

## MODERN PROBLEMS IN THE LAW OF TRADE MARKS

By the Honourable Mr. JUSTICE DEAN  
of the Supreme Court of Victoria

THE recent establishment of a Chair of Commercial Law at the University seems to be an appropriate occasion for considering one important relationship between the law and commerce. Commercial men have been complaining that the law which was adequate for the protection of their trade marks in a simpler age has not moved with the times. They want to see the law "modernized" in a number of ways. I am at the present time Chairman of a Committee set up by the Federal Government to consider amendments to the Trade Marks Act. The committee has had before it a number of proposals some of which have been adopted in England. These have been and still are the subject of keen debate by the members of this Committee and no findings have yet been reached. Any views expressed here are purely tentative. I hope we will have reported upon them before this is published.

The whole subject is extremely fascinating. On the one hand we have commercial men chafing under what they regard as the failure of the law to adapt itself to the needs of the modern world. They use phrases like "stream-lining the law", "bringing the law up to date", "keeping abreast with progress in the world outside the courts", to which lawyers react with some sensitiveness. By pressure on these lines they prepare the minds of lawyers for some startling innovation which can be resisted only at the risk of being branded as "brakes on the wheels of progress". By these onslaughts they have, in England, gained considerable results. But the lawyer must stand firm against surrendering his judgment to this kind of attack, and should adopt only what seems reasonable in principle and just to all parties interested. The parties most interested, the public, have, as usual, no voice. Our commercial friends realize that for the most part they can hope for no support from the courts as the main principles of the law have long been authoritatively settled. Any relief must come from legislation, which depends, ultimately, upon the support of lawyers. In England, as a result of reports by expert committees in recent years, great changes have been attempted, though less than was desired. The general nature of the contest will appear from an examination of a number of proposals put forward for consideration. But before doing this, it will be desirable to say a little about the established principles of law and the legislation at present in force.

It is not proposed to consider the general law of passing-off and of the registration and infringement of trade marks further than is

necessary in order to enable the new trends to be understood. But some brief introduction is necessary for this purpose.

It has long been the law that no person may represent his business or his goods as the business or goods of another person. Equity would interfere by its remedy of injunction to restrain such a representation. The action became known as a passing-off action. If plaintiff established that by reason of his use of a particular get-up of his goods or by the use of a particular mark goods bearing such get-up or mark were known in the trade as his goods, he could obtain an injunction to restrain another person from using upon similar goods a get-up or mark identical with that of the plaintiff or so nearly resembling it as to be likely to deceive. Such an injunction did not depend on any fraudulent intent on the part of the defendant. An injunction would be granted even though defendant adopted his get-up or mark in complete good faith and without any knowledge of the plaintiff's get-up or mark. Common law also, at least where a fraudulent intent on the part of the defendant was proved, would award damages against a trader who adopted or copied the get-up or trade mark of another upon similar goods. It would now seem that damages may be recovered at common law in the absence of fraud.<sup>1</sup>

The right to a trade mark thus became a right of property which the courts would protect. It was regarded as something appurtenant to the goodwill of the business. There could be no protection of a trade mark as such, but only of the goodwill associated with it and built up around the mark. It followed that the owner of a trade mark could not grant a licence to use the mark. If a mark indicated the goods of A, and A were to permit B to use it upon goods which were not A's, this would be to countenance a deception of the public by B's falsely representing that his goods were A's goods, and such conduct would invalidate the mark—*Bowden Wire Ltd. v. Bowden Brake Co. Ltd.*<sup>2</sup> Equally if A sold the goodwill of his business to B, he could not retain the mark himself, nor could he retain the goodwill and sell the mark. Any separation of the mark from the goodwill was destructive of the mark. This principle, based on obvious good sense, has created much difficulty in modern times owing to the fact that it is very common for commercial organizations (to use a comprehensive word) to act through a number of separate incorporated companies virtually under one control. It will be necessary to refer to this problem later. It was considered by me in an article published in the *Australian Law Journal*, vol. 6, p. 398; see also vol. 6, p. 372.

<sup>1</sup> *Draper v. Trist* [1939] 3 All E.R. 513; 56 R.P.C. 422. *Kerly on Trade Marks* (7th Edn.) pp. 482-3.

<sup>2</sup> 31 R.P.C. 385 (H.L.).

