

H. C. OF A.
1929.

COMMISSIONER OF
TAXATION
(W.A.)

v.
D. & W.
MURRAY
LTD.

Solicitor for the appellant, *J. L. Walker*, Crown Solicitor for
Western Australia.

Solicitors for the respondent, *Stone, James & Co.*

*The respondent's appeal to the Supreme
Court dismissed with costs including the
costs of the special case.*

Dist
Bridge
Stockbrokers
Ltd v Bridges
4 FCR 460

Appl
Conagra Inc v
McCain Foods
(Aust) Pty Ltd
(1991) 22 IPR
175

Appl
Conagra Inc v
McCain Foods
(Aust) Pty Ltd
(1991) 101
ALR 461

Cons
Conagra Inc v
McCain Foods
(Aust) Pty Ltd
(1992) 106
ALR 465

Expl
ConAgra Inc
v McCain
Foods (Aust)
Pty Ltd (1992)
33 FCR 302

Expl
ConAgra Inc
v McCain
Foods (Aust)
Pty Ltd (1992)
33 FCR 302

Cons
Westinghouse
Electric
Corporation v
Thermopan
Pty Ltd (1967)
1A IPR 647

[HIGH COURT OF AUSTRALIA.]

TURNER AND ANOTHER APPELLANTS;
DEFENDANTS,

AND

GENERAL MOTORS (AUSTRALIA) PRO- } RESPONDENTS.
PRIETARY LIMITED AND OTHERS }
PLAINTIFF AND DEFENDANTS,

ON APPEAL FROM THE SUPREME COURT OF
NEW SOUTH WALES.

H. C. OF A. *Trade Names—Similarity calculated to deceive—Business reputation—Passing off—
1929. Delay by party seeking relief—Laches—Acquiescence—Form of injunction.*

SYDNEY,
July 29, 30.
—
MELBOURNE,
Oct. 7.

KNOX C.J.,
Isaacs, and
Dixon JJ.

An American manufacturer of cars with a trade reputation in Australia marketed them in Australia through agents whose operations it controlled by means of a subsidiary company. It determined to form a new company in Australia to be called by a name based on its own, which would here assemble its cars and put them on the market. It advertised its intention to do so and actually formed the company, which commenced to erect a factory. It did not, however, assign any of its goodwill to the new company, nor did the subsidiary company. The defendants thereupon commenced to trade in secondhand cars under a name resembling both that of the new company and that of the American company, and in premises painted with signs which would be read as implying that the establishment was a branch or depot of a business.

Held, that the defendants were representing their business to be part of H. C. OF A.
or connected with the business which the new company in fact conducted in 1929.
Australia, and that, although neither that company nor the American company
did business in secondhand cars, the new company was entitled to an injunction.

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The plaintiff complained to the defendants upon learning of their conduct and shortly afterwards requested the Registrar-General to refrain from registering the defendants as a firm. About six months afterwards it caused traps to be set to obtain evidence of actual deception, and again some six months after that, and it sued the defendants a few months later. The plaintiff's manager hoped and expected that the defendants' business would collapse.

Held, that the plaintiff had not been guilty of laches or acquiescence.

Form of injunction discussed: *Johnston v. Orr Ewing*, (1882) 7 App. Cas. 219, followed.

Decision of the Supreme Court of New South Wales (*Harvey C.J.* in Eq.) affirmed, with a modification in the form of the injunction.

APPEAL from the Supreme Court of New South Wales.

A suit was brought in the Supreme Court in its equitable jurisdiction by General Motors (Australia) Pty. Ltd. against Ernest Sidwell Turner and others in which the statement of claim, filed on 6th December 1927, was substantially as follows:—

1. On or about 6th May 1926 the plaintiff was duly registered and incorporated in the State of Victoria under the Companies Acts in force in that State under the corporate name "General Motors (Australia) Proprietary Limited" as a company limited by shares.

2. On or about 24th May 1926 the plaintiff was duly registered in its said corporate name as a foreign company under Part III. of the *Companies (Amendment) Act* 1906 (N.S.W.) and Acts amending the same.

3. Since its incorporation in May 1926 as aforesaid the plaintiff has been carrying on a very extensive business throughout the Commonwealth in importing, assembling and selling motor-cars and other motor vehicles.

4. The plaintiff has been for upwards of eighteen months past the sole wholesale distributor in the Commonwealth of many well-known makes of motor-cars and motor vehicles, including the Buick, Cadillac, Chevrolet, Oakland, Oldsmobile, Pontiac and Vauxhall cars and the G.M.C. motor-trucks.

