

Ward Group Pty Ltd v Brodie & Stone Plc [2005] FCA 471

FEDERAL COURT OF AUSTRALIA

MERKEL J

MERKEL J:

Introduction

1 The applicant (“the Ward Group”) is the Australian manufacturer and distributor of anti-greying hair creams and lotions marketed under the brand name “Restoria” (“the Australian Restoria products”). The Ward Group claims that similar hair creams and lotions manufactured and distributed by the respondents in the United Kingdom under the same brand name (“the UK Restoria products”), which were advertised for sale and sold on certain websites on the Internet, infringed its trademarks and passed off the UK Restoria products as and for the Australian Restoria products.

2 The Ward Group is claiming declarations and injunctions for trade mark infringement and passing off against the respondents (referred to compendiously as “Brodie & Stone”) on the ground that Brodie & Stone is a joint tortfeasor, together with the owners of the websites (“the website proprietors”), in respect of the alleged trade mark infringements and passing off. The claims against Brodie & Stone are based upon it being the manufacturer and distributor in the United Kingdom of the UK Restoria products that were advertised for sale and sold on the Internet by the website proprietors.

3 Initially the Ward Group also sought relief against the website proprietors in respect of trade mark infringement, passing off and alleged contraventions of ss 52 and 53 of the *Trade Practices Act 1974* (Cth) (“the TPA”). However, after the settlement of those claims the proceeding was amended by removing the claims against the website proprietors.

4 Also, during the course of the hearing the Ward Group withdrew the claims it had made against Brodie & Stone under the TPA. Those claims, which relied upon s 75B of the TPA, alleged that Brodie & Stone was “involved” in the alleged contraventions of ss 52 and 53 of the TPA by the website proprietors. The withdrawal came about after my decision in *Bray v F Hoffman-La Roche Ltd* (2002) 118 FCR 1 (“*Hoffman-La Roche*”) was drawn to the

attention of senior counsel for the Ward Group. In *Hoffman-La Roche* I stated (at 16-17 [53]-[55]) that s 75B of the TPA is only applicable to conduct in Australia. The conduct relied upon in respect of the s 75B claims against Brodie & Stone was conduct engaged in solely in the United Kingdom.

5 At trial the issues arising for determination were:

- (1) whether the advertising and sale of the UK Restoria products on the Internet by the website proprietors infringed the Ward Group's Australian trade marks or constituted a passing off of the UK Restoria products as and for the Australian Restoria products of the Ward Group; and, if so
- (2) whether Brodie & Stone, as the manufacturer and distributor of the UK Restoria products in the United Kingdom, was liable as a joint tortfeasor in respect of the trade mark infringements and passing off of the website proprietors.

6 There are two special features about the claims in the present case. The first is that the advertising of the UK Restoria products, together with numerous other products, for sale on the Internet by the website proprietors was not specifically targeted or directed at customers in Australia. Rather, the advertising targeted potential purchasers anywhere in the world at large.

7 The second feature is that the case against Brodie & Stone is not based upon it having sold UK Restoria products to any of its customers intending or knowing that those goods were to be advertised for sale or sold by a customer on the Internet. Rather, the case was based upon the Ward Group informing Brodie & Stone that some of Brodie & Stone's customers were selling the UK Restoria products to entities or individuals who, in turn, were selling UK Restoria products on the Internet, and that the offering to sell and selling of those products to customers in Australia on the Internet constituted an infringement of the Ward Group's Restoria trade marks in Australia and passing off. The Ward Group contended that once Brodie & Stone became aware of those matters it was obliged to place restrictions on the resale of its UK Restoria products, and its failure to do so made it a joint tortfeasor in respect of the trademark infringements and passing off alleged against the website proprietors.

8 Plainly, the Ward Group’s claims, if upheld, can have significant consequences for the sale of goods on the Internet.

Background

9 The Ward Group manufactures and distributes the Australian Restoria products in Australia and elsewhere under the brand name “Restoria”. It is registered under the *Trade Marks 1995* (Cth) (“the TMA”) as the proprietor of four trade marks bearing the mark “RESTORIA” in the class concerned with hair products and cosmetics (“the Australian Restoria marks”). It is also the registered proprietor of Restoria trade marks in over 70 other countries, but not in the United Kingdom.

10 The Ward Group has manufactured, advertised, marketed, distributed and sold the Australian Restoria products in Australia since its incorporation in 1957. It began exporting the products in 1965 and conducts a wide and extensive trade worldwide, although not in the United Kingdom, in the Australian Restoria products. It is clear that the Ward Group has established a substantial reputation and goodwill in relation to the Australian Restoria products and their brand name, Restoria.

11 Each of the respondents is incorporated in the United Kingdom. The first respondent, Brodie & Stone Plc, previously manufactured and distributed an anti-grey hair cream and lotion under the mark “RESTORIA” and had the right to use the United Kingdom trade mark “RESTORIA” (“the UK Restoria mark”) although it was not the registered proprietor. In April 1999, the first respondent’s business, including the sale of UK Restoria products, was transferred to the second respondent, Brodie & Stone International Plc, which is a related body corporate. The third respondent, Brodie & Stone Holdings Plc, which is the first and second respondents’ holding company, conducts the business of Brodie & Stone and became the registered proprietor of the UK Restoria mark in November 1999.