So the matter stood apart from statute. In 1875 in England the Legislature entered the field. (I disregard the Merchandise Marks Act 1862 as unimportant for this purpose.) The Trade Marks Registration Act 1875 provided for the registration of trade marks and gave to the registered owner a statutory right of action for infringement of his registered mark. The main purpose of the Act was to avoid the necessity for proof in each case that a reputation and goodwill had been established in the mark. It was amended several times and in 1905 a new Act was passed. It is not necessary to consider this legislation in any detail. It contained a definition of "trade mark"; it provided what marks could and what could not be registered; it provided for publication of the application for registration and for opposition by interested persons; it provided for the removal of marks wrongly registered; and gave a right of action against persons wrongfully using the registered mark. Thus the owner of a registered trade mark had two distinct remedies open to him. He might sue at common law (including, of course, equity) for passing-off; or he might sue under the statute for infringement. He commonly combined both claims in the one action. I refer particularly to s. 22 of the Act of 1905 because it is important on the question of assignment to which I shall have to return. It was as follows: "A trade mark when registered shall be assigned and transmitted only in connection with the goodwill of the business concerned in the goods for which it has been registered and shall be determinable with that goodwill" — thus embodying the principle of the common law to which I have already made reference. A similar provision appeared in the Act of 1875.

In Australia, the various States copied closely the Act of 1875 and its amendments. By s. 51 (xviii) of the Constitution the Parliament of the Commonwealth was empowered to make laws with respect to "copyrights, patents of inventions and designs, and trade marks". In exercise of this power it passed the Trade Marks Act 1905, copying in all essentials the English Act of 1875. In particular it reproduced, in s. 56, section 22 of the English Act, quoted above.

The result is somewhat curious. We now have the general law of passing-off, depending on the common law (using the term to include equity), and therefore a matter of State law, and the action for infringement depending upon the Federal statute. Section 5 of the Trade Marks Act 1905 provides: "Subject to this Act and to any Act of the Parliament, the common law of England shall, after the commencement of this Act, apply throughout the Commonwealth." Therefore, it would appear that so much of the general law of passing-off as is concerned with the protection of trade marks is removed from the province of the Parliaments of the State, because any such law

would be inconsistent with s. 5 and inoperative by reason of s. 109 of the Constitution. The Trade Marks Act 1905 has concerned itself solely with registered trade marks. As rights of action based on goodwill and reputation are enforceable only within the State where the goodwill exists, s. 5 may hereafter give rise to some difficulty. But this question stands outside the purpose I have at present in hand. Apart from s. 5 there are other problems. A may have common law rights in a particular mark in Victoria and B may have the same rights in New South Wales, whereas under the Federal statute, unless the right be restricted by the terms of the registration, the right given by registration extended throughout the Commonwealth. In the main, these difficulties were dealt with by limiting in proper cases the geographical area in which the statutory right was enforceable, but the dual source of power presents much difficulty when an attempt is made to confer special incidents to the statutory right.

In 1908 there came the great case of *Attorney-General N.S.W. v. Brewery Employees Union of N.S.W.*,<sup>3</sup> the *Union Label* case. The case is of importance not only by reason of the constitutional issue involved, but because of the research and learning to be found in the judgments as to the nature and history of trade marks. Part VII of the Trade Marks Act 1905 dealt with what were described as "Workers' Trade Marks". Provision was made for the registration of a mark by a worker or an association where the mark was used to indicate that articles to which it was applied were the exclusive production of the worker or association. It was made an offence to use the mark upon goods not exclusively the production of the worker or of members of the association by whom it was registered. The validity of these provisions was attacked upon the ground that the words "trade marks" in s. 51 (xxiii) of the Constitution referred only to trade marks used to denote to purchasers of the goods the person who made or sold the goods in his trade and did not extend to marks used by persons not engaged in trade. The majority of the court (Griffith C.J., Barton and O'Connor JJ.) accepted this view; Isaacs and Higgins JJ. dissented. At p. 513 Griffith C.J. stated his view of the meaning of the term "trade mark", and at p. 518 he stated his conclusion that the worker's trade mark did not conform in any respect to the concept of a trade mark as used in the Constitution. It may be that a different decision on this point may be given today. It will be recalled that the power to make laws with respect to "postal telegraphic, telephonic and other like services" has been held to authorize legislation relating to radio broadcasting and would presumably extend to television. The judgments contain a valuable storehouse of learning on the

<sup>3</sup> (1908) 6 C.L.R. 469.

nature of a trade mark, and the actual decision puts difficulties in the way of adopting by Federal legislation some proposals for amending the law.

I propose now to turn to some of the principal suggestions which have been advanced in modern times to overcome by legislation some of the disabilities from which traders are said to suffer. Some of these proposals have been embodied in legislation either in England or here, whilst others have not. They raise problems of far-reaching importance. A conservative mind will be reluctant to adopt many of them, but at least we lawyers owe it to commerce to consider carefully the claims advanced and not to reject them because they mark a departure from accepted ideas. It is in most cases too late to do anything by action in the courts and the solution, if any, must be found by legislation.

