

Commonwealth v. Bank of New South Wales (1) to the effect that juristically s. 92 does not confer private rights upon individuals. But it is a transparent misuse of this proposition to proceed to the further proposition that a trader, who but for the *Barring Act* would have a right enforceable at common law, cannot plead that a defence raised under that Act is precluded by the section. In such a case the trader does precisely what this Board has said he may do. He invokes the judicial power to help him resist legislative action which offends against the section. He assumedly has a common law right to recover money unlawfully exacted and he demurs to a plea founded on a statute which offends against s. 92. The demurrer must prevail.

The same argument was advanced in a somewhat different form by counsel who urged that the effect of the *Barring Act* was not to impose a burden on trade but only (as their Lordships understood the argument) to interfere with a right of property, viz., the right to sue for money had and received which accrued after the trading operation was concluded. In this form the argument has no greater validity. It has become a truism that s. 92 protects the subject only from legislation which takes as its criterion of operation an act of trade or commerce or an essential attribute of trade or commerce. This is a proposition couched in necessarily vague and general terms. To exclude from its scope an enactment whose only object is to validate an exaction which the section renders unlawful would in their Lordships' opinion be a mockery of the spirit of the Constitution.

Their Lordships do not think it desirable to deal at greater length with these appeals, important as are the issues they raise, because they agree so fully with the judgments immediately under review and with that of Fullagar J. in *Deacon v. Grimshaw* (2).

Their Lordships will accordingly humbly advise Her Majesty that these appeals should be dismissed. The appellants will pay the respondents' costs of the appeals.

Appeals dismissed with costs.

Solicitors for the appellants, *F. P. McRae*, Crown Solicitor for the State of New South Wales, by *Light & Fulton*.

Solicitors for the respondents, *Higgins de Greenlaw & Co.*, Sydney, by *Farrer & Co.*

R. A. H.

(1) (1950) A.C. 235, at p. 305; (1949) 79 C.L.R. 497, at p. 635.

(2) (1955) 93 C.L.R. 83, at pp. 104 et seq.

PRIVY
COUNCIL
1956.

COMMISSIONER
FOR
MOTOR
TRANSPORT
v.
ANTILL
RANGER
& Co.
PTY. LTD.

these cigarettes bore the trade mark "Pall Mall". W. was in no way concerned in these importations and, although under an arrangement which it had with the British-American Tobacco Co. Ltd. it was entitled to receive a commission on all Australian sales made by that company whether it had any part in effecting those sales or not, it neither claimed nor received any commission. In July 1952 W. arranged with the British-American Tobacco Co. Ltd. that the latter would account to it for any profit made on orders for such cigarettes in excess of five per cent on factory cost. The arrangement was carried out but W., as before, took no part in any of the transactions. The cigarettes so imported were contained in red packets, bearing the words "Pall Mall"; across the top of each of which was a sticker bearing the words "Made in U.S.A. for the proprietors in Australia, W. D. & H. O. Wills (Australia) Ltd." Between July 1952 and the end of September 1954, some 515,400 cigarettes were so imported into Australia by eight or nine persons. Invoices produced for this period showed that the goods were ordered by letter to the British-American Tobacco Co. Ltd., accompanied by a cheque on an American bank in payment, and that the goods were sent by parcel post to the person ordering. On application to remove the trade mark from the register it was admitted that there had been a period of three years since the date of the last renewal of registration during which there was no user by W. but it was contended that the mark was at the date of the application, 15th September 1954, in bona fide use and had been so for a period of six months immediately prior to the date of the application.

H. C. OF A.
1956.
W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.
v.
ROTHMANS
LTD.

Held, that the whole trading in the cigarettes sent to Australia took place in the United States of America and it was only there that the trade mark was used for the purposes of trade.

Aristoc Ltd. v. Rysta Ltd. (1945) A.C. 68, applied.

Decision of *Fullagar J., Rothmans Ltd. v. W. D. & H. O. Wills (Australia) Ltd.* (1955) 92 C.L.R. 131, affirmed.

