

COMMENT

LOSS OF DISTINCTIVENESS, DECEPTION AND EXPUNGEMENT OF TRADE MARKS

THE "BALI-BRA" TRADE MARK CASE¹

THE "BALI" TRADE MARK CASE²

THE "G.E." TRADE MARK CASE³

INTRODUCTION

This note concerns the circumstances in which a registered trade mark can be expunged by order of the High Court under s. 22(1) (b) of the Trade Marks Act, 1955-58. Three recent cases are here considered, one Australian and two English, which have raised differences of approach in this area of trade mark law between English and Australian courts and have emphasized the difficulties of interpretation of the court's jurisdiction to expunge marks.

The Issues Generally—Section 22

The issues arise in the context of applications under s. 22(1) (b) which confers upon the High Court exclusive jurisdiction to expunge registered marks where they are "wrongly made in or remaining in the Register".⁴ The words "wrongly . . . remaining" first appeared in s. 35 of the U.K. Trade Marks Act, 1905, which Act was consolidated in the U.K. Act of 1938 and formed the basis of our Act of 1955.

Logically, s. 22(1) (b) can be read as conferring jurisdiction in two broadly discrete and separate circumstances:

- (1) Where the original registration of the mark was defective by reason of contravention of some essential pre-condition to valid registration provided by the Act, or perhaps, the common law, and
- (2) Where original registration was proper but the mark has *become* defective since registration and the defect is such as to vitiate the mark's continued presence in the register.

These two sets of circumstances will logically arise at different points of time in the history of a mark.

¹ (1968) 118 C.L.R. 128.

² At first instance before Ungood-Thomas, J. (1966) R.P.C. 387, in the Court of Appeal (1968) R.P.C. 426 and in the House of Lords (1969) R.P.C. 472.

³ Before Graham, J. in (1969) R.P.C. 418, and before Court of Appeal in (1970) F.S.R. 113. References to Court of Appeal are here (1970) R.P.C. 339. Now also see House of Lords' decision, *General Electric Co. (of U.S.A.) v. General Electric Co.* (1971) 1 W.L.R. 729.

⁴ This section is the counterpart to s. 32 in the U.K. Act of 1938, which gives jurisdiction to expunge "Any entry made in the register without sufficient cause, or . . . any entry wrongly remaining on the register. . . ."

However, s. 22(1)(b) is ambiguous in relation to two further sets of circumstances:

- (3) Where a mark which was defective when registered has, since registration, been cured of its defect, and
- (4) Where a mark, originally afflicted with defect A, was nevertheless registered, and has since been cured of defect A but has acquired defect B.

Cases (3) and (4) involve the question whether, to be "wrongly remaining", a registered mark must continue to be defective down to the date of application for expungement, and whether the continuing defect must be the same at that date as at the date of registration.

Sections 60 and 61

An analysis of s. 22(1)(b) is further complicated in relation to marks registered in Part A of the register,⁵ by s. 60 and s. 61(1) of the Act. Section 60 provides that, after three years' registration, a trade mark "shall not be removed . . . or be held invalid on the ground that it was not a registrable trade mark under section twenty-four of this Act, unless it is proved that it was not, at the commencement of the proceedings, distinctive of the goods of the registered proprietor". Section 24 both illustrates and prescribes the requirement of distinctiveness which is further defined by s. 26. The "proceedings" referred to in s. 60 expressly include applications under s. 22(1).

Section 61(1) provides that, where a mark has remained registered for seven years, it "shall be taken to be valid in all respects", except in three circumstances:

- (a) where the original registration is shown to have been obtained by fraud;
- (b) where it is shown that "the trade mark *offends* against the provisions of section twenty-eight"; or
- (c) where the mark is shown to be "not distinctive" of the goods of its proprietor at the date of the proceedings.

Both s. 60 and s. 61(1) aim to give prescriptive "validity" to registered marks upon the assumption that distinctiveness will develop by virtue of use over a period of time during which the owner enjoys, by reason of registration, the right to oppose or prevent the registration of substantially identical or deceptively similar marks⁶ and to restrain infringing use of the mark by others.⁷ Should the owner fail to protect the distinctiveness of his mark by oppositions and pursuit of infringers, or should he by his own action destroy that distinctiveness, he will acquire no prescriptive validity because neither s. 60 nor s. 61(1) applies where the mark is shown, by the party so asserting, to be "not distinctive" of the goods of its owner at the date of proceedings. In all proceedings relating to registered marks, s. 59 operates to relieve the owner of the onus of proving *ab initio* the validity of registration of his mark in every legal proceeding. Invalidity will principally be put in issue in applications for rectification of the register, in opposition proceedings, and as a defence to an action for infringement. The Act does not specifically confer jurisdiction upon any court to declare or determine "invalidity" *per se*.⁸

Sections 60 and 61(1) necessarily qualify the words "wrongly remaining"

⁵ The following discussion concerns only marks registered under Part A. Part B marks gain no prescriptive validity under s. 60 or s. 61(1).

⁶ S. 33 and Part VI generally. The best discussion of what constitutes substantially identical or deceptively similar marks is contained in the *Shell Oil Drop Case* (1963) 109 C.L.R. 407.

⁷ See s. 65.

⁸ Section 67 confers jurisdiction on the High Court in infringement cases but "does not deprive another court of jurisdiction" to hear such actions. Such actions may be commenced in State Supreme Courts by virtue of s. 39 Judiciary Act, 1909. Jurisdiction to expunge is, however, exclusive to the High Court.

in s. 22(1)(b) by circumscribing the circumstances in which expungement proceedings can succeed. Both sections set pre-conditions to proceedings, but neither expressly purports to delimit, exhaustively or otherwise, the grounds upon which a mark can be said to be "wrongly remaining". The scope of the phrases "wrongly made" and "wrongly remaining" must be sought elsewhere in the Act. It would be anomalous, however, if the original registration of a mark were to be "valid in all respects" for s. 61(1) purposes yet held to be either "wrongly made" or "wrongly remaining" under s. 22(1)(b). It is to be noted that s. 61(1) confers prescriptive validity only upon "original registration" and would not inhibit a finding that the mark in suit was "wrongly remaining" by reason of a defect arising since registration. The prescriptive validity conferred by s. 60 is essentially of the same character.⁹

Loss of Distinctiveness—Section 56

Further difficulty arises by reason of the necessity to integrate the protective provisions of s. 56(1) and the vitiating effect of s. 56(3) into the scheme of other provisions relating to loss of distinctiveness and acquisition of deceptiveness by registered marks. Section 56(1) provides that the registration of a trade mark "does not become invalid" by reason only of use, after registration, of a word contained in the mark as the "name or description of an article or substance". In apparent contradiction of s. 56(1), s. 56(3) goes on to provide that a mark shall be deemed to be an "entry wrongly remaining in the Register" for the purposes of s. 22 in either of two circumstances, namely where:

- (a) there is a well established use of a word contained in the mark as the name for goods by persons carrying on a trade in such goods; or
- (b) the word constituting the mark is "the only practicable name" for some new manner of manufacture formerly made under a patent which has lapsed for a period of two years.

The countervailing provisions of the U.K. equivalents of the Australian s. 56(1) and s. 56(3) were explained by Lord Wilberforce, in the *Daiquiri Rum Trade Mark Case*,¹⁰ who thought that s. 15 of the U.K. Act (our s. 56) affects the owner of a registered mark in two ways:

- (1) It operates *in favour* of the owner in that use by the general public of the words constituting the mark will not affect registration (whether such use causes loss of distinctiveness or creates a likelihood of confusion); and
- (2) It operates *against* the owner in that a "trade usage" of the words *will* adversely affect his mark and will, in fact, render it liable for expungement as "wrongly remaining" at the suit of some person aggrieved (presumably another trader) under s. 22(1)(b). Section 56(3) also seeks to dovetail the monopoly of a trade mark owner under the Act with the monopoly enjoyed under patent legislation, apparently on the basis that inability to market some manner of manufacture (for which the patent has expired) under the only name familiar to the public may inhibit a potential manufacturer from taking advantage of the expiration of the patent. In this way, a trade mark monopoly might act to the public detriment as a *de facto* extension of the patentee's former monopoly.

⁹The validity conferred by s. 60 appears to be qualitatively different since it prevents removal of the mark *simpliciter* rather than validating "original registration". However, s. 24 is essentially concerned with distinctiveness at date of registration and the exception to s. 60 (where distinctiveness is absent at date of proceedings) effectively equates s. 60 to s. 61(1) in this regard.

¹⁰(1969) R.P.C. 600 at 613.

It would thus seem necessary to qualify the jurisdiction to expunge under s. 22(1)(b) in the light of s. 56(1) and to qualify s. 61(1) "validity" in the light of s. 56(3). Indeed, Taylor, J. has expressed the view that the phrase "wrongly remaining" in s. 22(1)(b) must, as a matter of statutory construction, be limited exclusively to cases within s. 56(3). For Taylor, J., "use" under s. 56(3) is "the only kind of use after registration which is to operate to invalidate the mark on the ground of loss of distinctiveness" and it is not open to establish, independently of s. 56, that a mark has lost its distinctiveness and thereby wrongly remains on the Register.¹¹ His Honour points out that s. 56 was designed to overcome the decision in the "*Pyrex*" Case¹² which held that so-called generic marks (that is, marks which acquired universal public usage (*cf.* trade usage) denoting a new article or product) would *ipso facto* be invalid since they ceased to be distinctive of the goods of the proprietor.

