Empirical Analysis of Judicial Reasoning — All Trade Mark Infringement Cases Under s 120 of the Trade Marks Act 1995 (Cth).

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DECLARATION PAGE

(i) the thesis comprises only original work towards the PhD except where indicated;

(ii) due acknowledgement has been made in the text to all other material used;

(iii) the thesis is fewer than the maximum word limit in length, exclusive of tables, maps, bibliographies and appendices as approved by the Research Higher Degrees Committee.

Signed by the Student:

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ABSTRACT

In Australia, there has been no empirical research examining what legal factors determine a trade mark infringement claim under s 120 of the Trade Marks Act 1995 (Cth) (‘1995 TM Act’). Nor has there been empirical research regarding the impact of litigating collateral, concurrent claims under passing off or s 18 Australian Consumer Law (‘ACL’). This thesis fills that gap and is first Australian study to employ systematic content analysis of judicial decisions to investigate multiple aspects of trade mark infringement law.

The thesis findings are based on 78 Australian judgments reported over a 20-year period (1 January 1996 – 1 January 2016). This dataset represents all first instance trade mark infringement decisions reported since the commencement of the 1995 TM Act where a s 120 claim was judicially considered. The thesis method is based on an empirical approach used by Barton Beebe in his study of US trade mark infringement law. The empirical analysis provides insights not available via traditional doctrinal analysis and resolves several uncertainties in Australian trade mark infringement law.

With regards to the outcome of a s 120 claim, regression analysis reveals that two statutory elements are determinative — ‘trade mark use’ and ‘deceptive similarity’. Chi-square analysis shows that with regards to trade mark use, the determinative factors are the ‘immediate context’ of the mark, the ‘purpose and nature of use’, and an application of ‘policy’ considerations. With regards to deceptive similarity, the three determinative factors are ‘similarity in ideas’, ‘similarity of impression’, and ‘aural/visual similarity’. These findings are consistent with Beebe’s study (in respect of the cognitive finding) that only three cues are judicially relied upon to determine a trade mark infringement claim.

This thesis finds (contrary to the tropes in the literature) that considerations such as reputation, marketplace factors, or estimates of consumer confusion are not strongly associated with a use or deceptive similarity finding. Also, in contrast to the US critique — that the Australian trade mark use test creates inefficiencies caused by a laboured consumer-dependent inquiry — this thesis reveals that the Australian use test actually operates as an efficiency tool. This thesis shows that cases that ‘turn on’ use, resolve 39% more quickly than cases that ‘turn on’ deceptive similarity. The distinctive aspects of Australian law that enable the effectiveness of the trade mark use test are discussed.

This thesis also reveals that a collateral claim under s 18 ACL improves the chances of a plaintiff’s net win by up to 10%; but that passing off in this context has become redundant. Importantly, the analysis also reveals a decline in pleading under ss 120 (2) and (3) and an increase in reliance on s 120 (1). A further, original contribution of this thesis is to provide doctrinal and practical implications of this and other findings. Reflections on the method as well as directions for future research are proposed in the concluding chapter.
CHAPTER ONE: INTRODUCTION AND OVERVIEW

I INTRODUCTION

A Thesis Goals

Trade mark litigation under ss 120(1) or (2) of the Trade Marks Act 1995 (Cth) (the ‘1995 TM Act’) requires the plaintiff to show ‘use as a trade mark’ by the defendant, and a level of ‘similarity’ (substantial identity or deceptive similarity) between the defendant’s and the plaintiff’s mark. In addition, that use must have a degree of ‘relatedness’ with respect to the goods and/or services for which the plaintiff’s mark is registered.¹ Section 120(3) further allows the plaintiff to pursue an infringement claim (subject to certain conditions) for use on ‘unrelated’ goods or services if the plaintiff’s mark is ‘well-known’. There is a great deal of debate surrounding what elements drive the outcome of a s 120 infringement suit and, what factors determine whether a mark is being ‘used as a trade mark’ by the defendant and whether that mark is ‘deceptively similar’ or ‘substantially identical’ to that of the plaintiff’s. The full text of s 120 1995 TM Act is set out at Appendix A (at page 198).

There is also uncertainty as to the differential benefits of relying on subsections 120(1)(2) or (3) of the 1995 TM Act. In addition, there is some debate as to the intersection of s 120 1995 TM Act and collateral claims in passing off and/or s 18 Australian Consumer Law (s 18 ‘ACL’) particularly when all three actions are concurrently litigated. The goal of this thesis is to use empirical methods to resolve these uncertainties and discuss any relevant doctrinal and practical implications. This thesis is the first to propose a multi-factor model of Australian trade mark infringement law. This thesis is also the first to empirically examine all relevant trade mark infringement cases over the 20 year period from when the 1995 TM Act came into force.

To be clear, with regards to nomenclature, this thesis posits that a finding of s 120 infringement requires satisfaction of statutory “elements” eg use; substantial identity or deceptive similarity; or relatedness of goods and/or services. Each “element” is determined by the judicial consideration of what this thesis terms “factors”. As an

¹ For ‘relatedness’ see 1995 TM Act s 120(2)(a)-(d) at Appendix A and detailed discussion at page 30 of this thesis.
example, for the element “deceptive similarity”, the court may consider “factors” such as “reputation of the parties” and/or “visual similarity between the marks”. One purpose of this thesis is to empirically establish, which “elements” determine a s 120 outcome. Then, what “factors” are associated with determining these “elements”.

B Structure of this Thesis

The outcomes discussed in this thesis can be grouped into three major themes. The first relates to the adoption of the innovative empirical method; the second relates to an empirical examination of litigation trends within ss 120(1)(2) and (3) of the 1995 TM Act as well as trends in relation to collateral claims; and the third relates to an in-depth analysis of judicial reasoning. The latter two sets of results drive related discussions of both Australian and US law.

Appreciating the significance and amplitude of these findings depends on various strands of background information. These include an understanding of legal epistemology and empirical legal studies; the legal histories of different forms of trade mark infringement law; the black letter law of s 120 1995 TM Act and doctrinal disputes in Australia and to some extent US trade mark law. All of these intersect (across decades if not centuries) in a complex matrix which makes presenting a linear narrative extremely challenging. Where possible, this thesis adopts a chronological approach to expositions of history and doctrinal disputes with clear sign posts as to relevance at the start of each chapter.

There are six chapters in this thesis. Chapter One provides an introduction and presents the background to the method of the project. Chapter Two provides a history of Australian trade mark law and outlines the current tests for trade mark infringement under s 120 of the 1995 TM Act. This chapter pays particular attention to the case law relating to trade mark use and deceptive similarity. This is because the multi-factor model will be drawn from the dicta of these cases as well as other or subsequent authorities. This Chapter also describes the law and historical function of associated actions in passing off and s 18 ACL. It then moves on to set out the black letter law of US trade mark infringement under the Lanham (Trademark Act) 15 USC §§ 1051 et seq (‘Lanham Act’). This part is necessary in order to understand the challenges of applying a US scholar’s method to Australian law. It is also necessary in order to understand later references to the US trade mark use debate (in Chapter Three).
Chapter Three sets out the key controversies relating to Australian trade mark infringement law. These include first, controversies relating to the intersection of s 120 1995 TM Act and collateral claims; second, deceptive similarity and the role that reputation has on deciding that question; third, the role and relevance of trade mark use; and fourth, the US critique of the Australian trade mark use test.²

Chapter Four provides the methodology of the thesis. This chapter draws on Chapters Two and Three to propose a 10 factor model to determine trade mark use. This Chapter also discusses adapting Janice Luck’s 10 factor model of deceptive similarity for this study.³ Chapter Five presents the results and discussion of the statistical analysis of the 78 cases collected and coded as per Chapter Four. Chapter Six concludes with a summary of the key findings, reflections on the method and suggestions for future research.

II BACKGROUND: TRADE MARK STUDIES WITH AN EMPIRICAL DIMENSION

An original contribution of this thesis is the application of “systematic content analysis of judicial reasoning” to the study of Australian trade mark infringement decisions.⁴ To appreciate the critical significance of the method, it is important to understand the current state of trade mark research in the US and Australia. It is noted that while trade mark studies with an empirical component exist in various jurisdictions,⁵ the majority of reported studies have emerged from the United States.⁶ An overview of the field is presented in this section.

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² Graeme Dinwoodie and Mark Janis, ‘Confusion Over Use: Contextualism in Trademark Law’ (2007) 92 Iowa Law Review 1597, 1647. The critique being that the Australian trade mark ‘use’ test contributes to judicial inefficiency because of ‘resort to contextual analysis, including evidence of actual confusion’.


⁴ See the influential article in this field by Mark A Hall and Ronald F Wright, ‘Systematic Content Analysis of Judicial Opinions’ (2008) 96 California Law Review 63.


⁶ For example, a search of SSRN — a worldwide, multi-discipline, English language database — for the terms ‘empirical and trademark law’ reveals 84 papers with the overwhelming majority based in US case
There are a number of studies of trade mark law with an empirical or quantitative dimension. A meta-analysis shows that these can be divided into two broad groups — first are consumer behaviour studies that use psychology and marketing literature to challenge the construct validity of the legal orthodoxy; the second are empirical legal studies which include the systematic content analysis of judicial opinions. The latter aims to determine how the law is actually applied in practice ie the state of the legal orthodoxy.

A Consumer Behaviour Studies

The majority of consumer behaviour studies on trade mark law have come from psychologists and marketers from the US, and more recently from Australia. Many of the US studies challenge the psychological validity of a circuit’s multi-factor test for confusion. In the US (as will be discussed in Chapter Two) infringement may be found if the defendant’s use of a mark creates confusion as to source, sponsorship or affiliation. Each of the 13 federal circuits applies its own multi-factor test of confusion and each circuit differs in the nature of its test. As an example, the 2nd law (as at 20 July, 2017). For a discussion of why the US dominates this field see arguments relating to the increase in US law professors with PhDs that have an empirical emphasis, Jeffrey J Rachlinski, ‘Evidence-Based Law’ (2011) 96 Cornell Law Review 901 and Michael Heise, ‘An Empirical Analysis of Empirical Legal Scholarship Production, 1990–2009’ (2011) University of Illinois Law Review 1739.

7 Noting a third type of study that looks at judicial personality. See, eg, studies on the impact of personal politics (ie in the US: Republican or Democrat) - Matthew Sag, Tonja Jacobi and Maxim Sytch, ‘Ideology and Exceptionalism in Intellectual Property: An Empirical Study’ (2009) 97 California Law Review 801; Cass R Sunstein, David Schkade and Lisa Michelle Ellman, ‘Ideological Voting on Federal Courts of Appeals: A Preliminary Investigation’ (2004) 90 Virginia Law Review 301. In Australia, the personal politics of judges are not a matter of public record (although they are appointed by administrators of the sitting government) so these studies are excluded from consideration in this review.

8 In this context, construct validity means whether the legal test adequately measure what it claims to be measuring, see Hugh Coolican, Research Methods and Statistics in Psychology, (Taylor and Francis, 2014) 221–222.


circuit’s ‘Polaroid’ test for likelihood of confusion includes consideration of the ‘strength of the plaintiff’s mark’, ‘bridging the gap’, and the ‘sophistication of the buyers’ amongst other factors. US consumer behaviour studies have explored the cognitive validity of these three factors.13

In addition, many US studies have applied cognitive science14 to the concept of dilution,15 or to challenge the entrenched ‘search-costs’ justification that underpins modern US trade mark law.16 There have also been many US and non-US studies applying knowledge of psychology to the use of survey evidence in trade mark

12 Polaroid Corp v Polarad Elec Corp 287 F2d 492, 495 (2d Cir. 1961).
13 In relation to ‘strength of the plaintiff’s mark’ see Thomas R Lee, Eric D DeRosia and Glenn L Christensen, ‘An Empirical and Consumer Psychology Analysis of Trademark Distinctiveness’ (2009) 41 Arizona State Law Journal 1033 where the authors suggest that the non-lexical signs in a trade mark may overwhelm the linguistic signs credited by the law. For a study on ‘bridging the gap’ see Thomas R Lee, Eric D DeRosia and Glenn L Christensen, ‘Sophistication, Bridging the Gap, and the Likelihood of Confusion: An Empirical and Theoretical Analysis’ (2008) 98 The Trademark Reporter 913 where the authors tested hundreds of subjects and found that ‘the likelihood of consumer confusion is increased when a competitor of the senior trade mark holder has ‘bridged the gap’ to come into competition with the junior user’. For ‘sophistication of the buyer’ see Thomas R Lee, Glenn L. Christensen and Eric D DeRosia, ‘Trademarks, Consumer Psychology, and the Sophisticated Consumer’ (2008) 57 Emory Law Journal 575 (‘Sophisticated Consumer Article’), where the authors proposed a fresh model of consumer sophistication and applied this framework to existing case law to suggest that ‘the case law’s intuitive assessments of sophistication and its impact on confusion to be faulty’.
14 For an overview of the role of cognitive science in trade mark studies (particularly dilution) see Rebecca Tushnet, ‘Gone in Sixty Milliseconds: Trademark Law and Cognitive Science’ (2008) 86 Texas Law Review 507 arguing that ‘[t]hough the cognitive theory of dilution is internally consistent and appeals to the authority of science, it does not rest on sufficient empirical evidence to justify its adoption.’
16 Jeremy N Sheff, ‘Biasing Brands’ 32 Cardozo Law Review 1245, 1245, arguing that this dominant economic construct of the Chicago School assumes that trade marks provide consumers with efficient cues regarding the product to minimise consumer search costs. Sheff examined empirical findings in psychology and marketing research to ‘challenge the descriptive accuracy of the search-costs model’ and argues that ‘branding efforts’ can bias consumers.
infringement cases. For example, marketing experts in Australia,\textsuperscript{17} New Zealand,\textsuperscript{18} and the US\textsuperscript{19} have analysed the use of surveys as evidence in trade mark infringement cases and provided critiques of those instruments or proposed improvements.\textsuperscript{20}

However, it is argued here that the utility of these studies is undermined by the flawed presumption that the legal orthodoxy challenged is the same as that applied in practice. Empirical legal studies of the second category (described further below) prove that this is often not the case. For example, in relation to US law, Beebe’s empirical study showed that judges rely on only a small subset of the factors to determine likelihood of confusion.\textsuperscript{21} Importantly in relation to the US studies outlined above, Beebe found that the ‘sophistication factor’, ‘bridging the gap’ factor and ‘survey evidence’ are not actually determinative of a trade mark infringement case.\textsuperscript{22} The implication is that the consumer behaviour studies that focused on these factors have limited practical effect.\textsuperscript{23}

\textsuperscript{17} David H B Bednall et al, ‘Color, Champagne, and Trademark Secondary Meaning Surveys: Devilish Detail’ (2012) 102 The Trademark Reporter 967, 967 where the authors present ways to improve the robustness of a survey design in the context of a hypothetical case of distinguishing orange for Veuve Clicquot champagne.


\textsuperscript{19} Hal Poret, ‘A Comparative Empirical Analysis of Online Versus Mall and Phone Methodologies for Trademark Surveys’ (2010) 100 Trademark Reporter 756, 806 finding that ‘properly designed and conducted online surveys can be as reliable as traditionally accepted telephone and mall-intercept surveys.’ See also Dan Sarel and Howard Marmorstein, ‘The Effect of Consumer Surveys and Actual Confusion Evidence in Trademark Litigation: An Empirical Assessment’ (2009) 99 The Trademark Reporter 1416, where the authors found that ‘the weaker the similarity between the parties’ trade marks and goods and services, the greater the value will be of presenting a survey or meaningful incidences of actual confusion.’

\textsuperscript{20} However contrast, Robert C Bird and Joel H Steckel, ‘The Role of Consumer Surveys in Trademark Infringement: Empirical Evidence from the Federal Courts’ (2012) 14 University of Pennsylvania Journal of Business Law 1013, 1018, where the authors examined over 500 cases over a seven year period. The authors found that ‘survey evidence is used infrequently, treated subjectively, and has the potential to be either dispositive or useless depending on the context of the underlying evidence’.


\textsuperscript{22} Ibid.

\textsuperscript{23} It is acknowledged that “practical utility” or “maximum utility” is not a necessary goal of legal or indeed any other type of research. Therefore, studying a marginal factor such as consumer sophistication does contribute in a practical way to those marginal cases where that factor may be a decisive issue. Additionally, research into marginal factors contributes to the doctrinal and normative understanding of trade mark law in general. However, the point made here is a utilitarian one. Factors that are relied upon by a judge to determine a legal questions, are the factors that are of most relevance to litigants and practitioners who are trying to win their case.
The point being made is that an accurate understanding of the positive law should be the foundation of consumer behaviour studies and indeed traditional theoretical research, particularly if the ultimate goal is wide impact. It is argued here that empirical legal studies provide (‘ELS’) can provide this foundation. For example, ELS contributes to a ‘more accurate description and analyses of how our legal system actual operates’24 which can only fuel better or at least better informed doctrinal or theoretical work.25 It has been argued that empirical studies are extremely well-cited26 and can give legal scholarship ‘a surer epistemological basis to support claims or to question others’27. More broadly, ELS of the positive law can help to ‘counter the perception that elite legal scholarship is increasingly irrelevant’ to the legal profession.28 A description of ELS is set out below.

B Empirical Legal Studies

Empirical legal studies (ELS) refers to a methodological approach developed in the social sciences that involves a quantitative analysis (often accompanied by a qualitative analysis) of a set of cases in order to reveal the state of the positive law.29 Techniques can include counting case outcomes,30 or counting cited authorities31 to find patterns or

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26 Hall and Wright, above n 9, 74, where the authors reviewed the content analysis projects published during the 1990s and argued that ‘[c]ontent analysis projects appear somewhat more likely to generate discussion and citation than law review articles more generally’.

27 Ibid 75.

28 Eisenberg, above n 25, 1737.


associations between variables of interest. These studies can and have been done by non-lawyers such as economists or psychologists. Alternatively, some studies apply quantitative techniques plus a lawyer’s knowledge to analysing legally relevant facts; to aspects of the parties’ arguments; or to the content of judicial reasoning.

Empirical studies in law are still in the minority of legal scholarship. This is because, although ELS has a rich history which intersects with the legal realist movement, there was a delayed embrace of ELS in favour of doctrinal writing. However, since the mid-1990s, ELS work has seen a dramatic expansion in law reviews, conferences and leading law faculties at least in the United States (discussed above) and more recently in Australia (discussed below).

It is however important to acknowledge the historical tension between doctrinal and empirical research. Some theorists might describe empiricists as being too descriptive


33 See Hall and Wright, above n 9.

34 See, eg, Eisenberg, above n 25; see also George, above n 29.


37 For a general discussion of the role of empirical legal studies and the increased demand for such studies see Kathleen M Sullivan, ‘Foreword: Inter-Disciplinarity’ (2002) 100 Michigan Law Review 1217 and Eisenberg, above n 25.


39 Theoretical or doctrinal work refers to work that is based on the author’s account of the law which would generally be informed by their education or the wisdom of others in the field. See discussion by Peter J Carver, ‘Reality Check: On the Uses of Empiricism’ (2008) 21 Canadian Journal of Law and Jurisprudence 447, 454.
or lacking the analytical legal skills to interpret their data with doctrinal rigour.40 On the other hand, empiricists might argue that doctrinal work runs the risk of relying on ‘mere conjecture’, ‘anecdotes’ or ‘intuition’41 or on cherry-picked cases to build scholarship. Resolving this tension is well beyond the scope of this thesis. Rather, the approach adopted here is that these styles of research are not and should not be mutually exclusive. There have been several Australian and US studies that have demonstrated the benefits of recognising both sets of skills.

I Australian Trade Mark Infringement Studies

(a) Bosland, Weatherall, Jensen Study

In 2006, law academics Jason Bosland, and Kimberlee Weatherall and Paul Jensen (‘Bosland et al’) published a study titled ‘Trade Mark and Counterfeit Litigation in Australia’.42 The study looked at all trade mark enforcement decisions for the five year period of January 1, 1997 - December 31, 2003. Significantly the authors found ‘two fundamentally different kinds of trade mark litigation’43 — counterfeit proceedings where there was a high rate of success for the applicants,44 and non-counterfeit cases where the success rate was ‘lower than the 50% rate predicted by standard economic models of litigation.’45 This led to a discussion of alternative proceedings for counterfeit cases and queried the motivation of applicants in non-counterfeit cases where there was a less than 50% success rate.

(b) Huang, Weatherall, Webster Study

A law and economics team — Vicki Huang, Kimberlee Weatherall and Beth Webster (‘Huang et al’) — conducted the first empirical study into the use and judicial reliance

40 Ibid.
41 Heise, above n 24, 1752.
43 Ibid 377.
44 Ibid 358, for ‘two thirds of the counterfeit cases 66% were resolved within 10 court hours and within less than a year from the date of issue’.
on survey evidence in trade mark and passing off cases in Australia. The authors looked at 353 cases over a 20 year period (1 Jan 1990 - 1 April 2010). Using regression analysis, they found that submission of survey evidence has ‘limited impact on the results in these cases’.

(c) Distinguishing the Current Study

In the Bosland et al study, the dataset was created with a priority on inclusivity of cases. This was because the aim of the research was to assess the quantum of trade mark litigation over a seven year period. Therefore, both counterfeit and non-counterfeit cases were included. In the Huang et al study, the research question was the presence or absence of survey evidence in trade symbol litigation. The scope of the dataset included consumer protection and passing off cases where no registered trade mark was involved.

The present study looks at the judicial reasoning of s 120 1995 TM Act which by definition only captures infringement of registered trade marks. This is the first empirical legal study in Australia to look specifically at judicial heuristics for non-counterfeit cases under this provision over a 20 year period. The rationale for case selection will be discussed further in the Chapter Four Method.

2 Systematic Content Analysis

A popular term for the empirical study of legal texts study is ‘systematic content analyses’. Hall and Wright used the term to describe the ‘classic scholarly exercise

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46 Vicki Huang, Kimberlee Weatherall and Elizabeth Webster, ‘The Use of Survey Evidence in Australian Trade Mark and Passing Off Cases’ in Andrew T Kenyon, Ng-Loy Wee Loon and Megan Richardson (eds), The Law of Reputation and Brands in the Asia Pacific (Cambridge University Press, 2012) 181.
47 Ibid.
48 Ibid, 197.
of reading’ cases and commenting on their significance; combined with the added ‘rigor of social science’ to create ‘a distinctly legal form of empiricism’.50

The authors promoted (what is in effect a classic social science method51) after observing legal researchers re-inventing the empirical methodological wheel in ‘project after project’, often describing their steps ‘at excruciating length in a way social scientists would view as absurd’.52 Hall and Wright’s goal was to set out ‘systematic content analysis’ as a definitive empirical legal methodology for legal scholars to ‘share, learn, refine, and … cite.’53

For the purpose of this thesis, applying this method to case law (as opposed to other legal texts) is called a ‘judicial reasoning’ study. In this context, the goal of a judicial reasoning study is to challenge the conventional wisdom surrounding doctrines which are likely ‘drawn from hand-picked cases in casebooks’ and compare these with a systematic and comprehensive account of the case law.54 There are very few judicial reasoning studies in the literature particularly in trade mark law. This is likely because such studies are highly labor-intensive requiring the legal analysis of a significant number of cases. However, they are arguably the most useful in providing a positive description of the law and thus clarifying how doctrine is applied to real facts.55

As prescribed by Hall and Wright, there are three distinct components of judicial reasoning analysis: ‘(1) selecting cases in a systematic way that can be replicated, (2) coding cases for their legal or descriptive features, and (3) analysing the case coding,

50 See Hall and Wright, above n 9, 64.


52 Hall and Wright, above n 9, 74–75.

53 Ibid.

54 Beebe, above n 21.

55 See eg R Polk Wagner and Lee Petherbridge, ‘Is the Federal Circuit Succeeding? An Empirical Assessment of Judicial Performance’ (2004) 152 University of Pennsylvania Law Review 1105 commenting that ‘[M]ining a large number of judicial opinions to collect relevant information is not so different from what lawyers do every day. The difference here is that the data was collected more systematically and measured by more rigid criteria.’
often through statistical methods\footnote{Hall and Wright, above n 9, 79.} to draw inferences. In relation to trade mark law, there have been two US studies and more recently a European study applying this method.

(a) *US Trade Mark Infringement Studies*

(i) *Barton Beebe’s Study*

The most important judicial reasoning study in trade mark law has been Beebe’s ‘An Empirical Study of the Multi-Factor Tests for Trademark Infringement’.\footnote{Beebe, above n 21.} Beebe’s study (which focused on US trade mark infringement litigation) had two primary goals. The first was to show how the multi-factor tests actually operate in practice in order to ‘enhance predictability and proficiency in the application of the US circuit court’s current tests and serve as evidence in support of a national standard multi-factor test.’\footnote{Ibid 1585.}

The second goal was to draw upon social science research and ‘reflect more generally on the nature of legal multi-factor decision making’\footnote{Ibid 1600.}, a judicial tool that goes beyond deciding trade mark cases in the US. Beebe argued that social scientists have found that on average for complex decision making only three cues are statistically determinative of an outcome\footnote{Ibid 1601–1602.} for the ‘rational’ reason that ‘too much information impairs decision-making accuracy’.\footnote{Ibid 1601.} Beebe found that his study supported the ‘general hypothesis that decision makers even when making complex decisions, consider only a small number of factors … and that, in doing so, decision makers use a core attributes heuristic’.\footnote{Ibid 1601.} The metaphor used by Beebe in relation to this was ‘stampeding’. The concept of stampeding was drawn from ideas in psychology that posits that ‘the mind shuns cognitively complex and difficult decision tasks by reconstructing them into easy
ones, yielding strong, confident conclusions.” That is, decision makers often rely on fast and frugal heuristics but can still come to a ‘correct’ conclusion.

(ii) Beebe’s Method and Results

Beebe looked at all reported federal district court opinions (331 cases) over a five year period (2000 – 2004) in which a ‘multi-factor test for the likelihood of confusion was used’. He used a series of statistical classification trees to demonstrate that ‘a limited number of core factors drive the test outcomes across the circuits’.

With regards to the first goal — how the multi-factor tests operate in practice — Beebe’s study found that judges at most used only five key factors to determine consumer confusion rather than the six – 13 factors normally prescribed. Beebe also found that despite conventional wisdom a single factor — the similarity of marks —

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63 Stampeding was more thoroughly discussed in Beebe’s subsequent copyright paper at Beebe, ‘Copyright Paper’, above 49, footnote [14] where Beebe said that the idea of stampeding ‘is based in part on the ‘coherence-based reasoning model’ proposed by Dan Simon, ‘A Third View of the Black Box: Cognitive Coherence in Legal Decision Making’ (2004) 71 University of Chicago Law Review 511, 513, Simon stating that ‘[C]oherence-based reasoning posits that the mind shuns cognitively complex and difficult decision tasks by reconstructing them into easy ones, yielding strong, confident conclusions.’


65 Beebe, above n 21, 1581.

66 For a discussion of classification trees see Clifton D Sutton, ‘Classification and Regression Trees, Bagging, and Boosting’ in C R Rao, E J Wegman and J L Solka (eds), Handbook of Statistics 24: Data Mining and Data Visualization (Elsevier, 2005) 303 stating that tree-structured classification and regression are non-parametric statistical methods used for ‘large data sets with a large number of variables’. The authors explain that they are not conventional methods but have grown in popularity particularly for data-mining projects. See also discussion by Kastellac above n 32. In Beebe’s study (above n 21), and Blum et al’s study (above n 11), outcome classification trees were developed at five levels. As explained by Blum et al above n 11, 12, ‘[e]ach outcome classification tree is the result of asking, at each node, if a certain factor favors or disfavors confusion, and then seeing if the cases split along those lines match the predicted outcome.’ Blum et al above n 11 at footnote 21 state “[a]n example, when asking ‘Does Similarity Favor Confusion?,” the predicted outcome for any “Yes” cases is that there will be a Likelihood of Confusion finding, and the predicted outcome for a “No” case (which includes findings that similarity dis-favors confusion as well as similarity “other” findings), is that there will be No Likelihood of Confusion.” In a classification tree analysis, this insertion of factors/variables is performed with all the variables of interest (rotating) until a model that best predicts a yes or no is found.

67 Ibid 1596, ‘[U]sing statistical classification trees showed that if the similarity factor favoured a likelihood of confusion, this factor yielded an accurate win/loss classification of 90% of the outcomes. Adding a second node is the proximity factor, increased the accuracy to 96%.’

68 The five factor model: 1) similarity; 2) defendant intent; 3) actual confusion; 4) proximity; 5) strength of the plaintiffs mark.
was nearly always dispositive.\(^{69}\) That is, if the marks were not visually or aurally similar, the plaintiff would predictably lose. Beebe found ‘that [if] the similarity of the marks factor favors a likelihood of confusion and the defendant’s intent factor also favors a likelihood of confusion … [this is] sufficient to trigger an overall finding of a likelihood of confusion, again, regardless of the outcomes of any other factors’.\(^{70}\)

In other words, despite the plethora of attention paid to these multi-factor tests, Beebe found that only a few factors were actually decisive and that ‘the rest are at best redundant and at worst irrelevant’.\(^{71}\) With these non-decisive factors, Beebe found that judges ‘stampeded’\(^{72}\) them to conform to the test outcome.\(^{73}\) That is, judges determined ‘the test outcome based on a limited number of core factors and then adjust[ed] the rest of the factor outcomes to accord with that result’.\(^{74}\)

The three most significant factors to a finding of infringement in Beebe’s study were, similarity of marks,\(^{75}\) intention of the defendant,\(^{76}\) and proximity of goods.\(^{77}\) In

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\(^{69}\) Beebe, above n 21, 1606, wherein Beebe found ‘that [if] the similarity of the marks factor favors a likelihood of confusion and the defendant's intent factor also favors a likelihood of confusion … [this is] sufficient to trigger an overall finding of a likelihood of confusion, again, regardless of the outcomes of any other factors.’

\(^{70}\) Ibid 1606.

\(^{71}\) Ibid 1581.

\(^{72}\) Ibid 1591, Beebe found that in relation to the US multifactor test, judges ‘decide the outcome of a multifactor test based on a limited number of factors…[that is the judge] ‘tends to ensure that most if not all, of the remaining factors follow the lead of this dispositive factor.’ Beebe noted that alternatively, there may be stampeding because some of the factors are inherently redundant.

\(^{73}\) Ibid 1581.

\(^{74}\) Ibid 1586.

\(^{75}\) Ibid 1591, finding that while courts usually claimed that no single factor was dispositive — that is a finding on a single factor that would settle the outcome of the test — Beebe’s data clearly contradicted this assertion. Later at p 1600 Beebe argued that in practice ‘the similarity of marks factor is by far the most influential’ moreover (at p 1581) a finding that the ‘similarity of the marks factor does not favour a likelihood of confusion is, in practice, dispositive’.

\(^{76}\) Ibid 1600, where Beebe found that the defendant’s intent factor is decisive but only when it favoured a likelihood of confusion. In contrast to the Second Circuit’s assertion that intention is irrelevant, Beebe’s data showed that a finding of ‘bad faith intent’ on the part of the defendant ‘is in fact dispositive’ across all circuits.

\(^{77}\) Ibid 1581 and 1631 respectively, Beebe found that a finding that the ‘proximity of goods factor does not favor a likelihood of confusion is nearly always dispositive’. The purpose of the proximity factor is to consider whether ‘the parties’ goods are similar enough that a customer would assume they were offered by the same source’ or create an assumption of common source affiliation or sponsorship.
contrast to conventional wisdom, survey evidence was not influential.\textsuperscript{78} From his empirical findings, Beebe proposed a new national multi-factor test for the likelihood of confusion\textsuperscript{79} and made suggestions for the application of this test.\textsuperscript{80}

(iii) \textit{Validation Study by Blum et al}\textsuperscript{81}

Beebe’s study was replicated in 2010 by Blum et al\textsuperscript{82} in order to validate Beebe’s findings and methodology using a different data set. Rather than look at all US circuit decisions over a five year period (which the authors suggested could represent an anomalous time period)\textsuperscript{83} Blum et al examined the use of the multi-factor test in a single circuit over a fifteen year period. Using Beebe’s suggested classification tree analysis, the authors’ results were generally consistent with Beebe’s findings.\textsuperscript{84}

(b) \textit{European Studies}

Empirical studies in trade mark law are not common in the European Union particularly when compared to the US.\textsuperscript{85} However, Ilanah Fhima and Catrina Denvir recently adapted Beebe’s method to a study of the likelihood of confusion test in European trade

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\textsuperscript{78} Ibid 1581, further, Beebe found that in contrast to conventional wisdom that survey evidence is the best and most persuasive evidence to prove a likelihood of confusion, Beebe found that ‘surveys are actually ‘rarely presented by the parties or credited by courts.’

\textsuperscript{79} Ibid 1604, in terms of the best explanatory model, Beebe concluded that five node classification tree produced the most accurate outcome. The five factors proposed were, 1) similarity of marks, 2) intention of the defendant, 3) evidence of actual confusion, 4) proximity of goods, and 5) strength of the mark.

\textsuperscript{80} Ibid 1645–1646. In proposing a new national multi-factor test as a proxy for the ideal survey of the consumer population, Beebe made the following suggestions that the data indicated would better reflect observed practice. First, that the test be non-exhaustive, and be described as a list of possible considerations. Second, consistent with social science findings, the test should ideally be limited to core factors of three or four. Beebe argued that multi-factor tests of eight to 10 factors simply result in the stampeding of less significant factors. Factors that are only occasionally relevant should not be added ‘lest those factors end up being institutionalised.’ Third, the order should reflect relative weight. Fourth, any factors that address issues beyond confusion require justification.

\textsuperscript{81} Blum et al, above 11, 2.

\textsuperscript{82} Ibid.

\textsuperscript{83} Ibid.

\textsuperscript{84} Ibid.

mark law (identifying 18 factors of interest\textsuperscript{86}). The authors studied 106 cases of the Court of Justice of the European Union (‘\textit{CJEU}’) where Art 8(1)(b)\textsuperscript{87} was cited in the period 1 April 2011 - 3 April 2014.\textsuperscript{88} The authors found that the CJEU’s test was being applied, ‘in the sense that overall confusion is never found unless both the parties’ marks and their goods are similar’.\textsuperscript{89} However, the distinctiveness factor which was added to the ‘basic test, is generally being ignored at best, or deemed irrelevant at worst…and that guidance from the CJEU on the continued relevance (or otherwise) of this factor is urgently required.’\textsuperscript{90}

(c) \textit{Australian Studies – The Present Study}

Australian empirical studies in trade mark law have focused on the ‘counting’ variety and not on analysis of judicial reasoning. As argued above, judicial reasoning studies are very labour intensive and require both quantitative and legal analysis skills. The benefit of this “cost” is that they provide a systematic account of the positive state of the law from which hypotheses can be tested. This thesis is not arguing that empirical studies reveal “the truth” of the law as no methodology can be said to be perfect. Rather, the systematic content approach provides an alternative to classic doctrinal work by being large in scale and verifiable through replication. This thesis advances the field by performing judicial reasoning analysis in an Australian trade mark law context. At the beginning of this project in 2011, a decision was made to adapt Beebe’s method of analysis of US cases to an Australian context. The value of this decision will be discussed in the concluding chapter. In order to clarify the application of Beebe’s method, a pilot study of 30 Australian cases was conducted and the results were

\textsuperscript{86} Ibid 321, ‘… 18 factors were identified which were coded against seven possible outcomes, giving a total of 126 codes. In contrast, Beebe used only 12 factors, which may be a reflection of the more settled nature of the US multifactor tests for confusion.’

\textsuperscript{87} Regulation 40/94 on the Community trade mark [1994] OJ L011/1 art 8 whereby ‘[u]pon opposition by the proprietor of an earlier trade mark, the trade mark applied for shall not be registered: if (a) it is identical… or (b) because of its … similarity … there exists a likelihood of confusion… in the territory in which the earlier mark is protected… [this] includes the likelihood of association’.

\textsuperscript{88} Fhima and Denvir, above n 85, 316 noting that due to time constraints with coding that ‘this sample represent[ed] 43.5 \% of the entire Art. 8(1)(b) case law of the GC as of 3 April 2014.’

\textsuperscript{89} Ibid 338.

