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REVIEW OF LEGISLATION ON TRADEMARKS, GEOGRAPHICAL INDICATIONS AND INDUSTRIAL DESIGNS

Australia¹

The present document reproduces the introductory statement made by the delegation of Australia, the questions put to it and the responses given in the review of legislation on trademarks, geographical indications and industrial designs at the Council's meeting of 11-15 November 1996.²

I. INTRODUCTORY STATEMENT

Australia's legislation relating to the protection of trademarks and industrial designs comprises, respectively, the *Trade Marks Act 1995* and the *Designs Act 1906*. These are Federal laws and apply to Australia as a whole.

Geographical indications are protected by a combination of the trademark legislation, the *Trade Practices Act 1974* (another Federal Act), the common law of passing off and the fair trading Acts of the Australian states.

No changes to the Designs Act were required to meet the requirements in respect of industrial designs set out in the TRIPS Agreement. However, as its title suggests, this Act is of very long-standing, and is presently the subject of a major review. Although substantial changes are expected as a result of this review, any new Designs Act will continue to implement TRIPS requirements.

Australia's trademark law was undergoing major review during the course of the Uruguay Round negotiations and the TRIPS requirements in respect of the protection of trademarks were incorporated into the new Trade Marks Act.

The significant changes include:

- the test for registrability:

¹As regards legislation relevant to the areas under review and notified by Australia under Article 63.2 of this Agreement, reference is made to documents IP/N/1/AUS/1/Rev.1, IP/N/1/AUS/T/1, IP/N/1/AUS/G/1 and Add.1, IP/N/1/AUS/D/1, IP/N/1/AUS/O/1 and IP/N/1/AUS/I/1-12.

²The minutes of this meeting are contained in document IP/C/M/11.

this is now expressed in terms of a capacity to distinguish the relevant goods or services;

- infringement provisions:
the scope for infringement action has been broadened to encompass goods/services similar to those in respect of which a trademark is registered;
- protection of geographical indications:
the requirements of Articles 22.3, 23.2 and 24.5 of the TRIPS Agreement have been implemented;
- collective trademarks:
there is now express provision for the registration of collective marks;
- well-known trademarks:
the protection of these marks has been made more explicit; and
- authorized use:
the new legislation recognizes this type of use of a trademark.

The *Trade Marks Act 1995* came into force on 1 January 1996. Its operation is currently the subject of a post-implementation review, and it is expected that some minor amendments to maximize its operating efficiency will be effected over the next year.

II. REPLY TO THE GENERAL QUESTION CONCERNING PRIORITY RIGHTS³

Does your country recognize a right of priority on the basis of an earlier trademark application filed in any other WTO Member by a national of a WTO Member?

At present Australia affords priority rights on the basis of an earlier trademark application only to those countries that are included in the Schedule of the Regulations to the Trade Marks Act 1995. The Schedule includes countries that are members of the Paris Convention or with which Australia has concluded bilateral agreements concerning the priority of trademark applications. Australia is taking action to extend the right of priority for trademarks to all WTO Members.

III. REPLIES TO QUESTIONS POSED BY THE EUROPEAN COMMUNITIES AND THEIR MEMBER STATES

1. Does Australian law implement Article 4C(3) of the Paris Convention in conjunction with Article 2.1 of the TRIPS Agreement which says that if the last day of the period (of priority) is an official holiday, or a day when the office is not open for the filing of applications in the country where protection is claimed, the period shall be extended until the first following working day? If yes, please explain how.

Section 36(2) of the *Acts Interpretation Act 1901* (the Act) provides that:

³At the meeting of the TRIPS Council of 11-15 November 1996, Members agreed to respond to this question in the context of the present review (document IP/C/M/11, paragraph 43).

"(2) Where the last day of any period prescribed or allowed for the doing of anything falls on a Saturday, or on a Sunday, or on a day which is a public holiday, or on a bank holiday in the place in which the thing is to be or may be done, the thing may be done on the first day following, which is not a Saturday, or a Sunday, or a public holiday or bank holiday in that place."

By virtue of the long title of the Act which is "An Act for the Interpretation of Acts of Parliament and Shortening their Language" the provisions in Section 36(2) of the Act apply to the *Trade Marks Act 1995*.

2. *Does Australian law provide for the prohibition to use trademarks/service marks which constitute a reproduction, an imitation or a translation of a well-known trademark in accordance with Article 6bis of the Paris Convention in conjunction with Articles 2.1, 16.2 and 16.3 of the TRIPS Agreement and, if so, on what basis?*

Australian law protects against the use of imitations or translations of well-known trademarks/service marks through a combination of Sections 60 and 120(3) of the *Trade Marks Act 1995*, the common law tort of passing off, Sections 52 and 53 of the *Trade Practices Act 1974* and the equivalent provisions of the Fair Trading Acts of the Australian states.

Australia's common law of passing off has its origins in the relevant British common law and is exemplified in the decision of the Australian High Court, *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (1984) 156 CLR 414 ⁴

[Follow-up questions from the EC]

(a) *Could Australia explain, in more detail, how the combination of the Sections referred to in its answer provide for protection of well-known marks in accordance with the criteria laid down in TRIPS Article 16.2 and Article 6bis of the Paris Convention? On the basis of which criteria are trademarks considered to be well-known under Australian law?*

(b) *Could Australia explain, in more detail, how the combination of the Sections referred to in its answer provide for protection of well-known marks against dilution, in accordance with the criteria laid down in TRIPS Article 16.3 and Article 6bis of the Paris Convention? How is the concept of "a connection between these goods and services and the owner of the registered trademark", as referred to in Article 16.3 of the TRIPS Agreement, applied under Australian law?*

I must preface this answer with the comment that although well-known trademarks have been protected under Australian law for many years, through a combination of trademark, trade practices and common law, it is only in the very new *Trade Marks Act 1995* that the expression "well-known" is used for the first time. The provisions described in these comments have been prepared with the express intention of incorporating in the Trade Marks Act protection for well-known marks that fully meets Australia's obligations in respect of the registration of trademarks under the TRIPS Agreement.

Until there has been opportunity for our courts to consider these new provisions, however, it is difficult to say categorically that this intention has been met.

The Article 6bis(1) requirement for pre-registration opposition proceedings is satisfied by Section 60 of the *Trade Marks Act 1995*, which provides for opposition where, because of the reputation of a trademark of earlier priority, the use of the opposed mark would be likely to deceive or

⁴See Annex 1 to the present document

cause confusion. Section 60 applies to services as well as goods. Case law that can be relied on in the application of the terms of Section 60 shows that proof of actual use of the trademark is not required and the relevant reputation might be acquired by any means, including by extension from overseas. The reputation need only be shown to exist in the relevant sector of the market. The requirements of Article 16.2 of the TRIPS Agreement are therefore satisfied by Section 60.

Section 60 is not limited in its application to use for similar goods or services and may be relied on in respect of both registered and unregistered trademarks having the necessary reputation, in other words, well-known marks. It thus satisfies Australia's obligations under Article 16.3 of the TRIPS Agreement.

The cancellation requirement of Article 6bis(1) is met by virtue of the terms of Section 88(2)(a) of the Trade Marks Act, which provide that a registration may be cancelled on the basis of prior reputation where that would have constituted a basis for opposition.

Further protection for unregistered marks, as required by Article 6bis, is provided by the common law tort of passing off together with the *Trade Practices Act 1974* and corresponding State legislation. Sections 53, 55 and 55A of the Trade Practices Act impose both criminal and civil sanctions on specified misleading practices, while Section 52 imposes civil sanctions on conduct in trade or commerce that is misleading or deceptive, or is likely to mislead or deceive.

To be successful in a passing off action, a trademark owner must establish an awareness of the trademark in the local market, but is no longer required to prove local use or the existence of a local business. The plaintiff must also show that the defendant's activities constitute a misrepresentation injuring or likely to injure the "business advantage" of the plaintiff's mark. If this misrepresentation and injury can be established, it is not necessary that the parties be in competition or that their products be similar. Local reputation of the trademark must be established.

These actions extend to services and require only reputation, not actual use, to be shown by any means, in the relevant market sector.

Finally, Section 120(3) and (4) of the Trade Marks Act, which are phrased in language very similar to that of Article 16.3 of the TRIPS Agreement, provide for infringement action to be taken in respect of goods or services unrelated to those the subject of the registered mark.

As noted at the outset, the term "well-known" has been introduced into Australian trademark law in Section 120 of the 1995 Act. The meaning of the term has not yet been considered by the courts and, apart from the words of Section 120(4), "In deciding, for the purposes of paragraph (3)(a), whether a trademark is well known in Australia, one must take account of the extent to which the trademark is known within the relevant sector of the public, whether as a result of the promotion of the trademark or for any other reason.", there are no guidelines yet developed for determining what is a well-known mark. The sorts of factors that are likely to be involved in this determination include evidence of market share, the extent and duration of use and advertising and the inherent distinctiveness of the mark.

3. *Does Australian legislation provide temporary protection, and, if so, on what basis, for trademarks in respect of goods exhibited at official or officially recognized international exhibitions in accordance with Article 11 of the Paris Convention in conjunction with Article 2.1 of the TRIPS Agreement?*

Provision for temporary protection of the kind provided for by Article 11 of the Paris Convention is unnecessary because Australian law recognizes prior use of trademarks whether

registered or unregistered (see Sections 41 and 44 of the *Trade Marks Act 1995*). In addition, Australian case law has established that ownership of a trademark can be determined by first use of the trademark in Australia (*Shell Co. (Aust) Ltd. vs Rohm and Haas Co.* (1948) 78 CLR 601).⁵

4. *Could the Australian Government explain whether its legislation is in accordance with Article 15.3 of the TRIPS Agreement to the extent that trademark applications are not solely rejected on the ground that intended use has not taken place before the expiry of a period of three years from the date of application?*

Under Section 27 of the *Trade Marks Act 1995* it is sufficient for an applicant to have an intention to use the trademark in respect of the specified goods and/or services. There is no provision for the Registrar to reject the application for registration on the ground that the intended use has not taken place before the expiry of a period of three years from the date of the application.

[Follow-up question from the EC]

Does Australian law make registrability of trademarks depend on use? If yes, is there any provision in Australian law on the basis of which the Registrar may reject an application for registration on the ground that the intended use has not taken place? Please explain.

Australian law does not make registrability dependant on use. It is sufficient that an applicant intend to use the trademark: Section 27(1)(b) of the *Trade Marks Act*. There is no provision on the basis of which the Registrar may reject an application on the ground, that the intended use has not taken place.

There is provision, in Section 59, for a person to oppose the registration of a trademark on the ground that the applicant for registration has no intention to use the mark in Australia. If the opponent successfully establishes this ground, the Registrar can refuse to register the trademark.

There is, nevertheless, nothing in Australian law that requires use of the mark to commence before registration can be effected.

5. *Does Australian law grant protection against unfair competition in relation to geographical indications, as provided for in Article 10bis of the Paris Convention in conjunction with Article 2.1 of the TRIPS Agreement, over and above what is provided for under the Trade Practices Act 1974 and the fair trading legislation in the States and Territories of Australia?*

The answer to question 2 above provides a description of the Australian régime for protection against unfair competition and the provisions of the *Trade Practices Act 1974*, common law provisions and relevant state laws. This régime also applies to the use of geographical indications.

6. *Does Australian law provide protection for geographical indications for all goods (and not only for wines and grape products) in accordance with the provisions of Article 22 of the TRIPS Agreement and, if so, on what basis?*

Australia's obligations under Article 22.2 of the TRIPS Agreement are met by the *Trade Practices Act 1974*, the common law provisions of passing off, relevant state fair trading legislation and labelling requirements. Obligations in respect of Article 22.3 are satisfied by Sections 43, 61 and 88 of the *Trade Marks Act 1995*.

⁵See Annex 2 to the present document.

[Follow-up question from the EC]

Could Australia explain, in detail, how the protection for geographical indications provided under Sections 43, 61 and 88 of the Trade Marks Act 1995 operates and how it compares with Australia's obligations under Article 22 of the TRIPS Agreement?

Article 22.3 of the TRIPS Agreement requires that Members provide, *ex officio* or at the request of an interested party, for the refusal or invalidation of the registration of trademarks containing or consisting of geographical indications whose use in respect of the relevant goods is misleading as to the true place of origin of those goods.

Application of a geographical indication to goods whose origin does not correspond with the indication will lead to deception and confusion and thus offend under Section 43 of the Trade Marks Act. An objection in these terms will therefore be raised in respect of any application for registration of a trademark containing or consisting of such an indication and the application will be rejected.

Section 61 provides for any person to oppose the registration of a trademark on the grounds that the mark contains or consists of a geographical indication and where the goods in respect which the mark is to be used do not originate in the region of the geographical indication. If the opposition is successfully made out, registration of the mark will be refused (Section 55 of the Act).

Section 88 provides for the cancellation (or invalidation) of a registered trademark and under paragraph (2)(a) allows for an application for such cancellation to be made on any of the grounds on which the registration could have been opposed, thus importing the grounds set out in Section 61 (and, indeed, the grounds in Section 43, since Section 57 provides in turn that opposition may be mounted on any ground on which an application for registration can be rejected, with one exception not relevant here).

It is apparent, therefore, that the provisions of these sections of the Trade Marks Act fully implement Australia's obligations under Article 22.3 of the TRIPS Agreement.

7. *Does Australian law provide the legal means for interested parties to prevent the use of any means in the designation or presentation of a good, that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good in accordance with Article 22.2 of the TRIPS Agreement?*

See the answer to question 6 above.

[Follow-up question from the EC]

Could Australia explain in more detail how, under its legislation, an interested party can prevent the use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good?

The use of any means in the designation or presentation of a good that indicates or suggests that the good in question originates in a geographical area other than the true place of origin in a manner which misleads the public as to the geographical origin of the good can be prevented by recourse to the provisions of the *Trade Practices Act 1974*, the corresponding fair trading Acts of the Australian states, or to the common law tort of passing off. Relevant details of these actions have

been given in the answer to question 2 above.

