

TRADE MARKS

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INTRODUCTION

*Subject to this Act, the registration of a trade mark in Part A or Part B of the register, if valid, gives to the registered proprietor of the trade mark the right to exclusive use of the trade mark in relation to the goods or services in respect of which the trade mark is registered and to obtain relief in respect of infringement of the trade mark in the manner provided by this Act.*¹

The Australian scheme of Intellectual Property Law includes the registration and protection of trade marks pursuant to the Trade Marks Act 1955 (Cth) (the Act).

Section 58(1) of the Act, reproduced above, grants the right to exclusive use of the registered trade mark to the registered proprietor. Section 62(1) deems that such a trade mark is infringed as follows:

A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or a registered user of the trade mark using by way of permitted use, uses a mark which is substantially identical with, or deceptively similar to, the trade mark, in the course of trade, in relation to the goods or services in respect of which the trade mark is registered.²

Section 62(1) is not, however, the only basis upon which an action for infringement may be brought — the High Court of Australia has held, in *Mark Foy's Limited v Davies Coop and Company Limited*³ that where the registered trade mark has been used by a person other than the registered proprietor, the Court need look no further than s 58(1).⁴

This decision has given rise to some recent judicial controversy as to whether s 58(1) applies in its own right only where the mark used by the infringing party is the same as the registered trade mark, or extends to situations where the infringing party's mark merely includes that trade mark as part of a larger mark. However, as the Courts have been able to conclude actions brought to date by reference to alternative provisions, the issue awaits judicial definition.

As this is an issue which could foreseeably have substantial implications in the market place, it is contended that any Court which may decide the issue in the future should have regard not only to the words of ss 58(1) and 62(1) and the judgments of the Court in the *Mark Foy* case⁵, but also to the historical and philosophical basis of the Act and the way in which it applies to society of the present day.

In this regard, I propose to consider the judicial consideration given to 58(1) in its own right in order to establish both the extent of its application and whether

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¹ Section 58(1) Trade Marks Act 1955 (Cth)

² It may be noted that the word "mark" rather than "trade mark" is used in parts of this subsection. Although this may seem to be of significance, it is contended that it is merely the draftsman's means of distinguishing between the registered "trade mark" the the alleged infringing "mark".

³ (1956) 95 CLR 190.

⁴ *Ibid* 204 per Williams J (with whom Dixon CJ agreed).

⁵ *Supra*, n 3.

such application appears to be correct within the framework of the Act; the background to the Act in order to ascertain the intended extent of the monopoly granted by registration, and, more particularly, the intended effect of ss 58(1) and 62(1); and modern views of the application of the law in order to ascertain whether there may have been or is likely to be any change in the way in which the issue should be approached.

At this point it should be noted that although s 58(1) does not apply to Part C (certification) trade marks, s 84(1) is in similar terms and s 62(1) applies. In relation to Part D (defensive) trade marks, s 58(1) is irrelevant as registration does not confer the right to exclusive use, although s 96 grants the right to obtain relief in respect of infringement and thus renders s 62(1) applicable.

1 SECTION 58(1) — RIGHTS GIVEN BY REGISTRATION

As stated above, s 58(1) gives to the registered proprietor the right to the exclusive use of the trade mark. This right is limited to use “in relation to the goods or services in respect of which the trade mark is registered.”

This right has been held to be infringed, without reference to s 62(1), provided it is first established, that the alleged infringing mark has been used “as a trade mark” and secondly that the trade mark has been used.

A Use As a Trade Mark

The requirement that an alleged infringing mark has been used “as a trade mark” has been held, in *The Shell Company of Australia Limited v Esso Standard Oil (Australia) Limited*⁶ to be implied into s 58(1). This was established by reference to the definition of “trade mark” in s 6(1)⁷, in that case, where the alleged infringing use consisted of an animated oil drop occasionally taking on the form of the registered trade mark (a static oil drop shaped as a person) in a television advertisement for petrol, Kitto J held that:

the adverbial expression may be expanded so that the question becomes whether, in the setting in which the particular pictures referred to were presented, they would have appeared to the television viewer as possessing the character of devices, or brands, which the appellant was using or proposing to use in relation to petrol for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the petrol and the appellant. Did they appear to be thrown onto the screen as being marks for distinguishing Shell petrol from other petrol in the course of trade?⁸

Although this may seem to limit the circumstances in which infringement may be established, the requirement has been applied to allow comparative advertising.⁹

⁶ (1964) 37 ALJR 82, 84 *per* Kitto J (with whom Dixon CJ, McTiernan, Taylor and Owen JJ agreed) following *Mark Foy's*, *supra* n 3, which applied *Irving's Yeast-Vite v Horsenail* (1934) 51 PRC 110.

