

4. *Section 100(3)(c) of the Australian Trade Marks Act provides that the owner of a registered mark that is involved as an opponent 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.

The text of administrative decision, *Pierre Fabre SA v Marion Laboratories Inc.*, can be found in Annex 4 to this document (English only). This decision was taken under the repealed *Trade Marks Act 1955*.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:*

- *the form or forms of intellectual property used to protect the design (e.g., patent, copyright, sui generis);*
- *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;*
- *the nature of the rights granted and the term of protection provided;*
- *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*
- *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*⁶ 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*⁶ subject to them satisfying the requirements for registration in that legislation (see answer to question 5). Sections 74-77 of the *Copyright Act 1968*⁸ 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 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*⁴ (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.

ANNEX 1

HIGH COURT

[1983-1984.]

MOORGATE TOBACCO CO. LIMITED
PLAINTIFF,

APPELLANT;

AND

PHILIP MORRIS LIMITED
AND ANOTHER RESPONDENTS.
DEFENDANTS,

[No. 2]

ON APPEAL FROM THE SUPREME COURT OF NEW SOUTH WALES.

H. C. OF A.
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

156 C.L.R.] OF AUSTRALIA.

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. O.T. 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. Townsend & 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.

H. C. OF A.
1983-1984.

MOORGATE
TOBACCO
CO. LTD.

v.
PHILIP
MORRIS LTD.
[No. 2].

HIGH COURT

[1983-1984.]

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

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

156 C.L.R.] OF AUSTRALIA.

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 J.J.A.): *Moorgate Tobacco Co. Ltd. v. Philip Morris Ltd.* (1). Moorgate appealed to the High Court.

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

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: *Whitchcote 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.