

CASE NOTES

BERLEI HESTIA INDUSTRIES LTD v. BALI COMPANY INC.¹

Trade marks — Rectification of Register — Phonetic similarity — Trade Marks Act 1955-1966 (Cth) Sections 22, 28, 61.

Berlei Hestia Industries Ltd make brassieres and corsets. Their products are mass produced and relatively cheap and are well known throughout Australia. Their trade mark BERLEI has been registered since 1917. The Bali Company Inc. also make brassieres, but their products are sold in smaller numbers and are rather more expensive. Their trade mark BALI-BRA has been registered since 1947.

While there is little similarity between the appearance of the words BERLEI and BALI, there is considerable phonetic similarity. BERLEI is pronounced 'burley' and BALI is pronounced 'barley' or 'bally'. This similarity has been at the heart of prolonged litigation in which Berlei have sought to have Bali's mark expunged from the register. It must be said at the outset that there is no suggestion of deliberate imitation. The two marks were chosen independently, BERLEI in Australia and BALI-BRA in the U.S.A. Nor was Berlei's case based on unfair marketing practices. No instance was cited to the court of any person asking for a Berlei brassiere and being given a Bali one by mistake. Nor was it even clear to Windeyer J., sitting at first instance, that Berlei would achieve any commercial advantage if their action succeeded.²

Rather, Berlei's contention was that Bali's mark in use was *likely* to deceive or cause confusion³ because of its similarity to BERLEI. It is one of the remarkable features of the case that Berlei succeeded despite the fact that they were unable to establish that in 26 years even one customer had been *actually* deceived or confused.

In order to understand how the result was reached and why this point is of crucial importance, it is necessary to review the position of the Bali company as it stood at various times. It is relatively unusual for two closely similar trade marks to be registered for the same kind of goods. The Trade Marks Act 1955-1966 provides⁴ that a mark 'is not capable of registration . . . if it is substantially identical with or deceptively similar to a trade mark which is registered . . . by another person in respect of the same goods'. This prohibition may be enforced in three ways. First, each application to register a mark is

¹ (1973) 1 A.L.R. 443. High Court of Australia, Full Court; Barwick C.J., McTiernan, Stephen and Mason JJ. '[T]he battle of the brassieres'. ([1970] R.P.C. 469 *per* Megarry J.)

² (1968) 118 C.L.R. 128, 136. It was suggested by counsel for Berlei that his clients were acting 'simply for the public benefit and to preserve the purity of the Register'. Whether the same high motives prompted their appeals to the High Court of Australia and the House of Lords does not appear from the printed reports ((1973) 1 A.L.R. 443, [1969] R.P.C. 472).

³ Trade Marks Act 1955-1966 (Cth) s. 28(a). (Emphasis added.)

⁴ S. 33(1).

examined to see whether the mark is 'capable of registration'.⁵ Secondly, even if the mark is accepted by the Registrar, its registration may be opposed by 'a person' at a hearing.⁶ Finally, even after it has been registered section 22(1)(b) provides that 'the High Court may . . . order the rectification of the Register . . . by the expunging . . . of an entry wrongly made in or remaining in the Register'. In the present case, the mark BALI-BRA was accepted by the Registrar. Berlei did not oppose its registration and for fifteen years it remained on the register without moves being taken to expunge it.

It must be emphasized that the prohibition against registration of deceptively similar marks is not an absolute one. It is expressly subject to the Act⁷ and the Act appears to envisage the possibility that such marks may be registered in two sets of circumstances. In the first place, it may be known when application is made to register the second mark that a similar mark is already on the Register. The Registrar may nevertheless allow the application in 'case of honest concurrent use or of other special circumstances which', in his opinion, 'make it proper to do so'. He also has power to impose special 'conditions and limitations'.⁸ Thus, if two firms independently adopt deceptively similar marks it is perfectly possible for both to be registered, but this usually requires an explicit exercise of discretion by the Registrar. In the second place, however, registration may occur, not because the Registrar has exercised his discretion, but simply because the point was not raised during examination and there have been no opposition or rectification proceedings since. This appears to be what happened in the present case.

