[HIGH COURT OF AUSTRALIA.]

BLACKADDER . . . . . APPELLANT;
RESPONDENT,

AND

THE GOOD ROADS MACHINERY COMPANY INCORPORATED . . . . . RESPONDENT.
APPLICANT,

H. C. OF A. 1926.

SYDNEY, *April* 27, 28; *June* 15.

Starke J.

Aug. 19, 20.

Knox C.J., Isaacs, Higgins, Gavan Duffy and Rich JJ.

Trade Mark—Rectification of register—Expunging trade mark—Mark used by another in foreign country—No user in Australia—Object of proprietor in obtaining registration—Prevention of use of mark by others—Trade Marks Act 1905-1922 (*No.* 20 *of* 1905—*No.* 25 *of* 1922), *sec.* 71.

Machines for road-making manufactured in the United States of America by the respondent, a company incorporated there, were for several years imported into Australia for sale here. When imported the machines bore upon them the word "Winner," which word was used in America to denote machines manufactured by the respondent. Before being sold by the importers the word "Winner" was removed from the machines and the word "Champion" substituted, so that the word "Winner" was never distinctive in Australia of the respondent's machines. The appellant, who had been in the employment of the importers of the machines, having started business on his own account in the same kind of machinery, obtained registration of the word "Winner" as a trade mark in respect of such machinery. On an application by the respondent to rectify the register of trade marks by expunging the appellant's trade mark,

Held, that in the circumstances the respondent was entitled to succeed.

Decision of *Starke* J. affirmed.

APPEAL from *Starke* J.

Edwin Roland Blackadder was, as from 30th November 1923, registered as the proprietor of a trade mark, No. 37653, consisting of the word "Winner," in class 6 in respect of machinery of all

kinds, and parts of machinery, except agricultural and horticultural machines and their parts, included in class 7. By notice of motion dated 21st November 1925 the Good Roads Machinery Co. Incorporated, of Kennett Square, Pennsylvania, in the United States of America, moved in the High Court to rectify the Register of Trade Marks by expunging therefrom the above-mentioned trade mark.

The motion was heard by *Starke* J., in whose judgment hereunder the material facts appear.

Power, for the applicant.

Weston and *Corringham*, for the respondent.

E. F. McDonald, for the Registrar of Trade Marks.

Cur. adv. vult.

June 15.

STARKE J. delivered the following written judgment:—This is a motion on the part of a company incorporated in the United States of America, namely, the Good Roads Machinery Co. Incorporated, to rectify the Register of Trade Marks by expunging therefrom the trade mark "Winner" in classes 6 and 7 registered in the name of Edwin Roland Blackadder.

The circumstances are somewhat peculiar. The Company manufactures in the United States of America road and street building machinery, and it has painted or placed on its road-grading machinery either the word "Champion" or the word "Winner" to denote machines of its manufacture. Some time before the year 1918 a company known as the Carolin Co. imported into Australia some of the American company's road-grading machines, upon which the word "Champion" appeared, and sold them apparently under that name. A company known as the British-Australian Machinery Co. Ltd. took over from the Carolin Co. about the year 1918 some of the road-grading machines imported by it, and then proceeded to acquire and import further road-grading machines from the American company. Until the year 1920 all the machines appear to have been marked and sold under the name "Champion," but

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about that year road-grading machines marked with the word "Winner" began to arrive in Australia from the American company, and orders were given and invoices and advertisements were despatched to Australia so describing the machines in the succeeding years. The British-Australian Machinery Co. Ltd., however, obliterated or removed the word "Winner" from the machines and substituted the word "Champion," upon which it relied to sell the machines. In 1922 debenture-holders seized the assets of the British-Australian Machinery Co. Ltd., and Blackadder took over from the Receiver assets in the tramway, tubes and fittings, and general machinery departments, whilst I gather that the firm of Armstrong-Holland Ltd. took over the assets in the road machinery department. At all events Armstrong-Holland Ltd. continued to trade with the American company, imported road machinery from it marked with the word "Winner," but obliterated that word and replaced it with the name "Champion" and sold the machines under that name.

Further, the British-Australian Machinery Co. Ltd., or Armstrong-Holland Ltd., printed a few advertisements of road-grading machines with the word "Winner" used in conjunction with the word "Champion"; but they were little used, and the word "Champion" was soon substituted. Some customers, I think, were informed that the machines were manufactured by the American company; but that they were identified in the course of sales with the "Winner" machines of that company is not established to my satisfaction.

