

**EVIDENTIARY CHALLENGES IN PROVING TRADE MARK USE:
WHEN AN ABSENCE OF EVIDENCE CAN AMOUNT TO ‘EVIDENCE OF ABSENCE’**

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Introduction

The judgment of Perry J in *Bauer Consumer Media Limited v Evergreen Television Pty Ltd*² (*Bauer*) serves as an important reminder for trade marks practitioners who prepare evidence in opposition proceedings to exercise careful forensic judgement in addressing what is and, perhaps more importantly, what is not adduced in support of a witnesses’ own statements about their recollections of important events. Due to the fallibility of human memory and the passage of time, it can be perfectly natural for there to be gaps in a party’s evidence. In those circumstances, the outcome of a dispute can depend upon how those gaps are filled by supporting evidence and if they cannot be filled, how the absence of supporting evidence can be explained by other evidence. As *Bauer* has shown, the absence of any such explanation can result in “that comparatively rare class of case where the absence of evidence is in fact evidence of absence”, which can have a particularly detrimental impact upon that party’s case.

In *Bauer*, Bauer Consumer Media (**Bauer**) opposed the application by Evergreen Television (**Evergreen**) to register the word mark “Discover Downunder” in relation to “production of television programs” (**Mark**) on various grounds, most of which relied upon the allegation that Bauer, not Evergreen, was first to use the Mark. Bauer alleged that it first used the Mark in a promotional video that was distributed by email to advertising agencies and that this had occurred prior to Evergreen’s alleged use of the Mark in a licensing agreement with another television company. Bauer chose to run a circumstantial case on this critical issue, relying almost entirely upon inferential reasoning and the recollections of its principal witness, who was its chief executive officer. Bauer failed to produce

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2. *Bauer Consumer Media Limited v Evergreen Television Pty Ltd* [2017] FCA 507; 349 ALR 679.

documents or call witnesses to corroborate the evidence of this witness and its failure to provide satisfactory explanations for those omissions was ultimately fatal to its case.³

Evidence of trade mark use

Only usage “in the course of trade” can amount to trade mark use for the purposes of the *Trade Marks Act 1995 (Cth) (Act)*.⁴ This does not require an actual dealing in goods or services under a mark,⁵ but it must involve more than merely engaging in some preliminary discussion or taking preliminary steps to ascertain whether to offer to trade in the goods or services under the mark.⁶ Trade mark use in this sense is more likely to be proven by evidence of merchandising, advertising and promotion, making offers, selecting, distributing, selling, hiring, leasing, letting out for public use, exporting, importing, repairing, processing, maintenance, servicing – all the operations of a commercial character by which a trader provides to customers for reward some kind of goods or services.⁷

It is easy to imagine circumstances in which evidence of the above examples of trade mark use may be adduced by competing parties, particularly in a contest about the first instance of use of a trade mark. If the probative value of each party’s evidence remains equivocal, the true first user may remain a mystery. When the contest relates to a ground of opposition under section 58 of the Act, it is important to remember that the opponent bears the onus of proof, so a lack of clear evidence as to first use one way or another is only a fatal deficit in the opponent’s case, not in the applicant’s.”⁸ For this reason, as it was demonstrated in *Bauer*, such an opposition will not succeed unless the evidence in support of it is clear, cogent and preferably corroborated.

Fallibility of human memory

Research on human memory suggests that, unlike a video camera, our memories do not capture objective records of events, nor are they stored in a static and preserved state until they are retrieved. Instead, memory is a “constructive and reconstructive process” by which memories can be altered, deleted and created by events that occur during and after the time

3. The decision of Perry J is the subject of an appeal before the Full Court (NSD808/2017). At the time of writing this paper, judgment is reserved.

4. Section 17 of the Act.

5. *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2)* (1984) 156 CLR 414 at 432.

6. *Woolly Bull Enterprises v Reynolds* [2001] FCA 261; *Unilever Aust Ltd v Karounos* [2001] FCA 1132

7. *Lahore, Patents, Trade Marks & Related Rights*, vol 1A, at [60,130] and the cases there referred to.

