

*Aston v Harlee Manufacturing Co* [1960] HCA 47

HIGH COURT OF AUSTRALIA

FULLAGAR J

**FULLAGAR J:**

I have before me two motions relating to a trade mark. The mover in the one case is Ray Aston, to whom I will refer as Aston. The mover in the other case is Harlee Manufacturing Company, a company incorporated in Illinois, U.S.A., to which I will refer as Harlee. The two motions were heard together.

On 14th May 1952 Aston lodged in the Trade Marks Office application No. 109875 for registration of the words "Tastee Freez" as a trade mark in class 42 in respect of "Iced Milk". On 11th August 1955 acceptance of this application was advertised in the Official Journal. On 10th February 1956 notice of opposition was lodged by Harlee, and on 3rd April 1957 Harlee itself lodged application No. 131644 for registration of the words "Tastee Freez" as a trade mark in class 42 in respect of "Substances used as food or as ingredients in food". On 18th November 1957 the opposition came on for hearing before the Deputy Registrar of Trade Marks, and on 29th July 1958 the Deputy Registrar gave his decision.

The lapse of time disclosed by this sequence of dates is, of course, at first sight remarkable. The Registrar, however, in a statement filed in the Court, has explained that during these years there was an enormous increase in the number of applications for registration, and it was quite impossible to obtain a staff adequate to deal promptly with the increased work. The unavoidable consequence was that the work of the Office fell seriously into arrears. The Registrar also says that during these years there was a large number of applications by persons in *Australia* for the registration of marks known or believed by the Office to be registered or used by other persons in foreign countries. In many cases an application by a foreign proprietor or user was lodged after the lodging of an application by a person in *Australia* in respect of the same mark. In dealing with such cases it became the practice to follow the course in fact followed in this case.

In giving his decision on the opposition in the present case the Deputy Registrar said: "I have decided that I will refuse to register either application 109875 or application 131644 until the

respective applicants have had their rights determined by the Court, or the conflict between them has been settled by them by agreement in a manner approved by the Registrar, or (on appeal) by the Law Officer or the Court."

In reaching this decision the Deputy Registrar acted under s. 27 of the *Trade Marks Act 1905-1948*, which provided: "Where each of several persons claims to be proprietor of the same trade mark, or of nearly identical trade marks in respect of the same goods or description of goods, and to be registered as such proprietor, the Registrar may refuse to register any of them until their rights have been determined by the Court, or have been settled by agreement in a manner approved by him or (on appeal) by the Law Officer or the Court." "The Court" means (*inter alia*) the High Court or a Justice thereof (s. 4). Section 27 has been omitted from the new consolidating Act of 1955, but that Act was not proclaimed to commence until 1st August 1958, and the Act of 1905-1948 applies in relation to both of the present applications: see s. 5 (4) of the Act of 1955.

The two motions which I have mentioned are consequential on the decision of the Deputy Registrar. Notice of Harlee's motion was filed on 29th January 1959. It seeks orders that Harlee is, and Aston is not, the proprietor of the trade mark, and that Harlee's application be proceeded with and Aston's refused. Notice of Aston's motion was filed on 11th March 1959. It seeks orders in the same terms but substituting Aston for Harlee and Harlee for Aston.

It has seemed to me (and it was common ground before me) that the conditions stated in s. 27 as giving authority to the Registrar to take the course which he took, and as giving in turn jurisdiction to this Court, are satisfied. Each of two persons is claiming to be proprietor of the same trade mark. The goods in respect of which registration is claimed are not identical in the two cases, but both applicants seek registration in class 42, and, if either application were once validly granted, it would seem that the other would have to be rejected under s. 25: cf. *Robert Harper & Co. Pty. Ltd. v. A. Boake Roberts & Co. Ltd.*<sup>1</sup> I think that the mark is claimed by the two applicants in respect of the same description of goods within the meaning of s. 27.

<sup>1</sup> (1914) 17 C.L.R. 514.