8. *Does Australian law provide for the protection granted under Articles 22.2 and 22.3 of the TRIPS Agreement to a geographical indication which, although literally true as to the territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory in accordance with Article 22.4 of the TRIPS Agreement and, if so, on what basis?*

See the answer to question 6 above.

[Follow-up question from the EC]

How does Australian law protect a geographical indication against another geographical indication which, although literally true as to the origin of the goods, falsely represents to the public that the goods originate in another territory? Please also explain the legislative basis in this respect

The provisions of the *Trade Marks Act 1995* which allow for the rejection or refusal of an application for registration, or for the cancellation of the registration, of a trademark the use of which is likely to deceive or cause confusion (Section 43, subject to the extended operation of Sections 57 and 88(2)(a)), provide in part the protection required by Article 22.3 of the TRIPS Agreement. The Trade Practices Act and common law provisions described in the answer to question 2 above provide the protection required by Article 22.2.

To the extent that the use of a geographical indication, although literally true as to territory, region or locality in which the goods originate, falsely represents to the public that the goods originate in another territory and therefore deceives, confuses or misleads the public, the various provisions described above may be used to refuse or invalidate registration of a trademark containing or consisting of the misleading geographical indication, or otherwise to prevent use of the indication.

9. *Does Australian law provide for the protection of spirits not obtained from grapes, in the terms of Article 23 of the TRIPS Agreement?*

See the answer to question 6 above.

[Follow-up question from the EC]

How does Australian law comply with Article 23 of the TRIPS Agreement as regards the protection of spirits, including spirits which are not obtained from grapes?

The provisions in Australian law which protect geographical indications are either of general applicability to all geographical indications (e.g., Section 61(1) of the *Trade Marks Act 1995* and the Trade Practices Act and common law provisions), or refer to both wine and spirits (Section 61(2)(d) of the Trade Marks Act).

10. *Does Australian legislation provide that, in order to be entitled to obtain the registration of a trademark containing or consisting of a sign that is a geographical indication for goods not originating in the same territory as the goods identified by the geographical indication, it is necessary to have acquired, through use in good faith, the right to use such a trademark, in accordance with Article 24.5 of the TRIPS Agreement?*

Australia's obligations under Article 24.5 of the TRIPS Agreement are met by Section 61 of the *Trade Marks Act 1995*

[Follow-up question from the EC]

Could Australia be more explicit about how its Section 61 of the Trade Marks Act 1995 complies with Article 24.5 of the TRIPS Agreement? In particular, is it necessary for obtaining the registration of a trademark to have acquired, through use in good faith, the right to use such a trademark containing or consisting of a sign that is a geographical indication, for goods not originating in the same territory as the goods identified by the geographical indication?

Section 61(2)(c) provides a defence to opposition to registration of a trademark based on the ground that the mark contains or consists of a geographical indication. By establishing this defence the owner of the trademark retains its eligibility for or the validity of its registration. The objective of Article 24.5 of the TRIPS Agreement in this respect is thus met.

It is necessary, in making out the defence, that the owner has acquired, through use in good faith, rights in the trademark in respect of goods not originating in the same territory as the goods identified by the geographical indication.

11. *Does Australian law provide for a grace period of at least six months for the payment of fees prescribed for the maintenance of industrial property rights in accordance with Article 5bis(1) of the Paris Convention (1967) in conjunction with Article 2.1 of the TRIPS Agreement?*

Section 27A of the *Designs Act 1906* (the Act) together with Regulation 23 of the *Designs Regulations*⁶, which is made in accordance with Section 41 of the Act, provide for a grace period of six months.

12. *Are textile designs, including fashion, protected under Australian law (Article 25.2 of the TRIPS Agreement)? If yes, on which legal basis and under which conditions?*

The *Designs Act 1906* and the *Copyright Act 1968*⁷ together provide protection for new and original designs including textile designs.

[Follow-up question from the EC]

Does the reference to the Designs Act 1906 and the Copyright Act 1968 together imply that full protection for textile designs, including fashion, is only available where such designs meet the formal and substantive requirements under both Acts? Please explain, in more detail, the formal and

⁶The Designs Regulations have been notified by Australia under Article 63.2 of the Agreement as an "other law" (see document IP/N/1/AUS/1/Rev.1). Regulation 23 reads as follows:

"Extension of period of registration"

23.(1) Subject to regulation 63 and to sub-regulation (2), an application for the purposes of sub-section 27A(2), (12) or (13) of the Act for an extension or further extension of the period of registration of a design shall be in accordance with Form 7.

(2) For the purposes of sub-section 27A(14) of the Act, an application under sub-section 27A(12) or (13) of the Act may be made within six months after expiration of the period of registration of the design to which the application relates as extended under sub-section 27A(8) or (12) of the Act, as the case may be."

⁷ The Copyright Act 1968 has been notified by Australia under Article 63.2 of the Agreement and distributed as document IP/N/1/AUS/1/Add.1.

substantive conditions under which designs, including textile designs, are protected.

The Australian *Designs Act 1906* covers both two-dimensional and three-dimensional designs, unlike some of the equivalent laws of other jurisdictions which protect designs and models.

The *Designs Act* and the *Copyright Act 1968* are separate in their operation and create two separate intellectual property rights. As most textile designs originate in artistic works, the artistic work can be protected under copyright and, when applied to articles, usually as ornamentation, can be registered as a design.

If articles of fashion are to be protected under the *Copyright Act*, they must satisfy the "artistic work" and "work of artistic craftsmanship" tests. Textiles and designs for articles of clothing are subject to the same tests for registrability as are other designs under the *Designs Act*. The *Copyright Act* and *Designs Act* do not have to be satisfied together to register a design.

To be registrable under the *Designs Act* a design must:

- be applied to an article;
- show features of shape or configuration or pattern or ornamentation; and
- be new or original.

Both textile and clothing designs are registered under the Australian *Designs Act*. The *Designs Office* requires lodgement, prior to registration, of a representation that can be published. The representations of a clothing design must show the article laid out flat. If it is shown on a figure it may assume a different appearance depending on the figure size. Textile designs are represented generally by coloured photographs. The photographs must show the repeating pattern in the textile. Sometimes swatches of the textile material may be lodged.

IV. REPLIES TO QUESTIONS POSED BY THE UNITED STATES

1. *Please explain whether the nature of goods or services to which a trademark is to be applied can serve as an obstacle to the registration of the mark under Australian law. If so, please identify and explain the subject matter excluded under this authority, the relative provisions of the Australian law that serve as a basis for these exclusions, and how this practice complies with TRIPS Article 15.4.*

Section 6 of the *Trade Marks Act 1995* provides:

"6. 'Goods of a person' means goods dealt with or provided in the course of trade by the person ..., and
'Services of a person' means services of a person dealt with or provided in the course of trade by the person."

These provisions, together with the terms of Section 27, mean that the nature of the goods or services can in no way limit or serve as an obstacle to the registration of the mark under Australian law.

2. *Please explain whether Australian trademark law establishes a presumption of likelihood of confusion in the determination of confusing similarity in cases where identical marks are used on identical goods, as required by TRIPS Article 16.1. If so, please identify and explain the legal basis*

for this presumption.

The Australian trademark law does establish a presumption of likelihood of confusion in the determination of confusing similarity in cases where identical marks are used on identical goods (see Section 120 of the *Trade Marks Act 1995*).

3. *Please explain how unregistered well-known trademarks are protected in Australia, as required by TRIPS Articles 16.2 and 16.3.*

Well-known trademarks are protected under Australian law through Section 60 of the *Trade Marks Act 1995*, the common law tort of passing off, Sections 52 and 53 of the *Trade Practices Act 1974*⁸ and equivalent provisions of the Fair Trading Acts of the Australian states. The text of the Australian High Court decision in *re Moorgate Tobacco Co. Ltd. vs Philip Morris Ltd.* (1984) 156 CLR 414.⁹

[Follow-up questions from the United States]

(a) *Please explain how the Moorgate case demonstrates how unregistered well-known trademarks are protected in Australia.*

The reference to the *Moorgate* case was included in our initial answer not so much because it is an exemplar of the protection of unregistered well-known trademarks, but rather as one of the leading High Court cases in which the tort of passing off is considered. Our answer stated that passing-off is a significant means of protecting well-known marks in Australia. In the *Moorgate* case, Mr. Justice Deane discussed in some detail the position of the law in Australia in respect of unfair competition, on the one hand, and passing off on the other (pp. 439-446).

He notes, in the course of this discussion, that the doctrine of passing-off has been adapted "to meet new circumstances involving the deceptive or confusing use of names, descriptive terms or other indicia to persuade purchasers or customers to believe that goods or services have an association, quality or endorsement which belongs, or would belong, to goods or services of, or associated with, another or others".

Although Justice Deane was not in this case considering protection of a well-known trademark, his words can be applied equally well to this issue.

In order to provide further background to this follow-up answer, we are providing a copy of a more recent case, *ConAgra Inc. vs McCain Foods (Aust) Pty Ltd*, which addresses the issue of passing off as a course of action to protect unregistered trademark rights.¹⁰

⁸As a follow-up to this reply, the United States requested copies of Sections 52 and 53 of the Trade Practices Act. The text of this Act, as notified by Australia under Article 63.2 of the Agreement is contained in document IP/N/1/AUS/O/1.

⁹See Annex 1 to the present document.

¹⁰See Annex 3 to the present document.

(b) *Section 60 of the Australian Trademark Act permits the owner of a well-known trademark to oppose registration of that mark based on the reputation of the well-known trademark in Australia. Please explain how the owner of the well-known trademark can prevent the use of that trademark by another.*

The **use**, as against the **registration**, of a well-known trademark by persons other than its owner, can be prevented by use of the *Trade Practices Act 1974*, the equivalent Fair Trading Acts of the Australian states, and the common law tort of passing off.

Sections 53, 55 and 55A of the Trade Practices Act impose both criminal and civil sanctions on specified misleading practices, while Section 52 imposes civil sanctions on conduct in trade or commerce that is misleading or deceptive, or is likely to mislead or deceive. These consumer protection provisions have proved to be very effective in the protection of trademarks in Australia.

To be successful in a passing off action, a trademark owner must establish an awareness of the trademark in the local market, but is no longer required to prove local use or the existence of a local business. The plaintiff must also show that the defendant's activities constitute a misrepresentation injuring or likely to injure the "business advantage" of the plaintiff's mark. If this misrepresentation and injury can be established, it is not necessary that the parties be in competition or that their products be similar. Local reputation of the trademark must be established.

4. *Section 100(3)(c) of the Australian Trade Marks Act provides that the owner of a registered mark that is involved in a cancellation proceeding can avoid cancellation on the basis of failure to use the mark or use of the mark in good faith where "circumstances were an obstacle to the use of the trademark during" the period in question. Please explain the types of circumstances that would be sufficient to satisfy this provision, including, where relevant, results of administrative or judicial decisions addressing this issue.*

Such circumstances might be:

- where regulatory delay in approving use of a product in Australia prevents the registered owner from using the trademark;
- where government action such as nationalization of the owner's company prevents use;
- post war restriction on the import of the relevant product.

Reference is made to an administrative decision, *Pierre Fabre SA vs Marion Laboratories Inc.*¹¹, which was taken under the repealed *Trade Marks Act 1955*. However, Section 100(3)(c) of the Trade Marks Act 1995 makes it clear that such circumstances can apply both to traders generally or just to the registered owner of the trademark.

5. *Please describe the methods by which industrial designs are protected in Australia, in particular:*

- (a) *the form or forms of intellectual property used to protect the design (e.g., patent, copyright, sui generis);*

¹¹See Annex 4 to the present document.

- (b) *the conditions that must be satisfied to obtain the grant of such protection (e.g., whether designs must be new or original and the parameters of these concepts), and a brief description of the registration or granting procedure;*
- (c) *the nature of the rights granted and the term of protection provided;*
- (d) *the nature of remedies available to the owner of each type of protection, including a description of the conditions that may be imposed (e.g., whether commercial use is required); and*
- (e) *whether any exceptions to protection or rights exist for each type of intellectual property involved.*

Protection is effected by *sui generis* legislation, viz, the *Designs Act 1906* which provides the information sought by the questions at (b), (c), (d) and (e).

6. *Please explain how textile designs are protected under your law.*

Textile designs may be protected under the *Designs Act 1906* subject to them satisfying the requirements for registration in that legislation (see answer to the previous question). Sections 74-77 of the *Copyright Act 1968* may also provide protection to such designs.

7. *Please explain how, in the absence of an unfair competition statute, Australian law is consistent with TRIPS Article 22.2, which requires that, with respect to geographical indications, legal means be made available to prevent any use which constitutes an act of unfair competition within the meaning of Article 10bis of the Paris Convention.*

See answer to question 3 from the United States above and, in particular, the decision re *Moorgate Tobacco Co. Ltd. v Philip Morris Ltd.* (1984) 156 CLR 414.

8. *Section 92 of the Trade Marks Act of 1995 permits removal of a mark from the register for non-use at any time if the owner of the mark did not have an intent to use the mark in Australia. Please explain how this provision is consistent with TRIPS Article 19.1, which provides for cancellation on the basis of such non-use only where the non-use has persisted uninterrupted for at least three years.*

Section 92(4)(b) of the *Trade Marks Act 1995* (the Act) provides for the removal of a trademark consistent with Article 19.1 of the TRIPS Agreement. This Article deals with the maintenance of a registration. However, Section 92(4)(a) of the Act relates to the intention to use at the time of seeking registration and is consistent with Article 15.3 of the TRIPS Agreement.