#### *Assignment of Trade Marks*

I take first that problem of assignment upon which I have already touched. It is well illustrated by the case of *Lacteosote Ltd. v. Alberman*<sup>4</sup>. One Famel manufactured in France a cold cure which he sold under the name "Sirop Famel" and he registered in England a label in which those words were prominent. In 1923 he caused the plaintiff company to be incorporated in England and appointed that company his sole selling agent in England. In 1924 he assigned to the plaintiff his registered mark together with the goodwill. This assignment of the mark was duly registered. Famel continued to make his product in France and to export it to the plaintiff for sale in England. Defendant purchased quantities of the product in France from Famel and brought them into England for sale, still bearing the mark. Plaintiff, as registered proprietor, sued for infringement. The action failed because the goodwill to which the mark was attached belonged to Famel's factory in France which had not been assigned. Famel could not validly assign the mark and retain the goodwill, and the assignment was held invalid.

Under present day conditions it is common for an overseas company to form a local company to manufacture or deal in its goods here. It is also common for a principal company not to engage in trade itself but to create and hold all the stock in subsidiary companies each trading in a defined area. Though part of one organization or business, each company is a separate legal entity and the strict application of established principles did undoubtedly create hardship and injustice. In 1934 a Board of Trade Committee reported as follows: "Our law governing the assignment of trade marks is based

<sup>4</sup> [1927] 2 Ch. 117.

upon the theory that a trade mark owes its value to the goodwill and reputation of the business concerned. This theory is no longer universally correct. Under modern conditions of trading the tendency is for the business to be built up around the trade mark and the commercial view today is that the goodwill of a business frequently is inherent in the trade mark itself. The Statute and common law on the subject are based largely upon obsolete conditions and take no account of this change of view." In former times the significance of the mark was that it indicated the goods of a particular person or firm. The purchaser who wanted the goods of that person or firm relied on the presence of the mark as his assurance that the goods which bore it were the goods of such person or firm. Today, generally speaking, the public know little and care less about who makes or markets the goods. They know the trade mark indicates that the goods are made with the skill and according to the methods or processes of whoever it may be who uses that mark upon his goods. The important thing in one case may be the possession of a secret formula, as in *Rey v. Le Couturier*.<sup>5</sup> In another case it may be the possession of technical experience and skill ("know-how"). In another case it may be access to certain raw materials as in cases where the local water or soil gave, or was said to give, qualities to beer, wine or spring water. So long as these distinctive things, whatever they were, were retained the public was satisfied and no deception arose. The mark served as the guarantee of the continued quality of the goods, whoever made them. The law might have recognized this and upheld assignments where in reality there was no deception. But it failed to take this course and applied rather technical and unrealistic rules. These considerations weighed with the Board of Trade Committee. In its desire to relax the stringency of the common law the Committee was in some difficulty. On the one hand it could not permit free and uncontrolled assignment or licensing of trade marks in gross. This would lead to grave abuses and wholesale public deception. On the other hand, the existing rule hampered honest traders where no abuse or deception could fairly be said to arise. In the result the Committee proposed two things. It provided for the licensing of trade marks for use by persons registered as users, and it made new provisions as to assignments. These proposals were enacted in 1937 and re-enacted in the Trade Marks Act 1938. Section 28 deals with registered users.

Briefly the scheme of the section is that a person other than the proprietor of a mark may be registered as a registered user upon satisfying the Registrar of certain matters designed to ensure that such use will not be deceptive. It was largely left to the Registrar to work

<sup>5</sup> [1910] A.C. 262.

out principles on which he would approve of the registration of users. This left a desirable elasticity as it would be impossible to prescribe by legislation for the varying circumstances arising. It has worked very satisfactorily in England. Use by a registered user is deemed use by the registered proprietor. This provision gave a large measure of relief. In 1939, a Committee under the chairmanship of Sir George Knowles, the Solicitor-General, recommended its adoption and in 1948 by Act No. 76 it was enacted in Australia in identical terms. I reserve until later further comment upon it. The second amendment proposed by the Board of Trade Committee related to assignments and found legislative expression in the Act of 1937 and is now s. 22 of the Trade Marks Act 1938. The scheme of the section is this. It begins by providing that, notwithstanding any rule of law or equity to the contrary, a registrable trade mark shall be and shall be deemed always to have been assignable and transmissible either in connection with the goodwill of a business or not. After this generous impulse towards unregulated freedom there follow provisions whereby the assignment must receive the approval of the Registrar. Presumably it is intended that he shall satisfy himself that deception will be unlikely. The section is long and cumbersome and Sir George Knowles's Committee accordingly did not favour its adoption but recommended the adoption of an entirely different provision which was in fact enacted by s. 7 of Act No. 76 of 1948. This section preserves the general prohibition against assignment without goodwill but provides that an assignment without goodwill shall not be invalid unless certain facts appear, which may be summed up sufficiently by saying that deception is thereby likely to result. The onus is thus cast on those who attack the validity of an assignment. Such attack can be made only within three years. This provision appears to have worked satisfactorily in the main, and English experts would like to see it adopted there in place of s. 22.