Were the 1955 Act to be considered a self-sufficient code of trade mark law, Taylor, J.'s view would have much cogency. However, Taylor, J.'s view does, with respect, lack historicity. The words "wrongly remaining" appeared in the U.K. Act in 1905, and the section in the U.K. Act corresponding with s. 56 (s. 15) was not introduced until 1938 following the Goschen Committee Report which emphasized the distinction between the uncontrollable practices of the public at large, for which the owner of marks should not be penalised, and the practices of other traders which can be controlled by registered owners by infringement proceedings¹³. Our s. 56 was adopted (in almost identical wording) from the U.K. Act of 1938. In any event, the House of Lords have now rejected the view that the U.K. equivalent of s. 22(1)(b) (s. 32) is merely a procedural provision presenting the steps to be taken to give effect to an express power of removal conferred by other sections of the Act, such as s. 15(3) (our s. 56(3)), and does not give power to expunge otherwise than pursuant to such sections. Their Lordships in the *G.E. Case* held that where its original registration was lawful, a mark can only be expunged under s. 32 "if, at the time of the application, its continued presence on the Register is prohibited by virtue of some other provision of the Act. Such prohibitory provisions are not limited to those which . . . confer an express power of removal. They include all provisions which, upon their true construction, make unlawful the continued presence of the entry on the Register".

The Exceptions to Section 61(1)

"Validity" under s. 61(1) thus seems clearly *not* equivalent to "immunity from expungement". Quite apart from s. 56(3), a mark could be expunged on the grounds of non-user or of its registration without a *bona fide* intention to use the mark on the part of the owner under s. 23(1)(a) and (b).¹⁴ Thus the three exceptions to s. 61(1) provide only a clue to the kinds of defects which will render marks "wrongly made or wrongly remaining in the Register". These are:

"(a) where original registration was obtained by fraud."

Fraud in the relevant sense is nowhere defined in the Act, but for the purposes of s. 61 is not limited to fraud upon the Registrar. It extends to

¹¹ *Barrier Cream Case* (1965) 112 C.L.R. 537 at 561. Taylor, J. is in dissent. Neither Barwick, C.J., Kitto, J. nor Windeyer, J., nor McTiernan, J. at first instance discussed the point.

¹² *Jobling v. McEwan* (1933) V.R. 168.

¹³ Cmd. No. 4568 of 1934, and see (1969) R.P.C. 600 at 607.

¹⁴ For a discussion of "non-user" generally see Windeyer, J. in *Ellis v. Goldstein* (1967) 116 C.L.R. 254 at 268, and see W. J. Colman, 6 S.L.R. 52.

fraudulent procurement of a mark from other traders.¹⁵ It is that general species of fraud which "vitiates all transactions in law, and even court judgments".¹⁶ There is no dispute as to the date at which fraud is to be considered: ". . . where the original registration was procured by fraud, the use to which a monopoly so obtained was later put could not cure the initial invalidity. The crucial date is the date of application for registration".¹⁷ "(b) that the trade mark offends against the provisions of s. 28 of the Act."

Standing alone, s. 28¹⁸ appears to be designed only to prohibit registration of unregistered marks and thus to be addressed to the date of original registration. Section 28 speaks of "marks" *simpliciter*, not registered trade marks, and is found in Part IV of the Act which is concerned to describe *Registrable Trade Marks*. This view of s. 28 is further supported by the subjunctive mood of "would be likely to deceive", "would be contrary to law" and "would otherwise be not entitled to protection". All of these phrases indicate that the enquiry is to the *prospective* character of a mark as yet unregistered. On this view of s. 28, a registered mark will be unimpeachable under s. 61(1) (b) except in the limited case where it was *originally* registered in defiance of s. 28. But the present tense construction of "offends" in exception (b) to s. 61(1) prompts another reading of the words "shall not be registered" to mean "shall *neither be nor remain* registered". This view brings s. 28 down to the date of present proceedings and the enquiry is whether the *presently registered* mark is one the *continued* use of which would *at present* be likely to deceive.

The second view of s. 28 does not eliminate any of the ambiguity of s. 22(1) (b) in the four uses set out above. The first view seems to limit s. 22(1) (b) to case (1) above by reading the words "wrongly made or remaining" to mean "wrongly made and *therefore* wrongly remaining". However, s. 61(1) does not prescribe *grounds* for expunction; it rather sets preconditions to expungement proceedings.¹⁹

"(c) that the trade mark was not at the commencement of proceedings distinctive of the goods of the registered proprietor."

At common law a trade mark must indicate the exclusive origin of goods.²⁰

¹⁵ E.g. where a mark is revealed in circumstances importing an equitable duty of confidence, as was the case with the "Buz" mark in *Farley v. Alexander* (1946) 75 C.L.R. 487. Cf. the "*Tastee-Freez*" Case, where such circumstances were absent. (*Aston v. Harlee* (1960) 103 C.L.R. 391). Mere knowledge of foreign use of the mark does not constitute fraud (*Seven-Up Case* (1947) 75 C.L.R. 203).

¹⁶ *Farley v. Alexander* (1947) 75 C.L.R. 487 at 493 (*per* Williams, J.).

¹⁷ *Id.* at 493 and see *Shredded Wheat Co. Ltd. v. Kellog* (1939) 57 R.P.C. 137 at 148-50.

¹⁸ S.28 "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.*"

¹⁹ It should be noted that the counterpart to s. 28 in the U.K. Act (s. 11) is in slightly different terms:

S.11 "It shall not be lawful to register as 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 or would be contrary to law or morality, or any scandalous design."

The U.K. section may be contrasted with our s. 28 in that registration of a mark in defiance of s. 11 is made "unlawful" whereas s. 28 merely states that such a mark "shall not be registered". The U.K. section more clearly indicates *continuance* of invalidity of marks registered in defiance of its terms than does our s. 28. Moreover, s. 11 does not create an apparently vague category of marks which are "otherwise not entitled to protection in a court of justice". On the other hand, vagueness is introduced into s. 11 by the concept of marks which are "contrary to morality" which is not present in our s. 28. It will be argued below that a guide to the solution of difficulties of interpretation of s. 28 have been suggested by the House of Lords in the *G.E. Case*.

²⁰ *Post* n. 106.

Distinctiveness is the *sine qua non* of trade marks without which no passing off action could succeed. For the purposes of the Act, distinctiveness is defined by s. 26 which requires that a mark be "adapted to distinguish" goods connected with the owner in the course of trade from goods not so connected. Section 26(2) directs the court to have regard to the extent to which (a) the mark is "inherently adapted to distinguish" and (b) by reason of use or other circumstances *does* so distinguish. The High Court has held that "even if (a mark) has acquired distinctiveness by use it is still not distinctive, in the sense which justified registration, if it is inherently unadapted to distinguish".²¹ It is clear that loss of distinctiveness is not co-extensive with likelihood to deceive or cause confusion.

The foregoing discussion shows that the court's power to expunge marks is based upon a tangled matrix of overlapping and interrelated provisions. It is contended here that the Act aims to achieve the following balance of interests:

- (a) to maintain the purity of the Register in the interests of the public;
- (b) to induce registered owners to preserve the distinctiveness of their marks against other traders;
- (c) to withhold protection from marks which are likely to deceive or confuse the public; and
- (d) subject to (a), (b) and (c), to provide a commercially realistic statutory monopoly for registered marks.

The three recent decisions will be considered in the light of these objectives.

THE BALI-BRA TRADE MARK CASE²²

The first decision considered is that of Windeyer, J. exercising the original jurisdiction of the High Court upon the application by the Berlei company of New South Wales (hereafter "Berlei") to have the Register of Trade Marks rectified by the removal of the registered BALI-BRA mark. Berlei had been proprietor of the BERLEI mark registered in Part A in respect of clothing, since 1917. Berlei used the mark to denote its brassieres which had been extensively advertised and sold in large numbers and had "for many years been well known in Australia".²³

The BALI-BRA mark was owned by the Bali company of New York (hereafter "Bali"). It was registered in 1947 under the Trade Marks Act, 1905 and its registration deemed to be under Part A by virtue of s. 5(2) of the 1955 Act. Berlei did not at that time oppose its registration. The mark was not used on goods displayed for sale in Australia until 1960, but Bali sold large numbers of brassieres in America and advertised extensively in American fashion journals which were probably read by some Australian women during this time.²⁴ From 1961 onwards, the BALI-BRA mark appeared on imported brassieres sold in Australia. Bali's brassieres were more highly-priced than Berlei's, sold in fewer retail outlets and in far fewer numbers than Berlei's, and were very much a "specialty line". As a result, the BALI-BRA mark was not as widely known in Australia as the BERLEI mark at the date of the

²¹ *Per Kitto, J. in the Barrier Cream Case* (1965) 112 C.L.R. 537 at 554, and see *Yorkshire Copper Works Case* (1954) R.P.C. 150.

²² (1968) 118 C.L.R. 128.

²³ *Id.* at 130.

²⁴ Windeyer, J.'s holding that there was no inherent likelihood of confusion between the marks obviated any need to examine whether advertising could outweigh an inherent lack of distinctiveness within s. 26.

application for expungement. Berlei commenced an action for expungement of the BALI-BRA mark in the High Court in 1967.²⁵

Decision of Windeyer, J.

Since the BALI-BRA mark had stood for over seven years,²⁶ a preliminary issue of prescriptive validity arose under s. 61(1). No question of fraud arose. Berlei relied on exceptions (b) and (c) to s. 61(1) alleging that use of the BALI-BRA mark was likely to deceive or cause confusion and that it was not distinctive at the date of proceedings for expungement. Windeyer, J. considered the two views as to the date at which s. 28 is to be considered under s. 61(1)(b) stated above. Admitting that "considerations of policy" can be invoked for either view, his Honour posed the policy dilemma in this way:

Is a mark which was valid when registered to be removed because later events, perhaps the assiduous efforts of an infringer, have created a likelihood of confusion? On the other hand, is a mark which ought not to have been registered, because deceptive or likely to be confused with another mark, to be later struck off the Register if any serious risk of confusion or deception has disappeared?²⁷

His Honour thought that the solution to this dilemma may lie in the judicial discretion under s. 22(2).²⁸ He did, however, favour the second view of s. 28, stating that the enquiry was whether the mark was registrable under s. 28 at the date when expungement was sought. The present tense of "offends" was of critical significance.²⁹ His Honour thought that whether a mark was to enjoy s. 61(1) validity depended on *existing* circumstances, including any happenings *pendente lite*, and not upon circumstances existing at some earlier time.³⁰ Windeyer, J. held, for reasons examined below, that the mark did not offend s. 28 at the date of the hearing (1968). It was not then likely to deceive under s. 28(a).³¹ It was not "otherwise not entitled to protection in a court of justice" under s. 28(d) by reason of containing a geographical place name (Bali)³² and thereby allegedly misleading the public to believe that the brassieres were made in Bali.³³ Moreover, his Honour held that the BALI-BRA mark did *not* lack distinctiveness at the commencement of proceedings within exception (c) because it had never been used in Australia by anyone other than Bali. It was not sufficient to allege that a deceptively similar mark (BERLEI) existed.³⁴ It is clear that want of distinctiveness is not co-extensive with likelihood of confusion with other marks.

