

The Imperial Tobacco Company of India, Limited - - - *Appellants*

v.

Albert Bonnan and Bonnan & Company - - - *Respondents*

FROM

THE HIGH COURT OF JUDICATURE AT FORT WILLIAM,
IN BENGAL.

JUDGMENT OF THE LORDS OF THE JUDICIAL COMMITTEE OF THE
PRIVY COUNCIL, DELIVERED THE 13TH MAY 1924.

Present at the Hearing :

LORD PHILLIMORE.

LORD BLANESBURGH.

LORD DARLING.

SIR JOHN EDGE.

MR. AMEER ALI.

[*Delivered by* LORD PHILLIMORE.]

Before the year 1901, the Company known as W. D. and H. O. Wills, Limited, had begun to manufacture a particular cigarette which got to be known as Gold Flake or Wills' Gold Flake, and which soon acquired a considerable reputation.

In the year 1901, W. D. and H. O. Wills, Limited, and various other companies became amalgamated into one Company called the Imperial Tobacco Company (of Great Britain and Ireland), Limited, and the whole business of W. D. and H. O. Wills, Limited, with its good will and trade marks was assigned to the Imperial Tobacco Company (of Great Britain and Ireland), Limited. In September, 1902, this last-named Company made an agreement with a Company called the American Tobacco Company, by which it was agreed that the American Tobacco Company should confine its trade to the United States and certain islands, and that the Imperial Tobacco Company (of Great Britain and Ireland), Limited, should confine its trade to Great Britain and Ireland, and that these two Companies should form

a third to be called the British American Tobacco Company, Limited, which should confine its trade to the rest of the world not included in the territories of the two first Companies. And accordingly the British American Tobacco Company, Limited, was incorporated; and to it the other two Companies assigned their business, good will and trade marks outside their respective territories; and mutual covenants were entered into by the three Companies confining their trades to their respective territories.

At some date not specified in the record, a Company called the British American Tobacco Company (India), Limited, was incorporated to act as distributors in India for the British American Tobacco Company, Limited.

By an agreement made the 1st September, 1910, between the British American Tobacco Company, Limited, of the 1st part, the British American Tobacco Company (India), Limited, of the 2nd part, and the appellant Company of the 3rd part, it was agreed that the appellant Company should buy the good will, business, rights and other assets of the British American Tobacco Company, Limited, in India and certain other territories, with brands, trade marks, trade names, formulæ and recipes, and the sole right and title to use in that territory the name of the British American Tobacco Company, Limited and the names of all firms and companies which it had acquired, and also the good will, business rights and assets of the British American Tobacco Company (India), Limited. This agreement, however, was not perfected by an assignment. By an indenture dated the 11th April, 1922, and made between the British American Tobacco Company, Limited, and the appellant Company—but to which the other Company was not a party—the British American Tobacco Company, Limited (so far as it was concerned) performed its agreement by assigning all the premises comprised in the agreement to the appellant Company.

The Gold Flake cigarettes in question were sold at one time in tins of fifty cigarettes and afterwards in packets of stiff paper, each containing ten cigarettes. On the broad flat top of the packets appeared in bold letters, words showing that they were Gold Flake cigarettes and the name of W. D. and H. O. Wills, Bristol and London; and on the back with a number of medals, there was an inscription in the following words:—

“ Every genuine package of Gold Flake
Cigarettes has the signature thus :
W. D. and H. O. Wills.”

On one of the ends of the packet—if they were packets to be sold in India by the appellant Company—appeared in very small print:—

“ This label is issued by the
Imperial Tobacco Co. of India, Ltd.
Registered Trade Mark.
Successors in India to W. D. and H. O. Wills
Cigarettes, made in England.”

If they were manufactured by the British American Company for sale elsewhere, the words, in lettering of the same small size, were :—

“ Established by W. D. and H. O. Wills, Bristol and
London, British American Tobacco Co., Ltd.
Registered Trade Mark.
Bristol, London, Liverpool and Virginia.
Successor. Made temporarily in the U.S.A.”

No reliance was placed in argument by either party upon the difference in the two inscriptions at the ends of the packets.

The only other difference between the packets to be used in India and those to be used elsewhere was that the paper for the Indian packets was of somewhat stouter material so as to afford a better resistance to damp.

