

**IN THE SUPREME COURT OF NEW ZEALAND**

**SC 21/2007  
[2007] NZSC 103**

BETWEEN AUSTIN, NICHOLS & CO INC  
Appellant

AND STICHTING LODESTAR  
Respondent

Hearing: 17 October 2007

Court: Elias CJ, Blanchard, Tipping, McGrath and Anderson JJ

Counsel: T J Walker, E C Gray and R C Watts for Appellant  
B P Henry, K M Elcoat and T Walker for Respondent  
A H Brown QC for International Trademark Association, Intervener

Judgment: 11 December 2007

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**JUDGMENT OF THE COURT**

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- A The appeal is dismissed.**
- B The appellant must pay \$7,500 towards the costs of the respondent, together with disbursements fixed by the Registrar.**

**REASONS**

(Given by Elias CJ)

[1] The questions for determination concern the scope of appeal under s 27(6) of the Trade Marks Act 1953. Section 27 of the Act provides the procedure where an application for registration of a trade mark is opposed. In such a case, the Commissioner of Trade Marks, after hearing the parties (if required to do so) and considering the evidence, is empowered to “decide whether, and subject to what

conditions or limitations, if any, registration is to be permitted”.<sup>1</sup> Section 27(6) provides that “[t]he decision of the Commissioner shall be subject to appeal to the Court”. The Court to which appeal lies is defined in s 2 as the High Court and indeed all appeals under the Act are also expressed by s 66(1) to lie to the High Court. The right of appeal is not limited and is a general appeal on fact and law.

[2] The Assistant Commissioner of Trade Marks held that Stichting Lodestar could register its “WILD GEESE” trade mark despite the objection of Austin, Nichols & Co Inc that the mark was deceptive or too similar to its own “WILD TURKEY” trade mark.<sup>2</sup> Gendall J in the High Court allowed an appeal by Austin Nichols and refused registration.<sup>3</sup> The Court of Appeal allowed Stichting Lodestar’s further appeal and granted the applications for registration.<sup>4</sup> Stichting Lodestar appeals to this Court with leave.<sup>5</sup>

[3] The short point raised by the appeal is whether the High Court on an appeal under s 27(6) of the Trade Marks Act 1953 must defer to the assessment of the Commissioner if the conclusion he or she has reached is one on which reasonable minds may differ. The short answer is that the general appeal under s 27(6) requires the High Court to come to its own view on the merits. The weight it gives to the decision of the Commissioner is a matter of judgment. If the High Court is of a different view from the Commissioner and is, therefore, of opinion that the Commissioner’s decision is wrong, it must act on its own view.

[4] Perhaps the most familiar general appeals are those between courts.<sup>6</sup> So, in the present case, the Court of Appeal on general appeal from the High Court under s 66 of the Judicature Act 1908 was entitled to take a different view from the High

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<sup>1</sup> Section 27(5).

<sup>2</sup> *Stichting Lodestar v Austin Nichols & Co, Inc* (Intellectual Property Office, T11/2004, 31 May 2004).

<sup>3</sup> *Austin, Nichols & Co Inc v Stichting Lodestar* (2005) 11 TCLR 265.

<sup>4</sup> *Stichting Lodestar v Austin, Nichols & Co Inc* [2007] NZCA 61.

<sup>5</sup> *Austin Nichols & Co Inc v Stichting Lodestar* [2007] NZSC 41.

<sup>6</sup> For example, s 107 of the Summary Proceedings Act 1957 (as to summary criminal appeals from the District Court to the High Court), s 72 of the District Courts Act 1947 (as to civil appeals from the District Court to the High Court) and s 66 of the Judicature Act 1908 (as to civil appeals from the High Court to the Court of Appeal).

Court. Similar rights of general appeal are provided by statute in respect of the decisions of a number of tribunals. The appeal is usually conducted on the basis of the record of the court or tribunal appealed from unless, exceptionally, the terms in which the statute providing the right of appeal is expressed indicate that a de novo hearing of the evidence is envisaged. (An example of a right of appeal with that effect was that under the legislation considered by the Court of Appeal in *Shotover Gorge Jet Boats Ltd v Jamieson*.)<sup>7</sup> In either case, the appellant bears an onus of satisfying the appeal court that it should differ from the decision under appeal.<sup>8</sup> It is only if the appellate court considers that the appealed decision is wrong that it is justified in interfering with it.