During the period of coregistration of BERLEI and BALI-BRA, the legal position of the two companies was relatively simple. Each could prevent infringement of their mark by a third party,⁹ but, while each used only their own registered mark, neither could bring infringement proceedings against the other.¹⁰ However, Bali's mark remained vulnerable to rectification proceedings 'on the application of a person aggrieved'.¹¹

Now clearly in providing a system for registration of trade marks a balance must be struck. Registration confers substantial rights against other parties, and it is therefore important that applications for registration should be carefully examined and that other interested parties should have an opportunity to oppose registration or bring rectification proceedings. However, when a mark has been registered for some time and its proprietor has built up substantial goodwill, it may be unfair to expunge the mark merely because there has been some irregularity in its initial registration. The Act appears to recognize this in various provisions that make registration increasingly secure as time goes by.¹² In particular, after seven years' registration a mark is 'taken to be valid in all respects, unless it is shown—

⁵ Trade Marks Act 1955-1966 (Cth) s. 41(b).

⁶ *Ibid.* ss. 49, 50.

⁷ *Ibid.* s. 33(1).

⁸ *Ibid.* s. 34(1). This provision appears to override both ss. 28, 33. See discussion below and that by Megarry J. in the proceedings relating to a stay of action between the present litigants, [1970] R.P.C. 469.

⁹ *Ibid.* s. 62(1).

¹⁰ *Ibid.* s. 58(3). This applies only if the mark is valid. If it is subsequently expunged as having been wrongly registered, then it does not protect its proprietor from infringement proceedings, even those relating to use at a time when it was on the Register. [1970] R.P.C. 469, 478.

¹¹ *Ibid.* s. 22(1).

¹² *Ibid.* ss. 31(2), 60, 61.

- (a) that the original registration was obtained by fraud;
- (b) that the trade mark *offends* against the provisions of section twenty-eight of this Act; or
- (c) that the trade mark was not, at the commencement of the proceedings, distinctive of the goods of the registered proprietor.¹³ Section 28 is concerned with the original registration. It provides that a 'mark—
 - (a) the *use* of which would be *likely to deceive or cause confusion*;
 - (b) the use of which would be contrary to law;
 - (c) which comprises or contains scandalous matter; or
 - (d) which would *otherwise* be not entitled to protection in a court of justice, shall not be registered as a trade mark.¹⁴

Registration is therefore conclusive after seven years unless the case falls within certain exceptions. The explicit prohibition against registration of 'substantially identical . . . or deceptively similar' marks is *not one of these exceptions*. It follows that Berlei's most obvious line of attack and, indeed, it would seem their substantive ground for complaint was closed well before the present proceedings began. Nor was there any question of fraud or argument that BALI-BRA was non distinctive,¹⁵ that it comprised or contained 'scandalous matter' or that its use would be contrary to law. Berlei therefore had to argue that BALI-BRA *offends* against the provision that 'a mark . . . the use of which would be *likely to deceive or cause confusion* . . . or . . . which would *otherwise* be not entitled to protection in a court of justice, shall not be registered as a trade mark'. In order to understand how they performed this difficult task it is necessary to describe briefly the course of the litigation.

We have seen that the mark BALI-BRA was registered in Australia in 1947. A mark incorporating these words had been registered in England in 1938 and it was in England that hostilities between the two companies first broke out. It appears that Berlei, surprisingly enough, did not even become aware of the existence of Bali's mark until 1959.¹⁶ Even when they became aware of it, proceedings moved at a notably leisurely pace. They were begun in May 1960, but the hearing before the Assistant Comptroller did not take place until January 1964. Berlei won. Bali appealed unsuccessfully to the High Court¹⁷ in 1965 and then, successfully, to the Court of Appeal¹⁸ in 1967.¹⁹ The House of Lords²⁰ reversed the Court of Appeal in 1969.²¹ It is one of the

¹³ *Ibid.* s. 61(1). (Emphasis added.)