\textsuperscript{90} Ibid.
discussed at a workshop in December 2014. This illuminated challenges regarding adaptation of the method from a US study including the different structure of the Australian infringement test, issues with statistics, and procedural differences. These will be discussed in Chapter Four Method.

III LIMITS AND EXCLUSIONS

In terms of method, one limitation was the fact that (similar to Beebe), the author was the sole coder of the dataset. While a systematic and replicable approach was documented, an optimal approach would be to use more than one coder to cross-check the objectivity of the coding. Conversely, an advantage of being the sole coder was that the coding was internally consistent. This thesis has also excluded data relating to defences including the so called “internal” defence at s 120(2). Data was collected as to whether and which statutory defences were pleaded. However, it was found that judicial discussion of defences was sparse, irrespective of whether the plaintiff lost its case on the merits. Therefore, a decision was made to exclude defences from the analysis. Remedies were also excluded as these are most often discussed in judgments separate from the court’s substantive opinion.

It is noted that registration and opposition disputes often bring up similar issues to those in an infringement context. For example, registration disputes that evaluate ‘trade mark use’ by the defendant can include conflicts between the applicant’s mark and the use of an earlier registered mark; as well as conflicts between the applicant’s mark and use of an earlier unregistered mark. Ownership disputes can also agitate a trade mark use question at the opposition stage. Trade mark use is also considered in opposition

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92 This includes (but is not limited to) s 60 where a trade mark application can be opposed if there is an earlier trade mark with an acquired reputation in Australia and because of that reputation, use of the applicant’s mark would likely deceive or cause confusion. Section 58A also allows an opponent to assert title if they have used a similar mark on similar or closely related goods/services continuously, starting from before the applicant’s priority date.


94 *1995 TM Act* s 58A.
proceedings and defences. In other words, conflicts are complicated by Australia having a registration-based system that also recognises use-based rights. Deceptive similarity as defined by s 10 of the 1995 TM Act appears in 10 other substantive sections of the Act. In particular, a large body of jurisprudence exists in relation to deceptive similarity and trade mark registration. The trade mark use and deceptive similarity jurisprudence in a registration context is significant. However, this thesis has made a deliberate decision to look at s 120 trade mark infringement as a body of law rather than focus on a single element of trade mark law (eg deceptive similarity) in its broader statutory context. This decision was made for methodological reasons such as the desire for a homogenous dataset. This is discussed further in Chapter Four (Method) and the limitations section in Chapter Six (Conclusion).

Another limitation was that this thesis only looks at infringement of registered marks under s 120 1995 TM Act and only discusses passing off and s 18 ACL in that context. This thesis acknowledges but excludes the large body of passing off and s 18 ACL jurisprudence that exists outside s 120 litigation. This thesis also excludes considerations of international law except for some references to the Agreement on Trade-Related Aspects of Intellectual Property Rights (‘TRIPS Agreement’).

95 For example respectively, 1995 TM Act s 60(b); 1995 TM Act s 124.

96 Michael Handler and Robert Burrell in ‘Reconciling Use-Based and Registration-Based Rights Within the Trade Mark System: What the Problems with Section 58A of the Trade Marks Act Tell Us’ (2014) 42 Federal Law Review 91, 92, (‘Section s58A article’) Handler and Burrell explaining that the registration and use models interact in complex ways for example, a trade mark owner ‘can get her mark registered without demonstrating prior use of the mark and exercise her rights forthwith. However, a rival can apply to have that mark removed should there be no use three years from registration.’


98 As an example see Google Inc v Australian Competition and Consumer Commission (2013) 249 CLR 435 where the High Court determined whether Google could be liable for misleading or deceptive conduct under s 52 of the Trade Practices Act (now s 18 ACL) for its sale of sponsored links that were triggered with keywords where a competitor had purchased the trade marked names of a rival as the keywords. As an example relating to passing off applied to protect an advertising campaign see Cadbury Schweppes Pty Ltd v Pub Squash Co Pty Ltd [1980] 2 NSWLR 851, 858 where the Privy Council held a passing off claim is not limited to a trade mark but ‘may extend to other descriptive material such as the component parts of an advertising campaign’. As an example of passing off applied to celebrity indicia see Hogan and Ors v Pacific Dunlop Ltd [1988] 12 IPR 225 affirmed by Pacific Dunlop Ltd v Hogan (1989) 23 FCR 553 where the applicants relied on passing off and breach of the Trade Practices Act 1974 (Cth ss 52, 53(c) and (d) to claim the respondent’s TV commercial for shoes (a parodic spoof of a scene from Crocodile Dundee) represented a false connection between the applicant with the goods or services of the respondent.

99 Therefore there will be no discussion of treaties and conventions such as the Paris Convention for the Protection of Industrial Property (20 March 1883) as amended at Stockholm on 14 July, 1967. Entry into
Comparative dimensions are confined to narrow areas of US trade mark infringement law that are relevant to the application of Beebe’s methodology and that relate to the critiques by US scholars of Australian trade mark use analysis. Therefore, auxiliary US doctrines were excluded from consideration such as the US right of publicity (which bears similarities to Australian extended passing off and misleading or deceptive conduct claims). This thesis also acknowledges but cannot fully address the ‘rights by use’ jurisprudence and ‘intention to use’ system that exists in the US.

Also excluded is a detailed examination of the normative arguments surrounding the law of trade marks. This is an important exclusion as there is uncertainty as to Australian trade mark law’s normative goals. This is partly because the legislature has left open the question of whether trade marks involve the protection of the trader’s proprietary interest in its mark versus the protection of consumers by way of the badge of origin definition (or both). The High Court has also declared a third ground of protection, that being trade marks as a cultural resource. And, more recently the High Court divined a fourth normative goal – that trade marks have an instrumental purpose ie one that serves the public interest.


101 See, eg, IP Australia, Our Corporate Plan. Strategic Directions 1999–2003, (Canberra, 1999) 1 <http://www.ipaustralia.gov.au/library/PDFS/general/sdir99.pdf>, the report states that ‘[t]he Government’s position is that trade marks allow traders to build and protect trade reputations, and this can increase their sales and the value of their investments. At the same time consumers benefit from the trade mark systems through increased confidence in the origin and quality of goods and services.’

102 Campomar Sociedad, Limitada v Nike International Ltd (2000) 202 CLR 45 (‘Nike’) at [46], ‘[m]oreover, trade marks may play a significant role in ordinary public and commercial discourse, supplying vivid metaphors and compelling imagery disconnected from the traditional function of marks to indicate source or origin of goods.’

103 It is noted that these statements were made during the case of JT International SA v Commonwealth (2012) 250 CLR 1, where the courts were in effect grappling with the public health issue of cigarette smoking versus the appropriation of the intellectual property rights of tobacco owners. See generally Andrew Mitchell, Tania Voon and Jonathan Liberman (eds) Public Health and Plain Packaging of Cigarettes: Legal Issues (Edward Elgar, 2012). See also Matthew Rimmer, ‘The High Court of Australia and the Marlboro Man: The Battle over the Plain Packaging of Tobacco Products’ in Tania Voon, Andrew D Mitchell and Jonathan Liberman (eds) Regulating Tobacco, Alcohol and Unhealthy Foods: the Legal Issues (Routledge, 2014) 337.
Australian scholars\(^{104}\) have criticised courts for being reluctant to ‘engage in a
principled discussion of what we want the trade mark system to achieve’.\(^{105}\) However,
at the same time the courts, particularly the High Court and Chief Justice French (as he
was then) have asked the legislature for greater normative guidance.\(^{106}\)

This thesis recognizes that these normative discussions occur in the context of a broader
concern that trade mark owners’ rights are expanding. This thesis acknowledges but
cannot discuss the interesting research with regards to this expansion such as the
discourse on semiotics,\(^{107}\) on trade marks conceived as brands,\(^{108}\) and on concerns

\(^{104}\) See, eg, Patricia Loughlan, ‘Trade Marks: Property Rights and their Limits’ (2005) 31 Monash Law
Review 273, 275, Loughlan praising the High Court (interpreting the 1955 Act) in Campomar Sociedad,
Limitada v Nike International Ltd (2000) 202 CLR 45 (‘Nike’) for expressly recognizing a ‘trinity
of interests to be protected by trade mark law’. That being the trade mark as a ‘badge of origin, a piece
of private property and a cultural resource’ protecting the consumer, the trader and public respectively.
However, Loughlin disapproved of the lack of ‘guidance’ with which to weigh competing priorities’. See
also Handler and Burrell Section 58A article, above n 96, 111 argue this failure in normative clarity
has occasioned ‘literal as opposed to purposive’ constructions of trade mark law ‘even where such a
reading has the potential to produce undesirable results’. See also Sarah Castles, ‘Rights in Words:
Protecting Traditional Cultural Linguistic Expressions in The Australian Trade Mark System’ (2013) 18
Media and Arts Law Review 46, (suggesting that the shift towards protection of cultural expression

\(^{105}\) Handler and Burrell Section 58A article, above n 96, 111.

Intellectual Property 61, 67, Chief Justice French as he was then (writing extra-curially) that
‘[i]ntellectual property is a product of public law reflecting competing interests and norms whose
resolution must necessarily occur at the political, rather than at the judicial level.’… ‘Where contested
interpretations depend upon a view of where that balance is struck, the constructional choice may involve
difficult judgments’…’In construing a statute, it is not for a court to construct its own idea of a desirable
policy, impute it to the legislature, and then characterise it as a statutory purpose.’

\(^{107}\) Lionel Bently, ‘From Communication to Thing: Historical Aspects to the Conceptualisation of Trade
Marks as Property’ in Graeme B Dinwoodie and Mark D Janis (eds) Trademark Law and Theory A
Handbook of Contemporary Research (Elgar, 2008) 3, Bently arguing that contemporary critics ‘over-
emphasize the role of property rhetoric as a causal factor in the expansion of trade-marks law’.
Journal 1687 — Bently argues that it is not the property label that is expanding TM rights as Lemley and
Lunney claim. Otherwise, why was there not a simultaneous expansion of rights when the property
label was applied in the 1870s? Rather, Bently argues that it is the concept of property that has changed.
See also Megan Richardson, ‘Trade Marks and Language’ (2004) 26 Sydney Law Review 193 and
Amanda Scardamaglia, A History of Colonial Australian Trade Mark Law: Narratives in Colonial

\(^{108}\) For an Australian critique see Jason Bosland, ‘The Culture of Trade Marks: An Alternative Cultural
Theory Perspective (2005) 10 Media and Arts Law Review 99, 104, Bosland questions why, if a brand is
seen as a ‘dialogic site where meaning is enacted’ through the consumer’s active non-infringing
consumption, ‘should a trade mark owner have any property rights in a trade mark?’ For an European
and UK perspective see Dev S Gangjee, ‘Property in Brands: The Commodification of Conversation’ in
H Howe and J Griffiths (eds), Property Concepts in Intellectual Property Law (Cambridge University
obseving that as a result of the increasing recognition of brand value, ‘the EU has a more “protective”
This thesis also excludes discussion of broader theoretical justifications for intellectual property law. Rather, the major contribution of this thesis is an empirical understanding of the state of the positive law and trends in litigation over the last 20 years. It is hoped that by filling this gap, the positive depiction of the law provided in this thesis can contribute to these normative debates.

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109 French, above n 106, 63 where former Chief Justice French writing extra-curially argued that without an articulated guiding principle, international agreements and thus domestic laws become easily ‘captured by special interests’. See also, Bently, above n 107, 39, Bently commenting that the legitimacy of international instruments eg TRIPS have been criticized for being driven by ‘corporate self-interest and national trade interest.’ See also comments in Australian Parliament that ‘[t]rade marks and trade mark protection are getting stronger not weaker, largely because big international corporate traders backed by their governments are in command of the global economy and increased trade mark protection is strongly in their interests’ Trade Marks and Other Legislation Amendment Bill 2001 <http://www.aph.gov.au/Parliamentary_Business/Bills_Legislation/bd/bd0001/01bd172Bills Digest No. 172 2000-01 Trade Marks and Other Legislation Amendment Bill 2001.>

CHAPTER TWO: BACKGROUND — TRADE MARK LAW AND ASSOCIATED ACTIONS

Chapter Two proceeds in four parts, Part I describes the history of Australian trade mark law, Part II describes Australian black letter law, Part III presents a history of associated actions; and Part IV describes US trade mark infringement law. It is noted that such descriptive reviews are not unique. However, the background presented here is distinguished by its focussed and functional purpose. The primary function is to enable an appreciation of the results for a primarily Australian audience; a secondary function is to broaden the accessibility of this work to non-Australian readers.

With regards to understanding the results, a critical aspect of this thesis is the analysis of 20 year litigation patterns. One example is the finding that litigation rates have declined under heads of passing off and also under ss 120(2) and (3). In Chapter Five – Results and Discussion — these empirical results are linked to arguments that passing off has declined (not due to the introduction of broader provisions of s 120 (2) and (3)) but due to the broadened application of s 18 ACL. To make these arguments and to appreciate the significance this and other changing trends, it is critical to understand the normative roots of trade mark infringement law (Part I), the nature of the tests (Part II) and the development and application of collateral claims (Part III).

Another important part of this thesis is the development of a ‘testable’ Australian multi-factor model of trade mark infringement in Chapter Four — Method. This model emerges directly from the discussion of the black letter law in Part II of this chapter. In addition, collectively, Parts I, II and III lead into the discussion of current controversies in Australian law set out in Chapter Three.

Parts I (history) and II (tests) are relatively descriptive. However, they are written with an emphasis on the impetus for registration-based rights in Australia which includes the ‘rejection’ of unfair competition, the role of passing off, and the role of consumer protection statutes. A focus on these aspects of law is deliberately done in order to make a later contrast with Part IV’s description of US trade mark infringement law and its contrary embrace of unfair competition. This enables Part IV to be written from an ‘Australian’ perspective. That is, Part IV is written with an intent to contrast the US based system of use-based rights, and the US statutory protection of unregistered marks. The overall point being emphasised is that Australian law treats unregistered marks differently to US trade
mark law for reasons made clear by the preceding expositions of history and black letter law. The contrast provided by Part IV’s description of US law is necessary to appreciate the difficulty of simply transposing Beebe’s method into an Australian context (discussed in Chapter Four Method). Part IV is also needed to understand whether and how the Australian data can shed light on the US trade mark use debate discussed at Chapter Three – Part III – D.

I HISTORY OF AUSTRALIAN TRADE MARK LAW

A Why the Trade Mark Register was Devised

Prior to the Anglo-Australian registered trade mark statutes, traders could rely on their common law rights in passing off to obtain relief from infringement of their trade marks or other trade insignia. The current law of passing off will be discussed in detail below. The traditional principles are: that a plaintiff must demonstrate goodwill; embodied by it’s trade mark or indicia; that the defendant has made a misrepresentation in relation to that mark or indicia; with the consequence being damage to the plaintiff’s business or goodwill. A difficult first step was and still is demonstrating a level of goodwill embodied by the mark which in turn defines the scope of the plaintiff’s rights.

In the UK, it was thought that the introduction of a trade marks register could simplify the establishment of a trader’s rights. The Trade Marks Registration Act 1875 (UK) (‘the 1875 UK Act’) was introduced ‘to overcome the limitations of passing-off actions, which depended, for success, on proof of reputation with the public.’ Specifically it was thought that ‘[a] grant of a monopoly under statute would simplify the costs and processes needed to protect a mark’. That is, the monopoly rights as depicted on a public register were thought

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1 Lord Macnaghten in Inland Revenue Commissioners v Muller & Co's Margarine Ltd [1901] AC 217, ‘[W]hat is goodwill? It is a thing very easy to describe, very difficult to define. It is the benefit and advantage of the good name, reputation, and connection of a business. It is the attractive force which brings in custom. It is the one thing which distinguishes an old-established business from a new business at its first start. The goodwill of a business must emanate from a particular centre or source. However widely extended or diffused its influence may be, goodwill is worth nothing unless it has power of attraction sufficient to bring customers home to the source from which it emanates.’

2 The development of the trade marks register was described by the High Court in Cantarella Bros Pty Ltd v Modena Trading Pty Ltd (2014) 254 CLR 337 at [31] per majority judgment of French CJ, Hayne, Crennan and Kiefel JJ.

3 Ibid.
to ease the burden (including the financial burden) of proving something as amorphous as goodwill, should a trade mark be infringed. In addition, access to a public register could assist honest traders who ‘wished to adopt a new mark but who had no way of determining if it was available for use.’

B  Trade Marks Act 1905 (Cth)

I  The First Federal Australian Trade Marks Act 1905 (Cth)

Prior to Federation in 1901, each of the six Australian colonies had adopted some form of UK legislation. These laws were superseded by the first federal Trade Marks Act 1905 (Cth) (‘1905 TM Act’), empowered by the intellectual property clause (51(xviii)) of the Commonwealth of Australia Constitution Act 1901 (Cth) (‘Constitution’).6 This clause authorised Parliament ‘to make laws for the peace, order, and good government of the Commonwealth with respect to … copyrights, patents of inventions and designs, and trade marks’. Thus in Australia the trade mark was considered a government grant of a proprietary monopoly analogous to a patent or design.7 The 1905 TM Act modelled itself on

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4 James Lahore, James W. Dwyer, Ann Dufty, LexisNexis Australia, Patents, Trade Marks & Related Rights, vol 1 (at Service 187) at [44,020].


6 See also Attorney-General of NSW v Brewery Employees’ Union (1908) 6 CLR 469 (‘Union Label’), as the first case to consider the scope of the power of the Commonwealth regarding trade marks. For analysis see Sam Ricketson, ‘The Union Label Case: An Early Australian IP story’ in Andrew Kenyon, Megan Richardson and Sam Ricketson (eds), Landmarks in Australian Intellectual Property Law, Cambridge University Press, 2009) 15.

7 For a discussion of the proprietary nature of the right recognised by the Constitution see, eg, JT International SA v Commonwealth of Australia; British American Tobacco Australasia Limited v The Commonwealth (2012) 250 CLR 1 per French CJ at [35] stating that ‘[r]egistered trade marks, designs, patents and copyright in works and other subject matter give rise to, or constitute, exclusive rights which are property to which s 51(xxxi) of the Constitution can apply. They are all rights which are created by statute in order to serve public purposes. See also Megan Richardson, ‘Trade Marks and Language’ (2004) 26 Sydney Law Review 193, 204 who argues that the rights which arose from registration of trade marks as a species of industrial policy were analogous to the rights granted in patents and designs. A similar concept exists at European Union Law see Annette Kur, ‘Convergence After All? A Comparative View on the U.S. and EU Trademark Systems in the Light of the “Trade Mark Study”’, (2012) 19 Journal of Intellectual Property Law 306, 306, Kur stating, ‘[i]n spite of its somewhat lacerated character regarding common concepts and objectives, it is safe to hold that in comparison with its American counterpart, European law places more emphasis on the proprietary aspects of trademark protection. It is basically accepted as a fact that trademarks are just another category of intellectual property rights which has more in common with patents and industrial designs than with the vast and diffuse area of marketing regulations (which in European legal parlance would be labelled “unfair competition”).’
trade mark law of United Kingdom. This preference for adhering to UK law continued through to the drafting of the Trade Marks Act 1955 (Cth) (‘1955 TM Act’), where the Trade Marks Act 1938 (UK) was used as a model.

It should be noted that unlike the earlier Trade Marks Registration Act 1875 (UK), and the Patents, Designs and Trade Marks Act that followed in 1883 (substantially amended in 1888), the Trade Marks Act 1905 (UK) allowed for the registration of other ‘distinctive’ marks that did not otherwise fall within the list of prescribed ‘essential particulars’. In addition, the Australian Trade Marks Act 1905 (Cth) and subsequent Acts prescribed rights by registration. As such, there was (and still largely is) no requirement to demonstrate actual ‘use’ at the time of application.

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8 See, eg, Justice French (as he was then) in Registrar of Trade Marks v Woolworths Ltd (1999) 93 FCR 365 at [12] stating that ‘The first Commonwealth trade marks legislation was the Trade Marks Act 1905 modelled for the most part on the Trade Marks Act 1905 (UK).


11 Where ‘distinctive’ meant adapted to distinguish the goods of the proprietor of the trade mark from those of other persons.

12 Cantarella Bros Pty Ltd v Modena Trading Pty Ltd (2014) 254 CLR 337 at [31] per majority judgment of French CJ, Hayne, Crennan and Kiefel JJ discussing the 1875 UK Act, where registration was limited to marks that consisted of one or more ‘essential particulars’.

C Mid–Twentieth Century

I The Trade Marks Act 1955 (Cth)

While early 20th century trade mark policy was unapologetically producer-focussed, over time the state protection of consumer welfare entered the socio-political landscape. The elevation of ‘consumer rights’ can be attributed to many things.\(^{14}\) A non-exclusive list would include the post-war empowerment of women,\(^ {15}\) the increased use of mass advertising,\(^ {16}\) the increased volume of world trade,\(^ {17}\) and the onset of cheap manufacturing.\(^ {18}\) The 1955 Act reflects this altered status and the 1955 Act was introduced as an instrument not only of the trader but also as a tool for ‘… the protection of the buying public.’\(^ {19}\) The 1955 Act infringement provisions also introduced the test of ‘deceptive similarity’ as a key determinant of liability.\(^ {20}\)

(a) Consumer Protection

In addition, by the 1960s, Australian governments responded to consumer concerns about product safety and manufacturing defects by creating consumer protection agencies.\(^ {21}\) In Australia, the Trade Practices Act 1974 (Cth) (‘TPA’) was enacted in recognition of the role of consumers in the competitive operation of efficient markets.\(^ {22}\) The TPA is now superseded by the Competition and Consumer Act 2010 (Cth) of which Schedule 2 is the ACL and sets the standard of fair behaviour for traders. Under s 18(1) of the ACL ‘[a] person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely


\(^{15}\) Stephen Hally-Burton et al, ‘Harnessing the Demand Side: Australian Consumer Policy (2008) 4 Economic Round-Up 91, Hally-Burton et al stating that ‘[S]tarting with the various women’s and housewives’ associations formed in the early 1900s, the empowerment of the consumer gained full force around the 1950s.’

\(^{16}\) Scardamaglia, Narratives, above n 5.

\(^{17}\) Hally-Burton et al, above n 15.

\(^{18}\) Ibid.

\(^{19}\) See Commonwealth, Parliamentary Debates, Senate, 20 April 1955, 1 (John Spicer).

\(^{20}\) Registrar of Trade Marks v Woolworths Ltd (1999) 93 FCR 365 at [15] Justice French stating that ‘[T]he Trade Marks Act 1955 (Cth) was enacted following a major review of trade marks legislation in Australia by a committee chaired by Dean J of the Supreme Court of Victoria. The committee’s report was presented in 1954.’

\(^{21}\) Hally-Burton et al, above n 15.

\(^{22}\) Ibid.
to mislead or deceive.’\textsuperscript{23} Typically, in trade mark infringement cases, s 18 \textit{ACL} is argued concurrently with the tort of passing off.\textsuperscript{24} The intersection of s 18 \textit{ACL} and passing off in a s 120 infringement context is examined empirically in this thesis.

\section*{D Late Twentieth Century}

\subsection*{1 The Trade Marks Act 1995 (Cth)}

The introduction of the \textit{1995 TM Act} introduced major changes to comply with Australia’s obligations under the \textit{TRIPS Agreement}\textsuperscript{25} This was in addition to changes in 1978 which

\begin{footnotesize} 
\begin{itemize}
\item \textsuperscript{23} Note that the original language under s 52 of the \textit{Trade Practices Act 1974} (Cth) read ‘(1) A corporation shall not, in trade or commerce, engage in conduct that is misleading or deceptive.’ ‘Corporation’ was replaced by ‘person’ under the s 18 \textit{ACL} in 2010. Note that the \textit{ACL} as a law of the Commonwealth applies to the conduct of corporations and those associated with those corporations. Each State and Territory has applied the \textit{ACL} as a law of its own jurisdiction and applies that law to the conduct of corporations and individuals. The replacement of the word ‘corporation’ to ‘person’ does not alter the scope of effect of the Commonwealth, State or Territory law under the Constitution. As a law of the Commonwealth the \textit{ACL} references to ‘persons’ applies to ‘corporations’. See \textit{Competition and Consumer Act} (2010) Cth s131(1).
\item \textsuperscript{24} In the landmark case of \textit{Campomar Sociedad, Limitada v Nike International Ltd} (2000) 202 CLR 45, the High Court reiterated Mason J’s statement that the \textit{Trade Practices Act} (Cth) s 52 (now the \textit{Australian Consumer Law} (Cth) s18) ‘is not restricted by the common law principles relating to passing off.’ Rather, s 52 ‘provides the public with wider protection from deception than the common law.’ The High Court said at [108], ‘[S]ection 52 is designed to protect consumers. However, passing off, at least so far as concerns equitable relief, protects against injury to the goodwill built up by the activities of the plaintiff.’
\item \textsuperscript{25} \textit{Registrar of Trade Marks v Woolworths Ltd} (1999) 93 FCR 365 at [19], ‘[T]he 1955 Act was repealed and replaced by the \textit{Trade Marks Act 1995} (Cth) which applies to the present case. It also repealed the \textit{Trade Marks Act 1994} (Cth) which had been enacted to comply with Australia’s international treaty commitments but had not come into force when the 1995 Act was passed.’ at [20] ‘The Act gives effect to Australia’s obligations under the World Trade Organisation Agreement and the World Intellectual Property Organisation (WIPO) Trade Mark Law Treaty (TLT). It also implements the government’s response to the report entitled “Recommended Changes to the Australian Trade Marks Legislation” presented in July 1992 by the Working Party to Review Trade Marks Legislation, established by the former Minister for Science Customs and Small Business in 1989. The Act was said in the second reading speech to be “... an evolution from, rather than a revolutionary change of, the 1955 Act.” Its objectives were described as identification and protection of a business’ products and protection of the consumer: H of R Deb 27 September 1995 pp 1909–11. Relevantly for present purposes, it was said that: The Bill is expressed in terms that make it clear that there is to be a presumption of registrability when an application for registration is being examined by the Registrar of Trade Marks. This means that, if there is any doubt about whether a trade mark should be registered, that doubt will be resolved in favour of the applicant rather than against the applicant as is now the case.’ For a summary of this history see Michael Handler, ‘Trade Mark Dilution in Australia?’ (2007) 29 \textit{European Intellectual Property Review} 307, 310, Handler argues that the rush to pass was so that Australia could accept the \textit{Agreement Establishing the World Trade Organization} by January 1, 1995. Handler argues, ‘The 1994 Act never commenced and in 1995 the Government, after taking into account the public comments it had received, decided to repeal the Act and replace it with the current, largely similar 1995 Act. It also repealed the \textit{Trade Marks Act 1994}, which was enacted by Parliament the previous year to meet a deadline imposed under international law, but which never commenced.’ See also, Working Party to Review the Trade Marks Legislation, \textit{Recommended Changes to the Australian Trade Marks Legislation} (AGPS, 1992) 74. See also Mark J Davison and Ian Horak, \textit{Shanahan’s Australian Law of Trade Marks and Passing Off} (Lawbook Co, 5th ed, 2012) (‘Shanahans’) at [85.25].
\end{itemize} 
\end{footnotesize}
allowed for the ‘registration of trade marks in respect of services’. The 1995 TM Act also provided a presumption of registrability under s 33 shifting ‘from the position under the previous law whereby the onus was on the applicant to establish registrability’. The definition of a ‘sign’ was also broadened to include shapes, sounds, colours, and scents. Expanding the scope of registrability is a point relevant to a later argument that the infringement provisions ss 120(2) and (3) may have had their usefulness curtailed by the expansion in registrability of marks.

With regards to the scope of rights granted, once a mark is assessed as being distinctive and not precluded from registration on other grounds, the 1995 TM Act grants the registered owner ‘exclusive use’ of the mark including (but not limited to) the right to sue for infringement in relation to the goods and/or services in respect of which the trade mark is registered. In other words, actual use is not a pre-emptive requirement at application in order to be rewarded with the full and exclusive right to use the trade mark. Although it

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26 Registrar of Trade Marks v Woolworths Ltd (1999) 93 FCR 365 at [17], ‘[P]rior to 1978 Australian trade marks law made no provision for the registration of trade marks in respect of services. In this respect it was well behind many other countries including the USA which had enacted the Lanham Trade Mark Act 1946 to cover such marks. The Trade Marks Amendment Act 1978 amended the 1955 Act to provide for the registration of service marks.’

27 Ibid at [24], ‘[T]he mandatory language of s 33 gives effect to the intention, expressed in the second reading speech, that there is to be a presumption of registrability when the application is examined by the Registrar of Trade Marks. This is a shift from the position under the previous law whereby the onus was on the applicant to establish registrability: Jafferjee v Scarlett (1937) 57 CLR 115 at 119 and 126. In respect of the 1955 Act see Advanced Hair Studio of America Pty Ltd v Registrar of Trade Marks (1988) 10 IPR 583 at 587 (King J). This shift reflects recommendation 4A of the Working Party's 1992 report that ”[t]he legislation should be expressed in terms which make it clear that there is to be a presumption of registrability when examining an application for registration”. It brings the Australian law into line with the approach taken internationally as expressed in the European Communities' Directive on Trade Mark Laws (December 1988), the TRIPS agreement and developments in the United Kingdom and New Zealand.’

28 “Sign” is defined in s 6 of the 1995 TM Act (Cth): ‘“sign” includes the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent.’

29 In contrast the 1955 Act s 6 defined a sign as a ‘device, brand, heading, label, ticket, name, signature, word, letter or numeral, or any combination thereof.’

30 1995 TM Act (Cth) s 20 states that ‘[I]f a trade mark is registered, the registered owner of the trade mark has, subject to this Part, the exclusive rights: (a) to use the trade mark; and (b) to authorise other persons to use the trade mark; in relation to the goods and/or services in respect of which the trade mark is registered.’
should be noted that, after application, there are provisions in the *1995 TM Act* that examine the applicant’s trade mark use on grounds of opposition,\(^{31}\) and removal for non-use\(^{32}\).

A relevant consequence of registration is that when determining infringement, the court may need to construct the scope of the plaintiff’s rights by assessing the plaintiff’s hypothetical use on the goods and/or services for which the marks are registered.\(^{33}\) It has been argued that infringement of the owner’s rights (as defined by the scope of registration) is somewhat akin to the exercise of a property right under a strict liability standard.\(^{34}\) It is perhaps a logical outcome of the Constitutional inclusion of trade marks as a species of industrial property (akin to a patent).\(^{35}\)

## II Australian Trade Mark Law — Current Tests

This section will set out the current black letter law of Australian trade mark infringement under the *1995 TM Act*. The main legal elements defined by s 120 of the *1995 TM Act* prescribe trade mark use, similarity between marks and relatedness between goods/services as key considerations to a finding of infringement. The pilot study (discussed in the method) revealed that (consistent with the literature) trade mark use and deceptive similarity are the

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31 Part 5 *1995 TM Act* provides grounds of opposition to registration. This includes s 58 *1995 TM Act* which provides that the registration of a trade mark may be opposed on the ground that the applicant is not the owner of the trade mark. Also s 59 *TM Act* provides a grounds for opposition where the applicant is not intending to use or assign the trade mark in relation to the goods and/or services specified in the application.

32 Part 9 *1995 TM Act* provides grounds for removal of trade mark from the register for non-use. For example registered marks are vulnerable to a non-use action if a mark is registered for 5 years but not used for a period of three years (ending one month prior to the non-use application being filed) see *1995 TM Act* (Cth) s 92(b) stating that “[a] person can apply to have a trade mark removed if it has been registered for 5 years and has not been used for a period of three years; or used in good faith in Australia in relation to the goods and/or services to which the application relates.”

33 See especially the Full Federal Court in *MID Sydney Pty Ltd v Australian Tourism Co Ltd & Ors* (1998) 90 FCR 236, 245, “[I]t is true, in infringement proceedings, that the question to be asked is in one respect at least somewhat artificial: the person who may be caused to wonder is not one who knows of the actual business of the proprietor of the registered mark, the goods it produces or the services it provides, but one who is to be credited with a recollection of the mark in relation to the full range of goods or services to which the registration extends. That degree of artificiality can be justified on the ground that it is necessary in order to provide protection to the proprietor’s statutory monopoly to its full extent.”

34 See Burrell and Handler, *TM Book* above n 10, 370, stating “[T]hus, on its face, s 120(1) seems to set up something like strict liability.” In contrast, a defendant can avoid liability under s 120(2) if it can establish that its use of the mark ‘is not likely to deceive or cause confusion’.

35 For example Richardson, above n 7, 203, explaining that the introduction of a formal register for trade marks is significant as it reflected the understanding at the time that a mark denoted manufacturing or trade origin. That is as a form of industrial property.
most determinative elements. The key cases and tests that determine these elements will be discussed in this section. The goal is to provide the legal background from which the Australian multi-factor model — ie the factors of interest regarding trade mark use and deceptive similarity — can be derived.

### A Trade Marks Act 1995 (Cth) s 120

To make out a claim for trade mark infringement under s 120(1) of the 1995 TM Act, the plaintiff must prove that the defendant has used or proposes to use\(^\text{36}\) a substantially identical or deceptively similar sign as a trade mark,\(^\text{37}\) in relation to goods or services\(^\text{38}\) in respect of which the plaintiff’s trade mark is registered. Section 120(1) reflects the ‘classic’ conception of trade mark infringement where the defendant is using a deceptively similar (or substantially identical) mark on goods and/or services which have been registered by the trade mark owner. The full text of s 120 is set out in Appendix A.

Under s 120(2), as with s 120(1), a person infringes a registered trade mark if the defendant uses or proposes to use as a trade mark a substantially identical or deceptively similar mark. However, unlike s 120(1), the impugned user is now liable for use on goods or services beyond those for which the trade mark is registered. Under s 120(2), infringement can be found if the impugned trade mark is used upon: ‘goods of the same description as the registered goods’ (s 120(2)(a)); ‘services closely related to the registered goods’ (s 120(2)(b)); ‘services of the same description as the registered services (s 120(2)(c)); or ‘goods that are closely related to the registered services’ (s 120(2)(d)). In other words, s 120(2) broadens the monopoly rights of the trade mark owner beyond use on the goods or services for which the owner’s trade mark is strictly registered. Significantly, s 120(2) includes a proviso that the defendant can negative infringement if ‘using the sign as the person did is not likely to deceive or cause confusion.’

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36 Section 7(4) of the 1995 Act describes “use of a trade mark in relation to goods” as meaning use of the trade mark upon, or in physical or other relation to, the goods (including second-hand goods). Note that this provision reflects more the physical application of the mark rather than its meta-physical ‘use’ which is dealt with in case law.

37 A trade mark is defined under the 1995 Act s 17 as follows: ‘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.’

38 Under the 1995 Act s 6 ‘goods of a person means goods dealt with or provided in the course of trade by the person.’
Section 120(3) provides even broader protection for some trade mark owners. However, it will only apply if the trade marks owner’s mark is ‘well known in Australia’. If so, the plaintiff can assert an infringement claim where the defendant has used a substantially identical or deceptively similar mark as a trade mark on goods or services unrelated to the registered goods or services for which the plaintiff is registered. This is subject to the additional requirement that the defendant’s use of the mark would be likely to be taken as indicating a connection between the unrelated goods and services and registered owner of the trade mark and, as a result, the interests of the registered owner are likely to be adversely affected.

Sections 120(2) and (3) and related provisions were introduced to meet the obligations imposed by the TRIPS Agreement, particularly Article 16. The addition of ss 120(2) and (3) was criticised at the time by some members of the Working Party as an unreasonable extension of owners’ rights. There was also some debate amongst academics and

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39 *1995 TM Act* (Cth) s 120 (4) ‘In deciding, for the purposes of paragraph (3)(a), whether a trade mark is well known in Australia, one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason.’

40 *1995 TM Act* (Cth) s 120(3)(c).

41 *1995 TM Act* (Cth) s 120(3)(d).

42 TRIPS Art 16 provides: at (1) ‘The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.’ (2) Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark. (3) Article 6bis of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.’