[5] The appeal court may or may not find the reasoning of the tribunal persuasive in its own terms. The tribunal may have had a particular advantage (such as technical expertise or the opportunity to assess the credibility of witnesses, where such assessment is important). In such a case the appeal court may rightly hesitate to conclude that findings of fact or fact and degree are wrong.<sup>9</sup> It may take the view that it has no basis for rejecting the reasoning of the tribunal appealed from and that its decision should stand. But the extent of the consideration an appeal court exercising a general power of appeal gives to the decision appealed from is a matter for its judgment. An appeal court makes no error in approach simply because it pays little explicit attention to the reasons of the court or tribunal appealed from, if it comes to a different reasoned result. On general appeal, the appeal court has the responsibility of arriving at its own assessment of the merits of the case.

[6] It is not entirely clear in the present case that the Court of Appeal meant to depart from these well-established principles. But passages in its judgment have

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<sup>7</sup> [1987] 1 NZLR 437, where appeal to the District Court under s 5 of the Lakes District Waterways Authority (Shotover River) Empowering Act 1985 was held to require de novo hearing.

<sup>8</sup> *Shotover Gorge Jet Boats Ltd v Jamieson* at p 440 per Cooke P for the Court although, as is there indicated, where an appeal provision requires rehearing of the evidence, a state of “equipoise” is unlikely.

<sup>9</sup> The authorities are numerous. They include *Shotover Gorge Jet Boats Ltd v Jamieson* and *Rangatira Ltd v Commissioner of Inland Revenue* [1997] 1 NZLR 129 (PC).

given rise to doubt. They are the basis on which leave to appeal was granted and the reason why the International Trademark Association sought and was granted leave to appear as intervener. The passages suggest that Gendall J, in allowing an appeal from the Commissioner, had fallen into error of approach because he had given insufficient weight to an assessment of the Assistant Commissioner which was reasonably open to her. Thus in para [24] of its judgment the Court of Appeal expressed the view that the High Court was “required to give some weight to the decision of the Commissioner in an area within the Commissioner’s expertise”. Applying that approach, it concluded:

[30] In our view, this was a case where deference by the High Court to the expertise of the Assistant Commissioner was called for. We say that because the conclusion reached by the Assistant Commissioner, in relation to an issue calling for an evaluative assessment on her part, appears to us to be a conclusion which cannot be fairly characterised as wrong. She adopted an orthodox approach to the task and directed herself appropriately as to the legal test she had to apply. Having done so, she reached a conclusion which involved a value judgment on the likelihood of confusion or deception, which appears to us to be soundly based. That being the case, the High Court Judge ought not to have embarked on a reconsideration of the issue without considering, and giving weight to, the Assistant Commissioner’s conclusion. He was, of course, entitled to reach a conclusion contrary to that reached by the Assistant Commissioner, but not to do so without giving weight to her views. If he had done that, we believe that he would have upheld the Assistant Commissioner’s decision. We are satisfied that that should have been the outcome of the High Court appeal.

[7] The Trade Marks Act 1953 has been repealed and replaced by the Trade Marks Act 2002. (It remains applicable to this case under transitional provisions in the 2002 Act.) Since the 2002 Act continues to provide a right of general appeal from the decision of the Commissioner, the correct approach to be taken by the High Court on such appeals remains a matter of importance under the new Act. More generally, it is common to the approach required of all appellate courts hearing general appeals.

## **Background**

[8] In June 2000 Stichting Lodestar applied under s 26(1) of the Trade Marks Act 1953 to register the trade mark “WILD GEESE” in respect of beers and other

alcoholic beverages.<sup>10</sup> Austin Nichols, the proprietor of the registered trade mark “WILD TURKEY” in respect of the same classes, opposed the registration on the grounds set out in ss 16 and 17 of the Act (which prohibit deceptive or similar trade marks). By decision of 31 May 2004, the Assistant Commissioner of Trade Marks held that the applicant had discharged the onus it had to demonstrate that there was no reasonable likelihood of deception or confusion between the two marks. While both marks referred to a wild bird, “both by their look and by their sound”<sup>11</sup> the Assistant Commissioner considered them “too dissimilar” to be deceptive or confusing. Nor, as a matter of overall impression of the marks as a whole, did she consider that there could be any confusion as to common origin, even having regard to the similarity of the goods to which they were applied (bourbon whiskey and Irish whisky) and their market. That view was reached on the basis that the “distinctive and dominant components” of the two marks were the words “TURKEY” and “GEESE”. The words were visually and aurally “significantly different”. On that basis the “WILD GEESE” mark was cleared for registration.