¹⁴ Emphasis added.

¹⁵ It could be argued that if a mark is deceptively similar to another mark then it is automatically non distinctive.

¹⁶ [1968] R.P.C. 426, 432 *per* Diplock L.J. Berlei's own mark had been registered in England in 1924.

¹⁷ Chancery Division, Ungoed-Thomas J. [1966] R.P.C. 387.

¹⁸ Lord Denning M.R. and Salmon L.J., Diplock L.J. dissenting [1968] R.P.C. 426.

¹⁹ 'The proceedings took a deplorably long time to come before the Registrar. An unconscionable time elapsed before the appeal came before the learned judge. Two more unnecessary years have passed since he delivered his judgment. Even Lord Eldon might have raised an eyebrow; but the parties themselves seem well content with such testudineous litigation. Neither blames the other, for both no doubt must be to blame.' [1968] R.P.C. 426, 436 *per* Diplock L.J. (as he then was).

²⁰ Lords Morris of Borth-y-Gest, Guest, Upjohn, Wilberforce and Pearson. [1969] R.P.C. 472.

²¹ This was not the end of the story. In 1966, Berlei brought infringement proceedings. Bali applied unsuccessfully for a stay of action in 1970 on the ground that they had made a further application to register their mark on the basis of honest concurrent user. In 1972, they admitted that they must submit to an injunction against them provided that this was without prejudice to their right to prosecute their further application. [1970] R.P.C. 469, [1972] R.P.C. 568.

remarkable features of the case that practically all Bali's goodwill in its mark in England was built up *after* proceedings had begun.²²

In Australia, events took a roughly parallel course. In 1959, Berlei sought a licence to use the name BALI. Nothing came of negotiations between the companies and Berlei thereupon 'declared war'.²³ In 1962, they applied unsuccessfully to the Registrar to have BALI-BRA expunged from the Register on the ground of non user.²⁴ They began an appeal in 1965, but did not press it and it was dismissed by consent in 1968.²⁵ Meanwhile, in 1966, they had begun proceedings for rectification. The case was heard in 1968 by Windeyer J. who 'aided, although not governed, by the judgments in the Court of Appeal'²⁶ dismissed it. Berlei appealed, but once again there was little sign of urgency in bringing the appeal to a hearing. The case was heard by the Full Court of the High Court in April 1973 and judgment, allowing the appeal and ordering rectification of the Register by expunging the mark BALI-BRA, was handed down in October. The position, then, is that some thirteen years and seven hearings after commencement of proceedings Berlei have had Bali's mark expunged in both England and Australia. The mark had remained on the Register for some 31 years in England and 26 in Australia.

The facts and the relevant statutory provisions were closely similar in the two countries. We have seen that the essential question in Australia was whether the mark BALI-BRA *offends* against the provision that 'a mark . . . the use of which would be *likely to deceive or cause confusion* . . . or . . . which would *otherwise* be not entitled to protection in a court of justice, shall not be registered as a trade mark'. In England, the question was whether a similar mark *offends*²⁷ against the provision that it 'shall not be lawful to register as a trade mark or part of a trade mark any matter the *use* of which would, *by reason of its being likely to deceive or cause confusion or otherwise*, be disentitled to protection in a court of justice'. While it could be argued that the emphasis of the wording is slightly different in the two provisions, they have been treated for present purposes as having the same effect and will be so analysed in what follows.

It is submitted that difficulties of *law* arise in this case primarily because a provision²⁸ which deals with registration *and which has been litigated mainly in the context of registration and opposition thereto* has been incorporated by reference in a provision²⁹ dealing with the effect of registration for seven years. We shall consider these difficulties in turn.

The first question that arises is whether mere similarity to another mark without more can *ever* be a ground for expunging a mark that has remained on the Register for more than seven years. We have seen that section 33(1)³⁰ prohibits registration of a mark if it is 'deceptively similar' to another mark that is already on the Register, but that this ceases to be a ground for rectification after seven years. It therefore seems odd that precisely the same ground should be reintroduced as within the ambit of a likelihood to 'deceive or

²² [1968] R.P.C. 426, 436 *per* Diplock L.J.

