands of marks that have been registered after the Office had withdrawn a s 44 objection because the state of the register had changed.⁵ Nevertheless, there was a time a few years ago when there seemed to be a real prospect of Australian law moving in this direction. Most significantly, it was an idea that received a sympathetic hearing in *Chia Khim Lee Food Industries Pte Ltd v Red Bull GmbH (No 1)* (*Chia Khim Lee*).⁶

The strongest point in favour of the priority date must prevail view raised in *Chia Khim Lee* was the argument that in *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd (Southern Cross)*⁷ the High Court established an “unqualified principle” that the rights of the parties are to be determined as at the date of the application for registration.⁸ As we have argued at length previously, our view is that this reading of *Southern Cross* should be rejected, inter alia, because there was

⁵ Handler and Burrell, n 1, 216–219.

⁶ *Chia Khim Lee Food Industries Pte Ltd v Red Bull GmbH (No 1)* [2012] FCA 1184, [84]–[85] (Dodds-Streton J) (holding that it would be inappropriate to resolve this issue before trial, but accepting that there were “clear, unqualified and authoritative general statements that the rights of the parties must be determined as at the date of the application”).

⁷ *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1953) 91 CLR 592.

⁸ See *Chia Khim Lee Food Industries Pte Ltd v Red Bull GmbH (No 1)* [2012] FCA 1184, [28] (Dodds-Streton J) (citing a submission from the respondent). See also [84].

no issue as to the validity of the earlier mark in that case.⁹ Nevertheless, the interpretation of *Southern Cross* proposed in *Chia Khim Lee* is clearly open, and for that reason only a further decision of the High Court could resolve the matter once and for all. That said, there has been a clear trend away from the priority date must prevail view in the period since *Chia Khim Lee*.

The most authoritative rejection of the priority date must prevail view is to be found in the decision of the Full Court of the Federal Court in *Trident Seafoods Corp v Trident Foods Pty Ltd (Trident)*.¹⁰ In that case the Court had to consider the temporal application of s 44(3)(b) of the *TMA 1995*. That provision sets up an exception to the usual operation of s 44 and provides that a mark may be accepted for registration notwithstanding the presence of an earlier conflicting mark on the register where, “because of other circumstances, it is proper to do so”. Significantly, the Court held “that s 44(3)(b) involves an exercise of discretion in the circumstances as they exist at the time the discretion is exercised rather than as at the priority date of the application”.¹¹ It therefore allowed the mark at issue to proceed to registration based in part on the applicant’s evidence of post-priority date use.¹² In so doing the Full Court departed from the view taken in earlier first instance decisions that it was likely only permissible to take account of circumstances that existed as at the priority date.¹³

The Full Court’s view in *Trident* of the operation of s 44(3)(b) has much to commend it. As a general matter, it recognises that trade mark registration should be regarded as a prospective exercise. It is a process that should look to the state of the

⁹ Handler and Burrell, n 1, 211–213.

¹⁰ *Trident Seafoods Corp v Trident Foods Pty Ltd* (2019) 369 ALR 367; [2019] FCAFC 100.

¹¹ *Trident Seafoods Corp v Trident Foods Pty Ltd* (2019) 369 ALR 367, 387 [83] (Reeves, Jagot and Rangiah JJ); [2019] FCAFC 100.

¹² *Trident Seafoods Corp v Trident Foods Pty Ltd* (2019) 369 ALR 367, 387–388 [85] (Reeves, Jagot and Rangiah JJ); [2019] FCAFC 100.

¹³ See *Hills Industries Ltd v Bitek Pty Ltd* (2011) 214 FCR 396, 423 [177]–[178] (Lander J); [2011] FCA 94; *Tivo Inc v Vivo International Corp Pty Ltd* [2012] FCA 252, [297] (Dodds-Streton J).

register and conditions in the market going forward. It is not a process that can comfortably be analogised to the assessment of patent validity, where it is necessary to assess matters such as novelty and obviousness by reference to a fixed date.

The Full Court’s decision also serves to deal with a potential problem specific to s 44(3)(b) that has not yet been aired in the cases, namely, the implications of the priority date must prevail view for the status of letters of consent. Applicants faced with a ground of rejection under s 44 will often seek to overcome the objection by obtaining a letter of consent from the owner of the cited mark. There are good reasons of policy for respecting such letters, including that the process of obtaining consent may provide the parties with an incentive to negotiate a general division of use agreement that may help avoid conflicts (and consumer confusion) in the future.¹⁴ However, the legal basis for the Office accepting the mark for registration in such circumstances is s 44(3)(b). If s 44(3)(b) only takes account of the situation at the priority date, it is difficult to see how a letter of consent provided after this date could form the basis for allowing a mark to proceed to acceptance.¹⁵

Although welcome, the Full Court’s decision in *Trident* cannot be regarded as having resolved the problem of zombie marks generally. As noted above, because of the role that *Southern Cross* has taken on in this debate, it will probably take another decision of the High Court to put this matter to rest once and for all. There is, moreover, perhaps some danger that s 44(3)(b) could be seen as the sole “exception” to the priority date must prevail “rule”. This would allow for some additional flexibility, but it would be undesirable if s 44(3)(b) came to be understood as the sole

¹⁴ See Burrell and Handler, n 4, 277–278.

¹⁵ Seeking a letter of consent prior to filing is unlikely to be attractive to applicants. The practical response would therefore probably be for applicants to secure backdated letters of consent. But this solution would be problematic: the use of this sort of artifice is not something that the law should be incentivising; it would be a deeply imperfect solution and might leave the junior mark vulnerable in subsequent cancellation proceedings should it become apparent that a backdated letter had been provided; and it would leave significant problems for marks accepted under the current practice.

mechanism for mitigating the strictness of the priority date must prevail view. Consider, for example, the applicant met with a s 44 ground of rejection because of the existence on the register, as at the applicant's priority date, of an earlier application for registration that is never going to proceed to acceptance. It would be a retrograde step to suggest that the only avenue by which the later application might proceed to acceptance is by reference to the discretion afforded to the Registrar in s 44(3)(b). The current position, namely, that the later application will automatically proceed to acceptance once the earlier application lapses or has been rejected, is manifestly superior. It is also worth noting that the *Trade Marks Regulations 1995* (Cth) help facilitate this outcome by allowing an applicant to defer its application until a decision on the earlier application has been reached.¹⁶

Trident is therefore an important, but not decisive, step in the right direction. Encouragingly, it forms part of a trend away from the tentative views expressed in *Chia Khim Lee*. In another decision of the Full Court of the Federal Court, *Bendigo and Adelaide Bank Ltd v Community First Credit Union Ltd*,¹⁷ Middleton and Burley JJ indicated, albeit in *obiter dicta*, a general rejection of the priority date must prevail view, stating that once an earlier mark has been cancelled, then “[a]s a matter of logic ... this is the end of the matter because the danger of clutter on the Register is resolved by the earlier mark being removed”.¹⁸ It is also important to note that, notwithstanding recent controversies, the Office has continued throughout to reject the priority date must prevail view. The Office's approach has been confirmed as correct by at least

¹⁶ See *Trade Marks Regulations 1995* (Cth) regs 4.13–4.14.