APPEAL from *Fullagar J.*

W. D. & H. O. Wills (Australia) Ltd. appealed to the Full Court from the decision of *Fullagar J.* that trade mark No. 18437 be removed from the Register of Trade Marks. The facts are set out in the report of the decision of *Fullagar J. (Rothmans Ltd. v. W. D. & H. O. Wills (Australia) Ltd. (1))* and in the judgment of the Court hereunder.

A. D. G. Adam Q.C. (with him *A. H. Mann* Q.C. and *K. A. Aickin*), for the appellant. If a person in another country sends into Australia goods bearing a trade mark registered under the *Trade Marks Act* 1905-1948 in response to orders or purchases, he is using the mark in Australia. It does not matter that the purchaser in Australia is going to consume the goods himself. [He

(1) (1955) 92 C.L.R. 131.

H. C. OF A. 1956.
 W. D. & H. O. WILLS (AUSTRALIA) LTD.
 v.
 ROTHMANS LTD.

referred to *Upmann v. Forester* (1); *Re Registered Trade Mark "Yanx"*; *Ex parte Amalgamated Tobacco Corporation Ltd.* (2); *Notes of Official Rulings* (3); *James Minifie & Co. v. Edwin Davey & Sons* (4).]

[WILLIAMS J. referred to *In the matter of Meeus' Application* (5).]

In view of the definition of bona fide user in s. 72 (2) of the Act it is not permissible to attach any other meaning to the phrase. It is irrelevant that the user is small in extent and may have little bearing on maintaining the reputation of the mark in Australia. From 1952 the trade in cigarettes was carried on by the British-American Tobacco Co. Ltd. on behalf of and for the benefit of the appellant. The sticker attached to each packet conveys to persons coming into possession of it the information that the appellant is the proprietor of the trade mark "Pall Mall" in Australia. Accordingly there was user of the mark in Australia by the appellant. If the use is in connection with a trade carried on by another for the benefit of the proprietor that is a use of the trade mark for the purposes of trade.

D. I. Menzies Q.C. (with him *G. H. Lush*), for the respondent. Whatever use there was of the trade mark "Pall Mall" in Australia there was no use by the appellant. The basis of the agreement between that company and the British-American Tobacco Co. Ltd. in 1952 was that Australia was the "territory" of W. D. & H. O. Wills (Australia) Ltd. which should obtain a profit on goods sent into that territory. There is nothing in the evidence to justify the conclusion that the British-American Tobacco Co. Ltd. was in any respect acting as agent for W. D. & H. O. Wills (Australia) Ltd. If the mark was used in Australia at all it was by the British-American Tobacco Co. Ltd. There is a distinction between reducing one's own goods into possession and dealing in goods in such a way as to use the trade mark that is on those goods. The decision in *Upmann v. Forester* (1) is too wide. The correct test is laid down in *Re Registered Trade Mark "Yanx"*; *Ex parte Amalgamated Tobacco Corporation Ltd.* (6). To send goods to Australia, where the consignee is the owner of the goods is not to use the trade mark on those goods in Australia. In the present case the transactions of sale began and ended in the United States. The use of the sticker does not affect the position. [He referred to *Electrolux Ltd. v. Electrix Ltd.* (7).]

(1) (1883) 24 Ch. D. 231.

(2) (1951) 82 C.L.R. 199.

(3) (1944) 61 R.P.C. 148.

(4) (1933) 49 C.L.R. 349, at pp. 357-361.

(5) (1891) 1 Ch. 41; (1890) 8 R.P.C. 25.

(6) (1951) 82 C.L.R. 199, at pp. 204, 205.

(7) (1953) 71 R.P.C. 23, at p. 42.

A. H. Mann Q.C., in reply. Trade is not limited to the sale of goods. [He referred to *Aristoc Ltd. v. Rysta Ltd.* (1); *Major Bros. v. Franklin & Son* (2); *Attorney-General for N.S.W. v. Brewery Employes Union of N.S.W.* (3).]

Cur. adv. vult.