²³ (1968) 118 C.L.R. 128, 130 *per* Windeyer J.

²⁴ Trade Marks Act 1955-1958 (Cth) s. 23.

²⁵ (1968) 118 C.L.R. 128.

²⁶ *Ibid.* 131.

²⁷ Trade Marks Act 1938 (U.K.) ss. 13(1)(b), 11. (Emphasis added.)

²⁸ Trade Marks Act 1955-1966 (Cth) s. 28; Trade Marks Act 1938 (U.K.) s. 11.

²⁹ Trade Marks Act 1955-1966 (Cth) s. 61(1); Trade Marks Act 1938 (U.K.) s.

13(1).

³⁰ Trade Marks Act 1938 (U.K.) s. 12(1).

cause confusion' and that this should be available in rectification proceedings even after seven years. There is no doubt, of course, that the orthodox view is that the words 'deceive or cause confusion' include the case of deceptively similar marks.³¹ But these words here appear in a section which has been litigated mainly in the context of application and opposition proceedings and in such proceedings it is unlikely to be important whether a mark can be struck down using both sections 28, 33(1) or section 33(1) only.³² In rectification proceedings, the distinction becomes of vital importance and the question arises whether the orthodox view should be reconsidered.

Unfortunately, counsel for Bali did not argue the point before the House of Lords.³³ Lord Wilberforce, however, discussed it with some care and indicated that it should be reconsidered.³⁴ It does not appear from the printed report³⁵ that counsel for Bali took the hint in arguing the case before the High Court. The only member of the bench to touch on the point was Mason J.,³⁶ who simply affirmed the orthodox view citing *Aristoc v. Rysta*.³⁷ It is submitted with the greatest respect that the latter case is by no means compelling authority. It was an opposition proceeding and turned on different points. The English equivalent to section 28³⁸ arose in the context of confusion between manufacture and repair, not between two similar marks. Lord Wright dealt with it only in this context.³⁹ Lord Simonds⁴⁰ and Viscount Maugham⁴¹ mentioned confusion between similar marks simply to refute the view that the section applied *only* to confusion so caused. Lord Macmillan did not deal with the point at all. The case therefore seems to provide no positive bar to a reconsideration of the orthodox view.

The next question that arises is whether the words 'disentitled to protection in a court of justice' constitute a requirement *in addition* to that of 'deception and confusion' and, if so, exactly what the requirement means. Once again, the point is unlikely to be of importance in application or opposition proceedings. If a mark has already been used, then it may be registered under the provisions covering concurrent user. If it has *not* already been used, but is likely to deceive or cause confusion, then it would seem to be *ipso facto* disentitled to protection in a court of justice. Before the House of Lords, counsel for Bali⁴² relied on *Bass, Ratcliff and Gretton Ltd v. Nicholson and Son Ltd*⁴³ for the proposition that the mere fact that a mark is likely to deceive does not necessarily imply that it is disentitled to protection.⁴⁴ He had great difficulty,

³¹ Blanco White and Jacob 'Kerly's Law of Trade Marks and Trade Names' (10th ed. 1972) 172-81. The same phrase occurs in s. 62(2) which concerns infringement of a mark registered in Part B of the Register.

³² Provided, of course both are subject to s. 34(1) (s. 12(2) of the U.K. Act). *Bass, Ratcliff and Gretton Ltd v. Nicholson and Sons Ltd* [1932] A.C. 130, (1932) 49 R.P.C. 88. This case was cited by Megarry J. in yet another hearing between the present litigants [1970] R.P.C. 469.

³³ [1969] R.P.C. 472, 500.

³⁴ *Ibid.* 499-501.

³⁵ (1973) 1 A.L.R. 443.

³⁶ *Ibid.* 449.

³⁷ [1945] A.C. 68, (1945) 62 R.P.C. 65.