¹⁷ *Bendigo and Adelaide Bank Ltd v Community First Credit Union Ltd* (2021) 389 ALR 196; [2021] FCAFC 31.

¹⁸ *Bendigo and Adelaide Bank Ltd v Community First Credit Union Ltd* (2021) 389 ALR 196, 244 [227]; [2021] FCAFC 31.

three different Hearing Officers who have rejected arguments that marks that have been expunged from the register can continue to block applications for registration.¹⁹

It has been encouraging to see both the Office and the Federal Court adopting a sensible and pragmatic approach to avoid the zombie marks problem. Unfortunately, the picture on the other side of the Tasman is less positive.

III. *ICB V JOHNSON*: ZOMBIES ARE FOUND IN NEW ZEALAND

As noted in the Introduction, the key change to New Zealand law was brought about in October 2020 by the decision of the New Zealand Supreme Court in *ICB v Johnson*. Prior to this decision New Zealand adopted much the same approach as continues to apply in Australia, namely, that conflicts between marks are to be judged by reference to the state of the register at the time the decision comes to be made. This approach, like the current approach in Australia, can trace its origins to the 1932 United Kingdom (UK) decision, *Re “Palmolive” Trade Mark (Palmolive)*,²⁰ but that case itself merely confirmed longstanding registry practice across the British Commonwealth. We will have cause to return to *Palmolive* and its antecedents below, for now it is sufficient to note that *ICB v Johnson* overturns more than a century of New Zealand registry practice.

The facts of *ICB v Johnson* are relatively straightforward. Johnson applied for registration of ZIPLOC for “[p]lastic bags and plastic film for wrapping purposes” on 19 April 2013. Anticipating that registration would be blocked by ICB’s earlier registered ZIPLOC mark for goods including “plastic bags” and “cling wrap”,

¹⁹ *1872 Holdings VOF v Havana Club Holding SA* (2017) 127 IPR 410, 414–418 [17]–[31] (Hearing Officer Thompson); [2017] ATMO 12; *Real Estate Institute of Australia Ltd v REA Group Pty Ltd* [2017] ATMO 82, [28] (Hearing Officer Wilson); *iGuard Pty Ltd v iGuard Australia Pty Ltd* [2018] ATMO 91, [30]–[31] (Hearing Officer Worth). See also *Beckman Coulter Inc v Gen-Probe Inc* (2021) 162 IPR 254 (Hearing Officer Cooper); [2021] ATMO 3 (referring applications for removal for non-use to the Federal Court on the basis that the outcome of these applications was germane to the determination of an opposition to registration based on s 44. The Federal Court proceedings were settled: *Gen-Probe Inc v Beckman Coulter Inc* (2022) 166 IPR 166; [2022] FCA 194).

²⁰ *Re “Palmolive” Trade Mark* (1932) 49 RPC 269.

Johnson applied on 22 April 2013 for revocation of ICB’s mark on the basis of non-use. On 26 June 2014 the IP Office of New Zealand (IPONZ) determined that ICB’s registration should be revoked. The effect of the revocation order (for reasons we explain below) was that ICB’s rights in its mark ceased from 22 April 2013. Notwithstanding this, ICB continued to oppose the registration of Johnson’s mark, arguing that its ZIPLOC mark remained “registered” as at Johnson’s filing date of 19 April 2013. In response, Johnson argued, consistent with the *Palmolive* approach and longstanding New Zealand practice, that once ICB’s mark was expunged from the register it no longer formed a barrier to registration. This argument found favour with the New Zealand Court of Appeal,²¹ but the Supreme Court disagreed, holding that ICB’s mark remained a prima facie barrier to acceptance under s 25(1) of the *TMA 2002 NZ*, this being the provision dealing with conflicts with earlier registered marks.²² This was not, however, the end of the matter, as the Supreme Court held that Johnson’s mark might nevertheless proceed to registration by reference to s 26(b) of the *TMA 2002 NZ*, which allows a mark that has fallen foul of s 25(1) to be accepted for registration if “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”. Specifically, the Supreme Court held that the “special circumstances” exception should be applied in this case. In this regard it noted that ICB had not sought to challenge IPONZ’s findings that “special

²¹ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2019] 3 NZLR 318, 341–342 [83]–[85] (Brown J for the Court); [2019] NZCA 61.

²² *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 107–110 [47]–[60] (Glazebrook J for the Court); [2020] NZSC 110. In doing so, the Supreme Court took the same approach as the Singapore Court of Appeal, addressing substantially identical legislative provisions, in *Campomar SL v Nike International Ltd* [2011] 2 SLR 846; [2011] SGCA 6 (*Campomar*). For comment on *Campomar*, see Tan Tee Jim and Ng-Loy Wee Loon, “Intellectual Property” in Teo Keang Sood (ed), *Singapore Academy of Law Annual Review of Singapore Cases 2011* (Academy Publishing, 2012) 366–371.

circumstances” existed because Johnson’s filing date was only three days before the date that ICB’s rights ceased.²³

There is a danger that because Johnson ultimately prevailed in the litigation the potential significance of *ICB v Johnson* for applicants may be overlooked. But, as we have argued at length elsewhere²⁴ and as others have also noted,²⁵ this case has important implications for applicants for registration in New Zealand who may need to change their filing strategies and who are likely to find that there are significant new risks that cannot readily be mitigated. In this article, however, our focus is more on the broader policy implications of the Supreme Court’s decision. In the Introduction we listed these implications of *ICB v Johnson* from the general to the specific, as being: (1) it may be taken as a signal that the issue of zombie marks ought not to be regarded as settled in Australia; (2) it offers a new normative justification for recognising zombie marks; (3) it offers a reinterpretation of the old British case on which the current Australian approach ultimately rests; and (4) it shows that there is a risk in introducing into Australian law a mechanism to allow orders for the removal of a mark to be “backdated”. We take these points in reverse order in the remaining four parts of this article.