The original registration of the BALI-BRA mark was therefore unimpeachable. This finding did not, however, dispose of the case since s. 61(1) does not delimit the grounds for expungement under s. 22(1)(b) and relates

²⁵ At the time of hearing in 1968, a similar action between Bali and a company related to Berlei had in England come before Ungood-Thomas, J. and the Court of Appeal. These English proceedings were adverted to by Windeyer, J. but were not instrumental to his reasoning and are considered separately below.

²⁶ Seven years, for s. 61 purposes, means a period of seven years after commencement of the 1955 Act (1st August, 1958). See Kitto, J. *Barrier Cream Case* (1965) 112 C.L.R. 537 at 557.

²⁷ *Supra* n. 22 at 133.

²⁸ *Ibid.*

²⁹ *Id.* at 134.

³⁰ *Ibid.*

³¹ *Id.* at 140. Section 28(b) and (c) did not arise.

³² It is implied in s. 24(d) that geographical names are not inherently distinctive. Windeyer, J. concedes that "BALI" alone may well be unregistrable (*id.* at 141).

³³ Windeyer, J. delightfully took judicial notice of the fact that "Bali is not famed or known as a country where (brassieres) are made. Balinese women are not notable for wearing brassieres". *Id.* at 142.

³⁴ *Id.* at 141.

only to "original registration". Section 61(1) would only dispose of an application based solely on the basis that registration of BALI-BRA could have been successfully opposed in 1947. Windeyer, J. then considered the meaning of the phrase "wrongly made or remaining" in s. 22(1)(b), and read these words as raising two discrete questions. The first was whether s. 61(1) protected the BALI-BRA mark from challenge as being "wrongly made". The second was: "Is the mark now wrongly remaining in the Register?"³⁵ His Honour adopted the view of Wynn-Parry, J. in the *Pan Press Publications Case*,³⁶ that a mark can be held to be "wrongly remaining" only when "it can be shown that its continuance (in the Register) offends against the provisions of some other section". Making the best sense he could of the Act, Windeyer, J. held that a mark wrongly remained if "(a) it was at the date of registration not registrable by reason of s. 28, and (b) the character or quality which made it not registrable still exists at the date when an application that it be expunged has to be decided".³⁷

It is not insignificant that his Honour quotes no authority for this conclusion. Moreover, his Honour's conclusion does not fit comfortably with his view of s. 61(1). Having decided that s. 61(1) conferred validity upon a mark unless (under exception (b)) it presently offends s. 28, it would seem neater to ground expungement upon that *present* offence instead of requiring also that the original registration offended s. 28 by reason of the presently offensive quality. And what of marks which were *properly* registered and have acquired defects such that they would not now be registrable by reason of offending s. 28? Such marks have no prescriptive validity under s. 61(1), but are not, apparently, expunged under Windeyer, J.'s formula. It is submitted that it is consistent with both principles of construction and the policy of the Act that a mark "wrongly remains" if it *presently* offends s. 28. Certainly no authority *compels* a contrary view.³⁸

In the event, Windeyer, J. decided that the BALI-BRA mark did not offend s. 28(a) when first registered.³⁹ The onus of so proving was on the applicant seeking rectification (Berlei).⁴⁰ The onus in expungement cases has never been disputed. It has long been held that where a mark has been long registered, the court will give the registered owner the benefit of any doubt as to its validity.⁴¹ Berlei had not discharged this onus.

Likelihood of Confusion—Section 28

Under Windeyer, J.'s formulation, Berlei was obliged to prove that the BALI-BRA mark offended s. 28 when registered (1947) and also that the offensive quality persisted at the date of Berlei's application (1968). Berlei relied principally on s. 28(a) alleging that the BALI-BRA mark was "likely to deceive or cause confusion" in 1947 by reason of its phonetic similarity to the BERLEI mark. This phonetic similarity would presumably be the same in 1947 as in 1968. While similar pronunciation of the words Bali ("barley") and Berlei ("burly") was common, Berlei failed to prove likelihood of con-

³⁵ *Id.* at 134.

³⁶ (1948) 65 R.P.C. 193 at 200. This view is also adopted by Kerly on *Trade Marks*, 9 Ed. (1966) at 207 but has been severely criticized by the Court of Appeal, *post* n. 100.

³⁷ (1968) C.L.R. 128 at 135.

³⁸ This view has not been adopted by Graham, J. (*supra* n. 102) and Court of Appeal in the *G.E. Case* (*supra* n. 103). It has now been sanctioned by the House of Lords in that case.

³⁹ *Supra* n. 37 at 140.

⁴⁰ S. 59 deems a mark valid "unless the contrary is shown". By contrast the onus in applications for registration lies upon the applicant to negative deceptiveness.

⁴¹ Kerly, *op. cit.* *supra* n. 36 at 207, and *Cheeseborough Manufacturing Co.'s Trade Mark Case* (1902) Ch. 1.

fusion in the relevant consumer public.⁴² Absence of evidence of *actual* confusion at the date of registration was not fatal to Berlei's case because proof of likelihood of confusion at the date of proceedings could supply the wisdom of hindsight to enable the court to find a deceptive potential at an earlier time.⁴³ The need to furnish evidence of deceptiveness at the time of registration results from Windeyer, J.'s decision that a mark must offend s. 28 when registered. Evidentiary difficulties may be severe.⁴⁴ His Honour's approach mitigates these difficulties, but invites a confusion of non-contemporaneous commercial circumstances. Adduction of *any* evidence of likelihood of confusion is fraught with difficulties. Berlei tendered affidavit evidence of "trap-orders" of the kind used in passing off cases.⁴⁵ While Windeyer, J. described these as "a common and entirely legitimate procedure",⁴⁶ they tended only to show that Berlei benefited from such confusion as existed and its *locus standi* as an "aggrieved person" was thereby jeopardized.^{46a}

The question under s. 28(a) is whether "there will be a confusion in the mind of the public which will lead to confusion in the goods".⁴⁷ Windeyer, J. confirmed that the test was objective in the sense that neither "to deceive" nor "to cause confusion" necessarily predicates *intentional* misrepresentation.⁴⁸ Finally, Windeyer, J. noted that s. 33, which disqualifies for registration marks which are "substantially identical with or deceptively similar to" marks already registered, could not avail Berlei because of the prescriptive validity of s. 61(1). The efficacy of this decision is doubtful in the fact of s. 6(3) which equates the test of "deceptive similarity" in s. 33 with that on "likelihood to deceive or cause confusion" in s. 28(a).

The major questions left open by his Honour's judgment are, finally, the viability of his formulation of the ground for expungement, and the exhaustiveness of this formulation.

THE ENGLISH BALI CASE⁴⁹

This case also involved the Bali company of New York (Bali) and the Berlei company of United Kingdom (Berlei U.K.). Berlei U.K. obtained registration of its mark in 1924. Bali obtained registration of the word BALI set in a device in 1938 and sold small numbers of its products bearing the mark between 1935 and 1939 when wartime importation restrictions intervened to prevent use of its mark by Bali until 1959. In 1960 Bali applied to register the word BALI *simpliciter*. Berlei U.K. opposed this application and also sought to expunge the earlier mark on the grounds of non-use and that the original registration of the BALI mark in 1938 offended against s. 11 of the English Act.⁵⁰

⁴² As to what constitutes the relevant public, see *post* n. 85.

⁴³ *Supra* n. 37 at 138.

⁴⁴ As highlighted by the *G.E. Case* where over sixty years separated initial registration and expungement proceedings.

⁴⁵ Typically, a Bali brassiere was asked for in shops that did not stock them and a Berlei item tendered in response.

⁴⁶ *Supra* n. 37 at 136.

^{46a} S. 22 requires that the applicant for expungement be a "person aggrieved", as to which see *Powell's Trade Mark Case* (1894) A.C. 8 at 10. Market advantage is, however, irrelevant to the question of existence of confusion.

⁴⁷ *Per* Parker J. in the *Pianotist Case* (1906) 23 R.P.C. 774 at 777.

⁴⁸ (1968) 118 C.L.R. 128 at 140 (*pace* Diplock, L. J. *post* n. 77).

⁴⁹ *Supra* n. 2.

⁵⁰ Section references under this heading are to the Trade Marks Act 1938 (U.K.).