H. C. OF A.
1956.
W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.
v.
ROTHMANS
LTD.
April 13.

THE COURT delivered the following written judgment :—
This is an appeal by W. D. & H. O. Wills (Australia) Ltd. from an order of this Court made by Fullagar J. (4) on 11th August 1955 under s. 72 of the *Trade Marks Act* 1905-1948 (Cth.), ordering that Trade Mark No. 18437 registered in the Register of Trade Marks under that Act on 12th June 1915 and Trade Mark No. 22947 registered on 13th April 1918 both in the name of the appellant in class 45 in respect of “ tobacco whether manufactured or unmanufactured ” be removed from the register. Section 72 of the *Trade Marks Act* provides, so far as material, that “ (1) The Court may, on the application of any person aggrieved, if it is shown that there has been no bona fide user of a trade mark for a consecutive period of three years since the date of the last registration thereof, order its removal from the register, unless it was at the date of the application in bona fide use and had been so for a period of six months immediately prior to the date of the application . . . (2) For the purpose of this section bona fide user or use means user or use of a trade mark in respect of the goods in respect of which it is registered for the purposes of trade by the proprietor or registered user of the trade mark or a predecessor in title ”. The order was made pursuant to a notice of motion filed by Rothmans Ltd., the respondent on this appeal, on 15th September 1954. The respondent is a company incorporated in the United Kingdom which had prior to this date built up an extensive business in Australia in the sale of cigarettes known as Rothmans Pall Mall cigarettes and had applied under the *Trade Marks Act* to register the words “ Pall Mall ” as a trade mark in Australia but was unable to do so because of the registration of the appellant’s trade mark No. 18437. It is not contended that the respondent is not a person aggrieved within the meaning of s. 72.

Of the two trade marks ordered to be removed from the register the important one is No. 18437 which consists simply of the words “ Pall Mall ”. The other trade mark, an associated mark, consists of a label the features of which are an eagle in the top left-hand corner, a seal in the bottom right-hand corner and in the centre

(1) (1945) A.C. 68, at p. 97. (3) (1908) 6 C.L.R. 469, at p. 513.
(2) (1908) 1 K.B. 712, at pp. 716, 717. (4) (1955) 92 C.L.R. 131.

H. C. OF A.
1956.

W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.

v.
ROTHMANS
LTD.

—
Dixon C.J.
McTiernan J.
Williams J.
Webb J.
Taylor J.

the words "Pall Mall" in large capitals. As his Honour said it is really the user of mark No. 18437 that is in issue because the appellant does not claim to have used the second mark at all at any time. It is therefore only necessary to discuss the fate of this mark because it was upon this issue that the argument before us centred. The last renewal of the registration of this mark was for a period of fourteen years from 12th June 1943, and it is common ground, and it could not be otherwise, that for the purposes of s. 72 the date of the application is the date the notice of motion was filed, that is 15th September 1954, and that the last registration of the mark was this last renewal on 12th June 1943. It is not disputed that there was not a consecutive period of three years since the latter date during which this mark was not used in Australia. The contest is whether or not on 15th September 1954 the mark was in bona fide use in Australia and had been so for a period of six months immediately prior to this date.

It will now be convenient to refer shortly to the evidence. It indicates that at least a close business association exists between the appellant, which is a company incorporated in the United Kingdom, the British-American Tobacco Co., also incorporated there, and the American Tobacco Co., incorporated in the United States of America. These companies are all concerned in the manufacture and sale of cigarettes of the American type. The respondent, on the other hand, manufactures and sells cigarettes of the British type. The two types are of different blend and flavour and appeal to different classes of smokers. Pall Mall cigarettes of the American type sold under that name in the United States of America enjoy the fourth largest sale of all brands of cigarettes there and are world famous. They are apparently manufactured and sold there by the American Tobacco Co. But the British-American Tobacco Co. is the proprietor in the United Kingdom of the trade mark "Pall Mall" for export and either manufactures or causes cigarettes of the same type to be manufactured in the United States on its behalf for sale abroad under the same name. The appellant became the proprietor of the trade mark Pall Mall in Australia under an arrangement with the British-American Tobacco Co. whereby it was to operate on the Australian market. It was intended that cigarettes of the same quality as those sold in the United States under the name "Pall Mall" should be manufactured in Australia or imported into Australia by the appellant and sold in Australia under that name. In this way a trade in these cigarettes under its registered trade mark would have been established and maintained in Australia