V. REPLIES TO QUESTIONS POSED BY JAPAN

1. *Since it is not clearly stipulated in the Designs Act 1906 that textile designs are protected in conformity with the TRIPS Agreement, please explain under which provision of the Act or other copyright related law these designs are protected. Moreover, to make sure that the opportunity to seek and obtain protection for textile designs is not impaired unreasonably, please explain your system or practice particularly with regard to cost, examination or publication (cf. paragraph 2 of Article 25 of the TRIPS Agreement).*

Any design is capable of registration provided it meets the criteria for registration and the definition of a design provided in the *Designs Act 1906* (the Act). Section 4 of the Act provides:

" 'design' means features of shape, configuration, pattern or ornamentation applicable to an article, being features that, in the finished article, can be judged by the eye, but does not include a method or principal of construction."

The elements of "pattern and ornamentation" can clearly be applied to the surface of a textile and thus fall in the above definition.

In addition, Sections 74-77 of the *Copyright Act 1968* provide for protection of textile articles bearing surface decoration notwithstanding that they are sold in quantity in Australia following their manufacture.

There is no process to record or register copyright in Australia and no costs are associated with obtaining the right.

A copy of the relevant information brochure for registration of designs is attached.¹² This provides detail on the process of registration and cost.

2. *The word "making" is not included in the scope of infringement provided for in Section 30 of the Designs Act 1906. Are design rights appropriately protected in that regard (cf. paragraph 1 of Article 26 of the TRIPS Agreement)?*

The reference in Section 30 of the *Designs Act 1906* to the application of a design to any article includes the "making" of an article in respect of which the design is registered. Therefore, the requirements of Article 26 of the TRIPS Agreement are met.

3. *In your country, where the provisions on the "Crown use" are applied, some restrictions are imposed on the owner of a protected industrial design: for example, licence fees will not be paid to the owner of a registered design. Is there any possibility that the legitimate interests of a rightholder can be unreasonably prejudiced within the meaning of paragraph 2 of Article 26 of the TRIPS Agreement?*

The assertion that licence fees will not be paid is incorrect as Section 40A(4) requires that the terms for Crown use must be agreed between the Crown and the owner or be fixed by a court. Therefore the legitimate interests of a rightholder are recognized and protected by Sections 40A(4) and 40D(3) of the *Designs Act 1906*.

4. *In your country, the first duration of protection available is less than ten years, and any renewal thereafter cannot be requested at the time of registration. It may happen, therefore, that the duration of protection is less than ten years when the first duration has lapsed and the restoration is not permitted afterwards. Would this not be contrary to the spirit of paragraph 3 of Article 26 of the TRIPS Agreement?*

Section 27A of the *Designs Act 1906* provides that unless the design is established to be "not new or original" the owner is entitled to maintain registration on payment of relevant renewal fees for 16 years from the date of filing of the application. This provision is fully consistent with Article 26.3 of the TRIPS Agreement.

¹²See Annex 5 to the present document.

VI. REPLY TO QUESTION POSED BY SWITZERLAND

Please explain how the Australian authorities deal with applications for trademarks containing geographical designations like "Swiss". What are the criteria applied in order to determine whether the use of such designations correspond to the origin of the goods or services?

Applications for trademarks containing geographical indications are dealt with by the Australian Trademarks Office as follows:

- If the trademark *as a whole* is not capable of distinguishing the goods, an objection to its registration is raised by the examiner, relying on the terms of Section 41 of the *Trade Marks Act 1995*. The strength of the objection is increased by the fact that a geographical indication is an apt description for goods produced in that region, and also because such indications may have to be used by others in order that their similar goods can be properly described. A geographical indication is therefore held to be not inherently adapted to distinguish and not capable of distinguishing the applicant's goods.
- Application of a geographical indication to goods whose origin does not correspond with the indication will lead to deception and confusion and thus offend under Section 43 of the *Trade Marks Act*. An objection in these terms will also be raised in respect of the application, unless the goods are described as having their origin in the region of the geographical indication.
- If the trademark is, despite the inclusion of the geographical indication, capable of distinguishing the applicant's goods, no objection under Section 41 will be raised. The same consideration under Section 43 will be made and an objection raised, unless the registration of the mark is limited to use in relation only to goods originating in the region of the geographical indication.
- If the application relates to wines, the applicant will be advised of the terms of the *Australian Wine and Brandy Corporation Act 1980* which prescribes certain conditions to be met in the description and presentation of wine, and implements the *EC/Australia Wine Agreement*, a bilateral agreement entered into by the Member States of the European Union and Australia in 1994. Substantial penalties of up to two years jail and/or a \$60,000 fine now apply to the false or misleading description or presentation of wine involving the improper use of a registered geographical indication or other wine name appearing in the Australian Register of Protected Names.

ANNEX 1

HIGH COURT

[1983-1984.

MOORGATE TOBACCO CO. LIMITED
PLAINTIFF,

APPELLANT;

AND

PHILIP MORRIS LIMITED
AND ANOTHER
DEFENDANTS,

RESPONDENTS.

[No. 2]

ON APPEAL FROM THE SUPREME COURT OF NEW SOUTH WALES.

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1983-1984.

1983,
Nov. 15-18.

1984,
Nov. 22.

Gibbs C.J.,
Mason,
Wilson,
Deane and
Dawson JJ.

Trade Marks — Registration — Proprietorship — Prior use by applicant — Public use indicating connexion in course of trade between goods and user — Overseas company seeking to interest local manufacturer in new cigarette brand supplies cigarette packets and advertising material bearing name — Trade Marks Act 1955 (Cth), s. 40(1).

Contract — Implied term — Licensing agreement relating to manufacture and sale of brand of cigarettes — Licensor subsequently developing new variety of brand — Whether implied term that licensee would not hinder development of line extension of brand.

Equity — Fiduciary relationships — Confidential information — Licensing agreement relating to manufacture and sale of brand of cigarettes — Licensor develops new brand and seeks to interest licensee in manufacture and sale of it in Australia — Supply of samples and advertising material — Whether fiduciary relationship between parties in relation to trade name of new brand.

Tort — Unfair competition — Unfair trading — Whether general cause of action.

A licence agreement relating to the manufacture and sale in Australia of "KENT" cigarettes required the Australian licensee to respect and assist the United States licensor in maintaining its trade mark rights, which included the name "KENT". The licensee manufactured and marketed other tobacco products including cigarettes under the name "MARLBORO". During the currency of the agreement the licensor tested overseas markets for a new type of cigarette with reduced tar and nicotine content under the name "KENT GOLDEN LIGHTS". The licensor sought to interest the licensee in manufacturing and distributing them, and provided samples of cigarette packets and advertising material bearing the name. The licensee expressed but mild interest and was at the time manufacturing and marketing its own low tar and nicotine "MARLBORO LIGHTS". Shortly before the expiration of

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the licence agreement the licensee applied for registration in Australia of the mark "GOLDEN LIGHTS".

Held: (1) That at the date of the licensee's application for registration of the trade mark "GOLDEN LIGHTS" the licensor had not become proprietor in Australia of the mark "KENT GOLDEN LIGHTS" based upon prior use in Australia, and accordingly the licensee was not in breach of the trade mark rights provision of the agreement

Seven Up Co v OT Ltd (1947), 75 C L R. 203; *Re The Registered Trade Mark "Yanx"*; *Ex parte Amalgamated Tobacco Corporation Ltd* (1951), 82 C.L.R. 199, *Aston v. Harlee Manufacturing Co* (1960), 103 C L R. 391; and *The Shell Co of Australia Ltd v. Esso Standard Oil (Australia) Ltd* (1963), 109 C L R 407, applied.

(2) That there was not to be implied into the agreement a term that the licensee would do nothing to hinder or prevent the development of any line extension or other right in respect of the trade mark "KENT".

B.P. Refinery (Westernport) Pty. Ltd v. Shire of Hastings (1977), 52 A L.J.R. 20, *Secured Income Real Estate (Australia) Ltd. v. St Martins Investments Pty. Ltd* (1979), 144 C L R 596, and *Codelfa Construction Pty. Ltd v. State Rail Authority of N S W.* (1982), 149 C L R. 337, applied

(3) That the licensee had not undertaken a fiduciary duty of acting for or in the licensor's interest in respect of the brand and mark "KENT GOLDEN LIGHTS".

(4) That the information communicated to the licensee about "KENT GOLDEN LIGHTS" was not regarded by the licensor as confidential and it was not in fact confidential

(5) That Australian law knows no general tort of unfair competition or unfair trading

Per curiam The existence of a general action for "unfair competition" or "unfair trading" is inconsistent with the established limits of the traditional and statutory causes of action which are available to a trader in respect of damage caused or threatened by a competitor. Those limits, which define the boundary between the area of legal or equitable restraint and protection and the area of untrammelled competition, increasingly reflect what responsible Parliaments have determined to be the appropriate balance between competing claims and policies. However, the rejection of such a general action does not involve a denial of the desirability of adopting a flexible approach to traditional forms of action when such an approach is necessary to adapt them to meet new situations and circumstances

Victoria Park Racing and Recreation Grounds Co Ltd. v. Taylor (1937), 58 C L.R. 479 and *Warnink Bestolen Venootschap v. J. Townend & Sons (Hull) Ltd.*, [1979] A.C. 731, applied

International News Services v. Associated Press (1918), 248 U.S. 215 [63 Law. Ed 211], not followed

Kellogg Co v. National Biscuit Co. (1938), 305 U.S. 11 [83 Law. Ed 73], *Sears, Roebuck & Co v. Stiffel Co.* (1964), 376 U.S. 225 [11 Law. Ed (2d) 661], and *Compco Corp. v Day Brite Lighting Inc.* (1964), 376 U.S. 234 [11 Law. Ed. (2d) 669], considered.

Decision of the Supreme Court of New South Wales (Court of Appeal) *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (1982), 64 F L R 387, affirmed

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APPEAL from the Supreme Court of New South Wales.

In 1963 P. Lorillard Company ("Lorillard"), a New Jersey corporation, and Godfrey Phillips International Pty. Ltd. ("Godfrey Phillips"), a Victorian company, entered into a licence agreement pursuant to which Lorillard licensed Godfrey Phillips to manufacture and sell "KENT" cigarettes in Australia. Lorillard was registered in Australia as the proprietor of the trade mark "KENT". By Art. VI of the agreement, Godfrey Phillips was obliged to respect and to assist Lorillard "in all ways in securing and manufacturing" its trade mark rights. The licence agreement was to expire on 1 December 1977. In 1969 Loew's Theatres, Inc. ("Loew's") acquired Lorillard's business in relation to "KENT" cigarettes and the trade mark, and became licensor under the agreement. In 1970 on an assignment from Godfrey Phillips, Philip Morris Ltd. ("Philip Morris") became the licensee under the agreement and began to manufacture and sell "KENT" cigarettes in Australia. Philip Morris also manufactured and marketed other tobacco products including cigarettes under the trade name "MARLBORO". In 1975 Loew's tested the United States market for a new type of cigarette with reduced tar and nicotine content under the name "KENT GOLDEN LIGHTS". In late 1975 and 1976 several meetings took place between representatives of Loew's and Philip Morris about the possible manufacture of the new cigarettes in Australia, and Loew's provided Philip Morris with a carton of the United States product and related advertising material in an attempt to arouse Philip Morris' enthusiasm. Philip Morris expressed but mild interest in the proposal. At this time Philip Morris was already manufacturing and marketing its own low tar and nicotine "MARLBORO LIGHTS". Late in 1976 Philip Morris told Loew's that its marketing department was starting work on a marketing plan for a low tar and nicotine version of "KENT". The minutes of a meeting between representatives recorded that when the marketing plan was completed and approved by Philip Morris' Australian management, it would open discussions with Loew's to obtain the appropriate licences. It was also stated that Philip Morris' inclination was towards the name "Mild" rather than "Lights". Philip Morris' parent company, Philip Morris Inc., was registered in Australia as proprietor of the trade mark "Lights". In June 1977 Loew's sold its business outside the United States to Moorgate Tobacco Co. Ltd. ("Moorgate"), a leading competitor of Philip Morris in the Australian market, and Moorgate became the licensor under the licence agreement. In July 1979 Philip Morris applied for registration in Australia of the trade mark "GOLDEN LIGHTS". On 21 December 1977 Philip Morris assigned its interest in the trade mark to its parent company. Moorgate commenced proceedings in the

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Supreme Court of New South Wales against Philip Morris and its parent claiming that in making application to register the trade mark "GOLDEN LIGHTS" Philip Morris had acted in breach of fiduciary obligation, in abuse of confidential information, tortiously and in breach of contract. It sought declarations, injunctions and consequential relief. The action was dismissed by Helsham C.J. in Eq. whose decision was upheld by the Court of Appeal Division (Moffitt P., Hope and Glass JJ.A.): *Moorgate Tobacco Co. Ltd. v. Philip Morris Ltd.* (1). Moorgate appealed to the High Court.

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R. S. Alexander Q.C. (with him *F. M. Douglas*), for the appellant. There was a fiduciary relationship between the respondent and the licensor. The appellant is entitled to the benefit of any breach of the respondent's fiduciary duty, and in particular to the benefit of the respondent's application and the priority date that that confers. The relationship between the parties was not governed by only the licence agreement. The agreement deals with one topic. The relationship pertains to another topic. When a person agrees to act for another in a particular matter in which the other reposes trust in him, the person cannot act against the other's interests and in his own: *Whichcote v. Lawrence* (2). Having agreed to carry out market research on "KENT GOLDEN LIGHTS" the respondent applied to register it in its own name so as to preclude the appellant from involvement in the very activity in respect of which the appellant was relying on the respondent's researches to advise it. [He referred to *New Zealand Netherland Society "Oranje" Inc. v. Kuys* (3); Finn, *Fiduciary Obligations* (1977), pars. 467, 468, 471; and *United States Surgical Corporation v. Hospital Products International Pty. Ltd.* (4).] The existence of a licensing arrangement between parties does not preclude the existence of other arrangements between them: *Barclays Bank Ltd. v. Quistclose Investments Ltd.* (5); *Keith Henry & Co. Pty. Ltd. v. Stuart Walker & Co. Pty. Ltd.* (6); *Shepherd v. Felt and Textiles of Australia Ltd.* (7). There was a clear pre-existing obligation of trust and confidence between the parties which made it more likely that their dealings in an unrelated area would be undertaken on the same basis. The respondent misused confidential information imparted to it, namely that the appellant wished to introduce "KENT GOLDEN LIGHTS" into Australia. The respondent used its knowledge of this confidential material as a

(1) (1982) 64 F.L.R. 387.