Two other preliminary matters must be mentioned. The first is a matter of procedure. I should have thought that the appropriate procedure would have been by way of action for a declaration of right, especially as one of the reasons given by the Deputy Registrar for taking the course which he took was that the issues turned on matters of fact which he could not satisfactorily determine without oral examination and cross-examination of witnesses. Mr. *King*, however, has referred me to three English cases under s. 20 of the *Trade Marks Act 1905* (which is practically identical with our s. 27) in which the procedure was by motion. These are *Re Hudson's Application*<sup>2</sup>, *Re Albert Baker & Co.'s Application*<sup>3</sup> and *Re De Maid's Application*<sup>4</sup>. There is here, I think, no conflict on any vital question of pure fact. There is a contest as to certain inferences which may be drawn, and as to the characterization of Aston's conduct in certain respects, but Aston was cross-examined at length before me, and, although the evidence is not entirely satisfactory in several respects, I do not think I ought to hesitate to entertain the applications on motion.

The other matter relates to the scope of the inquiry I have to undertake, and the nature of the order to be made. It seems possibly open to argument that the mark in question should be held not to be a registrable trade mark on the ground that the words of which it consists do have a direct reference to the character or quality of goods. But I do not think that I am concerned with this question. Nor do I think that I am concerned with any other possible objection to the mark as such. The Court, in exercising the jurisdiction given to it by s. 27, is not, for example, concerned to see whether the mark in question may offend against s. 114. It is probably broadly correct to say that under s. 27 the Court has only to decide questions of proprietorship as between rival claimants to identical or nearly identical marks: see *Innes v. Lincoln Motor Co.*<sup>5</sup> But I do not think that a narrow view should be taken of the nature of that question or of the scope of the jurisdiction. The section speaks of the "rights" of the claimants, and the Registrar may exercise the power given to him by the section at any stage, before or after acceptance and before or after opposition. All questions of law and equity which may affect the "rights" in question are, I think, for the consideration of the Court. If, for instance, it appears that to give

<sup>2</sup> (1907) 24 R.P.C. 582.

<sup>3</sup> (1908) 25 R.P.C. 513.

<sup>4</sup> (1914) 31 R.P.C. 305.

<sup>5</sup> (1921) 29 C.L.R. 277.

by registration an exclusive right to an applicant to the use of the mark would involve a fraud upon another person, it is, I think, within the province of the Court under s. 27 to say so, and the decision of the Court will be binding. Such a consideration is a matter affecting proprietorship. So the Court may hold honest concurrent user to be established, in which case it will be for the Registrar to exercise his discretion under s. 28. Or it may hold, as *Joyce J.* did in *Re Hudson's Application*<sup>6</sup>, that the mark has become common to the trade. If one of the parties establishes a right, to the exclusion of the other or others, in respect of the mark, the Registrar will proceed with his or its application as from the stage which had been reached when the power given by s. 27 was exercised.

I come now to the facts of the present case. Harlee was incorporated in Illinois in February 1950. Mr. L. S. Maranz, its president, says (and I see no reason to doubt it) that in January 1950 he coined the name "Tastee Freez", and caused the company to be formed for the purpose of exploiting it in relation to ice cream and similar products. Harlee seems to have built up an extensive business in a comparatively short time. Its method of doing business was and is by the granting of what it calls "franchises". As to what is meant by this very vague and indefinite term, I had better let its president speak for himself. He says in his affidavit: "The operation of Harlee Manufacturing Company in the United States is carried on through a number of franchise holders. Each franchise holder is assigned a specific territory. In this territory the franchise holder sets up operators in stores which are in nearly all instances of a specific design that are built in accordance with plans and specifications supplied by Harlee Manufacturing Company. Each store carries a roof sign bearing the "Tastee Freez" mark in the specific logo type adopted by Harlee Manufacturing Company for its mark. Each store operator must use the "Tastee Freez" freezer which has associated with it a patented automatic feeding device. The freezer and feeding device are designed by the parent company to operate most efficiently with a mix the formula for which has been created by Harlee Manufacturing Company. The feeding device remains the property of the parent company and has to be returned to it if the agreement with the operator ceases. The mix is supplied to the store operator by a dairy selected by the franchise holder in the specific franchise territory. In most cases the dairy receives the dry ingredients for the mix from one source, which source has been selected by Harlee

<sup>6</sup> (1907) 24 R.P.C. 582.

Manufacturing Company. The formula used by this source is under the control of Harlee Manufacturing Company."