[9] Austin Nichols appealed under s 27(6) of the Trade Marks Act to the High Court. There was no suggestion on the appeal that the Assistant Commissioner had made any mistake of law. The legal principles applicable were correctly identified. Austin Nichols contended, rather, that the Assistant Commissioner’s conclusion as to the likelihood of deception or confusion was wrong as a matter of evaluation. That contention was accepted by Gendall J who held that, although “there may be room for different views”, the applicant had “not discharged the onus or burden on it of satisfying the Court on the balance of probabilities that the use of the mark would not be likely to cause confusion or deceive the public”.<sup>12</sup>

[10] In considering the critical question of the “idea or concept of the mark”, Gendall J thought “the leading characteristic” of each mark to be “the first word ‘WILD’ which is then juxtaposed with the word describing a large game bird that is

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<sup>10</sup> The two applications were in respect of classes 32 and 33 of the trade mark registration classification system, as provided by the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks.

<sup>11</sup> The test established in *Pianotist Co Ltd’s Application* (1906) 23 RPC 774 at p 777 (HC) per Parker J.

<sup>12</sup> At para [32].

the subject of a hunt”.<sup>13</sup> The word “WILD” in the case of each mark was not descriptive of the product. “It describes the game bird”.<sup>14</sup>

This is not a case of the appellant having any monopoly over the use of the word “WILD” but rather a case where the goods are similar, namely alcoholic beverages, and I am persuaded by the argument of the appellant that the contextual or idea similarity through the combination of words, conveying the idea of a wild hunted game bird, is likely to lead to confusion. The combination of the words and the distinctiveness and significant representation of the WILD TURKEY trade mark – acknowledged to have a particular representation in New Zealand, and the overlap or similarity between the proposed goods being alcoholic beverages to which the marks would be used is likely to cause confusion or deceive the public.

[11] In coming to his conclusion, Gendall J did not suggest that the decision of the Commissioner is to be disregarded by the appeal court. Indeed, he acknowledged that:<sup>15</sup>

Judges, of course, invariably accord a Commissioner’s decision considerable weight because of his or her position as an expert tribunal.

Nevertheless, he explained that the appeal judge must determine for himself whether the applicant for registration has discharged the onus of showing that there was no reasonable probability of confusion. He acknowledged that the case was one where “there is room for differing opinions or views, as to the probability of deception or confusion of the respondent’s mark”.<sup>16</sup> But he himself was clearly of the view that the onus had not been discharged to his satisfaction:

[32] As I have said, there may be room for different views but in this case the respondent has not discharged the onus or burden on it of satisfying the Court on the balance of probabilities that the use of the mark would not be likely to cause confusion or deceive the public. So, to that extent I differ from the conclusion of the Commissioner. Of course, such a finding is not one of discretion but one of fact. But I have reached the clear view that the respondent has not discharged the onus of showing on the balance of probabilities that the words used together with the idea or concept conveyed would not lead to deception or confusion when used in relation to alcoholic drinks.

[33] It follows that the appeal succeeds. ...

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<sup>13</sup> At para [31].

<sup>14</sup> At para [31].

<sup>15</sup> At para [15].

<sup>16</sup> At para [19].