IV. THE FACILITY TO BACKDATE ORDERS FOR REVOCATION

In order to understand the importance of the “backdating” point, it is necessary to delve further into the Supreme Court’s reasoning in *ICB v Johnson*. Perhaps the first thing to note is that the effect of the decision is to maintain a distinction between the

²³ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 115 [79]–[82] (Glazebrook J for the Court); [2020] NZSC 110.

²⁴ Michael Handler and Robert Burrell, “Zombie Marks Invade New Zealand! How Scared Should the Rest of the World Be?” (2021) 21 *Oxford University Commonwealth Law Journal* 275.

²⁵ See, in particular, the thoughtful analysis provided by Nick Holmes, “New Zealand’s Highest Court Find[s] that ‘Zombies’ Do Exist in New Zealand after All” (Institute of Patent and Trade Mark Attorneys of Australia, 15 February 2021) <<https://ipta.org.au/news/new-zealands-highest-court-find-that-zombies-do-exist-in-new-zealand-after-all/>>.

temporal effects of two different mechanisms for expunging marks from the register. Like its European precursors,²⁶ the *TMA 2002 NZ* draws a distinction between grounds for expunging a mark that turn on a finding that the mark should never have been registered (those that lead to invalidity *ex tunc*) and those that lead to a finding that the mark has become vulnerable to being taken off the register because of some supervening event (those that lead to revocation *ex nunc*). In the case of the former category, s 74(1)(a) provides that “[i]f the registration of a trade mark is declared invalid to any extent ... the trade mark is, to that extent, to be treated as if it had not been registered”. In the case of the latter category the *TMA 2002 NZ* does not, and could not, contain an equivalent. It does, however, contain a provision that allows an order for revocation to be backdated. Section 68(2) provides:

If the registration of a trade mark is revoked to any extent, the rights of the owner, to that extent, cease on–

- (a) the date of the application for revocation of the registration of the trade mark; or
- (b) if the Commissioner or the court is satisfied that the grounds for revocation of the registration of the trade mark existed at an earlier date, that date.

One can see how this legislative scheme helped persuade the Supreme Court that revocation (as opposed to invalidity) must generally be given purely prospective effect. Johnson had failed to ask for the revocation orders to be backdated under s 68(2)(b) (ie, to a date before its application for revocation of the registration of ICB’s

²⁶ As noted by the Supreme Court of New Zealand in *Crocodile International Pte Ltd v Lacoste* [2017] 1 NZLR 679, 688 [6] (Glazebrook J for the Court); [2017] NZSC 14, the *Trade Marks Act 2002* (NZ) (*TMA 2002 NZ*) was based on the *Trade Marks Act 1998* (Singapore), which was itself based on the *Trade Marks Act 1994* (UK), which implemented the *First Council Directive 89/104/EEC of 21 December 1988 to Approximate the Laws of the Member States relating to Trade Marks* [1989] OJ L 40/1. It should be noted that the key provision considered in *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92; [2020] NZSC 110 – s 68(2) of the *TMA 2002 NZ* – was not, in fact, contained in the First Council Directive, but rather in Art 54(1) of *Council Regulation (EC) No 40/94 of 20 December 1993 on the Community Trade Mark* [1993] OJ L 11/1. Versions of Art 54(1) were subsequently adopted in UK and Singaporean law.

mark) and thus, if anything, ought to regard itself as fortunate that the Court was willing to exercise the “other circumstances” discretion in s 26 in its favour.

Perhaps the first thing to note for an Australian audience is that, irrespective of what one makes of the outcome, *ICB v Johnson* does not embody the view that the state of the register is, for all purposes, to be assessed the priority date. On the contrary, the Supreme Court accepted that the decision-maker is in general required to have regard to the state of the register at the time the question of whether a mark should be entered on the register falls to be determined.²⁷ What this means in practice is that where an earlier application for registration has lapsed, or where an earlier registration has expired, that earlier mark will not form a barrier to acceptance of the registration of the later mark. In rejecting the priority date must prevail view, the Supreme Court noted that “assessing the register at the time of entry onto the register so that ... events [after the later applicant’s priority date] can be taken into account is ‘sensible, pragmatic and realistic’”.²⁸ The New Zealand variant of the zombie marks problem is thus confined to marks whose registrations have been revoked, for example, on the basis of non-use, but potentially also on the basis of genericide or deceptiveness. This was said to be because s 68(2) specifies the date on which the rights in the revoked mark are deemed to have ceased.²⁹ The Supreme Court considered that unless an order for revocation is “backdated” sufficiently far that the owner’s rights are deemed to have ceased before the later applicant’s filing date, then the revoked mark must still be taken into account.

²⁷ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 105–107 [37]–[45] (Glazebrook J for the Court); [2020] NZSC 110.

²⁸ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 107 [45] (Glazebrook J for the Court); [2020] NZSC 110, quoting *Campomar SL v Nike International Ltd* [2011] 2 SLR 846, [18] (Chao Hick Tin JA for the Court); [2011] SGCA 6.

²⁹ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 109 [55] (Glazebrook J for the Court); [2020] NZSC 110.

We have argued elsewhere that the Supreme Court misread the legislative intent behind the backdating provision.³⁰ Specifically, this provision was designed to protect defendants being sued for infringement – it was intended to function as a defence and there is no indication in the historical record that it was intended to play any additional role. But for present purposes the thing to emphasise is that the legislative backdrop to *ICB v Johnson* means that this case ought to have little direct relevance to the development of Australian law. The *TMA 1995* does not draw a clear distinction between expunging a mark on the grounds that it should never have been registered and expunging a mark because of some supervening event. This can be seen in looking at the grounds on which the registration of a mark can be cancelled. Consider, for example, s 88(2)(a) and (c) of the *TMA 1995*. The former provides that an application for cancellation may be made on “any of the grounds on which the registration of the trade mark could have been opposed under this Act”. Section 88(2)(a) therefore operates primarily, but perhaps not exclusively,³¹ as a provision that goes to whether the mark should ever have been registered. In contrast, s 88(2)(c) provides a ground of cancellation where, “because of the circumstances applying at the time when the application for rectification is filed, the use of the trade mark is likely to deceive or cause confusion”. This latter provision is thus aimed squarely at supervening events. Importantly, however, in neither case does the *TMA 1995* spell out the temporal effect of an order for cancellation. The only guidance provided in the legislation is to be found in s 73, but this merely tells us that the registration of a mark “ceases” when that registration is cancelled. The question is whether this cessation has effect only from the date of the order for cancellation, such that the registered owner maintains any accrued rights in the mark up to that date. The consequence of this is that it has

³⁰ Handler and Burrell, n 24, 288–289.