43 Working Party to Review the Trade Marks Legislation, above n 25, 74 stating that ‘[d]oubts were expressed by the Working Party about the desirability of adopting the wider infringement provisions, based largely on perceived difficulties in determining the scope of protection as it relates to “similar” goods and services, and in dealing with an unreasonable extension of rights gained by existing trade mark registrations”. Further at p 74–75 ‘…the Institute members of the Working Party remain concerned about the practical and commercial consequences of the recommended broadening of the infringement test.’ See also Davison and Horak above n 25 at [85.25].
practitioners as to whether s 120(3) could operate as a US style dilution provision.44 Litigation under all three heads of s 120 will be examined in this thesis.

B  Main Legal Elements

As described by Burrell and Handler, s 120 establishes a ‘hierarchy of rights, with the trade mark owner’s rights becoming progressively harder to establish as one moves down the categories of infringement.’45 However, there are two commonalities between each ‘head’ of infringement. First, each requires that the defendant use the impugned sign as a trade mark — that is, as a ‘badge of origin’.46 Second, the impugned mark must have a degree of deceptive similarity with the plaintiff’s mark or alternatively substantial identity ie substantial similarity. A third element only common to s 120(1) and (2) is that the defendant’s use must be on goods and/or services bearing some degree of relatedness.47 The two common ‘elements’ — ‘trade mark use’ and ‘similarity’ of marks will be discussed in turn below.


45 Burrell and Handler, TM Book above n 10, 370, ‘[T]his apparent hierarchy of rights seems to tie in well with the function of registration: the further one moves from the information recorded on the register the less secure the owner’s rights become; the further one moves from the face of the registration the more marketplace factors should be taken into account.’

46 Oil Drop Case (1963) 109 CLR 407, 422. See also E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2010) 241 CLR 144 at [43].

47 Noting that s 120(3) allows for an infringement claim if the plaintiffs mark is well known and the defendant uses a mark that is in relation to: ‘(i) goods (unrelated goods) that are not of the same description as that of the goods in respect of which the trade mark is registered (registered goods) or are not closely related to services in respect of which the trade mark is registered (registered services); or (ii) services (unrelated services) that are not of the same description as that of the registered services or are not closely related to registered goods.’
C  Trade Mark Use

1  Foundation Cases

The term ‘trade mark use’, which appears in various parts of the statute, refers to use as a ‘badge of origin’. For example, s 17 of the 1995 TM Act defines a trade mark as ‘a sign’ to be used ‘to distinguish goods or services’. Sections 6 and 7 define use of a trade mark in a physical sense in relation to goods or services, while s 20 defines the ‘exclusive rights’ of the mark as including the right to use the mark on the ‘goods and/or services in respect of which the trade mark is registered’. From these disparate sections comes the general principle that trade marks are signs that distinguish goods or services from those of other traders.

With regards to trade mark use, there are two foundation cases that are frequently cited by lower and appellate courts. These are the 1963 High Court judgment of Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd (‘Oil Drop Case’) and the 1998 Full Court.

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48 There are several cases that explore trade mark use in depth eg Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd (1991) 30 FCR 326. The two cases chosen here were based on a review of all 74 cases and noting that Shell and Coca cola were most often cited by higher courts when citing the ratios for trade mark use test. For example E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2010) 241 CLR 144 at [42 – 43].

49 For a history of the meaning of use see E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2010) 241 CLR 144, at [41] – [67] per French CJ, Gummow, Crennan and Bell JJ.

50 1995 TM Act (Cth) s 17 describes ‘[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.’

51 1995 TM Act (Cth) s 6 “use of a trade mark” has a meaning affected by subsections 7(1), (2) and (3). For example, 1995 TM Act (Cth) s 7(1) ‘Use of trade mark (1) If the Registrar or a prescribed court, having regard to the circumstances of a particular case, thinks fit, the Registrar or the court may decide that a person has used a trade mark if it is established that the person has used the trade mark with additions or alterations that do not substantially affect the identity of the trade mark.’

52 1995 TM Act (Cth) s 20, ‘[R]ights given by registration of trade mark (1) If a trade mark is registered, the registered owner of the trade mark has, subject to this Part, the exclusive rights: (a) to use the trade mark; and (b) to authorise other persons to use the trade mark; in relation to the goods and/or services in respect of which the trade mark is registered.’

53 The High Court in E & J Gallo Winery v Lion Nathan Australia Pty Ltd (2010) 241 CLR 144, at [41] – [67] per French CJ, Gummow, Crennan and Bell JJ at [43] approving the statement of the Full Court of the Federal Court of Australia in Coca-Cola Co v All-Fect Distributors Ltd (1999) 96 FCR 107 at [19] per Black CJ, Sundberg and Finkelstein JJ that ‘[U]se “as a trade mark” is use of the mark as a “badge of origin” in the sense that it indicates a connection in the course of trade between goods and the person who applies the mark to the goods . . . That is the concept embodied in the definition of “trade mark” in s 17 — a sign used to distinguish goods dealt with in the course of trade by a person from goods so dealt with by someone else.’

54 (1963) 109 CLR 407.
Federal Court judgment in *Coca-Cola Co v All-Fect Distributors Ltd t/as Millers Distributing Co*55 (‘Cola Candy Appeal’).

These cases will be discussed in detail in relation to their dicta on trade mark use. This focus is due to the ultimate goal being to extract the factors that judges use to determine trade mark use. That is, the most prevalent factors in these cases will forge the multi-factor test for trade mark use. It is this model that all cases will be coded against in order to determine which of these factors predict a trade mark use outcome.

(a) *Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd*

In the *Oil Drop Case*,56 the High Court had to decide whether the mid-century 1955 *TM Act* ss 58(1) and 62(1) infringement provisions (equivalent to 1995 *TM Act*’s s 20(1) and s 120(1)) applied only to cases where the defendant had used a mark as a trade mark. In doing so, the court articulated a test for assessing trade mark use. The facts involved infringement of Esso’s registered trade mark which was described as a ‘grotesque drawing of a person with a head in the shape of a drop of oil which has just fallen from a container and by reason of its viscosity is drawn out to an asymmetrical peak at the top’.57 In other words a cartoon ‘oil drop’ man.

![Image of Esso trade mark](image.png)

Its rival, Shell produced two animated cartoon commercials in which a humanised oil drop performed amusing antics while maintaining its head shape as an oil drop. At times, some

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56 (1963) 109 CLR 407.
57 Ibid per Kitto J at 420.
58 An image of plaintiff’s trade mark was not provided in the judgment nor can it be found on the electronic register “ATMOSS”. A still image of the defendant’s use of the mark in its cartoon was also not provided in the judgement. A search of the National Archives conducted November 2016 recovered the case file but this
frames of the cartoon presented the Shell figure as substantially identical to Esso’s ‘oil drop’ man trade mark.\textsuperscript{59}

At trial, Windeyer J held that Shell’s cartoons infringed Esso’s oil drop trade mark. This was reversed by the High Court on the grounds that Shell in its cartoon had \textit{not used an oil drop figure as a trade mark}. Kitto J considered at length the drafting of the \textit{1955 Act} and the drafters’ intent to limit use to ‘use as a trade mark’\textsuperscript{60}. Kitto J (with whom the majority agreed 4:1) set down the benchmark test for ‘use as a trade mark’ as:

\begin{quote}
\textit{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 on to the screen as being marks for distinguishing Shell petrol from other petrol in the course of trade?}\textsuperscript{61}
\end{quote}

In order to identify the impugned mark:

\begin{quote}
\textit{the context is all-important, because not every use of a mark which is identical with or deceptively similar to a registered trade mark infringes the right of property which the proprietor of the mark possesses in virtue of the registration.}\textsuperscript{62}
\end{quote}

That is, from the perspective of the ordinary television viewer, would the defendant’s cartoon figure appear to be used to distinguish the defendant’s petrol from those of other traders? Kitto J referred to the case of \textit{Edward Young & Co Ltd v Grierson Oldham & Co Ltd},\textsuperscript{63} did not reveal a still image of either the plaintiff’s or the defendant’s mark. This image of Figure 1 was found via a Google image search using the keywords — Esso, oil drop, and 1960.

\textsuperscript{59} (1963) 109 CLR 407 per Kitto J at 422, ‘[I]t may be assumed for present purposes, however, that in the course of each film the figure takes on, at least for a moment or two now and then, an appearance substantially identical with that of the trade marks.’

\textsuperscript{60} Ibid per Kitto J at 424, ‘[W]hat is important is to notice that the draftsman of the Australian Act of 1955 not only refrained from adopting the particular provisions which in England had been held to enable a use otherwise than as a trade mark to be an infringement but, using words to which the earlier English cases had for so long assigned a meaning, abstained from all direct attempt to modify or exclude that meaning.’

\textsuperscript{61} Ibid per Kitto J at 425.

\textsuperscript{62} Ibid per Kitto J at 422.

\textsuperscript{63} (1924) 41 RPC 548. Also influential were \textit{JB Stone & Co Ltd v Steelace Manufacturing Co Ltd} (1929) 46 RPC 406, and \textit{The Yeast-Vite case} (1933) 50 RPC 139; (1934) 51 RPC 110; 1B IPR 427. At 422 Kitto J stated “[I]n my opinion, this case is covered in principle by the English decisions I have cited. One or two may be particularly mentioned. In \textit{JB Stone & Co Ltd v Steelace Manufacturing Co Ltd} (1929) 46 RPC 406, a registered trade mark which consisted of the word ‘\textquoteleft Alligator\textquoteleft was held infringed by a use of the expression ‘\textquoteleft alligator pattern’; but the judgments make it plain that if the second word had been clear enough in meaning to make the whole expression signify only that the goods were of a type of which ‘\textquoteleft Alligator\textquoteleft goods were an example there would have been no infringement, because the context would then have shown that the word ‘\textquoteleft alligator’ was being used otherwise than as a trade mark. \textit{The Yeast-Vite case} (1933) 50 RPC 139; (1934) 51 RPC 110; 1B IPR
where the defendant’s use of an image of a Portuguese ox-cart pulling a barrel of wine was held not to infringe the similar mark of the plaintiff because it was use ‘common to the trade’ and not ‘user of a trade mark’.64 His Honour held that in relation to Shell’s cartoon ‘the message was simple – it is that the chemical composition of Shell petrol gives it advantages over its rivals’.65 Therefore, the ‘purpose and nature’ of the use did not amount to infringement.

In other words, when considering actionable trade mark use, it is necessary to examine ‘the purpose and nature’ of the impugned use. For example, non-infringing use would include use of words or images common to the trade, or that were descriptive of the quality of the goods.66 It was held in the Oil Drop Case67 that in the context of the cartoon, the purpose of the use of the defendant’s oil drop man was to convey to the cartoon viewer information relating to the qualities of the petrol and not to its brand origin.68 Accordingly, there was no infringement.

(b) Coca-Cola Co v All-Fect Distributors Ltd t/as Millers Distributing Co69 (‘Cola Candy Appeal’)

In the trial decision of Coca-Cola Co v All-Fect Distributors Ltd t/as Millers Distributing Co70 the successful plaintiff Coca-Cola, claimed its famous bottle device was infringed by a bottle-shaped gel candy. The defendant’s bottle-shaped candy was cola-flavoured with the word COLA inscribed in capital letters but was sold in tubs labelled ‘Efruti’.

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427, is a striking example of a context precluding a conclusion that a use complained of as an infringement was a use as a trade mark.”

64 Edward Young & Co Ltd v Grierson, Oldham & Co Ltd (1924) 41 RPC 548, 579 per Sargeant J, ‘[S]uch a common user by the trade of Portuguese ox cart of one kind or another, as representing the general character of the trade, is, in my judgment, incompatible with the use of the symbol as a trade mark.’

65 (1963) 109 CLR 407 per Kitto at 426.

66 Ibid ‘…that the chemical composition of Shell petrol gives it advantages over its rivals’.

67 Ibid.

68 Ibid per Kitto J at 425, ‘[A]nd one may fairly affirm with even greater confidence that the viewer would never infer from the films that every one of the forms which the oil drop figure takes appears there as being a mark which has been chosen to serve the specific purpose of branding petrol in reference to its origin.’


70 (1998) 43 IPR 47.
The primary judge held that under s 120(3)\textsuperscript{71} of the infringement claim, ‘consumers would be unlikely to be led to wonder whether it might be the case that the confectionery comes from the same source as Coca-Cola.’\textsuperscript{72} In other words, His Honour found there was no trade mark use because the defendants were not using the candy shape to indicate a source relationship to their accuser Coca-Cola.

On appeal,\textsuperscript{73} the Full Court of the Federal Court rejected this finding as wrong in law. The Full Court reviewed the history of concept of ‘use’\textsuperscript{74} and re-emphasised Kitto J’s holding in the \textit{Oil Drop Case}, such that under the \textit{1995 TM Act} use ‘as a trade mark’ is use of the mark as a ‘badge of origin’ in the sense that it indicates a connection in the course of trade between goods and the person who applies the mark to the goods’.\textsuperscript{75} The question is not whether the mark indicates a source relationship to the plaintiff. Rather for the trade mark use test the question is whether the defendant’s mark operates as a source indicator to the defendant (and

\textsuperscript{71} Noting that both ss 120(2) and (3) were argued at trial but according to the appellate court, ‘the primary judge regarded the appellant’s “real case” of infringement to have arisen under subs (3) see comments in \textit{Cola Candy Appeal} (1999) 96 FCR 107 at [16].

\textsuperscript{72} (1998) 43 IPR 47 at [42] per Merkel J at trial.

\textsuperscript{73} \textit{Cola Candy Appeal} (1999) 96 FCR 107.

\textsuperscript{74} Ibid at [19]

\textsuperscript{75} \textit{Cola Candy Appeal} (1999) 96 FCR 107, citing \textit{Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd} (1991) 30 FCR 326 at 341, 351.
not to the plaintiff). This definition was later approved by the High Court in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd*.76

Importantly, as the *Cola Candy Appeal* makes clear, associational confusion as to source is not considered under Australian infringing trade mark use. Associational confusion in this context refers to a situation where the defendant is using its mark (eg bottle-shaped candy) so that consumers view its product as related to or associated with the plaintiff (eg Coca-Cola). In Australia, that inquiry is typically the province of passing off and/or consumer protection statutes. However as will be discussed in Chapter Three, concepts related to associational confusion, particularly for marks with a reputation, have come up when considering deceptive similarity.

D Similarity — ‘Substantially Identical’ or ‘Deceptive Similarity’

The other critical element in a trade mark infringement proceeding is whether the defendant’s impugned mark is ‘substantially identical with,’ or ‘deceptive similar to’ the plaintiff’s mark in relation to the goods and services for which the plaintiff is registered (s 120(1)), or in relation to goods and services beyond the registration (ss 120(2) and (3)).

I Substantially Identical

‘Substantially identical’ is not defined in the Act but courts have applied a narrow interpretation. For example, in the *Oil Drop Case*,77 Kitto J explained that substantial identity is established by comparing the plaintiff’s and the defendant’s marks side by side, ‘their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison.’78 Relatively small differences between the marks ‘usually prompts a finding against substantial identity resulting in plaintiffs arguing the

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76 (2010) 241 CLR 144. This definition of use was approved of by the High Court in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144 at [43] per French CJ, Gummow, Crennan and Bell JJ, holding that ‘[I]n *Coca-Cola Co v All-Fect Distributors Ltd* (1996) 96 FCR 107 at 115 at [19] per Black CJ, Sundberg and Finkelstein JJ a Full Court of the Federal Court of Australia said: ‘[U]se as a trade mark is use of the mark as a “badge of origin” in the sense that it indicates a connection in the course of trade between goods and the person who applies the mark to the goods ... That is the concept embodied in the definition of “trade mark” in s 17 – a sign used to distinguish goods dealt with in the course of trade by a person from goods so dealt with by someone else. That statement should be approved.’


marks are deceptively similar’. Shanahan’s argues that the term ‘substantially identical’ ‘must encompass a sign which is identical to the registered mark’.

2 Deceptive Similarity

Deceptive similarity is defined in s 10 of the 1995 TM Act as follows: ‘a trade mark is taken to be deceptively similar to another trade mark if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion.’ Although the s 10 ‘test’ seems prima facie simple, the meaning and measurement of ‘likelihood of deception or confusion’ has generated a large volume of case law and attracted a great deal of academic commentary.

Indeed, there has been a greater volume of academic interest in deceptive similarity compared with trade mark use. For example, a Westlaw AU journal search across 1 January 1996 – 1 January 2017, for articles relating to trade mark similarity or trade mark use in an infringement context returned 68 to 47 articles respectively. It is also not uncommon for some scholars to say that ‘[d]eceptive similarity is arguably the most important issue in Australia’s registered trade mark law’ or that ‘trade mark law is a law against consumer confusion’. The emphasis on deceptive similarity is interesting given that trade mark use is worded as an antecedent threshold issue under s 120.

As Burrell and Handler note, ‘confusion is not the sine qua non’ of trade mark infringement as it is in other jurisdictions such as the USA. This is due to the fact that early Anglo-Australian legislation ‘was closely tied to the scope of registration’. Liability was strict such that if the defendant falsely used an identical mark she was liable. As Burrell and Handler put it, ‘little sympathy [was] extended to someone who (however innocently) began

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80 Davison and Horak, Shanahan, above n 25 at [85.660].


82 Luck, above n 79.

83 Burrell and Handler, TM Book above n 10, 360.

84 Ibid 368, stating that ‘confusion has not historically played the central role in infringement analysis that it has in some other counties for example the US.’

85 Ibid.
using a sign without first checking the register for conflicting marks.  

To better understand the role of confusion in Australian infringement law and thus note points of contrast to US law, the foundation cases relating to deceptive similarity are set out below. In addition, this thesis adopts Janice Luck’s 10 factor model of deceptive similarity. That model is drawn from the two infringement cases outlined below.

(a) *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd*

The case of *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (‘*Southern Cross*’) is considered the foundation case for the rule that confusion (in the context of deceptive similarity) means confusion as to trade source. This 1954 High Court case involved an opposition to a trade mark registration under the *1905 TM Act*. The facts were that the applicant — Southern Cross Refrigerating Co — applied to register the trade mark *SOUTHERN CROSS* in respect of refrigerators. The application was opposed by Toowoomba Foundry who had several pre-existing registrations and common law usages of marks that included the words (or devices with the word mark) *SOUTHERN CROSS*. Toowoomba Foundry had a prolific business and used the mark upon diverse items such as milking machines, engines and windmills (but not refrigerators). At that time, equipment...

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86 Ibid.


88 Luck, above n 79

89 Ibid, Luck cites three foundation cases including the two discussed in this chapter with the third being *Re Pianotist Co Ltd’s Application* (1906) 23 RPC 774 — a case concerned with an opposition to the registration of a trade mark. The pilot study revealed that this case was rarely discussed in an infringement context and will therefore not be discussed in this thesis.

90 (1954) 91 CLR 592.

91 See, eg, Luck, above n 79, 139, *Southern Cross* ‘is cited as the basis for the current confusion test being one as to whether the respective goods or services come from the same source’.

92 Kitto J sitting as a single judge, appeal to the Full Court of the High Court dismissed (Dixon CJ, McTiernan, Webb, Fullagar and Taylor JJ).

93 The “Southern Cross” is an astral constellation of cultural significance to Australians and New Zealanders, appearing on their national flags.

94 *Southern Cross* (1954) 91 CLR 592, 594.

95 Ibid 596, Toowoomba Foundry had ‘trade marks on the register consisting of the words “Southern Cross” in respect only of (i) well-drilling and boring machinery hand or power; (ii) milking machines; (iii) engines and windmills. It has trade marks on the register consisting of the device “S” over a cross in respect only of (iv) windmills, engines, well-drilling machinery, pumps, pumping machinery, pump rods, pump rod joints, crab...
of both parties tended to be sold in ‘general goods’ stores in rural areas. The question for the court was whether these similar marks (when applied on dissimilar goods but which were sold through the same trade channels) were ‘likely to deceive’ as per s 114 of the 1905 TM Act.  

Significantly, at that time, ‘confusion’ was not yet part of the statutory language. Section 114 of the 1905 TM Act read:

No scandalous design, and no mark the use of which would by reason of its being likely to deceive or otherwise be deemed disentitled to protection in a court of justice, or the use of which would be contrary to law or morality, shall be used or registered as, a trade mark or part of a trade mark.  

Nevertheless Kitto J, referenced the term ‘confusion’ in the corresponding section of the English Act saying:

The corresponding section of the English Act (s 11 of the Trade Marks Act 1938 (Imp)) is in the same terms with the addition of the words “or cause confusion” after “likely to deceive”; but, while these words make the section more specific, they add nothing to its effect. In relation both to the English and to the Australian section there are certain propositions which I think may be accepted as established by the cases.

Kitto J interpreted ‘likely to deceive’ or ‘cause confusion’ to mean a state of wonderment. The key ratio being:

[I]t is sufficient if the result of the user of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products come from the same source. It is enough if the ordinary person entertains a reasonable doubt.

Kitto J held that whether a person will be ‘caused to wonder’ depends on ‘all the surrounding circumstances’. This includes the way in which the marks will be used, the circumstances in which the goods will be bought and sold, and the character of the probable purchasers of

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96 Ibid.
97 Section 114 of the Trade Marks Act 1905 (Cth).
98 Southern Cross (1954) 91 CLR 592, 594.
99 Ibid 596, ‘[I]n considering the probability of deception, all the surrounding circumstances have to be taken into consideration. (This includes the circumstances in which the marks will be used, the circumstances in which the goods will be bought and sold, and the character of the probable purchasers of the goods: Jafferjee v. Scarlett (1937) 57 CLR 115).’
the goods’.100 The confusion is actionable even if the consumer is disabused of her mistake prior to purchase; it is also actionable ‘if it is likely to cause confusion or deception in the minds of persons to whom the mark is addressed, even if actual purchasers will not ultimately be deceived’.101 In other words, even if the person has their false belief corrected prior to purchase, the instance of confusion triggers infringement. This strict liability approach highlights the difference between trade mark law’s property origins when contrasted with associated actions such as passing off/s 18 ACL where confusion must persist until the point of sale. In addition to this temporal sensitivity, in substance some authors have argued that at least prima facie, courts have held that a higher and more complex standard of confusion is required under passing off and consumer protection statutes.102 In other words, it is easier for a registered mark owner to succeed on a s 120 1995 TM Act claim than under an associated action.

Applying these principles, Kitto J held that use by the applicants on refrigerators would be ‘likely to deceive’, even though none of these goods could be said to be of the same description as refrigerators.’103 His finding (upheld on appeal), was based on the fact that Toowoomba had sold their extensive range of products through over 600 distributors ‘many of whom sell, in addition to the appellant's products, goods of other kinds including refrigerators.’104 The fact that the trade channels were the same implied that people would infer’ that a fridge badged with SOUTHERN CROSS was produced by the prolific Southern Cross of Toowoomba and not the applicant.105

Despite the fact that the word marks were substantially identical, this case and the ‘cause to wonder test’ has become the modern test of deceptive similarity for both registration and

100 Ibid 595.
101 Ibid 596, ‘[T]he second of the propositions I have set out has the authority, not only of Romer LJ, but also of Lord Morton, who, as Morton J, said in Re Hack's Application (1940) 58 RPC 91, ‘[T]he question whether a particular mark is calculated to deceive or cause confusion is not the same as the question whether the use of the mark will lead to passing-off. The mark must be held to offend against the provisions of s 11 if it is likely to cause confusion or deception in the minds of persons to whom the mark is addressed, even if actual purchasers will not ultimately be deceived” (1940) 58 RPC 91, at pp. 103, 104.’
102 Burrell and Handler, TM Book, above n 10, 482–484.
103 Southern Cross (1954) 91 CLR 592, 594, ‘a finding that the goods are not of “the same description” does not preclude a finding that the trade mark is likely to deceive within the meaning of s 114.’
104 Ibid 596.
105 Ibid 596 – 597.
infringement cases. For example French J declared that the principles set out by Kitto J in respect of the *1905 Act*, can be ‘quoted and applied to the *1955 Act*’… and the ‘essential elements of those propositions continue to apply to the issue of deceptive similarity under the *1995 TM Act*.’\(^{106}\) The subsequent *1955 TM Act*, and *1995 TM Act*, include the word ‘confusion’ in their definition of deceptive similarity.\(^{107}\)

(b) *Australian Woollen Mills Limited v FS Walton and Company Limited*\(^{108}\)

The *Australian Woollen Mills Limited v FS Walton and Company Limited* (‘*AWM*’)\(^{109}\) case was an appeal from the dismissal of a trade mark infringement and passing off claim. The appellant/trade mark owner was a well-known manufacturer of wool stuffs and serges.\(^{110}\) In 1927, it trade marked a figure of an armoured knight seated on horseback with the word CRUSADER. Both the word mark and the horse device were used extensively in Australia. Examples are shown below (trade mark 46342 and 48348 registered under the *Trade Marks Acts 1905–1934*, for ‘cloths and stuffs of wool, worsted or hair’):

![AWM — Plaintiff’s Trade Marks](image)

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\(^{106}\) *Registrar of Trade Marks v Woolworths Ltd* (1999) 93 FCR 365 at [50].

\(^{107}\) Under the *1955 TM Act*, section 6(3) ‘a trade mark shall be deemed to be deceptively similar to another trade mark if it so nearly resembles that other trade mark as to be likely to deceive or cause confusion’. Under the *1995 TM Act*, section 10 ‘For the purposes of this Act, a trade mark is taken to be deceptively similar to another trade mark if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion.’

\(^{108}\) (1937) 58 CLR 641.

\(^{109}\) Ibid.

\(^{110}\) Serge is a type of wool fabric with ridges on both sides. It is synonymous for a high quality woollen woven fabric.
The alleged infringer was a distributor of cotton goods under the name CESARINE. In 1934 it also began the manufacture and sale of serge. In 1935 it registered a trade mark in respect of cotton piece goods but not woollen goods. Examples of the marks are depicted below.

Figure 4  AWM — Defendant’s Marks

(i) The Nature of the Comparison Between Marks — ‘The Imperfect Recollection Test’

The High Court dismissed the appeal (2:1) upholding the trial judge’s decision that the alleged infringing marks were not deceptively similar. The nature of the deceptive similarity comparison is often drawn from the following:

In deciding this question, the marks ought not, of course, to be compared side by side. An attempt should be made to estimate the effect or impression produced on the mind of potential customers by the mark or device for which the protection of an injunction is sought. The impression or recollection which is carried away and retained is necessarily the basis of any mistaken belief that the challenged mark or device is the same.

In other words, the court must construct and estimate the effect or impression of the registered mark on the mind of the consumer across all goods and services for which it is registered. As noted by Shanahans, the baseline for ‘comparison is the registered trade mark

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111 AWM (1937) 58 CLR 641, 654. Note that whether cotton goods were the same or similar to wool serge was not a live issue in the case.

112 Ibid 645. ‘[T]his sketch became the foundation of all the defendant's advertising matter and was the infringement complained of by the plaintiff.’

113 Ibid 658. As these marks had dominant images, the court emphasised that ‘The effect of spoken description must be considered. If a mark is in fact or from its nature likely to be the source of some name or verbal description by which buyers will express their desire to have the goods, then similarities both of sound and of meaning may play an important part.’
in relation to all the goods or services for which it is registered’. On top of that, the baseline need only be an ‘impressionistic’ and not a sharp ‘vision’ of what that use might be. The baseline is therefore both “foggy” and generous.

The court adopts the perspective of an ordinary consumer. This includes:

[T]he usual manner in which ordinary people behave must be the test of what confusion or deception may be expected. Potential buyers of goods are not to be credited with any high perception or habitual caution. On the other hand, exceptional carelessness or stupidity may be disregarded.

The court can consider factors external to the mark itself such as the way the goods are sold, ie the setting. This includes:

[T]he course of business and the way in which the particular class of goods are sold gives, it may be said, the setting, and the habits and observations of men considered in the mass affords the standard. Evidence of actual cases of deception, if forthcoming is of great weight.

(ii) AWM and the Role of Intent

A review of the infringement cases in this thesis shows that many plaintiffs discuss the AWM case in relation to intention of the parties. A frequently cited passage being:

The rule that if a mark or get-up for goods is adopted for the purpose of appropriating part of the trade or reputation of a rival, it should be presumed to be fitted for the purpose and therefore likely to deceive or confusion, no doubt, is as just in principle as it is wholesome in tendency.

This passage is often quoted in isolation to lend support to an argument that if there is evidence of intention to copy, then the fact finder should err towards finding the marks to be deceptively similar. However, a close reading of the AWM case shows that the majority were somewhat ambivalent about the relevance of ‘intention’. For example, the court said ‘[b]ut the examination made of the respondent’s motives and good faith seems to us to leave

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114 Davison and Horak, Shanahans above n 25 at [30.1020] citing New South Wales Dairy Corp v Murray Goulburn Co-op Co Ltd (1989) 86 ALR 549; Wingate Marketing Pty Ltd v Levi Strauss & Co (1994) 49 FCR 89; SAP (Aust) Pty Ltd v Sapient (Aust) Pty Ltd (1999) 169 ALR 1. Noting that under s 120(2) ‘all the circumstances of the case may become relevant due to the defence in that subsection, while under s 120(3) the manner and context of use by both the trade mark owner and the defendant are of the essence.’

115 Note that this may seem to open the door to initial interest confusion. A doctrine that has developed in relation to misleading links or meta-tags. In Australia, such cases typically fail the trade mark use threshold.

116 AWM (1937) 58 CLR 641, 658.

117 Ibid.

118 Ibid 657.
the question of infringement and passing off very much in the same position as it stood in without it.’119

Further, with regards to assessing intention the court was critical of the cost-benefit of such an inquiry:

[T]he practical application of the principle may sometimes be attended with difficulty. In the present case it has caused a prolonged and expensive inquiry in to the states of mind, motives and intentions of three people whose combined judgment decided that the company should adopt the trade brand and description complained of. This in turn necessitated an investigation of the steps by which the picture was obtained, considered and adopted and what was said and done by a number of persons in relation to the subject.120

It appears the court gave no weight to the intention evidence in the case, concluding that:

[I]n the end, it becomes a question of fact for the court to decide whether in fact there is such a reasonable probability of deception or confusion that the use of the new mark and title should be restrained … [Further,] [t]he main issue in the present case is a question never susceptible of much discussion. It depends on a combination of visual impression and judicial estimation of the effect likely to be produced in the course of the ordinary conduct of affairs.121

In summary, the AWM case should be primarily relied upon as authority for the imperfect recollection test. The cases above and the statutory definitions hold that to ‘determine whether a trade mark is deceptively similar to another trade mark, the trade marks in question are not to be compared side by side.’122 Rather, the alleged infringement mark:

[I]s compared to a customer's recollection of the … registered trade mark in question. It then needs to be determined whether the degree of similarity between the trade marks … is such that (taking into account how the goods and services in question are usually sold or supplied), it is likely that if the trade marks are both contemporaneously used customers will be confused as to whether the goods and/or services bearing the trade marks come from the same source.123

119 Ibid.
120 Ibid.
121 Ibid 658 – 659. The court concluded that ‘[F]or ourselves we find it very hard to suppose that anyone would confuse Caesar as a name or the representation of Caesar with the title Crusader or with the brand of the appellant. The impression created by each of the respective pictures or representations strikes our minds a widely dissimilar. The various reproductions of the Crusader would, we think, leave on the mind of anyone, whether his familiarity with them grew to be great or remained slight, an impression in which the banner and trumpet and the mounted knight holding them were the most definite elements. In many representations the caparison of the horse is also prominent.’
122 Luck, above n 79, 115.
123 Ibid.
Confusion in this sense means whether the ordinary consumer is ‘caused to wonder’ whether the two marked products or services come from the same source.

E Additional Element — Similarity Between ‘Goods and Services’

In addition to trade mark use and deceptive similarity, there are additional statutory elements relevant to the test of infringement under s 120 of the 1995 TM Act. In particular whether the competing mark is used (or is intended to be used) on goods or services of the same description, (or on goods or services that are closely related to) the trade mark owner’s registered goods or services. This inquiry is pivotal to determining which of ss 120(1), (2) or (3) applies.124

In relation to s 120(1), if the defendant’s alleged infringing mark is used ‘in relation to goods or services in respect of which the trade mark is registered’ then s 120(1) applies. Some interpretation of the plaintiff’s registration is required to determine whether the defendant’s use is sufficiently related. As Burrell and Handler note, there is ‘only limited guidance on this issue in Australia’ although UK cases would indicate that the plaintiff’s specification should not be given an ‘unduly broad interpretation’.125

Under s 120(2), the defendant’s use is liable if the use is in respect to ‘goods or services of the same description’ or in respect of ‘related goods or services’ as that of the plaintiff’s registration. Again, this requires the court to consider degrees of ‘relatedness’ between the respective goods and/or services. This is a question that arises in other contexts in the Act such as registration under s 44. In their chapter on infringement, Burrell and Handler argue that there are some ‘judicially developed multi-factor tests’ that can be applied here, including whether the goods are services are substitutes or in competition.126 However the authors acknowledge that ‘real uncertainty exists’ around the question of relatedness.127 Similarly, as acknowledged by Justice French in Registrar of Trade Marks v Woolworths,128 the term ‘goods that are closely related to those services’ is not well defined, ‘it was an

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124 Burrell and Handler, TM Book, above n 10, 407.
125 Ibid.
126 Ibid.
127 Ibid.
expression which had been used by the Mathys Committee to describe the degree of connection between goods and services which would lead to conflict. However the meaning of what can ‘lead to conflict’ is not clear. Section s 120(3) captures the defendant’s use on goods or services unrelated to the plaintiff’s registration in narrow circumstances. A contribution of this thesis will be to look at dicta under ss 120(1), (2) and (3) with respect to ‘goods/services’. However, the results of the pilot study indicated that “relatedness” was not as significant an element as “use” or “deceptive similarity”.

III ASSOCIATED ACTIONS

As discussed in Part I, prior to the introduction of registered trade mark statutes (such as the Trade Marks Registration Act 1875 (UK)) traders relied on their common law rights in passing off to protect infringed indicia. Indeed, even after the inception of registration systems, passing off continued to have a significant role in the protection of both registered and unregistered trade marks. However, the critical role played by passing off was more apparent under earlier statutes. A recent question in Australian law is the relevance of passing off to trade mark litigation since the addition of consumer protection statutes and changes under the modern Act. Note that similar issues exist in the UK with regard to passing off and the broad EU law of unfair competition.

As discussed in the beginning of this chapter, to evaluate the significance of the changes in litigation trends, it is critical to have some understanding of the history of passing off and consumer protection statutes and their relationship to trade mark infringement suits. Understanding the history of these actions is also important in order to understand Australia’s


130 For a discussion on the intersection between passing off and unfair competition in Europe see Mary LaFrance, ‘Passing Off and Unfair Competition: Conflict and Convergence in Competition Law’ (2011) Michigan State Law Review 1413, 1415, ‘[W]hile significant differences between the passing off and unfair competition regimes remain, the gap has been narrowing. Within the European Union (EU), the conflict between these doctrines has been highlighted-and their convergence hastened-by decisions of the European Court of Justice (ECJ), which has interpreted several harmonization directives in a manner consistent with a broad concept of unfair competition, thus creating pressure on the United Kingdom to interpret “passing off” in a manner far removed from its original meaning….If this trend continues, many of the differences between the passing off and unfair competition regimes may eventually disappear.’ (Footnotes omitted)
system for the protection of unregistered marks and to make comparisons (in Part IV) to the US protection of unregistered marks under the *Lanham Act*.

## A (Lack of) Unfair Competition

Pursuing concurrent actions in passing off and s 18 *ACL* is prominent in Australian trade mark litigation. The former action provides broad protection for a trader’s goodwill against certain kinds of misrepresentations by other traders while the latter prohibits misleading and deceptive conduct against consumers. As a general proposition, the prominence of treble concurrent claims under s 120 *1995 TM Act*, passing off and s 18 *ACL* likely arises because — unlike the US and many countries in the EU¹³¹ — Australian courts reject the notion of a general tort of unfair competition.¹³² That is, there is no doctrine of singular scope that protects the ‘sweat of the brow’ or the products of intellectual effort. Rather, traders need to seek relief under various ‘special heads’¹³³ of protection.