Packets with this distinctive appearance and these trade-marks were manufactured by the British American Tobacco Company, Limited, and imported and distributed by the British American Tobacco Company (India), Limited, from about 1902 till the date of the agreement in 1910 ; after which date they were imported and distributed by the appellant Company. The manufacture was carried out by the British American Tobacco Company, Limited, at first in England, afterwards temporarily in the United States of America.

In the year 1921 the respondent Bonnan purchased about 21½ millions of Gold Flake cigarettes, surplus stores sold by the British Army Canteen authorities, the sale being subject to the condition that they were not to be re-sold in the United Kingdom. These cigarettes had been sold, in the first instance, to the British Canteen Authorities by the British American Company, Limited. After so acquiring them the respondent Bonnan formed the respondent Company, and the respondents shipped a large quantity of these cigarettes to India and offered them for sale there. Thereupon on the 11th May, 1922, the appellant Company brought a suit in the High Court at Calcutta, claiming an injunction to restrain the respondents from selling these cigarettes in India.

There being no Trade Marks Act in force in India, the case for the appellant Company was rested upon the ordinary rights of every trader to protect his property and to prevent attempts by other traders to avail themselves of his reputation to pass off their goods as his own.

The issues which were settled were accordingly addressed to these points, the more important being those numbered (1), (2), (5) and (8), which are as follows :—

“ (1) Does the get-up of the cigarettes described in paragraph 7 of the plaint denote to purchasers in India that such cigarettes are imported by the plaintiff Company ?

“ (2) Will the sale by the defendant Company of cigarettes in such get-up deceive the purchasers into the belief that the cigarettes have been imported by the plaintiff Company ?

“ (5) Is the plaintiff entitled as against the defendants either by reason of such importation or by reason of such purchase to prevent defendants from selling cigarettes with such get-up though they have in fact been manufactured by the British American Tobacco Company ?

“ (8) Are plaintiffs entitled to protect their right by injunction irrespective of consideration mentioned in the first two issues ? ”

The case was then heard upon oral evidence by Pearson J., who found on these issues against the appellant Company and dismissed the action ; and his decree was affirmed on appeal by Sanderson C.J. and Richardson J. It is from this affirmance that the present appeal has been brought.

At the trial some evidence was given on behalf of the appellant Company in order to show that it had a reputation as the sole vendor in India of Gold Flake cigarettes and that the respondents were trading upon this reputation. It is possible for an importer to get a valuable reputation for himself and his wares by his care in selection or his precautions as to transit and storage, or because his local character is such that the article acquires a value by his testimony to its genuineness ; and if therefore goods, though of the same make, are passed off by competitors as being imported by him, he will have a right of action.

But the evidence offered by the appellant Company was met and in the opinion of the learned Judges displaced by the evidence given on behalf of the respondents.

Thus Pearson J. said :—

“ I find, therefore, upon this part of the case that the reputation of the brand of Gold Flake cigarettes in India is the reputation of the maker and not of the plaintiff Company as importers. The reputation originated in the days of Messrs. W. D. and H. O. Wills, the original manufacturers, and the efforts of the plaintiff Company have been directed not to creating or acquiring (if such a thing is possible) an importer's reputation for themselves in the brand, but in maintaining and developing the reputation of the brand as a manufacturer's brand. The issues, therefore, dependent upon this finding are answered in favour of the defendant.”

And Sanderson C.J. :—

“ There is no necessity for me to refer to the evidence in detail, for I agree with the learned Judge's finding of fact. In my judgment the sole representation made by the plaintiffs' user of the covering of the cigarettes was a representation that the cigarettes were the Gold Flake cigarettes manufactured by the successors of the well-known firm of W. D. and H. O. Wills. There is no evidence to justify the alleged representation (on which the plaintiffs relied) that cigarettes, bearing the said wrapper or covering, had come through a particular channel or had been imported by the plaintiffs. In the same way the defendant by using the wrapper or covering was merely representing the cigarettes as Gold Flake cigarettes manufactured by the successors of the well-known firm of W. D. and H. O. Wills, viz., the British American Tobacco Company. This was a perfectly true representation, and the defendant was in no way passing off or attempting to pass off the cigarettes sold by him as the plaintiffs' goods.”

