[2012] HCATrans 093

IN THE HIGH COURT OF AUSTRALIA

Office of the Registry
Sydney

No S409 of 2011

B e t w e e n -

JT INTERNATIONAL SA

Plaintiff

and

COMMONWEALTH OF AUSTRALIA

Defendant

Office of the Registry
Sydney

No S389 of 2011

B e t w e e n -

BRITISH AMERICAN TOBACCO
AUSTRALASIA LIMITED
ACN 002 717 160

First Plaintiff

BRITISH AMERICAN TOBACCO
(INVESTMENTS) LIMITED
BCN 00074974

Second Plaintiff

BRITISH AMERICAN TOBACCO AUSTRALIA LIMITED
ACN 000 151 100

Third Plaintiff

and

THE COMMONWEALTH OF AUSTRALIA

Defendant

FRENCH CJ
GUMMOW J
HAYNE J
HEYDON J
CRENNAN J
KIEFEL J
BELL J

TRANSCRIPT OF PROCEEDINGS

AT CANBERRA ON THURSDAY, 19 APRIL 2012, AT 10.16 AM

(Continued from 18/4/12)

FRENCH CJ: Yes, Mr Archibald.

MR ARCHIBALD: If the Court please, the third point concerns benefit. The Commonwealth contends that it does not exploit or possess any property and therefore derives no benefit. One sees that, for example, at paragraph 77 of the Commonwealth's written submissions. We say that is not the criterion. What is required is an identifiable advantage relating to ownership or use of property. One sees that, for example, in *Mutual Pools* at page 185 in the judgment of Justices Deane and Gaudron and in *ICM* at paragraph 82, the judgment of your Honour the Chief Justice and your Honours Justices Gummow and Crennan.

FRENCH CJ: Was that the economic advantage?

MR ARCHIBALD: No, it may need to have characteristics that echo property interests, but the point is that one need not have the property interest itself. It needs to relate to property and therefore the criterion is not that I exploit, but that what I do relates to exploitation. Our point is that the Commonwealth controls exploitation, even if it does not exploit itself.

One sees that when one goes to the benefits which we identify as arising here. The first set of benefits relating to the first set of acquisitions, of course, consist of control over the trademarks, control of a kind that leads to their exclusion from the box and, in a companion way, control over the face of the box which leads to the mandatory inclusion on the face of the box of the drab, brown colour. Those are the features, the essential features, that commoditise the package. We are concerned with plain packaging legislation. Those are the features that effectuate that outcome. That is the primary work of the legislation.

There is, of course, a second set of benefits and a second set of acquisitions which do relate to the face of the box but they are sourced through the separate legislation which is concerned with the 2011 standard. Control there is exercised so as to require the use of some of the space vacated by the elimination of the trademark presence for expanded health warnings.

Those expanded health warnings come in through the other legislation, not through the plain packaging legislation and those health warning elements are not commoditisation elements, they are not plain packaging elements. They do involve benefits. They do result in acquisitions, in our contention, but they are in conjunction with and not part of the plain packaging elements. If the Court pleases.

FRENCH CJ: Thank you, Mr Archibald. Yes, Mr Myers.

MR MYERS: Thank you, your Honours. The first matter which I wish to address in reply is the proposition advanced by Mr Sofronoff and by Mr Gageler that BAT was not deprived of any property within the meaning of section 51(xxxi) by the operation of the legislation. Mr Gageler began his submissions by saying – and we agree with him – that section 51(xxxi) is for the protection of property in its broadest sense and he referred to the decision in *Chaffey* for that proposition. We say that it cannot seriously be doubted that registered trademarks are property. The 1995 Act says so in section 21 and the registered trademark comprises the two exclusive rights identified in section 20(1).

The submission that was put by the Solicitors-General has two elements as we understand it. The first is that there is no right to use under the trademark legislation and, secondly, the statutory right to use is not in truth a proprietary right because it is not a right of exclusion. We answer this submission by several steps. First of all, it is inconsistent with the terminology of the Act, section 21 especially. Admittedly, the Act cannot govern the meaning of the constitutional provision but it is a powerful instance of the usage inconsistent with those submissions. It is also a submission inconsistent with the accepted objective of section 51(xxxi) to protect property it its broadest conception.