On 5th August 1950 Harlee applied for registration in the United States of "Tastee Freez" as its trade mark. The registration was effected on 27th April 1954. The exemplification of the mark in the certificate of registration is in the special type referred to above, but the words themselves are, of course, the important thing.

By 14th March 1952 Harlee had established in the United States 315 "Tastee Freez" stores, and by 3rd April 1957 the number had increased to 1778. From 1953 onwards it was taking active steps to extend its business beyond the boundaries of the United States, and by the end of 1959 "Tastee Freez" stores were operating under "franchise" and selling ice cream products under the name "Tastee Freez" in a considerable number of other countries, including Canada and England. In the early part of 1957 it had formed, in conjunction with J. Lyons & Co. Ltd. of London, a company named Tastee Freez International Ltd. Between 1953 and 1958 "Tastee Freez" was registered as a trade mark in seven other countries including Canada and Japan, but Maranz does not say whether Harlee is the registered proprietor of the mark in these countries. All the countries mentioned, except Japan, are adjacent to, or connected with, the United States. Apparently there has been no registration of the trade mark in England.

I mention these matters not because I think them directly important, but because I think it is desirable to get a picture of the general situation existing at and after the time when the paths of Harlee and Aston first crossed. So far as Australia is concerned, Maranz says that from its inception Harlee had intended to operate with the mark "Tastee Freez" throughout "the entire world including Australia", that a large number of "inquiries" were "received from Australia", and that "steps were taken" by Tastee Freez International Ltd. in 1957 "for the issuance of franchises in *Australia*". He does not, however, specify the "steps", and the plain fact is that, up to the time when Harlee lodged its notice of opposition and a little later its own application, nothing whatever had been done by Harlee in *Australia*. It had neither used the trade mark in any way in *Australia* nor exported goods bearing the trade mark to Australia. The exportation of goods manufactured in the United States would, of course, have been foreign to Harlee's system of franchises.

Aston in 1950 and up to the end of 1952 was resident in Honolulu. He was a member of the Dairy Queen National Trade Association, which was apparently an organization of persons engaged in the same class of business as Harlee and using the name "Dairy Queen" as a trade mark or trade name. Towards the end of 1950 he decided to endeavour to enter into "the soft-serve business" in *Australia*, and he sent a man named La Delle to Australia to survey the position for him. He says that it was La Delle who suggested to him at this time that "Tastee Freez" would make a good name for an ice cream product. I do not believe this. I can find no reason to believe that Aston had ever heard of the mark "Tastee Freez" until he heard of it as Harlee's mark, but he was engaged in a similar class of business, and it is very likely that he had heard of it before he visited Australia, and before he had any contact with Harlee. In June 1951 he visited Australia himself, and, while he was in this country, he instructed patent attorneys in Sydney to lodge applications for the registration of several trade marks, but he either elected not to apply (as he says in one place) or through some oversight omitted to apply (as he says in another place) for the registration of "Tastee Freez". In December 1951 he went to the United States to attend a conference of the Dairy Queen Association, and, while in that country, visited the office of Harlee in Chicago, where he had conversations with Maranz with reference to the granting by Harlee to him of Tastee Freez franchises overseas. Maranz says that in the course of these conversations he informed Aston fully of Harlee's activities and plans in the United States and elsewhere, and Aston was given a copy of Harlee's agreement with franchise-holders and a list of the Harlee machines. Maranz does not say that there was any specific mention of Australia in his conversations with Aston.

Aston returned to Honolulu early in 1952. After his return a somewhat desultory correspondence, extending over a period of about eighteen months, took place between him and Harlee. I shall have to refer to this correspondence later. Mr. *King* described it as constituting negotiations between Aston and Harlee as to the terms of a franchise to be granted by Harlee to Aston for Australia and certain other countries. Mr. *Bannon* said that it showed that Aston was interested only in the Harlee machines. Up to a point, I cannot find anything in any of Aston's letters which suggests to me, or would be likely to suggest to Harlee, that Aston was interested in anything but the Harlee machines. The parties may have been to some extent at cross purposes. The correspondence begins with a letter of 29th February 1952 from Aston to Harlee, and the reply of Harlee of 10th March 1952 made it plain that Harlee was not interested in the sale of any machine or machines, and was interested only in a franchise agreement. Aston's letters, apart from making it clear that he is anxious to get some Harlee

