

*Re Registered Trade Mark Yanx; Ex parte Amalgamated Tobacco Corporation Ltd [1951] HCA 28*

HIGH COURT OF AUSTRALIA

WILLIAMS J

**WILLIAMS J:**

This is an application under s. 71 of the *Trade Marks Act 1905-1936* to rectify the register of trade marks by expunging therefrom registered trade mark 88717 on the ground that the entry of this trade mark was wrongly made on the register. The date of registration is 30th September 1946. The registration is in class 45 in respect of cigarettes. The trade mark consists of a label suitable for printing on packets or other containers of cigarettes comprising the word "Yanx" in very prominent letters in combination with stars and stripes, the same word in less prominent letters, and also the words "Yanx Cigarettes" followed by a statement that the cigarettes are manufactured from the finest Macedonian and choicest American tobaccos blended proportionately to bring out the flavour of each tobacco and ending with the words "Made in England," the letters of the words "Yanx Cigarettes" and "Made in England" being of about the same size as the letters of the word "Yanx" where it secondly appears. The words Menzala and Menzala Cigarette Co. Ltd., London, E.C., also appear on the label.

The applicant is a company incorporated in England which manufactures and exports cigarettes. The respondent is also a company incorporated in England which manufactures and exports cigarettes. Another company incorporated in England, Fifteens Tobacco Co. Ltd., was the predecessor in business of the applicant. By an agreement made on 31st July 1946 between these two companies the former company sold to the applicant the goodwill of its business including the right to represent itself as carrying on such business in continuation of the vendor and in succession thereto and to use any words indicating that the business was carried on in succession to the vendor and all trade marks, brands and trade names connected therewith.

In 1945 the Fifteens Tobacco Co. Ltd. decided to manufacture for export a type of cigarette similar to the cigarettes supplied to the armed forces of the United States of America which had become popular overseas and which were then difficult to obtain from the United States on account of the shortage of dollars. After certain other suggestions for a brand had been made and rejected it was decided to sell these cigarettes under a brand comprising the word "Yanx"

as its most prominent feature in combination with stars and stripes and a representation of the Statue of Liberty. A paper wrapping was prepared for the cigarettes printed in this manner, the necessary tobaccos were obtained and the first consignment of cigarettes was produced at the company's factory in England in February 1946. Between that date and 30th September 1946 these cigarettes were exported by the applicant or its predecessor in business to a number of overseas countries in appreciable numbers. They were also introduced on to the English market in May 1946 and have since been sold there in appreciable numbers. The respondent at the same time was selling its cigarettes on the English market and abroad. It was of opinion that the word "Yanx" together with the get-up of the container used by the applicant had been adopted for the purpose of approaching as nearly as possible to the name and the get-up of its "Bronx" cigarettes. Accordingly it took steps to forestall the applicant by having a trade mark, the essential feature of which was the word "Yanx" registered in various overseas countries including Australia as a trade mark which it proposed to use on its goods. The respondent had been the registered proprietor in Australia of a trade mark comprising the word "Bronx" as its principal feature in combination with stars and stripes since 13th December 1938 and had exported cigarettes under this name to Australia since before the war. But it had never used the word "Yanx" in Australia prior to the date of the application for registration of trade mark 88717 on 30th September 1946.

The notice of motion claims that the entry of the trade mark on the register was wrongly made on eight grounds. When the motion first came on for hearing leave was granted to add two further grounds—(9) that the trade mark is not a registerable trade mark within the meaning of ss. 4 and 16 of the *Trade Marks Act 1905-1936*; (10) that it is not a registerable trade mark being either descriptive or deceptive. It is sufficient to say that the first two grounds allege that the entry was wrongly obtained by fraud because on 30th September 1946 the respondent knew that previously thereto the applicant had used a trade mark which contained the invented word "Yanx" as a prominent and essential feature on cigarettes manufactured in England for export to Australia and that cigarettes under this trade mark had been offered for sale in Australia and ordered by traders and shipped to Australia before that date. The third, fourth, sixth, seventh and eighth grounds allege from different angles that the mark is wrongly on the register because it is distinctive of the applicant's cigarettes and is a mark the use of which is likely and intended to deceive and to lead to the goods of the respondent being passed off as the goods of the applicant or is otherwise deemed disentitled to protection in a court of justice within the meaning of s. 114 of the *Trade Marks Act*. With respect to these seven grounds it is