The Hohfeldian analysis of rights and other legal conceptions relied upon for the first of the two propositions that - well perhaps both of the propositions that I mentioned - is merely one way of speaking of certain legal conceptions and one way of analysing legal conceptions. It is not a misuse of language to speak of a right to use as the *Trade Marks Act* does and, indeed, in that passage from Hohfeld that I referred to in my primary submissions, Hohfeld himself speaks of a right to use as being a characteristic of property and cites both judges and legal writers in that usage, and I will not read it again to your Honours.

The notion of property as a right to exclude is doubtless a useful way of considering the nature of rights commonly called proprietary, but it is not the only way that property can be analysed. Mr Gageler himself pointed out in the course of his submissions that easements and profit a prendre, although always referred to as property or as proprietary interests, are difficult to analyse in terms of a right of exclusion. Even if property is analysed as a right of exclusion and rights are understood in the narrowest version of the Hohfeldian analysis, the point of the right of exclusion is to enable use of the subject matter of the right of exclusion without interference by others. The ability to use without interference is aptly called property.

In a more formal jurisprudential sense, or using more formal jurisprudential language, the bundle of rights, liberties and privileges which we commonly call property is so-called very often because one of those rights is a right to exclude from the subject matter of the rights, liberties and privileges, and it is also the reason why the statutory usage is correct. The focus of the Solicitor-General on the Hohfeldian analysis was too narrow.

It follows, in our submission, that if everyone can use a trademark, there is no property in the trademark and, equally, if no one can use a trademark, there is no property in the trademark. The substance of the property is gone. If use is not permitted by anyone, there is no property. A right to exclude from that which no one can use is not a right. The effect of the legislation in this case transforms something which is called a trademark

and, by the Act, property into something which is no longer a trademark. Thus, we say, when section 20(1) and (2) prohibit the use of a trademark on retail packaging of tobacco, it deprives the owner of the registered trademark of property consisting of the right to use and the right to authorise others to use.

The second matter which I wish to address is this. Even if the *Tobacco Plain Packaging Act* effects a deprivation of property, Mr Gageler's submission was that the Act and the regulations, the information standards that are enacted with it, do not provide to the Commonwealth or any other person a corresponding interest in the nature of property. To answer this submission, if I could simply remind your Honours just once again of section 7 of the *Trade Marks Act* which is headed "Use of trade mark". If your Honours look particularly at subsection (4) – I am conscious I referred to this when I addressed your Honours two days ago:

> In this Act:
>
> ***use of a trade mark in relation to goods*** means use of the trade mark upon, or in physical or other relation to, the goods (including second-hand goods).

Then section 17:

> A ***trade mark*** is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.

Section 20 I have already referred to. There are other provisions of the Act that refer to use, but it is the particular use in the course of trade which I wish to emphasise. Thus, absent the *Tobacco Plain Packaging Act*, BAT could apply its Winfield registered trademark to tobacco packaging, in the words of section 17, to distinguish its goods dealt with or provided in the course of trade from goods so dealt with or provided by any other person. It lost that right by reason of the terms of section 20 of the *Tobacco Plain Packaging Act*.

It was also entitled, absent the Act and the regulations and standards that accompany it, to employ its own get-up, quite aside from the trademark. It could decide the colour of its packaging. It could decide the shape of the packaging. It could decide to have a flip top that was resealable, for example. This too was lost by the provisions of the Act, the regulations and the standards. By the Act and the regulations and the standards the Commonwealth, and it seems too also the Victorian

Anti-Cancer Council which owns the Quitline mark, acquire the right to have BAT's tobacco packaging in the form prescribed from time to time by the regulations and the information standards.

If your Honours look at the Act, and I just interpolate this, section 10 provides that the Act will be read down to conform with the information standards, but all the operative provisions, sections 18 through to 26 – I think I can say all – also have the qualification that the regulations can provide something which is other than provided by the Act. So the regulations in truth or in substance can provide for a different effect from the Act and overturn, as it were, the provisions of the Act.

So what we say is the Commonwealth acquired the right to have BAT's tobacco packaging with the health warnings devised by the Executive from time to time, with the Quitline logo and to be sold only in association with get-up of a type from time to time prescribed as to colour, the shape of the boxes, whether the packets are re-closable or not. This, we say, is a corresponding interest, in the sense that Mr Archibald used it a few moments ago, to BAT's right to apply its registered trademark to its goods in the course of trade and to sell products in get-up of its choice in the course of trade. This corresponding right is a right which exists in relation to BAT's goods, dealt with in the course of trade and so it answers the statutory test.

