

[HIGH COURT OF AUSTRALIA.]

ORANGE CRUSH (AUSTRALIA) LIMITED . APPELLANT ;
PLAINTIFF,

AND

GARTRELL RESPONDENT.
DEFENDANT,

ON APPEAL FROM THE SUPREME COURT OF
NEW SOUTH WALES.

H. C. OF A. *Trade Mark—Descriptive or fancy words—Passing-off suit—Finished article composed of several ingredients—Right of manufacturer of one ingredient to bring suit.*

SYDNEY,
Nov. 19, 20 ;
Dec. 10.
Knox C.J.,
Isaacs,
Gavan Duffy,
Powers and
Starke JJ.

The appellant company was the manufacturer of “Orange Crush” concentrate, which it sold to bottlers. The concentrate was used by the bottlers, in accordance with a formula supplied by the appellant, in the preparation of a beverage called “Orange Crush,” the concentrate forming less than one per cent of the finished article. The beverage was sold by the bottlers within their respective areas to their customers. The appellant sued the respondent for passing off under the name of “Orange Crush” a beverage not manufactured or sold by the appellant as a beverage manufactured or sold by it.

Held, by Knox C.J., Isaacs and Powers JJ. (Gavan Duffy and Starke JJ. dissenting), that the appellant had no legal interest in the business said to be injured by the respondent’s representations: there was no connection between the commodity sold to the public as “Orange Crush” and the appellant’s business except that the appellant supplied one of the ingredients contained in the finished article, and this of itself was not sufficient to identify the beverage sold to the public with the business of the appellant so as to justify the assertion that the commodity sold to the public was the goods of the appellant.

Decision of the Supreme Court of New South Wales (Full Court): *Orange Crush (Australia) Ltd. v. Gartrell*, (1928) 28 S.R. (N.S.W.) 392, affirmed, but on a different point.

APPEAL from the Supreme Court of New South Wales.

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A suit was brought in the Supreme Court in its equitable jurisdiction by the Orange Crush Co. (Australia) Ltd. against Miriam Gartrell, in which the statement of claim was substantially as follows :—

1. The Orange Crush Co. has been for a great number of years past and still is duly incorporated under the laws in force in the State of Illinois in the United States of America and has always been and still is entitled to conduct the business and carry out the transactions hereinafter mentioned.

2. For many years past the said Company until the date of the transfer hereinafter mentioned continuously carried on the business of the manufacture, preparation and sale of beverages and beverage concentrates and compounds in (*inter alia*) the State of New South Wales.

3. On 14th January 1927 the said Company assigned to the plaintiff Company (*inter alia*) the whole of certain trade marks and other property belonging to it and the goodwill of its said business in the State of New South Wales and since the said assignment the plaintiff Company has continuously carried on the said business in (*inter alia*) the said State.

4. One of the said concentrates dealt with as aforesaid has been at all material times sold to the trade as “ Orange Crush ” Concentrate and, when bottled, to the public under the name of “ Orange Crush.”

5. The said commodity of the plaintiff Company has become very widely and favourably known to the trade and to the public in (*inter alia*) the State of New South Wales under the said respective names and members of the public asking for “ Orange Crush ” mean the said commodity and no other commodity.

6. The defendant carries on the business of a confectioner at Parramatta Road, Leichhardt, near Sydney, in the said State.

7. In the course of her said business the defendant has passed off a beverage not being a beverage of the plaintiff Company’s manufacture or sale and not being the said commodity “ Orange Crush ” as and for the said “ Orange Crush ” of the plaintiff.

8. The defendant threatens and intends to continue so to pass off a beverage not of the plaintiff Company’s manufacture or sale as and for the said “ Orange Crush ” of the plaintiff Company.

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9. The plaintiff has suffered loss and damage by reason of the said acts of the defendant.

The plaintiff claimed :—

- (1) That the defendant her servants and agents may be restrained from passing off any beverage not being the said “Orange Crush” as and for the said “Orange Crush”;
- (2) That the defendant may be ordered to pay to the plaintiff the amount of the said loss and damage;
- (3) That the defendant may be ordered to pay to the plaintiff the costs of the plaintiff of this suit;
- (4) That the plaintiff may have such further or other relief as the nature of the case may require.

The statement of defence contained (*inter alia*) the following paragraphs :—

5. I do not know and therefore cannot admit that the said alleged commodity of the plaintiff Company has become widely or favourably known to the trade or to the public in the State of New South Wales or elsewhere under the said respective names or at all and I deny that members of the public asking for “Orange Crush” mean the said commodity and no other commodity.