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5. The plaintiff has and has had at all material times assembling factories and warehouses and distributing offices in all the capital cities of the Commonwealth, and in particular the plaintiff has had since October 1926 a large assembling factory and warehouse and distributing office in Carrington Road, Marrickville, near Sydney.

6. The plaintiff's business carried on under its said name as aforesaid has become extensively and favourably known throughout the Commonwealth.

7. Ever since the plaintiff commenced its business the plaintiff has been known to persons engaged in the motor trade, and to the public generally, both by its corporate name and by several abbreviations thereof, including "General Motors," "General Motor Company" and other abbreviations whereof the words "General Motors" or "General Motor" form the principal or distinctive part.

8. For upwards of eighteen months past and at all material times the plaintiff's corporate name and the said abbreviations thereof have signified and have been taken by persons engaged in the motor trade and the public generally to mean the plaintiff Company and no other person, firm or company.

9. In and prior to June 1926 the defendants did not nor did any of them carry on any business under a trade or firm name of "General Motors" or "General Motor Co." or under any trade or firm name of which the words "General Motors" or "General Motor" formed part.

10. After June 1926 the defendants commenced and continued to carry on and they are still carrying on business at Camperdown, near Sydney, as dealers in secondhand motor-cars under the following firm or trade names, that is to say, "General Motors," "General Motors Co.," "General Motors Re-sale Depot," "General Motors Sydney" and "General Motors Manufacturing Co."

11. Each of the names mentioned in par. 10 hereof is a colourable imitation of the plaintiff's corporate name, and is calculated to lead and does lead persons engaged in the motor trade and members of the public generally to believe that the said business carried on by the defendants is identical with or a branch or department of or otherwise connected with the business of the plaintiff.

12. The plaintiff further charges that the defendants have deliberately and fraudulently adopted the firm or trade names mentioned in par. 10 hereof in order to obtain the benefit of the plaintiff's business connection and trade reputation, and in order to deceive the public and persons dealing with the defendants into the belief that the said business carried on by the defendants is identical with or a branch or department of or otherwise connected with the business of the plaintiff.

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13. At all material times the defendant Henry Samuel Turner has managed the said business of the defendants on their behalf.

14. The defendants by their said manager, the defendant Henry Samuel Turner, have frequently and fraudulently represented to persons dealing or proposing to deal with them that the said business of the defendants is identical with or a branch or department of or otherwise connected with the business of the plaintiff.

15. The acts of the defendants hereinbefore complained of have caused and until they are restrained as hereinafter prayed will continue to cause considerable loss and damage to the plaintiff.

The plaintiff claimed (*inter alia*) (1) that the defendants and each of them may be restrained from trading under any of the names mentioned in par. 10 of this statement of claim or under any other name which is an imitation of the corporate name of the plaintiff or which is calculated to lead persons to believe that the said or any business of the defendants or any of them is identical with or connected with the business of the plaintiff; (2) that the defendants and each of them may be restrained from representing or holding out the said or any business of the defendants or any of them as being identical or connected with the business of the plaintiff; (3) that the plaintiff may have such further or other relief as the nature of the case may require.

In a statement of defence filed by the adult defendants, Ernest Samuel Turner and Felice Turner, they stated that they denied the allegations contained in pars. 8, 9, 11, 12, 14 and 15 of the statement of claim, and did not know and did not admit the matters set out in pars. 1, 2, 3 and 14 of the statement of claim. They also stated substantially as follows:—(6) In further answer to par. 9 of the statement of claim we say that in the year 1904 the defendant

H. C. OF A. Henry Samuel Turner, who is also identical with the defendant
 1929. Ernest Samuel Turner, carried on business in Sydney under the firm
 { name of "General Auto-Motor Company," and from and including
 TURNER the year 1904 up to 1st April 1908 the defendant Henry Samuel
 v. Turner carried on business in Sydney under the firm name of
 GENERAL MOTORS "General Motor Co.," when the said business was sold to a limited
 (AUSTRALIA) company formed to take over the same under the name of "General
 PTY. LTD. Motor Company Limited," of which company the said defendant
 Henry Samuel Turner was a shareholder and managing director
 until the said company was wound up in or about the year 1912,
 when the defendant Felice Turner commenced business under the
 firm name of "The General Motor Co. 1912" and continued to
 trade under the said firm name until the year 1914, when the firm
 name was changed to "Turner Bros.," but the firm name of "General
 Motor Co." was still used up to and including the year 1922 in transac-
 tions, dealings and correspondence with customers of the said firm
 who had purchased Renault cars from the said firm ; (11) we further
 say, in answer to the whole of the statement of claim that the plaintiff
 by reason of its laches and acquiescence is not entitled to any relief
 in this suit.