Now, one comes here at this point always to this question of regulation or not and our answer to it in the end is that the question for the purposes of the Constitution is not whether it is regulation or not, it may well be regulation, but whether it effects an acquisition. We draw attention, in *Trade Practices Commission v Tooth*, at page 428, to this observation of Justice Mason, and I can read it - your Honours need not go to it. It is about line 12 or so:

> It is one thing to say that a law which is merely regulatory and does not provide for the acquisition of title to property is not a law with respect to acquisition of property. It is quite another thing to say that a law which does provide for the compulsory acquisition of title to property and which also happens to be regulatory is not a law with respect to the acquisition of property.

It may be said, with respect to his Honour, that he used too many words to express the idea that one is concerned with acquisition of property here in the constitutional sense and not with the distraction of whether something is regulation or not.

The third matter with which I wish to deal in reply arises from submissions made by Mr Gageler yesterday and he described those

submissions as propounding a principled criterion of incongruity and he continued to rely upon paragraph 84 of the Commonwealth's submissions. We make two submissions about this. First, the essence of paragraph 84 of the Commonwealth's submissions is this:

> if the acquisition of property without compensation is no more than a necessary consequence or incident of a restriction on a commercial trading activity where that restriction is reasonably necessary to prevent or reduce harm caused by that trading activity to members of the public or public health –

then it is not within the terms of section 51(xxxi). These words simply have no place in the Constitution. By no stretch is it possible to derive this test from the words of the Constitution. Secondly, it calls upon the Court to make a judgment about whether an enactment is reasonably necessary to prevent or reduce harm, et cetera.

This is not a judicial function. This is for Parliament, under our constitutional set up, to make all such judgments. The second thing is that the so-called principled criterion of incongruity, so far as it refers to earlier judicial references to incongruous, misunderstands those references. The references to incongruity in earlier decisions refer to the incongruity of providing just terms because of the conflict between the nature of the enactment and the notion of just terms, for example, it is incongruous to suggest that a tax, a taxing statute, must provide just terms. Here in paragraph 84 what becomes the profound incongruity in the last words of paragraph 84 is the incongruity of applying the terms of section 51(xxxi) to an acquisition to vindicate:

> a compelling public interest by narrowly tailored legislative means -

which involves, nonetheless, ex hypothesi, an acquisition of property. Acquisition of property for very good reasons of public policy does not bespeak incongruity of providing just terms. To the contrary, if anything. They are our submissions in reply. If it please the Court.

FRENCH CJ: Thank you, Mr Myers.

MR GRIFFITH: If the Court pleases.

FRENCH CJ: Yes, Mr Griffith.

MR GRIFFITH: As our contribution not to detain the Court any longer into the third day than might be required, may we, with the leave of the Court hand the Court a summary of detailed points we would wish to make which are perhaps most conveniently made in the summary, rather than me

taking them through the Court one by one. May I have the leave of the Court to do that?

FRENCH CJ: Yes.

MR GRIFFITH: If your Honour pleases. Your Honour, with that detail addressed, may I limit myself to the primary submissions which JTI makes as a separate plaintiff by reference to its case arising from the very thin demurrer book before the Court. Our case as we pleaded in our statement of claim and as we opened, is limited to that 25 per cent of the face of the pack which will be available upon the implementation of the…..regulations, as from 1 December 2012.

So our entire case addresses this part on the front, effectively nothing on the back because nothing on the back has changed from the pre-existing position. Our pleading did not address at all the issue of validity of the regulations arising other than under the TPP Act, and we do not claim any relief with respect to that. So our claim for invalidity is limited to that part of the Act operating prospectively from 1 December 2012.

On that basis, your Honours, we entirely excise our case from issues as to whether it is appropriate to appropriate part of the entire pack for the purpose of health warnings because that is no part of our case, other than, your Honours, if we may deal with and dispose of the Ratsak issue which was raised by several of your Honours, namely that I did go to the Kingston shopping centre last night and purchased a packet of Ratsak and curiously, dangerous as this is to rats as consumers, there appears only the mark "Poison" in the top corner. I do have packets for the Court if the Court desires them but it would be breaking too much new ground to distribute packets of Ratsak. I would not invite your Honours to open them.

Your Honour, our point is as, of course, proprietors of poisonous substances have marks, here it is only this top corner, there is nothing else on the pack about usage; there are warnings. There is an information line, my learned friend points out, your Honour, and the back of the pack has small print for people who are younger than me to read without glasses to read the number in situations of emergency, but that is obviously in compliance with the law.