Having referred in the most general way to what has been adopted it is convenient to pause for some comment. In England and in Australia the provisions as to registered users apply only to registered marks. Presumably an unregistered mark which is still governed entirely by the common law, will still be invalidated by the licensing permitted to the owners of registered marks under the statute, so that once advantage is taken by the registered owner of his power under the statute to permit its use by others he must be prepared to cast away all his common law rights in the mark and to rely on his action for infringement. This will not in practice be any hardship to him as the statutory rights are so ample, but it is worth while calling attention to the position. There are further unsolved difficulties which

may arise if several persons have the right to use the mark in the same territory. Should the name of the registered user in all cases appear on the goods in order that a discriminating purchaser may know whose goods he is buying? So far as assignment is concerned, it would be highly confusing if as the result of an assignment valid under the statute but not under the general law, the statutory rights and the common law rights should be vested in different persons. But both in England and here where the rights in a registered mark are assigned the common law rights in that mark pass also. See subsection (vi) of s. 58 as re-enacted by s. 7 of Act No. 76 of 1948. The same effect is apparently produced by s. 22 (ii) of the English act of 1938. There is no constitutional difficulty in legislating in respect of common law rights in a trade mark, but our Trade Marks Act is otherwise concerned solely with registration and the rights flowing therefrom, and the effect of this provision on common law rights may easily be overlooked.

It may, I think, now be said that the problem of assignment and licensing, if not completely solved, is at any rate rendered much less acute, and commercial undertakings may organize their businesses as they choose without any real risk of impairing their valuable goodwill. I turn now to other problems.

#### *The "Yeast-Vite" Infringement Problem*

In 1934 the proprietors of a registered trade mark consisting of the words "Yeast-Vite" in which by extensive advertising they had built up a considerable goodwill discovered that another trader was offering for sale his own product and advertising it as "a substitute for Yeast-Vite". It was quite clear that the latter was not in any way representing his goods as those of the owner of the mark. But this did not deter the owner of the mark from commencing proceedings for infringement. In support of his claim he contended that he had built up a valuable goodwill by extensive advertising and that it would be unjust to him to allow another trader to obtain the benefit of that goodwill by the simple expedient of describing his goods as "a substitute for Yeast-Vite". The defendant did not defend the action, but the plaintiff's lamentations fell on unresponsive ears in every court up to and including the House of Lords—*Irvings Yeast-Vite Ltd. v. Horsenail*<sup>6</sup>. The short answer to the claim was that as the defendant was not using the mark to denote his own goods, but was quite clearly using it to refer to the plaintiff's, he was not using it as a trade mark, and therefore was not infringing the mark. The decision appears to have come as a shock to commercial men who

<sup>6</sup> 51 R.P.C. 110.

had sounder ideas upon the ethics of trade than upon the intricacies of trade mark law, and strong representations were made to the Board of Trade Committee already referred to. These representations impressed the Committee and led to the passing in 1938 of a new definition of infringement. The language is extremely verbose and obscure. The relevant words are worth quoting:

“that right shall be deemed to be infringed by any person who, not being the proprietor of the trade mark . . . uses a mark identical with it or so nearly resembling it as to be likely to deceive or cause confusion in the course of trade, in relation to any goods in respect of which it is registered, and in such manner as to render the use of the mark likely to be taken . . . in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular or other advertisement issued to the public as importing a reference to some person having the right . . . as proprietor . . . to use the trade mark or to goods with which such a person as aforesaid is connected in the course of trade.”

It was not long before the new provision found its way into the courts. In *Bismag Ltd. v. Ambling (Chemists) Ltd.*<sup>7</sup> plaintiffs were the proprietors of a trade mark “Bisurated” which they had used upon a medicinal preparation and which had been well known by reason of extensive advertising. Defendant was a chemist who in order to sell his goods prepared a booklet giving a list of various preparations, the ailments for which they were designed, an analysis of each and the price. Opposite each defendant gave particulars of his own preparation, analysis, and price. “Bisurated Magnesia Tablets” was one of the preparations referred to and against this he gave particulars of a corresponding remedy of his own. Plaintiffs sued for infringement contending that the case was squarely covered by the new definition. The Court of Appeal, with MacKinnon L.J. dissenting, upheld his claim. But the court showed no liking for the provision. Sir Wilfred Greene M.R. said “It confers upon the proprietor a novel type of monopoly for which no consideration is given to the public”; he referred to it as a “remarkable piece of legislation”, and is critical of the language employed. But he and Clausen L.J. felt bound to give effect to it. MacKinnon L.J. is even more scathing, and said “I doubt if the entire Statute book could be successfully searched for a sentence of equal length which is of more fuliginous obscurity”. But that was not the end of the matter. In *Aristoc v. Rysta Ltd.*<sup>8</sup> the actual question for decision was a different one, but Lord Macmillan expressed a preference for the view of MacKinnon L.J. in the *Bismag* case.