sufficient to say that there is, in my opinion, no evidence to support them. The registration was, as I have said, admittedly made to forestall the applicant and prevent it selling cigarettes in Australia under the name of “Yanx.” 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. The two companies were competitors in business and there were no agreements or business arrangements between them which prevented the one company outwitting the other if it could lawfully do so (*In re J. R. Parkington & Co. Ltd.'s Application*;<sup>1</sup> *Farley (Aust.) Pty. Ltd. v. J. R. Alexander & Sons (Queensland) Pty. Ltd.*;<sup>2</sup> *The Seven Up Co. v. O.T. Ltd.*<sup>3</sup>). If the entry of the mark on the register was properly made there is no evidence to show that it is distinctive of the applicant's cigarettes in Australia or that its use in Australia would be likely to cause the respondent's cigarettes to be passed off as the goods of the applicant or that it would otherwise be disentitled to protection in a court of justice.

The first question is whether the applicant should succeed on the fifth ground, namely, that the entry was wrongly made in as much that at the date of registration the respondent was not the proprietor of the mark within the meaning of the *Trade Marks Act*; and if this ground fails the further question arises whether the applicant should succeed on grounds nine and ten which are really one ground. The evidence in support of the applicant's case is meagre. But it does prove that prior to 30th September 1946 one MacDonald, a partner in the firm of Cunningham & MacDonald carrying on business in Sydney, who was thinking of entering the tobacco business, received a letter from his brother, an importer of tobaccos in New Zealand, stating that the Fifteens Tobacco Co. Ltd. had a number of brands of cigarettes including “Yanx” which was claimed to be an American-styled cigarette fully equal if not superior to the highest grade American cigarettes and suggesting that his brother should try and get the agency for this company. The writer said that his brother should contact the firm of Tozer Kemsley & Millbourn (Aust.) Pty. Ltd. in Melbourne, a branch of the London firm of the same name, as they had the selling rights in Australia of these cigarettes. On 16th May 1946 MacDonald sent a cable to Fifteens Tobacco Co. Ltd. asking if they could supply 10,000,000 “Yanx” cigarettes

<sup>1</sup> (1946) 175 L.T. 181.

<sup>2</sup> (1946) 75 C.L.R. 487.

<sup>3</sup> (1947) 75 C.L.R. 203.

monthly. This started negotiations between his firm and that company through Tozer Kemsley & Millbourn (Aust.) Pty. Ltd. in England and Australia which resulted in MacDonald placing an order in June 1946 through Bulk Buyers Ltd., another Sydney company, with Fifteens Tobacco Co. Ltd. for 2,500,000 “Yanx” cigarettes. These goods were shipped to Australia prior to 30th September 1946, but did not reach Australia until after that date. The respondent had never used trade mark 88717 in Australia prior to the application for registration. Its title to registration depended upon its proposal to use the mark upon or in connection with its cigarettes for the purpose of indicating that it was the manufacturer thereof. Originally title to a trade mark could only be acquired by user within the territorial area. But the English Act of 1875 allowed a trader for the first time to register a trade mark which he had not used but only proposed to use. The history of this change in England and of the Australian *Trade Marks Acts* was traced by my brother Dixon in *Shell Co. of Australia Ltd. v. Rohm and Haas Co.*<sup>4</sup> He said that: “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>5</sup> He said that authorship “involves the origination or first adoption of the word or design as and for a trade mark”.<sup>6</sup> He cited from the judgment of the Supreme Court of Victoria in *Re Hicks Trade Mark*:<sup>7</sup> “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 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, and his name will be properly removed on the application of the person whose right of user was thereby disturbed”.<sup>8</sup> These citations are all founded upon the judgments of the Court of Appeal in *Re Hudson's Trade-Marks*.<sup>9</sup> In that case Cotton L.J. said, in reference to proprietorship of the new form of mark, that: “He never has used it; but in my opinion the language, though not appropriate, means this, that a man who designs one of those special things pointed out in s. 10 (s. 16 of our Act) is, as designer, to be considered as the proprietor of it, and if there is no one

<sup>4</sup> (1949) 78 C.L.R. 601.