³¹ See Burrell and Handler, n 4, 318–323.

been left to the courts to craft solutions, and the lack of legislative certainty has at times caused problems.³²

There is a good case that the *TMA 1995* might usefully be amended to distinguish more clearly between cases of “invalidity” and cases where the mark has become problematic post-registration. This would then also allow for greater legislative clarity about the temporal effects of cancellation in both sets of cases. For present purposes, however, the key takeaway is that the cancellation provisions in Australia do not lend themselves to drawing the distinction on which *ICB v Johnson* rests.

Something similar can be said about removal of a mark from the register on the grounds of non-use. As a preliminary point, it is worth emphasising that non-use cases have driven the debate about zombie marks internationally. *Chia Khim Lee* and *ICB v Johnson* were both non-use cases, the same is true for Singaporean and UK cases that have dealt with this matter,³³ and the recent Hearing Officer decisions mentioned above all involved allegations of non-use. Non-use is generally thought of as a reason for expunging a mark that arises post-registration and non-use cases can generally be characterised in this way. Under Australian law, however, actions for removal for non-use can be brought not merely on the basis that there has been no use of the mark in the preceding three years,³⁴ but also on the basis that at the filing date the applicant had no intention in good faith to use the mark and that the mark has not been used since that time.³⁵ An application for removal made on the basis of no intent to use can be made at any time after the filing date. This is because such actions go to the question of whether registration of the mark was ever validly applied for in the first place.

³² See Burrell and Handler, n 4, 334–336.

³³ See, respectively, *Campomar SL v Nike International Ltd* [2011] 2 SLR 846; [2011] SGCA 6; *RIVERIA Trade Mark* [2003] RPC 50.

³⁴ *Trade Marks Act 1995* (Cth) s 92(4)(b).

³⁵ *Trade Marks Act 1995* (Cth) s 92(4)(a).

Consequently, we find that the “should never have been registered”/“supervening event” dichotomy does not map onto the grounds for removal for non-use in Australia any more than it does onto the cancellation grounds.

The existing removal provisions are, admittedly, not entirely satisfactory. One problem, much as with actions for cancellation, is that the *TMA 1995* does not do enough to clarify the temporal effect of orders for removal. However, unlike orders for cancellation, where courts have generally managed to find a pragmatic way forward, it is now clear from the Full Court of the Federal Court’s decision in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd (Gallo)*³⁶ that orders for removal can only apply prospectively. A strong argument can be made that Australian law should be reformed to allow for the backdating of orders for removal. In not providing for a backdating facility, defendants in infringement proceedings are currently unjustifiably exposed to liability. This is best illustrated by the following scenario (which is a modified version of the facts of *Gallo*).

Assume that Y started using its mark on 1 January 2021, and was sued for infringement by registered owner X on 1 April 2021. On that day Y applied for the removal of X’s mark for non-use during a three year period ending on 1 March 2021.³⁷ Assume also that, after a full trial, the Federal Court ordered on 1 May 2022 that Y had infringed X’s registered mark, but that X’s mark should be removed from the register on the grounds of non-use. Even though the order for removal would not have retrospective effect, Y would have some protection in this scenario. This is due to s 127 of the *TMA 1995*, which prevents a court from awarding damages or an account of profits where a defendant in infringement proceedings has applied to have the registered mark removed for non-use, and the court finds that because the mark has not been used during a “critical period” there are grounds for removing it from the

³⁶ *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2009) 175 FCR 386; [2009] FCAFC 27.

³⁷ *Trade Marks Act 1995* (Cth) s 92(4)(b) (the non-use period must be a “continuous period of 3 years ending one month before the day on which the non-use application is filed”).

register. However, this prohibition on awarding remedies applies only in relation to the defendant's infringing conduct *during* the "critical period", not after it. The effect of this is that while Y would not be liable to X for damages for its infringing use between 1 January 2021 and 1 March 2021 (this being within the "critical period" in which non-use of X's mark was established), Y would receive no such protection from 1 March 2021 up to the date of the court's order on 1 May 2022.³⁸ This is an undesirable state of affairs and one that could be easily fixed if Australia were to introduce a backdating provision of the type contained in s 68(2) of the *TMA 2002 NZ*. But in the absence of such a provision the case for an Australian tribunal following *ICB v Johnson* is further diminished.

It is also important to emphasise that, contrary to how this issue has sometimes been portrayed, s 127 of the *TMA 1995* and the decision of the Full Federal Court in *Gallo* actually *cut against* the recognition of zombie marks. To modify the above scenario slightly, imagine that X and Y are in a dispute. X is the registered owner of the word mark HANDLER for beer, but has not used this mark for many years and has no legally enforceable residual reputation in this mark. X discovers that Y has been using HANDLER for wine and sends Y a letter of demand. Part of Y's response is to file its own application for HANDLER for wine and to apply for removal of X's mark from the register. In response, X recommences use of the mark and applies for a second HANDLER registration for beer, this being a barely stylised mark in which the word HANDLER is unquestionably the essential feature. As noted above, in this scenario Y will not be liable for damages for use that falls within the "critical period". This may not be entirely satisfactory, but it is nevertheless clear that the defence in s 127 is *intended to protect Y's interests*. Moreover, the overall legislative scheme is constructed to protect Y's position. If X's registered mark is vulnerable to removal,

³⁸ Arguably, Y might be liable up to the date (some time after 1 May 2022) when the mark was, in fact, removed from the Register by the Registrar of Trade Marks pursuant to the court order: see *Handler and Burrell*, n 1, 209 fn 14.

then – provided X has no legally enforceable residual reputation – the HANDLER mark should be available to other traders.³⁹ Section 127 is part of a suite of measures designed to ensure that unused marks can be reappropriated.