6. I deny that in the course of my business or otherwise I have passed off any beverage as or for the “Orange Crush” of the plaintiff or that I threaten or intend to do so or that the plaintiff has suffered any loss or damage by reason of any act of mine.

7. I say that the words “Orange Crush” are descriptive words and are used to describe not only what is alleged to be the plaintiff Company’s commodity but other orange beverages.

8. I further say that the words “Orange Crush” have for a long time past been applied to orange beverages not of the manufacture of the plaintiff Company or of the Orange Crush Co. and that such words were used by the plaintiff Company prior to the alleged assignment referred to in par. 3 of the statement of claim.

9. In further answer to the statement of claim I say that the use of the words “Orange Crush” by the plaintiff Company in relation to its beverage is calculated to deceive members of the public into the belief that such beverage substantially consists of orange juice

which is not the fact and I respectfully submit that the plaintiff Company is not entitled to relief in the equitable jurisdiction of this Honorable Court.

The suit was heard by *Harvey C.J.* in Eq., who made a decree ordering that the defendant be restrained from passing off as “Orange Crush” any beverage not containing concentrate sold by the plaintiff Company as “Orange Crush” concentrate. The Full Court allowed an appeal and dismissed the suit with costs on the grounds that the name “Orange Crush” was a descriptive and not a fancy term; that in the circumstances it was deceptive, and that it had not acquired a secondary or special meaning as relating to the goods of the plaintiff Company: *Orange Crush (Australia) Ltd. v. Gartrell* (1).

From that decision the plaintiff now appealed to the High Court.

The other material facts are stated in the judgments hereunder.

Owen Dixon K.C. (with him *Weston*), for the appellant. The words “Orange Crush” are not ordinary English words of a descriptive character (*Reddaway v. Banham* (2)). The evidence shows that the public recognizes the plaintiff’s connection with “Orange Crush” and that it has noticed the invasion of the plaintiff’s rights. No deduction can be drawn from the fact that some members of the public ask for Starkey’s “Orange Crush”: it only goes to show that they knew that Starkey’s Ltd. were the distributors of “Orange Crush” (*Burberrys v. J. C. Cording & Co.* (3)). It is not necessary to show that each and every member of the public of New South Wales was deceived: the question is—Was a substantial part of that public likely to be deceived? The number and nature of the advertisements indicate the widespread knowledge of the name, and also that it was never conceived that it would be deemed descriptive. The evidence shows that the words “Orange Crush” denoted the proprietary article of the plaintiff Company, and also that the description is a just and true one even though Orange Crush is taken to mean crushed orange (*Cellular Clothing Co. v. Maxton & Murray* (4)). Lord *Shand* in that case distinguishes between purely fancy words which have no relation to the character of the goods and descriptive words which are no more than a generic

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(1) (1928) 28 S.R. (N.S.W.) 392.

(2) (1896) A.C. 199.

(3) (1909) 26 R.P.C. 693, at p. 701.

(4) (1899) A.C. 326, at p. 338, 339.

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description of the class of goods: he is not dealing with words or expressions which suggest to the mind some attribute or characteristic of the goods but yet are not ordinary words of description. The plaintiff's position is similar to that stated by *Fletcher Moulton* L.J. in *In re Joseph Crosfield & Sons Ltd.* (the *Perfection &c. Case*) (1), and it is that position that the Full Court ignored or refused to adopt. The law as to passing off is wider than trade mark law.

Jordan K.C. (with him *Mason*), for the respondent. The name "Orange Crush" cannot have become the plaintiff's trade mark for the beverage trade, because the plaintiff is not and never has been engaged in the beverage trade. The trade of the plaintiff consists of manufacturing a concentrate and selling it to bottlers, who are quite distinct from the plaintiff Company. In such circumstances any trade that may exist in the sale of the beverage called "Orange Crush" is not a trade of the plaintiff but a trade of the bottlers. The name "Orange Crush" is a descriptive name, and the evidence does not establish that it has acquired a secondary meaning as being the plaintiff's goods or trade. It is inherently descriptive when applied to the beverage: the word "orange" immediately suggests to one's mind the fruit of that name and the word "crush" means "squeeze." By its advertisements the plaintiff Company has publicly held out the name to be a descriptive phrase. Assuming that the name is descriptive, it has not been proved that it has become distinctive of the plaintiff Company's goods, or that such distinctiveness exists throughout the jurisdiction or area in respect to which the injunction is sought (*Henry Thorne & Co. v. Eugen Sandow & Sandow Ltd.* (2)). Owing to the infinitesimal proportion of orange in the beverage the descriptive nature of the name is deceptive. In order to establish a passing off it is necessary to show that ordinary persons were likely to be deceived. Here the sale was conducted quite openly, with no attempt at concealment (*Lever Bros. Ltd. v. Masbro' Equitable Pioneer Society Ltd.* (3)). [Counsel also referred to *Horlick's Malted Milk Co. v. Summerskill* (4).]