Decision of Ungoed-Thomas, J. and Court of Appeal

Ungoed-Thomas, J., on appeal from the Registrar,⁵¹ dismissed the non-user as justified by special circumstances, but confirmed in favour of Berlei that the BALI mark should be expunged. He held, on the issue of fact, that there *was* such a similarity between the BALI and BERLEI marks, especially such phonetic similarity, that a substantial likelihood of deception or confusion existed *both* at the date of first registration (1938) *and* at the date of the rectification proceedings (1960).⁵² More importantly, on the issue of law, his Lordship held that a mark could be expunged on at least two grounds:

- (a) that the mark had a potential to deceive or cause confusion at the date of registration, *or*
- (b) that since the date of registration the mark had become deceptive by reason of circumstances over which the registered proprietor had control.⁵³

On appeal to the Court of Appeal,⁵⁴ it was held (Denning, M.R., Salmon, L.J., with Diplock, L.J. dissenting) that:

- (1) the onus of proving that the BALI mark was likely to cause confusion was on Berlei U.K.⁵⁵
- (2) in determining whether such a likelihood existed at the date of registration, evidence that deception existed at the date of the application for rectification, or even at the date of the proceedings, was admissible and relevant;⁵⁶ and
- (3) Berlei U.K. had not discharged its onus. In so holding, their Lordships were sceptical of "trap-order" evidence led by Berlei U.K. (as Windeyer, J. had been) and were less impressed with evidence of this nature, no matter how copious, than with their own unaided appreciation of phonetic similarity or dissimilarity in the marks.⁵⁷ Bali's evidence of buyers and retailers who stocked both brands and were not confused, was similarly unimpressive.⁵⁸

On the issue of law, Lord Denning assumed, without discussion, that the relevant date to consider likelihood of confusion was the date of first registration.⁵⁹ Salmon, L.J. agreed, and pointed out that since *actual* user was not a precondition to registration, actual instances of confusion at the date of registration would not necessarily be available as evidence.⁶⁰ Diplock, L.J. (now Lord Diplock) dissented on this issue of law but, in view of his finding of fact that the BALI mark *was* likely to cause confusion *both* in 1938 and 1960, did not voice a definitive view on the law. His view was, however, that the date of the rectification proceedings was the relevant date.

⁵¹ Our procedure is not identical. Our Registrar has concurrent power to remove a mark only on s. 23(1) grounds in which case an appeal lies under s. 23(7) to the Appeal Tribunal (i.e. High Court in its original jurisdiction: s. 111). The High Court has exclusive power to rectify the register under our s. 22(1).

⁵² (1966) R.P.C. 387 at 404 (*pace* Windeyer, J. *supra* n. 39). His Lordship based this decision partly on the "substantial reputation" attached to the BERLEI mark not matched by the notoriety of the BALI mark either in 1938 or 1960, and partly on his understanding of usual pronunciation of the words. (*Id.* at 403).

⁵³ *Id.* at 402. In the case before His Lordship, the BALI mark's proneness to cause confusion existed in 1938 and therefore the mark should be expunged on ground (a) above. However, even though supervening circumstances beyond Bali's control (*viz.*: prohibition for 20 years of importations and sale of its products) had caused the mark to become even *more* deceptive by 1960, it would *not* be expunged on ground (b).

⁵⁴ *Supra* n. 2.

⁵⁵ See also Windeyer, J. *supra* n. 39.

⁵⁶ (1968) R.P.C. 420 at 439. For Salmon, L.J. such evidence would "illuminate in retrospect" whether there was any *real* likelihood of confusion at date of registration.

⁵⁷ (1968) R.P.C. 426, *per* Denning, M.R. at 431 and Salmon, L.J. at 435.

⁵⁸ *Id.* at 435.

⁵⁹ *Id.* at 431.

⁶⁰ *Id.* at 440.

Decision of House of Lords

The House of Lords unanimously affirmed the view of Diplock, L.J. on the question of fact and restored the decision of Ungood-Thomas, J.⁶¹ Their Lordships all thought that the majority in the Court of Appeal had been too impressed by the paucity of evidence of actual instances of confusion adduced by Berlei U.K. It was held that the judicial ear was, whether or not aided by evidence, perfectly attuned to perceive whether it was obvious that deception and confusion would be likely to result from the use of both the BALI and BERLEI marks in a competing trade.⁶² This was described by Lord Wilberforce as "the plain, common sense view".⁶³ Lord Guest went so far as to say that phonetic similarity (at least in this case) gave rise to a "*prima facie* inference of confusion" and that the evidence led by Bali from witnesses who had *not* been confused was not sufficiently strong to rebut this *prima facie* inference.⁶⁴ Their Lordships also strongly objected to the argument that the applicant for expungement must adduce not merely evidence of actual confusion, but evidence of confusion *detrimental* to the applicant's business.⁶⁵ This argument was suggested by Lord Denning in the Court of Appeal whose judgment appeared to emphasise the fact that there was "no evidence of any single instance of any person being confused to the detriment of (Berlei U.K.)"⁶⁶ and by Salmon, L.J. who pointed out that Berlei U.K.'s "trap-orders" did not reveal a situation "to the prejudice of the Berlei company . . . and hardly (one) to the prejudice of the public".⁶⁷

Their Lordships did, however, approve of the approach of the Court of Appeal that, given that the enquiry was as to the likelihood of deception at the date of registration, "evidence tending either to prove or disprove deception in much later periods did not become irrelevant (but) could be important".⁶⁸ Applying such evidence, the House held that the BALI mark was prone to deceive and ordered that it be expunged from the register.

The Issue of Law

Ungood-Thomas, J. held that a mark could be expunged if proved likely to deceive or cause confusion *either*

- (a) at the date of registration, *or*
- (b) at a subsequent date, but only if the deception was due to supervening circumstances over which the owner *had control*.⁶⁹

In so deciding, his Lordship relied upon the conclusion of Wynn-Parry, J. in the *Pan Press Publications Case* where it was said that, apart from any express provision in the Act, the court will *not* direct expungement of a mark "of which it cannot be suggested that it was calculated to deceive when it was registered . . . but which in course of time *through circumstances over which*

⁶¹ (1969) R.P.C. 472 before Lords Morris of Borth-Y-Gest, Guest, Upjohn, Wilberforce and Pearson.

⁶² *Id.* at 485 per Lord Morris.

⁶³ *Id.* at 498.

⁶⁴ *Id.* at 492.

⁶⁵ The attitude of the House of Lords is best expressed by Lord Morris: "That the evidence did not positively prove that there had been cases where detriment or financial loss had actually been caused to Berlei was immaterial. What has to be considered is . . . likelihood of deception or confusion in the mind of the public." (1969) R.P.C. 472 at 486.

⁶⁶ (1968) R.P.C. 426 at 431.

⁶⁷ *Id.* at 441. Windeyer, J. made similar observations as to the absence of proof of commercial detriment to Berlei's business, but dismissed speculation as to the commercial motive behind the expungement application as being irrelevant (*supra* n. 1 at 136).

⁶⁸ *Id.* at 483 per Lord Morris. This was also the view of Windeyer, J., *supra* n. 46.

⁶⁹ *Supra* n. 53.

the owner of the mark has had no control has become calculated to deceive".⁷⁰ Wynn-Parry, J. relied on the decision of Eve, J. in the "*Gripe-Water*" Case.⁷¹

Ungoed-Thomas, J. also referred to the *Bowden Wire Case*⁷² (where deceptiveness occurred by reason of user of the mark licensed by the owner) and *Thorne & Sons v. Pimms Ltd.*⁷³ (where deception arose from a statement, forming part of the mark itself, rendered misleading by change of user of the mark). These cases are discussed below. Ungoed-Thomas, J. also considered that if a mark was disintitiled to "the protection of a court of justice" by reason of its being deceptive at the date of registration, then it should be removed, notwithstanding that subsequent events "might since have entitled it to such protection" and to registration at a later time. His Lordship cites *Peddie's Application*.⁷⁴ The "subsequent events" relied on in that case as proof of loss of deceptiveness were slight and consisted of allegedly honest concurrent user for less than three years. This is a weak case of "cured deceptiveness". The point cannot really be said to be decided.⁷⁵

Diplock, L.J. in the Court of Appeal (dissenting) disagreed with the decision of Wynn-Parry, J. in *Pan Publications*⁷⁶ on the basis that it was based on the decision of Eve, J. in the "*Gripe-Water*" Case which was superseded by the replacement of the expression "to deceive" (which his Lordship thought imported an element of "culpability") by the phrase "to deceive or cause confusion" (which imports no such culpability).⁷⁷ His Lordship has since then resiled from this view in the *G.E. Case*. Diplock, L.J. also pointed to the present tense of "offends" in s. 13 (our s. 61(1)(b)) and concluded that this pointed strongly to the date of the proceedings being the proper date at which to determine deceptiveness. If the date of registration were the relevant date under paragraph (b), the natural way of expressing this would be to say "unless that registration (a) was obtained by fraud, or (b) offended against the provisions of section 11. . . ." ⁷⁸ There is epistemological cogency in his Lordship's argument.

The House of Lords was not obliged to decide the issue of law.⁷⁹ Lord Upjohn, however, surveyed the legislative history and operation of s. 11 and expressed the view that, while the common law principles relating to passing

⁷⁰ (1948) 65 R.P.C. 193 at 201. This statement is adopted by Kerly, *op. cit. supra* n. 36 at 349. The *Pan Press Publications Case* concerned the mark "Pan-Books" with a device representing the Greek God, registered for books. Expungement was sought on the ground that the mark wrongly remained on the register and the applicant company, failing to prove likelihood of deception at the date of registration, sought to argue that the mark had, by reason of its own use of the mark since its registration, become deceptive. Wynn-Parry, J. rejected the general proposition that where the evidence showed a mark had become calculated to deceive it should be *ipso facto* removed. (*Id.* at 200).

⁷¹ *Woodward v. Boulton Macro* (1915) 32 R.P.C. 173. This case concerned a mark which had become deceptive in the sense of "non-distinctive" since the date of original registration because, through no fault of its owner, the word "gripe-water" had come to be used by the general public to describe any specific for gripes. Loss of distinctiveness due to common usage has since been legislatively provided for e.g. by s. 56(1) of our Act (*supra* n. 10).

⁷² (1914) 31 R.P.C. 385.

⁷³ (1909) 26 R.P.C. 221.

⁷⁴ (1944) 61 R.P.C. 31. This case concerned the mark "Supavite", registered for medicated vitamin preparations, which was held to be wrongly registered by reason of prior registration and use of the mark "Supervita" by the applicant for expungement.