machines, are very vague. On 23rd April 1953, for no clear reason that I can find, Harlee wrote that it was "puzzled and worried" as to why Aston intended to operate "on an individual basis rather than operate as a Tastee Freez". In reply to this Aston wrote a letter, in the course of which he said: "My intentions were never to use your equipment, only as a Tastee Freez operation." This is perhaps ambiguous, but a little later in the letter he said: "My sincere intentions have never been only to operate under the name of Tastee Freez. You have a wonderful organization and am naturally interested in all your know-hows, international advertising and all your promotion ideas, and I would be proud to be a Tastee Freez franchiseholder and a member of your organization. Please send along an agreement as you have proposed for my signature on the basis of the arrangements you have made with Attilio Castigliano and Mario Rigat of Italy." There is no ambiguity about this, but nothing came of it.

The correspondence began, as I have said, on 29th February 1952. It ended with a letter from Harlee of 8th July 1953. In December 1952 Aston left Honolulu and came to reside permanently in Sydney. It is to be noted that it was at an early stage in this correspondence that Aston (14th May 1952) caused the application for the registration of "Tastee Freez" as his trade mark to be lodged in *Australia*. At no time did he inform Harlee that he intended to make this application or that he had made it.

I have said that Harlee has never used the mark in question in *Australia* in any way. Nor has Aston ever used the mark substantially in *Australia*. He said that about the end of 1956 there was some use of it in one or two towns in the Riverina, but no particulars of this alleged use were given.

The case seems to me to be one of considerable difficulty. What s. 27 doubtless primarily contemplates is the case where two or more rival claimants for the same mark, or nearly identical marks, assert a title acquired by user. In the present case there has been, even up to the present time, no relevant user of the mark in question by either party in *Australia*, but it does not follow that neither party is entitled to register the mark. Section 32 of the Act provides that any person claiming to be the proprietor of a trade mark may apply to the Registrar for the registration of his trade mark. The right to registration depends, therefore, on proprietorship of a mark. The conception of proprietorship, other than proprietorship acquired by a user which has made the mark distinctive of the applicant's goods, is a difficult conception, but it has been

explained by Dixon J. in *Shell Co. of Australia Ltd. v. Rohm and Haas Co.*<sup>7</sup>, where his Honour refers to the history of the English legislation. His Honour quotes Cotton L.J. as saying in *In re Hudson's Trade Marks*<sup>8</sup>: "The difficulty is this: Is a man to be considered as entitled to the use of any trade mark when he has never used it at all? That is a difficulty, but I think the meaning is this. If a man has designed and first printed or formed any of those particular and distinctive devices which are referred to in the first part of s. 10, he is then looked upon as the proprietor of that which is under that Act a trade mark, which will give him the right so soon as he registers it."<sup>9</sup> Dixon J. then sums up the position by saying: "It is clear enough from the course of legislation and of decision that an application to register a trade mark so far unused must, equally with a trade mark the title to which depends on prior user, be founded on proprietorship. The basis of a claim to proprietorship in a trade mark so far unused has been found in the combined effect of authorship of the mark, the intention to use it upon or in connection with the goods and the applying for registration".<sup>10</sup> "Authorship", says his Honour a little later, "involves the origination or first adoption of the word or design as and for a trade mark."<sup>11</sup>

The passages quoted above require careful consideration in relation to the present case. In the first place, I do not think that the requirement of "authorship" means that the applicant must be the true and first inventor: he has not to establish anything analogous to what an applicant for letters patent for an invention must establish. I do not think that an opponent of an application for registration of a trade mark could succeed by saying *merely* "I thought of it first", or even "I thought of it first, and communicated it to the applicant." It is otherwise if the opponent has used the mark in relation to goods. In *Re Hick's Trade Mark*<sup>12</sup>, Holroyd J., speaking for a Full Court, said: "In order to substantiate his application to be placed on the register for this word he must have claimed to be the proprietor, and the word "proprietor" must be taken to mean the person entitled to the exclusive use of that name. If there is anyone else who would be interfered with by the registration of the word "Empress" in the exercise of a right which such

<sup>7</sup> (1949) 78 C.L.R. 601, at pp. 625 et seq.