Annie Zuleme New, having been appointed by an order of Court guardian *ad litem* of the infant defendants Ernest Sidwell Turner, Donald Gordon Turner, Ronald Manning Turner, Noel Paige Turner and Zelda Felice Turner, filed a statement of defence similar in substance to that filed by the adult defendants.

Harvey C.J. in Eq. granted an injunction restraining the defendants from using the words "General Motor" or "General Motors" in connection with any business or businesses then or thereafter carried on by them or any of them without adding in text as large as the words "General Motor" or "General Motors" the words "This business has no connection with General Motors (Australia) Proprietary Limited," and from using any name calculated to lead persons to believe that the said business or businesses or any business of the defendants was or were identical or connected with the business of the plaintiff and also from representing or holding out to the like effect.

From that decision the defendants Henry Samuel Turner and Felice Turner now appealed to the High Court.

Other material facts are stated in the judgments hereunder.

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J. R. Nield, for the appellants. By reason of prior user the appellants are entitled to use the words objected to by the respondent. When the appellants commenced business in July 1926 as dealers in secondhand cars there was no company or firm carrying on the business of selling and delivering cars under a firm name similar to that readopted by the appellants. Even when the respondent commenced operations—which was not until October 1926—it confined its business to the sale and delivery of certain well-known makes of cars to its authorized agents and not to the general public. The businesses which the appellants and the respondent were engaged in were fundamentally different; thus there was no possibility of confusion in the minds of the public (see *John Brinsmead & Sons Ltd. v. Brinsmead* (1)).

[KNOX C.J. referred to *Schweppes Ltd. v. Gibbens* (2).]

Whilst in July 1926 people may have thought that the appellants were trading under the authority of, and in connection with, the respondent Company the evidence shows clearly, both as regards the trade and the general public, what the actual business of the respondent was at the time this suit for an injunction was commenced in December 1927, and that the respondent had, and has, no intention of carrying on a business in secondhand cars and that therefore all concerned must have known that there never was any connection between the business of the appellants and that of the respondent. There is no evidence that anyone was misled before the proceedings were commenced.

[DIXON J. It is perhaps more a matter of the use by the appellants of the respondent's reputation than the mere passing off of goods.]

There is no evidence that the respondent suffered damage to trade or reputation or probable injury to reputation; without such evidence no action will lie (*Society of Motor Manufacturers and Traders v. Motor Manufacturers' and Traders' Mutual Insurance Co.* (3)).

(1) (1913) 30 R.P.C. 493, at p. 505.

(2) (1904) 22 R.P.C. 113; (1905) 22 R.P.C. 601.

(3) (1925) Ch. 675, at pp. 686, 691.

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[ISAACS J. There are cases which show that a fraudulent intention on the part of the defendant is sufficient to entitle the plaintiff to an injunction.

[KNOX C.J. referred to *Slazenger & Sons v. Feltham & Co.* (1).]

The respondent Company did not commence business until October 1926; therefore it cannot be said that the words "General Motor Re-sale Depot" appearing in July 1926 on the business premises of the appellants indicated the business of the respondent. They are general descriptive words. The advertisements of the respondent clearly showed that the nature of the business proposed to be carried on by it was quite different from the nature of the business carried on by the appellants. There is no competition between the two businesses; therefore there is, and can be, no damage suffered.

[ISAACS J. referred to *Kerly on Trade Marks*, 5th ed., p. 653; *Slazenger & Sons v. Feltham & Co.* (1); *John Brinsmead & Sons Ltd. v. Brinsmead* (2); *In re Cording* (3), and *Joseph Rogers & Sons Ltd. v. W. N. Rogers & Co.* (4), as showing that if a person adopts a trade name or mark knowing that such name or mark would be likely to deceive other persons, then the Court will not look further.]

The respondent Company was not established here when the appellants commenced business, and subsequent acts cannot confer any rights on the respondent. The nature of the appellants' business and their trade name were known to the respondent Company in July 1926, and as no action was taken until December 1927 the respondent must be deemed to have acquiesced in the position of affairs and to have permitted the appellants to acquire a goodwill under the name. Not having acted with the necessary promptness, the respondent Company is not entitled to the relief sought.