⁷⁵ The decision is only that of The Comptroller-General sitting as Registrar of Trade Marks.

⁷⁶ *Supra* n. 70.

⁷⁷ (1968) R.P.C. 426 at 434. Windeyer, J. disagreed with this conclusion (*supra* n. 43).

⁷⁸ *Ibid.*

⁷⁹ Their Lordships agreed to approach the case on the basis that if Berlei U.K. could prove likelihood of deception in 1933 it could, *a fortiori*, prove such a likelihood in 1960 by reason of non-use by Bali of its mark between 1939-1959. (*Id.* at 483).

off give some colour to s. 11, the court need not find something akin to passing off before holding a mark to be deceptive. The recent suggestion by Buckley, J. in the *Transfermatic Case*⁸⁰ that a person seeking expungement must show grounds for a successful injunction on grounds of passing off, was strongly disapproved.⁸¹ Citing cases pre-dating first enactment of s. 11, his Lordship stated that, at common law, no evidence of recognition by the public was required in order to prove that a distinctive mark was in use *as a trade mark* before 1875.⁸² Section 11, like its predecessors, was designed not so much to protect reputations of traders *inter se*, as to protect the public.⁸³ It is clear that "the public" refers to that part of the general public which constitutes the relevant market in the goods bearing the mark in suit. *Dicta* to the effect that deception must be likely "amongst a substantial number of persons"⁸⁴ constitute a judicial gloss which must be "sensibly" applied to the special circumstances of each case.⁸⁵ It is sufficient that a large number of persons in the relevant buying public would conclude that the products of two producers come from the same source if the mark in suit were to remain on the register.

THE G.E. TRADE MARK CASE⁸⁶

The General Electric Company of the United Kingdom (hereafter G.E.C.) had since 1903 sold a wide range of electrical goods in the U.K. bearing a mark comprising the letters GEC in script. The GEC mark was registered in 1906 and had become widely known. General Electric Company of New York (hereafter G.E.) was an American company unrelated to the English company, which manufactured, *inter alia*, a similarly wide range of electrical goods which it sold in America and the U.K. under a mark consisting of two letters GE in stylized lettering inside an ornamental circle called a "rondel". G.E. registered the GE rondel mark in England in 1907 but the volume of its sales under that mark in the United Kingdom was small in relation to sales by G.E.C. The size and notoriety of both companies in their countries of origin was substantial.⁸⁷ About 1960, after failing to obtain G.E.C.'s agreement to the use of the GE rondel mark on certain household electrical appliances, G.E. incorporated a wholly-owned subsidiary in the United Kingdom to make and sell its goods under a new mark, MONO-GE-GRAM, in which the GE rondel appeared. In 1965 it sought to further penetrate the U.K. market in partnership with a British concern in a joint venture company styled Simplex-G.E. Ltd. which was registered as a user of the GE rondel mark and sold its switchgear bearing the mark SIMPLEX-GE.

⁸⁰ (1966) R.P.C. 568.

⁸¹ (1969) R.P.C. at 495.

⁸² *Id.* at 494.

⁸³ *Id.* at 495.

⁸⁴ E.g. *The Hovis Case; Smith Hayden & Co.'s Application* (1945) 63 R.P.C. 97 per Evershed, J. at 101.

⁸⁵ (1969) R.P.C. 4 at 495. Lord Upjohn cited Buckley, J. in the *Transfermatic Case* (*supra* n. 49) with approval. There the goods consisted of sophisticated motor car assembly equipment and the relevant public was held to consist of "senior executives" in the U.K. motor industry. Contrast the *Hovis Case* (*supra* n. 84) where "British housewives in general" constituted the market. Also see Windeyer, J. (*supra* n. 1) at 139 where his Honour considers the relevant public to be "those who normally buy brassieres".

⁸⁶ (1969) R.P.C. 418 before Graham, J. and (1970) R.P.C. 339 in the Court of Appeal.

⁸⁷ *Id.* at 435. The American G.E. is often ranked amongst the 10 largest companies in the world.

In 1969 G.E.C. sought rectification of the register by the removal of the 1907 registration of the GE rondel mark on two grounds:

1. that the public was likely to be deceived as to the origin of goods bearing either the MONO-GE-GRAM or SIMPLEX-GE marks, and
2. that the 1907 registration did not cover switchgear and, by licensing Simplex-G.E. to use the GE rondel outside of G.E.'s own registration, it had rendered the mark invalid so that it wrongly remained on the register.

The Decision of Graham, J.

At first instance Graham, J., on the first ground held that despite the voluminous evidence tendered on its behalf, G.E.C. had failed to show a genuine likelihood of deception arising from the concurrent registration and use of the two marks. His Lordship distinguished deception arising from use of the marks from that likely to arise from the company names themselves.⁸⁸ Traders who chose to use broadly *descriptive* words as part of their names could not expect to gain broad protection, as was explained by Lord Simonds in the *Office Cleaning Case*.⁸⁹ Graham, J. reasoned that since both the GE and GEC marks suggest the words "General Electric" which is equally descriptive of both companies, neither could complain of confusion caused by the companies' names as distinct from their marks *per se*.⁹⁰ The dictum of Lord Simonds appears in the context of a case of passing off under the common law. Graham, J. appears to import this rationale into the trade marks legislation. It is submitted, however, that the rationale of trade marks legislation is different, being based on protection of the public rather than traders *inter se*,⁹¹ and presupposes that every mark can be designated as either likely or not likely to deceive or cause confusion at any given moment.

Graham, J. dismissed the expungement application so far as it was based on this first ground. This decision was unanimously reversed by the Court of Appeal⁹² where it was held that the GE mark was likely to deceive a very substantial portion of the public at the date of the proceedings. (1967) It was emphasized, as in the *Bali Case*,⁹³ that too much importance should not be attached to the paucity of evidence of actual instances of deception or confusion. As a matter of law, Graham, J. considered that he had power to remove marks which did not offend against s. 11 (our s. 28) at the date of original registration but which had subsequently come to offend against s. 11 at the time of expungement proceedings. His Lordship expressed four views on the operation of s. 11 which are strictly *obiter dicta* since his Lordship failed to find evidence of a deceptive potential in the GE rondel mark at its date of registration thus treating the mark as properly registered in 1907. In his Lordship's view:

(a) The question under s. 13 (our s. 61(1)) was "Does the *trade mark* offend *now* against s. 11?" (our s. 28).⁹⁴

(b) If the answer is "No", then the original registration cannot be attacked (absent fraud)⁹⁵ after seven years.

⁸⁸ *Id.* at 443.

⁸⁹ *Office Cleaning Services Ltd. v. Westminster Window & General Cleaners Ltd.* (1946) 63 R.P.C. 39.

⁹⁰ (1969) R.P.C. 418 at 443.

⁹¹ See Lord Upjohn *supra* n. 83.

⁹² (1970) R.P.C. 339 at 373 (*per Salmon, L.J.*) at 382 (*per Winn, L.J.*) and at 388 (*per Cross, L.J.*).

⁹³ *Supra* n. 43.

⁹⁴ (1969) R.P.C. 418 at 461. His Lordship points out that s. 13 (our s. 61(1)) speaks of "trade mark" not *registration*, and "offends" not *offended*. On this point, Graham, J. agrees with Windeyer, J. *Supra* n. 29.

⁹⁵ *Id.* at 461. Our s. 61(1) also contains exception (c) allowing attack if the mark was not distinctive at the commencement of proceedings.

(c) If the answer is "Yes" then the original registration can be attacked on *any ground* notwithstanding registration of seven years' standing. If this is so, the whole of s. 13 (our s. 61(1)) protection is negated, but Graham, J. went on to qualify his view by saying: "The mere answer 'yes' does not mean that the mark should automatically be removed . . . because it is necessary to go on to show that the *original* registration was invalid on some ground *and* that discretion should be exercised to remove it."⁹⁶

(d) Graham, J. further asserted that the court has clear power to remove a mark which is "wrongly remaining" quite apart from s. 11 and s. 13. He disagrees with the view of Wynn-Parry, J. in *Pan Press Publications Case*⁹⁷ that a mark can only be removed as being wrongly remaining if it offends against some other section in the Act. For Graham J., the words "wrongly remaining" are "very apt to describe the state of affairs when a mark originally properly registered has become deceptive or confusing since registration".⁹⁸ If the words "wrongly remaining" were to mean only "wrongly registered", they would clearly be superfluous. His Lordship pointed to the desirability of maintaining the purity of the register for the public of the *present* rather than the public of the *past*.

Decision of Court of Appeal

On this issue of law, the Court of Appeal unanimously upheld Graham, J.'s view (d) above and in fact went further to say that there was power to expunge a mark if, subsequent to registration, it *became* likely to deceive or cause confusion, whether or not caused by fault on the part of the registered owner.⁹⁹ Their Lordships also expressly dissented from the view of Wynn-Parry, J. in the *Pan Press Publications Case*.¹⁰⁰ Their Lordships followed instead Neville, J. in *Thorne & Sons v. Pimms*.¹⁰¹

It is to be noted that Graham, J. did not deal with the question whether a validly registered mark can, or should as a matter of discretion, be expunged where its subsequent deceptive capacity arises through no fault of its owner. The Court of Appeal, therefore, goes further than Graham, J. For instance, Salmon, L.J. finds the principal mischief aimed at by s. 32 (our s. 22(1)) to be marks likely to deceive and finds no authority that such marks rightly remain registered, even if use of them constitutes passing off, merely because they were validly registered.¹⁰² Salmon, L.J. expressly disapproved of the view put forward by Eve, J. in *Woodward v. Boulton Macro*¹⁰³ (adopted by Wynn-Parry, J. in the *Pan Press Publications Case*), that where a registered mark's deceptive quality arose after registration it could only be expunged if the deception was caused by some fault of the owner. Salmon, L.J. pointed out that the public mischief which flows from deception *per se* is the same whether or not the deception is caused by a wrongful act either by the owner or another.¹⁰⁴ The fact that deception was caused by the acts of the *applicant* for expungement may well, however, be decisive in influencing the court to exercise its discretion whether or not to expunge a deceptive mark.

