

HIGH COURT OF AUSTRALIA

BARWICK CJ, MCTIERNAN, TAYLOR AND OWEN JJ

THE COURT:

The respondent is a public company which manufactures in England and sells by wholesale women's dresses, jersey suits and coats. It is also registered under the provisions of the *Trade Marks Act 1955-1958 Cth* as the proprietor of two trade marks, "Eastex", in slightly different forms, in respect of garments of this character. The appellant is a company which was incorporated in New South Wales on 20th June 1958 and it also manufactures articles of women's clothing.

On 31st July 1961 and again on 22nd October 1963, the appellant applied to this Court for an order that each of the trade marks be removed from the Register on the ground that in respect of each mark up to one month before the date of each application a continuous period of not less than three years had elapsed during which the trade mark was a registered trade mark and during which there was no use in good faith of the trade mark by the registered proprietor or a registered user for the time being in relation to the goods in respect of which it was registered. The applications were made pursuant to s. 23 of the Act. The learned judge of first instance having dismissed both applications these appeals are brought from the orders of dismissal.

There is no doubt—and his Honour's findings to that effect are not contested—that during the periods relevant to each of the applications the respondent manufactured and sold to Australian retail traders for re-sale in Australia substantial quantities of garments with "Eastex" tags and labels sewn on or otherwise attached to the garments. Equally, there is no doubt that during those periods such garments with such tags and labels attached were displayed, offered for sale and sold in Australia by such retail traders. On this evidence his Honour was of the opinion that during the relevant periods there had been a use in Australia of the trade mark by the registered proprietor.

However, counsel for the appellant contends that this view is erroneous. He points out that the sales which it is proved were made by the respondent to the several Australian retail houses were made in England, the goods, in each instance, were the subject of an f.o.b. contract and,

presumably, the property in them passed upon shipment in London. That being so, it is said, there was no act of the respondent in Australia which can be said to constitute a use by it in Australia of the mark. For this proposition we were referred to the decision in *Badische Anilin und Soda Fabrik v. Basle Chemical Works, Bindschedler*¹ where it was held that a manufacturer in Switzerland who sold and delivered in that country to an English trader goods manufactured according to an invention the subject of English letters patent had not thereby infringed the rights of the holder of the patent by using or vending the patent in England. But to apply the reasoning in that case in solving the problem in the present case would be to misconceive the significance of the word "use" when it is used in relation to a trade mark.

By the Act a trade mark means "a mark used or proposed to be used in relation to goods for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the goods and a person who has the right, either as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person" and "use" in s. 23 must be understood in this context. Its denotation is not limited by any concept of the physical use of a tangible object and we have no doubt that when an overseas manufacturer projects into the course of trade in this country, by means of sales to Australian retail houses, goods bearing his mark and the goods, bearing his mark, are displayed or offered for sale or sold in this country, the use of the mark is that of the manufacturer. Indeed, in this case, the respondent is the only person who has the right to use the mark and the retailer to whom the goods have been sold for re-sale does not, in any relevant sense, use it.

It is conceded that there is a use of the mark in this country by an overseas proprietor where he advertises his mark in this country. Further, it is conceded that there is a use by such a manufacturer of his mark where the property in the goods sold by him by wholesale to traders in this country does not pass until their arrival into Australia. It would, in our view, be an extraordinary result if the maintenance of the Australian trade mark of an overseas manufacturer who is projecting goods of his manufacture on to the Australian market by means of sales to retail houses here can be made to depend upon whether the property in the goods the subject of such sales passes on shipment or upon or after their arrival in Australia. We agree

¹ [1898] A.C. 200.

with the learned judge of first instance that it cannot and, therefore, are of the opinion that the appeals should be dismissed.