12 Initially the Ward Group was the sole proprietor of the Restoria mark. However, in 1963 the Ward Group applied to register the Restoria mark in the United Kingdom, and in 1965 the shareholders and directors of the Ward Group incorporated the United Kingdom company, Ward Laboratories (UK) Ltd, in order to manufacture and sell Restoria products in the United Kingdom. In 1970 the Ward Group assigned the UK Restoria mark to Ward

Laboratories (UK) Ltd. In November 1970 the shareholding in, and business of, the UK Ward Group company were sold to outside interests, which took an assignment of the UK Restoria mark and continued to sell the UK Restoria products. Brodie & Stone is the current registered proprietor of the UK Restoria mark and owns the business previously carried on by the UK Ward Group company. In the result, ownership of the Restoria mark was split between Australia, where the Ward Group is the registered proprietor of the Australian Restoria marks, and the United Kingdom, where Brodie & Stone is the registered proprietor of the UK Restoria mark.

13 Brodie & Stone sells the UK Restoria products to retailers and wholesalers in the United Kingdom. However, it appears that one or more of the wholesalers have, in turn, sold or agreed to sell the UK Restoria products to the website proprietors who advertised those, and other, products for sale on the Internet.

14 Although there are some differences in the UK and the Australian Restoria products, and in their packaging, it is not suggested that the products differ in any significant respects. Rather, it appears that the UK Restoria products were derived from the original Restoria products, which were marketed in both the United Kingdom and Australia by the Ward Group and its United Kingdom subsidiary.

Selling the UK Restoria products on the Internet

15 In *Dow Jones & Company Inc v Gutnick* (2002) 210 CLR 575 (“*Dow Jones v Gutnick*”) (at 597-598 [15]-[16]) Gleeson CJ, McHugh, Gummow and Hayne JJ explained how the Internet works:

“The World Wide Web is but one particular service available over the Internet. It enables a document to be stored in such a way on one computer connected to the Internet that a person using another computer connected to the Internet can request and receive a copy of the document. As Dr Clarke said, the terms conventionally used to refer to the materials that are transmitted in this way are a ‘document’ or a ‘web page’ and a collection of web pages is usually referred to as a ‘web site.’ A computer that makes

documents available runs software that is referred to as a 'web server'; a computer that requests and receives documents runs software that is referred to as a 'web browser'.

The originator of a document wishing to make it available on the World Wide Web arranges for it to be placed in a storage area managed by a web server. This process is conventionally referred to as 'uploading'. A person wishing to have access to that document must issue a request to the relevant server nominating the location of the web page identified by its 'uniform resource locator (URL)'. When the server delivers the document in response to the request the process is conventionally referred to as 'downloading'."

16 Marc Phillips gave evidence in relation to the sale of products over the Internet. He stated that most people use search engines in order to locate products and services on the Internet. Search engines and directories may be located outside of Australia and will most often produce different results and varied listings in response to a search for a particular term, such as in this case, Restoria. Even though it may be possible for users to limit the search by location or to filter the search results for the country in which the website is located, people do not usually search in that manner. In the usual course persons searching in Australia for a particular product on the Internet are likely to obtain search results for web pages located around the world. For example, a person searching for Restoria products may carry out a Google or Yahoo search on the Internet which will reveal, *inter alia*, the websites, including the Ward Group sites, that advertise those products under the Restoria name.

17 The UK Restoria products were advertised for sale on three websites (www.westons.com, www.beauty4you.co.uk, and www.auravita.com ("the websites")), which were owned or operated by one or other of the website proprietors. There was also evidence that the UK Restoria products were advertised for sale on two other websites but that evidence was not relevant to, or admitted in respect of, the claims made against the website proprietors. Rather, it merely established that UK Restoria products continued to be available for purchase on the Internet on the two sites (www.owlpharmacy.co.uk and www.carterandbond.com).

18 The process of purchasing the UK Restoria products and any of the other numerous products advertised for sale on the websites operated by the website proprietors, can generally be described as follows. First, a potential purchaser accesses the website and browses the online catalogue or online store for the products advertised on the website. When that person wishes to purchase any of the advertised products it can be marked and

once the browsing is completed, the purchaser is directed to a new web page, similar to an invoice, that lists the products selected by the purchaser. The page typically shows the products selected, their price and requests the consumer to enter payment details (eg. credit card details), and a postage and email address. Payment may be made using a secure payment service operated by a third party website. The above process takes place as a result of the purchaser's downloading, which occurs without the intervention or knowledge of the website proprietor.

19 After the order has been placed the website confirms the order. The confirmation may be made by directing the purchaser to a web page that confirms the order. The confirmation is by the provision of a receipt number and usually indicates the period in which the delivery will be made. Confirmation may also be made by email sent to the purchaser in similar terms. On some occasions both forms of confirmation are used. The products are then sent to the purchaser by ship or post.