⁹⁶ *Id.* at 461. It is not clear whether, for a mark of three years' registration, our s. 60 would continue to protect the mark from invalidity on the ground that it was "not a registrable trade mark" under s. 24 of our Act.

⁹⁷ *Supra* n. 36.

⁹⁸ (1969) R.P.C. 418 at 461.

⁹⁹ (1970) R.P.C. 339 at 368 (*per* Salmon, L.J.) at 381 (*per* Winn, L.J.) and at 389 (*per* Cross, L.J.).

¹⁰⁰ *Id.* at 368 *per* Salmon, L.J. who reserved the point in the *BALI Case* but is now convinced that Wynn-Parry, J. was wrong, at 381 *per* Winn, L.J. and at 388 *per* Cross, L.J. who, while agreeing with Diplock, L.J. in the *BALI Case*, disagrees with his reasons.

¹⁰¹ *Supra* n. 73.

¹⁰² *Id.* at 366.

¹⁰³ *Supra* n. 71.

¹⁰⁴ (1970) R.P.C. 339 at 368.

The Licensing Objection

The attribution and effect of fault becomes important in respect to a second ground of appeal which, as Cross, L.J. observes, is dependant upon neither the existence of G.E.C. nor the possibility of confusion with its mark.¹⁰⁶ G.E.C. argued that the GE rondel mark had been vitiated or "muddied" by reason of (1) use of the registered mark in the "Mono-GE-Gram" mark by GE's wholly owned subsidiary without a registered user agreement, and (2) the licensing of the mark to the Simplex-GE company for use on goods outside the classes in respect of which it was registered.

At common law it was orthodox doctrine, at least until the *Leather Cloth Case* in 1865,¹⁰⁶ that a trade mark owner could never assign or, *a fortiori*, license the use of his mark to another. The reason is to be found in the nature of a trade mark itself, being a mark indicative of the exclusive source or origin of goods. Thus a mark could only be assigned when the "origin is assigned with it".¹⁰⁷ A naked assignment (an assignment "in gross") would expose the public to confusion as to the origin of the goods. It is clear that before provisions for registered user agreements (which first appeared in U.K. Act of 1938 and are substantially copied in Part IX of our Trade Mark Act, 1955) any licence to use a trade mark without an assignment of the goodwill of the business or trade in connection with which it was used wholly destroyed the validity of the mark at common law.¹⁰⁸ A registered mark consists notionally of a common law mark protected by the general law of passing-off and a registered mark protected by and enjoying its monopoly under statute in respect only of the class of goods for which it is registered.¹⁰⁹ Registration of the mark is no bar to a passing off action which is usually available as an alternative remedy.¹¹⁰ Even after the provisions for registered user, therefore, a mark could only be assigned without harm to its distinctiveness, as a common law mark in strict accordance with the Act. Thus, if goods for which a registered mark was purportedly licensed were not within the classification of goods for which it was registered, the mark would at common law be destroyed and, *ergo*, "the indivisible registered mark would equally perish".¹¹¹

¹⁰⁶ *Id.* at 392.

¹⁰⁶ *Leather Cloth Co. Ltd. v. The American Leather Cloth Co. Ltd* (1865) 11 H.L.C. 523.

¹⁰⁷ *Pinto v. Badman* (1891) 8 R.P.C. 181 at 192 where a common law trade mark is instructively referred to as not property but "an accessory of property" in the "manufacturing of the goods".

¹⁰⁸ *Id.* at 194. See also *Bowden Wire Case* (1914) 31 R.P.C. 385.

¹⁰⁹ *Montgomery v. Thompson* (1891) A.C. 217 (the "*Stones Ale*" Case.) The fact that an injunction to restrain passing off effectively achieves *vis-a-vis* the party restrained the same protection conferred by registration is no bar to the equitable remedy (see Lord Herschell at 220).

¹¹⁰ This is expressly stated in s. 2 of the U.K. Act. There is no similar provision in our Act, but the availability of concurrent remedies is implied and qualified in s. 68 which provides a statutory defence to award of damages for passing off involving registered marks but does not affect purely equitable relief. The validity of s. 68 under the Commonwealth's legislative power, conferred by s. 51 placitum (xviii) may be questioned. In both countries it is common to add a claim of passing-off to an action for infringement.

¹¹¹ (1970) R.P.C. 339 at 384 (*per* Winn, L.J.). The stringency of the common law rule is illustrated by the *Bowden Wire Case*, (1914) 31 R.P.C. 385. In that case, the plaintiff, which made and sold bicycle brakes and brake wires under the registered "Bowden" mark, assigned its brake manufacturing business and granted the assignee a licence to use the "Bowden" mark. The assignee continued to use the mark after the licence expired but the plaintiff's action for infringement of its registered trade mark failed. The House of Lords held that the purported licence vitiated the registered mark since it no longer indicated that the goods were the goods of the registered proprietor. The exclusive distinctiveness of the mark was destroyed, and the public liable to deception, because use of the mark had become disassociated from ownership of the mark.

The Decision of the Court of Appeal re Licensing Objection

The arguments advanced by G.E.C. in support of its objection to the method of licensing used by G.E. were as follows:

1. that use of the GE rondel by the Mono-GE-Gram company vitiated the mark; and
2. that because switchgear was not within the class of goods for which the GE rondel was registered, G.E. had in fact licensed to the Simplex-G.E. company only a common law mark, and had thereby vitiated both the common law mark and the registered mark.

In both cases the mark was said to be vitiated because it had ceased to indicate a sole and exclusive origin of goods bearing the GE rondel. The arguments for G.E.C. were that a trade mark must still indicate the origin of goods, that its use on goods of a licensee must inevitably confuse the public, and that the only exception to the rule that a purported licence destroys the validity of a mark is a registered user agreement under the statute. The Court of Appeal unanimously rejected these arguments on the basis that G.E. had retained a degree of "quality control" over goods manufactured and sold bearing the GE rondel by its licensees, and that this "quality control" amounted to a sufficient "connection in the course of trade" between the products and G.E. to satisfy the definition of a trade mark in the Act.¹¹² Winn, L.J. emphasized that G.E. retained such "quality control" by reason of its ownership of the Mono-GE-Gram company and by the terms of its licence agreement with the Simplex-G.E. company.¹¹³ It is not clear, however, whether the mere fact that the licensee is a wholly or substantially owned subsidiary is sufficient to imply the necessary degree of "quality control".¹¹⁴

The principal authority relied upon by their Lordships was the *Radiation Case*.¹¹⁵ In that case the owner of the "Radiation" mark did not itself manufacture and sell goods but was parent company to a family of associated and subsidiary companies which made a variety of electrical goods upon which the "Radiation" mark was used. The parent company licensed its offspring to use the mark, but it also dictated their commercial policies, and maintained its own "testing establishment" and inspection staff to ensure the standard of goods put out by the group. Distinguishing the facts of the *Bowden Wire Case*,¹¹⁶ the Comptroller-General held that there was a sufficient connection arising from "quality control", between the registered owner of the mark and goods bearing the mark for it to comply with the definition of a "trade mark". The case, it should be noted, pre-dates the introduction in 1938 of provision for registration of user agreements.

The *Radiation Case* was affirmed by Lloyd-Jacob, J. in the *Bostitch Trade Mark Case* in 1963,¹¹⁷ a case decided under the 1938 Act. In this case, a foreign owner of a registered mark sold goods (staplers) in England through a U.K. distributor. When wartime importation of the foreign-made goods was inhibited, the distributor was licensed to make staplers and sell them under the "Bostitch" mark. The distributor began using the mark on other goods and continued to do so after the licence was revoked. When the owner of the mark claimed infringement, the distributor sought expungement of the

¹¹² *Id.* at 372 (*per* Salmon, L.J.), at 385 (*per* Winn, L.J.) and at 394 (*per* Cross, L.J.). (See our s. 6(2).)

¹¹³ *Id.* at 385.

¹¹⁴ The Registrar in England deems it sufficient quality control in satisfying particulars of such control for purpose of registration of a user agreement under the English equivalent of our s. 74(2)(2). See Jones (*post* n. 123) at 407.

¹¹⁵ (1930) 47 R.P.C. 37.

¹¹⁶ *Supra* n. 111.

¹¹⁷ (1963) R.P.C. 183.

registered mark on the ground that the user agreement had not been registered and its existence had invalidated the mark. Lloyd-Jacob, J. held that registration of a user agreement under the Act was permissive, not mandatory.¹¹⁸ It was said that registration gave certain advantages (for example, a decision by the Registrar that the proposed degree of quality control was adequate)¹¹⁹ but that failure to register was not fatal to the mark.¹²⁰

The Court of Appeal followed the *Bostitch* and *Radiation Cases*, rejecting contrary *dicta* of Lords Simonds and Jenkins in *Oerli v. Bowman*¹²¹ (a case decided after registered user provisions were introduced) to the effect that an unregistered licence *ipso facto* destroyed the validity of the mark.¹²²

While the dangers of uncontrolled licensing of trade marks are obvious, the Court of Appeal's decision has been welcomed as a recognition of the commercial realities of the use of "group" or "house" marks as a contemporary marketing technique.¹²³ Moreover by declining to hold that a licence to use a common law mark (for example, Simplex-GE applied to switchgear) *ipso facto* destroyed its distinctiveness as a trade mark, the Court of Appeal has further eliminated the fault notion from this area of trade mark law. Such a licence is, *ex hypothesi*, a deliberate act of the registered owner who sanctions use of his mark by another in a manner which is at least potentially, apt to expose the public to deception. It also follows from the decision that a common law mark need not denote the exclusive origin of goods but need only denote a "connection in the course of trade", which connection may be fulfilled by quality control of goods bearing the mark by the owner of the mark (whether registered or unregistered). The common law position is thus parallel with that under the statute.¹²⁴ Moreover, the common law mark may lose its distinctiveness without necessarily affecting validity of the registered mark.¹²⁵

Decision of House of Lords

The decision of the House of Lords, allowing the appeal by G.E. from the decision of the Court of Appeal, was delivered (after a hearing of some three weeks) on 26th April, 1972 and is as yet unreported. The decision is remarkable in that it is a unanimous decision, delivered by Lord Diplock

¹¹⁸ The U.K. provisions (s. 28) are identical with s. 84 in Part X of our Act. Both sections require disclosure to the Registrar of "particulars showing the degree of control by the registered proprietor over the permitted use which (the user agreement) will confer".