³⁸ Trade Marks Act 1938 (U.K.) s. 11.

³⁹ [1945] A.C. 68, 103.

⁴⁰ *Ibid.* 107.

⁴¹ *Ibid.* 85.

⁴² [1969] R.P.C. 472, 477.

⁴³ [1932] A.C. 130, (1932) 49 R.P.C. 88.

⁴⁴ 'On the other hand a mark identical with or closely resembling another mark may be so used as not to be calculated to deceive and may thus be entitled to protection, of a limited character it may be, in a court of justice.' *Ibid.* 146 *per*

however, in establishing just what was the additional ingredient required to disentitle it to protection.

Now in ordinary usage 'protection' of a trade mark can mean two different things. It can mean protection as a piece of industrial property by preventing other parties from infringing, forging or otherwise misusing the mark. Protection in this sense of giving the possibility of action against other parties is usually the most important effect of registration of a mark. Moreover the word is used in this sense in the Act.⁴⁵ The second possibility is that the mark may be protected in the sense that it may be used by its proprietor without the risk that he himself may become liable to infringement or passing off actions. We have seen that registration if valid gives full protection in this sense against infringement actions. The protection against a passing off action is, however, exceedingly limited.⁴⁶

Unfortunately, in arguing the point before the House of Lords, counsel for Bali concentrated on this second, defensive, meaning of 'protection' and in particular on protection from actions for passing off.⁴⁷ His submissions met with a chilly reception. Lord Morris of Borth-y-Gest preferred to use it in its more usual sense as conferring a cause of action against other persons.⁴⁸ Relying on such application and opposition proceedings as *Eno v. Dunn*⁴⁹ and *McDowell's Application*,⁵⁰ he held that once it was found that Bali's mark was likely to receive or cause confusion this *automatically* disentitled it to protection.⁵¹ Lord Upjohn⁵² and Lord Wilberforce⁵³ adopted a similar approach. Lord Guest and Lord Pearson agreed. It seems to follow that the test to be applied in rectification proceedings is the same as that in application and opposition proceedings and that seven years' registration confers no additional entitlement to protection in a court of justice. Not surprisingly given the course of the argument, the point was not reopened before the High Court.⁵⁴

There remains of course as an exception the case in which the Registrar has exercised his discretion to register deceptively similar marks because of 'honest concurrent use or of other special circumstances'.⁵⁵ Presumably both marks are then entitled to protection in a court of justice. Argument based on honest concurrent use was, however, expressly disclaimed before the House of Lords⁵⁶ and the point does not appear to have been raised before the High Court.

The position reached so far, then, is that the question is whether the mark BALI-BRA *offends* against the provision that 'a mark . . . the use of which would be *likely to deceive or cause confusion* . . . shall not be registered as a trade mark'. Despite the seven year rule, the deception or confusion may be

Lord Warrington of Clyffe. The existence of s. 34(1) would appear to lead to the same conclusion.

⁴⁵ Part XIII of the Act is entitled 'Protection of Trade Marks'.

⁴⁶ Trade Marks Act 1955-1966 (Cth) s. 68.

⁴⁷ [1969] R.P.C. 472, 476-80.

⁴⁸ *Ibid.* 489.

⁴⁹ (1890) 15 App. Cas. 252, 7 R.P.C. 311.

⁵⁰ [1927] A.C. 632, (1927) 44 R.P.C. 355.

⁵¹ [1969] R.P.C. 472, 485-90.

⁵² *Ibid.* 496.

⁵³ *Ibid.* 501.

⁵⁴ (1973) 1 A.L.R. 443.

⁵⁵ Trade Marks Act 1955-1966 (Cth) s. 34(1).

⁵⁶ [1969] R.P.C. 472, 492-3. It is not quite clear why this point was not argued in the alternative. See [1970] R.P.C. 469, 477 *per* Megarry J.

simply that caused by similarity to another mark. Long registration confers no additional entitlement to protection in a court of justice and the special provisions for the case of honest concurrent user were not invoked in this case.