⁷ Section 6(1) of the Act provides that, with the exception of trade marks registered in Part C, “trade mark” means “a mark used or proposed to be used in relation to goods or services for the purpose of indicating, or so as to indicate, a connexion in the course of trade between the goods and a person who has the right, whether as proprietor or as registered user, to use the mark, whether with or without an indication of the identity of that person”.

⁸ *Supra*, n 6, 85 *per* Kitto J.

⁹ *Yeast-Vite*, *supra* n 6, cf s 4(1) (b) Trade Marks Act 1938 (UK).

However, other than as stated above, it is contended that the only forms of use that would be protected from infringing by this requirement are uses which are entirely innocent considering the "purpose and nature"¹⁰ of the use and thus would not have any effect on the monopoly in the registered trade mark because the use would be either fleeting, out of any commercial context, or merely conversational.

The Courts have therefore taken a strict approach to the application of the legislation and have ensured that the monopoly granted by registration is not too widely construed.

B Use of the Trade Mark

Controversy has arisen as to whether the right to exclusive use granted by s 58(1) means that another person's mark will only infringe if it is exactly the same as the registered trade mark or, alternatively, whether the adoption of that trade mark within a greater mark will infringe.

The only High Court ratio with respect to the extent of the operation of s 58(1) is that contained in the judgment of Williams J in *Mark Foy's Ltd v Davies Coop and Co Ltd*.¹¹ The words in issue in that case were "TUB HAPPY" and were used by the defendant in advertisements such as "TUB HAPPY — COTTON FRESH — BE BUDGET WISE — BUY TUBWISE TUB HAPPY COTTON GARMENTS"¹².

In considering the interaction between the pre-1955 equivalent to s 62(1) (s 53) and s 58 (1) (s 50), Williams J said:

Section 53 is really an appendage to s 50 and its function is to widen the definition of infringement as as to include cases where the defendant does not use the identical trade mark but uses a mark substantially identical with it or so nearly resembling it as to be likely to deceive.¹³

In *Angoves Pty Ltd v Johson*,¹⁴ Franki J took the view that the above statement included the adoption of the words of a registered trade mark within a greater mark so that "St Agnes Liquor Store" was a use of trade mark "St Agnes".¹⁵

However, Fitzgerald J pointed out that the judgment of Williams J is unclear as to whether there had been an infringement under the then s 50 "because 'Tub Happy' was used as a separate or distinct mark within the advertisement or whether it was considered that the words 'Tub Happy' were incorporated into a mark used in the advertisement and that this was sufficient".¹⁶ He considered the position in the United Kingdom and, after stating that he found this to be of little help, went on to say:

Looked at solely as a matter of statutory construction, there seems to be much to be said for according to s 62(1) the role of defining what it is which constitutes an infringement of the exclusive right to user granted by s 58(1) to the proprietor of a

¹⁰ *The Shell Company case supra* n 6, 85, per Kitto J.

¹¹ *Supra* n 3.

¹² *Ibid*, 197 per Williams J.

¹³ *Ibid*, 204.

¹⁴ (1982) 43 ALR 349.

¹⁵ *Ibid*, 352.

¹⁶ *Ibid*, 369.

registered trade mark. There would be little difficulty in regarding the use of the exact mark registered, and no more or no less, as use of a mark which is "substantially identical or deceptively similar", and so an infringement under s 62(1). On the other hand it seems anomalous if, where the exact mark registered is used as part of another mark, however incidentally and however small a part it may play in the other mark, there is an infringement under s 58(1) although no infringement under s 62(1) because the mark is not "substantially identical with or deceptively similar to" the registered trade mark. If the statements in the High Court . . . require that it be accepted that s 58(1) does provide that use of the registered mark is an infringement, in my opinion the relevant operation of s 58(1) is confined to the use of the exact registered mark, without addition or alteration.¹⁷

I would argue that although Fitzgerald J took this approach by default (in that he would rather have found that s 58(1) had no operation in its own right as regards infringement), it is the correct approach when considering statutory interpretation within the framework of the Act.