Flannery K.C. (with him *R. K. Manning*), for the respondent General Motors (Australia) Pty. Ltd. Even long user by a person, if fraudulent, as here, does not affect a plaintiff's right to a final injunction (*Halsbury's Laws of England*, vol. XXVII., p. 774). The

(1) (1889) 6 R.P.C. 531.

(2) (1913) 30 R.P.C. 493.

(3) (1916) 33 R.P.C. 325, at pp. 331-

332; 85 L.J. Ch. 742.

(4) (1924) 41 R.P.C. 277, at p. 291.

delay in bringing the suit for injunction was in the circumstances reasonable, and, therefore, there is no such acquiescence on the part of the respondent as would prevent it from obtaining the injunction it seeks (*Rowland v. Michell* (1)).

[ISAACS J. referred to *Coombe v. Mendit Ltd.* (2) as showing that the mere lapse of time is no bar to the obtaining of an injunction.]

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Whatever delay, if any, occurred, it was not due to any wish or unreasonable conduct on the part of the respondent (*Reliance Rubber Co. v. Reliance Tyre Co.* (3)). The onus is on the appellants to prove that they were prejudiced by laches (*Lindsay Petroleum Co. v. Hurd* (4); *Lee v. Haley* (5)). When the respondent Company was registered it took over the work of the General Motors Export Co., which had been trading in New South Wales for many years. In adopting the words "General Motor" or "General Motors" as part of their trade name the appellants did so with the fraudulent intention of obtaining the benefit of the reputation or goodwill acquired by the respondent Company.

J. R. Nield, in reply. The form of the injunction is too wide, and has consequences which, perhaps, were not contemplated. If the injunction is to continue, it should take the form usually prescribed in circumstances similar to those present in this case.

Cur. adv. vult.

The following written judgments were delivered:—

Oct. 7.

KNOX C.J. In this suit the respondent Company sought to restrain the appellants and the infant respondents from using the words "General Motor" or "General Motors" in connection with a business carried on by them in Sydney, on the ground that the use of those words as part of the trade name of the business so carried on was calculated to lead to the belief that the business in question was identical with or a branch or department of or otherwise connected with the business of the respondent Company. At the trial *Harvey C.J.* in Eq. granted an injunction restraining the

(1) (1896) 13 R.P.C. 457, at pp. 464-465; aff. on app., (1896) 14 R.P.C. 37.

(2) (1913) 30 R.P.C. 709.

(3) (1924) 42 R.P.C. 91.

(4) (1874) L.R. 5 P.C. 221.

(5) (1869) L.R. 5 Ch. 155.

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defendants from using the words "General Motor" or "General Motors" in connection with any business carried on by them or any of them without adding in text as large as those words the words "This business has no connection with General Motors (Australia) Proprietary Limited," and from using any name calculated to lead persons to believe that any business of the defendants is identical with or connected with the business of the plaintiffs, and from representing or holding out any business carried on by them as being identical or connected with the business of the plaintiffs. I agree with the learned trial Judge in thinking that the use proved to have been made by the defendants in connection with the business carried on by them of the words "General Motor" or "General Motors" was calculated and, indeed, intended to lead to the belief that their business was a part of or connected with the business carried on by the plaintiff Company and I think the facts referred to by my brother *Dixon* in the reasons which he is about to publish show that before the appellants began to use the words in question in the manner complained of the respondent Company had done sufficient in the direction of establishing and carrying on its business to entitle it to maintain an action for passing off, independently of any right of the American Corporation. I agree also that the facts proved do not support the defence of laches and acquiescence, and it follows that, in my opinion, the plaintiff was entitled to relief. But I think a modification should be made in the form of the injunction granted. The learned Chief Judge in Equity did not, as he possibly might have done, restrain the defendants absolutely from using the words "General Motor" or "General Motors" in connection with their business, and it may therefore be taken that he was of opinion that the defendants might so use those words if they used them fairly, and that it was the unfair use of them that was intended to be restrained. In *Reddaway v. Banham* (1) the House of Lords considered the form of injunction which should be granted in such a case, and Lord *Macnaghten* said (2): "As regards the form of the injunction, I should be disposed to say that in all cases where the defendant is to be restrained from using unfairly words or marks which he is at liberty to use provided

(1) (1896) A.C. 199.

(2) (1896) A.C., at p. 221.

only they are used fairly, it would be better that the injunction should go in the form approved by this House in *Johnston v. Orr Ewing* (1).”