The issue was first agitated in the landmark High Court case of *Victoria Park Racing and Recreation Grounds Co Ltd v Taylor*,¹³⁴ where the first defendant allowed a radio broadcaster (who was also a defendant) to “spy” on a neighbouring racecourse from his home and used that information as a basis of his broadcast.¹³⁵ The broadcaster (with the help of binoculars)

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¹³³ *Victoria Park Racing and Recreation Grounds Co Ltd v Taylor* (1937) 58 CLR 479, 509 (per Dixon J), ‘[T]his is sufficiently evidenced by the history of the law of copyright and by the fact that the exclusive right to inventions, trade marks, designs, trade name and reputation are dealt with in English law as special heads of protected interests, and not under a wide generalisation.’

¹³⁴ Ibid.

¹³⁵ Jill McKeough, ‘Horses and the Law: the Enduring Legacy of Victoria Park Racing’ in Andrew Kenyon, Megan Richardson and Sam Ricketson (eds), *Landmarks in Australian Intellectual Property Law*, Cambridge University Press, 2009) 53, provides an interesting analysis of the instrumental rather than proprietary approach of the majority in *Victoria Park Racing*. McKeough discussing Drahos’ work, ‘instrumentalism in this sense refers to the idea that law is a tool that recognises the social costs of intellectual property protection, rules out the idea of property as a natural right, and displays a scepticism concerning any theory based on the idea that property is a subjective right’. McKeough concludes, ‘[T]he apparent conservatism of the majority in *Victoria Park Racing* is based on a refusal to extrapolate doctrine to novel situations without a compelling justification.’ This instrumental/Drahos type approach to ‘proprietarianism’ seems to be a position favoured by French CJ in *JT International SA v Commonwealth of Australia; British American Tobacco Australasia Limited v The Commonwealth* (2012) 250 CLR 1.
could call the horserace and read the notice boards detailing the names and numbers of the starting horses. The plaintiff applied for an injunction on various grounds including breach of copyright. The NSW Supreme Court denied an injunction and the decision was appealed to the High Court.

Justice Dixon (in a 3:2 majority) referred with approval to Justice Brandeis’ dissent in the US Supreme Court case of *International News Service v Associated Press*. In that case, Brandeis J rejected the argument that mere ‘sweat of the brow’ generates a right protected by law.

The High Court, by majority, concluded that Australian law did not recognise a general proprietary right with respect to all intangible elements of value or the fruits of ingenuity, skill or labour, Dixon J famously stating that:

> courts of equity have not in British jurisdictions thrown the protection of an injunction around all the intangible elements of value, … which may flow from the exercise by an individual of his powers or resources … or the use of ingenuity, knowledge, skill or labour.

Later, in the case of *Campomar Sociedad, Limitada v Nike International Ltd* (*‘Nike’*) the Full Court of the High Court unanimously affirmed that statement by Dixon J, noting that this ‘should be regarded as an authoritative statement of contemporary Australian law’. Thus

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136 (1918) 248 US 215. It is noted that the majority’s quasi-property doctrine of misappropriation (where an action lay against a competitor who ‘free rode on time-sensitive and thus commercially valuable news’) has diminished in significance, Paul Goldstein, ‘Federal System Ordering of the Copyright Interest’ (1969) 69 Columbia Law Review 49. See also Shyamkrishna Balganesh, ‘“Hot News”: The Enduring Myth of Property in News’ (2011) 111 Columbia Law Review 419.

137 Victoria Park Racing and Recreation Grounds Co Ltd v Taylor (1937) 58 CLR 479, 509 per Dixon J, ‘[I]n dissenting from a judgment of the Supreme Court of the United States by which the organised collection of news by a news service was held to give it in equity a quasi-property protected against appropriation by rival news agencies, Brandeis J gave reasons which substantially represent the English view, and he supported his opinion by a citation of much English authority: *International News Service v Associated Press* (1918) 248 US 215 His judgment appears to me to contain an adequate answer, both upon principle and authority, to the suggestion that the defendants are misappropriating or abstracting something which the plaintiff has created and alone is entitled to turn to value. Briefly, the answer is that it is not because the individual has by his efforts put himself in a position to obtain value for what he can give that his right to give it becomes protected by law, and so assumes the exclusiveness of property, but because the intangible or incorporeal right he claims falls within a recognised category to which legal or equitable protection attaches.’ For further discussion see Baird, above n 131. See also the Australian High Court’s discussion of US authorities containing the scope of the *INS v AP* decision at *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (No 2) (1984) 156 CLR 414, 443.

138 Victoria Park Racing and Recreation Grounds Co Ltd v Taylor (1937) 58 CLR 479, 509 per Dixon J.

139 *Campomar Sociedad, Limitada v Nike International Ltd* (2000) 202 CLR 45. See also *Moorgate Tobacco v Philip Morris Ltd* (1984) 156 CLR 414 at [40] per Deane J rejecting the arguments for a new general
a person alleging misappropriation of skill, effort or labour must satisfy the different preconditions for different causes of action. While there have been some significant critics of this position, it has cast an enduring shadow over many aspects of Australian law. It is also argued here that historically, the case marks a fault-line between Australian and American courts and their treatment of intangible appropriation in the early 20th century. Another fault-line between Australian and US law is the significance and relative absence of passing off in these jurisdictions respectively.

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142 Ricketson, above n 138, 30 argues that ‘[A]t one level, such an approach can be seen as pro-competitive, as the only restraints on competition between traders are those imposed by the established categories of intellectual property. On the other hand, fairness in competition implies that parties should participate in the “order of struggle” on the basis of their own unaided efforts… In the light of the above, it seems logical to argue that our legal system is now ready for the adoption of a general principle of liability that will cover all situations of “reaping without sowing” on the part of a competitor. Such protection should be available, irrespective of the presence of deception, without the need to comply with strict standards of novelty and inventiveness, and whether or not the subject matter taken subsists in a material form. The sole requirement for protection should simply be that the plaintiff has expended time, skill and labour in the creation of some intangible business value, for example, a new name or mark, manufacturing process, design, marketing format, or literary or artistic creation.’

143 Gerald Dworkin, ‘Passing Off and Unfair Competition: An Opportunity Missed’ (1981) 44 Modern Law Review 564. See also Ricketson above n 138, where Ricketson presents an explanatory hypotheses for this position including fear that unfair competition laws may stifle competition and; that there may be a cultural acceptance in Australia that some copying is a good thing.

144 McKeough, above n 135, 53, discussing the influence of the case in relation to IP, creators rights, property law, privacy and personality rights.
B The History of Passing Off

The tort of passing off has served to protect the infringement of trade symbols since at least the 17th century if not earlier. The legal rules that define a claim of passing off have changed over time but untangling the history of passing off (particularly its path through common law and Chancery courts) and its relationship to trade mark law is difficult and not without disagreement. For example, in these early cases both common law and Chancery courts ‘usually referred to the same precedents’ regardless of the form of action at hand so

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145 The case of Southern v How Popham's Reports 143 (1618), 79 Eng Rep 1243 (KB 1907); has often been discussed (and also queried) as the first reported trade mark case wherein eighteenth century courts ‘in the context of Southern v How’ … came to regard passing off as an action for deceit’, L Morison, ‘Unfair Competition and ’Passing Off ‘— The Flexibility of a Formula (1956) 2 Sydney Law Review 50, 53. See also Frank I Schechter, Historical Foundations of the Law Relating to Trade-Marks (Columbia University Press, 1925) 6 describing ‘[t]he authority and longevity of Justice Dodderidge's dictum’ as ‘extraordinary and unwarranted’.

146 See Keith M, Stolte, ‘How Early Did Anglo-American Trademark Law Begin? An Answer to Schechter’s Conundrum’ (1998) 88 The Trademark Reporter 564, 565 arguing that ‘there is a new entry in the law books as the oldest reported trademark case in Anglo-American law. It is known as Sandforth's Case, Cory's Entries, BL MS. Hargrave 123, folio 168 (1584) (providing a fairly complete portion of the complaint), reprinted in J H Baker and SFC Milsom, Sources of English Legal History-Private Law to 1750, 615–18 (1986)’.

147 Ian Tregoning ‘What’s in a Name? Goodwill in Early Passing Off Cases’ (2008) 34 Monash Law Review 75, 76, ‘[P]assing-off has produced a significant body of case law, particularly since it was apparently first recognised by that name in 1842’ discussing Perry v Truefitt (1842) 49 ER 749.

148 Christopher Wadlow, The Law of Passing-Off: Unfair Competition by Misrepresentation (Sweet and Maxwell, 4th ed, 2011) at [1.035]. As Wadlow explains, the history of passing off is ‘sometimes presented in terms of a seamless progress’ — a legal cause of action based on fraud and the tort of deceit, which in the mid–19th century was superseded by equity and based in the protection of property rights. However, the ‘truth is certainly more complex but not easy to unravel’. ‘[T]he central problem is that it’s only very recently that passing off has more than occasionally been recognised as a body of law worthy of attention in its own right. Throughout the 19th Century judges of every temperament agreed that passing off actions raised no questions of law, but only ones of fact. It is quite plausible that many early passing off cases went unreported for this very reason, as the earliest known cases of passing off being deal with at law do not give the impression that any new legal principles were in issue. Later in the 19th century the problem arises in a different form. There are sufficient reported cases to work on, but little conscious analysis of how the law was developing.’

149 See for example in relation to the historical basis for trade mark law in relation to passing off, César Ramirez-Montes, ‘A Re-Examination of the Original Foundations of Anglo-American Trademark Law’ (2010) 14 Marquette Intellectual Property Law Review 91, 164, ‘[T]hus, current academic opinions suggesting that the sole justification of trademark law lies in the protection of consumers, and not traders, have lost sight of this historical accommodation of interests that the law sought to create. To this extent, McKenna’s diagnosis of the problem of contemporary trademark law — namely that it focuses too much on consumers to the detriment of traders — is right. It is respectfully submitted, however, that his prescription — namely, a re-reading of the normative basis of Anglo-American trademark law orientated around the interests of traders — is wrong.’ Citing Mark P McKenna, ‘The Normative Foundations of Trademark Law’ 82 Notre Dame Law Review 1839 (‘Normative’).
that a ‘Chancery court, whose jurisdiction depended on property, would refer to [the tortious concept of fraud] when deciding cases’. 150

As a general proposition, many commentators agree that until the middle of the 19th century, a passing off action could be pursued in common law and/or equity courts pursuant to a remedy in damages or an injunction, and was based in the concept of deceit. 151 This required the plaintiff to show that the defendant (with fraudulent intent), used the plaintiff’s name or mark, in order to misrepresent his/her own goods as that of the plaintiff. 152 In other words, a plaintiff could seek relief at common law if seeking the remedy of damages. Alternatively, a plaintiff could seek injunctive relief in Chancery.

As Lahore et al 153 describes, equity followed the common law tests until the 1838 case of Millington v Fox 154 where Lord Cottenham in Chancery held an injunction could be granted without proof of the common law elements of fraud or intent, and even if the defendant had no knowledge of the plaintiff’s prior use. The case was the ‘first of a line of cases’ granting an injunction ‘based on equity’s interest in protecting property’ rather than “punishing” deceit. 155 After this case there was still uncertainty over whether property should be a primary or sole basis for intervention. That is, uncertainty to whether passing off protected

150 Ramirez-Montes, above, n149, 111; also discussing McKenna, Normative, above n149, 1856.


152 For example, Ramirez-Montes, above n 149, 109, argues that ‘at least up until the middle of the 19th century … either at law at law or in equity, it was essential to show a fraudulent intention’ citing Collins Co v Brown (1857) 69 ER 1174, 1176-78 (“If a man has been in the habit of using a particular mark for his goods for a long time, during which [sic] no one else has used a similar mark, and then another person begins to use the same mark, that can only be with a fraudulent intent.”).

153 Lahore, Dwyer, and Dufty, above n 4 at [44,015].

154 (1838) 40 ER 956 (Ch).

155 Lahore, Dwyer, and Dufty, above n 4 at [44,015], further Lahore explains, regardless, in either common law or equity, the plaintiff had to endure the costly process of providing ‘fresh evidence of use of the mark and [his] title to it.’ Thus, while equity had lessened the burden of proof of fraud, there was still an impetus to begin some type of register of trade marks. In both England and Australia, both common law and equitable actions continued to develop in parallel well into the 20th century (some may argue they are still separated). So called ‘fusion’ of the administration of the courts occurred at different times in different jurisdictions.
a right based in property, which (absent intention) was akin to strict liability harm, or whether passing off was a tort proscribing fraud and unfairness.

Ramirez-Montes argues that around this time, courts began to fear that the focus on a claimant’s “property” right in the trade mark could have an adverse effect by enabling traders to gain a proprietary ‘monopoly in the articles on which their trademark appeared’. In response, courts began to distinguish between ‘improper trade mark use’ (that being ‘mere imitation of a trade mark proper’) and ‘fraudulent dealing’ where no use of a trade mark proper was required but a false representation had to be made out. The point being made here is that the split between equity and common law courts, led to a split characterisation of trade marks into two types of harms, one based on a property right (improper trade mark use) inviting an equitable injunction; and the other (fraudulent dealing) seen as a common law tort remedied by damages. Ramirez-Montes contends that these cases eventually evolved into actions for trade mark infringement; and passing off involving other trade designations.

The point of this discussion is to argue that the development of both property and fraud concepts are part of the common history of both US and Anglo-Australian law due to their shared history in English Chancery and common law courts. However, it is argued that by the late 19th and early 20th century, a fault-line emerges between these jurisdictions with Anglo-Australian law adopting a more proprietary concept of trade mark law and US law developing along a more tortious path. This distinction will be discussed in the Anglo-Australian context below and in the US context at Part IV of this chapter.

In Anglo-Australian law, by at least the early 20th century, ‘the view emerged that passing off protected business goodwill from being damaged by a defendant’s misrepresentation’. Although goodwill was itself considered a proprietary interest, it was understood that the property right subsisted not in the mark itself, but rather in the business to which the goodwill attached. This view, combined with the understanding that a registered trade mark was

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156 Ramirez-Montes, above n 149, 117 – 118.
157 Ibid 118.
158 Burrell and Handler, TM Book, above n 10, 12.
159 For example the recent High Court case re-iterated the common law principals in JT International SA v Commonwealth JT International SA v Commonwealth (2012) 250 CLR 1 per French at [17], ‘[T]his follows from the British jurisprudence in 1915’ where ‘in Spalding v Gamage, it was finally determined that the property protected by the action is not in the trade mark, name or get-up improperly used by the defendant, but “in the business or goodwill likely to be injured by the misrepresentation.”’ (Citations omitted).
constitutionally enshrined property under the 1905 TM Act, provided some delineation of the two actions. That is, the statute protected the registered trade mark as property (underscoring the value of trade mark registration); while passing off protected business goodwill as property which could be attached to a trade symbol (registered or otherwise).

Following Millington v Fox, Anglo-Australian passing off (based in a concept of property), did not require fraudulent intent to found a claim. Although fraud may affect the award of damages, under Anglo-Australian law, there is no requirement to prove intention to deceive to find liability. That is, goodwill is the property right and passing off protects invasion of that right by misrepresentations of another trader. Importantly, passing off is not a law of consumer protection.

C Expanding Passing Off and Consumer Protection in the Mid–20th Century

In the mid–20th century, it is argued that trade mark infringement was more limited than it is under the current Act. This was due in part to infringing use under the 1955 TM Act being more strictly confined to the plaintiff’s specification. At the same time, the High Court again rejected a general tort of unfair competition in the case of Moorgate Tobacco v Philip Morris Ltd (no 2), noted below. Partly as a result of these two factors, it is argued that the protection of unregistered or un-registrable marks (or where the impugned use was beyond the field of registration) continued under the tort of passing off.

Under modern Australian law, passing off protects the goodwill of a business from damage caused by misrepresentations of another trader. To establish a case, a plaintiff must first establish it has ‘goodwill’ or ‘reputation’ in relation to its business as distinctive of the plaintiff’s goods. This goodwill is attached to (or embodied by) the mark, get up, or indicia. Second, the plaintiff must show that the defendant has made a misrepresentation, for example

160 (1838) 40 ER 956 (Ch).
162 Lahore, Dwyer, and Duffy, above n 4 at [44,015]. See generally, R Meagher, W Gummow and J Lehane, Equity Doctrines and Remedies, (Butterworths, 1975).
163 Prior to the 1995 TM Act, infringement could only be raised if there was infringing use upon the goods and services registered by the plaintiff.
165 The elements were stated by Lord Oliver in Reckitt & Colman Products Ltd v Borden Inc (‘Jif Lemon case’) (1990) 17 IPR 1, 7.
misrepresented that his/her goods or services are those of another trader. Third, the trader’s
goodwill must be damaged in some way. In Australia, passing off protects business
indicia and consumer welfare is merely incidental. This has been reinforced by the converse
focus of consumer protection statues where the mandate eg of s18 ACL is consumer welfare
with producer benefit being incidental.

The flexibility of this common law tort allowed it to expand to meet the many innovative
cases of misrepresentation in the late 20th century. For example, in the Australian High
Court case of *Moorgate Tobacco v Philip Morris Ltd (No 2)* Justice Deane spoke with
approval of:

> the adaptation of the traditional doctrine of passing off to meet new circumstances involving the
deceptive or confusing use of names, descriptive terms or other indicia to persuade … customers to
believe that goods or services have an association, quality or endorsement which belongs…to
another...168

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166 Ricketson, above n 138, discussing *Reddaway v Banham* [1896] AC 199; *Joseph Rogers & Sons Ltd v WN Rogers & Co* (1924) 41 RPC 277; *Turner v General Motors (Australia) Pty Ltd* (1929) 42 CLR 352.

representation of which a plaintiff could complain could include misrepresentations in relation to the plaintiffs’
goods, services, business or reputation; and the categories were still open and ‘the development of new or
altered practices in business, in trade or in professions may in the future result in further classes becoming
apparent’.

In Australia, passing off has extended its reach to litigants that are in different fields of activity, where no place of business can be shown in Australia and to protect the reputation of fictitious characters and products (eg, Duff Beer).

One interesting explanation of the expansion of the tort is that innovative Australian courts extended passing off to match the broad scope of consumer protection statutes that were introduced in the mid-1970s. As discussed earlier, the Trade Practices Act 1974 (Cth) (‘TPA’) was introduced to protect consumers and displace the caveat emptor attitude that persisted in the post-war era. Section 52 of the TPA provided the precursor to the current s 18 ACL, which sets down a standard of behaviour that a ‘person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.’ The ACL and s 18 in particular, has wide application and covers very different types of unfair trade practices, ‘including misleading statements that induce parties to enter into contracts, misleading contractual warranties, and false claims as to experience or qualifications.’ However, the primary focus of this thesis is s 18 as it pertains to trade mark infringement litigation. Other auxiliary provisions of the ACL that relate to trade mark infringement such as s 29(1)(h) (misrepresentations as to affiliation) are also excluded.

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169 Henderson v Radio Corp Pty Ltd [1960] NSWR 279, where a professional ballroom dancing couple prevented the sale of a dance music record which featured their image on the cover. This is the first Australian case to allow a passing off case where the plaintiff and defendant were in different fields of activity. This marked the rejection of the requirement that there be a “common field of commercial activity” between the parties that had stood for nearly 40 years.

170 ConAgra v McCain (1992) 23 IPR 193, 233, the Full Federal Court of Australia found that a complainant in a passing off action did not need to prove it had business activity in Australia, provided that it had a sufficient reputation here as a result of its commercial activity overseas. Note that a recent UK case, Starbucks (HK) v British Sky Broadcasting [2015] UKSC 31 the UK Supreme Court rejected the Australian approach.

171 As an example of passing off applied to celebrity indicia see Hogan and Ors v Pacific Dunlop Ltd (1988) 12 IPR 225 affirmed by Pacific Dunlop Ltd v Hogan (1989) 23 FCR 553 where the applicants relied on passing off and breach of the Trade Practices Act 1974 (Cth ss 52, 53(c) and (d) to claim the respondent’s TV commercial for shoes (a parodic spoof of a scene from Crocodile Dundee) represented a false connection between the applicant with the goods or services of the respondent.


173 With regards to expansion to meet consumer protection statutes, Lord Diplock in the formative House of Lords case Erven Warnink BV v J Townend & Sons (Hull) Ltd [1979] AC 731, 740 said ‘[W]here over a period of years there can be discerned a steady trend in legislation which reflects the view of successive Parliaments as to what the public interest demands in a particular field of law, development of the common law in that part of the same field which has been left to it ought to proceed upon a parallel rather than a diverging course.’ See also, Burrell and Handler, TM Book, above n 10, 12.

D  Summary

There are key differences between the 1995 TM Act, common law passing off and s 18 ACL in terms of origins, elements, protected interests, purposes and defences. The 1995 TM Act provides exclusive rights to distinctive trade marks as a species of statutory property conferred to an owner by way of registration. The interest protected is the property in the trade mark. There is no need to prove distinctiveness of the mark as this is prima facie evidenced by the fact of registration (subject to a cross-claim for invalidity). Further, the exclusive rights under the 1995 TM Act are powerful and national in scope. They are the primary rights relied upon in trade mark litigation.

In terms of concurrent collateral claims, both passing off and/or s 18 ACL, can be pleaded to support a trade mark infringement claim. However it is important to note the doctrinal differences that can lead to different evidentiary burdens. For example, in passing off, liability is incurred where there is a misappropriation of reputation such that the goodwill of the plaintiff is damaged. The interest protected is the plaintiff’s reputation, the existence of which must be proved by the plaintiff and is often local rather than national in scope. For s 18 ACL in a trade mark infringement context, it is a use of the plaintiff’s trade indicia such that the public may be misled or deceived as to a commercial association between the parties. The interest protected is the consumer’s welfare and prevention of consumer confusion.

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175 Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd (2007) 159 FCR 397 at [99], per curiam, '[W]hether or not there is a requirement for some exclusive reputation as an element in the common law tort of passing off, there is no such requirement in relation to Pt V of the Trade Practices Act. The question is not whether an applicant has shown a sufficient reputation in a particular get-up or name. The question is whether the use of the particular get-up or name by an alleged wrongdoer in relation to his product is likely to mislead or deceive persons familiar with the claimant's product to believe that the two products are associated, having regard to the state of the knowledge of consumers in Australia of the claimant's product.'

176 Hansen Beverage Co v Bickfords (Australia) Pty Ltd (2008) 171 FCR 579 at [44], Tamberlin J at [44] stating that ‘… s 52 of the TPA imposes no requirement that any particular reputation must be established before a breach of s 52 can be made out. In speaking of the relationship between s 52 and the tort of passing off, Stephen J observed in Hornsby Building Information Centre Pty Ltd v Sydney Building 251 ALR 1 at 11 that the remedy under the TPA… will not, as in passing off, be founded upon any protection of the trader’s goodwill but, being directed to preventing that very deception of the public which is injuring his goodwill, it will nevertheless be an effective remedy for that of which he complains … if what is in question is truly a contravention of s 52(1); that is to say, is conduct which is misleading or deceptive. It is only this with which s 52(1) is at all concerned. It is not concerned, as such, with any unfairness of competition in trade as between two traders. Accordingly, the sufficiency of the reputation which is required to be shown may be less in proceedings under the TPA than in proceedings alleging passing off’. (Citations omitted).
How passing off and s 18 ACL work together is ‘one of the most difficult questions in Australian trade mark law’. A question arises as to whether passing off and s 18 ACL (due to their parallel expansions) have become interchangeable in a trade mark infringement case. And, if so, whether passing off has become somewhat redundant in that context. This issue, in addition to other controversies will be explored in depth in Chapter Three. The next Part sets out an overview of relevant US law with a focus on the treatment of common law marks and comparative aspects of trade mark infringement law.

IV US TRADE MARK LAW

As discussed (from page 48), by the late 19th century, clear differences emerged between Australian and US trade mark law. Arguably, a major turning point was the difference in constitutional recognition of trade marks as a species of property. From the outset the Australian constitution explicitly included the regulation of trade marks alongside both patents and copyrights as one of Parliament’s heads of power. Later Australian statutes and courts continued to develop the law of trade marks as a species of property, analogous to patents and copyright. By contrast, in the Trademark Cases (1879) 100 US 82, the US Supreme Court rejected the argument that ‘Congress has the power under the patent and copyright clause’ of the Constitution to regulate trade marks. That is, in contrast to patents and copyrights, the Court held that trade marks have no relation to invention and discovery nor to original ‘writings’; a trade mark is ‘simply founded on priority of

177 Burrell and Handler, TM Book, above n 10, 462.

178 Australian Constitution s 51 ‘The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to: (xviii) copyrights, patents of inventions and designs, and trade marks.

179 Amanda Scardamaglia, ‘The Colonial Trade Mark Regime: Parallel Rationales, Theories and Frameworks’ (2011) 22 Kings Law Journal 259, 268, ‘it is conceivable since some lawyers, barristers and authors considered trade marks and trade mark protection to be analogous to other modes of intellectual property during this critical period in Australia’s trade mark history.’ Lionel Bently, ‘From Communication to Thing: Historical Aspects to the Conceptualisation of Trade Marks as Property’ in Graeme B Dinwoodie and Mark D Janis (eds) (2008) Trademark Law and Theory A Handbook of Contemporary Research (Elgar, 2008) 3, 4 ‘[M]oreover, perceived as “property”, trade marks were frequently compared and contrasted by commentators with analogous but distinct laws of patents and copyright.’ The analogy of trade marks to patents and designs is supported by the fact that the Merchandise Marks Act 1862 (UK) was replaced by the Patents, Designs and Trade Marks Act 1883 (UK) which in turn was supplanted by the 1905 statute.

180 US Constitution (Art 1, § 8, cl 8) ‘to promote the progress of science and the useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.’
appropriation.’ There were additional complexities in this case, particularly in relation to
the interpretation of the Commerce Clause and the distinction between inter and intra-state
uses of a mark. Nevertheless, it has been argued that the ‘legacy of the Trademark Cases …
was to instil in federal trademark doctrine a crippling aversion to anything that resembled
a property right’. Thus while Australian trade mark law integrated property concepts into
its doctrine, US trade mark law developed away from a property base, instead developing in a
paradigm of unfair competition.

Today, despite common origins, the laws relating to US and Australian trade marks are
difficult to reconcile. However, in order to apply Beebe’s methodology to Australian law
and to potentially make cross-border comparisons in an informed way, some
understanding of both systems is required. Of particular relevance to this thesis are
the doctrinal contrasts between use-based and registration-based systems, the scope of statutory
trade mark protection, the nature of the statutory infringement test, and the collateral role

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181 Trademark Cases (1879) 100 US 82.
Intellectual Property Law Journal 331, 335, argues that the court ‘further held that because the Act of 1870
made no distinction between interstate or foreign commerce on the one hand, and intrastate commerce on the
other, Congress had overstepped its bounds under the Commerce Clause. Moreover, the Court expressed in dicta
considerable hostility to the idea that trademarks were within the scope of the Commerce power at all.’
(Footnotes omitted). For further analysis see Zvi S Rosen ‘In Search of the Trade-Mark Cases: The Nascent
For an examination of this case in a broader context see David S. Welkowitz, ‘The Impact of the United
183 Sheff, above n, 182, 335 – 336. Sheff argues that the construction of a trade mark as ‘quasi-propriety’ that
‘grows out of its use’ rather than a right in gross such as a copyright or patent, meant that in practical terms ‘a
trademark could only be enforced in the geographic and commercial sphere within which it was actually used by
its owner to indicate a product’s source.’ See also Doris Estelle Long, ‘Rebooting Trademarks for the Twenty-
First Century’ (2011) 49 University of Louisville Law Review 517, 519. Long argues that placing ‘trademarks
on a separate basis of protection, contributed to a confusing dichotomy that continues to restrain attempts to
develop a rational regime to govern the newly emerging trademark “uses” in today’s digital environment.’
And that ‘the early rejection of a US constitutional basis for trademark protection…slowed the development of a
comprehensive federal trademark system’
184 Cross-border comparison was one goal of Barton Beebe, ‘An Empirical Study of the Multifactor Tests for
Trademark Infringement’ (2006) 94 California Law Review 1581, 1647 – 1648, ‘[this article] … has sought
more generally to develop an array of theoretical approaches to the legal multifactor test. Obviously, much
more work remains to be done in this regard, not only in developing our theoretical understanding of the legal
multifactor test as applied, but in testing those theories against data on other legal multifactor tests in U.S. and
foreign law.’
185 Graeme W Austin, ‘The Consumer in Cross-Border Passing Off Cases’ (2016) 47 Victoria University of
Wellington Law Review 209, 209, ‘[I]n United States’ federal trademark law, there is almost a complete
alignment between analysis of the likelihood of confusion in the contexts of passing off and infringement of
registered Trademarks’.
of passing off/s 18 ACL in Australia. Complicating matters is the fact that neither Australia nor the US follows a ‘pure’ registration or a ‘pure’ use-based system. The net outcome of these differences is the US recognition of unregistered marks under statutory infringement law. This is of particular relevance to this thesis as Beebe’s sample included both registered and unregistered marks. By contrast, the Australian sample only reflects registered marks. The doctrinal differences that explain this outcome will be discussed in the following section. This discussion will provide the necessary background to understanding the “US trade mark use debate” and whether and how this thesis can contribute to that discussion.

A Unregistered Marks and Passing Off

In the latter part of the 19th century, American courts shifted between English concepts of property and traditional concepts of fraud to justify injunctive relief for trade symbol infringement. This period of US trade mark law has been described as ‘chaotic’.

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186 For a US discussion of the spectrum ends of use-based and registration-based systems see Jane C Ginsburg, ‘Response: Euro-Yearnings? Moving Toward a “Substantive” Registration-Based Trademark Regime’ (2017) 130 Harvard Law Review Forum 95, 96 – 97. As Jane Ginsburg explains, a pure ‘use-based’ trade mark system derives from the law passing off; enforcement protects the trader’s goodwill and hence the public from a competitor’s attempts to mislead the public regarding source or quality. Consumer perception provides the link to the symbol and its value as a badge of origin. By contrast, in a pure registration-based system, trademarks are property ‘arising out of the government’s acceptance of the mark for registration’ wherein registration depends on distinctiveness i.e. the ability to identify ‘the goods and their producer’. Registration provides the link to attest to the public perception of the symbol as a badge of origin. ‘In theory, use-based systems’ flexibility focuses primarily on the consumer while registration-based systems’ greater formalism favors enterprises because it ensures predictability in the acquisition and scope of rights.’ For an Anglo-Australian discussion of the “technology” of registration and its role in defining the shape of the positive law see Chris Dent, ‘Registers of Artefacts of Creation — From the Late Medieval Period to the 19th Century’ (2014) 3 Laws 329.

187 Ginsburg, above n186, 97, ‘as Tushnet explains, the United States has tried to have it both ways, grounding rights in use — hence preserving the defining role of the marketplace — but then undercutting the significance of use by enhancing a trademark’s scope through registration.’ Citing Rebecca Tushnet, ‘Registering Disagreement: Registration in Modern American Trademark Law’ (2017) 130 Harvard Law Review 867. For a discussion of the Australia registration system and the influence of use-based rights see Michael Handler and Robert Burrell in ‘Reconciling Use-Based and Registration-Based rights Within the Trade mark System : What the Problems with section 58A of the Trade Marks Act Tell Us’ (2014) 42 Federal Law Review 91, 92 explaining that the registration and use models interact in complex ways for example, a trade mark owner ‘can get her mark registered without demonstrating prior use of the mark and exercise her rights forthwith. However, a rival can apply to have that mark removed should there be no use three years from registration.’

188 Ramirez-Montes, above n 149, 113.

189 Ibid.
However, some relief was had with the introduction of legislative initiatives in the early 20th century such as the passing of the ‘first federal trademark registration’ statute in 1905.  

Mark McKenna argues that in the late 19th Century, American courts started to use the term ‘unfair competition’ differently, dividing the world into ‘technical trademarks’ and ‘trade names’.  

This arguably dealt with the property/monopoly concern by allowing ‘technical trademarks’ to be registered leaving ‘trade names’ to be protected by unfair competition. However, McKenna argues (not without contest) that the underlying policy was still protection against trade diversion as it was in English cases at the time. The author posits that, ‘[I]t therefore was clear to commentators in the nineteenth century that trademark infringement and unfair competition were aimed at the same wrong.’

In the early 20th century, technical trademarks included arbitrary or fanciful trade symbols, which as a species of property did not require proof of fraud to find infringement, ie infringement of a technical trademark was determined by ‘mere violation of the exclusive right’. In contrast, infringement of trade names (descriptive, generic, geographic or personal name marks) ‘rested in the tortious conduct of the defendant’ which ‘required proof of fraud, and proof of acquired distinctiveness’. Ramirez-Montes argues that in practice both trade mark infringement and unfair competition were pleaded together ‘such that if an infringement claim failed, the claimant may succeed in unfair competition. The consequence of this was that ‘[i]t was not always easy to know whether in deciding a particular case, the court was applying or formulating trade mark or unfair competition

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190 J Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (West Group, 4th ed, 1996 – 2016) at [§ 5:3], ‘Act of Feb 20, 1905, 33 Stat 724, 15 USCA §§ 81 et seq “An Act to authorize the registration of trademarks used in commerce with foreign nations or among the several States or with Indian Tribes, and to protect the same.”’

191 McKenna, *Normative*, above n149, 1862.

192 That being traders obtaining a monopoly over the goods to which the mark was attached by virtue of their registration.

193 Ramirez-Montes, above n 149, 113.

194 Ibid 164. For example, Ramirez-Montes disagrees with some aspects of McKenna, *Normative*, above n149 argument, ‘[I]t is respectfully submitted, however, that his prescription — namely, a re-reading of the normative basis of Anglo-American trademark law orientated around the interests of traders — is wrong.’

195 Ramirez-Montes, above n 188, 113.

196 Ibid.

197 Ibid, in which Ramirez-Montes describes as ‘passing off’ at 113.
principles’. Some resolution of these problems was provided by the introduction of the modern statute in 1946.

The Lanham (Trademark Act) 15 USC §§ 1051 et seq, (‘Lanham Act’) was enacted by Congress under the Commerce Clause of the US Constitution in order to ‘codify and unify the common law of unfair competition and trademark protection.’ McCarthy (discussing the current law) explains that ‘[t]he American view of trade mark law is that it is a form of consumer protection’. As such, the Lanham Act regulates and/or provides remedies to both registered and unregistered common law trade marks as both potentially affect consumer confusion.

In the US, unregistered trade marks can be protected under state unfair competition laws as well as the infringement provisions of the Lanham Act § 43(a) while registered marks benefit from infringement provisions under the Lanham Act 1946 § 32. Beebe explains

198 Ibid.

199 US Constitution (Art 1, § 8, cl 3), which gives Congress the power ‘to regulate commerce with foreign nations, and among the several states, and with the Indian tribes.’

200 McCarthy, above n 190.

201 Ibid [§ 2.14], ‘[A]merican trade mark law views a trade mark as property ‘only insofar as it is a right to prevent confusion of customers and the commercial damage that confusion creates.’


203 It is noted that state based registry systems and trademark laws co-exist but generally reflect the federal law. The technical details and differences (for example where state based registration may be an advantage) are beyond the scope of this thesis.

204 Infringement of an unregistered mark under 15 USC § 1125(a) (Lanham Act 1946 § 43(a))— ‘False designations of origin, false descriptions, and dilution forbidden (July 5, 1946, ch. 540, title VIII, § 43 (a) Civil action (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which — (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person’s goods, services, or commercial activities, shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.’ This provision is sometimes referred to as a federal cause of action for unfair competition.

205 Infringement of a registered mark under 15 USC § 1114 (Lanham Act 1946 § 32). — ‘Remedies; infringement; innocent infringement by printers and publishers (1) Any person who shall, without the consent of the registrant— (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or (b) reproduce, counterfeit, copy, or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or
that for the context of his study, the tests under both heads are essentially the same. That is, both rely on the ‘same test for likelihood of confusion… and courts often cite to case law under one section interchangeably with case law under the other.’206 Similar to collateral claiming in Australia, in the US ‘[W]hen owners of registered marks plead likelihood of confusion, they typically do so under both § 32 and § 43(a) in the event that some defect is discovered in their registration.’207 Beebe208 cites as an example (from the 9th Circuit) that with respect to a claim based on a likelihood of confusion under either or both of § 32 and § 43(a), courts have stated: ‘party must prove: (1) that it has a protectable ownership interest in the mark, and (2) that the defendant’s use of the mark is likely to cause consumer confusion.’209

Therefore, actions that would fall under Australian passing off such as false advertising, or infringement of get-up would receive some form of federal statutory protection in the US (depending on the facts). It therefore makes sense then that ‘extended form passing off is not recognized in the United States’.210 It appears that unlike Australia, common law passing off is not often litigated as a collateral claim in the US, nor does it seem necessary to do so given the breadth of the federal statute. Unfair competition which forms the basis of US trade mark law is broader than ‘passing off’ and captures any form of ‘competition or selling which contravenes society’s concepts of fairness’.211

It is posited here that the absence of passing off from trade symbol litigation has meant that US passing off has developed in a different direction to Anglo-Australian extended passing

colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive, shall be liable in a civil action by the registrant for the remedies hereinafter provided. Under subsection (b) hereof, the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such imitation is intended to be used to cause confusion, or to cause mistake, or to deceive.’