And finally Richardson J. :—

“ Moreover, the learned Judge, Pearson J., before whom the case came in the first instance, has found, and, in my opinion, on the evidence

rightly and conclusively found, that up to the date of the suit the Company had acquired no independent reputation as importers. Nor do they use any distinctive importers' mark."

Their Lordships see no reason to review these concurrent findings. Indeed they were not invited to disturb them as findings of fact; but it was suggested that the learned Judges had arrived at them as mixed findings of fact and law and in so doing had erroneously applied the law.

Another way of putting the case for the appellant Company was suggested by Counsel, which was to treat the first issue as wrongly stated. It ought, it was said, to have run as follows: "Does the get-up of the cigarettes denote the plaintiffs' goods?" But even if the appellant Company were to be allowed so to remodel the issue, its case would not be further advanced. The appellant Company has still, as it was admitted, to show that the respondents are selling goods, not the production [or introduction] of the appellant Company, in such a way as to lead customers to believe that they are the goods which the appellant Company has introduced or marketed.

And the answer is twofold: (1) It is an immaterial accident that these particular wares had from 1910 onwards been brought into India by the appellant Company and the appellant Company only; if the appellant Company got no reputation in consequence; (2) The respondents are doing nothing to mislead customers and are breaking no covenants.

In truth, as was observed during the course of the argument, all the business about acquiring title from the British American Tobacco Company, Limited, or the British American Tobacco Company (India), Limited, which latter was never perfectly acquired (see *Performing Right Society, Limited v. London Theatre of Varieties, Limited* [1923], App. Ca., p. 1) is beside the question. No trade mark or trade reputation of either of these Companies is infringed. The right on which the appellant Company is seeking to rely is something which it claims to have earned for itself since 1910; and this right, as the learned Judges have found, it has failed to establish.

There is nothing to prevent a tradesman acquiring goods from a manufacturer and selling them in competition with him, even in a country into which hitherto the manufacturer or his agent has been the sole importer. It is not likely to be a successful business operation, unless in some exceptional case. This is just such an exceptional case. The British American Tobacco Company, Limited, might, when they sold this large consignment to the British Army Canteen authorities, have required an undertaking that they should not be resold in India or to any one who could lawfully resell in India. This it appears not to have done; and then there arose the question of the disposal after the war of this large surplus stock.

The respondents, being unhampered by covenant, are selling goods manufactured by the British American Company as being

what they are, namely Wills' Gold Flake cigarettes manufactured by that Company. There is no untruth and no attempt to deceive. The appellant Company says that all genuine Wills' Gold Flake cigarettes sold in India must be their goods. It may be answered that this has been so in times past as a mere matter of fact, and because the appellant Company was protected by a covenant with the manufacturers ; but not because it had a title to a monopoly which it could enforce against strangers to the covenant.

The claim of the appellant Company is that it can stop a trader, to whom goods have been lawfully sold under a particular description and by whom they have been lawfully bought under that description, from reselling them under the same description. Such a claim sounds extravagant. It might, however, possibly be maintained, if it could be shown that the time, place or circumstances of the resale imported some representation that the goods were other than what they were. But in this case there is no such time, place or circumstance.

It is not as if the respondents were attempting to pass off as Wills' Gold Flake cigarettes stuff not manufactured by the lawful successors in title of W. D. and H. O. Wills. Any such attempt would be at once restrained at the suit of the lawful successors ; and in India and for India the appellant Company would be the lawful successors.

There is nothing in the judgments in the Courts below or in the opinion which their Lordships are now expressing to give countenance to the idea that the ordinary principles of jurisprudence with regard to trade marks and those forbidding the passing off of goods do not apply in India. But the cigarettes now in dispute are the genuine articles, lawfully acquired from the lawful manufacturers ; and as such the respondents may sell them.

Their Lordships will humbly advise His Majesty that this appeal should be dismissed with costs.



In the Privy Council.

THE IMPERIAL TOBACCO COMPANY OF
INDIA, LIMITED,

v.

ALBERT BONNAN AND OTHERS.

DELIVERED BY LORD PHILLIMORE.

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