by the appellant and no question would or could have arisen whether the trade mark was being used by the appellant in Australia. The appellant sought to use the trade mark in these ways and in fact traded in Australia by manufacturing and selling cigarettes or by importing and selling cigarettes here of the requisite type and quality under the mark. But first the depression, then the second world war, and later economic difficulties intervened and prevented the appellant having at its disposal cigarettes of a quality and blend which it would desire to sell in Australia under the mark and trading in this manner ceased in 1941. But by 1952 it had become known to the appellant that there were smokers in Australia, mostly Americans who were residing in Australia for business reasons, who liked to smoke the Pall Mall cigarettes manufactured and sold in the United States and that they were obtaining supplies of these cigarettes from the British-American Tobacco Co. there. In July 1952 the appellant, through this company, arranged for quantities of the American cigarettes, which are sold under the name "Pall Mall" in America, to be supplied in packets bearing this trade mark in fulfilment of orders received from time to time by this company from General Motors and other American concerns operating in Australia and from individuals in Australia for shipment to Australia, for such company to account to the appellant for any profits made on such orders in excess of the factory cost thereof plus five per cent, and for such company to make returns to the accounting department of the appellant showing the goods so supplied. Cigarettes supplied as aforesaid and bearing the trade mark "Pall Mall" were imported into Australia in the following quantities: July 1952 to September 1952—30,000; October 1952 to September 1953—126,600; October 1953 to September 1954—358,800; and there was affixed to each packet of these cigarettes a sticker containing the following inscription: "Made in U.S.A. for the proprietors in Australia, W. D. & H. O. Wills (Australia) Ltd.". The British-American Tobacco Co. supplied to the accounting department of the appellant monthly returns showing, *inter alia*, the quantities of Pall Mall cigarettes so imported into Australia, the concerns and individuals to which and to whom the cigarettes were consigned and the profit thereon received by the company.

The cigarettes were purchased and paid for in the United States with dollars provided for that purpose by American companies or persons who were in a position to provide the dollars there. No dollars were required to be sent from Australia and licences could therefore be obtained authorizing the import of these cigarettes

H. C. OF A.
1956.

W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.

v.
ROTHMANS
LTD.

—
Dixon C.J.
McTiernan J.
Williams J.
Webb J.
Taylor J.

H. C. OF A.
1956.

W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.

v.
ROTHMANS
LTD.

Dixon C.J.
McTiernan J.
Williams J.
Webb J.
Taylor J.

into Australia. The offer to purchase, the sale, the payment and the delivery of the goods to the purchasers, either f.o.b. or by placing them in the post, all took place in the United States. The import licences were granted to the concerns or persons in Australia to whom the goods were consigned. The appellant took no part whatever in the importation. The transaction, so far as it or the British-American Tobacco Co. were concerned, was complete when the goods were consigned to the purchasers. The smokers in Australia were not interested in any cigarettes except those being sold in the United States under the name "Pall Mall". These were the cigarettes they were seeking and they were prepared to complete the purchase there and have the cigarettes consigned to Australia at their own risk. After the cigarettes had been purchased, paid for and consigned to the purchasers from the United States to be carried by ship or post or by some other means of conveyance to Australia the purchasers were alone interested in the goods. When they arrived, there remained for the purchasers the pleasant task of smoking them. The cigarettes were not imported for sale. They were imported for consumption. The cigarettes that reached Australia for consumption by the Australian purchasers were in no different position from cigarettes which a traveller might have purchased in the United States and brought with him to Australia for his own consumption here. If a purchaser instead of smoking the cigarettes had attempted to resell the packets he would of course have used the trade mark and would have been liable to be sued for infringement under s. 53 of the *Trade Marks Act*. But that would have been an unlawful use of the trade mark by the purchaser and not a use by the proprietor of the trade mark and it is the latter use, and the latter use only, with which we are concerned.