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In accordance with this view I think the injunction in the present case should be varied by omitting the words “without adding in text as large as the words ‘General Motor’ or ‘General Motors’ the words ‘This business has no connection with General Motors (Australia) Proprietary Limited,’ ” and by inserting in lieu thereof the words “without clearly distinguishing such business from the business carried on by the plaintiffs.” Subject to this variation of the decree the appeal should be dismissed with costs to be paid by the appellants.

ISAACS J. The unusual, perhaps unprecedented, circumstances of this case make it very necessary to state the precise principles of law which should govern the decision.

The main relevant proposition is well stated by *Romer J.* in *Joseph Rogers & Sons Ltd. v. W. N. Rogers & Co.* (2), in these terms: “It is the law of this land that no man is entitled to carry on his business in such a way as to represent that it is the business of another, or is in any way connected with the business of another.” To this the learned Judge adds a qualification irrelevant to the present case, since it relates to a person carrying on business in his own name.

I shall cite only three or four out of the numerous authorities which support this proposition, and at the same time mark its limitations.

In *Levy v. Walker* (3) *James L.J.* says: “It should never be forgotten in these cases that the sole right to restrain anybody from using any name that he likes in the course of any business he chooses to carry on is a right *in the nature of a trade mark*, that is to say, a man has a right to say, ‘You must not use a name, whether fictitious or real—you must not use a description, whether true or not, which is intended to *represent*, or calculated to *represent*, to the world that your business is my business, and so, by a fraudulent misstatement, deprive me of the profits of the business which would otherwise

(1) (1882) 7 App. Cas. 219.

(2) (1924) 41 R.P.C., at p. 291.

(3) (1878) 10 Ch. D. 436, at pp. 447, 448.

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come to me.' That is the principle, and the sole principle, on which this Court interferes. The Court interferes solely for the purpose of protecting the owner of a trade or business from a fraudulent invasion of that business by somebody else. It does not interfere to prevent the world outside from being misled into anything."

I would here interpose the observation that "fraud" for the purpose mentioned is not necessarily such as would support an action of deceit, but would be constituted by persistence after notice. In *Cochrane v. MacNish* (1) Lord Morris for the Judicial Committee said:—"The respondents erred, unwittingly at first. But as they persisted in their error after their attention was called to the fact that they were infringing the appellant's rights their conduct in the eye of the law amounts to fraud, and they must be held responsible for the consequences." (And see per Viscount Haldane L.C. in *Nocton v. Lord Ashburton* (2).)

Resuming the main proposition, the next case in order of date to which I shall refer is *Borthwick v. The Evening Post* (3). There the *Morning Post* sought an injunction to restrain the *Evening Post* from using that name. At p. 463 Bowen L.J. said the gist of the action was that the defendants had "put forward an untruthful representation and an untruthful representation which is calculated to injure the property of the *Morning Post*—the untruthful representation being an implied representation that there was a proprietary connection between the new paper and the old paper." Both the probability of deception and the probability of injury to the business of the plaintiff had to be proved.

The third reference is to the judgment of Lord Parker of Waddington in *A. G. Spalding & Bros. v. A. W. Gamage Ltd.* (4). There it is stated that a false representation is the basis of a passing-off action, and that the property to be protected is "property in the business or goodwill likely to be injured by the misrepresentation."

The injury may take many forms, and may arise even where the businesses are in fact concerned with different commodities (*Walter v. Ashton* (5)). In this particular case it is to the business as a business. The representation may take many forms. (See per Lord

(1) (1896) A.C. 225, at pp. 230, 231.

(3) (1888) 37 Ch. D. 449.

(2) (1914) A.C. 932, at p. 952.

(4) (1915) 32 R.P.C. 273, at p. 284.

(5) (1902) 2 Ch. 282.

Parker in Spalding's Case (1).) A trading name is probably the simplest method of representing a connection of the two businesses, where there is some similarity of or connection between the commodities dealt in (*Dunlop Pneumatic Tyre Co. v. Dunlop Lubricant Co.* (2)).

As I read the statement of claim, it is on these principles the respondent's claim was, and, as I think, must be rested.