This argument is supported to some extent by s 38(1) of the Act¹⁸ which, when read in conjunction with section 58(1), indicates that in the absence of statutory intervention and the exercise of the discretion of the "Registrar or prescribed court", there would not be "use" of the trade mark, even by the registered proprietor, where the use is "with additions" etc.

Thus, the right of exclusive use could be argued to relate only to "use" allowed by the Act and therefore only to the exact trade mark so that any attempt to protect it when used, without authorisation, "with additions" must satisfy the criteria set out in section 62(1), otherwise the registered proprietor will be obtaining a greater monopoly than intended by the Act.

Although Fitzgerald J found the United Kingdom position to be of little assistance (because of the fact that the Australian Act partially differs from that of the United Kingdom in this area) it is contended that a brief consideration could in fact assist in understanding the opinion of William J in the *Mark Foy* case¹⁹ as his judgment concluded with a statement that the judgment of Lord Greene MR in *Saville Perfumery Ltd v June Perfect Ltd*²⁰ was appropriate, and he then stated:

Needless to say, if the defendant uses the words of the plaintiff's trade mark as indicating origin it is still an infringement notwithstanding that the defendant always adds his own name: *Kerly on Trade Marks*, 7th ed (1951).²¹

Although this may seem to say that an addition of the defendant's name to the trade mark is still a use of that trade mark and thus appears to be inconsistent with the view of Fitzgerald J in the *Angoves* case²² the writer would argue that this is not the situation; the *Saville Perfumery* case²³ referred to by Williams J is actually a case in which the court held that the infringing mark *resembled* the

¹⁷ *Ibid.*, 371.

¹⁸ Section 38(1) of the Act provides as follows: "Where, under this Act, use of a trade mark is required to be proved for any purpose, the Registrar or a prescribed court may, if and so far as he or it thinks right, accept use of an associated registered mark or of the trade mark with additions or alterations not substantially affecting the identity of the trade mark, as equivalent for the use required to be proved."

¹⁹ *Supra*, n 3.

²⁰ (1941) 58 RPC 147.

²¹ *Mark Foy's*, *supra* n 3, 445 *per* Williams J.

²² *Supra*, n 14.

²³ *Supra*, n 20.

registered trade mark and not that it was identical notwithstanding additions as seems without further consideration to be implied by Williams J.

Further, although the writer has not been able to locate the edition of Kerly referred to by Williams J, a similar statement appears in the tenth edition²⁴ and the cases used to support the proposition are ones which decided infringement on the point of resemblance (where the defendant's name was seen as being part of the mark)²⁵ or identity (where the defendant's name was seen as being something beyond the mark).²⁶

Thus it could be argued that by referring to the *Saville Perfumery* case²⁷ and Kerly, Williams J was indicating that, notwithstanding the fact that he was bringing the judgment to a rapid conclusion without fully stating the proposition, he had reached his decision on the basis that the infringing mark was exactly the same as the registered trade mark and that the addition of the words "EXACTO COTTON GARMENTS" after that mark did not save it on the first view, but alternatively that if the mark was to be seen as including the addition of the defendant's own name then it would not be saved from infringing on the second view under what is now s 62(1).

There has not been any further detailed judicial consideration of the issue but it was raised again in *Caterpillar Loader Hire (Holdings) Pty Ltd (trading as Willoughby's Caterpillar Loader Hire Service) v Caterpillar Tractor Co.*²⁸ The Court did not add anything of substance to the debate, but all judgments, including that of Franki J, pointed out that the majority view in the *Angoves* case²⁹ "expressed a preference for the concept that s 58(1) only covered the use of the identical mark".³⁰

This narrow interpretation of the application of s 58(1) would be consistent with the "strict approach" to the legislation and the limitations imposed upon the monopoly referred to above.