If, however, the priority date must prevail view were accepted then Y’s position is significantly undermined. X’s original HANDLER mark will prevent Y’s application from proceeding to acceptance. Y may also be unable to keep X’s new application for the stylised HANDLER mark off the register: if X’s use has recommenced it may well prove impossible to oppose on the basis of s 59 (no intent to use) or s 62A (bad faith), and Y may not have had sufficient time to build a legally enforceable reputation to allow it to oppose X’s application on the basis of s 60 (earlier mark with a reputation) or s 42(b) (use would be contrary to law). X’s second mark might well therefore proceed to acceptance, could be used to harass Y and, as a minimum, would prevent Y from keeping X out of the market.⁴⁰ The way around the above problems is simply to recognise that s 127 has no bearing on the question of registrability. Like the New Zealand facility for backdating orders for revocation of registration, it was only intended to protect defendants facing infringement proceedings.

It must, however, be acknowledged that if Australia were to incorporate something like s 68(2) of *TMA 2002 NZ* into its local law – as we believe it should – the question of whether an Australian tribunal should follow *ICB v Johnson* would gain new impetus. One way to minimise the risk of *ICB v Johnson* being followed in

³⁹ Admittedly, this analysis is somewhat complicated by s 58, which would allow X to oppose the registration of Y’s substantially identical mark for goods or services that are the “same kind of thing” as X’s goods or services. This is one of the areas in which s 58 is capable of producing counter-intuitive results, but it is important to note that this section would only apply to a small subset of potentially conflicting marks, and not under the scenario presented here. This is because although wine and beer are similar goods, they are not the “same kind of thing”. For consideration of the concept of the “same kind of thing”, see *Colorado Group Ltd v Strandbags Group Pty Ltd* (2007) 164 FCR 506; [2007] FCAFC 184.

⁴⁰ Again, building on the example set out above, this assumes that Y has not yet established a protectable reputation.

that event is to make clear (whether in the amending legislation itself or in the accompanying Explanatory Memorandum) that the new provision allowing for the backdating of the removal order does not have any impact on the assessment to be undertaken under s 44 of the *TMA 1995* as to whether there is a conflict between the application for registration and an earlier registered mark.⁴¹ This would be consistent with how the effects of revocation for non-use are understood in European Union law,⁴² which it should be remembered provided the original template for the New Zealand revocation provisions.

V. REINTERPRETING OLD UK CASE LAW

In the previous section it was seen that the facility to backdate orders does not provide a reason for recognising zombie marks and, in any event, has no direct analogue in Australia. The second, more significant, reason for taking the Supreme Court of New Zealand's decision in *ICB v Johnson* seriously is that it offers a subtle but remarkable reinterpretation of the old British case law that provides the historical underpinnings of the current Australian approach. Understanding the significance of the reinterpretation offered by the Supreme Court requires some engagement with the position under former twentieth century British Commonwealth law.

The starting point is s 19 of the *Trade Marks Act 1905* (UK), which provided that “no trade mark shall be registered” if it was identical with or sufficiently similar to a mark “already on the register” that belonged to another proprietor. In *Palmolive*⁴³ in 1932 the Comptroller-General was confronted with an argument that even if an

⁴¹ On the use of Explanatory Memoranda in interpreting legislation, see *Acts Interpretation Act 1901* (Cth) s 15AB. See, eg, Explanatory Memorandum, *Intellectual Property Laws Amendment (Raising the Bar) Bill 2011* (Cth) 47–49 (indicating that reforms to the *Patents Act 1990* (Cth) to require patent specifications to describe the invention fully and claims to be supported by the description were intended to ensure alignment with European and UK law).

⁴² See Annette Kur and Martin Senftleben, *European Trade Mark Law: A Commentary* (OUP, 2017) [11.88] and the cases cited therein.

⁴³ *Re “Palmolive” Trade Mark* (1932) 49 RPC 269.

applicant for registration managed to persuade the court to cancel the registration of the earlier, conflicting mark, this could have no effect on the application of s 19. It was contended that the only relevant consideration was whether the earlier mark was “already on the register” as at the applicant’s filing date, and that events after that date could not be taken into account. The Comptroller-General roundly rejected this contention, determining instead that the injunction in s 19 that “no trade mark shall be registered” referred to:

the actual *making of the entry* of the Mark upon the Register; and that, in considering the operation of that Section, regard must be had to the state of the Register *at the date upon which the new entry therein is proposed to be made*.⁴⁴

In other words, it was held that an applicant could, *after* its filing date, take steps to have the register “cleared”,⁴⁵ such that by the time the registry came to reconsider the application of s 19, that earlier mark no longer remained a barrier to registration. The Comptroller-General recognised that to find otherwise would mean that the applicant would need to file a new application for registration after the registration of the earlier mark had been cancelled, which would “present obvious inconveniences”,⁴⁶ in particular in that the applicant might lose priority if a third party were to file for registration of a similar mark in the meantime.

The *Palmolive* approach was followed in cases under the *Trade Marks Act 1938* (UK)⁴⁷ and in British Commonwealth countries with laws based on that Act. The *Palmolive* approach was, for instance, embraced by the New Zealand Court of Appeal

⁴⁴ *Re “Palmolive” Trade Mark* (1932) 49 RPC 269, 276 (emphasis added).

⁴⁵ For example, the applicant could seek to have the earlier, conflicting registered mark assigned to it, or to have that conflicting registration cancelled (eg, on the basis of non-use) or its scope restricted.

⁴⁶ *Re “Palmolive” Trade Mark* (1932) 49 RPC 269, 277.

⁴⁷ See, eg, *POLYMAT Trade Mark* [1968] RPC 124, 126 (Tookey QC) (*POLYMAT*); *Kambly SA Spécialités de Biscuits Suisses v Intersnack Knabber-Gebäck GmbH & Co KG* [2004] EWHC 943 (Ch), [26] (Lightman J).

under the *Trade Marks Act 1953* (NZ).⁴⁸ The UK cases also had a strong bearing on the approach adopted by the Australian Office in decisions under the *Trade Marks Act 1955* (Cth).⁴⁹ As has been seen, the Australian Office has continued to apply the *Palmolive* approach under the current Act, but it should also be acknowledged that there was little reconsideration of this issue during the transition from the *Trade Marks Act 1955* (Cth) to the *TMA 1995*.⁵⁰ Consequently, if the UK cases did not have the effect that has generally been attributed to them, there would be strong grounds for revisiting the current Australian approach in its entirety.