<sup>7</sup> [1940] Ch. 667.

<sup>8</sup> [1945] A.C. 68.

Should the law in this matter bow to the desire of the commercial community, or of some section of it, and should we adopt the English provision? We should plainly not adopt its precise terms in view of the judicial criticism. Even at the risk of being accused of failing to keep abreast of modern development I think we should not adopt the proposal in any form. There is, of course, much to be said for keeping our legislation in line with that of England on a matter in which interests common to both countries are involved. English traders naturally suppose that in Australia their trade marks will be accorded the same rights as are given to them at home. They will, no doubt, regard us as backward if we fail to come into line, particularly when the new legislation has the support of an expert committee. But on this matter I think we must resist the pressure. The right is of so entirely novel a kind that it may well be held to fall outside the power conferred on the Federal Parliament by the Constitution; see *Union Label* case, ante. But, in addition, the new right is given to protect not the rights given by reputation and user, but the rights given by registration. It is open to the proprietor of any mark which is registered, however little goodwill or reputation the mark may have acquired. Yet the whole basis of the claim for the new protection is that the owner of the mark has acquired a reputation from which his competitor is seeking to derive benefit. Further, in the course of a long experience with trade marks I have not heard of any demand or desire for such a novel form of protection. It appears to proceed from a small but well-organized section of the trade, that which is concerned with patent medicines. Finally, it is not easy to see how far the new provision might go. Thus, the most innocent and casual reference in an advertisement to a competitor's trade mark will be an infringement although no damage whatever is caused. The proposal is an attempt to control what are by some regarded as unethical trade practices by the sledge-hammer of an infringement action.

### *A Dual Register*

In 1919 the English Act introduced a two-part Register, known as Part A and Part B. Part A represented the register theretofore in use; Part B provided for the registration of marks unable to qualify for registration in Part A because by reason of their descriptiveness or otherwise they were not in fact distinctive. The general idea, based on what was said by the Court of Appeal in *Re Joseph Crosfield & Sons Ltd.*<sup>9</sup> (a classic authority on this topic) was that there are three kinds of marks. There are those which cannot ever become distinctive of the goods of a particular trader, e.g., words like "Best", "Superfine",

<sup>9</sup> [1910] 1 Ch. 130.

"Perfection", no matter how long and how extensively used; no person should have the right to appropriate them. Then there are marks which although not at present distinctive may become so by long and extensive use, e.g., words which have a somewhat descriptive or suggestive meaning, or are surnames or geographical names. Such words are "capable" of distinguishing the goods of one proprietor, though not yet "adapted" to do so. Finally, there are words which are at once adapted to distinguish, such as invented word or words containing no descriptive suggestion, or words which have by long user become so adapted. The Act of 1919 took up this distinction. It provided that in order to qualify for Part A registration a mark must be "adapted to distinguish" the goods of the proprietor from the goods of other persons. In order to qualify for Part B registration it is sufficient that the mark should be "capable of distinguishing" the goods of the proprietor. Thus a lower qualification suffices for Part B marks. The distinction is further expounded by the Court of Appeal in *Davis v. Sussex Rubber Co.*<sup>10</sup> The right to sue for infringement of a Part B mark is less extensive than that conferred on the owner of a Part A mark. Sir George Knowles's Committee did not recommend the adoption of these provisions here. For myself, I am unable to see any practical advantage in them. Their sole justification is to be found in the fact that in some countries it is not possible for a foreign trader to register a mark unless it has been registered in his own country. Traders have a fondness for adopting marks with some descriptive suggestion and if they cannot register here they cannot become registered in some other countries. The real purpose of a Part B register is therefore not so much to confer rights here as to give the mark a qualification for registration elsewhere. This seems to me a slender ground upon which to base the whole machinery of a double register, but I suppose it is one of those concessions which cost nothing. Perhaps it would be wisest to fall into line with the English legislation.