Owen Dixon K.C., in reply. The plaintiff's trade is that of manufacturing concentrate which forms the basis of the beverage. The

(1) (1910) 1 Ch. 130.

(2) (1912) 29 R.P.C. 440.

(3) (1912) 106 L.T. 472; 29 R.P.C. 225 (C.A.).

(4) (1916) 34 R.P.C. 63.

supplier of the commodity which gives the character, despite the changes through which it passes, is the party interested. The plaintiff's reputation in "Orange Crush" is a form of goodwill which the law will protect (*Dental Manufacturing Co. v. C. De Trey & Co.* (1)). *Thorne's Case* (2) merely weighed the probabilities of the place where the deception occurred.

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Cur. adv. vult.

The following written judgments were delivered :—

KNOX C.J. By the statement of claim in this suit the appellant alleged that its predecessor in business had for many years carried on the business of the manufacture, preparation and sale of beverages and beverage concentrates and compounds in New South Wales, and that the plaintiff had acquired the said business and thereafter carried on the same.

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Pars. 4, 5, 6, 7 and 8 of the statement of claim are in the words following :—[In the judgment were here set out pars. 4 to 8 as above stated]. The relief claimed includes an injunction restraining the defendant from passing off any beverage not being the said Orange Crush, i.e., the beverage known by that name alleged to be manufactured and sold by the appellant—as and for the Orange Crush of the appellant.

I think it is clear that the foundation of the claim made by the appellant is the allegation that the respondent passed off *a beverage* not manufactured or sold by the appellant as *a beverage* manufactured or sold by it, or, stated in concrete form, that the respondent sold Okey's Crushed Orange, a beverage manufactured by a firm trading as Okey's, when asked by a customer for a bottle of Orange Crush, a beverage alleged to have been manufactured or sold by the appellant. This allegation if proved would establish the appellant's right to relief in the suit. But from the evidence adduced at the hearing it appears that neither the appellant nor its predecessor in business ever manufactured or sold any *beverage* under the name Orange Crush. The business of both consisted in making and selling to cordial manufacturers a highly concentrated fluid known as

(1) (1912) 3 K.B. 76.

(2) (1912) 29 R.P.C. 440.