The Supreme Court of New Zealand’s reinterpretation of old British case law is to be found in footnote 65 of *ICB v Johnson*, where it stated:

[W]e do not rule out the possibility that, *even under the [Trade Marks Act 1953 (NZ)]*, an application for revocation had to precede the application for registration, or at least be made at a time when the grounds for revocation existed. Otherwise, the same issue ... of depriving a registered proprietor of rights retrospectively could have arisen. If that were the case, then s 68(2) of the 2002 Act *did not in fact change the law* but only provided a means, through backdating, of alleviating the consequences.⁵¹

What the Supreme Court seems to be proposing is that a “qualified” *Palmolive* approach might have applied under former New Zealand law and, presumably by

⁴⁸ *Unilever plc v Cussons (NZ) Pty Ltd* [1997] 1 NZLR 433, 440–441 (Gault J for the Court).

⁴⁹ See, in particular, *Legal & General Life of Australia Ltd v Carlton-Jones & Associates Pty Ltd* (1987) 9 IPR 447, 451 (Assistant Registrar Farquhar) (*Legal & General Life*), citing the UK case *POLYMAT Trade Mark* [1968] RPC 124 as sole authority for the proposition that once a mark is no longer on the register, “accordingly, [it] does not now constitute grounds for objection ... notwithstanding the fact that at the relevant date ... it may have done so”; *Roll International Corp v Teleflora (Australia) Inc* (1997) 40 IPR 318, 321 (Hearing Officer Williams) referring to “the practice in the United Kingdom Trade Marks Office” and citing *POLYMAT* and *Legal & General Life* as the basis for rejecting the priority date must prevail view.

⁵⁰ See, in particular, *Takata Corp v Britax Child Care Products Pty Ltd* (1999) 44 IPR 425; [1999] ATMO 8, in which Hearing Officer Williams concluded with little analysis of the new legislative framework that the position remained the same as that set out in his decision in *Roll International Corp v Teleflora (Australia) Inc* (1997) 40 IPR 318, a case decided under the *Trade Marks Act 1955* (Cth).

⁵¹ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 108 [53] fn 65 (Glazebrook J for the Court); [2020] NZSC 110 (emphasis added).

extension, in the UK and other Commonwealth jurisdictions, including Australia. To be clear, the Supreme Court was not rejecting *Palmolive* in its entirety. Nevertheless, the suggestion is that, correctly understood, even under *Palmolive* the applicant's priority date remained the critical date on which the issue of registrability was to be determined (this being the "qualification" to the *Palmolive* approach). The Court appears to be saying that under the former law, X's earlier mark, whose registration was subsequently revoked for non-use, would no longer have blocked the registration of Y's later application *only if*, at Y's filing date, X's earlier mark was *vulnerable* to being removed for non-use. This would have been the case in one of two scenarios. First, Y would have needed, before its own filing date, to have applied for revocation of X's conflicting mark on the basis of non-use within a five-year period.⁵² Second, and in the alternative, if Y applied for revocation of X's mark only after filing its application for registration, Y would also have needed to have shown that, at its filing date, X's mark had not been in use for five years and was thus vulnerable to revocation as at that filing date.

The Supreme Court's comment in *ICB v Johnson*⁵³ might therefore be taken by an Australian tribunal to suggest that, in Australia, the correct approach to the interpretation of s 44 of the *TMA 1995* is, in fact, the "qualified" *Palmolive* approach. If this approach were to apply in Australia, it would create significant risks for applicants for registration. Specifically, it would require applicants, when seeking to have a conflicting mark removed from the register on the grounds of three years' non-use under s 92(4)(b), to ensure that the conflicting mark was *also* vulnerable to being removed as at the applicant's filing date – something that might not be possible if the

⁵² See *Trade Marks Act 1953* (NZ) s 35(1)(b). This period would, in fact, have ended one month before Y's application for revocation.

⁵³ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 108 [53] fn 65 (Glazebrook J for the Court); [2020] NZSC 110.

conflicting mark was in use in the three-year period before that filing date, or had only been entered on the register in that period.⁵⁴

Australian tribunals should not embrace the “qualified” *Palmolive* approach. First, there is nothing in the text of s 44 that suggests that it can be read subject to the sort of qualification suggested in *ICB v Johnson*.⁵⁵ Rather, s 44(1) and (2) form a barrier to the registration of a mark if a sufficiently similar “trade mark registered by another person” with the same or an earlier priority date exists. The fact that a “registered trade mark” is defined in s 6(1) as “a trade mark whose particulars *are entered in the Register* under this Act”⁵⁶ indicates that as soon as a mark is removed from the register,⁵⁷ it is no longer a “trade mark registered by another person” for the purposes of s 44(1) and (2). There is simply no scope for reading “trade mark registered by another person” to include a mark subsequently removed from the register but which, as at the applicant’s priority date, was on the register and not vulnerable to being removed at that time.

Second, as a matter of legal history, it is surprising that it took until 2020 for a tribunal to recognise this qualification to the *Palmolive* approach – as far as we have been able to determine, it was never floated in any of the jurisdictions in which *Palmolive* applied.⁵⁸ Moreover, and building on a point made in passing above,

⁵⁴ See *Trade Marks Act 1995* (Cth) s 93(2) (as enacted) (providing that a non-use application could not be brought within five years from the filing date of the registered mark). Under the current version of s 93(2), where the filing date of the mark was on or after 24 February 2019, the “grace period” within which a non-use action cannot be brought is three years from the date the mark was entered on the register: see *Intellectual Property Laws Amendment (Productivity Commission Response Part 1 and Other Measures) Act 2018* (Cth) s 2(1), Sch 1 Item 46.

⁵⁵ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 108 [53] fn 65 (Glazebrook J for the Court); [2020] NZSC 110.

⁵⁶ Emphasis added.

⁵⁷ Under s 13, this will occur “if the Registrar makes an entry in the Register to the effect that all entries in the Register relating to the trade mark are taken to have been removed from the Register”.

⁵⁸ See, eg, TA Blanco White and Robin Jacob, *Kerly’s Law of Trade Marks and Trade Names* (Sweet & Maxwell, 12th ed, 1986); Dan R Shanahan, *Australian Law of Trade Marks and Passing Off* (LawBook,

although it has become customary in British Commonwealth trade mark circles to refer to the “*Palmolive* approach”, that case itself merely confirmed longstanding registry practice. Moreover, as the Comptroller-General noted in *Palmolive*, the validity of this practice was supported by the 1897 decision in *Ehrmanns’ Trade Marks (Ehrmanns)*,⁵⁹ where Stirling J had expressed the view that it would be possible to make an order for cancellation simultaneously with the registration of a new mark.⁶⁰ *Ehrmanns* itself admittedly only provides limited additional support for the proposition being advanced here, since the facts of that case were unusual (involving an unsuccessful attempt by former partners to register identical marks in their own names) and Stirling J’s comments in that case were purely *obiter dicta*. It is nevertheless striking that even in the period before *Palmolive* was decided it does not ever appear to have been suggested that the grounds for expunging the mark from the register must also have applied at the later applicant’s priority date.