### *Service Marks*

I come now to a very thorny topic. So far, registration has been confined to marks used upon or in connection with goods sold in the market. Should a like protection be given to proprietors of services? Take the case of taxi-cabs plying for hire under a distinctive badge (here there is no sale of any goods bearing the mark). Or should we leave such cases to be dealt with by the law of passing-off? It is clear that the present Act does not extend to such cases; see *Aristoc v. Rysta Ltd.*,<sup>11</sup> where it was held that a mark placed on goods to denote that they had been repaired by the proprietor of the mark was not regis-

<sup>10</sup> 44 R.P.C. 412.

<sup>11</sup> [1945] A.C. 68.

trable. Many examples can be imagined, e.g., dry-cleaning, retreading of tyres, repairing of shoes, hair-cutting, etc. In America, where such marks can be registered, there has been a perfect riot of registrations. Proprietors of restaurants, advertising agents, technical advisers, medical services, employment services, private inquiry agents, radio broadcasters, insurance offices, real estate agents, railroad services, dance instructors, and music teachers are a few of the many who have taken advantage of the legislation. Why not also doctors, lawyers, stockbrokers, nurses, bankers and so on? The sponsors of the proposal also suggest that it should be possible to register slogans and titles used in broadcasting, e.g., "Fifty and over" and other programme titles used by advertisers over the air. Indeed, the suggestion extends even to chimes, musical themes, etc., used by advertisers to introduce their broadcast sessions. There are many difficulties in such a proposal. Some of them have been pointed out in the *Aristoc* case. Why should dry-cleaners be able to acquire rights in the marks they affix to my clothing? In time, if I employed a succession of such tradesmen I would carry around an imposing array of their insignia. The mark is used for an entirely temporary and ephemeral purpose. Again, the *Union Label* case seems to prevent any valid legislation on these lines, as marks employed would serve a new purpose not covered by that expression as used in the Constitution. I am prepared to be described as conservative and "stuffy" on this proposal.

### *Defensive Trade Marks*

I take up another topic. Owners of well-known marks attach great importance to them, very properly, as they are the basis on which their whole business depends. They do not like to see them depreciated by ignoble use. They do not want to see, for example, "Kodak" shoe polish or "Kolynos" ice-cream or "Bovril" cosmetics. These marks which they have invented they desire to keep for their own use. As the law stands today they cannot restrain the use of their marks for goods quite unrelated to the goods upon which they use them, for in such cases no one is likely to suppose, for example, that the company which sells "Kodak" cameras is the same as that which sells "Kodak" shoe polish, as no deception is likely. The point is well stated by the Privy Council in *Thomas Bear & Sons Ltd. v. Prayag*.<sup>12</sup> Strong representations were made to the Board of Trade Committee in 1934 and that Committee recommended that something should be done. The Committee reported:

"We think that where a trade mark has become identified with the proprietor to such an extent that the use of the mark by others

<sup>12</sup> 58 R.P.C. 25.

on any goods is likely to create the impression that there may be some connection between the goods in question and the proprietor of the mark, it is reasonable and desirable that the proprietor should be able to obtain protection for the mark in classes in which he has no intention of using it, and we suggest that for this purpose provision should be made for the registration of a form of trade mark to be called a '*Defensive Trade Mark*'."

But it was considered that such registration should be allowed only to marks consisting of invented words which have been long and extensively used. This resulted in legislation which became s. 27 of the Act of 1938. But the registration would not extend to all goods whatsoever. It would extend only to goods of such a kind that a person seeing the mark thereon would be likely to suppose that those goods were the goods of the registered proprietor. In substance, this means that the proprietor may register his mark in respect of goods in which he has no intention of dealing, provided that such goods are so related to his goods that the public would be likely to conclude that they were. Sir George Knowles's committee in 1939 recommended that this provision be adopted here with some modifications, but this has not yet been done. It has now been proposed that the provision be adopted and applied to all well-known marks, whether invented or not. Why should not the same protection be given to the mark "Rover" as to the mark "Chevrolet"? This does seem to be a provision which might be made in Australia following its adoption in England.

#### *Use of Mark on Goods outside Registration*

Allied to the question of "defensive trade marks" is another problem. The owner of a trade mark may register it in respect of all goods upon which he is using it or upon which he intends to use it. If for a period of three years from registration there are goods covered by his registration in respect of which he has not bona fide used the mark, his registration may be restricted upon the application of an interested person to those goods upon which there has in fact been bona fide use. He is, therefore, closely confined as to the goods for which he may obtain registration. Complaint is frequently made by registered proprietors that their marks are used by others upon goods very similar to those in respect of which registration has been granted, but still outside the actual goods covered by the registration. In some of these cases a passing-off action might be brought; and it is suggested that the area of protection of a registered mark might well be extended. There is much force in this suggestion. If, for example, A registers a mark for chocolates and B uses the same mark for

peppermints, those who know A's mark are likely to suppose that the peppermints are also of A's make. In many cases A could justifiably support a wider registration, e.g., confectionery. In cases where A's mark is an invented word and is well known, the situation is adequately met by the provision for "defensive marks". Ultimately, it is difficult to see how the protection given by the registration can extend beyond the area marked out by the registration. In the example last given, B may well have refrained from opposing A's application because it was restricted to chocolates, and it would be unfair to him to accord to the registration a wider and uncertain scope not suggested by the application and the terms of the registration.

