

*6-11-1935*  
*N<sup>o</sup> 18 of 1435 (10)*  
IN THE HIGH COURT OF AUSTRALIA.

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ELECTRIC ESSENCE PROPRIETARY LIMITED

V.

H. E. KUGELMAN AND COMPANY PROPRIETARY LIMITED AND OTHERS.

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## REASONS FOR JUDGMENT.

OF MR JUSTICE STARKE

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*Judgment delivered at* ..... *Melbourne* .....  
*on* 31st December 1935.

IN THE MATTER OF THE TRADE MARK OF KUGELMAN AND COMPANY

Ex parte ELECTRIC ESSENCE PTY LTD.

JUDGMENT

STARKE J.

Hermann Emil Kugelmann carried on for many years the business of a consulting herbal practitioner, and that of a manufacturer of herbal and other medicinal preparations, under the name of H.E.Kugelmann and Company. He also registered a firm name "The Kugelmann Herbal Skin Soap Curative System of Australasia", and manufactured herbal skin soap, which he sold as Kugelmann's Pure Herbal Skin Soap. But his business, I gather, was carried on as a whole, and at the same place. He advertised himself extensively as a consulting herbal practitioner, and also his manufactures under such names as Kugelman's Herbal Magnetic Blood Purifier, Kugelman's Balsam of Paradise, Kugelman's Pure Herbal Skin Soap etc. About 1921 the name H.E. Kugelmann and Company was changed to H.E.Kugelman and Company. This business, its assets and goodwill passed to the Electric Essence Pty Ltd, which Kugelman formed in 1930. But he did not give the Company the right to his personal services as a consulting herbalist or herbal practitioner, though he became the governing director of the Company and in fact gave his personal services as a consulting herbalist for the benefit of the Company. In May of 1931, Kugelman gave notice under the Business Firms Act 1928 that he no longer carried on the business of H.E.Kugelman and Company. The Electric Essence Pty Ltd was wound up voluntarily, and a liquidator appointed. Kugelman died on 23rd August 1932, soon after the resolution authorising the winding up of the Company. The liquidator of the Company carried on the business for a short period. But soon after his appointment he advertised for tenders for the purchase of assets in lots. Nine of these lots represented stock or plant of the business in Melbourne, and the tenth lot was described as goodwill recipes case books etc. Leo Norman Neal tendered for the lots so advertised, as a whole, and the liquidator accepted his tender. On 5th November 1932 the liquidator liquidator/executed a formal contract of sale of the lots to Neal, who took possession of the stock and plant and proceeded to carry on the business at the same place and as theretofore carried on by the Company, and used the name of Kugelman in the conduct of the business. In December 1932 Neal incorporated a new Company, which he called Electric Essence Pty Ltd, to take over the business which he was carrying on. On 15th December 1932 Neal sold to the new Company the business of herbal remedies manufacturer

carried on by him, including the goodwill. It was agreed that the purchase should take effect as of the 7th November 1932. The new Company continued the business in the same place and as it had theretofore been carried on, and used the name Kugelman in the conduct of the business.

Some argument was addressed to the question whether the right to use the names "Kugelman" or "Kugelman and Company" passed to the new Company, and reference was made to Ferne v. Wilson 26 V.L.R. 422. But the question does not, I think, call for any decision. What is important for the purposes of this case is that for many years various persons and companies were actually using the names "Kugelman" and "Kugelman and Company" as a trade names and for trading purposes.

In July of 1931, Vernon Kugelman, a son of H.E.Kugelman, registered the name of H.E.Kugelman and Company as a firm name. In September of 1932 Vernon Kugelman registered as H.E.Kugelman and Company, and Waldemar S. Kugelman applied for the registration of a trade mark in Class (3) in respect of medicated articles patent medicines botanical goods etc. The mark consisted of a signature "H.E.Kugelman" in an oval, with the monogram H E K under the signature. It was not a copy of the signature of Hermann Emil Kugelman but the copy of a signature originally written by Vernon Kugelman himself in a special or particular manner. The application was granted, and Vernon Kugelman and Waldemar S.Kugelman became, and still are, registered as proprietors of the mark. The Electric Essence Pty Ltd - the new Company - move to rectify the register of Trade Marks by the removal of this mark from the register. An order must be made accordingly.

I do not act on the view that the mover, or its predecessor in the business carried on by it, is the proprietor of the mark. As registered, the mark was never used in the business and was first adopted by the registered proprietors (See Hudson's Trade Mark 32 Ch D 311). But it is likely to deceive and must therefore be removed. "Kugelman" and "Kugelman and Company" were used, for many years before the registration of the mark, in connection with businesses other than that carried on or proposed to be carried on by the registered proprietors. The mark, used in conjunction with any business carried on by the registered proprietors, is likely to lead the public and purchasers to believe that it is the old business of their father or the business carried on by the Companies and persons who subsequently used the

names "Kugelman" or "Kugelman and Company". The registered proprietors of the mark, the sons of H.E.Kugelman, regard themselves as the successors in business of their father, and the only persons lawfully entitled to use the name H.E.Kugelman. But that view is based, first upon an erroneous understanding of the exclusion from the sale to the original Electric Essence Pty Ltd of the personal services of their father as a consulting herbalist or herbal practitioner. This exclusion is treated as meaning that a business was still carried on by H.E.Kugelman. But he carried on no such business. The Company acquired his business, but not the right to his personal services, though as a matter of fact he gave them. The agreement did not preclude the father from setting up a rival business had he desired to do so, but he did not in fact do so, and in any case he could not have solicited the customers of his old business. Next, it is based upon an erroneous view that their father's consent was all that was necessary to enable them to use the name H.E.Kugelman and Company. And finally, upon the erroneous view that their father had some personal practice or business as a herbalist which his personal representative - their mother - could sell to them. I cannot, however, acquit the sons of some uncandid if not untruthful statements in their circular letter which is Exhibit H to the affidavit of William Stubbs sworn on 12th November 1935. It indicates a desire to mislead the public, and possibly explains the reasons for the adoption of the trade mark which they registered. But all this is somewhat beside the question. A mark has been registered the essential feature of which is the signature H.E.Kugelman, and that name had long been in use, though not in the special or particular form registered, by persons and companies other than the registered proprietors. The likelihood of confusion and deception is abundantly clear.

Order that the Register of Trade Marks Kept under the Trade Marks Act 1905-22 be rectified by the removal of the mark therein registered in Class (3) in respect of medicated articles etc included in that class and numbered 60556, and it is ordered that notice of this Order be given to the Registrar of Trade Marks by serving an office copy of this Order upon the said Registrar by leaving the same with a clerk at the office of the said Registrar. Order that the respondents, W.S. and V. Kugelman, do pay the taxed costs of this motion.