8. *Food Channel Network Pty Ltd v Television Food Network GP* [2010] FCAFC 58 at [71].

of encoding, during the period of storage, and during any attempts at retrieval.⁹ As a result of this process, memories can be either “true recovered memories” or “honestly experienced false memories”¹⁰ and, in the absence of independent sources of information, it may be difficult for anyone to distinguish between the two. Even if someone believes that they are telling the truth, their memories about an event are shaped by how that event was experienced, by conditions prevailing during their attempts to remember it and by events occurring between the experience and their attempted remembering.¹¹

Reliability and credibility

Law and psychology have been described as “uneasy partners”,¹² but the fallibility of human memory and its ability to impede upon the fact-finding process is commonly recognised by judicial and administrative decision-makers in assessing the reliability and credibility of a witness’ evidence, particularly when such evidence is uncorroborated. Some judicial observations have been that, as a matter of ordinary human experience:

- human memory is notoriously unreliable;¹³
- imagination, emotion, prejudice and suggestion can affect one’s capacity to ‘remember’;¹⁴
- interference with a person’s ability to ‘remember’ may also arise from talking or reading about or experiencing other events of a similar nature or from a person’s own thinking or recalling;¹⁵
- what is actually remembered is often little more than an impression from which plausible details are then, again often subconsciously, constructed;¹⁶
- litigation can have the effect of overlaying the processes of memory, often subconsciously, with perceptions or self-interest as well as conscious consideration of what should have been said or could have been said;¹⁷ and

9. Australian Psychological Society, “*Guidelines Relating to Recovered Memories*” 2000.

10. *R v Eishauer* (1997) 96 A Crim R 489 at 501.

11. Australian Psychological Society, “*Guidelines Relating to Recovered Memories*” 2000.

12. Justice Peter McClellan (2006) ‘*Who Is Telling the Truth? Psychology, Common Sense and the Law*’ 80 *Australian Law Journal* 655.

13. *Arnautovic v Cvitznovic* [2011] FCA 809 at [73].

14. *Longman v The Queen* (1989) 168 CLR 79 (*Longman*) at 107-108.

15. *Longman* at 107-108.

16. *Watson v Foxman* (1995) 49 NSWLR 315 (*Watson*) at 319.

17. *Watson* at 319.

- the passage of time between the events in question and the time of giving evidence will often deteriorate the quality of the evidence that the witness can give because “what has been forgotten can rarely be shown.”¹⁸

The statutory definition of credibility of a witness’ evidence “includes the witness’ ability to observe or remember facts and events about which the witness has given evidence.”¹⁹ This definition has been interpreted to import notions of reliability and truthfulness,²⁰ but the above observations about the fallibility of human memory have been taken into account even when the honesty of the witness is not in doubt, which appears to be on the general assumption that the recollections of honest witnesses can too be “utterly false.”²¹

In *Bauer*, the events that were at the centre of the dispute occurred more than ten years prior to the preparation of the evidence and the principal witnesses of each party could be fairly considered as advocates for a favourable outcome in their respective interests. Having considered their evidence, Perry J accepted that each witness genuinely believed the claim to ownership of the Mark by their respective party, but the above observations about the fallibility of human memory applied with particular force in the circumstances.

While emphasising that it was not due to anything more sinister than “the passage of time and of the kinds of subconscious influences which may lead to the unconscious reconstruction of events”, Her Honour found the evidence of Bauer’s principal witness to be unreliable where uncorroborated by other evidence due to the significant inconsistencies in his evidence and his engagement to some extent in reconstructing important events, for which he provided explanations that were “vague and unpersuasive”.²²

The evidence of Evergreen’s principal witness was also found to have been affected by the passage of time and his strong perception that he was “in the right” but he was found to have given credible answers when pressed as to why he might recall those events and he was prepared to state where he could not recall events and stand corrected where he was proved wrong in cross-examination.

18. *Brisbane South Regional Health Authority v Taylor* (1996) 186 CLR 541 at 551.