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 1928. in the manufacture of the beverage sold to the customer under the
 ~~~~~ name of Orange Crush. It was in this way alone that any connection  
 ORANGE CRUSH existed between the business of the plaintiff and the commodity  
 (AUSTRALIA) sold to the public. The evidence shows that in order to make a  
 LTD. drinkable commodity it was necessary to add to the concentrated  
 v. fluid prepared and sold by the appellant quantities of sugar syrup,  
 GARTRELL. citric acid solution, and carbonated water, all of which were prepared  
 Knox C.J. and added by the purchasers of the concentrate, which in the result  
 formed less than 1 per cent of the volume of the finished beverage  
 as bottled and sold to the consumer. It appears that the appellant  
 reserved the right, which in practice was not exercised, to inspect  
 the process of manufacture by purchasers of the concentrate, and  
 that the purchasers were given exclusive rights in respect of particular  
 districts in which they respectively carried on business.

The first question for consideration is whether in these circumstances the appellant is entitled to maintain the suit even if it be assumed, as is alleged, that the expression "Orange Crush" has come to indicate the beverage sold under that name and no other beverage. As was pointed out by *Fletcher Moulton* L.J. in *Dental Manufacturing Co. v. C. De Trey & Co.* (1), it is not enough that the plaintiff in a passing-off action should prove that he is injured by goods being passed off as another person's goods. He has a right to come to the Court to prevent any goods being passed off as his which are not his goods, including goods which he has manufactured or purchased or sold—any goods that may fairly be called his goods. And in the same case *Buckley* L.J., speaking of a passing-off action said (2):—"It is an action in which the plaintiff alleges that the defendant so gets up his goods that the public, intending to buy the plaintiff's goods, are induced to buy the defendant's goods, in the belief that they are buying the plaintiff's goods. The plaintiff's goods need not be goods manufactured by the plaintiff. They may be goods which he purchases, or which he imports, or otherwise acquires, and which he sells under some 'get-up' which conveys that they are goods which, whether made, imported, or sold by him,

(1) (1912) 3 K.B., at p. 85.

(2) (1912) 3 K.B., at pp. 87-88.



carry with them the advantage of the reputation that the plaintiff's well known firm are responsible for their quality or their character."

As I read the statement of claim, it is not alleged, and the evidence certainly does not establish, that members of the public who ask for Orange Crush know or believe that the beverage they ask for is made from the concentrate prepared and sold by the plaintiff, and the statements on the labels affixed to the bottles contain no indication of that fact. The more conspicuous portion of the label contains the words 'Trade Mark Orange Crush bottled by Starkey's Ltd. Sydney,' while on the edge of the label, printed in a manner not calculated to attract attention, are the words "Artificially coloured, a compound made from oil of orange, orange juice, citric acid, and carbonated water sweetened with granulated sugar. Bottled under authority of Orange Crush Coy. (Australia) Limited." Nor is there any evidence that the retailers of the beverage know anything more about its composition than is conveyed by the label. Apparently their attitude is that they want the beverage known as Orange Crush, put up by the cordial manufacturer from whom they purchase it. The bottle used by Starkey's Ltd. is a distinctive feature, but other cordial manufacturers use ordinary bottles. One retailer, Virgona, said:—"I have always recognized it as Starkey's krinkly bottle; Starkey's was the name I have known it to be under. If they ask for Orange Crush I could not give them anything else but the commodity bottled by Starkey's. He says, further, that his customers sometimes ask for Orange Crush and sometimes for Starkey's Orange Crush. Another retailer, Finlay, said: "When the public come in they always ask for Starkey's Orange Crush." Evidence to the same effect was given by Lopez, de Luca, O'Brien and Bartley, retailers, and by Eldridge and Stevens, consumers.

In my opinion the result of the evidence is that the name "Orange Crush" applied to the beverage in question is not understood by the public as denoting goods which can in any relevant sense be called the goods of the plaintiff; that the plaintiff has failed to establish that persons asking for the beverage "Orange Crush" intend to purchase the goods of the plaintiff, or that the name Orange Crush applied to the beverage in question carries with it the advantage of the reputation that the plaintiff Company is responsible

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for its quality or its character. There is, as I have pointed out, no connection between the commodity sold to the public as Orange Crush and the business carried on by the plaintiff except that the plaintiff supplies one of the ingredients contained in the finished article, and I do not think this of itself is sufficient to identify the beverage sold to the public with the business of the plaintiff so as to justify the assertion that the commodity sold to the public is the goods of the plaintiff. It follows that, in my opinion, the plaintiff has failed to establish that the defendant has passed off other goods as the goods of the plaintiff.

In this view of the case it is unnecessary for me to express any opinion on the questions on which the Full Court of the Supreme Court and the learned Chief Judge in Equity came to different conclusions, and I abstain from doing so.