We do not object to the enhanced global warnings appropriating – it said 90 but effectively it is 100 per cent of the back of the pack or 70 per cent of the front of the pack. One might say on any view, your Honour, that there are sufficient warnings there to meet what is regarded as the legislative requirement so that there should be appropriate health warnings in the terms stated under this law.

With respect to the unappropriated part of the pack, and that is where our objection lies, your Honour, our objection is firstly to the fact that we say our trademarks are extinguished and, secondly, we say that our right to appropriate by applying our trademarks in the course of our business and by applying what I have referred to as our get-up, and as your Honours will remember we relied just merely on the form of the pack as we distributed to your Honour, is totally abrogated.

May I take your Honours to page 5 of the demurrer book, that very slight volume that captures our case for constitutional invalidity.

Schedule A on page 5 over to page 6 examples our trademarks. All but example 4 is a device mark and the effect of the Act is to prohibit entirely, in our submission, the use of those four trademarks. There is one word mark, as was pointed out by Justice Crennan, that is item 4 on our schedule, which was registered as recently as 1980, which is a word mark and, as her Honour correctly pointed out, that may continue to be applied as a word mark or as a brand name, but our submission is, your Honour, that it suffices for us to say that the other trademarks on which we plead are trademarks of which, effectively, there is no permitted legal user, and in making that submission, your Honour, our contention is that the limited exceptions as to wholesale distribution, production for export and for references in trade publications for those within the trade is, in essence, no exception at all.

We also say, your Honour, that the reserve capacity under the packaging law, your Honour, to enable us to continue to licence others to use our trademark in Australia for production for Australian distribution is of no content, because, as Justice Heydon pointed out yesterday, the sanction is a criminal offence, and although your Honours have not been taken to this, my learned friend, the Solicitor-General, referred to other parts of the Act dealing with the provisions for sanction and enforcement.

When one looks at those provisions, they are very widely stated operations to establish both offences and criminal liability akin to what one would expect in an Act dealing with the security of the nation. Many of the provisions are redolent with requirements for strict liability and also obligations for self-incrimination. But, your Honour, what we say is that when one looks at those aspects, one sees that there is to all intents and purposes extinguishment. There is, your Honour, complete abrogation of our rights on that on that balance of 25 per cent of the pack to use it for the purpose of our business in a way which is the only permitted legal user up to the time of abrogation.

Your Honour, our submission is that when one goes to the terms of both section 18 of the *Trade Marks Act* and also to paragraphs 71 and 74 of

the Commonwealth's submissions, one has two examples, your Honour, of Orwellian doublespeak, which are the equivalent of what might be said that love means hate that one might derive from the writings of George Orwell. Can I make that submission good, your Honour. Firstly, if we go to section 28 of the TPP Act. Your Honours, section 28 deals with the position as to non-use and what subsection (1) says – we say it is legislative recognition, that the Act proscribes the use of trademarks – is to say with respect to a new trademark, for example, if one had a horse rather than a camel, in that position, your Honour, an applicant can register a trademark with respect to the use of that trademark, notwithstanding the terms of the Act that it cannot be used.

So it is taken to be with respect to the use of the trademark but for the operation of this Act. The operation of this Act is that the trademark cannot be used. In our submission, in effect, what section 8 is doing is, firstly confessing of the effect of the *Trade Marks Act* 1995, is to prohibit the use of the trademark but then establishing a fiction that you can nonetheless register a trademark, the use of which is prohibited.

Now, that fiction is confirmed by subsection (3) of the Act which enables the registration to continue, notwithstanding non-user and notwithstanding the fact that non-user is a reason for being expunged from the registrar of trade marks, on the basis that if the non-user arises out of the application of this Act, that that has the effect, as it is stated for the purposes of doubt, your Honour, of not disentitling you to the continuance of the trademark. That is another fiction. That is a fiction on a fiction. What we say, your Honour, is that subsection (4) continues those elements of deemed assumption which are built on the statutory acceptance by the Parliament that the effect of this law is that there shall be no further use of the trademark. I made it clear, your Honour, we say that is a proposition which can be accepted, notwithstanding the limited exceptions dealing with wholesale distribution or for export or in a trade magazine.

FRENCH CJ: Your Camel trademark number 1 on page 5 is registered in respect of matches as well as tobacco products.

MR GRIFFITH: Yes, your Honour.

FRENCH CJ: Is their residual use unaffected by the statute?