### *Price Maintenance*

Another of the principal proposals to which I shall refer is one directed to enable a proprietor of a trade mark to control the price at which his trade-marked goods should be sold by retail. It was very strongly urged upon the Board of Trade Committee in 1934 that it should be an infringement of a mark to use it upon the goods of the proprietor if those goods were offered for sale at a price below that fixed by him. But that committee considered that the proposal raised broad considerations of policy extending beyond the proper limits of its inquiry. The agitation for fixing of prices was renewed with great force before Sir George Knowles's Committee in 1939. After a full review of the arguments, that Committee recommended that the proposal be adopted and drafted a section for that purpose. It is of some historic interest to recall that at that time the practice was particularly rampant in the tobacco trade and was most injurious to the retailer who maintained the price fixed by the manufacturer. It is, of course, the presence of the mark on the goods which enables the practice to be adopted. If it is generally known that the price of, say, "Lion" brand cigarettes is 2s. 5d., and if a particular retailer is selling "Lion" brand cigarettes at 1s. 9d., the customer is likely to patronize him if he wants that brand. The present Committee is being urged to adopt a similar recommendation. But as cigarette smokers know to their sorrow, times have changed. The problem raises political and economic issues which may render it of too controversial a nature today to embody in a Trade Mark Act without very full consideration.

### *User for Export*

On this question the controversy is between two classes of traders. The problem of whether use of a mark by a person other than the registered proprietor constitutes an infringement arose in *Jas. Mini-*

*fie & Co. v. Edwin Davey & Sons.*<sup>13</sup> There one Clouet of Singapore had a trade mark consisting of a representation of a cock which he used in his trade there. Plaintiff had registered a cock mark in Australia for flour. Clouet desired to obtain flour from Australia packed in bags bearing his mark and asked defendant to supply him. Defendant put up the flour in bags bearing Clouet's mark, had them transported to the wharf and shipped to Clouet in Singapore. Defendant did not use the mark in selling goods on the Australian market and plainly no action for passing-off would lie. But plaintiff sued for infringement and Cussen J. and the High Court upheld the claim. The decision created a good deal of concern amongst millers because it meant that no miller other than plaintiff could sell flour in branded bags to Clouet. But when it was proposed to alter the position by legislation strong opposition developed from manufacturers of other goods which they exported to other countries and also sold in Australia. These desired to be free to export their goods to other countries as opportunities arose, and expressed concern at the possibility of their marks being adopted in other countries where they themselves had not so far done any business, by other traders or even by their Australian competitors. The problem of achieving a just result in reconciling two sound but opposed views remains to be solved. In England, the 1938 Act has provided that user for export only is an infringement.

#### *Seven Years' Registration conclusive as to validity*

I have hitherto said nothing about what marks may be validly registered, a subject on which there has been a great deal of legislative and judicial consideration bestowed. Traders show a marked fondness for trade marks which contain some reference to the character of the goods. The names of various makes of refrigerators afford an example. Frequently the words are shockingly misspelt versions of ordinary English words. Examples of marks which have been refused registration for the reason that they are descriptive and not distinctive are: "Orlwoola", "Uneeda", "Nectar" (for tea), "Wetordry", "Classic", "Shredded Wheat", "Charm", "I.X.L." (for corsets), "Rohoe" for a cultivating implement. In *Howard Auto-Cultivators Ltd. v. Webb Industries Pty. Ltd.*,<sup>14</sup> Dixon J. discussed the question of distinctiveness. But under the present Act, as in England, after seven years a registration cannot be attacked on this ground. What is to happen if the mark registered for this period is in fact descriptive? This occurred in *Woodward Ltd. v. Boulton Macro Ltd.*<sup>15</sup> where the plaintiff had registered the words "Gripe Water" before the 1905 Act.

<sup>13</sup> (1933) 49 C.L.R. 349.

<sup>14</sup> (1945) 72 C.L.R. 175.

<sup>15</sup> 32 R.P.C. 173.