In my opinion the appeal should be dismissed.

ISAACS J. The appellant is a company incorporated in Australia and carrying on business in New South Wales. Its business consists of manufacturing a liquid concentrate which it calls "Orange Crush," then bottling the concentrate, and selling it to about forty bottlers in the State. Each bottler is supplied with instructions for using the concentrate so as to make a beverage which can be sold to the public. Each bottler is assigned an exclusive district in which he may sell the beverage he so manufactures. The concentrate is made up in bottles containing 128 fluid ounces. The instructions for using it are called a "Standard formula for making Orange Crush Syrup and bottling the finished drink." They are in brief as follow:—First, a simple sugar syrup is to be made in the manner directed. Next, a citric acid solution is to be made in the manner directed. Then, for making a gallon of "Orange Crush Syrup," that is to say, 160 fluid ounces, two operations are prescribed. The first is to add together  $150\frac{1}{2}$  ounces of the sugar syrup, 2 ounces of citric acid solution, and  $7\frac{1}{2}$  ounces of the concentrate. That forms a basis, namely, the *Orange Crush Syrup*, and is the full gallon. The next is dependent on the content of the bottle in which the beverage is to be sold. For a six-ounce bottle one ounce of the "Orange Crush Syrup" is thrown in and the bottle is filled



up with carbonated water, charged with from 3 to  $3\frac{1}{2}$  volumes of the carbonic acid gas. The second step makes "*the finished drink*," the beverage that is sold to the public. In the result less than 5 per cent of the concentrate is contained in the "Orange Crush Syrup" and less than 1 per cent in the finished drink that, after four processes subsequent to the manufacture of the concentrate, at last reaches the public. The bottles are such as the bottlers themselves prefer. Some use what are called krinkly bottles supplied by the appellant, or, in Starkey's case, supplied by the Australian Glass Manufacturers. Other bottlers use the ordinary plain bottle they use also for their lemonade and ginger ale. The appellant deals only with the manufacturing trade, and its product would be useless to the public, who never see it, and would at once refuse it if offered in response to an order for "Orange Crush." The appellant advertises largely the virtues of "Orange Crush," and distributes to the bottlers and others attractive placards recommending the public to "Drink Orange Crush." But what is there meant by "Orange Crush" is the finished drink. Beyond selling the concentrate to the bottlers the appellant carries on no business. The sale of the finished article, the beverage, to the public is exclusively that of each bottler. The bottlers are referred to as "agents" but that elastic term means in this case only the persons having in their respective areas the monopoly of purchasing and bottling the appellant's product.

The first question that arises in this case is: Has the appellant any title to the trade mark the subject of this action? For this purpose I assume that the term "Orange Crush" is a true trade mark distinctive of the person, whoever that may be, whose rights are said to have been violated by the respondent. The first question is therefore: Is the appellant that person? In my opinion the appellant is not that person, and has no right to that trade mark. It may be conceded as true from the facts narrated that the appellant has a trade mark in the name "Orange Crush" as applied to the concentrate. But its trade begins and ends with the bottler. It is not intended by anyone that the bottler shall put that concentrate as such on the public market. The concentrate, as everyone intends, loses its identity, first by becoming an indistinguishable ingredient in the

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“Orange Crush Syrup” of which it forms less than a twentieth part, and next, if that be possible, when even the syrup disappears as a commodity and becomes itself a mere ingredient in the ultimate finished product. The concentrate is no more the beverage than a lump of sugar is the cup of tea in which it is dissolved, or the steel in a watch-spring is the finished watch, or the colour in a painting is the painting itself. The law is not doubtful on this point. Some cases of great authority will make the matter clear. In *A. G. Spalding & Bros. v. A. W. Gamage Ltd.* (1) Lord Parker of Waddington (with the concurrence of Lord Atkinson, Lord Sumner and Lord Parmoor) stated the basic principle of what is known as a passing-off action. I may formulate some of the propositions affirmed which lead to the result: (1) No one has a right to represent his goods as the goods of another, either fraudulently or otherwise; (2) such representation is treated as the invasion of a right giving rise to at least nominal damages; (3) the representation may consist in the use of a mark, trade name or get-up with which the goods of another are associated in the minds of the public or of a particular class of the public; (4) in such a case the question is whether, having regard to all the circumstances of the case, the use by the defendant in connection with the goods of the mark, name or get-up in question impliedly represents such goods to be *the goods of the plaintiff*; (5) the right to be protected is not a property in the mark, name or get-up, but *in the business or goodwill* likely to be injured by the misrepresentation; (6) that property is in its nature transitory, and only exists so long as the mark is *distinctive of the plaintiff's goods* in the eyes of the public or a class of the public. I have stated six propositions because they all have relevancy to one or other of the arguments addressed to the Court. Those arguments covered questions as to whether the facts showed a passing off or a mere substitution of goods in circumstances that implied no passing off, as to whether it is necessary that the plaintiff's right should cover the whole general community, and as to whether the plaintiff could in any case sue if its own trade, being involved in that of the sale of the finished product, were injured by the defendant's representation.