20 The only evidence of sales of the UK Restoria products in Australia is the evidence adduced by the Ward Group of purchases of those products by its solicitors acting on its behalf ("the trap purchases"). In each instance the website was uploaded by one of the website proprietors in the UK and the purchaser downloaded the website in Australia and placed an order for the UK Restoria products in the manner described above. One of the purchases was made using www.westons.com ("the Westons website"). The search engine requested the user to enter search terms and then responded to a search for "Restoria" by providing a list of web addresses that contained the word "Restoria". The trap purchaser then clicked on the hyperlink to the website the purchaser wished to access.

21 The trap purchaser downloaded the Westons site and, consequently, was able to browse an "online catalogue" showing an extensive range of products from a wide range of manufacturers. The online catalogue included Restoria Hair Lotion, with an accompanying price in British pounds and US dollars. The trap purchaser selected "Add to Shopping Cart" to choose the Restoria Hair Lotion and was then afforded the opportunity to "Checkout".

22 At the "Checkout" a list of the products selected by the trap purchaser appeared under the heading "Shopping Cart", and beside each product purchased was its price. The web page displayed the price in British pounds but a US dollar amount appeared in brackets,

presumably as an indication of the conversion price. The Checkout also contained a heading “Select Shipping Destination” and provided a “drop down” country box containing a list of various countries, including Australia, for the consumer to select as a shipping destination. The purchaser then gave details of the invoice address and class of service for shipping and handling. The trap purchaser filled out an online form indicating where the bill was to be sent and the payment information. A confirmation of payment was sent by Netbanx, together with a receipt number, but the word “Restoria” did not appear on that receipt.

23 The Restoria Hairdressing Cream was not listed on the Westons online catalogue. However, the trap purchaser was able to select the Restoria Hairdressing cream under that name from the Westons site on a different page containing a “Complete product listing”. The complete product listing web page showed all the products available on the Westons site in alphabetical order, and beside each product the price was listed in British pounds, Euros, US dollars and Australian dollars. The ordering procedure was similar to the online catalogue, that is the purchaser added the products that it wished to purchase to a “shopping cart”, a new web page listed the items selected and then a new web page requested the purchaser to fill out an online order form which requested a mailing address and payment details. A web page was then displayed confirming the receipt of the order, giving a receipt number and informing the purchaser of the time frame in which to expect delivery of the product. On the confirmation page, the fine print says “All orders accepted according to our standard terms and conditions.” The confirmation page did not use the word “Restoria”. The UK Restoria products were ordered on the Westons site on 19 July 2001 but were not delivered to the trap purchaser.

24 The trap purchaser who downloaded www.beauty4you.co.uk (“the Beauty4you website”) did not state whether a search engine was used to locate the Beauty4you site. The Restoria cream was listed for sale on the Beauty4you site in British pounds, and in order to place an order the trap purchaser used a third party secure payment site and filled in an online form that listed the price of goods (in British pounds) and requested the trap purchaser’s credit card details and delivery address. Once payment was made the trap purchaser was directed to a web page that confirmed payment and gave a receipt number. The trap purchaser received email confirmations of both the payment and the dispatch of the goods

from the secure payment service, Liquid Design (presumably the dispatcher of the goods) and the Beauty4you website. Emails from the dispatcher contained the word “Restoria”, but the emails from Beauty4you did not. The Restoria creams were subsequently delivered to the trap purchaser without any invoice or documentation.

25 The trap purchaser who downloaded www.auravita.com (“the Auravita website”) did not state whether he used a search engine to locate the address of the Auravita website. After selecting the Restoria cream, the trap purchaser was directed to a web page that asked for his delivery address, delivery method and payment details. The UK Restoria product was listed on the web page in British pounds. Once those details were submitted, the trap purchaser was directed to a web page that confirmed the purchase and gave an ‘order reference number’ and the amount of the purchase. An email confirmation was sent to the trap purchaser from Auravita, without mention of the word “Restoria”, and the goods were subsequently delivered. The delivery contained a compliments slip and an invoice containing the word “Restoria”.

26 There was some controversy between the parties about the trap purchases. As was pointed out by Farwell J in *CC Wakefield & Co Ld v Purser* (1934) 51 RPC 167 at 171:

“Test orders or, as the Defendant prefers to call them, trap orders are in a case of this kind, it seems to me, quite essential. I fail to see how the Plaintiffs can safeguard themselves or the public without having resort to some such method of testing the matter as is used in the present case; but, trap orders or test orders, whichever they may be called, are scrutinised by the Courts with some jealousy and rightly so because, if, as a result of a trap order or a test order, a person is to be charged with the very serious offence of fraudulently misrepresenting the goods which he is supplying to the public, to the detriment of the public as well as of the Plaintiffs, the Court must be satisfied that the offence has been proved strictly. Further, if a person is resorting to a test order or a trap order, even in a case of this kind, where the necessity for such a device may be a real one, that person is bound to carry out the proceeding with the utmost fairness to the prospective defendant to the action. It is essential, if the plaintiff is to succeed in the action which he ultimately brings, that he should be able to satisfy the Court that he has acted throughout with the most exact fairness to the defendant and has given him every reasonable chance of investigating the matter for himself, so that he may be in a position to put forward in the action, if one follows, any and every defence properly open to him.”