<sup>5</sup> (1949) 78 C.L.R., at p 627.

<sup>6</sup> (1949) 78 C.L.R., at p 628.

<sup>7</sup> (1897) 22 V.L.R. 636.

<sup>8</sup> (1897) 22 V.L.R., at p 640.

<sup>9</sup> (1886) 32 Ch. D. 311.

else who has used it, or who can be interfered with by the registration and subsequent assertion of title to the mark, then he is to be considered as entitled within the meaning of the Act to the exclusive use of that which in fact has never been in any way used, but which has only been designed by him, and which he can be treated as the person entitled to register, if no one else had so used it as that his user would be interfered with by the registration”.<sup>10</sup> Fry L.J. said: “I come to the conclusion that the true meaning of the Act was to enable a person who had invented a trade-mark which had not been previously used by some other person to obtain registration of that trade-mark and to treat its being on the register as evidence of public user or equivalent to public user”.<sup>11</sup> These passages all indicate that a person can only become the proprietor of a trade mark other than by user if there has been no user at all of the proposed mark in the territorial area.

Accordingly the crucial point is whether the evidence to which I have referred is sufficient to establish that the word “Yanx” was used in Australia to designate the cigarettes of the applicant prior to 30th September 1946. The difficulty is to determine what constitutes such user. Section 10 of the *English Trade Marks Act 1875* provided that “any special and distinctive word or words or combination of figures or letters used as a trade mark before the passing of this Act may be registered as such under this Act.” It has been held that user under this section does not include the use of marks on goods purchased by English buyers in one foreign market for importing into another foreign market, although the goods were transhipped in an English port in the course of transit (*Re Munch's Application*;<sup>12</sup> *Jackson & Co. v. Napper*;<sup>13</sup> *In re Meeus' Application*<sup>14</sup>). But there does not appear to be any decision whether marks on foreign goods purchased by English buyers for import into England prior to the passing of this Act which reached England after its passing came within the section. On principle and as a matter of common sense, however, it would seem that a mark is used as a trade mark in Australia if it is used here to designate the goods of a particular trader which are offered for sale in Australia under that mark whether the goods themselves are actually in Australia or not. The goods are

<sup>10</sup> (1886) 32 Ch. D., at p. 320.

<sup>11</sup> (1886) 32 Ch. D., at pp. 325, 326.

<sup>12</sup> (1883) 50 L.T. (N.S.) 12.

<sup>13</sup> (1886) 4 R.P.C. 45.

<sup>14</sup> (1891) 1 Ch. 41.

put upon the Australian market whether they are in Australia awaiting delivery upon sale or they may have to be imported for delivery after sale. They are in either case actually a vendible article in the Australian market within the definition of Lord *Westbury* in *M'Andrew v. Bassett*,<sup>15</sup> cited by Sir *H. M. Cairns* L.J. (as Lord *Cairns* then was) in *Hogg v. Maxwell*.<sup>16</sup> Prior to 30th September 1946 the word "Yanx" had been used in Australia so as to designate the applicant's cigarettes in the minds at least of MacDonal and some executives of Bulk Buyers Ltd. and Tozer Kemsley & Millbourn (Aust.) Pty. Ltd. In *Hall v. Barrows*<sup>17</sup> *Romilly* M.R. said: "I apprehend, although the mark may not have been adopted a week, and may not have acquired any reputation in the market, his neighbours cannot use that mark. Were it otherwise, and were the question to depend entirely on the time the mark had been used, or the reputation of it had been acquired, a very difficult, if not insoluble inquiry would have to be opened in every case, namely, whether the mark had acquired in the market a distinctive character denoting the goods of the person who first used it?" The actual decision was reversed on appeal but not on this point.<sup>18</sup> Under our Act the mark need not be used upon the goods. It is sufficient if it is used in connection with the goods. If the mark had to be used upon the goods it might be difficult to say, as in the English cases already cited, that there had been any user in Australia unless the goods on which it was used were in Australia. Since, however, a mark need only be used in connection with the goods, it seems to me that a mark is so used if the goods that are offered for sale in Australia under the mark whether they are actually in Australia or not. A manufacturer of such goods has a right to apply the mark to the goods when they are sold and despatched to Australia and that right of the applicant would be interfered with by the respondent's registration. Consistently with the cases cited, to which I shall add *Blackadder v. Good Roads Machinery Co. Ltd.*,<sup>19</sup> the respondent cannot in such circumstances claim to be the proprietor of the mark. Accordingly the applicant is in my opinion entitled to succeed on the fifth ground.