(2) (1798) 3 Ves. Jnr. 740 [30 E.R. 1248].

(3) [1973] 1 W.L.R. 1126; [1973] 2 All E.R. 1222.

(4) [1983] 2 N.S.W.L.R. 157.

(5) [1970] A.C. 567.

(6) (1958) 100 C.L.R. 342.

(7) (1931) 45 C.L.R. 359.

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springboard for its own dealings. [He referred to *Morrison v. Moat* (8); *Saltman Engineering Co. Ltd. v. Campbell Engineering Co. Ltd.* (9); *Terrapin Ltd. v. Builders Supply Co. (Hayes) Ltd.* (10); *Argyll v. Argyll* (11); and *Seager v. Copydex Ltd.* (12).] The fact that negotiations between the parties broke down did not release the respondent from its obligation not to misuse confidential information. [He referred to *Fraser v. Evans* (13); *Coco v. A.N. Clark (Engineers) Ltd.* (14); *Interfirm Comparison (Australia) Pty. Ltd. v. Law Society (N.S.W.)* (15); and *The Commonwealth v. John Fairfax & Sons Ltd.* (16).] Even if the respondent has not acted in breach of fiduciary duty or misused confidential information, its conduct amounts to the tort of unfair competition. The well-known economic torts reflect, in their narrow compartments, the notion that a person should not in a business relationship take unfair advantage of another. Once the rationale underlying these torts is thus discerned, it is unnecessary to fit a case covered by the rationale into any particular pigeon-hole. [He referred to *Victoria Park Racing and Recreation Grounds Co. Ltd. v. Taylor* (17); *Willard King Organisation Pty. Ltd. v. United Telecasters Sydney Ltd.* (18); *Hexagon Pty. Ltd. v. Australian Broadcasting Commission* (19); *Cadbury Schweppes Pty. Ltd. v. The Pub Squash Co. Pty. Ltd.* (20); *Warnink Bestolen Venootschap v. J. Townend & Sons (Hull) Ltd.* (21); *International News Services v. Associated Press* (22); and *Flexitized Inc. v. National Flexitized Corporation* (23).] The right to have a fiduciary duty and a confidence respected is a right of property capable of assignment: *Federal Commissioner of Taxation v. United Aircraft Corporation* (24); *Brent v. Federal Commissioner of Taxation* (25); *Federal Commissioner of Taxation v. Sherritt Gordon Mines Ltd.* (26). [He referred to *Phipps v. Boardman* (27); *Trego v. Hunt* (28); *Trendex Trading Corporation v. Credit Suisse* (29); *In re Keene* (30); and *Norman v. Federal Commissioner of Taxation* (31).] The appellant was the proprietor in Australia of the trade mark

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|--------------------------------------|-----------------------------------|
| (8) [1851] 9 Hare 241 [68 E.R. 492]. | (20) [1980] 2 N.S.W.L.R. 851. |
| (9) (1948) 65 R.P.C. 203. | (21) [1979] A.C. 731. |
| (10) [1967] R.P.C. 375. | (22) (1918) 248 U.S. 215 [63 Law. |
| (11) [1967] 1 Ch. 303. | Ed. 211]. |
| (12) [1967] 1 W.L.R. 923; [1967] 2 | (23) (1964) 335 F. (2d) 774. |
| All E.R. 415; [1967] R.P.C. | (24) (1943) 68 C.L.R. 525. |
| 349. | (25) (1971) 125 C.L.R. 418. |
| (13) [1969] 1 Q.B. 349. | (26) (1977) 137 C.L.R. 612. |
| (14) [1969] R.P.C. 41. | (27) [1967] 2 A.C. 46. |
| (15) [1975] 2 N.S.W.L.R. 104. | (28) [1896] A.C. 7. |
| (16) (1980) 147 C.L.R. 39. | (29) [1982] A.C. 679. |
| (17) (1937) 58 C.L.R. 479. | (30) [1922] 2 Ch. 475. |
| (18) [1981] 2 N.S.W.L.R. 547. | (31) (1963) 109 C.L.R. 9. |
| (19) (1975) 7 A.L.R. 233; [1976] | |
| R.P.C. 628. | |

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"KENT GOLDEN LIGHTS" which passed under cl. 6 of the agreement. Where a foreign trader has used his mark abroad, the court frowns on the attempt by another to appropriate that mark for himself. Very slight evidence of use in Australia is required to establish the right to the unregistered mark: *Seven Up Co. v. O.T. Ltd.* (32); *Aston v. Harlee Manufacturing Co.* (33); *Re New Atlas Rubber Co.* (34). It is sufficient that imported goods which have not reached Australia have been offered for sale under the mark: *Re Registered Trade Mark "Yanx"; Ex parte Amalgamated Tobacco Corporation Ltd.* (35). Use of the mark in an advertisement of the goods is sufficient: *Shell Co. of Australia v. Esso Standard Oil (Australia) Ltd.* (36). The supply of samples is sufficient use: *Thunderbird Products Corporation v. Thunderbird Marine Products Pty. Ltd.* (37); *Consolidated Foods Corporation v. QUF Industries Ltd.* (38). If a trader offers a distributor goods and gives him samples, the trader is using them for the purpose of indicating a connexion in the course of trade between the goods and the person who uses the mark. [He referred to *Rothman's Ltd. v. W.D. & H.O. Wills (Australia) Ltd.* (39); and *Cal-U-Test Trade Mark* (40).] The cigarette packets and associated advertising material delivered to the respondent stand in the same position as the provision of samples. It was an implied term of the agreement that during its term the licensee would do nothing to hinder or prevent the development of any line or extension or other right in respect of the mark "KENT".

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R. P. Meagher Q.C. (with him *W. M. C. Gummow*), for the respondents. No fiduciary duty existed. Each licensor and each licensee was to the knowledge of the other in active competition with it. At all times the licensee manufactured and sold its own cigarettes in Australia with the fully informed consent of the licensor, one of whose products it was licensed to manufacture and sell here. It was no breach of duty for the licensee to market any such competing product: *Lothian v. Jenolite Ltd.* (41). The only duties owed arose out of the agreement: *Keith Henry & Co. Pty. Ltd. v. Stuart Walker & Co. Pty. Ltd.* (42). The existence of an agency contract between two persons, or of negotiations towards such a contract, does not produce a fiduciary relationship: *Keith*

(32) (1947) 75 C.L.R. 203.
(33) (1960) 103 C.L.R. 391.
(34) (1918) 35 R.P.C. 269.
(35) (1951) 82 C.L.R. 199.
(36) (1963) 109 C.L.R. 407.
(37) (1974) 131 C.L.R. 592.

(38) (1978) 48 *Australian Journal of Patents* 1623.
(39) (1955) 92 C.L.R. 131.
(40) [1967] F.S.R. 39.
(41) 1969 S.C. 111.
(42) (1958) 100 C.L.R. 342.

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Henry & Co. Pty. Ltd. v. Stuart Walker & Co. Pty. Ltd.; *Aston v. Harlee Manufacturing Co.*; *Jirna Ltd. v. Mister Donut of Canada Ltd.* (43). The respondent would have been free to use "GOLDEN LIGHTS" after the expiration of the licence, and accordingly it had the right to "tool up" during the licence: *Julien Praet et Cie v. Poland* (44); *United Aircraft Corporation v. Boreen* (45); *Maryland Metals Inc. v. Metzner* (46); *Cross Wood Products Inc. v. Suter* (47). No confidential information was imparted to the respondent. The name "KENT GOLDEN LIGHTS" was not confidential. The only possibly confidential information was that the licensor was contemplating introducing the line into Australia. It cannot be confidential information to know that a person is thinking about launching a well-known name on the market. [He referred to *O'Brien v. Komesaroff* (48).] The appellant was not the proprietor of the unregistered mark "KENT GOLDEN LIGHTS". Proprietorship is not per se a form of property. It is no more than a right to oppose a rival application for registration of a mark and apply for registration. The status may be acquired by prior public use in Australia in the course of trade: *Kendall Co. v. Mulsyn Paint & Chemicals* (49); *Moorgate Tobacco Co. Ltd. v. Philip Morris Ltd.* (50). There was no such use. Advertising directed to sales in a foreign country cannot be a user of the mark here when there are no goods on or consigned to the Australian market. The use must be in the course of trade: *Aristoc Ltd. v. Rysta Ltd.* (51). No term should be implied that during the agreement the licensee would not hinder or prevent the development of any line extension in respect of the mark "KENT". There is no tort of unfair trading: *Victoria Park Racing and Recreation Grounds Co. Ltd v. Taylor* (52); *Warnink Bestolen Venootschap v. J. Townend & Sons (Hull) Ltd.* (53) *International News Service v. Associated Press* (54) has had a mixed reception in the United States: cf. *Jacobs v. Robitaille* (55); *Sears, Roebuck & Co. v. Stiffel Co.* (56); *Flexitized Inc. v. National Flexitized Corporation* (57). If the appellant cannot deny the respondent the status of proprietorship within s. 40(1) of the *Trade Marks Act 1955* (Cth), it should not be permitted to do so

(43) (1971) 22 D.L.R. (3d) 639; 40 D.L.R. (3d) 303.

(44) [1962] 1 L.L.R. 566, at pp. 579-581.

(45) (1969) 413 F. (2d) 694, at p. 700.

(46) (1978) 382 A. (2d) 564.

(47) (1981) 422 N.E. (2d) 953, at pp. 956-957.

(48) (1982) 150 C.L.R. 310, at p. 326.

(49) (1963) 109 C.L.R. 300.

(50) (1980) 145 C.L.R. 457, at pp. 477-478.

(51) [1945] A.C. 68.

(52) (1937) 58 C.L.R. 479.

(53) [1979] A.C. 731.

(54) (1918) 248 U.S. 215 [63 Law. Ed. 211].

(55) (1976) 406 F.Supp. 1145, at p. 1151.

(56) (1964) 376 U.S. 225 [11 Law. Ed. (2d) 661].

(57) (1964) 335 F. (2d) 774.

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by another path on the ground that otherwise it would suffer unfairness.

R. S. Alexander Q.C., in reply.

Cur. adv. vult.

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The following written judgments were delivered:—

GIBBS C.J. I would dismiss this appeal for the reasons given by Deane J., which I have had the advantage of reading and with which I agree.

1984, Nov. 22.

MASON J. I would dismiss the appeal for reasons to be given by Deane J.

WILSON J. I have had the advantage of reading the reasons for judgment prepared by my brother Deane. I agree with those reasons and the conclusions to which they lead. There is nothing that I wish to add.

DEANE J. This appeal is another skirmish in the hostilities between two large United States-controlled corporate groups over entitlement to use the words "GOLDEN LIGHTS" as a trade mark in relation to cigarettes. The hostilities are, so the Court was told, being waged on a number of different national fronts. They have surfaced twice before in this Court: on a question of jurisdiction (see *Moorgate Tobacco Co. Ltd. v. Philip Morris Ltd.* (58)) and on a question of competency: see *Moorgate Tobacco Co. Ltd. v. Philip Morris Ltd.* (59). The present appeal raises questions of substantive right.

The appellant, Moorgate Tobacco Co. Ltd. ("Moorgate") which is a member of the "British American Tobacco Group", claims that the first respondent, Philip Morris Ltd. ("Philip Morris") which is a member of the "Philip Morris Group", acted in breach of fiduciary obligation, in abuse of confidential information, tortiously ("unfair competition") and in breach of contract when, on 12 July 1977, it made an application to the Australian Trade Marks Office to register the trade mark "Golden Lights" in respect of tobacco and tobacco products. The second respondent, Philip Morris Inc. ("P.M. Inc.") which is the holding company of Philip Morris, is a party to the proceedings by reason of an assignment by Philip Morris to it of that mark. Moorgate's action in the Supreme Court of New South Wales for declaratory, injunctive and consequential relief was

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dismissed by the learned trial judge (Helsham C.J. in Eq.) whose decision was upheld by a unanimous New South Wales Court of Appeal (Moffitt P., Hope and Glass JJ.A.). Moorgate now appeals, as of right, to this Court from the judgment and order of the Court of Appeal.

All of Moorgate's propounded causes of action have their alleged basis in a common substratum of fact. Those facts fall within a narrow compass. It is convenient to refer to them before turning to consider the various claims to relief. The starting point is an agreement ("the licence agreement") which was made on 1 December 1963 between a New Jersey corporation, P. Lorillard Company ("Lorillard"), and a Victorian company, Godfrey Phillips International Pty. Ltd. ("Godfrey Phillips").

Lorillard was the manufacturer and distributor of the "KENT" brand of "King Size Filter" cigarettes. Those cigarettes, which were and are well known in Australia and other countries, incorporate what is known as a "MICRONITE" filter. Lorillard was registered in Australia as the proprietor of the trade mark "MICRONITE" and had applied for, and was subsequently to obtain, registration of the trade mark "KENT". By the licence agreement Lorillard granted to Godfrey Phillips "a license under the Trademarks Rights" to make and sell "the internationally famous 'KENT' cigarettes with 'MICRONITE' filters" in the "License Area" which consisted of Australia and its overseas territories. The licence agreement provided that, in the event that the licensor decided to licence "the use of any of its other cigarettes or tobacco products trade marks, in the License Area", the licensor agreed to offer to the licensee, on such terms as the licensor "shall deem reasonable, the right of first refusal of such license or licenses". At the time it entered into the licence agreement, Godfrey Phillips also entered into a related agreement ("the technical assistance agreement") with an associated company of Lorillard which provided for the purchase by Godfrey Phillips of "flavouring" and MICRONITE "filter rods" for use in the manufacture of KENT cigarettes and which also provided for the supply of technical information and assistance to Godfrey Phillips. Both agreements were for a term of seven years from 1 December 1963. In accordance with their respective provisions, they were later extended for a further period of seven years expiring on 1 December 1977.