The material facts are these:—About 1912, or a little later, an American company called the General Motors Corporation, and manufacturing or controlling the manufacture of various makes of American cars, caused to be formed in Australia a subsidiary company called the General Motors Export Company Limited. As an instrument of the American company it imported fully assembled cars or chassis, and distributed them to various agents, so called, in Australia, including New South Wales, who sold them in their own names. This went on till 1926. On 6th May 1926 the American General Motors Corporation, the controlling corporation, caused to be formed and incorporated the respondent Company as a better instrument for its Australian operations, which had for several years been conducted by an Australian company called General Motors Export Company. Beginning on 7th May 1926 and continuing to some time in June 1926, numerous and prominent public newspaper announcements appeared, stating in effect that the American Corporation intended replacing the Australian Company with the respondent Company to take over the business of the earlier company, and also to undertake the full assembling of cars so as to deliver to distributing agents completed cars ready for delivery to purchasers.

There can be no doubt that the announcements so made created a belief in the public mind that the new General Motors Company when it started operations would carry on both the old business hitherto carried on by the expiring Australian company and the additional activities referred to. Into this field of public expectation came the appellants, under the trade name of General Motor Company, with the business of selling to anyone so desiring secondhand motor-cars of every description. The appellant, Ernest Samuel Turner,

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(1) (1915) 32 R.P.C., at p. 289.

(2) (1898) 16 R.P.C. 12.

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who conceived and carried out the project, was well experienced in the motor trade. He had traded under various names. In May or June 1926 he approached the liquidator of a company that had been dissolved about fifteen years before to allow him to use its name, which was General Motor Company Limited. Of course, this was impossible. It was equally impossible at this time, which I apprehend was after 24th May 1926, when the registration of the respondent Company as a foreign company took place, to form and incorporate in Sydney a limited company with a name resembling that of the respondent. But without incorporation, the appellants came as close as possible.

It is, I think, and am willing to assume as, the fact, that the appellants actually began their business before the respondent opened its place of business in Marrickville. On this fact the appellants rest a contention that the appellants between July and October had done nothing legally wrong, at least as regards the respondent Company, and as they did nothing else afterwards, what they were doing in December could not be wrong or give a cause of action. The case of *Montreal Lithographing Co. v. Sabiston* (1) is an authority against that bald contention. But on principle the whole contention is fallacious. In the first place, a man who digs a pit in a path along which he has reason to believe another man will shortly travel, does nothing of which the man can legally complain before he comes to it. But if the latter happens to fall into the hole and suffers injury, does the argument of original freedom from responsibility avail the man who digs the pit? What Ernest Samuel Turner for all the defendants in the suit did was to dig a commercial pit in advance. If there ensued injury, or a probability of injury, there is surely a remedy. But I do not for a moment concede that before October 1926 the respondent would have been helpless. Having the undoubted intention to commence business, it could, in the circumstances, in my opinion, have obtained protection against the injury that the appellants were preparing in advance. Intention in such a case is an important factor. (See *Beazley v. Soares* (2); *Montreal Lithographing Co. v. Sabiston* (3); and *Kerly on Trade Marks*, 5th ed., at p. 577.)

(1) (1899) A.C. 610.

(2) (1882) 22 Ch. D. 660, at p. 662.

(3) (1899) A.C., at p. 614.

To make the matter clear, let us see what the appellants did. Among other things, they opened a place of business at No. 4 Parramatta Road, Sydney. On the face of the building, in conspicuous lettering, were the words: "General Motor's Re-sale Depot and Service," "No. 4," "General Motor's Instruction Service," and again, "General Motor's No. 4." It is too plain to admit of hesitation that the effect of these words must have been to lead the public to believe that the new Australian company promised by the newspaper announcements had started business and had established this place as a No. 4 Branch for the purposes of a re-sale department and of instruction and service. The apostrophe in the word "Motor's" would be meaningless if this were the sole place of business of the proprietor, who, as stated, would be understood to be the respondent Company. To lose no possible chance there were also printed "General Motors." As Lord *Parker* said in *Spalding's Case* (1): "The effect of a misleading advertisement is a continuing effect." The respondent Company could, therefore, in my opinion, as I have already stated, have at once restrained the appellants from fraudulently doing then what would probably, to say the least, have a continued effect, injuriously affecting the business then in train of the respondent when actually commenced. But whether this was so or not, it is not merely the effect of the open representations that was continuing. The representations themselves continued, and were hour by hour and day by day repeating themselves to all who saw them.

I entertain not the faintest doubt that at all events immediately the new company started its business—a business that, whether it was purchased from the former company or corporation or not, was at least a lawfully permitted business and capable of producing profit to the respondent—it could have restrained the appellants from continuing their injurious and fraudulent conduct.

Apart from the second line of defence—laches and acquiescence—the appeal must fail.