The American company's trade with Australia was confined to the three companies—Carolin Co., British-Australian Machinery Co. Ltd. and Armstrong-Holland Ltd. It accepted orders from Australia for machines under the trade names "Champion" and "Winner," prepared advertisements and invoices and sent them to Australia, describing its machines under the same names, and sent goods to Australia bearing its registered name and also the trade names mentioned. I do not know the precise terms of these transactions unless the letter of 9th May 1921, from the British-Australian Machinery Co. to the American company, and the letters of 15th April 1922, 5th June 1922 and 10th August 1922, from the American company to the British Australian Machinery Co., afford a clue to them; but my conclusion is that these transactions, limited though

they were to particular customers, constituted a trade with Australia on the part of the American company in road-grading machines bearing the words " Champion " and " Winner." The American company is and may in future be hampered in its trade with Australia in road-grading machines by the presence of the word " Winner " on the register, and it is, in my opinion, a " person aggrieved " by that entry (*In re Powell's Trade Mark* (1)); but the facts already related do not, in my opinion, establish that the word " Winner " had become distinctive in Australia of the road-grading machines of the American company or of any special manufacturer. Indeed, the use of the word appears to have been suppressed, not by the American company, but by the companies which traded with it.

That finding, however, does not, in my opinion, dispose of this case. Blackadder and his present partner Reardon had both been employed by the British-Australian Machinery Co. Ltd., and Reardon had also been employed by Armstrong-Holland Ltd., and in this way they became intimately acquainted with the business of those companies, and with the trade of the American company with Australia. They knew that the words " Champion " and " Winner " had been adopted by the American company in the United States of America for the purpose of distinguishing machines of its manufacture, and they knew every detail of the trade in the American company's machines in Australia, and how the name " Winner " had been obliterated and altered; and there is no doubt in my mind that Blackadder and his friend Reardon resolved to make use of this knowledge for their own advantage. There was nothing unlawful in their setting up in business on their own account in road-grading machines, and it is true, as was argued, that they were under no obligation arising out of any confidential relationship with the American company; but that does not completely establish their right to the registration of the word " Winner " : the interests of the public must also be considered.

The facts surrounding the registration of the mark are in a comparatively small compass. Blackadder commenced business in road-grading machines in 1923, soon after he acquired the assets

(1) (1894) A.C. 8; (1893) 2 Ch. 388.

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above mentioned. He had not acquired any road-grading machines or right to use the name of the British-Australian Machinery Co. Ltd., but he soon adopted a very similar trade name—British Standard Machinery Co. Then he applied on 28th November 1923 for the registration of the word " Winner " as a trade mark in classes 6 and 7 in respect of machinery of all kinds.

Reardon accepted employment with Armstrong-Holland Ltd. in February 1923, and remained with that company until November 1923. During all this time he was in close touch with the trade in road graders carried on by Armstrong-Holland Ltd.; and he made available, I have no doubt, all details in connection with that business which might prove useful to his friend Blackadder, with whom he was contemplating or negotiating a partnership. At any rate he joined Blackadder as a partner in March 1924, and they carried on business together under the firm-name British Standard Machinery Co.

In July 1924 they opened communication with the American company and endeavoured to detach that company from Armstrong-Holland Ltd. One misleading statement in their communication was that they were handling road machinery under the *registered* trade mark " Winner." Blackadder, it is true, had applied for the mark, but had not been registered at that time. Involved in this statement is the suggestion that machines bearing the trade mark " Winner " could only be dealt with by or through the British Standard Machinery Co.

Again, the advertisements issued by Blackadder and Reardon are, in my opinion, decidedly misleading. They adopt the names used by the American company for their road-grading machines— " Baby Winner," " Little Winner," " Standard Winner " and " Big Winner," and to some extent copy the representations of these types of machines. They connect up their own business, that of the British Standard Machinery Co. Ltd., with the business formerly carried on by the British-Australian Machinery Co. Ltd., and speak of applying the experience to road-making machines that " we and our predecessors " have gained in thirty odd years of experience. Further, the statement in red ink that " we also supply all spare parts for the ' Champion ' Road Machines " associated with

the statement as to spare parts for "Winner" machines is well calculated to suggest a close association of the two machines.