Subsequent assignments and novations brought about a number of changes in the parties to the two agreements. The changes in parties to the technical assistance agreement reflected the changes in parties to the licence agreement and it is convenient to refer only to changes in the parties to the latter agreement. In 1969, Loew's

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Theatres, Inc. ("Loew's") acquired Lorillard's business in relation to KENT cigarettes and became the owner of the KENT and MICRONITE trade marks in Australia and the licensor under the licence agreement. After that acquisition, Lorillard's former business was carried on by what was known as the "Lorillard Division" of Loew's and, in correspondence and discussions, executives of Loew's commonly referred to "Lorillard" as if it remained the relevant corporate entity. On or about 7 April 1970, consequent upon an assignment made to it by the then licensee with the consent of Loew's, Philip Morris became the licensee under the licence agreement. After that assignment and until the expiry of the two agreements on 1 December 1977, Philip Morris manufactured and marketed in Australia cigarettes under the KENT trade mark. At all relevant times, Philip Morris also manufactured and marketed other tobacco products including cigarettes under the trade mark "MARLBORO".

About the middle of 1975, Loew's decided to test the United States market for a new type of cigarette with a reduced tar and nicotine content under the brand name "KENT GOLDEN LIGHTS". That brand name was what is known in the tobacco industry, at least in Australia and the U.S.A., as a "line extension" of the "parent" mark "KENT", that is to say, a brand name that adds to a "parent" name either other words or a device so that it can be used to give an individual identity to a new product while retaining the advantage of the goodwill or reputation associated with the "parent" name. In October and November 1975, a market test of those new cigarettes under that brand name was conducted in the United States. At about the same time, a market test of the same or a similar product was conducted in Belgium under the name "KENT SPECIAL MILD". Between November 1975 and November 1976, there were discussions between representatives of Loew's and Philip Morris about the possible manufacture and marketing by Philip Morris of the new cigarettes in Australia under one or other of those two brand names. It should be mentioned, by way of background to those discussions, that Philip Morris was already manufacturing and marketing its own "low tar and nicotine" cigarettes in Australia under the name "MARLBORO LIGHTS" and that it appears to have been common ground that the manufacture and marketing of the new KENT cigarette in Australia would not be within the licence to manufacture and market contained in the existing licence agreement. Since it is largely upon those discussions, and upon documents and actions associated with them, that Moorgate relies to make good its claims for relief, it is appropriate to refer to them in a little detail.

The first of the discussions took place in New York in November

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1975 between Mr. Orcutt of Loew's and Mr. Hurley of Philip Morris. It was in the course of negotiations about a further licence agreement to commence when the existing one expired in late 1977 Mr. Orcutt gave evidence of what was said about the new cigarettes:

"... I said words to the following effect: 'We have test marketed a low tar and nicotine cigarette recently. The cigarette is known as KENT GOLDEN LIGHTS and the test market has shown a high degree of acceptance for this product under that name. You have advised us and we are aware that our license agreement will soon terminate. We both desire the development of an ongoing relationship under a new license agreement. Lorillard considers, as a basic part of a new license agreement, the introduction by Philip Morris Australia of a product that would be compatible to our understanding of the consumer interest in Australia for reduced tar and nicotine cigarettes. We feel that the acceptance of KENT GOLDEN LIGHTS in the U.S. would make it a strong entry to interest new consumers and strengthen the KENT franchise in Australia.'

Hurley replied in substance: 'That is very interesting. We'd certainly be pleased to look into it and let you have our impressions.'

I replied: 'We would be only too pleased to give you any assistance that we can. I'll ask Paul Clark (an employee of Loew's based in Hong Kong), Tom Jones, John Howley, and John Roberts (employees of Loew's based in America) to keep in touch with you about the matter and give you any assistance they can.'

On 18 December 1975, Mr. Orcutt wrote to Mr. Hurley canvassing a number of matters that had been discussed in the November meeting. After introductory pleasantries, the letter confirmed that Loew's was "prepared to re-negotiate the license agreement with Philip Morris (Australia) Ltd., which would embrace the changes we discussed". There followed a list of "elements" on which it was said that agreement "in principle" had been reached "subject to final framing". Under the heading "royalty", it was noted that Philip Morris had proposed an increase in "the existing rate from Australian \$0.30 to Australian \$0.35 per thousand" cigarettes and that Loew's proposed "that the new agreement provide for a royalty of Australian \$0.45 per thousand". The reference to the new low nicotine and tar cigarettes came immediately before a further reference to the "minimum royalty rate". It read:

"In accordance with our conversation, attached to this letter is a position paper on the proposed line extension for KENT in Australia. After you have had a chance to review the paper, we would be most interested to receive your proposal for the launch of a 'SPECIAL' KENT, which would include the marketing support that Philip Morris (Australia) would be prepared to

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commit to this product, as well as the remaining pertinent information.

As we discussed, the support of this line extension for KENT would in no way affect Philip Morris' marketing endeavours or continuing emphasis on regular KENT; i.e. KENT KING and KENT BOX."

The "attached ... position paper" was in the form of an internal Loew's memorandum addressed to Mr. Orcutt. Its contents indicate that it had been prepared as a document to be forwarded to Philip Morris to help persuade Philip Morris of the advantages which it would derive from manufacturing and marketing the "low tar and nicotine line-extension of KENT in Australia" under licence from Loew's. After setting out arguments favouring the introduction of the product in Australia and referring to test marketing in the United States and Belgium, the document concluded:

"The old cliché of 'strike while the iron is hot' was never more valid when discussing marketing opportunities in the low T.&N. segment.

I believe that the opportunity obviously exists. The brand has inherent strengths in the white pack and health association, Lorillard has the technological capability to blend a good tasting, easy drawing cigarette within the acceptable range of numbers, and most importantly a KENT line-extension will give Philip Morris Australia another entry in the low T.&N. segment which appears to be dominated by their competitors."

The "position paper" referred to the fact that in Europe the word "Mild (Milde)" is the universally accepted name that signifies a low tar and nicotine category whereas in the United States "Lights" is the word that signifies that category. It stated that "a carton each of the U.S. and Belgian product, package flats and tear sheets of the advertising campaigns" were enclosed. The evidence, while inconclusive, indicates that this material was forwarded to Philip Morris.

Subsequent discussions relating to the introduction of a KENT low tar and nicotine cigarette in the Australian market took place between representatives of Loew's and Philip Morris at meetings in April, June and August 1976. Neither those discussions nor documents associated with them greatly advanced the project. The evidence in relation to them discloses that Loew's continued to seek to arouse enthusiasm on the part of Philip Morris for the introduction by Philip Morris, under licence, of the proposed new cigarette in Australia and that Philip Morris was somewhat unresponsive to those efforts. Thus, in the April 1976 discussion, Mr. Hurley indicated that Philip Morris was studying the possibilities but that he feared that any such marketing would not increase the overall volume of sales of KENT cigarettes. In the June discussion, Mr. Hurley expressed the view that the low tar and nicotine

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cigarette market in Australia was a "God-dam leaky bucket". In the August discussion, he indicated that "he was still very much negative about the project" for the reason "that he would prefer to get the parent brand healthy again". It is possible that the apparent enthusiasm for the new product on the part of representatives of Loew's and the apparent lack of it on the part of Mr. Hurley are explained by the fact that the parties were still engaged in negotiations about the rate of royalty to be paid by Philip Morris under any "ongoing license agreement". One factor which did emerge from those discussions was a growing conviction on the part of Loew's that the new product should, if introduced into the Australian market, be under the mark "KENT GOLDEN LIGHTS". In that regard, it is relevant to mention that a successful "national launch" of the low tar and nicotine cigarette under that mark had taken place in the United States during March and April 1976.

From 6 to 9 November 1976, there was a number of meetings in Melbourne between a representative of Loew's and executives of Philip Morris, including Mr. Hurley. In the course of discussion, Mr. Hurley raised the subject of "KENT GOLDEN LIGHTS". He stated that Philip Morris was aware of what was needed to market the product and that he would be visiting New York around 13 November and would "call" Mr. Orcutt. On 16 November, there was a meeting, in New York, between Mr. Hurley and two senior executives of Loew's (Mr. Howley and Mr. Roberts). The discussion is summarized in a Loew's internal document headed "Minutes of Meeting". These "Minutes" indicate that a large part of the "Meeting" consisted of discussions about a new licence agreement after the expiry of the current agreement and that Loew's maintained its position that the royalty under the new agreement should be \$A0.45 per thousand units while Mr. Hurley indicated that Philip Morris would be prepared to raise the royalty rate from the then current \$A0.30 per thousand units to \$A0.40. The Minutes summarize the discussion about "KENT GOLDEN LIGHTS" as follows:

"Mr. Hurley stated that the Philip Morris Marketing Department is starting work on the details of a marketing plan for a low tar and nicotine version of KENT. When the plan is completed and approved by Australian management, Philip Morris will open discussions with Lorillard to obtain the appropriate licences.

It was stated that Philip Morris should pursue development of the U.S. Golden Light pack and not the European Special Mild design. Mr. Hurley agreed and stated that Philip Morris marketing will start out by determining the proper name for the product, GOLDEN LIGHTS or Special Mild. Philip Morris, Australia is now conducting research on the MARLBORO LIGHTS

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name and what it means. Current thinking is that Mild appears to be more acceptable to Australian consumers than Lights."

That discussion must, of course, be understood in the context that Loew's had, throughout, been attempting to persuade a seemingly reluctant Philip Morris to manufacture and market the new product in Australia under a licence agreement involving the payment of a royalty to Loew's. In that context, the reference to Philip Morris "starting work on the details of a marketing plan" would appear to be a reference to Philip Morris preparing a marketing plan essentially for its own purposes and setting out its own market assessment and intentions. That this was so is confirmed by the next statement attributed to Mr. Hurley in the above extract, namely, that, when the plan was completed and "approved by Australian management" of Philip Morris, Philip Morris would take steps "to obtain the appropriate licences".

In the absence of objection, Mr. Orcutt was permitted at the trial to say that Loew's "felt" that Philip Morris "had given ... an obligation to deliver" to Loew's the above-mentioned "marketing plan". Mr. Orcutt was, however, not present at the discussion of 16 November 1976 which was the only occasion on which it is suggested that such a proposed plan was mentioned: "the details" of that discussion had been reported to him by Mr. Howley. Mr. Howley's direct evidence and the contemporaneous record of the discussion contained in the "Minutes", which are plainly to be preferred to Mr. Orcutt's evidence on the point, indicate that no such "obligation" had, in fact, been expressly undertaken by Philip Morris. In the context of previous statements that Philip Morris would let Loew's have its "impressions" and that Loew's would be interested to "receive" a "proposal" from Philip Morris, it is possible that there was a common understanding that Philip Morris would provide Loew's with information about its marketing plans when it "opened discussions with Loew's to obtain the appropriate licenses" to manufacture and market the new product in Australia. Be that as it may however, there is no basis in the evidence for a finding that Philip Morris either undertook to act on behalf of Loew's or was in fact so acting in relation to the preparation of that marketing plan and there is no finding to that effect in any of the judgments in the courts below. To the contrary, the evidence plainly indicates that the marketing plan was to be prepared by Philip Morris acting on its own behalf so that it might be placed before its own "Australian management". The proper conclusion from all the evidence is that expressed by Hope J.A. in the Court of Appeal, namely, that the discussions and communications "in respect of the project of selling the new cigarettes in Australia" were and remained business

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discussions and communications "between business people dealing, in this regard, at arms length".

The above extract from the "Minutes" of the 16 November 1976 conversation indicates that the question of the name to be used for the new product, if introduced in Australia, remained an open one. While the combination of "Golden" and "Lights" had been devised by Loew's, both words were well-known descriptive words in the trade. Thus, the Australian Register of Trade Marks includes, in respect of tobacco products, many instances of the use of the word "golden" including such evocative examples as "Golden Throat", "Golden Shag", "Golden Arrow" and "Golden Teens": the evidence is that the word "golden" was understood to refer to the "richness" of the product rather than the colour of nicotine stain. The word "Lights" was, as both sides well knew, already being used by the Philip Morris group in Australia in relation to the "MARLBORO LIGHTS" low tar and nicotine cigarettes. More importantly, P.M. Inc. was registered in Australia as the proprietor of the trade mark "Lights" in respect of cigarettes and was, while it remained so registered, in a strong prima facie position to prevent either the registration or use of "GOLDEN LIGHTS" as or as part of a trade mark in respect of cigarettes by anyone other than itself.

In March 1977, negotiations commenced between Loew's and the British American Tobacco Company Group ("B.A.T.") for the acquisition by B.A.T. of the "International Sales business" of Loew's in cigarettes "and the goodwill associated therewith". Included in the proposed sale were the Australian KENT and MICRONITE trade marks and the benefit of the licence agreement. The evidence indicates that the view was taken by those executives of Loew's who customarily dealt with Philip Morris in relation to the licence agreement that, if the sale went through, it was likely that B.A.T. would itself, through one of its subsidiaries, commence the manufacture and marketing of KENT products in Australia. In other words, there would be no "ongoing licence agreement" with Philip Morris. On the other hand, Loew's plainly did not desire summarily to terminate the discussions with Philip Morris about a new licence agreement and the new cigarettes while there was any possibility that the proposed sale to B.A.T. would fall through. To use the phraseology of senior counsel for the respondents, Loew's "began to keep house" and to avoid any discussions with representatives of Philip Morris. Nothing was done to alert Philip Morris to the possibility that any work it was doing or money it was expending in relation to the proposal that it manufacture and market the new product in Australia was likely to be or might be wasted. To the contrary, on 20 April 1977 Loew's wrote to Philip Morris advising that the "long-delayed trip to

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Australia still seems to be delayed" and stating that "[o]ur feeling is now if we are not able to negotiate a new licence agreement prior to the date of expiration of the existing agreement (November) we should extend this existing agreement by six months or until a new one can be executed".