The third, and most significant, problem with the Supreme Court’s adoption of the qualified *Palmolive* approach lies in the suggestion that any other approach might “depriv[e] a registered proprietor of rights retrospectively”. Here it is important to distinguish between different ideas. It needs to be remembered that if the applicant for registration of the junior mark can demonstrate that the senior mark should be expunged from the register at the date of the hearing then that is what will occur. There is nothing retrospective about such an order *per se*. Admittedly, in many jurisdictions it is no longer possible to bring an action for infringement once a mark has been taken off the register even for acts that took place while the mark was registered. For example, in Australia the owner’s exclusive rights under s 20(1) of the *TMA 1995* apply only “if a trade mark *is registered*”.⁶¹ In the Federal Court case of *Dunlop*

2nd ed, 1990) (neither work mentioning the possibility that *Re “Palmolive” Trade Mark* (1932) 49 RPC 269 might need to be interpreted in the “qualified” manner being canvassed here).

⁵⁹ *Ehrmanns’ Trade Marks* [1897] 2 Ch 495.

⁶⁰ *Ehrmanns’ Trade Marks* [1897] 2 Ch 495, 499.

⁶¹ Emphasis added.

Aircraft Tyres Ltd v Goodyear Tire & Rubber Co, it was confirmed that the effect of this statutory language is that once registration ceases the former registered owner no longer has any exclusive rights under the Act.⁶² Whatever one thinks of this as an outcome, it is important to note that it is not a question on which the zombie marks issue has any bearing. The question is whether, despite the senior mark being taken off the register, the junior mark is nevertheless barred from registration. This is primarily a prospective question, subject to one important caveat we consider in the next part. Moreover, taken in isolation, the concern about retrospectivity makes little sense in the context of a judgment that places more importance on securing an order with retroactive effect, since it is only by obtaining a backdated order that the owner of the junior mark can now get on the register. A close analysis therefore suggests that the concern about retrospectivity that was floated as part of a tentative justification for the “qualified” *Palmolive* approach is, in substance, a restatement of the Supreme Court’s concern to avoid a situation where two marks are on the register at the same time. It is to this concern that we now turn.

VI. THE COURT’S DEFENCE OF NECROMANCY

The single most important feature of *ICB v Johnson* for an Australian audience is that the Supreme Court provided a positive justification for recognising zombie marks. Specifically, the Supreme Court put forward a normative justification for requiring the applicant for registration of the junior mark to demonstrate that the order for revocation could be dated back at least as far as the applicant’s priority date. The Court stated that any other outcome would cause an “undesirable situation”.⁶³ This was because it would result in there being “two identical or similar registered trade marks

⁶² *Dunlop Aircraft Tyres Ltd v Goodyear Tire & Rubber Co* (2018) 262 FCR 76, 120–121 [208] (Nicholas J); [2018] FCA 1014.

⁶³ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 108 [52] (Glazebrook J for the Court); [2020] NZSC 110. The Singapore Court of Appeal described this same situation to be a “problem”: *Campomar SL v Nike International Ltd* [2011] 2 SLR 846, 858 [29] (Chao Hick Tin JA for the Court); [2011] SGCA 6.

on the register at the same time”,⁶⁴ which was “expressly prohibited by s 25(1)” of the *TMA 2002 NZ*.⁶⁵ This normative explanation needs some unpacking, because at first sight it is obviously erroneous. Taken literally it is incorrect to say that any other outcome would have resulted in two marks being “on the register” at the same time. Revocation of the registration of the senior mark and the order for entering the junior mark on the register would normally be made simultaneously, as recognised as long ago as 1897 in *Ehrmanns*.

What the Supreme Court was really concerned about, therefore, was not the possibility of two marks being on the register “at the same time” but rather about the possibility of setting up a situation where different parties had “overlapping” exclusive rights in the same mark or sufficiently similar marks, which the courts believed the conflicts ground of refusal was designed to avoid. That is, they considered it to be a problem if the junior mark were to be entered on the register after the registration of the senior mark had been revoked, where the junior applicant’s rights would be backdated to its priority date, in circumstances where the senior mark *was* on the register at that date, such that both could be said to have rights for a period of time. Superficially, this might indeed seem to be a problem, but it is again important to parse different potential concerns.

One potential concern that can be rapidly set aside relates to the position of third parties. As between the owners of the senior and junior marks and third parties unconnected with either of them, this cannot be a concern. There is no obvious normative problem with third parties being exposed to double liability if they are trespassing on the rights of two previous trade mark owners. Moreover, this can and

⁶⁴ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 109 [55] (Glazebrook J for the Court); [2020] NZSC 110. In *Campomar SL v Nike International Ltd* [2011] 2 SLR 846; [2011] SGCA 6, it was said that the “problem” was that “there would be two identical or ... similar marks on the register at the same time at some point”: 858 [29] (Chao Hick Tin JA for the Court).

⁶⁵ *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2021] 1 NZLR 92, 108 [52] (Glazebrook J for the Court); [2020] NZSC 110.

does occur, and would be possible even under the strictest possible approach to ensuring that two conflicting marks are not on the register at the same time. This is because mark C might always conflict with both mark A and mark B in circumstances where there is no conflict whatsoever between A and B. For example, to draw on the facts of a dispute litigated before the Australian Office that enjoys a degree of notoriety, a third party might have chosen the mark LONGFIELD for cigarettes in an apparent attempt to trade off the reputation of the earlier well-known marks WINFIELD and LONGBEACH for the same goods.⁶⁶ It would be entirely unsurprising that the person adopting mark C might be liable to the owners of both A and B, and there can be no problem with A and B being on the register at the same time.

A second potential concern brings us back to a point made towards the end of the previous part and relates to how expungement might impact on the rights of the owners of the senior trade mark. The position in many jurisdictions – including Australia and New Zealand⁶⁷ – is that from the moment of revocation all rights in the formerly registered mark are lost. But this is true *irrespective of the date on which its rights were deemed to have ceased*. This means that the owner of the senior mark, from the moment of revocation, cannot take any action against the owner of the junior mark for conduct that occurred at any point in the past. The date from which the mark is deemed to have been taken off the register has no bearing on this outcome. Importantly, moreover, the same is true irrespective of the fate of the application for registration of the junior mark – even if the junior mark does not proceed to registration (eg, because it falls foul of some other ground of rejection) the owner of the senior mark will still not be able to commence an action for infringement. It might

⁶⁶ *British American Tobacco Australasia Ltd v Ngu* [2002] ATMO 15; *Philip Morris Products SA v Ngu* [2002] ATMO 96.