In 1912, when he had had seven years' registration since the passing of that Act (which first made the registration conclusive) he sued for infringement another trader who for some time had used the same words upon his remedy for infants. Plaintiff met the defence of acquiescence by affirming that he was unaware of the defendant's use of the words until shortly before the action. Eve J. granted an injunction, and I cannot refrain from setting out one of his Lordship's "purple patches" on the passing-off part of the action, which was dismissed.<sup>16</sup>

There is thus a great temptation for the proprietor of a registered mark of doubtful validity to avoid taking any proceedings likely to provoke a motion to expunge it from the register until the seven years have expired, and then to proceed to enforce it relying on its invulnerability. Section 53A provides that no registration shall interfere with the use by any person of any bona fide description of the character or quality of his goods. But the courts have not been inclined to treat as bona fide the use even innocently of a registered trade mark. It seems unjust to expose a trader to liability by reason of an innocent use of a descriptive name which is registered. Sir George Knowles's Committee proposed to allow a challenge to the validity of a registration even after seven years upon the ground that the mark was not distinctive of the goods of the registered proprietor. The result would be that distinctiveness must exist at the time of the challenge, so that a descriptive mark which had been registered would obtain the benefit of conclusive validity only if by user it had become distinctive before such challenge. Similarly, a mark which while distinctive when registered had subsequently ceased to be distinctive might be removed from the register even after it had been there for seven years. This seems to go some way towards keeping the register in accord with the position of the mark in the market. But it presents difficulties in cases where the public have given to a word originally distinctive a wider meaning. The words "Gramophone" and "Vaseline" are

<sup>16</sup> "I never remember any passing off action in which the witnesses . . . have been more economical of the information afforded to the Court in relation thereto, or less well-informed of what was going on outside their own factory than were these two gentlemen. It may be that the problem of alleviating the pains of infants is so absorbing as to necessitate the withdrawal from the world of commerce and competition of those who devote their intellects, their energies and their time to its solution, but without making any reflection on their bona fides I do not think I am doing them any injustice when I suggest that, at some date which I cannot fix, the Plaintiffs fell into a sort of Rip Van Winkle somnolence, from which by some extraordinary coincidence they suddenly awoke, on a date which I can fix, that is to say the date in August 1912 on which the Trade Marks Act 1905 attained the seventh year of its age. Nor do I think I should be far wrong in attributing the activity of the Plaintiffs, immediately subsequent to the date in August 1912, to his forceful use of the vitality accumulated during the antecedent period of invigorating and non-provocative repose."

words which have long been used as trade marks to denote the product of a particular firm, yet in common use they probably serve to denote in the one case a musical instrument and in the other a substance with no belief that the mark belongs to one firm only. In other words, it could be said that the marks have lost their original significance and are no longer distinctive. This is a problem which frequently confronts manufacturers who have so successfully popularized a word used as a trade mark, that the public insist on attributing to the word the wider meaning of indicating a class of goods independently of source. How are such cases to be dealt with? Sometimes it may appear that the owners of the mark have not been diligent in suppressing this wider use, and they may have acquiesced in it, but in other cases the change in significance has occurred against their will and despite their active opposition. Any retailer could give illustrations of this popular tendency.

#### *Word Marks Which are Names of Substances*

It often occurs that the inventor of a new article or of an article made by a new process gives it a new name. Sometimes the article or process is protected by a patent, sometimes it is made by a secret process, and sometimes it is neither. Can other persons who make the same article call it by the same name, when, in the case of a patent, it has expired, or in the case of a secret process it ceases to be secret? The courts have been reluctant to give such protection when the name is really the name of the article. Thus the patentee of a new invention for a floor covering called his product "Linoleum" and registered it as his trade mark. It was held that when the patent ran out other persons who made the same article might lawfully use the trade mark. A similar fate overtook the inventors of a heat-resisting glass to which they applied the mark "Pyrex". It has also been held that the word "Singer" denoted a type of sewing machine rather than the machine of a particular maker. Whatever may be said of Wellington boots and Hansom cabs and the Bath Oliver biscuit, it can hardly be said today that the names "Ford", "Dodge", "Chrysler", "Morris", and "Austin" denote a kind of automobile and not a particular make. Some traders would like to see more extended protection given, but it may be that despite its uncertainty in some cases a fair compromise has been reached.

I have by now probably over-illustrated my main theme, and do not propose to refer to a number of other, though less important, problems. I am really only concerned to indicate a field in which there is a close relation between commerce and law which is infrequently explored in legal studies. It is true that the main principles of the law

have been authoritatively and irrevocably settled by the courts and that any further developments will require legislative action. But in matters of this kind the lawyer has a profound influence. Lawyers have always influenced the enactment of legislation in matters removed from political controversy, and in Victoria today are exerting a very considerable influence. It is therefore very desirable that legal and commercial men should each endeavour to understand the viewpoint of the other and to adapt the law to new situations and conditions so far as it appears to be consistent with justice and common sense and the general public interest to do so.