In early June 1977, Mr. Hurley of Philip Morris received information that B.A.T. was negotiating with Loew's for the acquisition of the Loew's tobacco and tobacco products business outside the United States. On 7 June 1977, he called on Mr. Orcutt in New York. He expressed to Mr. Orcutt his understanding that the Loew's "international cigarette business" was "being sold" and said that, if the sale did not go through, Philip Morris "would be very interested in purchasing the KENT brand". Mr. Orcutt refused to comment on Mr. Hurley's statement. On 22 June 1977, Moorgate and Loew's entered into a formal agreement for the sale to Moorgate of Loew's business outside the United States "in cigarettes, and the goodwill associated therewith". The purchase became effective at 10 a.m. (New York time) on that day. Included in the sale were Loew's Australian trade marks, trade names and rights relating thereto. It is common ground that, pursuant to the assignment of assets effected by that agreement, Moorgate became the licensor under the licence agreement. Thereafter, Loew's moves out of the picture. Its place is taken by Moorgate of the B.A.T. Group which was and is a leading competitor of the Philip Morris Group in the Australian market.

Internal communications within the Philip Morris Group indicate that Philip Morris did not abandon all hope of continuing to manufacture and market KENT cigarettes in Australia after the expiry of the licence agreement until 21 September 1977 when Mr. Hurley met with Mr. Sheehy, the chairman of Moorgate, in Miami. Mr. Sheehy informed Mr. Hurley that it was not "worth going over" matters that were in the past and that "we had bought this asset in order to develop it world wide, and that it was clearly more beneficial for us as a group to have it manufactured by a group company rather than not, wherever this was possible". Mr. Hurley asked about the possibility of purchasing the KENT business in Australia and was informed that Moorgate was not interested in such a sale. Mr. Hurley expressed his acceptance of the position that Philip Morris would be unable either to obtain a new licence agreement for Australia or to purchase the KENT name or business in Australia.

As has been mentioned, the application by Philip Morris for registration in Australia of the trade mark "GOLDEN LIGHTS" was made on 12 July 1977, that is, about three weeks after Loew's had

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disposed of its Australian interests in the KENT business and the associated trade marks to Moorgate. The assignment by Philip Morris to P.M. Inc. of its interest in the trade mark "GOLDEN LIGHTS" was made around 21 December 1977, i.e., some three weeks after the expiry of the licence agreement. On 25 July 1977, P.M. Inc. became registered, as from 8 May 1975, as the proprietor in Australia of a trade mark which included the words "MARLBORO LIGHTS". The marketing by P.M. Inc. or an associated company of low tar and nicotine cigarettes in Australia under the mark "MARLBORO LIGHTS" continued, unsuccessfully, until early 1978 when the mark "MARLBORO GOLDEN LIGHTS" commenced to be used. The latter mark was in use at the commencement of the present proceedings in August 1978. The evidence discloses that, in applying for registration in Australia of the trade mark "GOLDEN LIGHTS" and in commencing to market product under the name "MARLBORO GOLDEN LIGHTS", Philip Morris and P.M. Inc. had the related objectives of seeking to obtain and preserve the marks "GOLDEN LIGHTS" and "Lights" for the Philip Morris Group and of preventing B.A.T. from marketing product under the marks "GOLDEN LIGHTS" or "KENT GOLDEN LIGHTS". There was no marketing of "KENT GOLDEN LIGHTS" cigarettes in Australia until about August 1978 when there was "a trade mark exercise" involving some marketing by B.A.T. within Australia of imported cigarettes under that name.

In argument in this Court, primary emphasis was placed by Moorgate on its claims based on alleged breach of fiduciary duty and abuse of confidential information. It is, however, convenient to commence the examination of Moorgate's claims to relief with a consideration of those based on the provisions of the licence agreement. It has already been mentioned that it appears to have been assumed by both Philip Morris and Loew's, in their discussions about the new low tar and nicotine cigarettes, that the manufacture and marketing of those cigarettes in Australia was not within the licence to manufacture and market contained in the licence agreement. In my view, that assumption was, as a matter of construction of the licence agreement, correct. Since I agree generally with what was said in the judgment of Hope J.A. in the Court of Appeal on the point, it is unnecessary that I do more than indicate in summary form the reasoning which leads to that conclusion.

The licence to manufacture and market which was contained in the licence agreement was expressly limited to the manufacture and marketing of "Licensed Products". The definition of "Licensed Products" is found in the first sentence of the licence agreement which recites that the licensor "manufactures and sells throughout the world, various tobacco products including, inter alia, the

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internationally famous 'KENT' cigarettes with 'MICRONITE' filters (which filter cigarettes are hereinafter called the 'Licensed Products)'). Plainly enough, that description referred to the regular or standard "King Size" filter cigarettes which were marketed in more than one packet ("Soft Pack" and "Crushproof") and apparently under more than one name ("KENT KING" and "KENT BOX") but which, notwithstanding some minor variations in composition between products in the different packages, were and are all regarded as being the "regular KENT" cigarette: see e.g., the extract from the letter of 18 December 1975 set out above. The low tar and nicotine cigarette was a new and different product which was not, either at the time of the original licence agreement or at the time of its renewal, included among the "tobacco products" which the licensor "manufactures and sells" and which was clearly distinguishable, both in the trade and by consumers, from the "internationally famous" regular or standard filter cigarettes. Even if sold under a trade mark including the word "KENT" as well as other words, that new cigarette would not be included in the KENT filter cigarettes which the licence agreement identified as constituting the "Licensed Products". It follows that Moorgate cannot successfully rely upon those provisions of the licence agreement which are restricted to protecting the rights of the licensor in relation to "Licensed Products".

Moorgate's case based on the licence agreement does not, however, necessarily fail with the conclusion that the new low tar and nicotine cigarettes were not "Licensed Products" for the purposes of that agreement. Two distinct arguments based on the licence agreement remain to be considered. First, it is submitted that Loew's and, by assignment, Moorgate "had the right in Australia to the trade mark KENT GOLDEN LIGHTS". That right was, it is said, a "Trademark Right" for the purposes of the licence agreement which Philip Morris was under an express obligation imposed by the agreement (Art. VI) to respect and to assist Moorgate "in all ways in securing and maintaining". The application for registration of the "GOLDEN LIGHTS" mark was, so the argument proceeds, in breach of that obligation. Secondly, it is submitted that it was an implied term of the licence agreement that Philip Morris "would do nothing to hinder or prevent the development of any line-extension or other right in respect of the trade mark KENT" and that the application for registration of the mark "GOLDEN LIGHTS" was in breach of that implied term.

The starting point of the first argument is the proposition that, at the time when Philip Morris applied for registration of the trade mark "GOLDEN LIGHTS" Moorgate had "the right in Australia to the

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trade mark 'KENT GOLDEN LIGHTS'". It is conceded that, unless that proposition is made good, Moorgate can obtain no protection in respect of the mark "GOLDEN LIGHTS" from the provisions of the licence agreement protecting the "Trademark Rights" of the licensor. The only basis upon which Moorgate seeks to make good its claim to such a "right" in Australia is that Loew's had become the proprietor of the trade mark "KENT GOLDEN LIGHTS" for the purposes of s. 40(1) of the *Trade Marks Act* 1955 (Cth) with the result that it was entitled to apply for registration of the mark and to resist the application of anyone else who purported to apply for registration of it as "the proprietor". It was conceded by Moorgate that it could not claim to have become the proprietor of the mark as an unused mark during the currency of the licence agreement since it did not apply for registration of the mark until more than two weeks after the licence agreement had expired. That being so, Moorgate's claim to have become "the proprietor" of the mark "KENT GOLDEN LIGHTS" must, of necessity, be based upon prior use: see *Kendall Co. v. Mulsyn Paint and Chemicals* (60).

The prior use of a trade mark which may suffice, at least if combined with local authorship, to establish that a person has acquired in Australia the statutory status of "proprietor" of the mark, is public use in Australia of the mark as a trade mark, that is to say, a use of the mark in relation to goods for the purpose of indicating or so as to indicate a connexion in the course of trade between the goods with respect to which the mark is used and that person: see, generally, *Shell Co. of Australia Ltd. v. Esso Standard Oil (Australia) Ltd.* (61); *Re Registered Trade Mark "Yanx"; Ex parte Amalgamated Tobacco Corporation Ltd.* (62); and the definition of "trade mark" in s. 6(1) of the *Trade Marks Act*. The requisite use of the mark need not be sufficient to establish a local reputation and there is authority to support the proposition that evidence of but slight use in Australia will suffice to protect a person who is the owner and user overseas of a mark which another is seeking to appropriate by registration under the *Trade Marks Act*. In such a case, the court "seizes upon a very small amount of use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia": see *Seven Up Co. v. O.T. Ltd.* (63); *Aston v. Harlee Manufacturing*

(60) (1963) 109 C.L.R. 300, at pp. 304-305.

(61) (1963) 109 C.L.R. 407, at pp. 423-424. ...

(62) (1951) 82 C.L.R. 199, at pp. 204-205.

(63) (1947) 75 C.L.R. 203, at p. 211.

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Co. (64). In so far as the trade mark "KENT GOLDEN LIGHTS" is concerned, Loew's was the author, owner and user of that mark in the United States. Assuming, in its favour, that evidence of but slight use in the course of trade in Australia would suffice to establish its status as proprietor of the mark, as distinct from merely precluding another from establishing local authorship, the question arises whether there was evidence of even such slight use. For Philip Morris, it is submitted that there was no evidence at all of any relevant use. That submission accords with the conclusion reached by Helsham C.J. in *Eq.*, at first instance, and by Glass J.A. who was the only member of the Court of Appeal who found it necessary to determine the question.

To establish prior use of the mark in Australia, Moorgate relies upon evidence that, during or in connexion with discussions between Loew's and Philip Morris about the introduction of the low tar and nicotine cigarette in Australia, packets of cigarettes and associated advertising material displaying the name "KENT GOLDEN LIGHTS" were handed personally, or in one instance sent by mail, to representatives of Philip Morris in Australia. That evidence indicates that there were at least three occasions on which such cigarette packets and advertising material were so delivered. At the times when those items were so delivered, there was no intention on the part of Loew's that it would itself trade in the goods in Australia. Nor, for that matter, had it been decided what name would be used if Philip Morris were, under licence from Loew's, to commence to manufacture and market the goods in Australia at some indefinite future time.

The Court was referred to a large number of cases and to some administrative decisions in which consideration has been given to what constitutes a use or user of a trade mark for the purposes of the statutory notion of proprietorship of the mark before registration. The cases establish that it is not necessary that there be an actual dealing in goods bearing the trade mark before there can be a local use of the mark as a trade mark. It may suffice that imported goods which have not actually reached Australia have been offered for sale in Australia under the mark (*Re Registered Trade Mark "Yanx"; Ex parte Amalgamated Tobacco Corporation Ltd.* (65)) or that the mark has been used in an advertisement of the goods in the course of trade: *Shell Co. of Australia v. Esso Standard Oil (Australia) Ltd.* (66). In such cases, however, it is possible to identify

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(64) (1960) 103 C.L.R. 391, at
p. 400.

(65) (1951) 82 C.L.R., at pp. 204-
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an actual trade or offer to trade in the goods bearing the mark or an existing intention to offer or supply goods bearing the mark in trade. In the present case, there was not, at any relevant time, any actual trade or offer to trade in goods bearing the mark in Australia or any existing intention to offer or supply such goods in trade. There was no local use of the mark as a trade mark at all; there were merely preliminary discussions and negotiations about whether the mark would be so used. The cigarette packets and associated advertising material were delivered to Philip Morris to demonstrate what Loew's was marketing in other countries and what Philip Morris might market, under licence from Loew's, if it decided to manufacture and trade in the goods in Australia and to use the mark locally at some future time. There was no relevant trade in the goods in Australia and the delivery of the cigarette packets and associated material to Philip Morris did not, in the circumstances, constitute a relevant user or use in Australia of the mark "KENT GOLDEN LIGHTS" for the purpose of indicating or so as to indicate a connexion in the course of trade between the new cigarettes and Loew's. It follows that Moorgate has failed to establish proprietorship of the mark "KENT GOLDEN LIGHTS" either at the time Philip Morris applied to register the mark "GOLDEN LIGHTS" or at the time when the licence agreement expired. It is unnecessary to consider whether, if Moorgate had succeeded in establishing such proprietorship, its rights in respect of the mark "KENT GOLDEN LIGHTS" would have been protected by the provisions of Art. VI of the licence agreement notwithstanding that the new low tar and nicotine cigarettes were not "Licensed Products" under that agreement or whether, even if its rights in the mark "KENT GOLDEN LIGHTS" were within the protection of Art. VI, that protection extended to preclude Philip Morris from applying for registration of the mark "GOLDEN LIGHTS". It should, perhaps, be mentioned that Moorgate did not argue in this Court that the fact that advertisements of the United States "KENT GOLDEN LIGHTS" cigarettes came into Australia via American magazines meant that there had been a relevant use or user of the name in Australia: see *Seven Up Co. v. O.T. Ltd.* (67).