MR GRIFFITH: It would be, your Honour. Yes, you could still sell matches. They are not regarded within the ambit of the Act. Perhaps I should also mention, your Honour, one issue that arose, your Honours, whether or not a registered trademark is tied to particular goods and services. We do, in our notes, refer to the fact that the *Trade Marks Act* section 120(3) in the case of well-known marks enable the protection of a

trademark on unrelated goods and services. So that might partially answer the example given by Justice Heydon with reference to the use of Capstan. I think, Justice Heydon, your question was in the context of cigarettes, but there is a – I am told, your Honour, whilst accepting your Honour the Chief Justice's principle, in fact, the use on matches is prohibited by the tobacco advertising legislation. I should have thought of that.

FRENCH CJ: That is something else, yes.

MR GRIFFITH: I should have thought of that. Because you cannot use it anywhere else, your Honour. The premise of our entire submissions is, of course, this was the only spot where one could use it for the purpose of representations in public. There is nothing else left. So I overlooked that in too readily agreeing to your Honour's example as a general matter but not noting the qualification with respect to the facts of these trademarks you cannot. You cannot use it anywhere else. That is the purpose of closing the gap.

BELL J: The significance of the circumstance that you cannot use it anywhere else goes to the question of whether or not you have, for all practical purposes, had your property extinguished.

MR GRIFFITH: Of course, your Honour.

BELL J: But how does it bear relevantly, if at all, on the question of acquisition in the sense of some property interest by the Commonwealth being obtained?

MR GRIFFITH: If there is fair extinguishment, well, one has an extinguishment and one must look for the requirement for the satisfaction of the element of acquisition. What we have sought to say, your Honour, that the reference point for that is by reference to this 25 per cent of the packet which was all that which was available for our commercial application.

BELL J: I think I understand that. All I am seeking to get from you is whether or not the references that have been made in your submissions, and I think in the submissions of others, respecting the last stand, have any significance to what is a critical aspect of this discussion and that is the question of acquisition.

MR GRIFFITH: Your Honours, one must first identify the property and then say, well, what have you be lost. So this is in the what have you be lost element. Then we have to say, well, yes, but where is the element of acquisition and we fix that, your Honour, by reference to saying even if one regards this as an anomalous or nominate property interest, one does not look for direct correspondence. One looks to say, is there a corresponding

benefit, one loosely says, of a proprietary nature? What we say is that as the Act comes into force and bites, our use of a proprietary nature was to put it on our product for offering for sale and distribution in competition with our competitors and that is wholly shut off.

I suppose there are elements in here, your Honours, that we pick up. My learned friend's arguments about "frogging" because there is no doubt, and the Commonwealth makes its case, that there has been no attack, it says, on the various other closings of the gap. What it said, your Honour, is that this closes the gap completely and undoubtedly it does because once this Act comes into force, your Honours, its effect is that there can be no promotion by way of using your trademark and your get-up in any way whatsoever in connection with retail sale in Australia and all other avenues or seeking to put your trade name, trademarks for the public domain, as does say the proprietor of Coca Cola, already been closed off.

Your Honours, it is curious. We are just left with this 25 per cent as to what we are fighting about but it is a matter of great value because it is all that the plaintiffs, all of them, have left for the purpose of putting their goods to the market and there is no doubt whatsoever that it is abrogated. Now, to make my second reference to Orwellian doublespeak, may I take your Honours to the Commonwealth submissions filed in the *BAT* matter, the other matter.

HEYDON J: Sorry, take us to what?

MR GRIFFITH: The Commonwealth's submissions in the *BAT* matter.

CRENNAN J: Just before you do, Dr Griffith, having regard to what you have said about section 28 of the Packaging Act, what will be the operation of section 42(b) of the *Trade Marks Act* in relation to future applications for registration, having regard to the Packaging Act?

MR GRIFFITH: Your Honour, our understanding is that you can still make your application and it will be granted. It is not a matter of unlawful registration. It is a matter of unlawful use. You still have your trademark but our point is that it is one stripped of all content.

CRENNAN J: The use is unlawful.

MR GRIFFITH: The use is unlawful. The licence is unlawful. So even if one says out of it is it an exclusive use in a positive way under section 20(1) or not it is left on one side, there is nothing you can do with it other than put it on goods for export and possibly, your Honour, on packaging to go to wholesale distributors and put in a trade magazine. That

is effectively the only exceptions. Your Honours, I was seeking to make that - - -

GUMMOW J: Could you explain the point about matches?