As to the laches and acquiescence it is clear from the evidence of Mr. Potter, a director and the manager of the respondent Company, that the respondent with the full knowledge of the continued false

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representation referred to, advisedly abstained from taking any proceedings to compel the appellants to discontinue trading in that fashion. That continued for a considerable time. The respondent Company, though defied by Turner, thought that judging by his previous trade history, his business would die out without litigation, which apparently required the consent of the parent American Corporation. However, the fact is that the appellants were allowed to continue, and therefore to some extent it must be taken that the appellants were suffered by the inaction of the respondent to acquire some goodwill, and probably some responsibilities, which it would be inequitable now absolutely to ignore. The inaction of the respondent, in my opinion, comes precisely within the principles enunciated by Lord Cairns L.C. in *Evans v. Smallcombe* (1). To restrain the appellants *simpliciter* from using the name they have been trading under would, therefore, have been unjust. But that does not conclude the matter. The true principles on which the Court acts in such a case are stated by Lord Selborne L.C. for the Judicial Committee in *Lindsay Petroleum Co. v. Hurd* (2). His Lordship said :—"Now the doctrine of laches in Courts of Equity is not an arbitrary or a technical doctrine. Where it would be practically unjust to give a remedy, either because the party has, by his conduct, done that which might fairly be regarded as equivalent to a waiver of it, or where by his conduct and neglect he has, though perhaps not waiving that remedy, yet put the other party in a situation in which it would not be reasonable to place him if the remedy were afterwards to be asserted, in either of these cases, lapse of time and delay are most material. But in every case, if an argument against relief, which otherwise would be just, is founded upon mere delay, that delay of course not amounting to a bar by any statute of limitations, the validity of that defence must be tried upon principles substantially equitable. Two circumstances, always important in such cases, are, the length of the delay and the nature of the acts done during the interval, which might affect either party and cause a balance of justice or injustice in taking the one course or the other, so far as relates to the remedy." Now, the balance

(1) (1868) L.R. 3 H.L. 249, at pp. 255, 256.

(2) (1874) L.R. 5 P.C., at pp. 239-240, and *Errata*, p. ix.

of justice or injustice indicates that from the time of the institution of the suit the appellants were bound to distinguish their business from that of the respondent. That is the sense and effect of the judgment appealed from, which ought to be affirmed.

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DIXON J. When, in May 1926, General Motors Corporation of America commenced in New South Wales to advertise largely that it was in course of reorganizing the business done in Australia in the many makes of motor-cars manufactured and distributed under its control, the male defendant appellant recollected that at one time he had traded in motor-cars under the name of "General Motor Company" and bethought himself that the time was opportune for the revival and adaptation of the disused title. Up till that time General Motors Corporation had appointed agents here to negotiate the sale of their cars which they exported to Australia, and had superintended the operations of those agents by means of a subsidiary company called General Motors Export Company. On 6th May 1926 the head Company caused the plaintiff General Motors (Australia) Pty. Ltd. to be incorporated under the law of the State of Victoria, and eighteen days afterwards caused it to be registered in the State of New South Wales. On 7th May 1926 advertisements began to appear in the press announcing that "General Motors" would organize a company in Australia, which would assemble and warehouse in Australia motor-cars manufactured under the control of General Motors in the United States, Canada and England, and deliver them to the distributors. These advertisements, which went on for some time, gave the name of the plaintiff as that of the new company, and stated that it would put bodies on the cars, and that it would erect large works in Sydney upon a site just acquired at Marrickville. As soon as the plaintiff Company was registered in New South Wales, it set up at the offices then occupied by General Motors Export Company, took over the functions of that body and proceeded at once to erect the works, which were completed on 16th October 1926. It then commenced the operations described in the advertisements, and has since conducted the business for which it was formed. Up till May 1926 the words "General Motors" were well understood by persons acquainted with the motor trade in New South Wales

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to mean the American Corporation which controlled the manufacture and distribution of many familiar kinds of car. From that time the words have increasingly come to mean the plaintiff Company. The male appellant, in June 1926, contemplated setting up at No. 4 Parramatta Road, Camperdown, in the secondhand car trade. He began his business there at the end of June, and called it "General Motor's Resale Depot." He had "No. 4" painted up conspicuously so as to convey to the unwary that it was a depot or establishment No. 4. He adopted letter headings also designed to lead persons to suppose that the business was that of "General Motors" or connected with it. *Harvey C.J.* in Eq. considered that his conduct was fraudulent, and that it was calculated to lead the public to believe that his business was that of the plaintiff or was connected with the plaintiff, and granted an injunction.