<sup>8</sup> (1886) 32 Ch.D., at p. 319, 320.

<sup>9</sup> (1949) 78 C.L.R., at p. 626.

<sup>10</sup> (1949) 78 C.L.R., at p. 627.

<sup>11</sup> (1949) 78 C.L.R., at p. 628.

<sup>12</sup> (1897) 22 V.L.R. 636.



person has already acquired to use the same word in application to the same kind of thing, then Hicks ought not to have been put on the register for that trade mark".<sup>13</sup> The reference in this passage to a "right acquired" does not, of course, mean that an opponent, or a person aggrieved on a motion to expunge, must show that he has acquired such a right to the mark at common law as would enable him to maintain an action for passing off.

In the second place, it would appear that an applicant may be the "author" of a trade mark, although he has deliberately copied or adopted a mark registered in a foreign country in respect of the same description of goods. In *Re The Registered Trade Mark Yanx; Ex parte Amalgamated Tobacco Corporation Ltd.*<sup>14</sup>, Williams J. said: "To try and register in *Australia* a word which the applicant to the knowledge of the respondent is using elsewhere on its cigarettes is sharp business practice. But it is not in itself fraudulent or a breach of the law."<sup>15</sup> (I would think myself that it may or may not, according to circumstances, constitute "sharp business practice".) Again, it is otherwise if the opponent or person aggrieved has used the mark, for prior user by the foreign proprietor negatives the claim of the Australian applicant to "authorship". But the user must be user in *Australia*: the most extensive user by another person in foreign countries will not avail by itself to defeat an applicant for registration in this country. It has been said, however, that the Courts frown on these borrowings from abroad, and very slight evidence of user in *Australia* has been held sufficient to protect the proprietor of a foreign trade mark: *The Seven Up Co. v. O.T. Ltd.*<sup>16</sup> A good example is *Blackadder v. Good Roads Machinery Co. Inc.*<sup>17</sup> That was clearly, I think, not a case of fraud. The vital fact was that, as the Court held, the goods were to be regarded as having "come into the Australian market" bearing the trade mark "Winner". Another good example—perhaps an extreme example—is the *Yanx Case*<sup>18</sup>. But, where there has clearly been no user at all in *Australia*, an applicant for a trade mark identical with a mark registered in a foreign country is entitled to be regarded, so far as *Australia* is concerned, as the "author" of the mark. I can see no reason why this should

<sup>13</sup> (1897) 22 V.L.R., at p. 640.

<sup>14</sup> (1951) 82 C.L.R. 199.

<sup>15</sup> (1951) 82 C.L.R., at p. 202.

<sup>16</sup> (1947) 75 C.L.R. 203, at p. 211.

<sup>17</sup> (1926) 38 C.L.R. 332.

<sup>18</sup> (1951) 82 C.L.R. 199.

not be so. *In The Seven Up Co. v. O.T. Ltd.*<sup>19</sup>, *Williams J.*, after citing certain English authorities, said: "In my opinion the effect of these cases is that in the absence of fraud it is not unlawful for a trader to become the registered proprietor under the *Trade Marks Act* of a mark which has been used, however extensively, by another trader as a mark for similar goods in a foreign country, provided the foreign mark has not been used at all in *Australia* at the date of the application for registration."<sup>20</sup> *Latham C.J.* quoted this passage with approval<sup>21</sup> on an appeal from *Williams J.*, which was dismissed.

There is another element mentioned by *Dixon J.* in the *Shell Co.'s Case*<sup>22</sup>, which is stated as essential to the proprietorship of an unused trade mark. That element is the intention of the applicant for registration to use it upon or in connexion with goods. As to this I need only say that I do not regard his Honour as meaning that an applicant is required, in order to obtain registration, to establish affirmatively that he intends to use it. There is nothing in the Act or the Regulations which requires him to state such an intention at the time of application, and the making of the application itself is, I think, to be regarded as prima facie evidence of intention to use. I cannot think that the Registrar is called upon to institute an inquiry as to the intention of any applicant, and I think that, on an opposition or on a motion to expunge, the burden must rest on the opponent, or the person aggrieved, of proving the absence of intention. Again, I do not think that "intention" in this connexion ought to be regarded as meaning an intention to use immediately or within any limited time. A manufacturer of (say) confectionery would, I should suppose, be entitled to register three trade marks in relation to confectionery, though he intended only to use two of them and had not made up his mind as to which two he would use. If he in fact does not use any of them for the period specified in s. 72, the unused mark or marks may be expunged under that section. On the other hand, a manufacturer of confectionery, who had no intention of ever manufacturing motor cars, might be held disentitled to register a mark in relation to motor cars: the effect of *In re Registered Trade-Marks of John Batt & Co.*<sup>23</sup>, is, I