27 In the present case the trap purchases made on behalf of the Ward Group by its solicitors undoubtedly satisfied the criteria laid down by Farwell J. Nonetheless, Brodie &

Stone contended that the trap purchases might convey a misleading impression. It was contended that because Restoria products are available from a large number of retail outlets in Australia and on the Ward Group's websites, it is unlikely that Australian consumers would seek out or become aware of the UK websites offering the UK Restoria products for sale. It was also contended that, even if a consumer in Australia became aware of the websites offering the UK Restoria products, it would make little economic sense for the consumer to purchase the UK Restoria products from the website proprietors at higher prices and higher postage costs than those applicable to the Australian Restoria products available for purchase either on the Ward Group's Australian websites or at retail outlets in Australia.

28 There was no evidence of any sales of the UK Restoria products in Australia apart from the trap purchases. Also, although the UK Restoria products continue to be available for sale on the Internet there is no reason to expect that sales in Australia were likely to occur. In that regard it is not disputed that it would be more expensive to purchase the UK Restoria products rather than their Australian counterparts. That is of some significance given that the Ward Group has accepted that "this is not a case where there are material differences in quality or standard" between the UK and the Australian Restoria products. In my view the evidence establishes that both contentions of Brodie & Stone were correct and should be accepted. Of course, the acceptance of those contentions does not diminish the value of the trap purchases as evidence in support of the passing off and trade mark infringement claims of the Ward Group.

Passing Off

29 In *Erven Warnink Besloten Vennootschap v Townend & Sons (Hull) Ltd* [1979] AC 731 at 742 Lord Diplock stated:

"My Lords, A.G. Spalding & Bros. V. A.W. Gamage Ltd., 84 L.J. Ch. 449 and the later cases make it possible to identify five characteristics which must be present in order to create a valid cause of action for passing off: (1) a misrepresentation (2) made by a trader in the course of trade, (3) to prospective customers of his or ultimate consumers of goods or services supplied by him, (4) which is calculated to injure the business or goodwill of another trader (in the sense that this is a reasonably foreseeable consequence) and (5) which causes actual damage to a business or goodwill of the trader by whom the action is brought or (in a quia timet action) will probably do so."

30 Lord Diplock's statement of principle has been adopted in Australia: see *Moorgate Tobacco Co Limited v Philip Morris Limited (No 2)* (1984) 156 CLR 414 ("Moorgate Tobacco") per Deane J at 443-445 and *ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 at 308-310 per Lockhart J and *Betta Foods Australia Pty Ltd v Betta Fruit Bars Pty Ltd* (1998) ATPR 41-624 per Goldberg J at 40,839-40,840.

31 The misrepresentation pleaded by the Ward Group is that the website proprietors passed off their businesses and products as and for the Ward Group's businesses and products, or as businesses or products endorsed or approved by the Ward Group. Although no such representation was expressly made by the website proprietors, the representation is said to be implied by the advertising and sale on the Internet by the website proprietors of the UK Restoria products under the Restoria brand name.

32 The representation expressly made by the website proprietors was that they were advertising the UK Restoria products for sale under their established brand name on the Internet. That was an accurate representation which, in the present context, only became capable of being a misrepresentation once the UK Restoria products were advertised for sale *in* Australia where the brand name Restoria had a repute and goodwill associated with the Ward Group. If Australian consumers had been targeted by the website proprietors for the marketing and sale of the UK Restoria products under the Restoria name, the fact that the representation, when made *in* the United Kingdom, was accurate would probably not save it from becoming a misrepresentation when the representation was made and received *in* Australia. The reason for that conclusion is that the cases to which I later refer (at [38]-[40]) treat such a representation as being made to and received by consumers in Australia, rather than a representation made to the world at large.

33 But that is not what occurred in the present case. Rather, the website proprietors did not target or direct their advertising at Australian consumers. The only specific representations made in relation to the UK Restoria products by the website proprietors *in* Australia were the representations made in the course of the trap purchases. Having regard to the circumstances leading to the trap purchases but, in particular, to the fact that those purchases arose as a result of a *bona fide* worldwide offering by the website proprietors in the

United Kingdom of the UK Restoria products, the representation ultimately made by the website proprietors in Australia, albeit unintentionally, can probably be treated as no more than a representation that the UK Restoria products had “their origins in the manufacturer of the well known goods” (which in the Australian context meant the manufacturer of the Australian Restoria products), which is a common assumption in passing off cases: see *Taco Company of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177 (“*Taco Bell*”) at 200 and *Revlon Inc v Cripps & Lee Ltd* [1980] FSR 85 (“*Revlon Inc*”) at 102-104. But, as explained above, that was not necessarily a false representation because the UK Restoria products had “their origins” in the Australian Restoria products sold since 1957 by the Ward Group.

34 There is also an additional issue arising from the fact that the trap purchasers, being the persons who procured the representations to be made in Australia and being the only persons in Australia to whom the representations were specifically directed, were well aware that the Restoria mark used on the websites was, and was intended to be, related to the UK Restoria products and not the Australian Restoria products. In the context of a passing off claim that circumstance might make the present case distinguishable from *Star Micronics Pty Ltd v Five Star Computers Pty Ltd* (1990) 18 IPR 225 at 237 where Davies J stated that a representation to a trap purchaser was misleading conduct notwithstanding that the purchaser was aware of the true facts.