The *Trade Marks Act* 1905-1948, s. 4, defines a trade mark, so far as material, to mean, "a mark used . . . in relation to goods for the purpose of indicating, or so as to indicate, a connection in the course of trade between the goods and some person having the right either as proprietor or as registered user to use the mark whether with or without any indication of the identity of that person". This definition was introduced into the principal Act by Act No. 76 of 1948 and is in the same terms as the definition of "trade mark" in s. 68 of the *Trade Marks Act* 1938 (Imp.). In *Aristoc Ltd. v. Rysta Ltd.* (1), the House of Lords discussed the question whether the somewhat vague words "a connection in the course of trade" in this new definition altered the fundamental conception of a trade mark as indicative of the origin of the goods

(1) (1945) A.C. 68.

and decided that it did not. Viscount *Maugham* said: "My lords, it seems to me beyond doubt that hitherto a registered trade mark has been understood as being used in relation to goods for the purpose of indicating the *origin* of the goods, in other words, for the purpose of indicating either manufacture or some other dealing with the goods in the process of manufacture or in the course of business before they are offered for sale to the public. It must be remembered that in the early days when trade mark law was being slowly laid down, chiefly in Chancery Courts (where alone an injunction could be obtained), a trade mark was inevitably taken as indicating the origin of the goods. It was used for the purpose of indicating that the goods were those of the manufacturer or the merchant of the goods. It was closely connected with the goodwill of his business, of which it was often a valuable item, for the mark represented a quality or character on which the purchaser could place reliance. The cases mentioned in the introductory chapters of *Sebastian on Trade Marks*, 5th ed. (1911) and *Kerly on Trade Marks*, 6th ed. (1927), which are too numerous to be cited here, are conclusive in my opinion to show that, until at any rate the recent Act, trade marks were always taken as indicative of the origin of the goods. The actual phrase is often used; and in other cases the same view is implicit. *Bowen L.J.* was not laying down any new law when he said: 'It seems to me the answer is to be given by the simplest consideration of what is really the function of a trade-mark. The function of a trade-mark is to give an indication to the purchaser or possible purchaser as to the manufacture or quality of the goods—to give an indication to his eye of the trade source from which the goods come, or the trade hands through which they pass on their way to the market.' (*In re Powell's Trade-Mark* (1))" (2). His Lordship then considered whether the new definition had destroyed this fundamental conception and held that it had not (3). Lord *Thankerton* said that, in his opinion, "'connexion in the course of trade' refers to trade in such goods" (4). Lord *Macmillan* said: "A trade mark must still be registered in respect of goods, it must be used in relation to goods, it must indicate a connexion in the course of trade between goods and the user of the trade mark. A trade mark must thus be used in trade. 'Trade' is no doubt a wide word but its meaning must vary with and be controlled by its context. A connexion with goods in the course of trade in my opinion means, in the definition section, an association with the goods in the course of their production and

H. C. OF A.
1956.

W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.

v.
ROTHMANS
LTD.

—
Dixon C.J.
McTiernan J.
Williams J.
Webb J.
Taylor J.

(1) (1893) 2 Ch. 388, at pp. 403, 404.

(2) (1945) A.C., at p. 89.

(3) (1945) A.C., at pp. 92, 93.

(4) (1945) A.C., at p. 95.

H. C. OF A.
1956.

W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.
v.
ROTHMANS
LTD.

Dixon C.J.
McTiernan J.
Williams J.
Webb J.
Taylor J.