19. Dictionary of the *Evidence Act 1995* (Cth).

20. *IMM v The Queen* [2016] HCA 14 at [82].

21. *Watson* at 319.

22. *Bauer* at [239].

Corroboration

In *Bauer*, the emails containing the promotional video that were alleged to constitute Bauer's first use of the Mark were not in evidence, nor did Bauer's principal witness have any personal knowledge of those emails being sent. Bauer failed to call any other witnesses who could depose to receiving the emails or as to the circumstances in which their distribution may have occurred. Instead, Bauer relied heavily upon a statement by its principal witness that he had been told by others that they had received the emails, which was held to be inadmissible hearsay.

Bauer also failed to adduce any documentary evidence in support of the contextual narrative of its case. Proof of the facts comprising this narrative was crucial to Bauer's case because it relied upon inferences that were based on them. Such documents as emails, computer files, budgets, spreadsheets and PowerPoint presentations could be expected to have been available to Bauer for this purpose. Their absence from Bauer's evidence, coupled with the limited personal involvement of its witnesses in the relevant events, was found by Her Honour to have constituted a "serious weakness" in its case.²³

By contrast, Evergreen's competing claim of first use was corroborated by the actual document upon which it was based (the executed licensing agreement) being in evidence and its own competing contextual narrative was supported by other documentary evidence such as diary entries, correspondence and invoices that were mostly consistent with the recollections of its principal witness. Importantly, this evidence was found to be inconsistent with the uncorroborated contextual narrative that was alleged by Bauer.

Evergreen also called a secondary witness who had no personal stake in the outcome and whose evidence about important facts was found to be reliable and consistent with other evidence.

It was this degree of relative consistency and corroboration throughout Evergreen's evidence as a whole that made it insurmountable for Bauer to discharge its onus of proof.

23. *Bauer* at [75].

Explaining an absence of corroboration

A failure by a party to explain the absence of corroborative evidence from its case can sometimes be more detrimental to that party's case than the absence itself.

The common law rule in *Jones v Dunkel*²⁴ may be "one of the most invoked but least understood rules in litigation"²⁵ but *Bauer* and other cases including those referred to below demonstrate that it may be applied in trade marks opposition proceedings in some circumstances.

Generally, where:

- (a) the balance of the evidentiary record is equivocal; and
- (b) one party fails to call a witness or produce a document which that party would be expected to rely on in support of its case; and
- (c) that absent witness or document could be expected to have been available to that party; and
- (d) that party fails to provide an adequate explanation for the absence of that supporting evidence,

the decision-maker may infer that the evidence of the absent witness or document would not have assisted the case of that party, or it may draw with greater confidence an inference that is unfavourable to that party, provided that such an unfavourable inference can be drawn from other evidence in the case.²⁶

In *Bauer*, there were witnesses and documents absent from its evidence that could have corroborated the evidence of its principal witness. The absent documents (the most obvious being the emails containing the promotional video) should have been available to Bauer but there was no direct evidence about the scope of any searches for them that were conducted by or on behalf of Bauer, nor was there any evidence about any deficiencies within Bauer's organisations that may have made it difficult to locate them. Instead, the evidence of Bauer's principal witness demonstrated that he had not personally conducted any searches for the absent documents and his account of any such efforts by others was found to be

24. (1959) 101 CLR 298.

25. *Sagacious Legal Pty Ltd v Wesfarmers General Insurance Ltd* [2011] FCAFC 53 at [78]-[79].

26. *Morley & Ors v Australian Securities and Investments Commission* [2010] NSWCA 331.