35 However, I need not finally decide these issues as I am satisfied that the Ward Group has failed to establish the fifth characteristic referred to by Lord Diplock, which requires the party seeking relief in a passing off action to establish some actual or probable damage: see *Taco Bell* at 196. In the present case the trap purchases were the only sales able to be established on the evidence. However, and importantly, the evidence also established that it was most unlikely that anyone else in Australia had searched on the Internet for, and then purchased, the UK Restoria products instead of, or in preference to, the Australian Restoria products. I would add that, as the UK and Australian Restoria products have a common origin and are not materially different in quality or standard, any sale of UK Restoria products in Australia is unlikely to harm the goodwill attaching to the Australian Restoria products. In that regard the circumstances of the present case may be analogous to those considered in *Revlon Inc* at 102-104. In any event, the issue of actual or probable damage is a question of fact and I am not satisfied that the Ward Group has established that any representations made by the website proprietors, or any other conduct engaged in by them,

has caused actual damage to the Ward Group or will probably do so. Thus, I am not satisfied that the Ward Group has made out its cause of action in passing off against the website proprietors.

Trade mark Infringement

36 Section 120(1) of the TMA provides that a person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered. A trade mark is used when the mark has been used in Australia in an advertisement or offering for sale of the goods, even prior to any actual trade or dealing in the goods under that mark: see *Moorgate Tobacco* at 443-445 and *Malibu Boats West Inc v Cantonese* (2000) 180 ALR 119 at 128 [27]. Thus, a cause of action based on trade mark infringement focuses on the conduct of the defendant that is alleged to constitute the infringing use of the mark in Australia.

37 Determining when the website proprietors first used the Restoria mark in Australia is not without difficulty. That issue turns on when the proprietors first advertised for sale or sold UK Restoria products *in* Australia in a manner that used the Restoria mark. The website proprietors' advertising on the Internet of products for sale was a marketing of those products to the world at large and I am not satisfied that it was a marketing that was specifically targeted or directed at, or was specifically intended to be acted upon by, consumers in Australia. It is correct that Australia was listed in a "drop down" country box, together with numerous other countries, as a destination to which products may be shipped. Also, on the Westons website, an Australian dollar price was quoted together with other currencies as an indicative conversion price of a number of products. However, I am not satisfied that those circumstances indicated a specific intention that the particular goods in question were being marketed to consumers in Australia in a manner that would differ from the way in which those, and other, goods were being offered to consumers around the world. Rather, the circumstances indicate no more than that the website proprietors expected that there may be potential consumers in Australia, in the same way as they expected that there may be potential customers elsewhere in the world, that might be interested in purchasing *any* of the products advertised on their websites.

38 In *Hoffman-La Roche* at 45 [145]-[146] I considered the question of when a statement originating outside of Australia is made and received in Australia:

“In a different context, Mason CJ, Deane, Dawson and Gaudron JJ in Voth v Manildra Flour Mills Pty Ltd (1990) 171 CLR 538 observed at 567-568:

‘In some cases an act passes across space or time before it is completed. Communicating by letter, telephone, telex and the like provide examples.’

However, after also observing that generally the tort of negligent misstatement is committed where the statement is received and acted upon their Honours pointed out that the statement may be received in one place and acted upon in another. They stated:

‘If a statement is directed from one place to another place where it is known or even anticipated that it will be received by the plaintiff, there is no difficulty in saying that the statement was, in substance, made at the place to which it was directed, whether or not it is there acted upon.’

See also Sydbank Soenderjylland A/S v Bannerton Holdings Pty Ltd (1996) 68 FCR 539 at 547-548 and Diamond v Bank of London and Montreal Ltd [1979] 1 QB 333 at 345-346. This principle has been applied to conduct found to contravene Pt V of the TPA: see No 1 Raberem Pty Ltd v Monroe Schneider Associates Inc (unreported, Federal Court, No G10 of 1989, von Doussa J, 8 February 1991).”

39 In *Norbert Steinhardt & Son Limited v Meth* (1961) 105 CLR 440 at 442 Fullagar J stated that a groundless threat of patent infringement “is to be regarded as made at the time when, and at the place where, it is received by the person to whom it is addressed”. In that case, a letter containing the relevant threats was written in the USA and received in England, and his Honour found that the threats were made in England.

40 A similar approach has been taken in relation to publications or statements made on the Internet. When such publications or statements are made to the world at large, and not to persons or subscribers in a particular jurisdiction, there is some difficulty in regarding them as having been made by a website in a particular jurisdiction. However, where the publication or statement is directed or targeted at persons or subscribers in a particular jurisdiction there is no difficulty in treating them as having been made and received in that jurisdiction: see *Zippo Manufacturing Company v Zippo Dot Com Inc* 952 F Supp 1119 (WD Pa 1997) at 1125-1127, *New Zealand Post Ltd v Leng* [1999] 3 NZLR 219 at 225 and 230-231 and *Mecklermedia Corp v DC Congress GmbH* [1998] Ch 40 at 51-52. That question arose in *Australian Competition and Consumer Commission v Chen* (2003) 132 FCR 309 (“*Chen*”), which concerned false representations of an association or connection between

certain American websites (which used the name of the Sydney Opera House) and the Sydney Opera House, which were intended to be made to, and were directed at, Australian consumers. The representations were found to have been made in Australia by the website proprietors when the intended downloading in Australia occurred.