2 HISTORICAL AND PHILOSOPHICAL BACKGROUND

A Background to the Act

Forms of trade marks have been in use for centuries, at least from classical Greek and Roman times when goods were marked by traders to distinguish their goods from those of other traders.³¹

²⁴ TA Blanco and Robin Jacob, *Kerly's Law of Trade Marks and Trade Names* (10th Ed 1972) 289.

²⁵ Eg *Baume & Co Ltd v Moore (AH) Ltd* [1958] RPC 225, 234 per Romer LJ: "inasmuch as 'Baume & Mercier, Geneva' is not identical with 'Baume', the answer of the question depends on whether 'Baume & Mercier, Geneva' nearly resembles 'Baume' in the manner mentioned in section 4(1). In our view, this question must be answered in the affirmative inasmuch as the Defendants have incorporated the whole of the plaintiff's registered mark and the addition of the words '& Mercier, Geneva' does not avoid the prohibited resemblance."

²⁶ Eg, *Lever Bros (Port Sunlight) Ltd v Sunniewite Products Ltd* (1949) 66 RPC 84.

²⁷ *Supra*, n 20.

²⁸ (1983) 48 ALR 511.

²⁹ *Supra*, n 14.

³⁰ *Ibid* 513 per Franki J.

³¹ British Trade Mark Law and Practice, Report of the Committee to Examine British Trade Mark Law and Practice ("Mathys Committee"), Cmnd 5601, 1974.

The use of trade marks became widespread during the middle ages³² and became particularly regulated with the development of guilds in Britain — municipal corporation byelaws allocated trademarks and made the use of trade marks compulsory in some instances (such as gold and silver plating) in order to avoid deceit.³³

One of the first statutes regulating trade marks was the Culter's Company Act 1623³⁴ which established the Sheffield register of Trade Marks with respect to metal goods, but which was restricted to those in the district of Hallamshire and six miles beyond.³⁵ The particular purpose of the registration of these trade marks was to identify those responsible for any substandard goods that may be found.³⁶ Thus the function at this time was source related, but with the emphasis on maintaining trade quality and consumer protection.

Apart from this highly specialised form of trade mark protection, traders relied on equity and common law. There is some question as to when the entry of the common law into the area began,³⁷ but it is clear that it developed from the tort of deceit and that by the nineteenth century, relief was available both in equity³⁸ and at common law.³⁹ This action became known as the action for "infringement".

Relief was available both in equity and at common law without the need to establish that the infringer's goods were inferior⁴⁰ but although it was not necessary to establish fraud to succeed in equity,⁴¹ it was required in common law.⁴² Thus, although traders could obtain an injunction to prevent others from using their trade marks, they could only obtain damages if fraudulent use by the infringer was established.

The development in equity meant that there was effectively a proprietary right in a trade mark, this right described as being:

the exclusive right to use it for the purpose of indicating where, or by whom, or at what manufactory, the article to which it is affixed was manufactured.⁴³

but this was limited so that the proprietor:

has a right to say not that other persons shall not sell exactly the same article . . . but that they may not sell it in such a way as to steal (so to call it) his [the plaintiff's] trade-mark, and make purchasers believe it is the manufacture to which the trade mark was originally applied.⁴⁴

³² P Meinhardt and KR Havelock, *Concise Trade Mark Law and Practice*, (1983), 5 where the authors give the example of Caxton using the trademark W74C when he started printing in England in 1474.

³³ Halsbury's Law of England, (4th Ed 1984) Vol 48, 5.

³⁴ DM Kerly, *The Law of Trade-Marks, Trade-Name and Merchandise Marks*, (1984), 710-714, listing early marking statutes.

³⁵ Mathys Committee, *supra* n 31, 59.

³⁶ *Id.*

³⁷ See the discussion of *Southern v How* in TA Blanco-White and R Jacob, *supra*, n 24, 2.

³⁸ *Crutwell v Lye* (1810) 17 Ves Jun 335, 34 ER 129.

³⁹ *Sykes v Sykes* (1824) 3 B & C 541, 107 ER 834.

⁴⁰ *Edelsten v Edelsten* (equity) and *Blofeld v Payne* (common law), referred to in Blanco-White and Jacob, *supra*, n 24, 3.