“vague and unsatisfactory.”²⁷ Likewise, Bauer did not call witnesses who could have corroborated important aspects of its case who were characterised as being “in the Bauer camp” and therefore available to be called by Bauer and no evidence was adduced by Bauer to explain why it failed to call them. In accordance with the rule in *Jones v Dunkel*, Her Honour inferred that if such documents were adduced and witnesses were called, they would not have assisted Bauer’s case.²⁸

The rule in *Jones v Dunkel* has also been applied by delegates in opposition proceedings before the ATMO. Recent examples of this have been in the contexts of a failure by an applicant to adduce evidence in support of honest concurrent use under section 44(3) of the Act²⁹ and rebutting an inference that an applicant in a non-use proceeding decided to enter the market without first searching the Register.³⁰

In another ATMO decision involving an allegation of bad faith under section 62A of the Act, the delegate refused to apply the rule in *Jones v Dunkel* on the basis that the applicant ought not be required to provide privileged information as part of its evidence in order to support statements of what it personally believed at the time of filing the application.³¹

It is important to remember that a party cannot rely on the rule in *Jones v Dunkel* to support its own case simply on the basis that the opposing party has failed to call certain witnesses. This rule cannot be used to fill gaps in the evidence or convert conjecture and suspicion into inference.³² There must be an evidentiary basis for any such inference.

Conclusion

Bauer is an example of a diametrically opposed and hotly contested dispute about trade mark use that highlights the evidentiary challenges that can arise in proving historic facts. *Bauer’s* relatively complex facts are particular to that case, but there are some observations that can be made of it that are relevant to the work of trade marks practitioners in preparing evidence, such as:

27. *Bauer* at [49].

28. *Bauer* at [296].

29. *Warrior Australia Pty Ltd v Warrior Sports Inc* [2017] ATMO 120.

30. *Live Entertainment Investments III Pty Ltd v The Education Group Pty Ltd* [2018] ATMO 3.

30. *Empire Design and Construction Pty Ltd v Robert Malter* [2017] ATMO 112.

32. *Schellenberg v Tunnel Holdings Pty Ltd* (2000) 200 CLR 121 at [53].

- before preparing evidence of trade mark use generally, it is important to identify the instances of use that can be characterised in accordance with the relevant authorities as being “in the course of trade”;
- any direct evidence of the trade mark use should be consistent with the other evidence in the case. If there is no available direct evidence of use, other cogent circumstantial evidence should be adduced from which the relevant facts can be inferred with as much particularity as possible (for example, evidence of other events that, as a matter of logic, suggest that the use occurred in the circumstances alleged);
- if the timing of the trade mark use is pivotal (for example, to establish ownership in a ground of opposition under section 58 of the Act) then it may be necessary to adduce evidence of a contextual narrative to exclude the possibility of there being any competing prior use of the trade mark by another person;
- if there are no contemporaneous records of the relevant events (for example, where notes were not taken during a meeting), it is important to adduce evidence from as many witnesses who have personal knowledge of those events and whose recollections are consistent;
- if the recollections of a witness cannot be corroborated by other witnesses or documents, it is important to adduce evidence of other facts that may suggest why the witness might recall those events, from which it can be more readily inferred that the witness’ recollections are credible;
- if a witness simply cannot recall certain relevant facts, he or she should admit this and all efforts should be made to fill those gaps with other direct or circumstantial evidence;
- when selecting an appropriate witness to corroborate the evidence of a principal witness, the corroborator’s evidence will be more effective in bolstering the credibility of the principal witness’ evidence if the corroborator has no stake in the outcome of the proceeding;
- evidence that is prepared for an opposition proceeding before the ATMO will not be subject to the rules of evidence so there is more flexibility to include evidence that

may be inadmissible in a court, such as hearsay and opinion. Such evidence may naturally be given less weight by the delegate, but it is better to adduce it in the ATMO proceeding, if it is necessary to prove certain facts, than nothing at all;

- if it becomes apparent that other evidence by way of documents or witnesses would support a party's case, then every effort should be made by that party to locate that evidence and such efforts should themselves become the subject of that party's evidence. For example, a person who searched for the relevant documents or attempted to contact witnesses should provide a detailed account of all efforts that he or she has personally made and any difficulties that he or she may have encountered in doing so; and
- if it appears that *Jones v Dunkel* inferences may be drawn against an opposing party's case for failing to explain the absence of evidence, it is important to adduce evidence from which those inferences can be properly drawn because this rule will not otherwise assist in this way.

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