41 On the facts of the present case the first occasion on which the website proprietors would be considered to have intended to use and used the Restoria mark *in* Australia was when they accepted the orders placed by the trap purchasers in respect of the UK Restoria products in terms that used the Restoria mark. The reason I have arrived at that conclusion is that prior to that time the trap purchasers were downloading a representation made on the Internet to the world at large, and not a representation intended to be made to, or directed or targeted at, them in Australia. Thus, I do not accept the contention made by the Ward Group that the use of the Restoria mark by the website proprietors on the Internet, without more, was a use of the mark by them in Australia.

42 Although *Dow Jones v Gutnick* was relied upon by the Ward Group, that case was concerned with whether an alleged defamation published on the Internet, which was downloaded by subscribers to that publication in Victoria, occurred in Victoria. Unlike the present case, where the focus is on when the website proprietors' infringing use of the Restoria mark occurred in Australia, the focus of the alleged defamation was on where the damage to reputation occurred: see *Dow Jones v Gutnick* at 606-608. As the allegedly defamatory publication was made available to subscribers in Victoria on the Internet, no issue arose about the publication of that material in Victoria. Therefore that case is of no assistance to the Ward Group.

43 In summary, the use of a trade mark on the Internet, uploaded on a website outside of Australia, without more, is not a use by the website proprietor of the mark in each jurisdiction where the mark is downloaded. However, as explained above, if there is evidence that the use was specifically intended to be made in, or directed or targeted at, a particular jurisdiction then there is likely to be a use in that jurisdiction when the mark is downloaded. Of course, once the website intends to make and makes a specific use of the mark in relation to a particular person or persons in a jurisdiction there will be little difficulty in concluding that the website proprietor used the mark in that jurisdiction when the mark is downloaded.

44 The first occasion on which there would have been a specific use of the Restoria mark by the website proprietors in Australia was when the trap purchasers were informed in Australia that their order had been accepted, in terms that used the Restoria name when referring to the UK Restoria product. In this case the confirmation web pages and emails that were downloaded by the trap purchasers did not refer to the Restoria mark. However, I am prepared to assume that the downloading of the acceptance of the order involved an implicit use of the Restoria mark by the website proprietor. There was also a further use of the mark in Australia by the website proprietors when the UK Restoria products were delivered by them to the trap purchasers in Australia. Both uses were uses of the mark in Australia that fall within the terms of s 120(1).

45 The real issue is whether those uses of the marks in Australia as a result of the trap purchases, which were made or procured to be made by or on behalf of the registered proprietor of the Australia Restoria marks, do not constitute an infringement pursuant to s 120(1) of the TMA by reason of any of the exculpatory provisions in the TMA.

46 Section 7(3) of the TMA provides that infringement does not occur where the use of the mark is an “authorised use”, as such a use is treated as a use of the mark by the owner. Under ss 8(1) and (2) of the TMA an authorised use requires that the “user use the mark under the control of the owner of the trade mark”. By procuring the use of the Australian Restoria mark in Australia through the trap purchases the Ward Group was arguably in a position to exercise some control over the use of the mark in Australia. However, that control would appear to fall short of the website proprietors using the mark in Australia under the control of the Ward Group for the purposes of ss 7 and 8 of the TMA.

47 Section 123(1) provides that, in spite of s 120(1), infringement does not occur when a mark has been applied to, or in relation to, the goods by, or with the consent of, the registered proprietor. Section 9 of the TMA provides:

- “(1) *For the purposes of this Act:*
- (a) *a trade mark is taken to be applied to any goods, material or thing if it is woven in, impressed on, worked into, or affixed or annexed to, the goods, material or thing; and*
 - (b) *a trade mark is taken to be applied in relation to goods or services:*
 - (i) *if it is applied to any covering, document, label, reel or thing in or with which the goods are, or are intended to be, dealt with or provided in the course of trade; or*
 - (ii) *if it is used in a manner likely to lead persons to believe that it refers to, describes or designates the goods or services; and*
 - (c) *a trade mark is taken also to be applied in relation to goods or services if it is used:*
 - (i) *on a signboard or in an advertisement (including a televised advertisement); or*
 - (ii) *in an invoice, wine list, catalogue, business letter, business paper, price list or other commercial document;*
and goods are delivered, or services provided (as the case may be) to a person following a request or order made by referring to the trade mark as so used.
- (2) *In subparagraph (1)(b)(i):*
‘covering’ includes packaging, frame, wrapper, container, stopper, lid or cap.
‘label’ includes a band or ticket.”

48 In *Transport Tyre Sales Pty Ltd v Montana Tyres Rims & Tubes Pty Ltd* (1999) 162 ALR 175 at 191 [89] the Full Court made it clear in respect of the predecessor to s 9 that an application of a mark relates to “the physical manifestation of the trade mark”. Thus, the question is whether the Ward Group consented to the application of the mark, in the sense of use of its physical manifestation, in Australia by the website proprietors.