MR GRIFFITH: Your Honour, you are not allowed to use any tobacco mark in any other public - - -

GUMMOW J: Which section says that?

MR GRIFFITH: It is other legislation, your Honour.

GUMMOW J: Is it for consumer legislation, is it?

MR GRIFFITH: There is a suite of laws, your Honour; they eliminated it from the Formula One from billboards. It is also section 15 of this Act I am told, your Honour.

GUMMOW J: Section 15?

MR GRIFFITH: Section 15 I am told, your Honour. This is a bit of a blast from the past, your Honour. Remember we had those cases about incidental and accidental exposure of tobacco advertising? There was a last step, namely, whether you can use names such as "Lights" or that sort of thing and that was dealt with by a formal agreement with the ACCC and the tobacco companies.

GUMMOW J: Section 15 cannot be right.

MR GRIFFITH: Your Honour, I think the Act is the *Tobacco Advertising Prohibition Act* 1992.

GUMMOW J: Yes.

MR GRIFFITH: Would your Honours like us to make a note about that?

GUMMOW J: Yes.

MR GRIFFITH: We have just taken that as a given, your Honour, that there is nothing else that - - -

FRENCH CJ: So you cannot sell Camel matches?

MR GRIFFITH: No, you cannot, your Honour, I was wrong to say you could – you cannot. You can sell something that is not related to tobacco using a trademark on it, but you cannot use your tobacco related trademarks

other than – the only place, your Honour, I think it is common ground, or it certainly is for us, your Honour – the only ground is at the moment you can use it for the available 70 per cent - from 1 December you can only use it for the 25 per cent. If you say 90 per cent on the back, when you look at the back there is really nothing left on the 10 per cent, but that remains as it is.

So I suppose legislatively it is 25 per cent on the front, 10 at the back, and that is it, but that is the bit we are seeking to protect, that is the subject matter of this action – for us, only that. Our claim for relief is confined for declarations with respect to the operation of section 15 of the tobacco packaging provisions, not with respect to the product warning standards and those matters.

FRENCH CJ: Now, just going back to 28(2) for a moment, this is the contrary to law point and its interaction with 42(b) of the *Trade Marks Act*, is it right to say that that means that 42(b) is to be read by reference to the *Tobacco Plain Packaging Act* as saying an application must be rejected, its use would be contrary to law, other than by reason of the *Tobacco Plain Packaging Act*?

MR GRIFFITH: We take it as axiomatic. Perhaps the Court could pass judgment on that as a passing issue, but if nothing else the *Tobacco Plain Packaging Act* is a later Act and has an exclusion - - -

FRENCH CJ: So, it is a carve-out of that.

MR GRIFFITH: It is a carve-out, we would say, by the later Act so that we would certainly understand it as that, your Honours. We say that what it is is a confession and avoidance in effect. It admits that the effect of the tobacco packaging legislation is to prevent any use of the trademark in a way which otherwise would make it amenable for a non-user to be expunged to the extent of letting you to come on the register, if you are not already there, but then be subject to the legislative suite of provisions which says effectively you cannot use it other than production for export. That is our position on it, your Honours.

Your Honours, I wish then to deal with the issue of the Commonwealth's contentions, paragraphs 51 and also 53, to which my learned friend, Mr Myers, has already briefly referred the Court, but may I say, in the context of marking our case out as a different case from those of the other plaintiffs, namely confined to the 25 per cent that otherwise is available after the consumer warning messages, to read and then comment, your Honour, on the propositions made. Your Honours, I invite you to do that bearing in mind, perhaps, some of the message of *Nineteen Eighty-Four* as one does it, how are we using words:

> In restricting what marks and get-up may be deployed on the retail packaging of tobacco products for sale in Australia, the TPP Act does nothing to diminish any statutory right conferred by the TM Act.

Well, your Honours, that is untenable because as my learned friend, Mr Gageler, did concede, your Honours, that it does have the effect of preventing the use of trademarks in the case of the BAT plaintiff, all trademarks, because they were all device marks, not just word marks. In our case of all marks other than with respect to trademark 4, the mere word and we do note that trademark 2 is merely the beast itself, it does not have any word accompanying it and so that is an image that can be associated and used by the existing trademark.

So we say, your Honours, in that statement the word "statutory" is put there to make a substantial carve-out to really glide over the actual express terms of the legislation which my learned friend frankly conceded yesterday in his submissions has the effect of preventing the use of all non-name trademarks. That is undoubted. Then it says:

> Critically, the TPP Act does nothing to *permit others* to use registered trade marks.