⁴¹ *Millington v Fox*, referred to in Blanco-White and Jacob, *supra* n 24, 3.

⁴² Blanco-White and Jacob, *supra* n 24, 4.

⁴³ *The Leather Cloth Company v American Leather Cloth Company* (1865) 11 HLC 523; 35 LJCh 57; 11 ER 1435, 1440 *per* Lord Cranworth.

⁴⁴ *Farina v Silverlock* (1856) 6 DeGM&G 214; 26 LJCh 12; 43 ER 1214, 1216 *per* Lord Cranworth.

Therefore, the action for infringement can be seen to have been designed to grant exclusivity, but this right was limited to situations where the trade mark was used to indicate origin and where it had been infringed in such a way that the public would believe that the infringing mark was indicating an incorrect origin.

However, the action for infringement posed enormous difficulties for proprietors of trade marks as title to the trade mark had to be established in each action. This could be quite costly as it involved evidence not only of use but also of reputation through use.

Also, the absence of a requirement of fraudulent intent in equity meant that an innocent trader who had no knowledge of another's trade mark, and really did not have any realistic means of finding out in advance, could lose an action and have an injunction made against him.

Thus, in 1875, after much consideration, the Trade Marks Act (UK) was passed and similar statutes were passed in the Australian Colonies.⁴⁵ The UK Act of 1875 was replaced in 1883 by the Patents, Designs and Trade Marks Act which re-enacted, in substance, the provisions of the 1875 Act.⁴⁶

From the above discussion it can be seen that although the early development of the use of trade marks was to distinguish the goods of one trader from another and to ensure the quality of those goods by being able to identify those who produced substandard goods, the developments in equity and at common law had the former basis at the forefront. Parliament definitely had the rights of the individual proprietors in mind but in limiting the rights in the trade marks to those proprietors who remained owners of the goodwill of the business in which the trade marks was used,⁴⁷ Parliament showed that it intended that the trade mark should primarily be an indicium of origin.

Thus the history of trade marks law to the end of the nineteenth century is consistent with a strict approach limiting the proprietor's monopoly to situations where the trade mark is indicative of origin.

However, it is important to note that it has been said that one of the purposes of the Act was to protect the integrity of the English language by narrowing that part which could be appropriated for use as trade marks.⁴⁸

After Federation the Australian Parliament chose to take advantage of the power granted to it by s 51(xviii) of the Constitution and enacted the first Commonwealth Trade Marks Act in 1905.

In moving that the Trade Marks Bill 1904 be read for a second time, Senator McGregor stated that trade marks law is required because:

it is of very great consequence to an honest and persevering business man or trader that, when he has almost reached the point of perfection in respect of the goods in which he is dealing, he should have some security in regard to any mark indicating the quality or origin of those goods that he may have appropriated to himself. Legislation

⁴⁵ Trade Marks Act 1876 (Vic) and the Merchandise Marks Act 1876 (Vic), later to be consolidated into the Trade Marks Act 1890 (Vic); Designs and Trade Marks Act 1884 (WA); Trade Marks Act 1864 (Qld); Patents, Designs and Trade Marks Act 1884 (Qld); Trade Marks Act 1863 (SA); Trade Marks Act 1864 (Tas); Trade Marks Act 1865 (NSW); S Ricketson, *The Law of Intellectual Property*, (1984), 601.

⁴⁶ Kerly, *supra* n 34, 9.

⁴⁷ Eg, s 4 Trade Marks Registration Act 1876 (Vic) and s 5 Trade Marks Act 1890 (Vic).

⁴⁸ *In the matter of an Application of the Eastman Photographic Materials Company Ltd. for a Trade Mark* (1898) 15 RPC 476.

of this description does not only protect the trader in respect of the goods distributed, but it gives some kind of guarantee to the purchaser of the goods he receives . . . [so that they] may identify them from all other similar goods on the market and rest assured that they are getting exactly what they desire.⁴⁹

The 1905 Act was repealed by the Trade Marks Act 1955, which, as amended, remains in force to the present day.