49 Of course, the Ward Group has not consented to the application of the mark by the website proprietors when they advertised the UK Restoria products on the Internet. But I have found that such an application is not an infringing use of the mark. The application that I have found to be a use that falls within the terms of s 120(1) was the website proprietors’ use of the mark in accepting the Ward Group’s trap order to purchase the UK Restoria

products and in the course of selling and delivering those products pursuant to the trap purchases.

50 However, the trap purchases involved the Ward Group’s solicitors, acting on behalf of the Ward Group, downloading the relevant representations in Australia and then procuring the trap purchases and the delivery of the UK Restoria products in Australia. Brodie & Stone contended that, in those circumstances, “it is difficult to say the Ward Group is not consenting to what it itself does”: see *Re Wilmer’s Trusts; Wingfield v Moore* [1910] 2 Ch 111 at 119. Brodie & Stone contends that each act of the website proprietors that constituted a use by them of the mark was procured by the Ward Group and that, but for that procurement, the infringing use would not have occurred. It is said that that amounts to a consent to the infringing use.

51 The Ward Group’s riposte is that trap purchases have never been regarded as a consent by the trap purchaser to the infringing use. Rather, they are often a necessary step to establish that use. Both contentions can be accepted. The reason, however, why trap purchases are not generally considered a consent to infringing use is that the infringing conduct is usually already occurring when the goods bearing the infringing mark are advertised or offered for sale to the public *in* the jurisdiction. In that situation the trap purchase is made to establish that fact, and cannot be seen to be a consent to the infringements that are occurring.

52 However, a quite different situation would arise when goods bearing the mark are being offered for sale by an overseas vendor to the world at large and a trap purchase is made by a purchaser in Australia, who not only procures the sale and delivery of the goods in Australia but also procures the sole use of the infringing mark by the overseas vendor in Australia. In that situation, but for the trap purchase, no use of the mark in Australia would have occurred. In those circumstances it would be difficult for the trap purchaser, whose conduct was the sole cause of the use of the infringing mark in Australia, to contend that it has not consented to that use.

53 In my view the present case is not, relevantly, distinguishable from the latter of the two situations described above. The only occasion on which a physical manifestation of the Restoria mark occurred in Australia as a result of conduct of the website proprietors was

when the Ward Group's trap order was confirmed and its trap purchase (including delivery) was made. Thus, the Ward Group procured the sole use of the infringing mark by the foreign website proprietors and, but for the trap purchases, no such use would have occurred. In those circumstances the conduct of the Ward Group is to be taken to involve an implicit, if not an explicit, consent to the infringing use.

54 It follows that I am satisfied that the use of the mark by the website proprietors in the course of the trap purchases is conduct which falls within s 9 of the TMA and that, as that conduct has been consented to by the Ward Group, that use was not an infringing use under s 120(1) by reason of s 123(1) of the TMA. Thus, the TMA infringement claims against the website proprietors must also fail.

Joint Tortfeasors

55 As I have found that the Ward Group has not made out its claims of passing off and TMA infringement against the website proprietors, its case that Brodie & Stone is a joint tortfeasor with the website proprietors in respect of those claims must also fail. However, as I am satisfied that the joint tortfeasor claims in respect of both passing off and trade mark infringement of the Ward Group must fail in any event, it is appropriate to set out my reasons for arriving at that conclusion in respect of both causes of action.

56 The liability of a joint tortfeasor was considered by the High Court in *Thompson v Australian Capital Television Pty Limited* (1996) 186 CLR 574 ("*Thompson*"). Brennan CJ, Dawson J and Toohey J observed (at 580-581):

"The difference between joint tortfeasors and several tortfeasors is that the former are responsible for the same tort whereas the latter are responsible only for the same damage. As was said in The 'Koursk', for there to be joint tortfeasors 'there must be a concurrence in the act or acts causing damage, not merely a coincidence of separate acts which by their conjoined effect cause damage'. Principal and agent may be joint tortfeasors where the agent commits a tort on behalf of the principal, as master and servant may be where the servant commits a tort in the course of employment. Persons who breach a joint duty may also be joint tortfeasors. Otherwise, to constitute joint tortfeasors two or more persons must act in concert in committing the tort."

57 Gummow J observed (at 600):

"In England, Australia and New Zealand, criteria for the identification of

joint tortfeasors are to be found in expressions used in The 'Koursk'. Scrutton LJ there spoke of 'two persons who agree on common action, in the course of, and to further which, one of them commits a tort', saying that in such a case there is one tort committed by one of them 'in concert with another'. Sargant LJ accepted the proposition that persons are joint tortfeasors when their 'respective shares in the commission of the tort are done in furtherance of a common design' so that those who 'aid or counsel, direct, or join' in commission of the tort are joint tortfeasors."