<sup>15</sup> (1864) 10 L.T. (N.S.) 442.

<sup>16</sup> (1867) L.R. 2 Ch. App. 307, AT p. 314.

<sup>17</sup> (1863) 8 L.T. (N.S.) 227, at p. 229.

<sup>18</sup> (1863) 9 L.T. (N.S.) 561.

<sup>19</sup> (1926) 38 C.L.R. 332.

It is therefore perhaps strictly unnecessary to express an opinion upon the ninth and tenth grounds which raise the question whether the use of the word “Yanx” is deceptive as suggesting to persons buying the goods, contrary to fact, that they are American cigarettes or that they are in some definite way connected with the United States: Examples of such forms of deception will be found in *McGlennon's Application*,<sup>20</sup> *Green's Application*;<sup>21</sup> *Minnesota Mining & Manufacturing Co.'s Application*.<sup>22</sup> There are cases the other way, notably *Van De Leeuw's Application*;<sup>23</sup> *Jones & Campbell Ltd.'s Application*.<sup>24</sup> The question is essentially one of fact. The respondent has not used trade mark 88717 in Australia so that the applicant could not be expected to produce evidence of actual confusion. The words on the label “Made in England” assist the respondent to the extent stated by the Assistant Comptroller in *Green's Case*:<sup>25</sup> “They are a factor which might reduce the possibility of deception but would not entirely remove it.” There is no doubt that in its ordinary signification the word “Yankee” or “Yank” has come to mean a citizen of the United States of America and that “Yanx” means such citizens in the plural. The word “Yanx”, which is simply a mis-spelling of “Yanks”, is so conspicuously displayed on the label that its use alone would suggest to persons buying the cigarettes that they were American cigarettes, and this suggestion would be heightened by its combination with the stars and stripes which are emblematic of the national flag and song of the United States. The words “Made in England” are not very conspicuous on the label and could easily be overlooked. On the whole I think that the label is likely to cause such deception and that in the public interest it should be expunged on this ground also.

If this was the only ground I would have to consider the question of costs as grounds 9 and 10 were only added after the hearing commenced. The hearing commenced a long time ago, to be exact 12th December 1949, and had to be adjourned to patch up the applicant's evidence. The adjournment was granted on condition the applicant paid the costs of and occasioned by the adjournment. The evidence is still pretty patchy but the applicant has succeeded on a ground originally taken in the notice of motion and is entitled to the general costs of the motion.

<sup>20</sup> (1908) 25 R.P.C. 797.

<sup>21</sup> (1946) 64 R.P.C. 14.

<sup>22</sup> (1946) 65 R.P.C. 229.

<sup>23</sup> (1911) 28 R.P.C. 708.

<sup>24</sup> (1924) 41 R.P.C. 523.

<sup>25</sup> (1946) 64 R.P.C., at p. 17.

I order that the register of Trade Marks be rectified by expunging therefrom the trade mark No. 88717. I also order that the respondent pay the costs of the applicant of the motion other than the costs of and occasioned by the adjournment of 12th December 1949, including reserved costs and the fees, if any, of obtaining rectification. I order the applicant to pay the costs of and occasioned by the said adjournment, such costs to be set off against the costs already mentioned and respondent to pay applicant the balance of costs still remaining after such set off. Liberty to apply.