Now of course likelihood of deception and confusion may vary from time to time and it is necessary to decide at what point the test is to be applied. The traditional view favours the time of the initial application; that is, it treats the word 'offends' in section 61(1)(b) as if it read 'offended'. This view was criticized by Diplock L.J.⁵⁷ who argued that the date to be considered is the date of proceedings. Windeyer J. agreed,⁵⁸ but pointed to a difficulty. What happens if a mark is not likely to deceive or cause confusion when it is first registered but later becomes likely to do so, perhaps by 'the assiduous efforts of an infringer'⁵⁹? Applied to the present case the difficulty is this: if BALI-BRA is at the present moment likely to deceive or cause confusion because of its phonetic similarity to BERLEI, then equally BERLEI is likely to deceive or cause confusion because of its phonetic similarity to BALI-BRA. In order to decide which mark should be expunged, it is necessary to make some reference back to the time of registration. After carefully considering the matter, Windeyer J. said:⁶⁰

[m]aking the best sense I can of the provisions which have been justly said to raise a difficult question, I take their result to be that a mark can be said to be wrongly remaining in the Register if (a) it was at the date of registration not registerable by reason of s. 28, and (b) the character or quality which made it not registerable still exists at the date when an application that it be expunged has to be decided.

There are thus *two* relevant dates, the date of the application and the date of the hearing. In principle, this offers for the first time amongst the various points we have been considering a chance to distinguish the law to be applied to deceptively similar marks in cases of application and opposition from those concerning rectification of long standing marks. In the latter case one would consider not only whether a mark was initially wrongly registered but also whether it was *still* likely to deceive or cause confusion.

The present case, however, was resolved in a rather different fashion. Before the House of Lords, the parties agreed to consider only the date of application.⁶¹ In the High Court, Barwick C.J. and Mason J. took a view of the case that made the point irrelevant.⁶² McTiernan and Stephen JJ. did not allude to it at all. In order to understand the position taken by the High Court, it is necessary to consider the final point of law raised by the facts and the one which eventually proved fatal to Bali's case.

The question is: how does one determine whether the use of a mark is 'likely to deceive or cause confusion'? The evidence consisted 'of a large number of affidavits . . . and of brassieres, advertising matter and other documents'.⁶³ On Berlei's side reliance was placed on the phonetic similarity between the two marks and on the results of certain 'trap orders'.

⁵⁷ [1968] R.P.C. 426, 434.

⁵⁸ (1968) 118 C.L.R. 128, 133.

⁵⁹ *Ibid.*

⁶⁰ *Ibid.* 135. (Emphasis added.) His Honour does not make it clear why it is necessary that the *same* character or quality should make the mark unregistrable at both dates.

⁶¹ [1969] R.P.C. 472, 476.

⁶² (1973) 1 A.L.R. 443, 445 (Barwick C.J.) 449 (Mason J.).

⁶³ (1968) 118 C.L.R. 128, 135 *per* Windeyer J. 'Among the more prosaic exhibits in this case, I may say, there stood out two elegant examples of garments sold earlier this year as being the defendant's brassieres.' [1970] R.P.C. 469, 480 *per* Megarry J.

'A Bali brassiere was asked for in shops which did not stock them, and in response to this request a Berlei brassiere was tendered. There was no evidence . . . of any case in which a Bali article was tendered in response to a request for a Berlei . . . [M]any of the traps were set in good trapping country, in suburban shops which did not stock Bali brassieres.'⁶⁴

On Bali's side, reliance was placed on trade evidence that there was no confusion and on Berlei's inability to produce a single genuine customer who had bought the wrong brand by mistake. It was pointed out that the two firms had rather different marketing policies, that Bali's products were more expensive, that the packaging was different and so on. But, to put the matter at its simplest, Berlei could point mainly to an *intrinsic likelihood of confusion*, Bali to the striking absence of significant examples of *actual confusion*.