[12] The Court of Appeal took the view that Gendall J appeared to have given no “weight” to the opinion of the Assistant Commissioner.<sup>17</sup> In discussing the “standard of appellate review”,<sup>18</sup> it applied the approach taken in its decision in *Federated Farmers of New Zealand Inc v Federated Farmers of New Zealand (Northland Province) Inc*.<sup>19</sup>

### **The approach to general appeal taken in the Court of Appeal**

[13] The procedure prescribed for appeals by s 27 does not provide for full de novo rehearing of evidence. While “further material” can be brought forward under subs (8) either “in the manner prescribed or by special leave of the Court”, it is clearly envisaged that there will be rehearing on the record. That is usual, and is for example the manner of appeals under s 76 of the District Courts Act 1947. The appeal court must be persuaded that the decision is wrong, but in reaching that view no “deference” is required beyond the “customary”<sup>20</sup> caution appropriate when seeing the witnesses provides an advantage because credibility is important.<sup>21</sup> Such caution when facts found by the trial judge turn on issues of credibility is illustrated by *Rae v International Insurance Brokers (Nelson Marlborough) Ltd*<sup>22</sup> and *Rangatira Ltd v Commissioner of Inland Revenue*.<sup>23</sup>

[14] It is not clear in the present case that the Court of Appeal meant to go further. Its reliance on *Federated Farmers* (where the conclusion that the decision of the Commissioner was “not wrong” because she was “entitled to decide the way she did”)<sup>24</sup> suggests however a wider inhibition on appellate scrutiny. So too does the apparent reluctance to differ from the tribunal appealed from in a context where questions of credibility did not arise. The language of “deference” and “weight”

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<sup>17</sup> At para [25].

<sup>18</sup> Heading before para [20].

<sup>19</sup> (Court of Appeal, CA 162/05, 19 September 2006, William Young P, O’Regan and Arnold JJ).

<sup>20</sup> *Shotover Gorge Jet Boats Ltd v Jamieson* at p 441 per Cooke P.

<sup>21</sup> As to such advantages, see, for example, *Powell v Streatham Manor Nursing Home* [1935] AC 243 at p 255 per Lord Atkin, p 256 per Lord Macmillan.

<sup>22</sup> [1998] 3 NZLR 190 (CA) at p 197 per Richardson P and Tipping J, p 199 per Thomas J (where apparently broader statements must be read in the context of the appeal against conclusions of fact which turned on credibility).

<sup>23</sup> [1997] 1 NZLR 129 (PC).

<sup>24</sup> At para [37].

used in para [30] of the Court of Appeal judgment may also suggest a narrower scope of appeal than is consistent with the authorities.

[15] In *Federated Farmers* the Court expressed the view, relying upon its earlier decision in *Vicom New Zealand Ltd v Vicomm Systems Ltd*,<sup>25</sup> that on general appeal under the Companies Act 1993 weight “must” be accorded to the decision of the tribunal appealed from.<sup>26</sup> *Vicom New Zealand* does not however support as emphatic a proposition. Cooke P, for the Court of Appeal, there expressed rather the view that “weight *can* still properly be given to the Registrar’s opinion” when an appeal court is obliged to come to its own determination.<sup>27</sup> The shift from the permissive to the mandatory may also indicate a view that is more deferential to the decision of the tribunal appealed from than is warranted on general appeal. And indeed in *Federated Farmers* the Court was of the opinion that appellate scrutiny ought to be “restrained” where a value judgment is entailed. The Court concluded in that case that the Registrar’s decision was not wrong: “she was entitled to decide the way she did”.<sup>28</sup> That seems to misstate the role of the appellate court on general appeal.

[16] Those exercising general rights of appeal are entitled to judgment in accordance with the opinion of the appellate court, even where that opinion is an assessment of fact and degree and entails a value judgment. If the appellate court’s opinion is different from the conclusion of the tribunal appealed from, then the decision under appeal is wrong in the only sense that matters, even if it was a conclusion on which minds might reasonably differ.<sup>29</sup> In such circumstances it is an error for the High Court to defer to the lower Court’s assessment of the acceptability and weight to be accorded to the evidence, rather than forming its own opinion.

[17] In the present appeal there was no basis for caution in differing from the assessment of the tribunal appealed from. The case entailed no question of credibility. It turned on a judgment of fact and degree, not the exercise of discretion

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<sup>25</sup> [1987] 2 NZLR 600.

<sup>26</sup> At para [31].

<sup>27</sup> At p 604 (emphasis added).

<sup>28</sup> At para [37].