The immediate question I am now dealing with is covered by the last three propositions. The plaintiff's business not including the commercial article sold by the defendant and not extending to the public, or intended to extend to the public, the clear resultant fact is that the appellant has no legal interest whatever in the business said to be injured by the respondent's representation. In other words, no right of the appellant has been injured, even conceding all else against the respondent. It was sought to overcome this difficulty by urging that the appellant was injured in its trade indirectly, because the representation as to "Orange Crush" injuriously affected its trade under that name and its trade included goods, the presence of which in the respondent's beverage was falsely indicated by the representation she made. This, it was contended, was sufficient to entitle the appellant to protect the trade in its goods. Undoubtedly, as so lucidly explained by Lord *Wrenbury* (when *Buckley L.J.*) in the *Dental Manufacturing Co.'s Case* (1), which was cited in support of that view, a person may have a goodwill in dealing in any business way with goods, whether as manufacturer, selector, importer, seller, carrier or agent. But the goods must be the goods as they exist *in his business*, and not the goods produced by some transformation in another person's business, and it must be *his business* that is interfered with. The incidental injury to business is, however, not sufficient. This is very clearly shown by the case of *Ullmann & Co. v. Cesar Leuba* (2). A foreign manufacturer supplied watches to a firm of Madame Bovet in Hong Kong, who there carried on the business of selling them. The manufacturer (the appellant) sued the respondents for infringement of trade mark. It having been established that the business of selling the watches "to the public" did not belong to the plaintiff, it was held that an assignment of the trade mark to the plaintiff was ineffectual. But it was then, as Lord *Robertson* for the Judicial Committee said (3), "courageously maintained for the respondents that they, in their quality of manufacturers, had sufficient interest to sue the action. No authority supports this contention, and it is against principle. It is quite true that the respondents are interested in the success of

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(1) (1912) 3 K.B. 76 ; 29 R.P.C. 617,  
at p. 625.

(2) (1908) A.C. 443.

(3) (1908) A.C. at p. 447.



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Madame Bovet's business, but this can never put them in her shoes in vindicating her rights against wrongdoers." Applying these principles here, the appellant cannot, by way of vindicating (say) Starkey's rights, if he has any, sue the respondent.

I therefore think the appellant must fail for want of title. I also think, if it be necessary, that the Supreme Court was right as between the present parties in coming to the conclusion that the term "Orange Crush" is primarily descriptive, either of the article sold or of its nature, and not of the manufacturer or vendor or his business, and further that it has not acquired the secondary or technical significance necessary to make it distinctive of the manufacturer or seller of his business. Without quoting at length, as I did in a former case, the observations of Lord *Parker* (then *Parker J.*) in *Burberrys' Case* (1), I refer to them as enunciating the principle that guides me in coming to the conclusion I have stated.

The other questions raised I, therefore, do not find it requisite to discuss.

The appeal should, in my opinion, be dismissed.

GAVAN DUFFY AND STARKE JJ. This is a passing-off action in which the plaintiff charged that the defendant passed off a beverage, not being "Orange Crush," as and for "Orange Crush," the goods of the plaintiff. In our opinion, the judgment of *Harvey C.J.* in Eq. in favour of the plaintiff was right, and this appeal ought to be allowed.

In the year 1921 a beverage was put on the market in New South Wales under the name of "Ward's Orange Crush." It was sold under that name until 1925, and since that date simply as "Orange Crush." An English company, called Butlers (London) Ltd., which had some relationship with the Orange Crush Co. of the United States of America, introduced the beverage into Australia. It obtained from the American company supplies of a concentrate consisting in the main of oil of orange and orange juice, and also a formula or recipe for the preparation of the beverage from this concentrate. It sold this concentrate, as "Orange Crush" concentrate, to various wholesale dealers or bottlers, and supplied them with the formula for making the beverage. It also supplied these

(1) (1909) 26 R.P.C., at pp. 704, 708.