<sup>19</sup> (1947) 75 C.L.R. 203.

<sup>20</sup> (1947) 75 C.L.R., at p. 211.

<sup>21</sup> (1947) 75 C.L.R., at p. 216.

<sup>22</sup> (1949) 78 C.L.R., at p. 627.

<sup>23</sup> (1898) 2 Ch. 432; (1899) A.C. 428.

think, correctly stated in the first paragraph of the headnote to the report of the case before *Romer J.* and the Court of Appeal.

A claim to proprietorship of a trade mark will be defeated if it is proved that to give effect to it would be to involve a fraud upon another person. A recent example is the case of *Farley (Aust.) Pty. Ltd. v. J. R. Alexander & Sons (Q.) Pty. Ltd.*<sup>24</sup>, where Williams J. held that a registration had been fraudulently obtained, on the ground that a promise not to use the mark after existing stocks had been disposed of had "lulled the applicant" (*sc.* for expungement) "into a state of false security".<sup>25</sup> It would appear that something short of fraud may suffice to defeat an application for registration, or support an application for expungement. Thus Latham C.J. in the *Seven Up Case*<sup>26</sup> said: "User in *Australia* would be relevant. So also would facts establishing a breach of confidential relations or any fraud."<sup>27</sup>

I have now stated the facts which I regard as relevant and the principles which I think I have to apply, and I now come to the first question which I have to determine. That is the question whether Aston is entitled, for the purposes of his application of 14th May 1952, to be regarded as the proprietor of the trade mark "Tastee Freez".

Prima facie he is, in my opinion, so entitled. Before the date of his application for registration neither Harlee nor anybody else had used the mark in *Australia*, and it follows that, so far as *Australia* is concerned, he was the author or originator of it. This was not really, I think, disputed by Mr. *King*. He submitted, however, that Aston was not entitled to register the mark as his for two reasons. He said, in the first place, that Aston had never intended to use the mark. And he said, in the second place, that Aston's application involved a breach of confidential relations between him and Harlee.

With regard to the first argument, I am not satisfied that Aston, at the time when he lodged his application, had no intention of using the mark. He may have had no intention of using it in the

<sup>24</sup> (1946) 75 C.L.R. 487.

<sup>25</sup> (1946) 75 C.L.R., at p. 492.

<sup>26</sup> (1947) 75 C.L.R. 203.

<sup>27</sup> (1947) 75 C.L.R., at p. 215.

immediate future, but he sought to register it in a class which comprised the goods in which he was dealing in Honolulu, and dealing or intending to deal in *Australia*, and I am not prepared to find (assuming that such a finding would be relevant) that he registered it *merely* for the purpose of making it difficult for Harlee to set up a Tastee Freez organization in *Australia* without his co-operation. He may have had that thought in mind, but I think that he thought the mark intrinsically a good one, and that he probably contemplated using it himself directly or indirectly at some future date. At any rate, I find myself unable to say that he did not. He said that he did, and that there was in fact about the end of 1956 some slight user of the mark, which ceased on the advice of his patent attorneys. I would only add that the "registered user" provisions of the *Trade Marks Act* were introduced in 1948, and an intention to take advantage of those provisions would, in my opinion, be a sufficient "intention to use".

On the second point I have felt a good deal of difficulty. But it is impossible, in my opinion, to say, and I did not understand it to be said, that the conduct of Aston in applying for registration of himself as proprietor of the mark could be characterized as fraudulent, and, on the whole, I do not think that his application involved any breach of any confidential relationship with Harlee.