Well, your Honours, our position is the Act establishes a position that no person in Australia may use a trademark, whether they have a licence or not, that is currently our trademark and if I could leave on one side the question, Justice Crennan, of just the name mark, but of course the legislation would permit the use of the name even if it were not a registered name trademark because that is specifically provided for in the Act.

> The statutory assurance of exclusive use is not eroded.

Well, your Honours, we say the reality is that you cannot use it at all and that is conceded by the Commonwealth in its submissions as indeed it must.

> It is the freedom to use trade marks that is reduced.

Our position is it extinguished and even if one says one looks in reference to acquisitions to the substantial effect the qualifications here are all but non-existent. They have no commercial contact.

HAYNE J: Is not the central division between the submissions you are now making and the submissions we see recorded there that you treat the trademark as if it is an object of rights and distinct from the rights themselves? Are you not objectifying or, if you like, reifying trademark as something separate from the rights which the *Trade Marks Act* gives?

MR GRIFFITH: We are not intending to do that, your Honour. I was intending to adopt, if I may say so, the elegant way in which counsel for BAT in his submissions put the aggregations of rights with respect to a trademark or to really conflate into it the proposition that that which is not prohibited can be done and that would include, your Honour, the applications of our trademark in respect to part of our packaging which, apart from the Act, we have as our commercial and legal disposition.

I hope I am not invading your Honour's answer by saying that, but I have no wish to abstract my proposition with respect to trademark to an elevated level where it ceases to have conformity with our case which is about the reality and substantial effect of the laws rather than abstracted analysis of whether or not, following the new *Trade Marks Act*, there is a continuation of the pre-existing position derived from English authorities that there is no grant of exclusive use. We say, at the end of the day, it does not matter because the practical content of our right is to apply whatever marks to this which we have control over for the purpose of the only mechanism to put our product into the market.

CRENNAN J: I do not think it matters much, but in relation to the question which you have just answered, what the *Trade Marks Act* does do is give an applicant for registration a right to be registered – have a trade mark registered on the satisfaction of certain conditions. That is where 42(b) comes into play as do - - -

MR GRIFFITH: Well, your Honour is right.

CRENNAN J: But at the end of the day, that is a very minor point, I think, in the context of the Hohfeldian analysis.

MR GRIFFITH: Yes. Your Honour, it is always helpful for a question be prefaced "I do not think it matters much" because then you are not quite at so much risk about answering it and one problem with a combative debate with members of this - - -

CRENNAN J: I am just pointing out there is a right - - -

MR GRIFFITH: Thank you, your Honour. Yes. What I am saying is, your Honour, that sometimes your Honours are here to help me, but you tend to get a bit combative and make contrary assumptions. So thank you, your Honour. I regard that as an observation which does not leave me stranded and in that way, your Honour, I accept it. Your Honours, it is always difficult in this Court to say yes, your Honours, because you do not know whether or not one has fallen into a pothole on the other side of the Court.

HAYNE J: I would read Virgil about Greeks.

MR GRIFFITH: So, your Honours, can I continue my sentence by sentence analysis of what we say is doublespeak. The TPP Act does not even contain a total prohibition on the use of the trademarks. The operation to enter trademark appearing on retail packaging is qualified. Brand names, that is just the name, maybe appeared. Well, in the case of the BAT plaintiffs, that leaves them with nothing of their trademarks. In our case, it just leaves us with the word "Camel" which is trademark 4 on our schedule which could have been used in any event.

It says "albeit only in a specified manner". Well, your Honours, that is a bit like saying I am here to help you. We are talking about very little indeed and nothing of any commercial consequence as part of the Commonwealth's deliberate path to eliminate the use of our trade names, trademarks and get-up in the only place where it may be used in commercial affairs in Australia. So that leads on to the next point:

> trade marks can still appear without restriction on retail packaging intended for export.

That must be entirely by the by to the purpose of acquisitions:

> Beyond the scope of the TPP Act, but subject to other Commonwealth, State and Territory laws, trade marks can still be deployed in advertisements and communications –

That sounds promising, read on –

> directed at other members of the tobacco industry –

So that is just in matter of circulars between manufacturers and distributors and their wholesale customers –

> on business communications such as correspondence or invoices –

There we have reference to the *Tobacco Advertising Prohibition Act*. We have gone out of this Act. So you are allowed to say what is your trademark on your invoice to the reseller and you can put your name on a building. Well, that is probably only one building unless you have got offices everywhere –

> and on wholesale packaging.