The Parliamentary Debates do provide some insight into the intention and purpose of the 1955 Act. First, the Attorney-General stated:

It is important that the goods we get are the goods for which we have asked. That is one of the purposes of trade marks legislation — the protection of the buying public. To the trader, ownership of a trade mark is a valuable right. The law protects that right and the law should, so far as possible, keep pace with changing methods of business.⁵⁰

Secondly, the Leader of the Opposition, in support of the Bill stated:

The matter of trade marks is of great importance, in two ways, to the Australian community. Firstly, it is very important to the buying public that they should have, per medium of a trade mark, some kind of certificate as to the equity or standard of the goods they are buying . . . Secondly, it is very important in the life of trade and commerce, in the business sector of the community, because goodwill is built around trade marks, and becomes an important factor in the disposition of a business.⁵¹

Thus it could be argued that the rationale of both the 1905 and the 1955 Acts is twofold. First, to protect trade marks as indicia of origin; and secondly, to protect them as valuable business assets. The former rationale is consistent with the strict approach discussed above and will be considered below. However, the latter rationale may be seen as a divergence from the historical approach and will also be considered below.

B Background To Sections 58(1) and 62(1)

The nineteenth century legislation regarding trade marks provided that registration was *prima facie* evidence of the registered proprietor's right to exclusive use of the registered trade mark⁵² and left it to the courts to consider whether each individual case constituted infringement of this right.

The courts considered that:

Infringement is the use by the defendant, for trading purposes in connection with goods of the kind for which the plaintiff's exclusive use exists . . . not being the goods of the plaintiff, *of a mark identical with the plaintiff's mark, or either comprising some of its essential features or colourably resembling it*, so as to be calculated to cause the goods to be taken by ordinary purchasers in any market where the marks circulate for goods of the plaintiff.⁵³

⁴⁹ Second Reading Speech of Senator McGregor, Vice-President of the Executive Council; Parliamentary Debates 1904, Vol xx, 3538 (27 July).

⁵⁰ Second Reading Speech of Senator Spicer, Victorian Attorney-General; Parliamentary Debates 1955, Vol 85, 16 (20 April).

⁵¹ Second Reading Speech of Senator McKenna, Leader of the Opposition; Parliamentary Debates 1955, Vol 55, 34 (27 April).

⁵² Eg, s 3 of the Trade Marks Act 1876 (UK), s 6 of the Trade Marks Registration Act 1876 (Vic) and section 6 of the Trade Marks Act 1890 (Vic).

⁵³ Kerly, *supra* n 34, 306 (emphasis added).

In this statement, the use of a "mark identical" was seen as meaning the use of a copy of the whole of the registered trade mark.⁵⁴

The Trade Marks Act 1905 (Cth), although based on the earlier United Kingdom Acts (and not to be confused with the United Kingdom Act of the same year), provided not only that registration was *prima facie* evidence of the right to exclusive use⁵⁵ but also that the right was deemed to be infringed in certain circumstances⁵⁶ — an innovation on the part of the Australian Parliament.

This additional provision has been said by Kitto J to have:

no other effect than to make clear on the face of the Act what formerly had been left to case-law, that identity was not necessary for infringement: substantial identity or deceptively close resemblance would suffice.⁵⁷

Unfortunately, although the 1904 Bill received a great deal of Parliamentary attention,⁵⁸ the Debates do not indicate the reason for the enactment of s 53 in addition to s 50. However, there is some support for the above statement of Kitto J in the following answer of the The Honorable I A Isaacs to a general question in relation to the Bill:

There is no common law of the Commonwealth in the same way that there is common law of the States. In cases for which the State Acts do not provide, the common law applies. The provision referred to is inserted in the measure merely to make sure that the common law will apply.⁵⁹

It is therefore arguable that the position under the 1905 Act was no different to the position under the earlier British Acts, so that infringement under s 50 was confined to cases where the infringing mark was identical to (that is, a copy of) the registered trade mark.

The Trade Marks Act 1955 (Cth) contained ss 58(1) and 62(1) which were in substantially the same terms as the 1905 Act with respect to rights of exclusive use and infringement.