dealers or bottlers with labels having the words "Ward's Orange Crush" upon them, and these labels were placed upon the bottles; or the dealers and bottlers were allowed to print labels themselves, with the same words upon them. The name "Ward's Orange Crush" was a name obtained from the American company and used, apparently, with its assent. The dealers or bottlers made up the beverage according to the formula or recipe, and sold it in bottles, under the name "Ward's Orange Crush" and so labelled, to retail dealers, who in turn sold it to the public.

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In 1923 Butlers (Australia) Ltd. was formed, and it took over and carried on the business in "Ward's Orange Crush," formerly carried on in Australia by the English company. In 1925, the plaintiff Company—Orange Crush Co. (Australia) Ltd.—was incorporated, to which Butlers (Australia) Ltd. sold the business formerly carried on by it, together with its goodwill, property and assets, and all secret and other formulæ in connection with or in relation to the business. In January 1927 the American company also assigned to the Orange Crush Co. (Australia) Ltd. various trade marks, including "Ward's Orange Crush," together with the goodwill of the business in connection with which the trade marks were used. Since 1925 Orange Crush Co. (Australia) Ltd. has carried on the business formerly carried on by Butlers (London) Ltd., and Butlers (Australia) Ltd. It has obtained supplies from the American company, made up the concentrate, and sold it to wholesale dealers or bottlers, and supplied them with the formula or recipe for the preparation of the beverage. It instructed dealers or bottlers to sell the beverage under the name of "Orange Crush," and to delete the word "Ward's" from its description. The dealers and bottlers made up the beverage accordingly, and sold it in bottles, to retail dealers, who in turn sold it to the public.

It has been argued that the words "Orange Crush" are purely descriptive of the beverage, that is to say that they express, accurately and appropriately, the name and composition of the beverage to which the name is affixed. The words, however, do not describe any known article, although they are no doubt suggestive of the connection of the beverage with some orange base. "But the question whether a word is or is not capable of becoming distinctive

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of the goods of a particular maker is a question of fact, and is not determined by its being or not being descriptive " (*Perfection &c. Case* (1)). And the less accurately and appropriately words express the nature of the particular article, its material or mode of composition, then so much the easier is it to establish that those words are distinctive of the goods of a particular trader. Now, there was ample evidence before *Harvey* C.J. in Eq. on which he might reasonably conclude that the words were distinctive, that is to say, that they designated or suggested, in some way or other, the trade source from which the beverage came, or the trade hands through which it passed on its way to the market. (Cf. *In re Powell's Trade Mark* (2) ; *In re Australian Wine Importers Ltd.* (3).) He had evidence of the sale, between April 1923 and August 1927, of some ten million bottles of the beverage, all under the names " Ward's Orange Crush " or " Orange Crush," of extensive advertisements of the beverage under the same names, and of the widespread use of those names by retail shopkeepers and by the public. In our opinion, the learned Judges of the Full Court assumed a descriptiveness in the English meaning of the words " Orange Crush " far beyond any known ordinary or natural use or signification of those words, and then applied a test for establishing distinctiveness which, though appropriate enough, perhaps, in the case of words descriptive of an article of a particular nature, however and wherever produced, and in ordinary and general use as a designation of that article, was much too drastic for the purposes of the present case (cf. *Angelides v. James Stedman Hendersons Sweets Ltd.* (4)).

Another argument in this case, however, presents, to our minds, a more difficult question. The plaintiff does not make, and has never made, the beverage known as " Orange Crush " : it has merely supplied the basic ingredient—the concentrate for the preparation by dealers and bottlers of the beverage. It is argued that the plaintiff cannot succeed unless it can establish that it applied the words " Orange Crush " to the beverage, as opposed to the concentrate—that it in fact sold the beverage under that name—and that the words in some way indicate its property in the beverage, or its

(1) (1910) 1 Ch., at p. 146.

(2) (1893) 2 Ch. 388, at p. 404, per *Bowen* L.J.

(3) (1889) 41 Ch. D. 278, at p. 281,

per *Kay* J.
(4) (1927) 40 C.L.R. 43.

connection with the beverage after manufacture. A trade mark is not always used to designate the owner or maker of the goods: it may indicate some person who has expended labour on the article, so that, as finished, it owes some portion of its value to him (*Sebastian's Law of Trade Marks*, 4th ed., p. 4; *Dental Manufacturing Co.'s Case* (1)). "What does a trade mark mean? It means the mark under which a particular individual trades, and which indicates the goods to be his goods—either goods manufactured by him or goods selected by him, which, in some way or other, pass through his hands in the course of trade" (*In re Australian Wine Importers Ltd.* (2)). Importers or exporters, carriers or agents, may have trade marks to identify goods passing through their hands (*Robinson v. Finlay* (3); *Dental Manufacturing Co.'s Case*). Bleachers who finish goods manufactured by another have a right to a trade mark applied to goods so treated by them (*Re Sykes & Co.'s Trade Marks* (4)). It is not of course necessary that the person purchasing the goods should know of the manufacturer by name or have in their minds when they purchase the goods that they are made by a particular individual. It is enough that the trade name indicates to them a particular product known by that particular name (*Birmingham Vinegar Brewery Co. v. Powell* (5)).