The argument that Philip Morris' application for registration of the trade mark "GOLDEN LIGHTS" was in breach of an implied term of the licence agreement may be briefly disposed of. The express provisions of the agreement protect the licensor's right and interest in the trade mark KENT itself. The suggested implied term is to the effect that "during the agreement [the licensee] would do nothing to hinder or prevent the development of any line-extension or other

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right in respect of" that trade mark. As a matter of internal linguistics, there is nothing in the agreement itself to indicate that any such term was assumed to exist. Viewed against the factual matrix of the agreement (see *Prenn v. Simmonds* (68)), such a term would have surprising consequences. It would, for example, preclude the licensee from seeking to maintain or protect its own trade marks, regardless of how long they had been owned and of the circumstances in which they had been acquired, if the maintenance or protection of them would "hinder or prevent" the development of "any line-extension or other right in respect of the trade mark 'KENT'". Unless qualified, it would, for example, preclude Philip Morris from seeking to hinder or prevent the introduction by the licensor of a line extension under the name "KENT LIGHTS" or, to take an extreme case, under the name "KENT MARLBOROS" notwithstanding the fact that "LIGHTS" and "MARLBORO" were registered trade marks of the Philip Morris group. It would preclude any competition at all between the licensor and licensee for acquisition or use of a name which the licensor might wish to use as a "line-extension" of KENT notwithstanding the fact that the proposed "line-extension" related to a product which was not covered by the terms of the licence agreement. Plainly, the implication of such an unqualified term cannot be justified on the basis that it would make the agreement correspond with some evident underlying intention of the parties. Nor is it warranted by any need to give the agreement the business efficacy which the parties to it must have intended. It follows that there is no basis for the implication of the suggested term: see, generally, *B.P. Refinery (Westernport) Pty. Ltd. v. Shire of Hastings* (69); *Secured Income Real Estate (Australia) Ltd. v. St. Martins Investments Pty. Ltd.* (70); *Codelfa Construction Pty. Ltd. v. State Rail Authority of N.S.W.* (71). If there be, on established principle, any basis for the implication of a provision in the licence agreement precluding the licensee from hindering or preventing the development of a line extension in respect of the KENT trade mark, it must be confined to a more limited provision applying only to a line extension which was or would be itself a "Licensed Product" under the licence agreement. Philip Morris' application for registration of the trade mark "GOLDEN LIGHTS" would not have constituted a breach of any such more limited provision since, as has been seen, the proposed line extension "KENT GOLDEN LIGHTS" was not in respect of cigarettes which were or would be included in the

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(68) [1971] 1 W.L.R. 1381, at
p. 1383-1384.

(69) (1977) 52 A.L.J.R. 20, at
pp. 26, 30.

(70) (1979) 144 C.L.R. 596, at
pp. 605-606.

(71) (1982) 149 C.L.R. 337, at
pp. 351-352, 404.

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“Licensed Products” under the licence agreement. I turn to Moorgate’s claim that Philip Morris was in breach of some fiduciary duty.

The general relationship between licensor and licensee under the licence agreement and the technical assistance agreement was neither that of partnership nor that of agency. Nor was it fiduciary in its nature. The rights and obligations of the parties were as defined by the agreements and neither party was under a general obligation to avoid any conflict between its own interests on the one hand and the interests of the other party or the joint interests of them both on the other or to prefer the interests of the other party or the joint interests to its own interests if and when any such conflict arose. That does not, however, preclude the possibility that, within or arising from that general relationship, duties of a fiduciary nature might well exist. Particular property, corporeal or incorporeal, might be held by one party on behalf of the other; particular provisions of one or other of the two agreements might require the pursuit by one party of the interests of the other without regard to its own; one party might undertake to act on behalf of the other in relation to a particular matter arising within or outside the area governed by the two agreements. The continuing relationship between the parties under the agreements — involving shared objectives, accounting obligations and the provision of information — provided a context in which it would be easier to imply an undertaking by one party to act on behalf of the other in relation to a particular matter or venture than would be the case if that relationship had not existed.

The necessary starting point of Moorgate’s claim of breach of fiduciary duty is the identification of some fiduciary duty on the part of Philip Morris which precluded Philip Morris from seeking to obtain for itself the benefit of registration of the mark “GOLDEN LIGHTS”. It is not suggested that any such fiduciary duty flowed from the general relationship of licensee and licensor. What is submitted is that, in the context of that general relationship, Philip Morris “undertook the fiduciary duty of acting for or in its licensor’s interest in respect of the brand and mark KENT GOLDEN LIGHTS”. As I read the judgments of Helsham C.J. in Eq., at first instance, and of Hope J.A. (with whom Moffitt P. was in general agreement) in the Court of Appeal, that submission, which essentially is one of fact, is in conflict with the findings of both the trial judge and the Court of Appeal. Its basis is an assertion that Philip Morris undertook to act on behalf of Loew’s in preparing the marketing plan mentioned in the discussion between Mr. Hurley (of Philip Morris) and Messrs. Howley and Roberts (of Loew’s) which took place in New York on

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16 November 1976 and which has been already examined in some detail. As has been seen, that assertion is not supported by the evidence and must be rejected. The effect of its rejection is that the submission that Philip Morris was under a fiduciary duty to act on behalf of Loew's in respect of the brand mark "KENT GOLDEN LIGHTS" is bereft of any factual basis and Moorgate's claim of breach of fiduciary duty must fail. It is unnecessary to consider whether, if Philip Morris had undertaken a fiduciary duty to act on behalf of Loew's with respect to the investigation of the marketability of the new cigarettes in Australia, the content of that fiduciary duty would, in the circumstances of the present case, have precluded Philip Morris from pursuing its own interests by seeking to register the mark "GOLDEN LIGHTS" after Loew's had, by assignment to Moorgate, deprived itself of any ability to enter into any arrangement with Philip Morris for the manufacture or marketing in Australia of the proposed cigarettes.

Moorgate relied in two distinct ways on the alleged confidentiality of certain of the information which Loew's communicated to Philip Morris. First, it was said that that allegedly confidential information had been obtained by Philip Morris as a result of its having undertaken the fiduciary duty of acting for Loew's in relation to the proposed introduction of the new cigarette in the Australian market. If Philip Morris had acquired confidential information by use or by reason of such a fiduciary position or of opportunity or knowledge resulting therefrom, it would, on well established principles, be precluded from using the information to its own advantage or to the detriment of Loew's. As has been said however, Moorgate has failed to establish that Philip Morris undertook any such fiduciary duty. Alternatively, it was submitted that the effect of the combination of the confidential nature of the relevant information and the circumstances in which it was communicated was that Philip Morris was under a duty, enforceable in personam by equitable remedies, not to disclose or make use of the confidential information other than for the purposes for which it was communicated to it: see, e.g., *Saltman Engineering Co. Ltd. v. Campbell Engineering Co. Ltd.* (72); *Interfirm Comparison (Australia) Pty. Ltd. v. Law Society of New South Wales* (73); *Talbot v. General Television Corporation Pty. Ltd.* (74).

It is unnecessary, for the purposes of the present appeal, to attempt to define the precise scope of the equitable jurisdiction to

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(72) (1947) 65 R.P.C. 203, at
p. 215.

(73) [1975] 2 N.S.W.L.R. 104, at
p. 117ff.

(74) [1980] V.R. 224, at p. 230.

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grant relief against an actual or threatened abuse of confidential information not involving any tort or any breach of some express or implied contractual provision, some wider fiduciary duty or some copyright or trade mark right. A general equitable jurisdiction to grant such relief has long been asserted and should, in my view, now be accepted: see *The Commonwealth v. John Fairfax & Sons Ltd.* (75). Like most heads of exclusive equitable jurisdiction, its rational basis does not lie in proprietary right. It lies in the notion of an obligation of conscience arising from the circumstances in or through which the information was communicated or obtained. Relief under the jurisdiction is not available, however, unless it appears that the information in question has “the necessary quality of confidence about it” (per Lord Greene M.R., *Saltman* (76)) and that it is significant, not necessarily in the sense of commercially valuable (see *Argyll v. Argyll* (77)) but in the sense that the preservation of its confidentiality or secrecy is of substantial concern to the plaintiff. That being so, the starting point of the alternative argument must be the identification of the relevant confidential information. Again, the argument breaks down at the threshold.

The allegedly confidential information is identified by Moorgate as being the “marketing results, advertising, position paper and the knowledge that [Loew’s] wanted to introduce the brand in Australia”. Putting to one side for the moment information about what Loew’s desired or intended to do, examination of the designated material discloses that it consisted of the type of general information and argument that one would expect a company desiring to license the manufacture and marketing in Australia of a new type of cigarette under a “line extension” of its parent mark to communicate to an “arms-length” potential licensee which already manufactured and marketed a competing product. In particular, the evidence did not establish that any of the material was in fact regarded as confidential by Loew’s or that Loew’s at any time requested Philip Morris to treat or regard it as confidential. In argument, senior counsel for Moorgate tended to restrict the suggested confidential information to the information that Loew’s wanted to introduce the new cigarettes in Australia under the brand mark “KENT GOLDEN LIGHTS”. In that regard however, the evidence established neither that any such information was communicated to Philip Morris nor that, if it had been, it was even accurate. All that the evidence indicated was that Loew’s was anxious that Philip Morris agree to manufacture and market the new cigarettes, possibly

(75) (1980) 147 C.L.R. 39, at
pp. 50-52.

(76) (1947) 65 R.P.C., at p. 215.
(77) [1967] Ch. 302, at p. 329.

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under the name "KENT GOLDEN LIGHTS", in Australia under an agreement which would provide for the payment by Philip Morris to Loew's of a royalty upon sales. It is probably implicit in the material in evidence that Loew's would have wished, in the event that Philip Morris was not interested, to obtain some other licensee but the evidence is quite silent as to whether Loew's ever had any desire or intention itself to manufacture or market the new product here. If the allegedly confidential information is restricted to the information that Loew's desired to obtain a licensee who would manufacture and market the new product in Australia, there was nothing in the evidence nor in the nature of that information that established that it was regarded by Loew's as confidential or that it was, in fact, confidential. In the result, the evidence failed to establish that any part of the designated information possessed the necessary element of confidentiality or secrecy or that the preservation of its confidentiality or secrecy was of substantial concern to Loew's. Indeed, senior counsel who then appeared for Moorgate expressly conceded, in his final address on the trial, that the information acquired by Philip Morris from Loew's in relation to the possible introduction of the new cigarettes in the Australian market was "non-confidential".

It should be mentioned that the claim that Philip Morris acted in abuse of confidential information appears to have been abandoned at first instance. Moorgate was, however, allowed to rely on the claim in the Court of Appeal apparently without objection by Philip Morris. That being so, I consider that Moorgate was entitled in this Court to attack the decision which the Court of Appeal gave against it on the question. The failure to establish the confidentiality of the relevant information means, however, that that attack must fail. It is unnecessary to consider whether, if Philip Morris had been under an enforceable obligation to observe the confidentiality of any information that Loew's "wanted to introduce the brand [KENT GOLDEN LIGHTS] in Australia", its application for registration of the mark "GOLDEN LIGHTS" would have constituted a breach of that obligation.

Moorgate's final claim against Philip Morris is based upon what is described as the "tort" of "unfair competition". In Moorgate's written outline of argument, the "necessary ingredients" of such a tort are stated to be that Philip Morris acted unfairly to the disadvantage of Moorgate. The question arises whether the law of this country knows any such general tort.

The phrase "unfair competition" has been used in judgments and learned writings in at least three distinct ways, namely, (i) as a synonym of the doctrine of passing off; (ii) as a generic name to

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cover the range of legal and equitable causes of action available to protect a trader against the unlawful trading activities of a competitor; and (iii) to describe what is claimed to be a new and general cause of action which protects a trader against damage caused either by "unfair competition" generally or, more particularly, by the "misappropriation" of knowledge or information in which he has a "quasi-proprietary" right. The first and second of the above uses of the phrase are liable to be misleading in that they may wrongly imply that the relevant action or actions are restricted to proceedings against a competitor. The second use is also liable to imply that there exists a unity of underlying principle between different actions when, in truth, there is none. The third use of the phrase is, in an Australian context, simply mistaken in that "unfair competition" does not, in itself, provide a sufficient basis for relief under the law of this country. It is in that third and mistaken sense that "unfair competition" was called in aid of Moorgate's case in the present appeal.

The genesis of the notion of a general cause of action for "unfair competition" is to be found in the majority judgment of the United States Supreme Court in *International News Service v. Associated Press* (78). As the name would indicate, that case was concerned with published news or information. The complainant, a co-operative association of newspaper publishers, gathered news which it telegraphed to its member publishers throughout the United States. The defendant was a corporation which was engaged in the business of gathering news for other publishers. The defendant made a practice of obtaining news from the early publications of the complainant's members and sending it by telegraph to its own customers thus enabling them, in some parts of the United States, to publish news gathered by the complainant for its members as soon as or even earlier than it was published in the newspapers published by those members. The majority judgment, delivered by Pitney J. (79), denounced the actions of the defendant as "an unauthorized interference with the normal operation of complainant's legitimate business precisely at the point where the profit is to be reaped, in order to divert a material portion of the profit from those who have earned it to those who have not; with special advantage to defendant in the competition because of the fact that it is not burdened with any part of the expense of gathering the news". That fulsome description of the defendant's actions was immediately followed by the conclusion that the "transaction speaks for itself and

(78) (1918) 248 U.S. 215 [63 Law. Ed. 211].

(79) (1918) 248 U.S., at p. 240 [63 Law. Ed., at p. 221].

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a court of equity ought not to hesitate long in characterising it as unfair competition in business".