¹¹⁹ Proposed quality control must be revealed under s. 74(2)(a) of our Act. But see Kerly, *op. cit. supra* n. 36, 30 where the learned author notes the ease with which ingenuine quality control will suffice for s. 74(2) purposes.

¹²⁰ In the *Bostitch Case* not only were all specifications and specimen components used by the licensee (the distributor) to manufacture its staplers supplied by the foreign owner, but all "essential" (i.e. specialized) components were supplied to the licensee which made only the non-essential ("commonly procurable") components. This was a strong case of quality control. The owner of the mark was said to "impose its identity" on the goods of the licensee.

Moreover Lloyd-Jacob, J. found that the licensee in the *Bostitch Case*, by advertising its goods as being those of the owner of the mark, had itself "maintained a connection in the course of trade between the goods and the registered owner" (*id.* at 196). It is doubtful whether such advertising *alone* could suffice to maintain the necessary "connection in the course of trade". What is clear is that the degree of "quality control" exercised by G.E. in relation to the goods of the Mono-GE-Gram and Simplex-G.E. companies was considerably slighter than in the *Bostitch Case*.

¹²¹ (1957) R.P.C. 385.

¹²² In any case, their Lordships merely state what was conceded by Counsel and the matter was not argued for decision.

¹²³ See Gareth Jones' paper, "Trade Marks and Trade Secrets" collected in *Law & The Commonwealth*, The Occasional Papers of Fourth Commonwealth Law Conference in New Delhi, 1971, 393 at 407.

¹²⁴ (1969) R.P.C. 418 at 454 (*per* Graham, J.).

¹²⁵ *Id.* at 459, and see (1970) R.P.C. 339 at 384 (*per* Cross, L.J.).

with the concurrence of Lords Reid, Simon of Glaisdale and Kilbrandon. Lord Reid does indicate, however, that he would have preferred to reach the same conclusion by a "shorter and simpler route" by approving the view of Eve, J. in *Woodward v. Boulton Macro*¹²⁶ (of which Lord Diplock is critical in some respects).¹²⁷ Lord Diplock's judgment is remarkable for its close epistemological analysis, for its emphasis on the legislative history of the relevant statutory provisions, and for its scant concern with the extensive array of case law surrounding these statutory provisions. These features, taken together with the unanimity of their Lordships, clearly indicate an attempt to cut through the confusion surrounding relevant statutory provisions and to deliver a definitive guide for interpreting and interrelating these provisions. Moreover, it is not only with confusion arising from the efforts of judges that Lord Diplock was concerned.¹²⁸ His Lordship's criticism of piecemeal legislative efforts applies equally to our Trade Marks Act, 1955. Moreover, because of the adoption into our Act of various English amendments over the years, Lord Diplock's analysis of common law and legislative history is equally important to our Act. In several respects his Lordship's judgment is of *direct* guidance notwithstanding differences between the wording of particular sections of the U.K. Act and our own.

The Judgment of Lord Diplock

It was not contended on appeal that, at the time when the GE rondel was originally registered (1907), its use was likely to cause confusion so that its original registration would have been invalid under s. 11 (our s. 28). This contention had been dismissed by Graham, J. for want of evidence.¹²⁹ Such a contention would have given rise to a "hypothetical question . . . (which) looks to the future use of the matter as a trade mark and embraces any normal and fair use which, as registered proprietor, the applicant (for registration) would be entitled to make of it in the ordinary course of trade in respect of goods of the class for which it is registered". Lord Diplock refers to the decision of the House in the *Bali Case*, where it was said that, although current use of the BALI mark was restricted to tailor-made corsets, the continued registration of both marks would entitle each proprietor to use their marks *in future* on *both* ready-made and tailor-made corsets in competition for the same markets.¹³⁰

Since there was nothing wrong with the original registration of the GE rondel, it could not be expunged as an entry "wrongly made" and the main question in the appeal was whether, as a result of subsequent events, the mark had become by the date of proceedings an entry "wrongly remaining on the register". The two bases upon which it was argued that the GE rondel wrongly remained on the register were—

- (1) that it had become likely to lead to confusion, and

¹²⁶ *Supra* n. 71.

¹²⁷ As he was alone in this view, Lord Reid thought no useful purpose would be served by setting out his separate reasons and indicated general agreement with the judgment of Lord Diplock.

¹²⁸ His Lordship stated that "it may well be a legitimate criticism of our methods of drafting legislation that in order to ascertain the meaning of an Act of Parliament passed in 1938, it should be necessary not only to consider its legislative history over the previous sixty-three years but also to engage in what other systems of law might be regarded as antiquarian research, namely the state of the common law as it existed before the first Act to alter it was passed nearly one hundred years ago. But . . . the Act of 1938 . . . becomes intelligible only when this course, which is a well recognized aid to statutory construction, is adopted."

¹²⁹ *Supra* n. 88.

¹³⁰ His Lordship could only rely on the decision of Lord Morris, (1969) R.P.C. 472 at 486. The same view was stated by Dixon, J. in the *Southern Cross Refrigeration Co. Case* (1954) 91 C.L.R. 592 at 608.

(2) that the circumstances in which that likelihood of confusion arose were such as to disentitle the mark to "protection in a court of justice" under s. 11 (our s. 28).

Lord Diplock stated that where the question of likelihood of confusion arises upon an application to expunge a mark which has been the subject of substantial use, absence of evidence of actual confusion is "a potent factor" in determining whether the court should exercise its discretion to expunge, but will not be conclusive. Absence of actual confusion may be explained by special circumstances affecting past use of the mark, but, in any case, proof of actual confusion provides only a "strong indication that continued confusion is likely". The relevant hypothetical question in this context, which must be answered affirmatively before the court will have power to expunge, remains the prospective query: "Would any normal and fair *future* use of the mark in the course of trade be likely to cause deception or confusion?"

In answering this question, evidence from the relevant trade and market-place is "essential". Subject to his assessing the credibility of such evidence, a judge should not supplement it with his own subjective view or his own "idiosyncratic knowledge and temperament" for the issue remains a "jury question". Moreover, there is no reason for differentiating confusion arising because the mark is associated with the name of a manufacturer (to which some other manufacturer's name is similar) from confusion arising from the inherent nature of the mark, its design or wording. Section 11 is wide enough to embrace "confusion" resulting from any such association. "The essence of a trade mark is the association that it bears in the mind of a potential buyer of the goods to which it is applied."¹³¹ Applying these considerations to the facts before him, Lord Diplock was convinced that there would be a likelihood of confusion among a substantial number of members of the public.¹³²

The Issue of Law

Having found a presently existing likelihood of confusion arising from current use of a mark which was properly registered, his Lordship then considered the question whether, and upon what grounds, that mark could be expunged as a mark "wrongly remaining on the register". His Lordship summarized the legal status of such a mark in four conclusions:

- (1) The fact of registration is *prima facie* evidence of the validity of its original registration and the right of its owner to exclusive use of the mark subject only to any rights of concurrent user.
 - (2) If the mark was likely to cause confusion when first registered, it may be expunged as a registration "wrongly made" unless *at that time* the owner would have been entitled to registration by reason of his honest concurrent user prior to the date of original registration.
 - (3) If likelihood of causing confusion did not exist at the date of first registration but resulted from events occurring between that date and the date of the expungement application, the mark *may not be expunged* as an entry wrongly remaining *unless* the likelihood of causing confusion resulted from *some blameworthy act of the registered proprietor of the mark* (or a predecessor in title).
 - (4) Where a mark is liable to be expunged under (2) or (3), the court has a discretion whether or not to expunge it, and as to any conditions to be imposed in the event of its being permitted to remain on the register.
- His Lordship found, accordingly, that there was not such blameworthy conduct by G.E. "as would amount to an equitable ground for disentitling

¹³¹ *Pace* Graham, J. at first instance. *Supra* n. 90.

¹³² Confirming the Court of Appeal on this point, *supra* n. 92.

(the company) to protection for the use of the mark". There was therefore no ground *in law* for expunging the mark and no question of discretion arose.