Of the appellant's intention and desire to appropriate to himself the advantage of a business reputation which belonged to another, there can be no doubt at all. It was said, however, that the business he did was in secondhand cars, and that it in no way competed with or affected the plaintiff's undertaking. But business reputation, in the view of the Courts of Equity, is a right of property which should be protected from misappropriation and that protection is not confined to cases where loss simply consists in the diversion of trade from one to another. Indeed, the argument is sufficiently answered by the authority of *Lloyd's v. Lloyd's (Southampton) Ltd.* (1).

It was then contended that the plaintiff, when the acts complained of first commenced, had not begun business, and had no goodwill and no reputation for the appellant to appropriate, and that if his use of the name "General Motors" was no violation of the plaintiff's rights, when he assumed it, nothing which occurred afterwards could make it wrongful.

The plaintiff did not plead or prove that General Motors Corporation of America had assigned to it any goodwill which may have attached to that body's operations in or in relation to Australia. It would, therefore, not be enough for the plaintiff to show that the appellant attempted to purloin some of that goodwill, and appropriate some of the reputation which belonged to that

Corporation. But the plaintiff, from 24th May 1926, was carrying on business here, and its existence, objects and relation to the American Corporation had been widely advertised. The public had been told that, in a reorganization of the Corporation's business methods, the plaintiff had been constituted to conduct its Australian operations. When the appellant pretended that his business was part of, or connected with, "General Motors" Australian undertaking, he necessarily represented that his business was part of, or connected with, that which in fact the plaintiff conducted. This entitled the plaintiff to complain, whether the American Corporation might also do so or not. Time has not weakened the plaintiff's position, because it has confirmed and increased the plaintiff's reputation as "General Motors."

The appellant's final answer to the injunction was laches and acquiescence. It appears that the plaintiff complained to the appellant in July 1926; in August, wrote a letter protesting against the appellant's registration as a firm to the Registrar-General who communicated the protest to the appellant; in February 1927 and September 1927, caused traps to be laid for the appellant, and sued in December 1927. Its manager said he delayed because he thought the appellant's business might die out, and because he had to seek authority to sue from his head office. In the meantime the appellant was pursuing the course of deception which he had begun and was amplifying it with specious advertisements.

The principles upon which a plea of laches and acquiescence is to be determined are set out in a well-known passage in the opinion of Lord Blackburn in *Erlanger v. New Sombrero Phosphate Co.* (1), in which he cites from *Lindsay Petroleum Co. v. Hurd* (2). I do not see how the plaintiff's conduct in abstaining from suit until December 1927, hoping first for the appellant's natural downfall, next for the sanction of its head office and last for conclusive evidence, can bring these principles into operation. How can it be said that this conduct "put the other party in a situation in which it would not be reasonable to place him if the remedy were afterwards to be asserted," or was so wanting in "the degree of diligence which might reasonably be required and allowed such a degree of change

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(1) (1878) 3 App. Cas. 1218, at p. 1279. (2) (1874) L.R. 5 P.C., at p. 239.

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to occur" that "the balance of justice or injustice is in favour of withholding the remedy"? The deception, which the appellant practised, was intentional and was maintained. He cannot say that he was deceived by the plaintiff's conduct into deception, misled into continuing a course of conscious impropriety. There is nothing in the facts of this case to support a plea of laches and acquiescence.

The injunction which has been granted does not restrain the appellant absolutely from using the words "General Motors," as perhaps it might have done. Probably the learned Judge, in qualifying it, acted upon the view expressed by *Giffard L.J.* in *Lee v. Haley* (1): "In cases of delay, we must consider whether the nature of the injunction is such that if it is granted the defendant will have been injured by the delay."

But the condition in the injunction has an effect, which may not have been intended, particularly when the appellant's firm name is used merely as a signature to documents, and I agree that the form of the injunction should accordingly be varied.

Otherwise the appeal should be dismissed with costs.

Appeal dismissed with costs. Decree varied by omitting the words "without adding in text as large as the words 'General Motor' or 'General Motors' the words 'this business has no connection with General Motors (Australia) Proprietary Limited'" and by inserting in lieu the words "without clearly distinguishing such business from the business carried on by General Motors (Australia) Proprietary Limited."

Solicitors for the appellants, *Sly & Russell*.

Solicitors for the respondent, *Allen, Allen & Hemsley*.

J. B.

(1) (1869) L.R. 5 Ch., at p. 160.