Again, the reference to the *famous* "Winner" road graders is, to my mind, somewhat sinister. Despite the trade done by Blackadder and Reardon, "Winner" road graders were only famous so far as the American company had made them famous. The whole advertisement, in my opinion, is framed so that Blackadder and Reardon can rely upon the reputation of the American machines and of the machines sold by the British-Australian Machinery Co. Ltd. The entries which they caused to be made in the Telephone Directory also point in the same direction.

This is not an action for passing off or infringement of a trade mark, but a motion to expunge a mark from the register; but I think these circumstances may all be taken into consideration for the purpose of determining Blackadder's right to the use of the word "Winner," and whether that word is likely to deceive or is otherwise disentitled to protection in a Court of justice. His right was not gained by use in connection with road graders or otherwise: it depends simply on registration (*In re Hudson's Trade Marks* (1)).

Now, Blackadder did not originate the word "Winner": he simply appropriated a word which the American company had used in Australia. "If there is anyone else who would be interfered with by the registration of the word . . . in the exercise of a right which such person has already acquired to use the same word in application to the same kind of thing," then the word ought not to be put upon the register (*In re Hicks's Trade Mark* (2)). The American company had lawfully used the word in Australia in the limited way already mentioned, but had acquired no exclusive right to its use. The effect of the registration of the word by Blackadder is that the American company cannot register the word or use the name in Australia. The registration of the word will prevent the company which originated it from applying that word to machines sent to or sold in Australia. The cases establish, in my opinion, that Blackadder was not, in the circumstances stated, the proprietor of the mark or entitled to its exclusive use and registration (cf.

(1) (1886) 32 Ch. D. 311.
(2) (1897) 22 V.L.R. 636, at p. 640; 18 A.L.T. 229, at p. 230.

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Trade Marks Act, sec. 32; *In re Hudson's Trade Marks* (1); *Re European Blair Camera Co.'s Trade Mark* (2); *Re New Atlas Rubber Co.'s Trade Mark* (3); *In re Remfry's Trade Mark* (4); *In re Hicks's Trade Mark* (5); *Harris* v. *Ogg* (6); *Blogg* v. *Anderson* (7)).

Consequently the mark was wrongly entered on the register and ought to be removed. Further, in my opinion, Blackadder's object in registering the mark was to take advantage of the reputation which attached to machines manufactured by the American company or sold by the British-Australian Machinery Co. Ltd. His intention in registration was, in my opinion, to mislead and deceive the public and every step that he and his partner have taken since the application to register was filed makes that intention and object more obvious. Reliance was placed upon the fact that no case of actual deception was proved or even attempted to be proved, though Blackadder and Reardon had done a considerable trade in road-grading and other machines. If the conclusion is reached, however, that the word " Winner " was adopted, not with the object of fairly describing Blackadder's machines, but with the object of either actually misleading the public or taking an undue advantage of the business reputation or connection or the expenditure of a rival trader, it does not require further evidence to satisfy me that the public is likely to be deceived. Why should the Court be astute to say that Blackadder and his partner cannot succeed in doing what they were straining every nerve to do? (Cf. *Iron-Ox Remedy Co.* v. *Co-operative Wholesale Society Ltd.* (8); *Slazenger & Sons* v. *Feltham & Co.* (9).) On this ground also, the entry must be removed from the register.

Order that the Register of Trade Marks be rectified by expunging therefrom Trade Mark No. 37653 *in classes* 6 *and* 7. *Order that notice of this order be given to the Registrar of Trade Marks by serving an office copy thereof upon the Registrar by leaving the same with a clerk at the office of the Registrar. Order that Blackadder do pay the*

(1) (1886) 32 Ch. D. 311.
(2) (1896) 13 R.P.C. 600.
(3) (1918) 35 R.P.C. 269, at p. 275.
(4) (1897) 23 V.L.R. 44; 18 A.L.T. 253.
(5) (1897) 22 V.L.R. 636; 18 A.L.T. 229.
(6) (1884) 5 N.S.W.L.R. (Eq.) 114.
(7) (1900) 21 N.S.W.L.R. (Eq.) 238, at p. 242.
(8) (1907) 24 R.P.C. 425.
(9) (1889) 6 R.P.C. 531.

Good Roads Machinery Co. Incorporated or its solicitor the costs of this motion.

From the decision of *Starke* J. Blackadder now appealed to the Full Court.