When, as in this case, two parties adduce somewhat different *kinds* of evidence, the test to be applied is clearly of crucial importance. Now in application and opposition proceedings the test is well established. The court considers *any* hypothetical 'normal and fair' use of the mark and enquires whether it is likely to deceive or cause confusion.⁶⁵ Its attention is directed to intrinsic likelihood of confusion since, as we have seen, there is likely to be little evidence of use, confusing or otherwise, at that stage. If, however, the same test is applied to proceedings for expunging a long standing mark, then the curious position is reached that the whole circumstances of use of the mark become irrelevant as a precedent for the future. The test becomes a hypothetical one and no account need be taken in this case of what actually happened in the 26 years during which BALI-BRA remained on the Register, except possibly as evidence of what was likely at the date of registration.

Perhaps the most important point in the case is that the High Court has decided to apply just this hypothetical test. Barwick C.J. said:⁶⁶

[t]he answer to the question cannot be confined to the circumstances of the trade presently obtaining . . . If it is borne in mind that the respondent may change the nature of its business and if it be accepted that the phonetic similarity of the two words when spoken is sufficient to warrant the conclusion that confusion is likely in the use of the mark, then it seems to me that it does not matter whether one considers its use at the date of the original registration or at the date of the application to rectify the register. The answer to the question whether the use of the mark would have been likely to cause confusion will be the same as the answer to the question whether the use of the mark now is likely to cause confusion.

Mason J. said:⁶⁷

[t]he question whether there is a likelihood of confusion is to be answered, not by reference to the manner in which the respondent has used its mark in the past, but by reference to the use to which it can properly put the mark.

⁶⁴ *Ibid.* 135-9. The fact that even with the aid of traps Berlei were unable to produce an instance of a Berlei brassiere being asked for and a Bali one tendered suggests that any confusion was to Berlei's advantage. This point did not help Bali, since it is the *public* that is to be protected from confusion. (See [1969] R.P.C. 472, 486 *per* Lord Morris of Borth-y-Gest.) Whether the public interest is best served by driving long established marks off the Register is not discussed.

⁶⁵ Blanco White and Jacob *loc. cit.*

⁶⁶ (1973) 1 A.L.R. 443, 444. It would have been possible to overcome the difficulty by limiting Bali's registration to brassieres which had not been mass produced. This possibility does not seem to have been discussed although a similar limitation was suggested by Bali at another hearing in 1970. [1970] R.P.C. 469.

⁶⁷ *Ibid.* 450.

His Honour was unimpressed by the argument that at least one change may occur when the mark has been on the register for some years: the public may become educated as to the difference between the two marks. '[E]ven if the respondent's mark becomes more widely known the opportunity for confusion will remain; there can be, as I see it, no assurance that the prospect of confusion will be eliminated.' (His Honour seems to be taking the view that deception *may* remain possible rather than denying that it could ever be eliminated.)

The position, then, seems to be that Bali's history for the last 26 years is to be essentially ignored. The case is to be analysed on the assumption that Bali will completely reverse their marketing policy, that they will produce cheaper brassieres of the kind produced by Berlei, that they will sell these through the same channels, that they will alter their packaging so that a customer who orders one brand over the counter will not realize until too late that she has been given another, or perhaps that marketing will no longer take place in the context of shop sales and fitting rooms, but that telephone orders will be given and perhaps misinterpreted through the confusing crackle of a P.M.G. line. Having *assumed* that this rather striking reversal of policy is *likely*,⁶⁸ one must then ask whether in this new situation the use of the mark BALI-BRA is *likely* to deceive or cause confusion.

Little remains to be discussed except this final question of fact. Here the High Court was faced with what Barwick C.J. described as 'a somewhat unique situation'.⁶⁹ The question of fact had already been decided by the House of Lords. Their Lordships had found that, whether or not they were aided by evidence, the phonetic similarity was convincing.⁷⁰ Lord Upjohn said:⁷¹

[i]t seems to me obvious that deception and confusion is a most likely result of the use of these words in a competing trade . . . But such a conclusion may bend to the evidence if such evidence shows quite clearly that though to the judicial ear confusion would be obvious, yet over a long period no case of confusion has occurred; but even in such a case the judicial ear has the final say, for in the end it is a question of impression and common sense.