The majority judgment in *International News Service* assumed, rather than sought to establish, that such "unfair competition in business" was, in itself, an actionable wrong. The "underlying principle" was stated to be "much the same as that which lies at the base of the equitable theory of consideration in the law of trusts — that he who has fairly paid the price should have the beneficial use of the property. Pom. Eq. Jur. § 981" (80). That equitable principle is, however, applicable to determine beneficial ownership of property which is capable of being the subject of a trust (see *Pomeroy's Equity Jurisprudence*, 5th ed. (1941), vol. 3, § 981) and cannot logically either found a conclusion that published news, as distinct from copyright in its presentation or arrangement, itself constitutes property, or provides any basis for a general cause of action for unfair competition. The judgment went on to assert (81) that the "news matter" should be regarded as "the mere material from which [the] two competing parties are endeavouring to make money" and be treated as "quasi-property for the purposes of their business because they are both selling it as such" and that, so regarded and treated, the "news material" had been "misappropriated" by the defendant. It is not explained why the information which had been published should have been regarded by the majority of the Supreme Court as "mere material from which" a party was endeavouring to make money, why that information should have been "treated" as "quasi-property" when it had long been the common law that, in the absence of rights of patent, trade mark or copyright, information and knowledge are not the property of an individual, or why a person who had gathered and published information about world events should be seen as owning the information in the sense that the "unfair" use of it by another in competition in a manner that was contrary to that party's business interests constituted "misappropriation". In addition to misappropriation, the judgment (82) identified "elements of imitation — of false pretense — in defendant's practices" but stated that "these elements, although accentuating the wrong, are not the essence of it". It is difficult to know whether "misappropriation" of "news material" should be regarded as a separate basis of the decision or as but one instance of the general wrong of "unfair competition in business" to which the judgment had earlier referred. Either way, one searches in

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(80) (1918) 248 U.S., at p. 240 [63
Law. Ed., at p. 221].

(81) (1918) 248 U.S., at p. 242 [63
Law. Ed., at p. 222].

(82) (1918) 248 U.S., at p. 242 [63
Law. Ed., at p. 222].

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vain in the majority judgment for any identification of the ingredients of that general wrong.

Not surprisingly in a court of which Holmes J. and Brandeis J. were members, the muddled birth of the new action was not an occasion for unanimity. Holmes J., in what was essentially a dissenting judgment, held that the complainant was entitled to but limited relief on the basis of inverse passing off and that any entitlement to wider relief was a matter for the legislature and not for the court. Brandeis J. filed a strong dissent in which he considered relevant United States and English authorities and concluded that the law did not recognize any general proprietary right in knowledge or information or any general action for unfair competition.

Subsequent decisions of United States courts have tended to isolate rather than develop the doctrine of a general action for unfair competition enunciated in the *International News Service Case* (83). In *Kellogg Co. v. National Biscuit Co.* (84), the Supreme Court reversed decrees of the Third Circuit Court of Appeals which, inter alia, restrained the Kellogg Company from using the term "shredded wheat" in relation to biscuits on the ground that its use constituted "unfair competition". The Supreme Court, in a majority judgment delivered by Brandeis J., implicitly refuted any general doctrine of unfair competition and restricted the relevance of "fairness" to a passing off context: "Fairness requires that it be done in a manner which reasonably distinguishes its product from that of the plaintiff's" (85). In words reminiscent of Brandeis J.'s previous dissent, the majority commented (86):

"Kellogg Company is undoubtedly sharing in the goodwill of the article known as 'Shredded Wheat'; and thus is sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. But that is not unfair. Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all — and in the free exercise of which the consuming public is deeply interested."

In *Sears, Roebuck & Co. v. Stiffel Co.* (87) and *Compco Corp. v. Day Brite Lighting Inc.* (88), the Supreme Court reaffirmed the approach which it had adopted in the *Kellogg* case.

Nor has the doctrine of a general action for unfair competition

(83) (1918) 248 U.S. 215 [63 Law. Ed. 211].

(84) (1938) 305 U.S. 111, at p. 123 [83 Law. Ed. 73, at p. 81].

(85) (1938) 305 U.S., at p. 120 [83 Law. Ed., at p. 79].

(86) (1938) 305 U.S., at p. 122 [83 Law. Ed., at p. 80].

(87) (1964) 376 U.S. 225 [11 Law. Ed. (2d) 661].

(88) (1964) 376 U.S. 234 [11 Law. Ed. (2d) 669].

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enunciated in *International News Service* evoked general enthusiasm in subordinate United States courts. In cases where the broad concept of "unfair competition" has been applied, as distinct from cases where the phrase has been used as a synonym of passing off, the attempts to define it have tended to involve resort to high-sounding and uninformative generalizations such as "fundamental rules of honesty and fair dealing" and "acts that shock judicial sensibilities": see V.L. Knight, "Unfair Competition: A Comparative Study of Its Role in Common And Civil Law Systems", *Tulane Law Review*, vol. 53 (1978), pp. 168-169. The general, though by no means universal, trend in lower courts has been to follow the approach adopted by the Second Circuit Court of Appeals and to restrict the decision in *International News Service* to its particular facts. That approach was most strongly expressed in *Cheney Bros. v. Doris Silk Corporation* (89) in a judgment delivered by Judge Learned Hand:

"... we think that no more was covered than situations substantially similar to those then at bar. The difficulties of understanding it otherwise are insuperable. We are to suppose that the court meant to create a sort of common-law patent or copyright for reasons of justice. Either would flagrantly conflict with the scheme which Congress has for more than a century devised to cover the subject-matter."

As Professor Morison has remarked ("Unfair Competition at Common Law", *University of Western Australia Law Review*, vol. 2 (1951), p. 37), the decision in *International News Service*, which was hailed in the United States as a "landmark" in the law of unfair competition, has been seen even in that country to be more properly described as an island. Indeed, in a recent United States case (*Jacobs v. Robitaille* (90)), the "legal concept" of unfair competition was described as a "child of confusion" which has "spawned a body of law that lacks in judicial definition and scope".

The notion of a general action for "unfair trading" or "unfair competition" has received little encouragement in either the House of Lords or this Court. In so far as the House of Lords is concerned, it suffices to refer to the recent decision in *Warnink Bestolen Venootschap v. J. Townend & Sons (Hull) Ltd.* (91). In that case, their Lordships were concerned to decide whether the appellants had a cause of action against the respondents who had, in Lord Diplock's words (92), engaged in "unfair, not to say dishonest trading". It was held that the question fell to be answered not by reference to any

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(89) (1929) 35 F. (2d) 279, at p. 280.

(90) (1976) 406 F. Supp. 1145, at
p. 1151.

(91) [1979] A.C. 731.

(92) [1979] A.C., at p. 740.

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general notion of unfair trading or competition but by reference to what Lord Diplock (in a speech with which Viscount Dilhorne, Lord Salmon and Lord Scarman agreed) identified as the "five characteristics which must be present in order to create a valid cause of action for passing off" (93). Lord Diplock pointed out (93) that, while it is true that the presence of those five characteristics "indicates what a moral code would censure as dishonest trading", it did not follow that all factual situations which present them "give rise to a cause of action for passing off" in an "economic system which has relied on competition to keep down prices and to improve products". He added that "[t]he market in which the action for passing off originated was no place for the mealy mouthed; advertisements are not on affidavit; exaggerated claims by a trader about the quality of his wares, assertions that they are better than those of his rivals even though he knows this to be untrue, have been permitted by the common law as venial 'puffing' which gives no cause of action to a competitor even though he can show that he has suffered actual damage in his business as a result" (93).

In so far as this Court is concerned, one need go no further than the decision in *Victoria Park Racing and Recreation Grounds Co. Ltd. v. Taylor* (94). In that case, a majority of the Court, in confirming the dismissal of an action to restrain a radio station broadcasting descriptions of horse races conducted on the plaintiff's land made from a platform erected on adjoining land for that purpose, expressed conclusions which correspond closely with those of Brandeis J. in the *International News Service Case* (95). Dixon J. (96) commented that the reasons of Brandeis J. substantially represented "the English view" which he described (97) in terms which involved a rejection of the reasoning underlying the majority judgment in *International News Service*:

"[t]he fact is that the substance of the plaintiff's complaint goes to interference, not with its enjoyment of the land, but with the profitable conduct of its business. If English law had followed the course of development that had recently taken place in the United States, the 'broadcasting rights' in respect of the races might have been protected as part of the quasi-property created by the enterprise, organization and labour of the plaintiff in establishing and equipping a racecourse and doing all that is necessary to conduct race meetings. But courts of equity have not in British jurisdictions thrown the protection of an injunction around all the intangible elements of value, that is, value in

(93) [1979] A.C., at p. 742.

(94) (1937) 58 C.L.R. 479.

(95) (1918) 248 U.S. 215 [63 Law.
Ed. 211].

(96) (1937) 58 C.L.R., at p. 509.

(97) (1937) 58 C.L.R., at pp. 508-
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exchange, which may flow from the exercise by an individual of his powers or resources whether in the organization of a business or undertaking or the use of ingenuity, knowledge, skill or labour. This is sufficiently evidenced by the history of the law of copyright and by the fact that the exclusive right to invention, trade marks, designs, trade name and reputation are dealt with in English law as special heads of protected interests and not under a wide generalization."

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His Honour added (98) that the judgment of Brandeis J. contained "an adequate answer both upon principle and authority to the suggestion that the defendants are misappropriating or abstracting something which the plaintiff has created and alone is entitled to turn to value". Dixon J. identified that answer as being that "it is not because the individual has by his efforts put himself in a position to obtain value for what he can give that his right to give it becomes protected by law and so assumes the exclusiveness of property, but because the intangible or incorporeal right he claims falls within a recognized category to which legal or equitable protection attaches".

The rejection of a general action for "unfair competition" or "unfair trading" does not involve a denial of the desirability of adopting a flexible approach to traditional forms of action when such an approach is necessary to adapt them to meet new situations and circumstances. It has not, for example, prevented the adaptation of the traditional doctrine of passing off to meet new circumstances involving the deceptive or confusing use of names, descriptive terms or other indicia to persuade purchasers or customers to believe that goods or services have an association, quality or endorsement which belongs or would belong to goods or services of, or associated with, another or others: see, e.g., *Warnink v. Townend & Sons* (99); *Henderson v. Radio Corporation Pty. Ltd.* (1). The rejection of a general action for "unfair competition" involves no more than a recognition of the fact that the existence of such an action is inconsistent with the established limits of the traditional and statutory causes of action which are available to a trader in respect of damage caused or threatened by a competitor. Those limits, which define the boundary between the area of legal or equitable restraint and protection and the area of untrammelled competition, increasingly reflect what the responsible Parliament or Parliaments have determined to be the appropriate balance between competing claims and policies. Neither legal principle nor social utility requires or warrants the obliteration of that boundary by the importation of a cause of action whose main characteristic is the scope it allows,

(98) (1937) 58 C.L.R., at p. 509.
(99) [1979] A.C., at p. 739ff.

(1) [1960] S.R. (N.S.W.) 576.

HIGH COURT

[1983-1984.

H. C. OF A.
1983-1984.
MOORGATE
TOBACCO
CO. LTD.
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PHILIP
MORRIS LTD.
[No. 2].
Deane J.

under high-sounding generalizations, for judicial indulgence of idiosyncratic notions of what is fair in the market place.

In the result, Moorgate has failed to establish any right to relief in Loew's or itself by reference to any recognized cause of action. That being so, its suit against Philip Morris was rightly dismissed. It is unnecessary to consider whether, if it had been established that Philip Morris had acted in breach of some fiduciary or other non-contractual duty which it had initially owed to Loew's, it was also established that the benefit of the duty owed or the right to sue for its breach had been effectively assigned to Moorgate.

The appeal should be dismissed with costs.

DAWSON J. I have had the advantage of reading the reasons for judgment of Deane J. I agree with those reasons and with the conclusions which he reaches. There is nothing which I can usefully add.

Appeal dismissed with costs.

Solicitors for the appellant, *Allen Allen & Hemsley*.
Solicitors for the respondents, *Dawson Waldron*.

R.A.S.

ANNEX 2

78 C.L.R.] OF AUSTRALIA.

[HIGH COURT OF AUSTRALIA.]

THE SHELL COMPANY OF AUSTRALIA } APPELLANT;
LIMITED }
RESPONDENT,
AND
ROHM AND HAAS COMPANY AND } RESPONDENTS,
ANOTHER }
APPLICANT AND REGISTRAR,

Trade Mark—Rectification of register—Expunging mark—"Person aggrieved"— H. C. OF A.
Registration of mark lodged subsequent to but accepted and registered prior to 1948-1949.
acceptance of application previously lodged and then pending for registration of
similar mark in respect of same class—Opposition proceedings—Resemblance 1948.
of marks—Likelihood of deception—Proceedings by proprietor of later accepted SYDNEY,
mark to expunge from register entry re prior accepted and registered mark— Sept. 22.
Registrar—Duty to deal with applications in order of date—"Already on the MELBOURNE,
register"—Date of application or date of registration—Proprietorship of mark Oct. 7.
—Proceedings—Notice to registrar—Joining of registrar as party—Trade Marks Williams J.
Act 1905-1936 (No. 20 of 1905—No. 75 of 1936), ss. 16, 25, 27-29, 32, 33, 1949,
47, 71 (1), (3), 114.

The provisions in s. 47 of the *Trade Marks Act 1905-1936*, that the date of lodging an application for the registration of a trade mark shall be deemed to be the date of registration implies that as between two persons who apply to register marks proposed to be used upon the same goods or description of goods which are identical or so nearly resemble one another as to be likely to deceive, the person who lodges the application which is prior in point of time is, in the absence of the second applicant having a prior or superior title to the mark, entitled, before he obtains registration of his alleged mark, to oppose the other mark being registered, or if it has been registered to have the mark expunged on the ground that it was wrongly made in the register.

So held by Williams J. and, on appeal, by Rich, Dixon and McTiernan JJ. and *semble* by Webb J., Latham C.J. dissenting.

The registrar of trade marks should not be made a party to an application by a "person aggrieved," but notice of such application, as required by s. 71 (3) of the *Trade Marks Act 1905-1936*, should be given him.