preparation for the market. After goods have reached the consumer they are no longer in the course of trade. The trading in them has reached its objective and its conclusion in their acquisition by the consumer" (1). Lord *Wright*, referring to the words in question, said: "They undoubtedly changed the law to some extent, but they did not in my opinion change the fundamental idea of the function of a trade mark, which was to indicate *the origin* of the goods . . . The word 'origin' is no doubt used in a special and almost technical sense in this connexion, but it denotes at least that the goods are issued as vendible goods under the aegis of the proprietor of the trade mark, who thus assumes responsibility for them, even though the responsibility is limited to selection like that of the salesman of carrots on commission in *Major Bros. v. Franklin & Son* (2). By putting them on the market under his trade mark he vouched his responsibility, and the carrots were 'his goods' by selection, though he was neither the owner nor grower of them. The limitation in the Act of 1938, 'in the course of trade', sufficiently, in my opinion, preserves the essential and characteristic function of the mark. The proprietor is required to be a trader who places the goods before the public as being his goods" (3). Lord *Simonds* said: "It was established beyond all doubt before the *Trade Marks Act* 1938, that the function of a trade mark was to indicate the origin of goods . . . The definition of trade mark in the Act of 1938 differs in some respects from that in the earlier Act. The substantial change—and the only one that affects the present question—is the introduction of the words 'a connexion in the course of trade between the goods and some person having the right . . . to use the mark'. The mark no longer indicates that goods are the goods of the proprietor of the mark by virtue of one of the enumerated facts. It indicates only 'a connexion in the course of trade' between the goods and the user of the mark. It is right, perhaps, to assume that the new words are wider than the old. But it would in my opinion be wrong to conclude that a change of a revolutionary character has been effected unless the language enforces that conclusion . . . The word 'trade' has many meanings, wide or narrow, according to the context in which it is found . . . It is unnecessary, and would be dangerous, to attempt to give a positive and exhaustive meaning to the word 'trade' in the definition. It is sufficient to say that it can bear no wider meaning than it would bear if the words 'in the goods' were added after it" (4).

(1) (1945) A.C., at p. 97.

(2) (1908) 1 K.B. 712.

(3) (1945) A.C., at pp. 101, 102.

(4) (1945) A.C., at pp. 105-107.

In the definition under discussion the words are “in the course of trade”, whereas in s. 72 (2) of the *Trade Marks Act* 1905-1948 the words are “for the purposes of trade” but there does not appear to be any real distinction in meaning between the two expressions. The crucial question is whether the proper conclusion to be drawn from the evidence to which we have briefly referred is that on 15th September 1954 trade mark No. 18437 was, within the meaning of s. 72 (1) of the *Trade Marks Act*, in bona fide use in Australia and had been so for a period of six months immediately prior thereto. We are immediately led to sub-s. (2) of this section which defines bona fide user or use to mean (1) that the trade mark must be used in respect of the goods in respect of which it is registered (it was not, and it could not be, denied that this means use in Australia. To fulfil this condition trade mark No. 18437 must have been used for the relevant period for the purpose of indicating or so as to indicate a connection in the course of trade between Pall Mall cigarettes and the appellant); (2) it must have been used for the purposes of trade (3) by the appellant. The word “trade” is, as their Lordships have told us in the *Aristoc Case* (1), a very wide word, but the use of a trade mark for the purposes of trade would have to be at least a use of the mark to indicate the origin of the goods. As Lord *Simonds* said of the analogous words “in the course of trade”, the use of the mark would have to be a use for the purposes of trade in the goods. *Fullagar J.* after a careful review of the evidence reached the conclusion that it did not establish any use at all of trade mark No. 18437 in Australia by anybody. We agree with this conclusion. In our opinion the whole trading in the cigarettes took place in the United States. It was there and there only that the trade mark “Pall Mall” was being used for the purposes of trade. When the goods left the United States they were no longer in the course of trade. Trading in them had finished. They had been consigned to the consumer and were at his risk. To repeat the words of Lord *Macmillan* “After goods have reached the consumer they are no longer in the course of trade. The trading in them has reached its objective and its conclusion in their acquisition by the consumer” (2). The only manner in which the Australian trade mark creeps into the transaction, if at all, is by means of the sticker. This sticker replaced the duty stamp of twenty cents on the top of the packets sold in the United States and may have been placed there so that these particular packets, being sold for export, would not have to pay American duty. There is no evidence that the stickers were placed on the top of the packets at the request

H. C. OF A.
1956.
W. D. &
H. O.
WILLS
(AUSTRALIA)
LTD.
v.
ROTHMANS
LTD.
Dixon C.J.
McTiernan J.
Williams J.
Webb J.
Taylor J.

(1) (1945) A.C. 68.

(2) (1945) A.C., at p. 97.