To sum up: section 33(1) provides that, with certain exceptions, a trade mark may not be registered if it is 'deceptively similar' to another mark already registered. If a mark offending against this provision is registered, it may be expunged at any time during its first 7 years of registration, but after that it is protected by section 61(1). The limited extent of this protection has been demonstrated in the present case. The mark BALI-BRA has been expunged after 26 years of registration essentially on the *ground* that it is deceptively similar to the mark BERLEI but under a *provision* referring to its use being 'likely to deceive or cause confusion'. It has been assumed that this phrase includes deceptive similarity to another mark and it appears that even after 30 years' registration such *deceptive similarity* automatically disentitles a mark from protection in a court of justice. Moreover, in deciding whether a mark is likely to deceive or cause confusion the court does not examine how it has actually been used, but simply considers how it could have been

⁶⁸ Their Honours give no indication why they consider this reversal *likely* and it seems that they are simply applying the rule for application and opposition cases without modification.

⁶⁹ (1973) 1 A.L.R. 443, 446. There is room for argument, of course, as to the extent to which the House of Lords acted for the occasion as a fact finding tribunal.

⁷⁰ [1969] R.P.C. 472, 485 (Lord Morris of Both-y-Gest), 492 (Lord Guest), 498 (Lord Upjohn), 502 (Lord Wilberforce).

⁷¹ *Ibid.* 497.

used. In asking this hypothetical question little distinction is drawn between past and future use and evidence of events during 30 years of actual registration may be disregarded. The questions that arise are substantially those appropriate to a new registration and no allowance appears to be made for the goodwill that may accrue to a long established mark.⁷² The ultimate test is less one of evidence than of the court's impression of the mark. In the striking metaphor of Lord Upjohn 'the judicial ear has the final say'.

J. MCL. EMMERSON

WIGAN v. EDWARDS¹

Contract — Consideration — Promise to perform existing duty — Compromise of 'right' bona fide claimed. Building contract — Obligation to repair — Builder's entitlement to notice — Notice not imputed.

Mr and Mrs Edwards inspected a house built by Wigan, and subsequently, on 15 April 1969, entered into a contract to purchase the house from Wigan. One week later, on 22 April, the Edwards presented Wigan with a list of minor defects requiring attention before they would consider 'going into the house and finalizing anything'. Wigan's response was a written warranty, stating: 'Minor defects set out hereunder² I will rectify one week after finance is approved. Any major faults in construction five years from purchase date I will repair.'

Settlement occurred on 2 June 1969, on the basis that the listed defects would be speedily attended to. However, Wigan did no further work after settlement, and subsequently additional defects came to light.

On 24 December 1969 the Edwards commenced an action against Wigan, claiming \$1240.76 for (a) breach of an implied term that the house was constructed in a good and workmanlike manner and was free from structural defects (this claim was abandoned at the trial) and (b) breach of the written warranty.

The particulars of the claim were amended three times before the case came on for hearing. In the first, on 10 March 1971, the Edwards referred to damage caused by damp. The particulars were based on an architect's report, that no repair was possible without major demolition, because he believed the water was seeping through the concrete floor slab. The Edwards claimed compensation.

⁷² It is true that the Acts give the courts some discretion. The House of Lords was unanimous that long registration does not in itself justify exercise of this discretion. ([1969] R.P.C. 472, 486 Lord Morris of Borth-y-Gest, 492 Lord Guest, 498 Lord Upjohn, 502 Lord Wilberforce.) In the High Court, Mason J. held that the present case was not one for exercise of discretion and seems to suggest that, whenever there is likelihood of deception or confusion, discretion should be exercised adversely to the defendant. (1973) 1 A.L.R. 443, 450.

¹ (1974) 1 A.L.R. 497. High Court; McTiernan A-C.J., Menzies, Walsh, Gibbs and Mason JJ.

² The Edwards' list of defects appeared below.