58 In *Thompson* the respondents, which operated television stations, were found to be joint tortfeasors in a defamation action because the publication in question was the result of them having acted in concert to achieve a common end which, in that case, was a common commercial benefit. Gummow J (at 601) contrasted that situation with that considered by the House of Lords in *CBS Songs Ltd v Amstrad Consumer Electronics PLC* [1988] AC 1013 ("*CBS Songs*"). Gummow J stated (at 601-602):

"The situation thus disclosed may be contrasted with that considered by the House of Lords in CBS Songs Ltd v Amstrad Plc. The plaintiffs were owners of copyright in sound recordings and musical works. They claimed that the defendants, by manufacturing, advertising and offering for sale equipment for transferring the material on prerecorded cassettes to blank tapes, were joint tortfeasors with such members of the public who used the equipment to infringe their copyrights. After referring to the use by Scrutton LJ of the phrase 'in furtherance of a common design' in The 'Koursk', Lord Templeman continued:

'My Lords, joint infringers are two or more persons who act in concert with one another pursuant to a common design in the infringement. In the present case there was no common design. Amstrad sold a machine and the purchaser or the operator of the machine decided the purpose for which the machine should from time to time be used. The machine was capable of being used for lawful or unlawful purposes. All recording machines and many other machines are capable of being used for unlawful purposes but manufacturers and retailers are not joint infringers if purchasers choose to break the law.'"

59 In the passage from *CBS Songs* cited above, Lord Templeman succinctly made the point that a manufacturer and distributor of products is not a joint infringer or tortfeasor merely because a purchaser of those products uses them to engage in conduct, such as passing off or trade mark infringement, that is unlawful. The same point was made by Falconer J in *Cadbury Limited v Ulmer GmbH* [1998] FSR 385, a case similar to the present case insofar as it concerned a manufacturer which did not sell directly to the ultimate retailers of the goods, with whom the manufacturer was said to be jointly liable. His Lordship found (at 396-404) that a vendor would not be rendered a tortfeasor for the mere sale in the ordinary course of business of goods which the vendor was lawfully entitled to sell, because such a sale could

not render the vendor a joint tortfeasor merely because the purchaser might have subsequently used the goods in an unlawful manner, and that is so notwithstanding that the vendor may have known that the goods would be used in that manner.

60 Of course, a different situation would arise if the vendor was equipped with, or was intending to equip a purchaser with, the goods in question as an “instrument” or “badge” of fraud or deception. In such cases, if a court is satisfied that the intention and purpose of the vendor in providing the goods in question was to enable another to engage in fraud or deception in relation to the goods, the vendor is likely to be found to be a joint tortfeasor with that other person: see *British Telecommunications PLC v One in a Million Ltd* [1999] FSR 1 at 13-16 and the cases there referred to. One of those cases was *Lever v Goodwin* (1887) 4 RPC 492 in which Chitty J (at 498) discussed the passing off cases in which the manufacturer sells goods that do not deceive the retail buyers, but which are in themselves capable of being a fraudulent device because, by their get up, the goods are capable of making a false representation to consumers. His Lordship posed the relevant question (at 498) to be: “Have the Defendants in this case, or not, *knowingly* put into the hands of the shopman, who is more or less scrupulous or unscrupulous, the means of deceiving the ultimate purchaser?” [Emphasis added].

61 However, the present case is far removed from the cases in which a vendor was found to be liable as a joint tortfeasor because the vendor has acted in concert or pursuant to a common design with a tortfeasor. Brodie & Stone lawfully manufactured and distributed the UK Restoria products under its registered trade mark in the United Kingdom and, in doing so, relied upon the goodwill and repute of the UK Restoria mark. It formed no part of Brodie & Stone’s intention or purpose in manufacturing and distributing the UK Restoria products that those products be offered for sale, or be sold and delivered, in Australia in a manner that was likely to lead to the trade mark infringements and passing off alleged by the Ward Group. Thus, Brodie & Stone did not knowingly or otherwise equip, or intend to equip, any purchaser from it with an “instrument” or “badge” of fraud or deception.

62 The Ward Group relied upon the fact that Brodie & Stone had informed its customers of the Ward Group’s allegation that the on-selling of the UK Restoria products in Australia was an infringement of the Australian Restoria marks and constituted passing off. The Ward Group also relied on a recent alteration to Brodie & Stone’s conditions of sale which

restricted the on-sale of its products. The taking of those steps by Brodie & Stone cannot be determinative of whether Brodie & Stone was obliged, as a matter of law, to take those steps, failing which it would be a joint tortfeasor in respect of the online sale by the website proprietors of the UK Restoria products in Australia. I am not satisfied that Brodie & Stone fell under any such obligation. Thus, neither of the matters relied upon by the Ward Group can assist it in establishing that Brodie & Stone is a tortfeasor in respect of the UK Restoria products offered for sale by the website proprietors on the Internet. Put simply, the mere circumstance that the Ward Group informed Brodie & Stone that the UK Restoria products were being advertised for sale, sold and delivered by the website proprietors on the Internet to customers in Australia cannot, of itself, convert the lawful conduct of Brodie & Stone into unlawful conduct.

63 Accordingly, even if the website proprietors had infringed the Australian Restoria marks or passed off the UK Restoria products, Brodie & Stone was not a joint tortfeasor.

Conclusion

64 The particular issues upon which Brodie & Stone has succeeded in respect of the trade mark infringement and passing off claims against the website proprietors (ie no loss and damage and consent) were not expressly raised in the defence but those issues were “in the ring” and were contested: see *Nescor Industries Group Pty Ltd v MIBA Pty Ltd* (1997) 150 ALR 633 at 640, 647 and 650 and the authorities there cited. Accordingly, I regard those issues as being before the Court for determination.

65 For the above reasons the application of the Ward Group is to be dismissed with costs.