Unfortunately, except in relation to comparative advertising, the Parliamentary Debates are not of assistance in relation to these specific provisions but the Act was based on the 1954 Report of the Dean Committee, which stated:

The usual kind of infringement consists of the use upon the goods in respect of which a mark is registered of a mark *identical with the registered mark or so nearly resembling it as to be likely to deceive*. This principle has in substance been preserved.⁶⁰

It may be noted that this wording is remarkably similar to that of Kerly quoted above,⁶¹ so it may be argued that the particular provisions of the 1955 Act, like those of the 1905 Act, merely reflect the position under the earlier British Acts,

⁵⁴ *Ibid* 312–314.

⁵⁵ Section 50.

⁵⁶ Section 53.

⁵⁷ *The Shell Company of Australia Limited v Esso Standard Oil (Australia) Limited* (1964) 37 ALJR 82, 84 *per* Kitto J 84, interpreting and approving the decision of the Full Court in *Mark Foy's*, *supra* n 3.

⁵⁸ See the Parliamentary Debates of both the first and second sessions of the Second Parliament.

⁵⁹ Parliamentary Debates 1905, Vol xxix, 5083 (14 November).

⁶⁰ Report of the Committee appointed by the Attorney-General of the Commonwealth to consider what alterations are desirable in the Trade Marks Law of the Commonwealth together with copies of the Report of the Committee previously appointed to consider the same matters ("Dean Committee") (1954) 9 (emphasis added).

⁶¹ *Supra* n 52 and accompanying text.

so that infringement under 58(1) is confined to cases where the infringing mark is identical to, (that is, a copy of) the registered trade mark.

Some further support for this argument can be obtained from the Report of the Dean Committee in which it was stated that there should only be a departure from United Kingdom law where there were overriding considerations.⁶² As infringement was an area given special attention by the Committee (as regards whether infringements should be confined to use as a trade mark or extended to include activities such as comparative advertising), and no reference was made to the Australian position being any different to that in the United Kingdom as regards the use of the trade mark itself, perhaps it can be assumed that a continuing strict application of ss 58(1) and 62(1) was intended.

3 MODERN VIEWS OF THE APPLICATION OF TRADE MARKS LAW

As was disclosed in the discussion of the historical and philosophical background to the Act, the primary function of trade mark law was to protect marks as indicia of origin. It is arguable that this is of less significance in present day society where there are communities of millions of people and tangled corporate structures, particularly as the registered proprietor's involvement may range from the manufacture to the distribution of a product, and hence the consumers would rarely know which function was actually performed.

However, it is more strongly arguable that in recent times the indicia of origin function to which the Courts have clung⁶³ is no longer realistic. This is particularly evident with changes in the law which allow registered trade marks to be transferred/assigned with or without the goodwill in the business in which they were used⁶⁴ and, perhaps more astonishingly, which allow licensing via the Registered User provisions.⁶⁵ The impact of the Registered User provisions may detract even further from the indicia of origin function than was ever intended in light of the proliferation of the practice of "character merchandising", a practice which was viewed as acceptable (and perhaps even to be encouraged by the removal of restrictions against "trafficking" in trade marks⁶⁶ and by amending the Act to expand the meaning of "connexion in the course of trade" thus perhaps increasing the range of licensing agreements which may seek the protection of the Act) to the Australian Industrial Property Advisory Committee.⁶⁷

Some support for the argument that the indicia of origin function has not been paramount for some time can be gleaned from the Parliamentary Debates in support of both the 1904 Bill and the 1955 Bill⁶⁸ which indicate that rather than being an indicium of origin, a trade mark first indicates quality⁶⁹, and is secondly a valuable business asset.

⁶² Dean Committee, *supra* n 60, 4.

⁶³ *Pioneer Electronic Corporation (Pioneer Kabushiki Kaisha) v Registrar of Trade Marks* (1978) 52 ALJR 79, 80 *per* Aickin J.

⁶⁴ Section 82.

⁶⁵ Part IX.

⁶⁶ Section 74.

⁶⁷ Australia, Industrial Property Advisory Committee, "Legal Protection of Character Merchandising in Australia: A Discussion Paper", October 1987, 29-30 ("the Stonier Report").

⁶⁸ *Supra* nn 49-51 and accompanying text.

⁶⁹ If not quality, it at least indicates "the origin of that quality": DR Shanahan, *Australian Trade Mark Law and Practice*, (1982), 250.

A The Quality Function

This has been seen by some authors⁷⁰ to be a separate function of a trade mark.