207 Ibid.
208 Ibid.
210 LaFrance, above n 130, 1417.
211 McCarthy, above n 190 at [§ 2.7].
A critical example is that in the US, as McCarthy argues, ‘the primary emphasis of ‘passing off’ or ‘palming off’ is on the subjective mental intent of the defendant’. That is, unlike Australia where intention to deceive is no longer a compulsory element of liability for passing off (or s 18 ACL); under US law, proving intent or fraud is still required in some circuits.

In the US, locating trade marks under the head of unfair competition (rather than property) has arguably allowed trade mark law to expand under the rubric of preventing confusion of vulnerable consumers. In particular, trademark protection grew ‘to include non-competitive uses of a mark … and signalled a large expansion in the protection of trade marks’ As McCarthy writes, while this ‘expansion gradually continued in fits and starts until’ the late 20th century, it was very clear that a strong mark could be protected against use on non-competitive goods or services so long as there was a likelihood of confusion over sponsorship, affiliation or connection.

There is a similarity here with the development of Anglo-Australian ‘extended’ passing off for example where the Henderson case expanded passing off to parties in different fields

212 See for example, Jeremy N Sheff, ‘The (Boundedly) Rational Basis of Trademark Liability’ (2007) 15 Texas Intellectual Property Law Journal 331, 336–339 who argues that in the early 19th century, trade mark rights were bounded by geographical use and liability only imposed where there was direct competition. Sheff argues that in this context, Frank Schechter (whose views on the psychological function of trade marks is still influential) believed that passing off inadequately protected an additional function of trademarks — that being as a vehicle for storing goodwill (in effect a trade mark as property). Sheff argues that ‘[r]ather than broadly rethinking the nature and function of trademarks, as Schechter suggested’ instead the expansion occurred via expanding the heads of liability under the legislation.’ (Citing, Frank I Schechter, ‘The Rational Basis of Trademark Protection’ (1927) 40 Harvard Law Review 813).

213 McCarthy, above n 190 at [§ 25:2].

214 Ibid [§ 2.7], ‘[T]here is no doubt though, that today the rule against “passing off” or “palming off” remains an important part of the law of unfair competition, along with the more specific rules of trademark infringement. At [§ 25.3] ‘The terms “palming off” and “passing off” should usually be restricted to the situations where they were originally coined by the common law. That is, they should be used where there is real proof that defendant subjectively and knowingly intended to confuse buyers” citing Venetianaire Corp. of America v. A & P Import Co, 302 F Supp. 156, 161, 163 USPQ 412 (SDNY 1969), order aff’d, 429 F2d 1079, 167 USPQ 481 (2d Cir 1970) (“The doctrine of palming off, … requires proof of fraud.”); Keaton and Keaton v. Keaton, 842 NE2d 816, 819 (Ind 2006) (“Like common law fraud [passing off or palming off] requires a showing of intentional deception by the defendant.”). In order to prevail on an unfair competition claim under New York law, the plaintiff must show (1) a likelihood of confusion, and (2) bad faith, Audemars Piguet Holding SA v Swiss Watch Intern Inc, 46 F Supp 3d 255 (SDNY 2014).

215 McCarthy, above n 190 at [§ 5:2].

216 Ibid.

However there are important reasons why Australia’s treatment of unregistered marks has not expanded the boundaries of protection in the same way that American unregistered marks have expanded under the *Lanham Act*. These are, that passing off protects property rights, and therefore the indicia must be distinctive or demonstrate secondary meaning. This proof of reputation creates a heavy evidentiary burden. In contrast, in the US, unregistered marks under the *Lanham Act* undergo a likelihood of consumer confusion test where the standards of what is confusing are arguably getting progressively lower. In addition, US passing off differs from Australian passing off as the former now sits under the broader banner of unfair competition. This has tended to unmoor it from its ‘property in goodwill’ context so that in some scenarios, no secondary meaning is required if the trade indicia is found to be inherently distinctive219 (noting there are split circuits as to how to test this distinctiveness).220

In other words, the development of trade mark law under the broad umbrella of unfair competition rather than under an Australian style proprietary umbrella, has meant that the expansions that occurred to meet the challenges of the 20th century occurred under US statutory trade mark law. In contrast Australia preserved the proprietary nature of the trade mark infringement law thus forcing the overflow of more novel wrongs into common law passing off which had the flexibility to adapt to these new challenges. It is argued here that passing off in the US did not follow the line of Anglo-Australian courts of liberalising the parameters of the tort, nor was there a need to do so.

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218 Noting that the legal tests for unfair competition are different to the classic trinity of passing off and thus change its scope. For example, as explained by LaFrance, above n 210, 1418 ‘a false advertising claim under the *Lanham Act* can succeed only if the competitor’s statements are literally false or likely to deceive or confuse consumers; if the claim is not literally false, the plaintiff must prove that consumers were actually misled. Thus, false advertising does not apply to the sale of sparkling wine from California as “champagne”—which consumers in the United States perceive as a generic term—although it would apply if the merchant explicitly claimed, or strongly implied, that the wine was made in France.’ (Footnotes omitted).

219 *Two Pesos Inc v Taco Cabana* 505 US 763 (1992) the Supreme Court held that inherently distinctive trade dress did not require proof of secondary meaning to sustain an infringement claim.

B Registered Marks

In the US, trade mark rights are generally attained by ‘use’ or ‘intention to use’ and their scope is ‘defined by that party’s use’. However, incentives and preferences can be given for registering a mark. In this sense both Australia and the US are imperfect exemplars of registration and use systems respectively. The difficulty and value in trying to reconcile registration / rights acquisition systems with infringement frameworks has been recently explored in both a US and Australian context.

As discussed earlier, in Australia, use at the time of registration is not required. As a general principle rights are borne out of registration. In contrast, in the US trade mark registration in a “use-based system” merely reflects the ‘[G]overnment’s recognition of a right already created by use at common law.’ It can be said that ‘ownership flows from

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221 *Trademark Law Revision Act of 1988* 17 USC §119. For a discussion of the use and misuse of the US registration system, in particular ITU applications, see Barton Beebe, ‘Is The Trademark Office A Rubber Stamp?’ (2011) 48 Houston Law Review 751, finding that the number of ITU and use-based applications allowed were similar (noting that ITU applications were available from 1989), but that (at 773) ‘a large proportion of ITU applications that were published … failed to survive to registration… of these 84% failed because the applicant failed to file a statement of use.’


223 Ginsburg, ‘Response: Euro-Yearnings?’ above n 186, 97–98 ‘Noting that the Lanham Act provides incentives to register perhaps most importantly by giving priority dating from filing rather than from first use in commerce, and also by making trademark rights enforceable nationwide’ but refusal does not ‘prevent the unsuccessful applicant from using the mark and building up goodwill protectable by unfair competition claims both at state law under s 43(a)’… “The disparity between grounds for refusal to register and on-the-ground acquisition of rights undermines the utility of registration even as it honors the role of consumer perception in giving rise to trademark rights. Even the most significant recent development toward convergence of registration and enforceable rights in fact underscores the disconnect between the two regimes.”

224 See for example, Rebecca Tushnet, ‘Registering Disagreement: Registration in Modern American Trademark Law’ (2017) 130 Harvard Law Review 867, 881. ‘In the United States,… we have told ourselves that both systems, registration and general protection against confusion, have the same goals and the same mechanisms. The result has been increasing tension between irreconcilable empirical and conceptual approaches to trademark problems.’

225 Robert Burrell, ‘Trade Mark Bureaucracies’ in Graeme B Dinwoodie and Mark D Janis (eds) *Trademark Law and Theory A Handbook of Contemporary Research* (Edward Elgar, 2008) 95, 95. ‘One thing that is striking about these justifications [for trade mark protection], is that they provide little explanation of trade mark registration. This disjuncture between the standard justifications for trade mark protection and the existence and operation of registered trade mark systems is significant, because having a registered trade mark system requires a substantial expenditure of resources. See also Michael Handler and Robert Burrell in ‘Reconciling Use-Based and Registration-Based Rights Within the Trade mark System: What the Problems with Section 58A of the Trade Marks Act Tell Us’ (2014) 42 Federal Law Review 91, 92.

226 McCarthy, above n 190 at [§ 19:1:75].
use, not from registration.’ Nonetheless, the advantage of federal registration of a trademark is the creation of ‘a statutory presumption that the trademark is valid; the registrant is the owner of that mark, and that the registrant has the exclusive right to use it on or in connection with the goods or services listed in the registration.’ The rights are nationwide in scope in contrast with common law rights which are tied to geographical use.

C Comparison of Infringement of Registered and Unregistered Marks

Under the Lanham Act, to establish infringement of a registered mark under 15 USC § 1114 (Lanham Act 1946 § 32) or an unregistered mark under 15 USC § 1125(a) (Lanham Act 1946 § 43), the plaintiff must show ownership of a valid mark and that the defendant’s use of the mark in connection with goods or services causes a ‘likelihood of confusion’. Infringement under either claim proceeds as a two prong test. First, ‘whether the plaintiff’s mark is entitled to protection and second to whether the defendant’s use of the mark is likely to cause consumers confusion as to the origin or sponsorship of the defendant’s goods’. The antecedent question relates to prior use and ownership; the second question is known as the likelihood of confusion test. Note that trade mark dilution (weakening of a ‘famous’ mark through unauthorized use not necessitating confusion) is dealt with under 15 USC 1125(c). Dilution in Australian law has an uncertain and controversial status which limits

227 Ibid.
229 See Emergency One Inc v Am Fire Eagle Engine Co 332 F 3d 264, 268 (4th Cir 2003) [10], ‘the owner of common-law trademark rights in an unregistered mark is not entitled to injunctive relief in those localities where it has failed to establish actual use of the mark.’ Discussing the authorities at [7], ‘[A]t common law, therefore, the exclusive right to use a mark is “limited to areas where [the mark] had been used and the claimant of the mark had carried on business.” Armand's Subway Inc v Doctor's Assocs Inc 604 F 2d 849, 849 (4th Cir 1979); see Spartan Food, 813 F 2d at 1282 (“The common law rights are restricted to the locality where the mark is used and to the area of probable expansion.”).
230 McCarthy, above n 190 at [§ 23:11.50], ‘[F]or infringement of federally registered marks, what the Lanham Act requires is that the accused use be “in connection with the sale, offering for sale, distribution or advertising of any goods or services” in a context that is likely to cause confusion, mistake or deception. Similarly, for unregistered marks, the Lanham Act requires that the accused use be “on or in connection with any goods or services” and be likely to cause confusion, mistake or deception as to the affiliation, connection or association of the accused person with the plaintiff or as to the origin of the “goods, services or commercial activities” of the accused person. Similar language applies to false advertising claims.’ (Footnotes omitted)
231 Virgin Enterprises Ltd v Nawab 335 F3d 141 (2d Cir. 2003) [14].
comparative commentary. Therefore, further discussion of US dilution is beyond the scope of this thesis.

With regards to infringement, the likelihood of consumer confusion has been called ‘the litmus test’ or ‘touchstone’ for establishing trademark liability. It is acknowledged that there are additional elements of the US trademark infringement test such as the ‘use in commerce’ requirement under Lanham Act § 45, 15 USC § 1127. However, the focus here is on the likelihood of confusion test and is consistent with Beebe’s methodology.

In determining the likelihood of confusion test, the general question is whether the defendant’s trade mark, because of its similarity to the plaintiff’s trade mark, is causing or likely to cause consumer confusion as to the true source of the defendant’s goods? To answer this question, each district court applies a ‘multi-factor analysis of the likelihood of confusion’ as set by that circuit. For example the Second Circuit (where the multi-factor test is most often applied) uses an eight factor test to assess whether an average consumer

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234 Mark A Lemley and Mark McKenna, ‘Irrelevant Confusion’ (2010) 62 Stanford Law Review 413, 414, the authors state that ‘[T]rademark law centers its analysis on consumer confusion. With some significant exceptions, the basic rule of trademark law is that a defendant’s use of a mark is illegal if it confuses a substantial number of consumers and not otherwise.’


236 Also, use of the plaintiff’s mark ‘in connection with the sale, distribution, or advertising of any goods or services’, Lanham Act § 32(1)(a), 15 USC § 1114(1)(a), or ‘in connection with any goods or services,’ Lanham Act § 43(a)(1), 15 U.S.C. § 1125(a)(1).


238 Dinwoodie and Janis, ‘Confusion Over Use’, above n 235.

239 Beebe, Empirical, above n 237, 1592 noting that application of the multifactor tests in the Second Circuit is encouraged, it is where ‘the multifactor test is most often applied and where appellate panels have repeatedly emphasized that the multifactor analysis must be exhaustive and explicit.’ Also at p 1594–1595, ‘the district courts of the Second Circuit contributed a large plurality of opinions to the sample, producing nearly one-third of the total opinions and nearly one-half of the bench trial opinions.’ (Footnotes omitted).
would be confused between two marks. These are known as the ‘Polaroid’ factors and require a judge to assess, 1) the strength of the plaintiff’s mark, 2) the degree of similarity between the two marks, 3) the proximity of the products, 4) the likelihood that the prior owner will bridge the gap, 5) actual confusion, 6) the defendant's good faith in adopting its own mark, 7) the quality of the defendant’s product, and 8) the sophistication of the buyers. Other circuits use between six and 13 factors.

Across the 13 circuits there are ‘thirteen different multi-factor tests for the likelihood of consumer confusion.’ Unfortunately this has led to inter-circuit variation in the application and outcome of the multi-factor tests. A significant outcome of Beebe’s study was to find a subset of factors that were determinative across all 13 circuits. Of significance were the following five factors — 1) similarity of marks, 2) intention of the defendant, 3) evidence of actual confusion, 4) proximity of goods, and 5) strength of the mark.

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240 Polaroid Corp v Polarad Elecs Corp, 287 F2d 492, 495 (2d Cir 1961).

241 Strength of the mark is also referred to as distinctiveness of the mark in a US context. It should be noted that in the US, assessment of distinctiveness relates to the likelihood of confusion question and not to the antecedent question of whether the mark owner has proved ownership rights to the mark. Strength of the mark encompasses two different concepts, first is inherent strength of the mark and second being the acquired distinctiveness of the mark. These strength factors may result in a high degree of consumer recognition and thus affect the likelihood of confusion inquiry. For detailed discussion see Virgin Enterprises Ltd v Nawab 335 F3d 141 (2d Cir 2003) [18].

242 Beebe, Empirical, above n 237, 1582.

243 Ibid 1584.

244 Ibid 1591, finding that while courts usually claimed that no single factor was dispositive, (that is a finding on a single factor that would settle the outcome of the test), Beebe’s data clearly contradicted this assertion. Later at p 1600 Beebe argued that in practice ‘the similarity of marks factor is by far the most influential’ and that a finding that the ‘similarity of the marks factor does not favour a likelihood of confusion is, in practice, dispositive’. Beebe also found the degree of similarity was not important once the similarity threshold had been crossed (at p 1624).

245 Ibid 1600, wherein Beebe found that the defendant’s intent factor is decisive but only when it favoured a likelihood of confusion. In contrast to the Second Circuit’s assertion that intention is irrelevant, Beebe’s data showed that a finding of ‘bad faith intent’ on the part of the defendant ‘is in fact dispositive’ across all circuits.

246 Ibid 1581 and 1631 respectively, Beebe found that a finding that the ‘proximity of goods factor does not favor a likelihood of confusion is nearly always dispositive’. The purpose of the proximity factor is to consider whether ‘the parties’ goods are similar enough that a customer would assume they were offered by the same source’ or create an assumption of common source affiliation or sponsorship.

247 Ibid 1604. Note that strength of the mark is similar to the Australian concept of distinctiveness. Recall that in an American context rights are recognised by use, distinctiveness is often assessed in an infringement context. Similar to Australia, the US concept of strength recognises both inherently distinctive marks and marks that have acquired distinctiveness. See, eg, Abercrombie & Fitch Co v Hunting World Inc, 537 F2d 4, 9 (2d Cir 1976) and TCPIP Holding Co v Haar Communications Inc, 244 F3d 88, 100 (2d Cir 2001) (describing these two concepts of strength).
That is, Beebe found that these factors typically determined the likelihood of confusion test and thus the outcome of the infringement suit.

D  Summary

This discussion of US law impacts the application of Beebe’s methodology to Australia in four important ways. First, Beebe’s study included unregistered marks, the result being the inclusion of reasoning related to the validity of unregistered marks such as distinctiveness. This causes consideration of the ‘strength of the plaintiff’s’ mark which roughly approximates an assessment of distinctiveness which Australian registered marks pass at the registration stage. This factor will not appear in an Australian infringement inquiry. Second, the inclusion of unregistered marks expands the total pool of cases available in a US study. By comparison the number of Australian cases (78 over a 20 year period) appears modest.

Third, Australia does not use a multi-factor test located around the central question of confusion. Rather the statutory test is broadly concerned with three main elements — use as a trade mark, deceptive similarity of trade marks, and relatedness of goods and/or services. A linear multi-factor test as analysed by Beebe is therefore not applicable in Australia. Finally, the most significant difference between Australian and US trade mark infringement law is the place of trade mark use as a threshold test in Australian law. Trade mark use as it is understood in Australia, does not exist in US trade mark infringement law. Whether it should or could play a role in US infringement law has been the subject of significant debate amongst US scholars. This debate will be explored in the next chapter.
CHAPTER THREE: CURRENT CONTROVERSIES AND DEBATES

The substantive purpose of this thesis is to provide empirical clarity over uncertainties in Australian law and incidentally some aspects of US trade mark law. Chapter One set out the background to the empirical method; and Chapter Two set out the history and the substance of the black letter law. Chapter Three builds upon Chapter Two and discusses the normative controversies and litigant uncertainties with regards to the current law. These include uncertainties around the relationship between s 120 1995 TM Act and collateral claims. This also includes debates as to the normative and prescriptive content of judicial reasoning. In particular, the role of “reputation” and other considerations when determining either deceptive similarity or trade mark use within a s 120 TM 1995 Act claim. The background as to the nature of the issues to be addressed by this empirical study is provided in this chapter.

I INTERSECTION CONTROVERSIES

A The Relevance of Collateral Claims

In a trade mark infringement case, the primary rights relied upon are the plaintiff’s statutory rights under the 1995 TM Act. The scope of protection is determined by the trade mark registration which provides a statutory monopoly irrespective of actual use.¹ Infringement of the statutory monopoly is the basis for a s 120 claim. However, a s 120 claim is often pleaded concurrently with passing off and/or s 18 ACL. This leads to the question of — if a collateral claim is pleaded, why choose passing off, s 18 ACL or both? This has been raised in the context of arguments that passing off in a trade mark infringement context has become redundant.²

1 Historical Benefits of Passing Off

The benefits of arguing passing off were arguably more apparent under the earlier 1955 TM Act and in the time before federal consumer protection statutes were introduced in the 1970s.³

¹ Noting vulnerabilities relating to use discussed at page 26.
³ Noting that some uncertainties reached appellate courts. For example Wingate Marketing v Levi Strauss (1994) 49 FCR 89 per Gummow J at [9] in relation to an infringement action under 1955 TM Act. ‘[I]t is
In Australia under the 1955 TM Act and its predecessors, infringing conduct was narrowly confined to infringing use upon goods or services for which the plaintiff’s mark was registered. The primary infringement provision under the Trade Marks Act 1955 (Cth) was s 62(1) which defined infringement as use of ‘a mark which is substantially identical with, or deceptively similar to, the trade mark, in the course of trade, in relation to goods or services in respect of which the trade mark is registered.’ Passing off was able to fill the gap where the infringing conduct fell outside the scope of the goods and services covered by the registration or where the mark could not be registered. In recent times, it has been thought that this gap-filling role is undermined under the current Act because ss 120(2) and (3) 1995 TM Act allow infringement claims for uses beyond the scope of the plaintiff’s registration.

A second gap filled by passing off was as a catch all for unregistered marks. This was thought to be important because the 1955 TM Act had a narrower definition of a registrable ‘sign’. The 1955 Act provided registration for a distinctive ‘device, brand, heading, label, generally accepted that the tort of passing-off is concerned with the protection of the business goodwill of the plaintiff against damage by the misrepresentations made by the defendant. Neither protection of goodwill nor deceptive conduct are the primary concern of the action for trade mark infringement under the present legislation. However, arguments were propounded before us which assumed that the contrary was the case.’

4 For an overview of the historical progression of the related actions up to the 1995 TM Act see Wingate Marketing v Levi Strauss (1994) 49 FCR 89 per Gummow J [8]–[52].

5 The full section is 1955 TM Act (Cth) ‘62 (1) 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 goods or services in respect of which the trade mark is registered. (2) In an action for infringement of a trade mark registered in Part B of the Register (not being an infringement occurring by reason of an act referred to in the next succeeding section), an injunction or other relief shall not be granted to the plaintiff if the defendant establishes to the satisfaction of the court that the use of the mark of which the plaintiff complains is not likely to deceive or cause confusion or to be taken as indicating a connexion in the course of trade between the goods or services in respect of which the trade mark is registered and a person having the right, either as registered proprietor or as registered user, to use the trade mark.’

6 For example the case of Campomar Sociedad, Limitada v Nike International Ltd (2000) 202 CLR 45 where Campomar had NIKE as part of its registrations for perfumery. Nike International (the sportswear company) tried to have the registration revoked even though they were not in the cosmetic business. As the High Court pointed out at even if their case under the 1955 TM Act failed (and the High Court held that the Campomar registrations were not wrongly remaining in the register within the meaning of s 22(1)(b) of the 1955 TM Act (Cth) at [76]). ‘[T]here is available to Nike International the law with respect both to the tort of passing-off and to misleading or deceptive conduct within the meaning of s 52 of the TPA.’ At [67]

7 See, eg, Mark J Davison and Ian Horak, Shanahan’s Australian Law of Trade Marks and Passing Off (Lawbook Co, 5th ed, 2012) (‘Shanahans’) at [85.25] describing the 1995 TM Act as effecting a ‘radical change to the concept of infringement’. Under prior Acts, ‘[R]eputation and goodwill were rarely relevant nor was the likelihood of deception or confusion, except to the limited extent required to consider deceptive similarity of marks’. Under the new act, this remains so in the case of s 120(1) but ss 120(2) and (3) ‘introduce passing off like concepts into infringement actions although the precise meanings of some of the terms used in the subsection are uncertain and there are significant differences between those subsections and passing off.’
ticket, name, signature, word, letter or numeral, or any combination thereof’. It was thought that passing off filled the gap where a mark was unregisterable such as for a product’s ‘get-up’. A significant passing off jurisprudence developed around the protection of ‘get-up’ (also known as ‘trade dress’ in other jurisdictions) — that being the ‘shape, size and colouring of [a] container of packaging, the design of [a] label and to some extent, the design of the product itself’. However, it could be argued that this second gap-filling role has also been undermined by the modern 1995 TM Act, which added the following as registrable marks — ‘aspect of packaging, shape, colour, sound or scent.’

Passing off also had a role in protecting marks such as commonly used words which had developed a secondary reputation. These marks would be those having little to no inherent adaptation to distinguish. It was previously held that these kind of marks were an exception to the presumption of registrability. Therefore, if the mark had difficulty or could not be registered then passing off would likely be an attractive option. However, the restructure of

8 Section 6 1955 TM Act.

9 In the case of Reckitt & Colman Products Ltd v Borden Inc (‘Jif Lemon’) 17 IPR 1 in reference to the impugned lemon shaped bottle containing lemon juice, Lord Oliver of Aylmerton at [7] described get-up in a passing off context as follows, ‘[F]irst, he must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public by association with the identifying “get-up” (whether it consists simply of a brand name or a trade description, or the individual features of labelling or packaging) under which his particular goods or services are offered to the public, such that the get-up is recognised by the public as distinctive specifically of the plaintiff's goods or services.’

10 Trevor Stevens, ‘The Protection of Trade Dress and Color Marks in Australia’ (2003) 93 The Trademark Reporter 1382, 1383 discussing J Thomas McCarthy: McCarthy on Trade Marks and Unfair Competition: 4th Edition, 8.1. In the US it has been said that ‘[T]rade dress is also useful to convey more than merely the presentation of an article. It covers innovative trading styles, especially for restaurants and retail outlets and might also include a particular format of conducting business. In other words, the term “trade dress” encompasses the whole visual image presented by a trader to customers.’

11 Ibid 1383.


13 See discussion of the role of passing off vs distinctive marks under the 1955 TM Act in Oxford University Press v Registrar of Trade Marks (1990) 24 FCR 1 [283–284] per Gummow J.

14 Blount Inc v Registrar of Trade Marks (1998) 40 IPR 498 at 505 per Branson J, ‘[T]he above examination of subss (3)–(6) of s 41 of the Act demonstrates that the section limits the scope of operation of s 33(1) of the Act so far as the question of capacity to distinguish is concerned.’… ‘It is thus not the case, as might otherwise be concluded from the terms of s 33(1), that if the registrar is uncertain whether a trade mark is capable of distinguishing the applicant's goods or services from the goods or services of other persons then he or she must accept the application.’
s 41 of the *1995 TM Act* by *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth) clarified that the presumption of registrability does indeed apply to section 41.\(^\text{15}\)

2 Justifying Collateral Claims Under the Modern Act

In trade mark litigation, a collateral claim of passing off was thought to give access to exemplary damages\(^\text{16}\) and the option of an account of profits or compensatory damages\(^\text{17}\). However, more recent legislation\(^\text{18}\) has undermined this advantage by creating a head of ‘additional damages’ (in addition to an injunction and compensatory damages) for trade mark infringement under *Trade Marks Act* (Cth) s 126(2) to punish and deter.\(^\text{19}\)

This leaves the primary benefit of passing off as a collateral claim\(^\text{20}\) to be as a ‘safety net’ or ‘back-up’ claim should the plaintiff’s trade mark rights be negatived. For example, a defendant may counterclaim to have the plaintiff’s mark removed from the register for want of validity. A collateral action in passing off could still assist the plaintiff should its trade mark registration be struck down. Another example relates to mitigating the risk of a court finding a defendant has not ‘used’ the impugned sign as a trade mark, for example finding the defendant has only used the sign descriptively. In such a situation a plaintiff could again find success by using passing off as a ‘back-up claim’.

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\(^\text{15}\) IP Australia, *Trade Marks Office Manual of Practice and Procedure Effective Date: 17 July 2017*<http://manuals.ipaustralia.gov.au/trademarks/Part_22.pdf> part 22, 146, ‘[S]ection 41 was repealed and re-enacted by the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012*. The changes to section 41 clarify that the presumption of registrability does apply to section 41.’

\(^\text{16}\) Exemplary damages could be had for ‘conscious and contumelious disregard for the wronged party’s rights and to deter the wrongdoer from committing like conduct again’. See *Taleb v GM Holden Ltd* (2011) 286 ALR 309 at [41] per Finn, Dowsett and Bennett JJ, ‘[I]t is accepted in this country that the circumstances of a passing off may be such as to make it appropriate to punish a respondent for conduct showing a conscious and contumelious disregard for the wronged party’s rights and to deter the wrongdoer from committing like conduct again. Such awards have not commonly been made, the apparent reason for this being that the passing off has occurred in conjunction with a copyright infringement for which substantial “additional damages” have been awarded under s 115(4) of the *Copyright Act 1968* (Cth): for example Deckers Outdoor at [115].’ (Footnotes and citations omitted).

\(^\text{17}\) For a discussion of additional and exemplary damages see *Futuretronics.com.au Pty Ltd v Graphix Labels Pty Ltd* (No 2) (2008) 76 IPR 763.

\(^\text{18}\) *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth).


\(^\text{20}\) Note that this discussion relates to passing off as a collateral claim in the context of s 120 *TM 1995 Act* litigation. It is acknowledge that passing off still retains independent relevance in misleading conduct claims in areas such as advertising.
However, if the remaining useful role for a collateral claim is as a safety net should the plaintiff’s rights fail under the 1995 TM Act, the question remains as to why argue collateral claims in both passing off and s 18 ACL?

3  **Passing Off Versus s 18 ACL**

In comparing passing off with s 18 ACL in the context of s 120 litigation, passing off has disadvantages. From a practical perspective, the main distinction relates to the evidentiary burden. With regards to proof, passing off requires the plaintiff to show ‘sufficient reputation in a particular get-up or name.’ Whereas there ‘is no such requirement’ in relation to s 18 ACL. That is, the latter focusses on whether the defendant’s conduct is likely to mislead or deceive as a general proposition. It is noted that some commentators would argue that proof of the trader’s reputation assists in identifying the nature of the deceptive conduct. Nevertheless it is generally the case that proving a misrepresentation damaging a plaintiff’s reputation is narrower than proving misleading or deceptive conduct such that a finding of passing off will likely lead to a breach of s 18 ACL’s standard.

The only other obvious advantage of passing off is that unlike s 18, it is not bound by conduct that is in ‘trade or commerce’. However, this distinction is arguably undermined because conduct in ‘trade or commerce’ has been interpreted so broadly that cases that are actionable under passing off are almost always covered by s 18 ACL. In addition, in the context of

21 Noting there are many variations that don’t have a significant impact on litigation — see Robert Burrell and Michael Handler, *Australian Trade Mark Law* (Oxford University Press, 2nd ed, 2016) (‘TM Book’) Chapters 12 and 13.

22 *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (2007) 159 FCR 397 at [99] per curiam, that for the statutory claim, ‘[t]he question is whether the use of the particular get-up or name by an alleged wrongdoer in relation to his product is likely to mislead or deceive persons familiar with the claimant’s product, having regard to the state of the knowledge of consumers in Australia of the claimant’s product.’

23 Ibid, per curiam at [99] ‘[W]hether or not there is a requirement for some exclusive reputation as an element in the common law tort of passing off, there is no such requirement in relation to Pt V of the *Trade Practices Act*.’

24 Burrell and Handler, *TM Book*, above n 21, 476 stating that ‘it will be for the plaintiff to demonstrate sufficient reputation to ground its action for passing off or breach of the statutory prohibition on engaging in misleading or deceptive conduct.’

25 Heerey QC and Creighton-Selvay, above, n 2, 31, Heerey QC and Creighton-Selvay argue that ‘it is possible that where misleading or deceptive representations are made, and those representations are not made in trade or commerce, an action for passing off (or trade mark infringement) might succeed, whereas an action for contravention of s 18 of the ACL might fail.’ The meaning of a misrepresentation outside of trade or commerce was discussed in the case of *Attorney-General; Ex rel Elisha v Holy Apostolic & Catholic Church* (1989) 37 NSWLR 293. The authors discuss the judgment of Young J which found that the impugned conduct
s 120 litigation all trade mark use is by definition use related to trade source and is therefore always conduct in ‘trade or commerce’ given the wide interpretation of that expression.

The issue remains as to whether and why litigants argue collateral claims in both passing off and s 18 ACL? Burrell and Handler argue that one reason for this quandary is that little thought was given to how the introduction of the federal consumer law in 1974 would impact either ‘trade mark or business reputation’ infringement claims.’ Moreover, ‘this possibility [of overlap and redundancy] was not mentioned at any time during the legislative history’ of the Trade Practices Act 1974 (Cth) (‘TPA 1974’).

Some courts have tried to retain the distinction between the two actions. For example, the Full Court of the Federal Court, in Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd said that while there is overlap between the actions:

[Passing off protects a right of property in business or goodwill whereas Pt V [the statutory prohibition] is concerned with consumer protection. Part V is not restricted by common law principles relating to passing off and provides wider protection than passing off.

However, some practitioners argue that ‘more recent decisions indicate a trend away from any strict demarcation of the causes of action.’ Some practitioners have suggested that passing off in trade mark infringement litigation has become redundant. For example Ed Heerey QC and Peter Creighton-Selvay argue that passing off in a trade mark infringement suit can be ‘avoided’ as the increased evidentiary cost (of collateral claims) does not outweigh the benefits unless exceptional relief is sought.

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was associated with the conduct of a church had not occurred in trade and commerce and was not actionable under s 52 of the TPA (now s 18 ACL).

26 Burrell and Handler, TM Book, above n 21, 462–463.
27 Ibid.
28 Trevor Stevens, above n 10, 1402.
29 Heerey QC and Creighton-Selvay, above n 2, 34 arguing that ‘[i]n Australia at least, the tort of passing off is on its last legs. The tort offers a litigant lacking a registered trade mark two distinct advantages over s.18 of the ACL. First, relief might be available even though the impugned conduct is not “in trade or commerce”. Secondly, the tort offers a litigant access to an account of profits and exemplary damages, a distinct advantage over misleading or deceptive conduct in cases where such remedies are appropriate. However, beyond this, the life of the tort seems limited indeed. In particular, it requires an applicant to prove matters not necessarily required under the 1995 TM Act or ACL (such as reputation and loss), the deception against which it guards is more limited than under the 1995 TM Act or ACL, and an applicant alleging passing off may have more work to do to establish joint liability and to avoid the application of defences than under the ACL. It follows that, if a case has potential for exemplary damages or a significant account of profits, it may be wise to include an allegation of passing off. Otherwise, it may be avoided.’
30 Ibid, 34.
These arguments make a stark contrast to concerns about the intersection of these claims in the period shortly after the inception of s 52 of the *Trade Practices Act 1974* (‘TPA’). In what has been called a “seminal” article, Michael Blakeney in 1984 expressed an opposite concern; that being that judges were interpreting the broad language of s 52 *TPA* too narrowly by importing passing off principles into the statute. The doctrinal concern being that ‘[T]his may mean that justice is done between the parties but, it is submitted, damage is done to the doctrinal purity of the pro-consumer objectives of the statute.’ Blakeney noted despite “lip service” given by courts to avoid relying heavily on passing off, inevitably, ‘the final decision has been based on the application of some technical passing off rule.’

Burrell and Handler point out this doctrinal concern and observe that ‘[I]n the years since Blakeney’s article was published, the relationship between the two actions has, if anything, become more confused.’ Moreover, that the courts are ‘relying on the consumer-centric nature of the statutory regime to jettison parts of the law of passing off without any attempt to engage with the principles underlying either cause of action.’ Blakeney, and Burrell and Handler appear to discuss their respective concerns in the broader context of passing off / s 18 *ACL* claims that are not specific to a s 120 *1995 TM Act* litigation context. Nevertheless, the findings of this thesis demonstrate that within the context of s 120 litigation, the more modern concerns (contra Blakeney) that passing off is being ‘jettisoned’ in deference to s 18 *ACL* reasoning is empirically supported.

II DECEPTIVE SIMILARITY AND ‘REPUTATION’

This section moves away from a discussion of collateral claims and focusses solely on s 120 of the *1995 TM Act*. That is, the next two sections look specifically to the judicial heuristics that determine a s 120 outcome. In particular, controversies surrounding the factors used to

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32 Michael Blakeney, ‘Old Wine In New Bottles: Influence of the Common Law on the Interpretation of Section 52 of the *Trade Practices Act*’ (1984) 58 *Australian Law Journal* 316, 316, argues that s52 was modelled on s 5 of the *US Federal Trade Commission Act 1914* ‘inspired by the enviable record in consumer protection’. Blakeney laments that the intentionally ‘broad language of the section’ has been ‘interpreted more narrowly by Australian judges than by their American counterparts’.

33 Ibid 317.

34 Ibid.


36 Ibid 463.
determine trade mark use and trade mark deceptive similarity. As discussed earlier (and supported by the pilot study discussed in the methods chapter), it is thought that deceptive similarity and trade mark use, are the most determinative elements that dictate a s 120 outcome. However, the factors that drive the outcome of those elements are unknown or controversial. In particular, the role of external factors, ie beyond the visual or other signals that come from the mark itself, is a topic of much debate. For example what role should marketplace factors (or factors that influence consumer perception) have on the determination of trade mark use or deceptive similarity? One of the more controversial factors is that of ‘reputation’. That is, whether it is relevant that the fame or reputation of the plaintiff (or it’s mark) affects a consumer’s perception of the mark. And if so, whether a court should factor that into a trade mark use or a deceptive similarity assessment.