There is no doubt that the beverage has been known as "Orange Crush" and the concentrate as "Orange Crush" concentrate. We think that the plaintiff has established the existence of the words "Orange Crush" as a trade name, because they indicate some trade source, and not merely the name or description of an article of commerce. But to whom does the trade name belong? The dealers, wholesale and retail, and the bottlers, have no right to the use of the words "Orange Crush": it is not their trade name. The question is: Does the plaintiff establish any right to the name "Orange Crush" in connection with the beverage to which the trade name is attached? It sells and supplies a concentrate for "Orange Crush"—a concentrate which is made only for the production of "Orange Crush" and which is the basic ingredient of that beverage—and it seems to us true to say that it supplies and puts on the

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(1) (1912) 3 K.B., at p. 88.
(2) (1889) 41 Ch. D., at pp. 280-281,
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(3) (1887) 9 Ch. D. 487.
(4) (1880) 43 L.T. 626.
(5) (1897) A.C. 710, at pp. 715-716.

H. C. OF A. market concentrated "Orange Crush" or a concentrate which,
 1928. and which alone, produces "Orange Crush." The addition of water
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 ORANGE and sugar and citric acid in stated proportions, whether by the  
 CRUSH plaintiff or others, to this condensed form of "Orange Crush" does  
 (AUSTRALIA) not destroy its identity. It is the labour and skill expended by  
 LTD. the plaintiff on its concentrate and the use of that concentrate  
 v.  
 GARTRELL. with the formula for breaking down the concentrate that gives the  
 Gavan Duffy J. beverage its name and reputation. The trade source from which  
 Starke J. that reputation comes is the plaintiff's connection with the manufac-  
 ture of the beverage, and it appears to us that the plaintiff's connec-  
 tion with that manufacture is sufficiently close to enable it to protect  
 its trade name and reputation.

There is no question, on the evidence, in our opinion, that the defendant passed off a beverage that was not the beverage known as "Orange Crush" as and for "Orange Crush."

POWERS J. I agree that the appeal should be dismissed for the reasons given by the Full Court in the judgment appealed from. There is also another reason why, in my opinion, it should be dismissed. The passing off complained of was of a beverage called "Orange Crush," and the appellant was not engaged in the manufacture or sale of any beverages in New South Wales called "Orange Crush" or any other beverage but only in the sale of "beverage concentrates" and compounds called "Orange Crush Concentrates."

The defendant did not pass off any "beverage concentrates" or "compounds." The trade of the appellant was only in beverage "concentrates," not in beverages. It is true that the "beverage concentrates" were sold by the plaintiff to bottlers of temperance drinks generally in New South Wales, and that they were used in connection with the manufacture by the bottlers of a beverage which they called and sold as Orange Crush; but the whole business of the manufacture and sale of the "beverages" containing the concentrates bought by them was the business of the different "bottlers" (numbering forty-four in New South Wales) on their own account, and not as partners or agents or representatives of the plaintiff. It was also shown that the beverage called Orange Crush



had only a very small percentage of the concentrate in each 10 ounce bottle and at least 90 per cent of other articles including sugar, water, citric acid, &c., which had not been obtained from the plaintiff. The passing off, if any, in this case was not in passing off of a beverage as a beverage of the plaintiff Company's manufacture or sale (see clause 7 of plaintiff's statement of claim) and could not be one, as the plaintiff was not the manufacturer, or the seller, of any beverage called "Orange Crush."

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Appeal dismissed with costs.

Solicitor for the appellant, D. R. Hall.  
Solicitor for the respondent, F. H. King.

J. B.

[HIGH COURT OF AUSTRALIA.]

THE EXECUTOR TRUSTEE AND AGENCY  
COMPANY OF SOUTH AUSTRALIA  
LIMITED (AS ADMINISTRATOR OF THE  
ESTATE OF JAMES HENRY GIBBON  
DECEASED) . . . . .

} APPELLANT ;

AND

THE DEPUTY FEDERAL COMMISSIONER OF  
TAXATION FOR SOUTH AUSTRALIA .

} RESPONDENT.

Income Tax—Assessment—Income—Shares distributed by company—Capitalization of profits—Income Tax Assessment Act 1922-1925 (No. 37 of 1922—No. 28 of 1925), secs. 14 (m), 16 (b), 19—The Constitution (63 & 64 Vict. c. 12), secs. 51 (II.), 55.  
  
The Income Tax Assessment Act 1922-1925 provides, by sec. 16 (b) (ii.), that the assessable income of a shareholder in a company shall include "the paid-up value of shares distributed by a company to its . . . shareholders to the extent to which the paid-up value represents the capitalization of . . . profits of the company, derived subsequent to the first day of July one thousand

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1928.  
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ADELAIDE,  
Sept. 24.  
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MELBOURNE,  
Oct. 18.  
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Knox C.J.,  
Higgins and  
Gavan Duffy JJ.