Your Honours, our submission is that adds up to no real qualification to the situation of total prohibition with respect to trademarks, other than just the name trademark. Now, your Honours, could I go over to paragraph 53:

> None of the statutory rights tobacco companies claim will be taken from them by the TPP Act therefore involve any positive right to use, free from other legal restrictions, or at all. The imposition of new restrictions on use by the owners of the rights takes nothing away from the rights granted. No pre-existing right of property has been diminished. No property has been taken.

Our submission is, your Honours, that the correct analysis is that everything has been taken. With regard to the narrow entry as to what was possible commercially, up to the implementation of this Act, there was very little left. After the implementation of the Act, effectively, there is nothing left. What we say, your Honour, is that it is redolent of the analysis of the Court with respect to principles to be applied in these situations, your Honour, that that is the operative issue for the Court with respect to determining firstly the issue of property. Has it been extinguished or acquired.

Dealing with the issue of acquisition, your Honours, our submissions and also those of the other parties refer the Court to the various expositions of members of this Court as to the fact that property is to be widely defined, including innominate and anomalous property interests. Our position is, your Honour, it follows firstly that if that has a wide aspect of the definition of "property" there must be a correlative wide definition in looking for the issue of what is the inuring benefit with respect to the Commonwealth arising from that legislation.

We identify the situs for that analysis as being this very same 25 per cent area, which we analogise to the billboard coming in from the airport and we say that analogous reference holds true. As you drive from the airport there is a billboard that either has an advertisement or has a telephone number saying "Ring and put your name here." At the moment the billboard has, in the part where it is enabled, our application of marks and get-up.

The effect from the 1 December is, and we accept the valid operation, is that the extended global health warnings have the effect that only this part is left, but, nonetheless, our submission is that remains part of our billboard which has been entirely appropriated by the operation of this law for the purposes of the Commonwealth. Now, the Commonwealth has a choice as to what legislature may choose to with it. It may, having brought in by provisions of other legislation the enhanced global health warnings, have had any message there.

The message that is chosen is to prescribe under the terms of the Act the particular Pantone colour, which perhaps might look attractive on a dress, but whatever, it is regarded as looking unattractive on this package, and we say a matter of statement that the law says we are unable to put our brand name on it. Well, your Honours, it must be self-evident that if the law prohibits the use of your brand name on the product you are wanting to sell, effectively it would be prohibiting the sale of cigarettes because you would not know your packet from any other packets. So that is no concession. That is a statement of necessity that one must be able to identify the packets in 14 point.

The variant is in 10 point. Well, that is necessary to know whether it is filter or not filter. You do not have emotive terms such as "lights" any more. You may have blue or yellow, so some consumers think they can distinguish the quality of the product. But, your Honours, our position is, with respect to that, that is the Commonwealth's decision to abrogate that space which it totally controls by the terms of this Act for the purposes that it regards as appropriate, and it may be for the reasons as asserted in the defence, it may be for other reasons, but, your Honour, that is a complete control of that area which we say should be equated to a proprietary interest and, as we made clear in our opening submissions, on the basis that the message does not matter.

The message could be, "Buy war bonds, drive safely, pay your tax" and the fact that the Act, as a matter of legislation, has said this is the message we want, something plain and unattractive, is beside the point. The Commonwealth, if it is correct, has the power to change that message. Your Honour, whether it is sheeted home in legislation that operates until repealed, it makes no difference. That is the effect that, what we say, your Honour, falls conventionally in articulations of, really, one might say, your Honour, all former judges of this Court and also current members of this Court, as to the approach to have regard to the reality of the situation, to not look for correspondence of a property interest, narrowly defined or a bundle of interests, not to look for an equivalent in the abrogation of the trademark or the right to get-up which has been destroyed. It leaves us with a position that we are totally excluded from the only remaining mechanism, we say, to apply our commercial applications to the space.

Your Honours, our submission is that it is no new or big reach to assert that in that way there is an acquisition of a requisite benefit, that sometimes expressed it can be insubstantial. Our position, your Honours, is that in this case it is substantial but on any view significant. If the Court pleases.

FRENCH CJ: Thank you, Mr Griffith. The Court will reserve its
7820 decision. The Court adjourns until 10 o'clock tomorrow morning.

AT 11.14 AM THE MATTER WAS ADJOURNED