Flannery K.C. (with him *Weston* and *G. Mitchell*), for the appellant. The respondent had, in America, nothing in the nature of a trade mark in respect of the word "Winner." A word which is a means of identifying goods is not necessarily a trade mark. The use by the American company of the word in America does not prevent the appellant from obtaining registration of it in Australia. On an application to remove a trade mark from the register the Court is not entitled to inquire into fraud generally. The fraud must be referable to the trade mark, and it is not sufficient that there is fraud referable to the fact that the appellant is attempting to prevent the respondent from trading here (*R. Paterson & Sons* v. *Kit Coffee Co.* (1); *Coleman & Co.* v. *Stephen Smith & Co.* (2)). The learned Judge was not entitled to find that there was a likelihood of deception of the public. It is essential to such a finding that there is a public user of the name in Australia. None of the cases cited by the learned Judge establish that a foreigner is entitled to the removal of a trade mark unless he can point to user or reputation in the local market. [Counsel referred to the cases cited by *Starke* J. and to *In re Rivière's Trade Mark* (3).] The respondent is, by its laches, disentitled to relief. The appellant's application for registration having been made in November 1923, the respondent did not oppose the application and, although it must have known of that application, it did nothing until November 1925, when it moved to expunge the appellant's trade mark.

Feez K.C. and *Power*, for the respondent, and *E. F. McDonald*, for the Registrar of Trade Marks, were not heard.

KNOX C.J. The inference which I draw from the facts proved is that the object of the appellant in applying to register the mark now in question was either to obtain the sole right of selling in

(1) (1910) 27 R.P.C. 594, at p. 601. (2) (1911) 2 Ch. 572.
(3) (1884) 26 Ch. D. 48.

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Australia goods bearing the mark which to his knowledge was used by the respondent or to prevent the respondent from selling, in Australia or for sale on the Australian market, goods bearing that mark. In those circumstances it appears to me that the decision of my brother *Starke*, supported, as it is, by the reasoning in *In re Rivière's Trade Mark* (1), is correct. The decisions in *Re European Blair Camera Co.'s Trade Mark* (2) and in *Re New Atlas Rubber Co.'s Trade Mark* (3) also support the judgment appealed from. The *Trade Marks Act* was not designed to encourage or allow unfair trading, nor is the Court bound to give it that effect. As to the objection raised on the ground of laches, I need say no more than that, in my opinion, there is no substance in it.

ISAACS J. I agree that this appeal should be dismissed. I do not base my opinion on fraud. So far as I can see, the appellant knew from his former connection with the British-Australian Company that some of the American company's productions had reached Australia under the name of the "Winner," and that name had, for the internal trade of Australia, been discarded in favour of the American company's other name, "Champion." He, so to speak, picked up and appropriated for his own trade purposes the discarded name "Winner." But that he intended to defraud anybody I am not at all satisfied. I assume it was an innocent appropriation, and that apart from the American company his registration would be unassailable. Still there is the fact that the American goods did come into the Australian market, and at the time of their arrival they bore the manufacturer's trade name "Winner." That name was, so far as appears, discarded without the sanction or authority of the American company, and there is, to my mind, a strong element of injustice in keeping from that company the right to continue to send into this market the same class of products with the same name. The case of *In re Rivière's Trade Mark* (1) is important in this connection, not directly by the decision, but from the reasons by which the conclusion was arrived at. In a very real sense the name was the trade property of the

(1) (1884) 26 Ch. D. 48.
(2) (1896) 13 R.P.C. 600.
(3) (1918) 35 R.P.C. 269.

American company. It was so closely associated with goods sold, it is true, in America, but for shipment to Australia, that if the respondent were now applying for registration, I should feel constrained to exercise my discretion to refuse the application to register (*Thomson* v. *B. Seppelt & Sons Ltd.* (1)). I would feel it right to deny a public grant of property to one person if it really and in conscience belonged to another who objected. This application to rectify, after transposing the onus of proof, is, in my opinion, open to the same considerations. The onus has been satisfied, and the broad injustice to the American company is, to my mind, so great as to require the application to be granted.

HIGGINS J. I agree with the opinion that this appeal should be dismissed, but I think it is only justice to the appellant to say that there is nothing sufficient upon the proceedings before us to indicate that the appellant was guilty of fraud.

GAVAN DUFFY J. I agree that the appeal should be dismissed.

RICH J. I also agree that the appeal should be dismissed.

Appeal dismissed with costs.

Solicitor for the appellant, *Stephen Ahern.*
Solicitor for the respondent, *T. J. Purcell.*

B. L.

(1) (1925) 37 C.L.R. 305, at p. 311.