The House of Lords has, in conclusion (3) above, upheld the view of Neville, J. in *Thorne v. Pimms*¹³³ that s. 11 authorizes removal of marks which have become deceptive since registration as a result of wrongful conduct of the proprietor. Neville, J. decided that s. 11 applied to events happening after the date of registration, and in the case before him, in which the owner's blameworthy conduct caused the mark to become deceptive, expungement "must follow as a matter of course".¹³⁴ The House of Lords has confirmed that such blameworthy conduct is a necessary and, it seems, sufficient condition of the court's power to expunge. Lord Diplock's reasoning makes it quite clear that it is not sufficient that subsequent deceptiveness occurs because of events over which the owner might have or did have control. It is necessary that the owner should have *caused*, or been party to, some blameworthy conduct. It is not yet clear whether the owner might be fixed with the blameworthy conduct of another of which he had notice and which he took no steps to prevent, or whether "blameworthy conduct" could be of a passive nature, such as failure to pursue infringers.¹³⁵

Reasoning Relevant to the Australian Act

So much of the reasoning by which Lord Diplock was led to conclusion (3) above as is relevant to the interpretation of our Act of 1955 can be summarized as follows:

- (1) Section 32 (our s. 22(1)(b)) is *not* a merely procedural section relating exclusively to *express* powers of removal conferred by other sections.¹³⁶ Furthermore the words "wrongly remaining" do not give the court a discretion to remove *any* mark the continued registration of which the court considers contrary to the policy of the Act notwithstanding that it does not offend against any specific prohibition, express or implied, contained in the Act.¹³⁷ An entry validly made can only be expunged if, at the date of the application for expungement, its continued presence on the register is prohibited by virtue of some other provision, express or implied, which upon its true construction contains a prohibition.
- (2) Section 11 of the U.K. Act contains such a prohibition and relates *both* to the time of first registration and to the date of expungement proceedings. Section 11 commences with the words "It shall not be lawful to register . . ." and the verb "to register", given its context in the Act and its history, refers *not only* to the initial registration but to its retention in the register.

¹³³ (1909) 26 R.P.C. 221. In that case Thorne enjoyed a reputation as the maker of "Glen Thorne" whisky. Thorne bottled and sold its product in conjunction with Pimms who owned a restaurant chain and who had, with the agreement of Thorne, become the registered owner of the GLEN THORNE trade mark. No deception arose because the whisky bottled by Pimms was Thorne's product. The mark became confusing, however, as soon as Pimms began to bottle and sell other whisky under the GLEN THORNE label. Thorne sued Pimms for passing off other whisky under the GLEN THORNE label and also sought to expunge the registered mark. Clearly deception arose due to the wrongful act of the owner, Pimms.

¹³⁴ *Id.* at 227.

¹³⁵ *Pace* Ungood-Thomas, J. *supra* n. 69. Lord Diplock suggests that such blameworthy conduct might have arisen, in a case involving two proprietors of similar name or marks, if there existed "anything in the way of an enforceable agreement or estoppel" concerning the use of their respective names or marks, which one party had breached or sought to breach.

¹³⁶ E.g. our s. 56(3). Taylor, J.'s view appears to be too widely stated. *Supra* n. 11.

¹³⁷ The views of Graham, J. that (a) a mark cannot be attacked unless it now offends s. 11, and that (b) where s. 11 is now offended, the mark can be attacked on any ground, must now be qualified. (1969) R.P.C. 418, at 461 and see *supra* n. 95 and n. 96.

The wording of our s. 28 is different but the same ambiguity exists. Section 28 provides that "a mark . . . shall not be registered as a trade mark". Lord Diplock's reasoning may well apply to our section but would not compel the formulation supported by Windeyer, J.¹³⁸

It is difficult, however, to isolate sections other than s. 28 in our Act containing *implied* prohibitions of *continuing* registration. The definition of "trade mark" in s. 6 may be one such section. Sections 24-26 may be thought to imply a continuing prohibition against registration in the absence of distinctiveness, subject to the express prohibition of s. 56(3) and the express exemption of s. 56(1). Section 33 makes a mark which is deceptive when applied for "not capable of registration" and, would seem to apply only to prohibit initial registration. Section 40 (which impliedly requires an applicant for registration to be entitled to "proprietaryship" of the mark) seems to be superseded by the fact of registration and, hence, seems at most to concern original registration. Lord Diplock's notion of "implied prohibition" may be an admirable attempt to import the "spirit and intendment" of the Act into expungement suits, but has, with respect, done little to clarify the types of marks liable to expungement.

- (3) Under s. 11 of the U.K. Act, it is not lawful to register a trade mark which would "by reason of its being likely to deceive or cause confusion or otherwise, be *disentitled to protection in a court of justice*". These words are to be read as relating back to the grounds upon which the Court of Chancery would have disentitled the owner of a common law trade mark to an injunction restraining use of that mark by another trader prior to the first statutory interference with the common law (and rules of equity) relating to trade marks in the Registration of Trade Marks Act (U.K.) of 1875. Hence the words "court of justice" are to be read as "court of equity" prior to the Judicature Acts (U.K.) 1873-5. One equitable doctrine upon which a trader owning a common law mark would be disentitled to "protection" was the doctrine that he who seeks equity must come with clean hands. Thus if the owner's wrongful conduct played a part in making use of his mark deceptive, the Court of Chancery would not grant him an injunction against infringement. Another example of lack of clean hands occurred where the applicant for injunction was, by the very nature of his own mark, misrepresenting the character or origin of his goods, by reason of either prior use of that mark by another trader or an inherent "lie" or untruth in the mark itself. Our s. 28(d), which is in substantially identical words, is cast in a different form and may not lend itself so easily to his Lordship's construction. Australian judges have, however, experienced some difficulty with the words of s. 28(d). Windeyer, J. for instance, stated in the *KOTEX Case* that "s. 28(d) refer(s) to some characteristic of the mark other than mere lack of distinctiveness or capacity to distinguish and to some characteristic other than a direct reference to the character or quality of the goods. (The section) refers to something *intrinsically* objectionable which disqualified a mark otherwise registrable".¹³⁹ His Honour's remarks are signally imprecise. Moreover, under Lord Diplock's construction, it is clear that the disqualifying element need not be *intrinsic* to the mark itself but may arise from extrinsic circumstances.

¹³⁸ *Supra* n. 37.

¹³⁹ *Kimberly Clarke Corp. v. Vereinigte Papierwerke*, 41 A.L.J.R. 239 at 241. Counsel in this case argued that the invented word COLDEX was disentitled to protection because it contained the word COLD which was *descriptive* of the quality of paper goods.

- (4) Section 13 of the U.K. Act, which corresponds to our s. 61(1) except that it lacks our exception (c), confirmed Lord Diplock in his view that the word "registration" (and hence the verb "to register") elsewhere in the Act meant something more than "original registration" with which that section is concerned. The section reflects the main innovation introduced in the U.K. Act of 1905 in making registration the only way whereby a trade mark could become the subject matter of *proprietary* rights. Lord Diplock regarded the present tense of "offends" (*cf.* past tense of "was obtained by fraud") as a clear indication that s. 11 imposed a prohibition upon a mark *remaining* on the register. The effect of s. 13 is thereby to preclude removal of a mark after seven years upon any ground of invalidity which would have applied to the original registration. But the section does not preclude removal where the mark has become likely to deceive as a result of blameworthy conduct by its proprietor *since* original registration.

While this proposition seems to apply equally to s. 61(1) of our Act, his Lordship's further proposition, that a *bona fide* proprietor whose mark has become likely to deceive through no fault of his own is "sufficiently protected" by s. 11 and need not look to s. 13, is not as clear in relation to s. 61(1) and s. 28 of our Act because s. 28 describes alternative classes of invalid marks rather than a cumulative description of invalidity as is contained in s. 11. This part of his Lordship's reasoning may be inapplicable to our Act except in so far as the wording of s. 28 may be held to be *in pari materia* with s. 11 upon which it is styled.

The Licensing Objection

Lord Diplock upheld both Graham, J. and the Court of Appeal in their rejection of the argument that G.E. had vitiated its registered mark by "muddying" its use. His Lordship said nothing to qualify the statements of the Court of Appeal discussed above. His Lordship, relying simply on logic, rejected the idea that where a registered mark is used as a common law mark in respect of which it is not registered and the validity of its use as a *common law* mark is destroyed (for example by assignment without goodwill as in *Bowden Wire Case*,¹⁴⁰) then the validity of the *registered* mark is also destroyed in relation to use on goods for which it is registered. For his Lordship, "this has only to be stated to be rejected".

Conclusion

The House of Lords in the *G.E. Case* has resolved, or revealed solutions to, many of the difficulties of interpreting and inter-relating ss. 56, 60, 61 and 28 of our Act in the context of the court's power to expunge registered marks under s. 22(1)(b). In relation to the court's power to expunge marks as "wrongly made", there is authority that a mark which *offended* s. 28 when registered, may be expunged—

- (a) where its offensive quality persists (*per* Windeyer, J.), or
- (b) *notwithstanding* subsequent removal of the offensive quality (*per* Ungood-Thomas, J.). This aspect of s. 28 remains unresolved.

It is now clear, however, in relation to a mark which was *properly registered*, the following propositions apply:

- (1) the mark will be "wrongly remaining" if, at the date of expungement application, it offends some prohibition, express or implied, against *continued* registration under the Act;

¹⁴⁰ *Supra* n. 111.

- (2) if the mark *subsequently* loses distinctiveness, by reason of public usage, s. 56(1) will prevent expungement;
- (3) if loss of *distinctiveness* is due to trade usage, s. 56(3) will deem the mark to be wrongly remaining on the register;
- (4) if the mark becomes subsequently *deceptive*, it will not be expunged unless the deceptiveness results from blameworthy conduct by the registered owner; and
- (5) in such a case, the test is whether the mark is *deceptive*, within the meaning of s. 28, at the date of the expungement application.

It is submitted that these propositions adequately fulfil the policy of the Act and the various interests which arise in relation to the use of trade marks in that:

- (a) the interest of the public in freedom of word usage, in freedom from deceptive use of trade marks, and in the purity of the register, is given paramountcy over protection of traders *inter se*, and
- (b) traders are induced to protect their marks by pursuit of infringers and registering licence agreements, but enjoy a commercially realistic monopoly (subject to the paramount safeguard of the public from confusing use of marks) and based on the principles of equity in relation to protection of traders *inter se*.

It would appear, however, that the dilemma of *Windeyer, J.*¹⁴¹ has not yet been resolved. The full Court of the High Court, in deciding the appeal in the *BALI-BRA Case*, will be free to resolve the dilemma in the light of the guidance given by Lord Diplock in the House of Lords in the *G.E. Trade Mark Case*.

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¹⁴¹ *Supra* n. 21.

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