<sup>29</sup> As illustrated by *Wright v Powell* [1982] 1 NZLR 473 (CA).



entrusted to the tribunal. We are of the view that the Court of Appeal was not correct to suggest that, because the decision turned on a value judgment apparently open to the Assistant Commissioner, “the High Court Judge ought not to have embarked on a reconsideration of the issue without considering, and giving weight to, the Assistant Commissioner’s conclusion”.<sup>30</sup> The High Court Judge was obliged to reconsider the issue. He was entitled to use the reasons of the Assistant Commissioner to assist him in reaching his own conclusion, but the weight he placed on them was a matter for him.

[18] The approach adopted by Gendall J was consistent with his appellate obligations. As is clear in his reasons, discussed at para [11] above, he acknowledged that the Assistant Commissioner was entitled to come to the assessment she did but, as he was entitled to do, he disagreed with it. The Court of Appeal should not have left the impression that the Judge should have accorded more weight to the views of the Assistant Commissioner and depressed his own opinion.

### **Determination of the appeal**

[19] If the Court of Appeal had overturned the decision of the High Court simply because it had not given sufficient weight or deference to the views of the Assistant Commissioner, it would in our view have erred in its own appellate approach. It, too, was obliged to form its own assessment as a matter of fact and degree on general appeal from the High Court under s 66 of the Judicature Act. The Court of Appeal judgment demonstrates however that it did fulfil that responsibility. It did not simply confirm the decision of the Assistant Commissioner on the basis that it was reasonably open to her (and therefore not in error of law). It is clear that the Court of Appeal itself came to the conclusion that the two marks were unlikely to be confused and that the High Court conclusion to the contrary was wrong. It was because it came to that view that it allowed the appeal.

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<sup>30</sup> At para [30].

[20] In reaching its conclusion, the Court of Appeal was entitled to place the weight it thought proper upon the reasons of the Assistant Commissioner and the High Court. It was satisfied that the conclusion of the Assistant Commissioner was “correct”, for reasons it explained. The reasons are shortly expressed, but cover all points which weighed with the Commissioner and the High Court Judge:

[31] That conclusion [that if weight had been given to the decision of the Assistant Commissioner, the High Court Judge would have upheld her decision] leads to a result which, in our view, is the correct one. We agree with the Assistant Commissioner that the concept of the word “Wild” with a large game bird is not the controlling consideration in this case. We give much greater weight to the stark difference between the words “Turkey” and “Geese”, both in spelling and phonetically. The latter is plural, which also differentiates it from the former. The use of these words with the word “Wild” does not detract from those differences. The “concept” is not a strong one – and the class of “hunted birds” is both broad and ill-defined. The ideas associated with the two marks are quite different. “Wild Turkey” is evocative of the region of the United States from which bourbon originated whereas “Wild Geese” has distinct Irish connotations and thus is appropriately linked with a brand of Irish whisky. Our assessment is that the two marks are unlikely to be confused for one another if used for liquor products sold in New Zealand in both bottled form in liquor outlets or as single drinks in bars.

[21] These reasons mean that Stichting Lodestar had discharged to the satisfaction of the Court of Appeal the onus of showing that there was no likelihood of deception or confusion arising out of the use of its mark. The test for comparison of marks adopted in *New Zealand Breweries Ltd v Heineken’s Bier Browerij Maatschappij NV*<sup>31</sup> turns ultimately on impression and context. It was not suggested in argument that any matter relevant to the assessment was overlooked. Although Ms Walker urged reinstatement of the High Court determination, that result would not have been appropriate even if the approach adopted in the Court of Appeal had precluded its own proper consideration of the appeal. In such circumstances reinstatement of the High Court judgment would deprive Stichting Lodestar of its right of appeal to the Court of Appeal. Had the Court of Appeal not come to its own conclusion, the matter would have had to be remitted to it. As it is, however, the Court of Appeal has considered the merits of the appeal and has come to its own decision. There being no ultimate error in approach, the appeal must be dismissed. The respondent is

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<sup>31</sup> [1964] NZLR 115 at p 139 (CA) per Turner J.

entitled to costs which we fix at \$7,500, in recognition of the partial success of the argument, together with disbursements as fixed by the Registrar.

Solicitors:

Simpson Grierson, Auckland for Appellant

D J Gates, Whangaparaoa for Respondent

Jackson Russell, Auckland for Intervener