A corollary of this has been the argument that the mark may be indicative of certain characteristics and qualities (particularly in franchising situations) so that the law should apply in such a way as to consider "product marks".⁷¹

Taking either of these approaches, the importance of the trade mark is its ability to be recognized by satisfied customers so as to ensure repeat sales. This function would only be at risk by the use of an infringing mark if that mark was deceptive and so induced purchasers to buy a product believing it to be the product for which the trade mark is registered.

Thus the trade mark would be adequately protected by a narrow interpretation of s 58(1), with reference to s 62(1) if need be.

B The Business Asset Function

This approach could mean both that the trade mark has goodwill attached to it as a result of its use in relation to a particular product or service or, on a wider interpretation, it could mean that the trade mark itself is an asset which may be valuable for the purposes of licensing.⁷²

The former approach has been referred to as "the advertising function",⁷³ whereas the latter has been suggested as an appropriate area for reform so that a separate category of "advertising marks" should be allowed.⁷⁴ Although it did not go so far as to suggest a separate category of advertising marks, the Australian Industrial Property Advisory Committee's recommendations, albeit subject to formulation after public submissions,⁷⁵ indicate that neither of these asserted functions is altogether unrealistic.⁷⁶

Taking either of these approaches, the importance of the trade mark is its value to its registered proprietor whether it is attached to the particular product or services for which it has a reputation, or it is used by licence.

Again, the value of the trade mark in these situations is its ability to sell, whether on an existing product line or under licence on a new line. In the former situation, the trade mark is merely performing the quality function in favour of the registered proprietor so that the same arguments as were raised above apply. In the latter situation, the trade mark is being used as a mark of approval or recommendation. As with the other functions discussed above, the trade mark would only lose its effect through infringement if the infringing mark was deceptive.

⁷⁰ P Meinhardt and KR Havelock, *Concise Trade Mark Law and Practice* (1983) 3; DR Shanahan, *supra* n 69, 250.

⁷¹ Eg, LN Klar, "An Argument for the Restructuring of the Law of Trademarks" (1974) 12 *Osgoode Hall LJ* 223, 231-232; and A Michaels, "The Function of Trade Marks. The Law and the Reality", [1980] *EIPR* 13.

⁷² However, the latter approach seems to be negated by section 74(4) of the Act which prevents registration which would facilitate trafficking in trade marks cf *supra* n 67 and accompanying text.

⁷³ P Meinhardt and KR Havelock, *supra* n 70, 3.

⁷⁴ LN Klar, *supra* n 71, 232-233.

⁷⁵ Stonier Report, *supra* n 67, 1-2, 29.

⁷⁶ Although there is the reminder that "the public interest in protecting consumers from deceptive conduct" may be of importance: Stonier Report, *supra* n 67, 28.

It may be argued that the unauthorised use of the registered trade mark within a larger mark could “dilute” the effect of the registered trade mark. However, it is contended that this is not a valid argument with respect to the use of a trade mark within a larger mark, in contrast with the situation in which the trade mark is used for goods or services other than those for which the trade mark is registered.⁷⁷ The former will only have an effect upon the trade mark itself if that trade mark has a sufficient reputation to approve or recommend. But as this reputation is attached to the trade mark in its existing form, its use within any other form, if it is not deceptive, would not be seen by the public as reliance upon its reputation and therefore should not affect the value of the trade mark.

Thus, again, the narrow interpretation of section 58(1) given above would be sufficient to protect the interests of the registered proprietor.

4 CONCLUSION

The application of s 58(1) in its own right is clearly restricted by the fact that to infringe, the alleged infringing mark must be used as a trade mark.

The application may be even further restricted to situations where the mark used by the infringing party is the same as the registered trade mark. This article endeavours to demonstrate that such an application would be consistent with the framework of the Act, the history of trade marks law and the modern views of the application of the law.

It is therefore contended that any court which should be called upon to decide the issue in the future should adopt a strict approach to s 58(1) and hold that it applies in its own right only where the infringing party has used a mark identical to the registered trade mark.

⁷⁷ The argument from this perspective was dealt with in F I Schechter, “The Rational Basis of Trademark Protection” (1927) 40 Harv L Rev, 813, 830–833.