One of the more vocal opponents of the consideration of reputation in an infringement context is Mark Davison. Davison unpacks the series of four notorious cases that invited concepts of reputation into the deceptive similarity test. Davison argues that these cases have led to doctrinal incoherence and opposite outcomes from similar sets of facts. These cases began with the trade mark registration case of Woolworths Ltd v Registrar of Trade Marks (‘Woolworths Case’). Although a registration case, it has been taken as authority for the deceptive similarity test in an infringement law context, and in particular the ‘imperfect recollection test’.


40 C A Henschke & Co v Rosemount Estates Pty Ltd (2000) 52 IPR 42 at [52], ‘[W]oolworths was not an infringement case and, of course, the notoriety taken into account was not any notoriety attaching to marks already registered (or marks applications for which had been lodged before the Woolworths application); the notoriety attached to an element of the mark for registration of which Woolworths had applied. Nevertheless, in our view, Woolworths suggests a proposition for which the cases on which the appellants rely may be taken as authority. It is that, in assessing the nature of a consumer's imperfect recollection of a mark, the fact that the mark, or perhaps an important element of it, is notoriously so ubiquitous and of such long standing that consumers generally must be taken to be familiar with it and with its use in relation to particular goods or services is a relevant consideration. It is unnecessary to consider whether the cases are authority for precisely that proposition. All that is necessary for present purposes is to hold, as we would, that they are authority for no wider proposition in relation to the relevance, on a question of deceptive similarity in proceedings.’ where it is alleged under s 120(1) that a registered mark has been infringed, of evidence as to the reputation attaching to the mark. A wider proposition would not, in our view, be consistent with the earlier, and binding, authority to which we have referred. It is unnecessary, in order to decide this case, to go further.’
A The Woolworths Case

Woolworths has long been one of Australia’s leading supermarket chains (and with Coles supermarket) functions in a duopoly that dominates the Australian grocery market.\(^{41}\) As such the Woolworths ‘brand’ is very familiar to most Australians. In 1998, in *Re Application by Woolworths Ltd* (1998) 42 IPR 49 (‘Woolworths Registration Case’) Woolworths sought to register the composite mark WOOLWORTHS METRO with flag device in respect of ‘retailing and wholesaling services in the nature of supermarkets, department stores, variety stores, boutiques, specialty products stores, liquor outlets and discount stores’ in class 42. The mark is shown below.

![Woolworths Metro Trade Mark Composite Device](image)

The Registrar rejected the application under s 44 of the *1995 TM Act* — finding it to be substantially identical with, or deceptively similar to 14 trade marks registered by other parties. These other parties had registered the word mark METRO in respect to similar goods and services.\(^{42}\) This included grocery type goods that could be sold in Woolworths stores.\(^{43}\) On appeal to the Federal Court before Justice Wilcox,\(^{44}\) the Registrar’s decision was overturned. Part of the reasoning centred on the test for deceptive similarity. The judge

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\(^{41}\) Mark Colvin, *Courts Should Be Empowered to Address Coles/Woolworths Duopoly* (15 June 2015) http://www.abc.net.au/pm/content/2015/s4255287.htm, stating that current estimates are at 70–75% of the of the grocery business in Australia.

\(^{42}\) *Re Application by Woolworths Ltd* (1998) 42 IPR 49 at [54], ‘[T]hirteen of which were for the word mark METRO in respect to goods which could be bought in a Woolworths store. As Woolworths were applying for a service mark, it was also relevant that other parties had registered the word METRO as service marks ‘for the distribution of goods other than those goods in the other 13 citations.’

\(^{43}\) The Senior Examiner stated that ‘[I]n the present situation, however, it could well be the case that a consumer walking into a supermarket or store displaying the signage Woolworths Metro, on finding items displaying the trade mark metro on the shelves, would make the assumption that these goods were the applicant’s.’

\(^{44}\) *Woolworths Ltd v Registrar of Trade Marks* (1998) 42 IPR 615.
held that when comparing the marks, the examination must be of the mark in its entirety and that word Woolworths was a:

[S]trong visual element of the mark … familiar to all Australians, as the name of an Australia-wide chain of stores that has existed for generations. As a result … I cannot accept that viewers of the mark would overlook or forget that it refers to “Woolworths metro”, not merely “metro”. The word that is unique to this mark, as against each of the cited marks, constitutes a major feature of it.45

On subsequent appeal to the Full Federal Court,46 one of the six grounds of appeal was that ‘[t]he primary judge erred … by giving undue emphasis … to the word ‘Woolworths’ in the subject mark.”47 In a (2:1) decision,48 French J for the majority agreed with the primary judge ‘the word ‘Woolworths’ formed a major element of the mark… and judicial notice could be taken of the notoriety of that word in Australia’ when assessing the deceptive similarity between two marks. In other words, the majority held that because of the ‘notoriety’ (in this context being synonymous with reputation or fame) of ‘Woolworths’, there was no likelihood of consumers being confused by the WOOLWORTHS METRO mark when faced with products displaying a registered METRO mark even if METRO branded goods were sold in a Woolworths store. Davison notes ‘it appears that there was no evidence actually given to the Registrar of the reputation of Woolworths. It appeared that the nature and extent of Woolworths’ reputation was accepted as a matter of judicial notice.’49

B Cola Candy Case

The relevance of reputation noted in the Woolworths registration case, featured in two further infringement cases to follow. One of these cases (heard almost simultaneously but decided later)50 was the Full Court Appeal in The Coca-Cola Company v All-Fect Distributors Ltd

45 Ibid.


47 Ibid at [31] per French J.

48 Woolworths succeeded in retaining its right to register in a split decision with Justice French (as he was then) and Tamberlin J dismissing the appeal and Branson J finding for the Registrar.

49 Mark Davison, Reputation, above n 37, 245.

50 The Full Court of Appeal in Coca-Cola Company v All-Fect Distributors Ltd (1999) 96 FCR 107 was heard on 2 June, 28 July, with judgment delivered on 10 December 1999. Registrar of Trade Marks v Woolworths Ltd (1999) 93 FCR 365 was heard on 14 May, with judgment delivered on 29 July 1999. There is nothing in either judgment that indicates mutual consideration of the issues.
(T/as Millers Distributing Company),\textsuperscript{51} (‘Cola Candy Appeal’), discussed earlier in Chapter Two. Recall that in that case, Coca-Cola claimed that its bottle device was infringed by a bottle-shaped, cola-flavoured gel candy that had the word COLA inscribed upon it.

On appeal from the lower court, the Full Federal Court\textsuperscript{52} held that the defendant was using its bottle-shaped candy as a trade mark to itself and that the candy was deceptively similar to Coca-Cola’s bottle shape mark.\textsuperscript{53} The court held at that customers will only have an ‘imperfect recollection’ of the contour bottle mark, and the ‘idea’ ‘suggested by the mark is more likely to be recalled than its precise details’\textsuperscript{54}. The court held that (amongst many factors) one of the factors that could cause confusion in consumers (ie cause to wonder about source) was that the ‘contour bottle is extremely well known’.\textsuperscript{55}

Thus contrary to the Woolworths Registration Case, where the fame of Woolworths insulated it from consumer confusion,\textsuperscript{56} in this case, the fame of the Coke bottle was held to enhance the possibility of consumer confusion. Davison points out that the Full Court made reference to the defendant’s use of the word Cola and the brown-black colour of its candy.\textsuperscript{57} However, ‘neither the word Cola, nor the colour black, form[ed] a component of the registered mark’.\textsuperscript{58} Davison argues that the Full Court not only took into account Coca-Cola’s reputation but ‘it also took into account aspects of that reputation unrelated to the registered mark.’\textsuperscript{59}

\textsuperscript{51} (1999) 96 FCR 107.

\textsuperscript{52} Ibid, where the Full Court of the Federal Court rejected this finding as wrong in law in relation to the issue of use. On appeal, the Full court decided the defendant Efruti, had used a bottle shape as a trade mark and that this common law trade mark was deceptively similar to Coca Cola’s registered two dimensional bottle trade marks.

\textsuperscript{53} This was controversial in itself as the candy was sold in buckets under the label EFRUTI and it is this label that was arguably the mark a customer interacted with.

\textsuperscript{54} (1999) 96 FCR 107 [42].

\textsuperscript{55} Ibid.

\textsuperscript{56} (1998) 42 IPR 49.

\textsuperscript{57} Mark Davison, Reputation, above n 37, 250.

\textsuperscript{58} Ibid.

\textsuperscript{59} Ibid.
C Maltesers Case

Ten years later, the relevance of fame in the context of infringement was reconsidered in *Mars Australia Pty Ltd v Sweet Rewards Pty Ltd* (2009) 81 IPR 354 (‘Maltesers Case’), the marks are shown below.

Figure 6 Competing Marks: Maltesers Case

![Competing Marks: Maltesers Case](image)

Justice Perram found that the plaintiff (Maltesers) failed to establish its claim that the defendant (Delfi) was using the entire red label as a trade mark. Rather, he found that the defendant was using the word ‘Delfi’ as its badge of origin. Nevertheless having failed to establish proscribed use, his Honour proceeded with a deceptive similarity analysis as obiter.60

Contrary to the *Cola Candy Appeal*61, it was held that the plaintiff’s MALTESERS marks were so famous that it was unlikely to create any confusion when compared to the DELFI

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60 At [94] ‘Assuming, contrary to my conclusion, that each of the elements alleged was used as a trade mark, it is then necessary to decide whether that use was deceptively similar to the Mars trade marks.’ *Mars Australia Pty Ltd v Sweet Rewards Pty Ltd* (2009) 81 IPR 354, [94].

Malt Balls marks. His Honour held that one of the reasons there was no deceptive similarity was that the Maltesers’ packaging marks were so famous or ‘notoriously ubiquitous’, that consumers could not find the defendant’s red label deceptively similar. Admitting that this was a departure from the ‘general principle that reputation is irrelevant’, his Honour held that there is authority\(^\text{62}\) that ‘the fact that a mark is notoriously so ubiquitous and of such long standing that consumers generally must be taken to be familiar with it and its use in relation to particular goods or services is a relevant consideration’.\(^\text{63}\) The decision was upheld on appeal without commenting on the correctness of the trial judge’s discussion of fame. Therefore, in contrast to the Cola Candy Appeal, the Maltesers judgment implies that the fame of the senior user diminished the risk of confusion.

Davison points out that the implications of this case could have a distorting effect on incentives to register. For example, ‘prior to litigation…the trade mark owner may be better off either registering a number of different but similar trade marks’\(^\text{64}\) The owner’s motive would be to ‘generate further imperfections in the recollection of consumers than if the trade mark were very well known.’\(^\text{65}\) Davison notes that creating confusion and increasing search costs ‘would be the very antithesis of what trade mark protection is intended to do.’\(^\text{66}\)

D \textit{Henschke Cases}

The role of a trade mark’s fame and the test for deceptive similarity (in particular its impact on a consumer’s imperfect recollection) found some resolution in the \textit{Henschke} series of cases. At first instance, \textit{CA Henschke & Co v Rosemount Estates Pty Ltd}\(^\text{67}\) (\textit{Henschke

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62 Citing Crazy Ron's Communications Pty Ltd v Mobileworld Communications Pty Ltd (2004) 61 IPR 212 [90].
63 \textit{Maltesers Case} (2009) 81 IPR 354 [96].
64 Mark Davison, \textit{Reputation}, above n 37, 249.
65 Ibid.
67 (1999) 47 IPR 63 per Finn J.
involved comparison between the registered word mark HILL OF GRACE for a high end wine with HILL OF GOLD for regular bottled wine.68 In assessing deceptive similarity, the judge appeared to teach away from reference to the supposed lofty reputation of HILL OF GRACE as a relevant consideration in assessing trade mark infringement, stating that:

[T]he reputation of the Hill of Grace wine… is not a proper or available basis for proving an association between Hill of Gold and Hill of Grace. The comparison is between the marks themselves, ignoring extraneous circumstances.70

The plaintiffs appealed on the grounds that the primary judge erred by holding that reputation of a trade mark is not to be considered under s 120(1) and erred in finding the marks were not deceptively similar. The Full Federal Court in *C A Henschke & Co v Rosemount Estates Pty Ltd*71 ("Henschke Appeal") provided lengthy consideration of the authorities on deceptive similarity and reputation, cautioning the importance of minding the boundaries between trade marks and passing off.72 For example, the court said ‘what is required is a comparison between the mark of the registered owner and that of the alleged infringer. A wider inquiry of the kind that might be undertaken in a passing off action, or a [TPA] action is not appropriate’.73

As to the *Cola Candy Appeal*74, the *Henschke Appeal* court acknowledged the findings of the *Cola Candy* court, that the fame of the bottle was a ‘relevant matter to take into account in deciding whether the respondent had used as a trade mark a sign which was deceptively similar to the registered mark’.75 However, the court also found that it was equally evident that, ‘by that brief reference’, their Honours were not ‘to be taken to have decided that

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68 *Henschke Trial* (1999) 47 IPR 63, Henschke sued under heads of trade mark infringement, passing off and under consumer protection statutes. The respondents cross claimed for non-use. At trial, Finn J held there was no deceptive similarity, the key being the word GRACE being in all relevant ways different to the word GOLD.

69 *C A Henschke & Co* had led expert evidence as to reputation at trial.

70 *Henschke Trial* (1999) 47 IPR 63, [35].

71 (2000) 52 IPR 42


73 Ibid at [44].


75 *Henschke Appeal* (2000) 52 IPR 42, [50].
reputation evidence, of the kind which is undoubtedly relevant in a passing off action, is generally relevant to a question of deceptive similarity’.76

The court held that there will be few cases, where reputation will be relevant and that is where the mark is ‘notoriously …ubiquitous and of … long standing’.77 In other words, the court conceded that the fame of a mark may impact a consumer’s imperfect recollection of the plaintiff’s trade mark in assessing deceptive similarity. However, the court qualified this by finding that the fame must be of such notorious quality that judicial notice would be taken. If such a mark is litigated under s 120, by the very definition of ‘judicial notice’, no evidence as to reputation of the mark must be admitted.78

While Davison approves of the Henschke Appeal79 court’s high bar of ‘notorious ubiquity’, he expressed concern about the distorting effect considerations of fame could still have on the tests for deceptive similarity and also trade mark use. These concerns are detailed below.

III DETERMINANTS OF TRADE MARK USE

A Davison’s Views on Trade Mark Use

Davison expresses concern that reputation is being considered not only in assessing deceptive similarity but also in the trade mark use test. As an example he discusses, Alcon Inc v Bausch & Lomb (Australia) Pty Ltd80 where the plaintiff objected to the defendant’s use of its registered trademark BSS on ophthalmic solution.81 BSS was shorthand for Balanced

76 Ibid.
77 Ibid [52], in terms of the test of deceptive similarity and the role of reputation when assessing a consumer’s imperfect recollection of a mark, the Full Court held that ‘the fact that the mark, or perhaps an important element of it, is notoriously so ubiquitous and of such long standing that consumers generally must be taken to be familiar with it and with its use in relation to particular goods or services is a relevant consideration. It is unnecessary to consider whether the cases are authority for precisely that proposition. All that is necessary for present purposes is to hold, as we would, that they are authority for no wider proposition in relation to the relevance, on a question of deceptive similarity in proceedings where it is alleged under s 120(1) that a registered mark has been infringed, of evidence as to the reputation attaching to the mark. A wider proposition would not, in our view, be consistent with the earlier, and binding, authority to which we have referred. It is unnecessary, in order to decide this case, to go further.’
79 (2000) 52 IPR 42.
81 Davison, Reputation, above n 37, 238.
Salt Solution. The infringement dispute turned on whether BSS was being used by the defendant as a trade mark or, as the defendant argued, was being used as an acronym to describe its ‘balanced salt solution’ product.

In the judge’s analysis of the context of the defendant’s use, he concluded the defendants were using BSS as a trade mark. One of the eight reasons cited by Justice Foster were that:

[t]he letters “BSS” have brand significance in the relevant trade in Australia. They are known to be the applicant's trade mark. The applicant has a reputation in the product identified by reference to the mark.82

Davison interprets this as an invalid incorporation of a reputation factor into the use inquiry. In an earlier article, Mark Davison and Frank di Giantomasso argued that the use enquiry should be ‘divorced from any consideration of what is the plaintiff’s trade mark or a comparison of the defendant’s mark and the plaintiff’s trade mark’83 (emphasis added). Nor in this inquiry should there be any ‘consideration of the plaintiff’s reputation or any conduct of the defendant that may be perceived as riding on that reputation.’84

Rather, they state that the focus should be ‘exclusively on identifying what words, graphics, shapes, sounds, scents or combination of them have been used by the defendant and whether they have been used to distinguish its goods or services from other goods or services.’85

That is, the court’s approach should be narrowly focussed on what the defendant is using as a

82 All eight factors are as follows: Alcon Inc v Bausch & Lomb (Australia) Pty Ltd (2009) 83 IPR 210 at [155], ‘[T]he following factors are relevant to the present question: The letters “BSS” appear in block white letters in the top section of the label with the royal blue background. The trade mark AQSIA[TM] appears in the same part of that label. The letters used to form AQSIA[TM] are larger than those used to form "BSS". This part of the label is intended to be separate from and more prominent than the rest of the label. The impression created by the positioning of AQSIA and BSS is that this part of the label is dealing with branding of the product. (b) The word "sterile" appears immediately underneath the blue backgrounded top part of the label. It is a description, at least to some extent, of the contents of the bottle. (c) The name BAUSCH & LOMB appears on the bottom half of the label in block blue letters against a white background. (d) There is no other indication on the bottle or on the plastic sachet as to the contents of the bottle. (e) The sachets are supplied in the cardboard box described at [5] above. That box is a dispenser. Importantly, in a number of places, the words "balanced salt solution" appear on the box but the letters "BSS" do not. (f) The trade mark AQSIA[TM] and the corporate name BAUSCH & LOMB also appear prominently on the box. (g) The product information leaflet in the box does not mention "BSS" but does refer to "balanced salt solution". (h) The letters BSS have brand significance in the relevant trade in Australia. They are known to be the applicant's trade mark. The applicant has a reputation in the product identified by reference to the mark (Alcon BSS).’

83 Davison and Di Giantomasso, above n 37, 447.

84 Ibid.

85 Ibid.
trade mark with no consideration of the effect in the consumer’s mind of reputation or confusion.  

With regards to reputation and use, Davison argued that the approach in the Koninklijke Philips Electronics NV v Remington Products Australia Pty Limited (2000) 100 FCR 90 (‘Philips Case’) is the correct one. Images from this case are shown below.

Figure 7 Competing Marks: Philips Case

The plaintiff claimed its registered trade marks for images / devices representing its triple-headed electric shaver (‘rotary marks’) were infringed by Remington’s sale of similar shaver in packaging that displayed a triple-headed rotary image. The court held there was no infringement as Remington had not used a rotary image as a trade mark. In assessing trade mark use, the court noted the prominent use of the defendant’s trade mark REMINGTON. Davison argues that the court found REMINGTON and not the rotary image was being used as a mark by correctly taking into account only immediate contextual factors such as its relative size and prominence and not Remington’s fame in the industry.

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86 See also Lionel Bently and Brad Sherman, Intellectual Property Law, 3rd ed, Oxford University Press, 2008, p 916 discussing the Trade Marks Act 1994 (UK) s10(1–3) and Article 9 of the CTMR discussing the concept of determining the mark in a deceptive similarity context. Noting the UK test differs to the Australian rule particularly due to the ‘double identity rule’.

87 Davison, Reputation, above n 37, 241.

88 Ibid 242, Davison argues ‘[A]gain, the initial view may be that it is counter-intuitive to ignore Remington’s reputation when considering ‘use as a trade mark’ for infringement purposes but to consider it when determining
In summary, Davison and di Giantomasso’s approach is to first ‘identify, with some precision, what is the sign that the defendant is using’89 If the defendant is found to be using a mark that is clearly not similar to the plaintiff’s mark the infringement enquiry can stop there. If there is use of a similar mark, the subsequent question would be to ask whether the defendant’s mark is substantially identical or deceptively similar to the plaintiff’s mark.

In assessing trade mark use, Davison and di Giantomasso advocate a rejection of all reference to the plaintiff’s marks (famous or otherwise) and reject any reference to consumer understanding.90 Thus, there should be no consideration of a comparison to the plaintiff’s trade mark, reputation or conduct which could be perceived as free riding on the plaintiff’s reputation.

In relation to deceptive similarity, Davison concedes that there may be some capacity to recognise reputation. However, ‘[a]t best, reference to reputation should be an extremely rare event.’91 Davison acknowledges the Full Court’s limiting principle in the Henschke Appeal that only marks which are ‘notoriously ubiquitous’92 can benefit from consideration of their reputation but he argues that such marks will be rare.93 However, he is sceptical as to whether courts and litigants will be able to apply the ‘notoriously ubiquitous’ test and that whether passing off has occurred. Yet, again, a contrary view would lead to a situation where the plaintiff's statutory property rights could be trumped by alleging that no deception of consumers had occurred.’

89 Davison and Di Giantomasso, above n 37, 447, ‘[Y]ou will note that at this point, you still do not know what, if any trade mark, is registered and who else, if anyone, has any rights in relation to any or all of those marks or any similar marks. Nor do you need to know any of these things in order to undertake the analysis of which marks have been used as trade marks in the inquiry at hand. The analysis is, of course, contextual. You will need to examine the trader's conduct reasonably carefully. You will need to examine the label on its beer, the television advertisements that it has run and listen to its radio commercials to determine first, what mark or marks it has used, and secondly, whether the mark(s) have been used to distinguish that trader's goods or services from others. Yet, ultimately, the inquiry, if correctly identified, is not the same as asking whether consumers are confused by the defendant's use of its marks.’

90 Davison, Reputation, above n 37, 253, ‘[T]he concept of using a sign as a trade mark has no relationship whatsoever to the reputation of the owner of the trade mark that has allegedly been infringed. The only consideration is what the defendant has done with its sign. First, the reputation of a registered owner is never relevant to the question of use of a sign as a trade mark by a defendant. The decisions to the contrary are simply wrong.’

91 Ibid.

92 Henschke Appeal (2000) 52 IPR 42 at [52].

93 Davison, Reputation, above n 37, 251. ‘In any event, one cannot claim judicial notice of a trade mark's reputation and simultaneously seek to adduce evidence that the trade mark is notorious and ubiquitous. In this regard, the narrow interpretation applied by the Full Court in the Henschke Case is consistent with the objectives of the registered trade mark system which is to restrict, if not eliminate, the need for evidence of reputation in order to protect registered trade marks.’
ultimately, such considerations would add nothing significant to the comparison between marks and more likely lead to errors such as valuing the traders reputation as in a passing off action rather than the reputation in the mark itself, and confuse the deceptive similarity enquiry with the use enquiry.94

B Davison’s Policy Arguments Against Reputation

There are three main reasons why the Davison95 and Davison and di Giantomasso96 advocate such a strict approach. The first is to maintain the integrity of the register. The second is to preserve the doctrinal coherence of common law passing off where establishing reputation of the mark holder is a legal requirement. And the third is to prevent the infringement inquiry from descending into an epic evidentiary struggle over reputation, consumer perception and consumer confusion as it has arguably become in the US and in Europe. In essence, the strict approach is proprietary in nature; that is, the trade mark is a government grant of industrial property with a well-defined bundle of rights. The approach veers towards seeing the register as a ‘fence post’ with a clear delineation of rights rather than a ‘sign post’ where the registration is merely an invitation for further interpretation.97 These policy reasons will be discussed in turn.

One of the features of the Australian system is the ability to acquire a trade mark registration without having used the mark at the time of application. Rights are acquired by registration and not by use, subject to registration and opposition interjections. Therefore, in the first three years, a registered trade mark owner who has not launched their trade mark into the

94 Ibid.
95 Davison, Reputation, above n 37.
96 Davison and Di Giantomasso, above n 37.
97 Robert Burrell and Michael Handler, ‘Dilution and Trademark Registration’ (2008) 17 Transnational Law and Contemporary Problems 713, 720–721, ‘[T]his [tension] can clearly be seen in the patent context, where there is a longstanding debate about whether patent claims (the key element in the written description of an invention) should be treated as “fence posts” that limit precisely the scope of the property or as “sign-posts” that point toward the scope of the property but which allow further inquiry as to the nature of the inventive concept. Much the same tension can be seen in the trademark context, even if, historically, the gap that exists between what is recorded on the register and the sign that operates as a badge of origin in the marketplace has attracted much less attention from judges, practitioners and academic commentators. For present purposes, the most significant disjuncture that exists between the information recorded on the register and the scope of the trademark monopoly flows from the fact that, in most countries at least, protection extends not merely to cover use of the mark in relation to the goods and services for which the mark is registered, but also to use on "similar" or "related" goods or services or on goods and services "of the same description."’ (Footnotes omitted).
public still has the same rights as another person whose mark has been extensively used in the market place. This serves as an ‘incentive to register and a corresponding incentive to contribute to a system which is more transparent than the protection of common law trade marks’. Davison argues that adjusting the rights of the trade mark owner by the degree of their level of fame or reputation would undermine the objectives of the Australian registered intellectual property system. The role of the register is to provide a bright line signal to the public and to potential commercial entrants as to what signs have been designated as registered trade marks. Given the policy object of encouraging registration, it would be inconsistent to allow the larger reputation of the well-used mark to have more rights than the unused mark.

Davison argues that consideration of reputation in a trade mark infringement inquiry diminishes the important place of passing off both doctrinally and pragmatically. Doctrinally, a trade mark is property for which ‘the legislation clearly defines the bundle of rights that constitute that property and what conduct will contravene the registered owner's property rights.’ By contrast, in passing off, ‘property exists only in the reputation associated with a business.’ Protection is not conferred on the trade mark per se, ‘instead, the protection is conferred on the reputation associated’ with the trade indicia. The burden of establishing the extent and nature of this reputation by way of sales data, marketing data, experts and survey evidence is significant and is felt keenly by litigants. Davison

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98 Under s 93(2) “An application on the ground referred to in paragraph 92(4)(b) may not be made before a period of 5 years has passed from the filing date in respect of the application for the registration of the trade mark.”

99 Davison, Reputation, above n 37, 253.

100 Ibid, Davison states that ‘[I]n particular, one of the objectives of the registered trade mark system is to provide a bright line that delineates the property rights of the registered owner. The bright line is publicly available information as to who has the rights in a trade mark and what those rights are. These rights are defined by reference to the act of registration, not by reference to the rights to protection of the reputation of the registered owner conferred by a passing off action which are independent of the rights flowing from registration. Consequently, if the rights conferred by registration are diminished or enhanced by reference to the trade mark owner's reputation, the exercise of delineating the rights of the owner in advance would be rendered nugatory to the extent that they are so diminished or enhanced. For that reason alone considerable caution should be exercised before introducing evidence of a trade mark owner's reputation in the process of determining whether its trade mark has been infringed.’

101 Ibid 253.

102 Ibid 235, ‘In particular, ss 20, 21, 22 and 120 of the 1995 TM Act (Cth).’

103 Ibid.

104 Ibid 232.
argues that ‘[I]t is precisely for this reason that the registered trade mark system was created’\(^{105}\) and potentially eroded if considerations of reputation are entertained.

Davison argues that proving this reputation becomes akin to the burden of proving passing off, for example ‘years of business and marketing of that business … details of its marketing and promotion activities, including details of the forms of media in which it has advertised and the nature of the advertising.’\(^{106}\) Therefore, if reputation became relevant in deciding a s 120 cases then the cost of litigation would significantly increase. This again, would undermine the benefits of the registered trade mark system which sought to avoid such evidentiary burdens.

**C Burrell and Handler’s Counter-Arguments**

Burrell and Handler, disagree with the strict approach described above. In contrast, they argue that there are times when the reputation of a mark should be taken into account particularly if it reflects how consumers actually think.\(^{107}\) In regards to the relevance of reputation and use, the authors emphasise the *Oil Drop Case*\(^{108}\) where Kitto J said the question of use was to be judged by how the defendant’s cartoon would have been perceived by the television viewer. And therefore they argue that:

> [T]he question of whether the use is “use as a mark” cannot be separated from likely consumer reaction. In this respect, [we] believe that the use of evidence of consumer reaction in the marketplace\(^{109}\) can be both relevant and appropriate.\(^{110}\)

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\(^{105}\) Ibid.

\(^{106}\) Ibid 233, Davison discussing ‘the iconic Australian passing off case of *Cadbury Schweppes v The Pub Squash Co Ltd* (‘*Pub Squash Case*’), … where when ‘making out its case, Cadbury Schweppes provided detailed information about its advertising and its sales that was both commercially sensitive information and time consuming to gather and collate. It gave a breakdown of how much it had spent on television and radio advertising in each state as well as details of its spending on billboards and cinema advertising.’ (Footnotes omitted).


\(^{108}\) *Oil Drop Case* (1963) 109 CLR 407, 425, the ‘question is to be judged by reference to how the defendant’s advertisements would have appeared to television viewers’.

\(^{109}\) Burrell and Handler, *TM Book*, above n 21, 386. ‘In this respect, we believe that the use of evidence of consumer reaction in the marketplace — in *Kolotex* was entirely appropriate. Nor does this latter case stand in isolation — it has been cited on a number of subsequent occasions without adverse comment and, still more importantly, the approach adopted in this case chimes with the way the test of use as a mark developed in Anglo Australian law.’

\(^{110}\) Ibid, discussing as an example ‘*Kolotex Glo Australia Pty Ltd v Sara Lee Personal Products (Australia) Pty Ltd* (1993) 26 IPR 1, 6 Wilcox J took two incidences of actual confusion into account in reaching the conclusion
In short, Burrell and Handler argue that context and external marketplace factors have been important in determining how a consumer is going to react to a trade mark, an example being the absence of a ‘clear demarcation between trade mark usage and descriptive usage’.\(^{111}\) Whether a mark is being used descriptively may depend on external contextual factors such as whether the consumer is familiar with the mark in question.

Burrell and Handler expressly disagree with Davison and di Giantomasso’s argument that trade mark use be quarantined from notions of the plaintiff’s reputation. They argue that the strict approach does ‘not accurately describe how [the trade mark use enquiry] has functioned historically, or how it continues to function under the 1995 TM Act.\(^{112}\)

For example, in relation to interpreting the Cola Candy Appeal,\(^{113}\) Burrell and Handler posit that the context of the appeal was whether consumers ‘in seeing the defendant’s goods, would make a connection between those goods and goods of the plaintiff.’ The authors emphasise that ‘[n]either the trial judge nor the Full Court engaged in an explicit consideration of the effect of the reputation of the plaintiff’s mark in determining whether consumers would respond to the defendant’s use of its sign as being trade mark use.’\(^{114}\)

Burrell and Handler are also wary of absolute bans on considerations of reputation or confusion. It appears the authors are concerned that this may impact the trade mark use test’s ability to ‘secure important policy objectives’.\(^{115}\) They argue that the ‘use’ test is ‘highly malleable’, ‘[t]hus we have seen trade mark use being employed to ensure that protection for three-dimensional marks does not confer a perpetual monopoly over functional designs… [T]he test has also been manipulated to ensure that trade marks do not interfere

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\(^{111}\) Ibid 378 citing Perfection Fresh Aust Pty Ltd v Top Class Fruit Supply Pty Ltd [2002] FCA 1636, [25]; Anheuser-Busch Inc v Budějovický Budvar, Národní Podnik (2002) 56 IPR 182 [189] (‘The usage of a word may fulfil more than one purpose on a label. For example, a word may have a descriptive element, but also an element of trade mark or branding or distinguishing role’).

\(^{112}\) Burrell and Handler, TM Book, above n 21, 387.

\(^{113}\) (1999) 96 FCR 107.

\(^{114}\) Burrell and Handler, TM Book, above n 21, 387 (footnote 86).

\(^{115}\) Ibid 380.
with freedom of expression.' Presumably, setting proscribed limits on how to determine use could harm the ‘malleability’ described by the authors.

From a doctrinal perspective, the authors contend that ‘the commentators who are seeking to create a clear separation’ between trade mark use and reputation/confusion ‘have not generally been seeking to expand trade mark law’. Rather, Burrell and Handler claim that:

[O]ne of the concerns motivating these calls has been the desire to ensure that the trade mark use enquiry continues to have a role in the context of dilution actions (the concern being that if use and confusion are inseparable, then the use requirement could have no purchase in an action not founded on the risk of confusion).

Further, they argue that a strict approach could have negative consequences such as lowering the use threshold. For example, they argue that consumers ‘seeing PUMA placed prominently on clothing are highly likely to assume that this provides an indication of trade origin rather than a reference to the animal’. They argue that this example indicates that the question of trade mark use ‘cannot be separated from the repute of the mark.’

With regards to deceptive similarity, Burrell and Handler argue that ‘there will be times when the reputation of the senior mark’ eg MALTESERS is going to make confusion less likely. Likewise they agree with the finding that Woolworths’ fame meant that the WOOLWORTHS METRO mark would not be confused with the word METRO alone. They argue that when the defendant user (who is later in time) ‘contains a well-known element’, it should be assumed that consumers will most likely recall the famous element making confusion with a

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116 Ibid. In this context, they referred to ‘Mothercare UK Ltd v Penguin Books Ltd [1988] RPC 113 where, in deciding that use of the phrase “Mother Care/Other Care” as the title of a book did not amount to trade mark use of the term MOTHERCARE, the court framed its judgment in a way that suggested concern for free speech interests, noting that the book was “a serious sociological study of the problems facing working mothers” and that Mothercare’s action had been motivated by discomfort with the book’s central thesis. For discussion see Patricia Loughlan, ‘Protecting Culturally Significant Uses of Trade Marks (Without a First Amendment)” (2000) 22 European Intellectual Property Review 328.

117 Burrell and Handler, TM Book, above n 21, 386.

118 Ibid 386 – 387.

119 Ibid 387.

120 Ibid.

121 Ibid.

122 Ibid 402.

123 Ibid ‘The correctness of this approach has not subsequently been doubted.’ (Footnotes omitted).
senior mark much less likely. They go as far to say that the ‘correctness of this approach has not subsequently been doubted.’ Likewise, they agree with the Henschke Appeal Full Court’s finding that the repute of a registered mark can affect the consumer’s imperfect recollection of that mark or a component of that mark making confusion less likely. They acknowledge that this is not an approach favoured in ‘in other jurisdictions’ but claim ‘it is entirely logical’. Third, they characterise the Cola-Candy Appeal as ‘clearly correct’ and illustrating a third type of confusion, that being whether ‘because of the plaintiff’s reputation, consumers are more likely to have cause to wonder whether the defendant’s goods are a brand extension authorised by the plaintiff’ that is Coca-Cola may have been understood to be moving into a complementary candy market.

In summary, Burrell and Handler argue that reputation can sway a case in different directions ‘without fundamentally affecting the nature of’ an infringement action’. That is, sometimes the reputation enjoyed by the senior mark can make confusion less likely eg, the Maltesers case. Or in brand extension cases such as the Cola Candy Appeal, the reputation of the senior user can make confusion as to brand extension more likely. They argue that ‘taking reputation into account is perhaps a more comfortable way of building confusion into the registered trade mark action than is, say, taking evidence of actual confusion into account.’ They argue that this is how the use enquiry has ‘historically functioned.’ Indeed retention of reputation in the use inquiry in this way enables it to be a ‘flexible instrument of policy.’ The advantage with Burrell and Handler’s approach is that it

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124 Ibid.
125 Ibid.
126 Ibid 403.
127 Ibid.
128 Ibid.
129 Ibid 405–6.
130 Ibid 405. The authors make reference here to the case of John Fitton & Co Ltd’s Application (1949) 66 RPC 110 ‘which related to boiled sweets. Where evidence from traders that they were familiar with the mark “Jests”, and that they would believe “Easyjests” to be what we would now call a brand extension, was determinative in the finding that the marks were deceptively similar’.
131 Ibid 406.
132 Ibid.
133 Ibid 331.
134 Ibid 385.
intuitively makes more sense and is not inconsistent with the authorities. However, it doesn’t answer Davison’s concerns regarding intrusion into passing off, nor concerns about the inconsistency in the courts approach regarding deceptive similarity.