At all material times Aston was connected with the Dairy Queen organization, which was a competitor, or capable of being a competitor, with Harlee. When the Dairy Queen representatives visited the United States towards the end of 1951 for their conference, Aston and the others were given the opportunity of seeing and learning about the operations of Harlee, and one would infer that there were tentative discussions between Aston and Maranz with reference to a possible deal, but there is no evidence as to the nature of any such discussions, and no evidence of anything which would create a confidential relationship. It was apparently understood that Aston, who returned to Honolulu at the end of 1951, would, if he desired to do business with Harlee, communicate with Harlee before 1st February 1952. Not having heard from him before that date, Harlee appears to have arranged a franchise for the Hawaiian Islands with some other party or parties. Aston wrote to Harlee from Honolulu on 29th February 1952. He said that he was leaving Honolulu in a few months "to begin the establishment of outlets throughout Australia". That is the only reference to Australia in the letter, and there is no suggestion whatever in it of any business association between Aston and Harlee or of any thought on Aston's part of becoming a Tastee Freez franchise-holder. The letter contains no very definite proposal, but I think Mr. *Bannon* is right in saying that it shows plainly that, at

this stage at any rate, Aston was not interested in anything but the Harlee machines, which he wanted to buy or otherwise acquire the right of using. He may have had it in his mind as a possibility that it might in the end be to his advantage to become a franchise-holder, but I think his letter indicates that he was only interested in the machines. Harlee's reply of 10th March 1952 made it plain that Harlee was not interested in selling its machines and suggested that a franchise arrangement might be "worked out" for Australia and other countries.

Aston's letter of 29th February 1952 and Harlee's reply of 10th March 1952 were the only two letters written before Aston lodged his application for registration of the trade mark "Tastee Freez" in Sydney. When that application was lodged, he was still in Honolulu. He came to Australia and took up residence here permanently at the end of 1952. No letter passed between him and Harlee after 10th March 1952 until Harlee wrote to him on 12th November 1952. Other letters followed between Harlee in Chicago and Aston in Sydney. But, until Aston wrote the very remarkable letter of 19th May 1953, there was nothing, so far as I can see, to suggest that Aston was interested in any deal with Harlee except in respect of the so-called Tastee Freez machines. Whatever may be thought of this letter, it was written more than twelve months after Aston's application, and I am unable to think that it had any effect by way of inducing Harlee not to apply for Australian registration, or that it affected in any way the relationship between the two.

This is, I think, simply a case of business men who were dealing with one another, as the saying goes, at arm's length throughout. It is true that Aston's letter of 29th February 1952 asks that his letter be regarded as confidential, but the letter has no reference to anything except machines. It is not suggested that anything that was said or done by Aston lulled Harlee into inactivity or induced it not to apply itself for registration of "Tastee Freez" in *Australia*. I should have thought indeed that an expectation of having Aston as a franchise-holder in *Australia* would have afforded a reason for applying for registration of "Tastee Freez" in *Australia* rather than a reason for refraining from doing so. In any case, if Harlee was seriously interested in developing a Tastee Freez business in *Australia*, there was nothing to prevent it from applying for registration of the mark in *Australia*, and four and a half years passed without its doing anything in *Australia*.

It may well be that a scrupulous business man would not have done what Aston did without informing Harlee beforehand that he intended to make the application, or at least informing

Harlee afterwards that he had done so. But I cannot find enough in this case to distinguish it from the *Seven Up Case*<sup>28</sup>. When once it is conceded, as a matter of law, that a person may apply for and obtain in *Australia* a valid registration of a trade mark registered and used in a foreign country but not used in *Australia*, I do not think that exceptions and qualifications should be introduced which are based merely on conceptions of commercial ethics. Aston's action may or may not be what *Williams J.* in the *Yanx Case*<sup>29</sup> called "sharp business practice", but what he did was done without active deception, without the saying or doing of anything misleading and without, as I think, any breach of any confidence reposed in him.

For the above reasons I am of opinion that Aston is entitled to be treated as the proprietor of the trade mark in question. Since his application for registration is prior in time to that of Harlee, it follows that Harlee is not entitled to be treated as the proprietor of the mark. I propose to make a declaratory order accordingly.

<sup>28</sup> (1947) 75 C.L.R. 203.

<sup>29</sup> (1951) 82 C.L.R., at p. 202.