⁶⁷ See *Trade Marks Act 2002* (NZ) s 10 (“The owner of a *registered* trade mark has ... the rights and remedies provided by this Act” (emphasis added)). To similar effect, see *Trade Marks Act 1994* (UK) s 9(1).

perhaps be possible to develop a critique of the retrospective removal of the right to bring claims for infringement, at least as regards grounds for expungement that arise from some supervening event or circumstance. But that is not a question on which the zombie marks issue has any direct bearing, and it is an outcome that is left entirely undisturbed by the decision in *ICB v Johnson*, despite the concern expressed in that case about the need to avoid depriving registered proprietors of their rights retrospectively.

The only real issue therefore, and the thing that almost certainly motivated the Supreme Court's concern about retrospectivity, is the relationship between an order for expungement of the senior mark and the fact that once the junior mark is entered on the register the owner's rights are backdated to its priority date. This backdating of protection seems to create the possibility that the owners of competing marks could maintain a claim against one another in the period between the priority date and the date of expungement. This at least does appear to be a genuine problem, but on close analysis even this concern disappears. On a practical level the concern about overlapping claims is more hypothetical than real. As noted immediately above, from the date of expungement the owner of the senior mark loses all rights to maintain an action for infringement. We are therefore only concerned about a scenario in which an action for infringement has already been commenced by the trade mark owner before expungement has occurred. Conversely, the senior mark must have been used in the period between the priority date and the date of expungement for the owner of the junior mark to have a claim. But on the New Zealand variant of the zombie marks problem, the vast majority of cases will arise in circumstances where the senior mark is vulnerable to being taken off the register for non-use. These practical points are not, however, a complete answer. The owner of the senior mark may have commenced an action for infringement and may have (re)commenced use of its mark. Yet even in these cases no question of reciprocal liability would apply. This is because owners of both marks would enjoy the benefit of a "registration defence". In New Zealand, just

as in Australia, it is not an infringement of a registered mark to use another registered mark in relation to the goods and services for which that mark is registered.⁶⁸ The very existence of this defence demonstrates that the legislature did recognise that conflicting marks can end up being on the register at the same time, and made special provision to deal with the problems that might arise as a result.

VII. LAYING ZOMBIE MARKS TO REST

As we noted at the outset, the most general risk that *ICB v Johnson* poses for the effective operation of the Australian trade mark system is if it is read as indicating that the issue of zombie marks remains unsettled. We have sought to demonstrate that there is nothing in *ICB v Johnson* that should cause an Australian tribunal to deviate from the sensible course adopted in recent Federal Court and Office decisions. *ICB v Johnson* turns on a misreading of a “backdating” provision for orders for revocation contained in New Zealand legislation which, in any event, does not form part of Australian law. The Supreme Court’s suggestion that *Palmolive* should be understood in a “qualified” manner (in that a mark subsequently revoked for non-use turns into a zombie mark unless it was *also* vulnerable to being revoked at the later applicant’s filing date) is unconvincing as a matter of legal history. Moreover, and in any event, the qualified *Palmolive* approach does not map on to Australia’s current legislative provisions. Finally, the normative justification provided by the Supreme Court for ensuring that two conflicting marks were not “on the register” at the same time relies on the possibility of there being overlapping rights in circumstances where no practical problem would flow from this overlap.

To be fair to the Supreme Court, it should be acknowledged that *ICB v Johnson* involved a laudable attempt to read the New Zealand statute as a whole, and in a way that sought to make sense of the way a complex set of provisions interoperate. The

⁶⁸ *Trade Marks Act 2002* (NZ) s 93; *Trade Marks Act 1995* (Cth) s 122(1)(e).

problem with the way the Court approached this task is that it seemed to place undue weight on the need to preserve what might be called the purity of the register. The importance of ensuring that registers are “pure” is commonly accepted, and has received the imprimatur of the High Court of Australia.⁶⁹ Understood correctly, this desire for purity is critical: the register performs an important public information function, and it is this function that provides the primary justification for maintaining a registration system. If the register is “impure”, in the sense that it records marks that should never have been registered or should no longer be registered, the value of the register as a source of public information, and hence the legitimacy of the trade mark system, is undermined.⁷⁰

Importantly, however, purity does not mean that overlapping rights ought never to co-exist on the register. Statutory provisions allowing marks to be registered on the basis of honest concurrent use, prior continuous use or special circumstances, along with “registration” defences to infringement, all flow from a recognition that conditions in the marketplace can be messy, and the role of the register is to reflect this messiness. It is in *this* sense that the register, in fact, needs to be pure. In the sort of case with which we are concerned, “purity” should push us towards ensuring that questions of overlapping rights should be judged at the date at which the conflicts ground of rejection comes to be assessed, and not at some fixed earlier date. The junior applicant who is intending to build, and who may already have started to build, a trading reputation in the sign in question ought to have its interests reflected in the register. Marks that are not legally enforceable at the date of the assessment ought not

⁶⁹ *Health World Ltd v Shin-Sun Australia Pty Ltd* (2010) 240 CLR 590, 597 [22] (French CJ, Gummow, Heydon and Bell JJ); [2010] HCA 13 (“the legislative scheme reveals a concern with the condition of the Register of Trade Marks. It is a concern that it have ‘integrity’ and that it be ‘pure’. It is a ‘public mischief’ if the Register is not pure” (footnotes omitted)). See also *Goodman Fielder Pte Ltd v Conga Foods Pty Ltd* (2021) 157 IPR 468, 488 [82] (Burley J); [2021] FCA 307 (“the cross claim has enhanced the purity of the Register by securing the removal of dead wood that ought not to have remained on it”).

⁷⁰ See Robert Burrell, “Trade Mark Bureaucracies” in Graeme Dinwoodie and Mark Janis (eds), *Trademark Law and Theory: A Handbook of Contemporary Research* (Edward Elgar, 2008).

to form an impediment to the register reflecting the junior applicant's interests. This is what the Supreme Court lost sight of in *ICB v Johnson*, and it is hoped that the practical and theoretical problems that this case causes for the operation of the trade marks system remain on the far side of the Tasman.