D US Critiques of the Australian Use Test

In addition to the Australian controversies discussed above, there have also been some American critiques of the Australian trade mark use test. These critiques emerge from US debates as to whether US trade mark law could or should include a threshold trade mark use test. It has been said that ‘[t]he debate over ‘trademark use’ has become a hot-button issue in intellectual property law’ and that ‘trademark use is all the rage.’ However, there are deep divides over many issues including (but not limited to) the doctrinal locus of use, its normative value, its pragmatic intersections with tests of consumer confusion, and whether express defences for non-trade mark use should be preferred.

A key argument of Dinwoodie and Janis (in their case against the introduction of a trade mark use threshold in a US context) is that it will not lead to greater certainty or efficiency in infringement cases and that historically considerations of trade mark use in the US ownership context have morphed into lengthy considerations of consumer’s mental associations. Dinwoodie and Janis support their argument by citing Australia as a cautionary tale. They argue that in Australia, ‘determining when a sign is used as a mark has proved extremely difficult. In particular, they say that Australian courts have felt compelled to resort to contextual analysis, including evidence of actual confusion, in order to characterize the defendant's use.’

Similarly they critique the European Court of Justice where judgments

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137 Ibid 791.

138 For example Graeme B Dinwoodie, ‘Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law’ (2009) 13 Lewis and Clark Law Review 99, 152, ‘[H]owever, as the scope of trademark protection expands and the metes and bounds of protection become more uncertain, we cannot rely exclusively on creative interpretation of the prima facie cause of action to establish limits. Trademark law must more consciously develop defences that reflect the competing values at stake in trademark disputes.’


140 Ibid 1646 – 1647
on trade mark use also seem to ‘endorse an approach tied closely to the factual question of confusion (or related antecedents of association.’ They argue that this ‘comparative analysis supports our argument that trademark use is a far more complex and fact-dependent concept than its advocates admit’. Their position being that ‘[I]f US courts followed the same approach, the principal benefit claimed for the trademark use requirement — its purported gatekeeper function and, thus, reduced litigation costs — disappears.’

Further, Dinwoodie and Janis argue that international experience has shown that trade mark use will not make trade mark infringement litigation more efficient (ie, by halting consideration if there is no actual use made out to the defendant). Rather (citing the Australian experience) they argue that the use threshold will become bogged down by the same consumer dependent inquiries that plague the consumer confusion test — for example, evidence of a consumer’s mental associations of the mark, considerations of advertising and sales activities of both parties to establish or refute trade mark use, finding evidence of actual confusion or use of experts or surveys to identify potential confusion. Thus the imposition of a use threshold even if it is well defined, will not lead to any efficiency gains in litigation or certainty for the parties.

Indeed, even some pro-trade mark use advocates agree. For example, vocal pro-use scholars, Stacey Dogan and Mark Lemley (in a response to Dinwoodie and Janis) concede this point at least in relation to trade dress and merchandising cases. For example they

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141 Ibid 1648 – 1649, ‘[I]n that case, Adam Opel AG v. Autec AG, the plaintiff car manufacturer sued a toy company that sold remote-controlled scale models of the plaintiff’s car bearing the plaintiff’s mark. The defendant argued that its use on scale model cars was not “use as a mark” and, thus, was immune from liability under the German trademark statute. The Court did not say definitively whether the defendant’s use was as a matter of law of the type that came within the scope of the trademark owner’s rights. Instead the Court held that potential liability depended on whether the relevant consumer “perceived the sign identical to the [plaintiff’s] logo appearing on the scale models ... as an indication that those products come from ... [plaintiff] or an undertaking economically linked to it.” This formulation is, in essence, an analysis of likely confusion or, more strictly, of antecedent consumer association that might in turn lead to confusion.’ The significance of Adam Opel from an American perspective is that it reinforces the lessons drawn from the Australian experience: trademark use is a requirement that ultimately will give way to an analysis of consumer association or likely confusion’. (Footnotes omitted).

142 Ibid.

143 Ibid.

144 Ibid.

145 Dogan and Lemley, Grounding, above n 135, 1682: ‘The trade dress cases are a good example. Whether consumers view similarities in trade dress as aesthetic or source identifying will determine both the question of trademark use and that of infringement. Merchandising cases, too, involve difficult questions about whether consumers believe that trademark holders have sponsored or licensed merchandise bearing their marks. While we doubt that consumers traditionally had such an assumption, they may have developed it over time, at least in
state that ‘[W]hile we have no doubt about the existence of a trademark use doctrine, Dinwoodie and Janis raise legitimate concerns about the potential pitfalls of applying the doctrine at the boundaries’. 146 Specifically they concede that ‘applying the use-as-a-mark requirement in every case would be counter-productive.’ 147 That is, ‘in some cases, evaluating whether a defendant is using a mark as a trademark on its products requires inquiry into consumer perceptions about the use’. 148 Dogan and Lemley agree with Dinwoodie and Janis that such ‘an inquiry turns on many of the same factors as the likelihood-of-confusion analysis. 149 Nevertheless, they consider this complaint a not insurmountable hurdle and that trade mark use overall would be of benefit to the trade mark infringement inquiry. 150

In contrast to Dogan and Lemley, McKenna (while not completely embracing Dinwoodie and Janis’ arguments) has agreed that the consumer association problem could potentially plague a trade mark use inquiry and thus renders the trade mark use doctrine of neutral benefit in terms of providing a predictable limit to liability. McKenna’s central thesis is that because trade mark use requires assessing consumer understanding, this makes the test for use inherently unstable. 151 Indeed he argues that all of trade mark law’s limitations stem from reliance on consumer understanding — which makes trade mark law in general inherently

the professional sports context. We have critiqued the merchandising right elsewhere, not on the basis of trademark use, but because courts in the early merchandising cases failed to inquire into likelihood of confusion, as the Lanham Act requires.’

146 Ibid.

147 Ibid.


149 Ibid.

150 Dogan and Lemley, Grounding, above n 135, 1673, ‘[D]espite what Dinwoodie and Janis claim, we do not view the trademark use doctrine as a panacea, a silver bullet, or a wonder theory. Indeed, as we explore in this Article, the trademark use doctrine has significant limitations that curtail its efficacy in marginal cases. Its real importance—and the place where the theory is gaining some traction—is in curtailing an utterly new form of trademark claim against parties that do not promote their own products or services under the protected mark.’

151 McKenna, Problem of Source, above n 136, 828 ‘[T]he primary arguments against ‘use’ as a threshold test for liability are that it ultimately relies on an assessment of consumer perception which can devolve into an analysis of consumer association with the reputation of the marks and consumer confusion. Courts cannot consistently apply trademark use as a distinct element of the plaintiff’s prima facie case because trademark use is not separable from the question of likelihood of confusion. Under modern trademark law, courts can determine whether a defendant has made trademark use of a plaintiff’s mark only by asking whether consumers are likely to view the defendant’s use as one that indicates the source of the defendant’s products or services. Because such an inquiry is, by its nature, highly context-sensitive, trademark use is not a concept capable serving the limiting function advocates hope.’
unstable. Interestingly, McKenna’s suggestion for change is similar to the strict approach advocated by Davison and di Giantomasso. McKenna argues that in order to ‘develop sustainable boundaries’, courts will have to ‘divorce the scope of trademark rights from consumer understanding in at least some circumstances and/or define relevant source relationships with greater specificity.

It is acknowledged that Dinwoodie and Janis’ critique of Australian law is a small part of their wider concerns surrounding the US trademark use debate. Nevertheless, it provides an opportunity for response and thus reflection upon whether the Australian experience of the trade mark use test is as Dinwoodie and Janis describe or in fact supports a contrary position.

E Summary

This chapter has discussed the key debates to be explored by this thesis. In Part I, the history of passing off and s 18 ACL were discussed. There is current debate as to the role that passing off and s 18 ACL should have in a s 120 claim. There is also uncertainty as to how these collateral actions intersect in relation to s 120 1995 TM Act claims and beyond this statutory context. The results in this thesis look closely at trends in litigation trends to provide insight into these concerns.

Part II examined the Davison and Davison / di Giantomasso’s arguments about the nature of the deceptive similarity inquiry and in particular the role that reputation has had on that issue. This thesis will empirically determine how judges approach the deceptive similarity question and whether reputation or some other factors dominate judicial reasoning. These results will put the conflict between Davison and Davison / di Giantomasso and Burrell and Handler into a new perspective and provide new directions for research.

152 Ibid. ‘Almost every significant limitation in trademark law — from the existence of protectable rights to the scope of those rights and the availability of defenses — depends on consumer understanding. In itself this renders trademark law inherently unstable. Consumer beliefs are highly suggestible and based in part on understanding (or misunderstanding) of the law. This instability is particularly pronounced in trademark law, however, because the relevant consumer beliefs are those regarding ‘source,’ an extraordinarily vague concept capable of encompassing almost any imaginable relationship between parties.’ (Footnotes omitted).


154 McKenna, Problem of Source, above n 136, 778.

155 Dinwoodie and Janis, Contextualism, above n 139.
Part III discussed the concern that the trade mark use test is also being “corrupted” by external concerns such as “reputation”. This part discussed the US criticisms of the inefficiency of the Australian use test and its alleged distortion by a consumer confusion inquiry. The results will test the validity of these criticisms.

To answer these questions in a systematic, replicable, and legally informed way; the relevant cases must be selected, coded, and empirically evaluated. All of these steps require some justification. The steps and rationales are presented in the next chapter, Chapter Four – Method.
CHAPTER FOUR: METHOD

This thesis has so far discussed three inter-related substantive goals. The first is to understand the dynamics of s 120 infringement law and its intersection with collateral claims in passing off and s 18 ACL. The second is to understand the main elements that determine a s 120 infringement claim, in particular whether the statutory elements of use and deceptive similarity are indeed the core elements judicially considered; and relatedly what factors drive the outcome of these tests. A third goal is to examine whether trade mark use as a threshold inquiry in Australia, suffers from the flaws described by US critics.

Beebe would perhaps argue that such questions are empirical queries best answered by a person with a legal background.1 That is, rather, than relying on intuition or dogma, these questions can be answered from both a quantitative and qualitative analysis of the cases. As noted in the Introduction, a decision was made to adapt Beebe’s empirical method into an Australian context. To explain this process this chapter is set out in four parts. The first part describes the method of case selection, the second part outlines the system of coding; the third part details the development and application of a multi-factor approach for Australian law and the fourth part describes the method for the analysis of judicial reasoning.

I CASE SELECTION

A US Studies

In relation to Australian case law, the utility of referring to Beebe’s method relates to his approach to case selection. Beebe looked at ‘all district court opinions that made substantial use of a multi-factor test for the likelihood of consumer confusion’ over a five-year period January 1, 2000 - December 31, 2004 inclusive (1252 opinions excluding appeals).2 From this pool he ‘reviewed each of these opinions to determine whether it made substantial use of

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1 Barton Beebe, ‘An Empirical Study of the Multifactor Tests for Trademark Infringement’ (2006) 94 California Law Review 1581, 1583, stating that '[C]ourts, commentators, and practitioners have all the while speculated about which factors, if any, actually drive the outcome of the test, how the factors interact, and most importantly, whether the different tests, given the same facts, would yield different outcomes. No convincing answers to any of these questions have yet emerged. We lack knowledge of the multifactor tests because these are empirical questions that can only be answered through the use of empirical methods.'

2 Ibid 1649.
the multi-factor test. Beebe defined ‘substantial use’ liberally as any use beyond the mere citation without analysis of the test.\(^3\)

Beebe further culled cases that would skew the results in terms of representing how tests of infringement are applied. He therefore excluded cases that dealt with ‘counterfeiting, breaches of franchising, licensing, or distribution agreements, opinions on motions to dismiss or on motions where the non-moving party failed to appear.’\(^4\) For example, with respect to counterfeiting opinions, Beebe noted that in counterfeit cases the ‘likelihood of confusion is very clear and the factors tend to weigh overwhelmingly in favour of the plaintiff’.\(^5\) Inclusion would thus skew the results of the study. Of the remaining 337 opinions, Beebe excluded six cases where the outcome of the multi-factor test was reversed.\(^6\) That is, he retained the district court opinion where there was an appeal but the trial judge’s decision on infringement was affirmed or not agitated. Similarly Blum et al, in their fifteen year sample of a single circuit’s judgments applied the same restrictions and removed opinions where ‘the outcome of the Polaroid test was reversed on appeal.’\(^7\)

**B  The Present Study**

The data for this thesis includes trade mark infringement cases litigated under s 120 of the *1995 TM Act* up until 1 January 2016. The preliminary goal was to identify as many cases as possible. The cases were located using broad keyword searches in the Lexis Nexis AU Legal database — ‘All Subscribed Australian Case Sources’ for all Australian jurisdictions so as to capture the rare trade mark cases that are brought in state rather than federal courts. Keywords included ‘trade marks’, and ‘infringement’ dated between 1 January 1996 – 1 January 2016. This broad search revealed 2355 cases. Duplicates were eliminated. This set was cross checked against a list derived from another database, Westlaw AU, which unearthed a small handful of cases not reported in Lexis Nexis AU Legal.\(^8\) The final list

\(^3\) Ibid.
\(^4\) Ibid 1650.
\(^5\) Ibid.
\(^6\) Ibid.
\(^8\) For example, *Societe Des Produits Nestle SA v Christian (No 4)* [2014] FCCA 2968 where the absence was reported and now rectified.
was also cross checked against a third database, Austlii.edu.au, but no further additions were required.

Cases that were solely ‘passing off’ or solely breach of s 18 ACL (formerly s 52 of the Trade Practices Act 1974 (Cth)) were excluded from the search results although cases that decided trade mark infringement actions with parallel actions in passing off and/or s 18 ACL were included. Then cases with a focus on ownership disputes (eg prior use or consent), parallel imports, the 1955 TM Act, procedural issues, discovery issues, costs, damages, copyright, patents, designs law or contract interpretation were removed. As with Beebe’s study, it was found that those cases did not provide a substantial discussion of the law of trade mark infringement.9

Consistent with Beebe’s study, two further categories of cases were excluded from the analysis — counterfeit cases and first instance decisions that were reversed on appeal. Previous Australian studies have also found that counterfeit cases are a ‘distinct “world” of trade mark enforcement’10 and not representative of typical proceedings. That is, trade mark use and deceptive similarity are not disputed issues in these cases and the defendant is often unrepresented or fails to appear.11 The proceeding is quickly disposed of12 and the trade mark owner typically wins.13 ‘Counterfeit’ cases were identified by the designation ‘counterfeit’ in the headnote. ‘Counterfeit’ is not a term defined in the Act, however

9 Beebe, above n 1, 1650, Beebe ‘excluded a small minority of fact patterns that led courts to apply the multifactor test in ways that could skew the results of the study. In most counterfeiting opinions, for example, the likelihood of confusion is very clear and the factors tend to weigh overwhelmingly in favor of the plaintiff. The same is true of opinions involving an alleged breach of a franchising, licensing, or distribution agreement. These opinions were thus excluded from the sample. For similar reasons, I also excluded opinions on motions to dismiss or on motions where the non-moving party failed to appear. I retained and noted opinions involving claims of reverse confusion, and fact patterns in which the defendant repackaged plaintiff’s goods. (Footnotes omitted).


11 Ibid 347, where Bosland, Weatherall and Jensen used a dual analysis finding that ‘[A]nalysing the nature and outcomes of the trade mark litigation, we found a more complex story than previous studies: counterfeit proceedings where the trade mark owner always wins and the alleged infringer often fails to show up in court on the one hand; and more contentious proceedings on the other, where the trade mark owner only succeeded around one-third of the time.’

12 Vicki Huang, Kimberlee Weatherall and Elizabeth Webster, ‘The Use of Survey Evidence in Australian Trade Mark and Passing Off Cases’ in Andrew T Kenyon, Ng-Loy Wee Loon and Megan Richardson (eds), The Law of Reputation and Brands in the Asia Pacific (Cambridge University Press, 2012) 181, 189 On average counterfeiting cases took 1.1 hearing days, compared with 2.4 days for passing off and trade mark infringement, which illustrates the less complicated nature of the former.

13 See, eg, Bosland, Weatherall and Jensen, above n 10, 366.
Australia is a signatory to the *TRIPS Agreement* wherein the definition of ‘counterfeit’ is the use of an identical trade mark on goods, or of a mark which ‘cannot be distinguished in its essential aspects’ from the owner’s mark.14

Only s 120 infringement cases were considered relevant.15 As with Beebe’s study, only cases that provided a ‘substantial discussion’ of s 120 *1995 TM Act* were included where ‘substantial’ was defined liberally as ‘as any use beyond the mere citation without analysis of the test’.16 Therefore, opposition cases which may have discussed relevant aspects of the law such as s 10 *1995 TM Act* (deceptive similarity) were excluded.17 Cases that focused solely on s 17 ‘use as a trade mark’ were also excluded if they were discussed outside of a s 120 determination.

Following Beebe’s study, only first instance decisions that were not reversed on ultimate appeal were required.18 This meant that all cases had to be checked for whether the s 120 portion of the decision underwent subsequent appeals.19 Twenty two cases went to the Full Federal Court of Appeal, of which two proceeded to the High Court. These cases will be discussed in detail in the Results Chapter.

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14 *TRIPS* Article 51 note 14, ‘[F]or the purposes of this Agreement: (a) “counterfeit trademark goods” shall mean any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation’. This definition of ‘counterfeit’ as applied by Bosland, Weatherall and Jensen, above n 10, This has been cited by the South African Supreme Court of Appeal (the highest court of appeal in South Africa in non-constitutional law matters) in *Cadac Inc v Weber Stephen Products Company* (2010) (Case No 530/09) and, more recently, by the Federal Court of Australia in *Geneva Laboratories Limited v Nguyen* (2014) 110 IPR 295.

15 For example, the following cases use the phrase ‘trade mark infringement’ but provide no discussion of s 120 — *Oxford Funding Pty Ltd v Oxford Asia-Pacific Investments Pty Ltd* [2005] FCA 1637; *Virgin Enterprises Ltd v Virgin Home Loans Pty Ltd* [2000] FCA 1175.

16 Beebe, above n 1, 1649.

17 For example, s 41 distinctiveness or s 44 deceptive similarity cases were excluded.

18 Beebe, above n 1, 1650 ‘[F]rom a sample of 337 opinions he excluded the six opinions in which the outcome of the multifactor test was reversed, which yielded a final sample of 331 opinions.’

19 The methodology demands that s 120 reversals be removed from the data set. The consequence of this is that six well known trade mark cases were eliminated from the data set. These include: *Frito-Lay Trading Co GmbH v Aldi Stores Ltd Partnership* (2001) 52 IPR 410; *Coca-Cola Co v All-Fect Distributors Ltd t/as Millers Distributing Co* (1998) 43 IPR 47; *Mobileworld Communications Pty Ltd v Q & Q Global Enterprise* (2003) 61 IPR 98; *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2008) 77 IPR 69; *Starr Partners Pty Ltd v Dem Prem Pty Ltd* (No 2) (2006) 70 IPR 113; *Symbion Pharmacy Services Pty Ltd v Idameneo (No 789) Ltd* (2011) 91 IPR 547.
Segregating out first instance decisions (where the finding was not reversed) has particular advantages. First, this is a study that examines judicial reasoning of s 120. Appellate courts in trade mark cases are not hearings de novo and the re-consideration of evidence in relation to the s 120 issue is not common. It has been argued that Australian appellate courts in trade mark cases will only ‘overturn a finding of fact by a trial judge which they consider erroneous … [but] are reluctant to do so because trade mark infringement actions ‘are inherently impressionistic’. Second, from a statistical point of view, a homogenous group is preferable in order to make inductive arguments. The inductive arguments drawn regarding s 120 reasoning are strengthened if the underlying sample shares similar features. Removing appeals and first instance cases where the s 120 finding was reversed left 78 cases in the sample. Further details as to case selection are set out in Appendix B ‘Further Details of Case Selection’ (at page 200). The full list of 78 cases is set out in Appendix C ‘List of Examined Cases 1996 – 2016’ (at page 206).

C Critical Differences — Pilot Study

Once the cases were selected, a pilot study on 30 cases was conducted to test the Microsoft Access database (built by the author) and to consider the framework for coding and statistical analyses. The pilot study revealed significant doctrinal and procedural differences in US law that made simple application of Beebe’s method hazardous. A discussion of these issues is presented below.

As discussed at page 67, US trade mark rights ‘arise as a function of the use of that mark in connection with goods or services’. The Lanham Act protects registered and unregistered marks. Unlike Australia, ‘priority as between competing users is determined by first use’ and not by the process and act of formal registration. In Australia, unregistered marks are

20 Bosland, Weatherall and Jensen, above n 10, 357, where the authors held this significant as in contrast to patent cases which involved difficult questions of claim construction, ‘trade marks infringement actions turn largely on issues of fact’ and ‘are inherently impressionistic’ leaving appellate courts reluctant to set aside a trial court’s findings.

21 As described by Hall and Wright, Systematic Content Analysis of Judicial Opinions’ (2008) 96 California Law Review 63, 65 stating that ‘content analysis works best when the judicial opinion… hold essentially equal value. Traditional legal scholarship analyses issues presented in a small group of exceptional cases; in contrast, content analysis works best when the judicial opinions… hold essentially equal value.’

recognised by the *1995 TM Act* but only in limited ways.\(^{23}\) The allowance of statutory rights for unregistered marks in US law means that the strength of the mark is relevant to a likelihood of confusion analysis and is significant as Beebe’s trade mark infringement study includes both registered and unregistered marks.

1. **A Multi-Factor Structure in the Australian Context**

Another structural difference is that the Australian statutory test proceeds in multiple parts and not as a multi-factor test for a single concept of ‘likelihood of confusion’. In the US, multi-factor tests are ‘explicitly and uniformly applied in their respective circuits’\(^{24}\) and ‘district courts give every appearance of scrupulously following a basic weighted additive decision strategy.’\(^{25}\) That is, judges are obliged to discuss all of the factors in the multi-factor test even if they are only tangential to the substance of case.\(^{26}\)

Australia has no such multi-factor test nor is there a mechanical or routinised method with which judges examine the deceptive similarity or use elements of an infringement analysis. Rather judges begin with the broad language of the statute and then apply the tests that have developed in the relevant case law. The impact of this broader Australian reasoning is that computing Beebe’s ‘stampeding score’\(^{27}\) in Australia is not relevant. In Australia, there are no ‘set’ factors and if an element is irrelevant the judge will likely not discuss it in a judgment.

In Australia the statute sets forth three broad elements (or more precisely threshold tests) — ‘use’ (as a trade mark), ‘similarity between marks’ (ie substantial identity or deceptive similarity) and ‘relatedness between goods and/or services’ within which multiple factors are at play. It is unclear whether these elements preoccupy equivalent importance in judicial

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\(^{23}\) Noting that Australian trade mark law is not a strict first to file country in the sense that unregistered marks are also recognised but only in a limited way eg s 60 (objection due to prior use of an unregistered but deceptively similar trade mark).

\(^{24}\) Beebe, above n 1, 1594.

\(^{25}\) Ibid 1581.

\(^{26}\) Note that, from this Beebe was able to compute a stampeding score — that is a score showing the degree to which the non-relevant factors were collapsed to satisfy the outcome of the test.

\(^{27}\) Ibid 1614, Beebe reasoned that because US courts must address each factor ‘not simply those which actually formed the basis for their ruling. This creates the conditions for the stampeding of factor outcomes’. Ibid 1614–1615 Beebe created a stampeding score whereby correlation coefficients were calculated to measure the association between the factors (and not just with test outcomes). Beebe concluded that ‘judges tended to stampede the factor outcomes to favour the test outcome, especially when they found a likelihood of confusion’.
reasoning and one purpose of this empirical study is to highlight the role of each of these elements in practice.

2  Impact on Coding

Section 120 *1995 TM Act* sets forth the three broad threshold tests noted above — use, similarity and relatedness of goods and/or services. Deciding the outcome of each of these elements requires consideration of a number of what this thesis calls factors. Thus rather than a linear multi-factor inquiry, the Australian test proceeds as a matrix. This has an impact on coding the data. In terms of coding, Beebe was able to use binary coding, that is a yes/no answer was recorded in answer to his question of whether multi-factor “X” impacted the outcome of the likelihood of confusion test. The pilot study revealed that this was not optimal for the Australian infringement test.

For example in Australia, a judge may consider aural similarity in a judgment but this may only be in the context of recitation of prior case dicta. That is, mere mention of this factor may not relate to judicial reasoning of the merits of the case. To record the fact that ‘aulral similarity was mentioned, a code for ‘yes –discussed’ was noted. Thus, a second round of coding was applied to examine whether the discussion of ‘aural similarity’ was relevant to infringement (yes/no/neutral). For example, in this second round of coding, ‘yes’, would mean that a discussion of aural similarity occurred and it favoured the plaintiff’s case. If coded ‘no’ this would mean a discussion of aural similarity occurred which went against the plaintiff’s case. If coded ‘neutral’, this meant a discussion of aural similarity occurred but had no meaningful impact on the plaintiff’s s 120 *1995 TM Act* case.

(a)  Coding for Elements — Use, Similarity, Goods/Services

For each case, the consideration of “Use”, “Deceptive Similarity”, “Substantial Identity” and “Goods/Services” was coded using the method described above. For example did the court discuss ‘use’, ‘deceptive similarity’, or ‘similarity of goods/services’? This was coded as yes, or no. Then, the second question was asked — did this discussion favour s 120 infringement (yes/no/neutral), where neutral meant unclear or of no meaningful impact.

(b)  Coding for Factors Within Elements

To assess the factors within a main element (eg “deceptive similarity”), a similar coding process was used. First, did the court discuss the factor eg “reputation” (yes/no). Then a second level of coding was used — did this discussion favour a finding of “deceptive similarity”? — coded (yes/no/neutral). Each answer to the second question provided a
meaningful response. Coding in this way created categorical variables which meant a different statistical analysis was required. The meaning and implications of “categorical variables” will be discussed later in this chapter.

3 Procedural Differences and Terminology

In his study Beebe filtered his results by ‘posture’, finding that most cases presented as a claim for a preliminary injunction, bench trial, or summary judgment. Analysing the data by ‘posture’ is not meaningful in an Australian context and the term ‘posture of a case’ is not a term of art in the Australian legal vernacular. Rather, the majority of civil proceedings in trade mark infringement are brought in the Federal Court of Australia. Under Federal Court Rules 2011 (Cth), 8.01(1) a person starting a proceeding must file an originating application. Under Rule 8.03, the application must state the relief claimed. This might include interlocutory relief, an injunction, a declaration or exemplary damages. A party who seeks an order in a proceeding that has already started must file an interlocutory application (Rule 17.01(1)). Under the Federal Court Rules 2011 (Cth), a ‘trial’ is defined as ‘any hearing other than an interlocutory hearing’ and a ‘hearing’ is defined as ‘any hearing before the Court, whether final or interlocutory’.

It must be noted that as of October 25, 2016, the Federal Court of Australia overhauled the case management system for numerous practice areas including intellectual property. These rules can be found at Central Practice Note: National Court Framework and Case Management (CPN-1) and Intellectual Property Practice Note (IP-1). These changes post-date the data set.

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28 Civil proceedings can be brought also be brought in the State Supreme Court and since 15 April 2013 in the Federal Circuit Court (formerly the Federal Magistrates Court) as per Intellectual Property Laws Amendment (Raising the Bar) Act 2012 (Cth) with name change as per Federal Circuit Court of Australia Legislation Amendment Act 2012. All appeals are heard by the Full Federal Court with subsequent appeals to the High Court of Australia 1995 TM Act (Cth) s 191(2), s 195(1).


With regards to terminology, Australian courts use the term ‘case’ loosely and it is not strictly a term of art. By contrast, ‘proceedings’ are statutorily defined as ‘all the acts and events from commencement to final judgment’.32 This can involve multiple judgments on preliminary and interlocutory matters up to judgments of higher courts of appeal. A judgment is defined as ‘the final order or set of orders made by the Court after a hearing’,33 however, a judgment will usually contain a full set of reasons and conclude with a request that parties draft orders to be approved at a later date. Colloquially the proceedings (and a single judgment within those proceedings) can be known as a ‘case’. In this thesis, a ‘case’ refers to a single written judgment or decision within a ‘proceeding’. The 78 cases in the sample were coded for ‘posture’ or procedural standing. This shows that there were 58 trial decisions, 16 applications for interlocutory relief, one application for interlocutory orders, two applications for default judgement and one application for summary judgement. Extensive dicta from the judgements that justify the coding for posture are included at Workbook “Posture\Sheet 1: 78 Cases Posture” at digital appendix

https://docs.google.com/spreadsheets/d/16KPSOql4fZiP71nfduT-K8vkivk8pNhGQtNVEK5CThE/edit?usp=sharing

A further discussion relating to the process of coding for posture and a list of cases by posture is provided at Appendix D ‘Process for Determining Cases by Posture and Reasons for Inclusion 1996 – 2016’ (at page 209). The final list of cases by posture is at Appendix E ‘Cases by Posture 1996 – 2016’ (at page 212).

4 Bundling the Cases

The original goal of the thesis was to follow Beebe’s original methodology which was to perform classifications trees and present results split by posture. However as discussed later in this thesis, classification tree statistics require hundreds of cases and was not feasible with the Australian dataset. The next best option to analysis the four main legal elements was a regression analysis. Regression analysis for the number of variables of interest required at least 50 cases. For the next stage of analyses — the factor analysis of deceptive similarity and use — chi-square tests were used. To be meaningful, the chi-square tests also required a high number of observations of each factor and thus a large number of cases. Therefore


33 Ibid.
dividing the cases into sub-groups eg trials vs interlocutory applications to analyse judicial reasoning was not viable. There are only 17 interlocutory applications, and this is too small a number to perform a regression analysis on and is too small to study with chi-square tests due to the number of variables of interest.

The author was faced with a choice — to focus only on 58 trial decisions (discarding the other 17 interlocutory cases and three summary/default cases) and thus base the thesis on a very low powered regression and chi-square analyses — or to group all the cases together irrespective of posture. The latter would provide a large enough population of cases to perform statistical tests with sufficient power.

After consultation with experts in statistics, the author decided to bundle all 78 cases together into a single population in order to provide a sufficient sample size to perform the relevant statistics. The problem here is that it may be argued that different postures likely lead to judgements with different requirements of proof, argument, and reasoning. However, this argument can be overcome due to the consistent approach used to filter the cases. Cases were included if they provided a ‘substantial discussion’ of s 120 1995 TM Act where ‘substantial’ was defined liberally as ‘as any use beyond the mere citation without analysis of the test’.34 As discussed further in Appendix D (page 209) (and as observed in the pilot study) there are trials which provide limited discussion of s 120, and there are interlocutory applications on other non-trials which provide an extensive discussion of the issues. In other words, posture did not necessarily determine the quality or quantity of discussion of issues under investigation. Only cases that met Beebe’s minimum standard (irrespective of posture) were included in the dataset. Therefore, although the 78 cases in the dataset reflect different postures, they are consistent in the sense that they all provide a substantial discussion of s 120 which is beyond mere citation without analysis.

In addition, it is accepted that the thesis findings will be limited by this bundling of cases. That is, the conclusions of the thesis are limited to findings as to what judges ‘consider’ when making a determination. The data does not claim to reflect the depth of that consideration or the levels of argument emphasised at court. In other words the thesis sought frequency of observations and did not weigh those observations by ‘depth of discussion’. This was

34 Beebe, above n 1, 1649.
considered a necessary trade-off for constructing a large dataset for valid statistical testing and thus answering the thesis question.

5 Coding Descriptive Elements

As with Beebe’s study, the data set was coded by the author and data was inputted into an author-designed Microsoft Access database. After the initial pilot study of December 2014, further questions of interest were added. In addition, the publication of Janice Luck’s 2015 article on deceptive similarity35 led to the revision of the variables of interest. In total, each case was reviewed at least seven times. In addition to coding the factual aspects of each case, each judgment was read to identify specific comments and dicta and ratios of interest — namely in relation to the purpose of collateral claims, determining trade mark use, etc.

A Case Details

Twenty-eight variables were recorded in relation to general case details. The rationale was to code as many aspects of the case as possible. This included general descriptive aspects such as date, hearing days, judge, and court (including Fast Track). Grounds of suit were coded including ss 120(1)–(3), passing off and/or s 18 ACL. Whether there was a Win/Loss or whether the result was unclear (eg remitted) was coded. This section also recorded whether the case discussed formal defences, or cross claims. Whether the case went to appeal was also coded here.

If both the judgment and hearing were heard and delivered on the same day, this was counted as zero days. If the hearing and date of judgment were on separate days, then the hearing length was estimated as one day unless further dates were listed in the header. Note that the Bosland et al study36 had the benefit of more detailed estimates of time from FEDCAMS, a database which is no longer accessible.

B Win / Loss

Further details relating to the coding of cases for winning and losing are provided at Appendix F ‘Process for Winning and Losing’ (at page 216). In addition, a table setting out


36 Bosland, Weatherall and Jensen, above n 10.
the claims pleaded for each case; details of winning and losing; and comments/dicta are set out at Workbook ‘Winning and Losing’ at digital appendix:

https://docs.google.com/spreadsheets/d/1GIYrHXNZyz3PwLliXt-D3YReefxiA-Uf1unvonfbDUc/edit?usp=sharing

Coding a win or a loss for each case was complicated by the fact that for any one case, there could be at least one or more trade marks in suit. Most litigants bring their best case to court and will generally put forward all trade marks which have the potential of being found infringing into the case even though in fact there is only one mark of critical interest. This makes sense, as amending pleadings once an action has begun can only be done with the consent of the other party or with the leave of the court and can involve time bars and additional costs. Plaintiffs are strategically better off pleading as many trade marks as they think reasonable in any one case. To deal with the coding issue of win/lose where more than one trade mark allegedly infringed, Beebe’s method was followed. Beebe coded per case rather than per trade mark, similarly Huang et al coded by case and not by trade mark. Win/Loss was thus determined by case and not by mark. Therefore if there were multiple marks litigated and one win, the case was coded as a ‘win’ overall. This approach arguably adopts the plaintiff’s perspective. That being said, a win on a subset of marks will likely give the plaintiff an injunction against the defendant’s impugned behavior. For most plaintiffs, it is likely that such a win would be considered a victory.

As examples, the following partial wins, were coded as ‘win’:

- *Louis Vuitton Malletier v Sonya Valentine Pty Ltd* (2013) 222 FCR 45  
  A win only against one allegedly infringing mark out of two.\(^\text{38}\)

- *Hills Industries Ltd v Bitek Pty Ltd* (2011) 214 FCR 396. A win only in relation to a subset of goods within a class.\(^\text{39}\)

\(^{37}\) For eg, *Federal Court Rules 2011*, ‘Division 16.5—Amendment of pleadings’.

\(^{38}\) The Applicant owned two marks — LOUIS VUITTON and a flower symbol. The court held the respondent’s sunglasses bearing a flower symbol infringed the applicant’s flower symbol mark. However, the court held the respondents use of “LOUIS V”, did not infringe the applicant’s “LOUIS VUITTON” mark.

\(^{39}\) Hills contended that Bitek’s use of the DIGITEK mark in respect of set-top boxes, antennas, cables, splitters, AV selectors, remote controls, video intercoms, switches and multi switches amounted to infringement of the DGTEC mark. The claim under s 120(1) failed except in relation to set-top boxes and remote controls.
The implication of coding these types of cases as a “win” is the risk of over-representing the
win rates of the plaintiff. However, during review of the cases, scenarios where there were
multiple marks discussed and a split decision over winning and losing was uncommon.

The alternative approach would be coding wins/losses per mark as performed by Bosland et
al.\textsuperscript{40} However, it is argued here that this method has the problem of over-inflating the
sample size. As discussed above, it is assumed that as rational actors, plaintiffs put forward
their best case and that this means including all trade marks where there is a chance of
winning either a s 120 or collateral claim. However, assuming courts are also rational
actors, they will focus on only one or two marks that best represent the legal issues in dispute
in order to efficiently dispose of the case. Therefore, it is argued that coding per case rather
than per mark within a case produces a more accurate reflection of the dynamics of judicial
reasoning.

\textbf{C Main Legal Issue — What Does the ‘Case Turn On’}

A unique aspect of this study was the inclusion of the category “Case Turns On”. From a
close reading of the cases, the results of the pilot study and as consistent with previous
studies,\textsuperscript{41} it became apparent that most s 120 cases “turned on” one or two significant issues
— notably trade mark use and/or deceptive similarity. That is, the phrase “turned on” is
used here to refer to situations where one main element was dispositive of the case. For
example, if the judge could dispose of the case early by finding the respondent has not ‘used’
a mark as a trade mark, the judge did not tend to discuss deceptive similarity in depth.\textsuperscript{42} In
such circumstances, it could be said the case “turned on” use.

\textsuperscript{40} Bosland, Weatherall and Jensen, above n 10.

\textsuperscript{41} Ibid 354–355, ‘[W]e collected data on the outcome of each decision (“outcomes data”), separately recording
the outcome on \textit{infringement} and \textit{validity} of each trade mark in dispute.’ Ibid 363, ‘[W]hat we see in this data is
that two grounds frequently arose in original proceedings: first, whether the infringing sign was ‘deceptively
similar’, and secondly, whether the alleged infringer's sign was being ‘used as a trade mark’. Notably, these
grounds mirror the most common grounds raised on appeal: the most frequent infringement issues raised (either
successfully, or unsuccessfully) on appeal was whether the infringing sign was ‘deceptively similar’ to the
registered trade mark (six instances), followed closely by the question of whether the infringing sign was used
‘as a trade mark’ (four instances). One reason why these two grounds dominate is that most other grounds are
tailored to very specific circumstances — the issue of deceptive similarity will usually be one which parties in a
non-counterfeiting case can contest.’

\textsuperscript{42} There were seven cases where the judge found no trade mark use but went on to discuss deceptive similarity
for reasons of thoroughness or in case of appeal. For example in \textit{Lift Shop v Easy Living Home Elevator}
(2013) 103 IPR 511 [46], the court found no use and that ‘[t]hat conclusion makes it unnecessary to deal in
detail with the case alleging deceptive similarity. However, some short observations [regarding deceptive
An in depth look at each case was conducted to determine whether the case turned ie was
decided on a dominant element. An attempt was made to class each case into a mutually
exclusive category — “use”, “deceptive similarity”, “substantial identity” or
“goods/services”. These four elements being derived from the language of s 120 1995 TM
Act. For 75% of cases, it was an uncontroversial task to assign a case to a single legal
element. Where there were two critical issues, for example — “use” and “deceptive
similarity”; or “deceptive similarity” and “use on goods or services for which the plaintiffs
mark was registered” — the case was coded as ‘case turns on combination’. The purpose of
this coding was to provide a simple topography of case types from which inferences could be
drawn. In particular, statistics relating to length of hearing which in turn illuminated issues
such as whether the trade mark use element operates as an efficiency tool.

D Coding for Descriptive Details

Ten variables were recorded in relation to trade mark details. The respective trade marks of
the applicant and respondent were noted, as was type (Word, Fancy, Shape, Sound, Scent,
Compound, Device, Word and Device). Additional options were also added such as a pair
of marks that were both ‘Word and Device’ which was a common presentation. The
objective similarity between the marks was also recorded. The objective relatedness
between goods and services was also noted. Again this was based on the main trade mark in
suit. Also recorded was whether or not a non-distinctiveness argument was raised by either
party and whether or not ‘non-distinctiveness’ was found by the court.

43 Similarity followed the guide set by Dan Sarel and Howard Marmorstein, ‘The Effect of Consumer Surveys
Reporter 1416, 1435 where the standard adopted was a 2 level similarity coding of “More Similar” and “Less
Similar” where MAGNILITE versus MAGNI-LIGHTS the marks were coded as “More Similar.” In a case
involving the marks BIG APPLE DELI versus BIG BAGELS DELI, the marks were coded as “Less Similar.:
This standard was also followed by Vicki Huang, Kimberlee Weatherall and Elizabeth Webster, ‘The Use of
Survey Evidence in Australian Trade Mark and Passing Off Cases’ in Andrew T Kenyon, Ng-Loy Wee Looon
and Megan Richardson (eds), The Law of Reputation and Brands in the Asia Pacific (Cambridge University
As discussed at the outset of this chapter, there were four main elements of interest — “use”, “deceptive similarity”, “substantial identity” or “relatedness of goods/services”. However, the pilot study, indicated that there were typically only two main elements judicially considered — trade mark use and deceptive similarity. The empirical validation of this will be shown in this thesis. Of interest is determining what factors determine trade mark use and deceptive similarity. How these elements and factors are defined is discussed in this section. As mentioned earlier, Australian law does not proceed in a neat multi-factor test. Rather, the statutory test when deconstructed, can be said to be that of a matrix.

For ease of reference the concluding summary (ie the final model) is presented as a preface to this Part as Table 1: Multi-Factor Model of s 120 1995 TM Act (below). As noted at the outset of this thesis, a s 120 outcome is determined by consideration of “elements”. These elements are made up of sub-elements, which in this thesis are termed “factors”. Table 1 (below) lists all the elements (across) and factors (down) tested in this study. The justifications for testing these elements is explained later in this chapter. Highlighted in yellow are the elements and factors found to be predictive of an outcome as per the analysis in Chapter Five. That is, the shaded boxes are the elements and factors that are found to be the most predictive of a s 120 outcome; a trade mark use finding or a deceptive similarity finding.
Discussing the final results in Table 1 “pre-maturely” has been done in order to provide an anchor point to guide the reader through the complexities of the development of the model and its statistical analyses. From left to right this table reveals that a s 120 outcome is determined by whether the defendant is using its mark as a trade mark; plus whether that mark is deceptively similar. The other elements tested — substantial identity and relatedness of goods and/or services are also shown (un-shaded).

Looking down the “Use” column; reveals that (out of the 10 factors listed) when determining use, the court is influenced by the immediate context of the mark, the purpose and nature of use, and any policy considerations. Looking down the “Deceptive Similarity” column reveals that (out of the 10 factors listed), the court is influenced by similarity of ideas against a favourable impression of notional use and the visual/aural similarity between the marks.

The development of the model shown in Table 1 is discussed below. The statistical analysis that determines significance (and thus the shading of the boxes in Table 1) is presented in Chapter Five.

<table>
<thead>
<tr>
<th>s120(win/loss)</th>
<th>Equals</th>
<th>Use</th>
<th>Plus</th>
<th>Deceptive Similarity</th>
<th>Or</th>
<th>Substantial Identity</th>
<th>Plus</th>
<th>Goods and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: Defendant’s Mark is Taken from the Pleadings</td>
<td>Factor 1: Identify the Recollection of the Registered Trade Mark</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 2: Defendant’s Mark is Constructed by the Court</td>
<td>Factor 2: The ‘Character’ of the Marks: Has an Element of Either of the Marks a Degree of Notoriety or Familiarity?</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Factor 3: Immediate Context</td>
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<td>Factor 4: External Context</td>
<td>Factor 4: Compare the Respective Meanings or Ideas of the Trade Marks</td>
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<td>Factor 5: Reputation</td>
<td>Factor 5: Discount to Some Extent Descriptive Matter and Matter Common to the Trades</td>
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<td>Factor 6: Consumer Confusion</td>
<td>Factor 6: The Circumstances of the Trade in the Relevant Goods and/or Services</td>
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<td>Factor 7: Purpose and Nature of Use</td>
<td>Factor 7: The Kind of Customers Involved in the Relevant Goods and/or Services</td>
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<td>Factor 8: Policy Considerations</td>
<td>Factor 8: The Intention of the ‘Offending’ Party</td>
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<td>Factor 9: Descriptive Mark</td>
<td>Factor 9: Any Instances of Actual Confusion?</td>
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<td>Factor 10: Internet Related</td>
<td>Factor 10: Is this a ‘Contextual Confusion’ Situation?</td>
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A Coding For Use, Deceptive Similarity and Other Main Elements

After trial and error and the pilot study of 2014, the following coding method was used. As a preliminary filter, whether or not an element or factor was discussed at all was coded ‘yes/no’. A second round of coding was used to code whether or not the discussion of that element or factor favoured the plaintiff’s infringement argument ‘yes/no/neutral’. This form of coding allowed the unidirectional questioning yielding meaningful binary responses.

1 Coding for Trade Mark Use

Twenty potential variables of interest (derived from the foundation cases and literature) were recorded in relation to trade mark use. These included factors that were exploratory in nature. After the pilot study, this was reduced to 10. This included, whether the defendant’s mark was identified by the judge or was taken from the plaintiff’s pleadings, whether there was reference to the parties’ reputation, or to consumer confusion or reaction, whether there was evidence admitted in relation to trade mark use or intent. The coding of factors for use required an iterative trial and error process. As will be discussed further below, some factors appeared to overlap with each other and became redundant. For each element, it was recorded whether or not it was discussed or mentioned. For example, if reputation was mentioned it was coded ‘yes’. If it was not mentioned it was coded ‘no’. The next question was whether or not the discussion favoured a finding of infringement. For example, if the discussion of a plaintiff’s reputation favoured a finding of infringement, it was coded as ‘yes’. If the plaintiff’s reputation favoured a finding of no infringement it was coded ‘no’. If the plaintiff’s reputation was merely mentioned but not factored into the judge’s infringement reasoning it was coded ‘neutral’.

2 Coding for Substantial Identity

Whether substantial identity was discussed was coded ‘yes/no’. Whether this finding favoured infringement was coded ‘yes/no/neutral’.

3 Coding for Deceptive Similarity

Many Australian treatises and scholars have created non-exhaustive checklists describing the nature of the deceptive similarity inquiry. The most recent and comprehensive one is from

For example, Mark J Davison and Ian Horak, Shanahan’s Australian Law of Trade Marks and Passing Off (Lawbook Co, 5th ed, 2012) (‘Shanahans’) ‘Rules of Comparison’ [35.1505] – [35.1565]; see, also James Lahore, James W Dwyer, and Ann Dufty, Patents, Trade Marks & Related Rights (Butterworths, at Service 187,
Janice Luck who in 2015 published a review of the law of deceptive similarity and proposed (what this thesis terms) a 10 factor model.\(^{45}\) The method for her review was the study of 'selected appellate judicial decisions that appear to correctly apply the relevant principles.'\(^{46}\) These ten factors included, whether the two marks are visually and aurally similar, and importantly ‘contextual confusion’/‘juxtaposition confusion’. Similar to coding for use, whether a factor was discussed was coded ‘yes/no’. Whether this finding favoured infringement was coded ‘yes/no/neutral’.

4 Coding for of Goods and Services

Whether goods and services were discussed was coded ‘yes/no’. Whether this finding favoured infringement was coded ‘yes/no/neutral’. The results from the pilot study revealed that there were very few cases where the comparison of goods and services was a significant issue. Thus, while aspects of this element were recorded, analysis of goods and services was not a focus of this thesis.

B Statistical Analysis of Multi-Factor Analysis

In order to determine the relationship of “use”, “deceptive similarity”, “substantial identity” and “goods/services” to a s 120 (outcome), a logistic regression was performed. Note that this is different to Beebe’s study,\(^{47}\) where due to the nature of his data and the routinised\(^{48}\)
nature of the multi-factor test a regression analysis was inapt.\footnote{Ibid 1600. First, he rejected regression analysis due to his data being skewed from ‘zero-cell counts’— that is where a yes/no answer could not be recorded in answer to his question of whether multi-factor X impacted the outcome of the likelihood of confusion test. A high number of ‘zero cell counts’ makes it difficult to form a non-skewed regression model. Philosophically, he also rejected regression analysis because it ‘assume[s] a fully integrative model of decision making, a model that this Article rejects.’} Instead he used ‘classification trees of the multi-factor test outcome that classify that outcome according to certain factor outcomes … then present[ed] cross-tabulations of the test outcome by factor outcomes and factor outcomes by test outcome.’\footnote{Ibid 1599.} And then he presented the ‘results of correlation analysis of the factor outcomes and test outcomes.’\footnote{Ibid.}

This study could not adopt the same model as Beebe because of two key differences. First, the sample size of 78 cases was too small to use to apply classification tree statistics. Second, due to the different nature of the legal test for infringement in Australia, this data has two levels of analysis — threshold elements such as use and deceptive similarity, and then the factors that influence the finding of those main elements.

In terms of the first level of analysis a logistic regression for predicting a binary outcome from multiple, in this case categorical, explanatory variables was appropriate. This is because 78 cases is a suitable sample size,\footnote{A general rule of thumb is that there should be ‘10 subjects for every variable investigated’. This translates as 10 cases for each of the three factors or a minimum of 30 cases. See generally, D W Hosmer and S Lemeshow, \textit{Applied Logistic Regression} (John Wiley and Sons, 2nd ed, 2000).} and multiple logistic regression has the advantage of factoring in the impact the factors have upon each other (co-linearity) in determining the outcome. A precis on logistic regression is found in Appendix G ‘Statistics’ (at page 219). Minitab software was used for this analysis.

\section*{C Coding for Factors of Use and Deceptive Similarity}

\subsection*{I Multi-Factor Approach to Use}

As discussed earlier, there is no multi-factor test to assess trade mark use in Australia, nor is there a general taxonomy of factors to consider. It is proposed here that a multi-factor approach to ‘use’ can be constructed from the line of cases developed in relation to word
marks used on packaging,\textsuperscript{53} from cases of shape marks where functionality may be an issue\textsuperscript{54} and more recently in relation to internet cases where issues include use via domain name registration,\textsuperscript{55} website use, meta-tags and keywords.\textsuperscript{56} Drawing from the statute, the foundation cases, subsequent modern authorities and trade mark scholarship, a contribution of this thesis is to nominate a list of factors that are judicially considered in relation to the use question and examine the statistical association of these factors to determining use. These factors are not presented as definitive. Rather they are considered factors of interest. The factors of interest are described below:

\textsuperscript{53} For example, the Full Court in \textit{Nature's Blend Pty Ltd v Nestlé Australia Ltd} (2010) 272 ALR 487 at [19] listed important factors as follows: 'Use as a trade mark is use of the mark as a "badge of origin", a sign used to distinguish goods dealt with in the course of trade by a person from goods so dealt with by someone else' (citations omitted). \textit{Johnson & Johnson Aust Pty Ltd v Sterling Pharmaceuticals Pty Ltd} (1991) 30 FCR 326 at 347, '[A] mark may contain descriptive elements but still be a "badge of origin"'. \textit{Oil Drop Case} (1963) 109 CLR 407 at 422, \textit{Anheuser-Busch Inc v Budejovicky Budvar} (2002) 56 IPR 182 at [186], '[I]n determining the nature and purpose of the impugned words, the court must ask what a person looking at the label would see and take from it'.

\textsuperscript{54} In \textit{Global Brand Marketing Inc v YD Pty Ltd} (2008) 76 IPR 161 at [62]–[64], Sundberg J set out the principles relevant to the use of a shape as a trade mark as follows [61] The principles relevant to use of shape as a trade mark are now set out. a) A special shape which is the whole or part of goods may serve as a badge of origin. However the shape must have a feature that is "extra" and distinct from the inherent form of the particular goods: \textit{Mayne} at [67], \textit{Remington} at [16] and \textit{Kenman Kandy} at [137]. b) Non-descriptive features of a shape point towards a finding that such features are used for a trade mark purpose. Where features are striking, trade mark use will more readily be found. For example, features that make goods more arresting of appearance and more attractive may distinguish the goods from those of others: \textit{All-Fect} at [25]. c) Descriptive features, like descriptive words, make it more difficult to establish that those features distinguish the product. For example, the word COLA or an ordinary straight walled bottle are descriptive features that would have limited trade mark significance: \textit{All-Fect} at [25] and \textit{Mayne} at [61]–[62]. d) Where the trade mark comprises a shape which involves a substantial functional element in the goods, references to the shape are almost certainly to the nature of the goods themselves rather than use of the shape as a trade mark: \textit{Mayne} at [63]. For example, evidence that a shape was previously patented will weigh against a finding that the shape serves as a badge of origin: \textit{Remington} at [12] and \textit{Mayne} at [69]. e) If a shape or a feature of a shape is either concocted compared to the inherent form of the shaped goods or incidental to the subject matter of a patent, it is unlikely to be a shape having any functional element. This may point towards the shape being used as a trade mark: \textit{Kenman Kandy} at [162] and \textit{Mayneat} [69]. f) Whether a person has used a shape or a feature of a shape as a trade mark is a matter for the court, and cannot be governed by the absence of evidence on the point: \textit{All-Fect} at [35]. g) Context “is all important” and will typically characterise the mark’s use as either trade mark use or not: \textit{Remington} at [19] and \textit{Mayne} at [60]–[62].'

\textsuperscript{55} Specifically in relation to domain names Reeves J in \textit{Mantra Group Pty Ltd v Tailly Pty Ltd (No 2)} (2010) 183 FCR 450 at [50] said, '[I]t has been doubted whether the mere registration of a domain name containing the words of a trade mark constitutes the use of those words as a trade mark for the purposes of s 120 of the \textit{Trade Marks Act}. However, if the registered domain name is linked to a website that contains advertising material that promotes goods or services in relation to which the trade mark is registered, this combination of use could constitute use as a trade mark under s 120 of the \textit{Trade Marks Act}. This is all the more so if the advertising material on the website also uses the words of the trade mark to promote the goods or services concerned. In considering whether these situations constitute trade mark use, it will be necessary to apply the general principles set out above to the particular circumstances.'

• Factor 1: Defendant’s Mark is Taken from the Pleadings and Factor 2: Defendant’s Mark is Constructed by the Court

Prima facie, the mechanics of how the impugned mark is determined may not appear to be a question that relates directly to the question of trade mark use. However, the ‘use of what as a trade mark’ has been a contentious issue in case law and the scholarship of Davison and di Giantomasso. The issue was discussed earlier in the context of Coca-Cola Appeal.

According to that case the first step of the use enquiry is to identify what mark or marks the defendant is using as its ‘badge of origin’. That is, what mark is the defendant using to distinguish its own goods from those of other traders?

In their approval of the case, Davison and di Giantomasso said:

As the Full Federal Court decision in the Coca-Cola case demonstrates, the appropriate inquiry is first to identify, with some precision, what sign that the defendant is using, and secondly, to determine whether the defendant is using that sign so as to distinguish its goods or services from those of other traders. This inquiry is divorced from any consideration of what is the plaintiff's trade mark or a comparison of the defendant's mark and the plaintiff's trade mark. Nor in this inquiry is there any consideration of the plaintiff's reputation or any conduct of the defendant that may be perceived as riding on that reputation. The focus is exclusively on identifying what words, graphics, shapes, sounds, scents or combination of them have been used by the defendant and whether they have been used to distinguish its goods or services from other goods or services.

The emphasis being that the starting point for the court should not be to assume that the impugned conduct is that the defendant is using the plaintiff’s trade mark as its own mark. As the above passage indicates, the ‘appropriate inquiry is first to identify, with some precision, what sign that the defendant is using’ (as its own mark) and then to determine

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57 Kolotex Glo Australia Pty Ltd v Sara Lee Personal Products (Australia) Pty Ltd (t/as Hilton Hosiery) (1993) 26 IPR 1 and Coca-Cola Co v All-Fect Distributors Ltd (as Millers Distributing Co (1998) 43 IPR 47.


59 Mark Davison and Frank Di Giantomasso, ‘Use as a Trade Mark: Avoiding Confusion When Considering Dilution’ (2009) 31 European Intellectual Property Review 443, 444-445 discussing US debates on trade mark use stating ‘A shortcoming of some of the writing on use as a trade mark is that it does not seem to explicitly identify what it is that is supposedly used as a trademark. Much of the writing appears to suggest that what must be used as a trade mark is the plaintiff's trade mark. In other words, the inquiry is whether the defendant has used the plaintiff's trade mark as a trade mark. If that is the inquiry that is made, it immediately departs from the nature of use as a trade mark as understood in those jurisdictions where it constitutes an important part of the trade mark jurisprudence.’


whether that use is use as a trademark. In this sense, how and whether and what the defendant is using as its mark, is relevant to the trade mark use inquiry.

Prima facie, particularly for practitioners, the identification of the defendant’s mark would seem to be a simple if not redundant question. From a practitioner’s perspective, the question is typically moot as the disputed marks will be specified in the pleadings and it is in the interests of the plaintiff to focus only on the defendant’s marks which are the same as, or similar to the plaintiff’s marks. If this is the case – that the plaintiff dictates the court’s focus as to what the defendant is using as its impugned mark — it may lead to interesting findings as to how much control the plaintiff can have in directing the trade mark use inquiry. Precisely, how the defendant’s trade mark was defined in the pleadings and by the court was coded according to Factor 1 or Factor 2.

- **Factor 3: Immediate Context**

Once the defendant’s mark or marks are identified, the main question for the court is whether that mark is being used as a badge of origin. As per the *Oil Drop Case*, context is ‘all important’. In this thesis context means ‘immediate context’ of the mark, that being ‘the totality of the packaging, including the way in which the words are displayed in relation to the goods and the existence of a label of a clear and dominant brand’ or if ‘the sign is used in advertising, the relevant context will include the surrounding text.’ What the defendant is using as its mark can refer to the ‘positioning of the sign, the type of font, the size of words or letters and the colours which are used, as well as how the sign is applied to advertising materials or the packaging of the goods in relation to other features.’

The existence of a label that includes a clear and dominant brand alongside an impugned mark, may also be relevant in determining the ‘purpose and nature of the impugned words’ (Factor 7). For example, in *Beecham Group plc v Colgate-Palmolive Pty Ltd*, the plaintiff’s impugned mark was MACLEANS and the defendant’s user included use on a label

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62 Ibid.

63 *Oil Drop Case* (1963) 109 CLR 407 per Kitto J at 422.

64 *Nature's Blend Pty Ltd v Nestlé Australia Ltd* (2010) 272 ALR 487 at [491].

65 *Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd* (2016) 241 FCR 161 at [115].


presenting COLGATE MAXCLEAN.⁶⁸ Use of indicia such as capital letters to emphasise a word may also be relevant.⁶⁹ The positioning of the trade marks in accordance with industry practice may also be relevant.⁷⁰ Assessment of the immediate context of use can be contrasted with external context discussed below.

- Factor 4: External Context

In Chapter 3, it was noted that one of the US critiques of the Australian use test, was that ‘Australian courts have felt compelled to resort to contextual analysis, including evidence of actual confusion, in order to characterize the defendant's use.’⁷¹ This could include for example, ‘evidence of a consumer’s mental associations of the mark, considerations of advertising and sales activities of both parties to establish or refute trade mark use, finding evidence of actual confusion or use of experts or surveys to identify potential confusion.’⁷² The alleged judicial reliance on context was said to defeat the purpose of a trade mark use threshold meaning it would not lead to any efficiency gains in litigation or certainty for the parties.⁷³ Determining whether Australian courts rely on this type of context to determine use goes to challenging the US critiques of the Australian use test and indeed whether an Australian style use threshold could operate as an efficient threshold in other jurisdictions. To test this critique, it was considered important to isolate factor 4 as an independent factor distinct from factors 5 (reputation) and 6 (consumer confusion).

This factor is different to Factor 3 (Immediate Context) because it encapsulates context that is less proximate to the trade mark itself. Another way to distinguish the two is that the former refers to endogenous context – context immediately proximate to the mark itself such as the packaging; whereas Factor 4 context refers to ‘External Context’ or exogenous context, that being context removed from the mark itself, such as evidence of sales and marketing budgets.

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⁶⁸ See also Johnson & Johnson Aust Pty Ltd v Sterling Pharmaceuticals Pty Ltd (1991) 30 FCR 326 where the plaintiff’s mark was CAPLETS and the defendant’s use included TYLENOL CAPLETS, Anheuser-Busch Inc v Budejovicky Budvar (2002) 56 IPR 182 where one of the plaintiffs marks was BUDWEISER and one of the defendant’s labels presented BUDWEISER BUDVAR.

⁶⁹ Pepsico Australia Pty Ltd (t/a Frito-Lay Australia) v Kettle Chip Co Pty Ltd (1996) 135 ALR 192.


⁷² Ibid.

⁷³ Ibid.
It is this exogenous context that was alleged to create increased costs and delays in litigation thus negating any efficiency gains brought on by a trade mark use threshold. As an example, the relevance of external context was discussed in *Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd*\(^\text{74}\) where the court took note of the fact that the plaintiff’s marks could be purchased as keywords by the general public including the defendant and his competitors. Purchase of the plaintiff’s marks triggered sponsored and organic links to many companies including to the defendant and it’s competitors as well as to the plaintiff itself. These facts were held to be ‘far from determinative’ but ‘not irrelevant.’ to the finding that purchasing keywords of the plaintiff was not trade mark use.\(^\text{75}\) US critics of a trade mark use threshold could see this as opening the door to litigants introducing evidence of the market for keywords thus inflating the costs of litigation.

Extensions of the concept of what this thesis terms “external context” are considerations of the level of fame of the plaintiff or its marks and references to consumer confusion. Due to their relevance to other theoretical parts of this thesis, Factor 5 ‘Reputation’ and Factor 6 ‘Consumer Confusion’ were coded separately as distinct factors. These are segregated into factors 5 and 6 and discussed below.

- **Factor 5: Reputation**

Factor 5 relates to considerations of fame, renown or reputation of the parties or their marks. As discussed in Chapter Three, Davison expressed concern that reputation is being considered not only in assessing deceptive similarity but also in the trade mark use test.\(^\text{76}\)

As an example he discussed, *Alcon Inc v Bausch & Lomb (Australia) Pty Ltd*\(^\text{77}\) and argued that the renown of BSS was an impermissible reason given by Justice Foster in finding trade mark use. Further details as to the coding of this factor is given at page 181.

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75 (2016) 241 FCR 161 at [124] per Katzmann J.


• Factor 6: Consumer Confusion

This factor is specifically related to whether there is judicial consideration of a consumer’s mental associations. In particular whether there is a lengthy ‘fact intensive’ consideration of consumer association and likely confusion … ‘including evidence of actual confusion, in order to characterize the defendant's use.’ This factor is narrowly defined. While consumer confusion in relation to deceptive similarity is a statutory requirement, confusion in relation to the question of whether the defendant is using its mark as a trade mark is specific. For example, if the court needs to determine whether PUMA is being used as a trade mark on a defendant’s t-shirt; do they consider evidence that consumers were confused as to whether the use of PUMA is related to the famous sportswear brand? Or does the court need to consider contextual evidence and ask whether the consumer’s mental associations led them to think the defendant’s use of PUMA was non-trade mark use such as a descriptive term for a big cat? This factor addresses the American critique that considerations of trade mark use risk morphing into lengthy considerations of consumer’s mental associations.

• Factor 7: Purpose and Nature of Use

This factor relates to whether the nature of the defendant’s use is actionable trade mark use or whether the defendant’s use was descriptive, functional common to the trade or otherwise non-infringing use of the impugned mark. Conversely, distinctive markings and invented words or phrases tend to indicate the sign is being used as a trade mark. The origin of this factor was discussed in detail in relation to the Oil Drop Case in Chapter Two. Note that the word ‘purpose’ does not refer to the ‘subjective intention of the alleged

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79 Ibid.
80 Ibid.
81 Descriptive features, like descriptive words, make it more difficult to establish that those features distinguish the product. For example, the word COLA or an ordinary straight walled bottle are descriptive features that would have limited trade mark significance: All-Fect at [25] and Mayne at [61]–[62].
82 See above, n 54.
83 1995 TM Act (Cth) s 219 permits evidence of such trade usages to be adduced in trade mark actions or proceedings.
Rather as per the *Oil Drop Case*, the question is an objective inquiry as to what is the ‘the purpose and nature’ of the impugned use. For example, during coding the question asked was, ‘did the court consider the objective purpose and nature of the impugned use?’ — (yes/no); and if so, ‘did the court find it favoured a finding of trade mark use?’ (yes/no/not discussed).

- **Factor 8: Policy Considerations**

As discussed in Chapter Three, Burrell and Handler argue that, ‘[t]rade mark use is a highly malleable instrument. Often it is employed to secure important policy objectives.’ For example, attempts to extend a patent monopoly over a shape by way of trade mark law will be considered unfavourably. That is, ‘evidence that a shape was previously patented will weigh against a finding that the shape [now] serves as a badge of origin.’ Whether the court makes express policy considerations is noted under this factor.

- **Factor 9: Descriptive Mark**

An extension of ‘policy considerations’ is that courts will discount and distinguish trade mark uses that are not serving as a badge of origin, in particular marks that are clearly descriptive. During the pilot study presentation, it was thought that retaining this factor as a filtering code would be useful ie it could be the case that trade marks that proceed to litigation tend to be descriptive or non-distinctive marks. However, ultimately, it was found that this factor overlapped substantially with Factor 7 (purpose and nature of use). Ultimately, interpretation of this factor was subsumed by Factor 7.

- **Factor 10: Internet Related**

This is a general categorizing factor. If a case was related to use in an internet related case — eg an infringement related to a domain name or keyword, the case was flagged with this

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87 (1963) 109 CLR 407.


89 *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* (2000) 100 FCR 90 at [12]; *Mayne Industries Pty Ltd v Advanced Engineering Group Pty Ltd* (2008) 166 FCR 312 at [69].

90 Descriptive features, like descriptive words, make it more difficult to establish that those features distinguish the product. For example, the word COLA or an ordinary straight walled bottle are descriptive features that would have limited trade mark significance: *All-Fect* at [25] and *Mayne* at [61]–[62].
factor. This factor is exploratory and will be used to segregate cases into internet and non-internet related cases so that a comparison of features can be made between the two.

2 Multi-Factor Approach to Deceptive Similarity

The most comprehensive taxonomy of deceptive similarity comes from Janice Luck who in her recent review of the law of deceptive similarity proposed a 10 factor model as reflecting current practice (with some residual uncertainty as to how the factors were being applied, and with scope for further refinement of the tests).\(^91\) It is important to note that Luck’s work draws from both s 44 (registration) and s 120 (infringement) case law where she argues the concept of deceptive similarity defined by s 10 is the same for both (save for the nature of the comparison).\(^92\) The contribution of this thesis is to examine which of these ten factors are most determinative of a deceptive similarity finding.

- Factor 1: Identify the Recollection of the Registered Trade Mark.

In her conceptualisation of the factors, Luck\(^93\) described factors 1-3 as ‘directed to determining the resemblance between the two trade marks’ with factors 4-7 directed to the likelihood of confusion; 8-9 to evidentiary factors and 10 as an overlay consideration for certain kinds of marks.

With regards to Factor 1, as per the *Southern Cross*\(^94\) and *Oil Drop Case*,\(^95\) the court must construct the imperfect recollection that an ordinary person will have of the registered mark. This may be visual, aural or relate to a prominent or essential feature of the mark ‘used in a normal and fair manner in relation to all potential uses for which the mark is registered’.\(^96\)

In other words, the court constructs the memory of the plaintiff’s mark giving greater weight

\(^91\) Luck, above n 35.

\(^92\) Ibid 116, ‘[S]ubject to these considerations, and despite some apparent authority to the contrary, it is submitted that apart from taking into account the actual use of the mark by the alleged infringer the principles for determining whether trade marks are deceptively similar under ss 44 and 120 are the same. Any further differences are inconsistent not only with the identical drafting of the sections as far as requiring a determination of whether one trade mark is deceptively similar to another, but also with the terms of s 10 of the Act which make clear that the same definition of deceptively similar in the section applies to both ss 44 and 120.’ For a detailed discussion of the difference in the nature of the s 44 and s 120 comparison see Burrell and Handler, *TM Book*, above n 44, 392–405.

\(^93\) Luck, above n 35,

\(^94\) (1954) 91 CLR 592.

\(^95\) (1963) 109 CLR 407.

\(^96\) Luck, above n 35, 117.
to the distinctive features that an ordinary and reasonable person may recall.\textsuperscript{97} The court must also project the notional use of the plaintiff’s mark across the goods and/or services for which it is registered. In Luck’s discussion of Factor 1, identifying and comparing the essential features of the registered mark appeared to be a contentious issue in relation to deceptive similarity and infringement.

However, in this project, Factor 1 was a very difficult factor to code. It was re-conceptualised as “whether the court discussed the overall impression of plaintiff’s notional use”. If the impression or imperfect recollection or a determination of the essential features of the mark was discussed, then the factor was coded (‘yes’). Then, if that discussion favoured deceptive similarity between the impugned marks, the factor was coded (yes/no/neutral) a second time.

- Factor 2: The ‘Character’ of the Marks: Has an Element of Either of the Marks a Degree of Notoriety or Familiarity?

This factor asks whether court refers to the reputation or fame of the plaintiff or the plaintiff’s mark. The following phrases were considered synonymous with ‘notoriety or familiarity’ — ‘reputation’, ‘well known’, ‘renown’, ‘fame’ or ‘famous’, ‘notorious’, ‘ubiquitous’, or ‘familiar’. Further information regarding coding of this ‘reputation factor’ is included at p181.

- Factor 3: Compare the Respective Look and Sound of the Trade Marks

According to Luck’s model, the court will compare the visual and aural impression of the plaintiff’s mark with the defendant’s mark as used. The court will assess ‘the effect that resemblance will be likely to have on relevant minds in terms of recollection and impression’.\textsuperscript{98} For the purpose of coding, whether the court discussed the visual and aural comparisons was recorded, and whether that comparison influenced the court’s deceptive similarity decision was coded.

- Factor 4: Compare the Respective Meanings or Ideas of the Trade Marks

According to Luck, the meaning or the idea embodied in the registered trade mark should be compared with the idea embodied in the alleged infringing mark. Marks that may be aurally

\textsuperscript{97} See, eg, \textit{Crazy Ron’s Communications Pty Limited v Mobileworld Communications Pty Ltd} (2004) 209 ALR 1.

\textsuperscript{98} Ibid, citing \textit{Starr Partners Pty Ltd v Dev Prem Pty Ltd} (2007) 71 IPR 459 at [18]; See also \textit{Aldi Stores Ltd Partnership v Frito-Lay Trading Company GmbH} (2001) 190 ALR 185 at [93].
similar may convey different ideas such that deceptive similarity is dispelled. Likewise two marks that share the same idea are not automatically deceptively similar. For example, in *Cooper Engineering Co Pty Ltd v Sigmund Pumps Ltd*[^99] (*'Cooper'*), the High Court considered the application for the mark RAINMASTER in respect of water-spraying installations in comparison to the opponent’s mark RAIN KING for goods of the same description. The marks were found to share a similar idea but were held to be visually and aurally dissimilar and thus not likely to deceive[^100]. Whether or not this factor was discussed and whether it was relevant to an infringement outcome was coded.

- **Factor 5: Discount to Some Extent Descriptive Matter and Matter Common to the Trades.**
  Even though two marks may be prima facie similar, Luck argues that the court is to ‘[d]iscount to some extent descriptive matter and matter common to the trades’.[^101] For example, in the *Cooper*[^102] case, the word RAIN in relation to agricultural sprays or garden sprinklers, was descriptive of the goods in suit thus leading the court to discount reliance on the similarity between those words. Similarly geographical place names and well-known names fall under descriptive or trade related matter to be discounted in the comparison.[^103]

- **Factor 6: The Circumstances of the Trade in the Relevant Goods and/or Services**
  Once the degree of resemblance is established, the likelihood for deception will be dependent on the circumstances with which the goods or services are actually or hypothetically traded. For example, if the marks are printed on rough surfaced jute flour bags, they may be blurry thus increasing the likelihood that an ordinary customer would be deceived.[^104] Or if in a crowded market for wine, the trade mark stands out as it is the only wine with the prefix

[^99]: (1952) 86 CLR 536.

[^100]: *Cooper Engineering Co Pty Ltd v Sigmund Pumps Ltd* (1952) 86 CLR 536.

[^101]: Luck, above n 35, 126.

[^102]: *Cooper Engineering Co Pty Ltd v Sigmund Pumps Ltd* (1952) 86 CLR 536.

[^103]: See, eg, *MID Sydney Pty Ltd v Australian Tourism Co Ltd* (1998) 90 FCR 236. When considering the deceptive similarity between THE CHIFLEY AND CHIFLEY TOWER, the court noted that former Prime Minister Chifley was honoured with eponymous suburbs, towns, arcades, restaurants and buildings, and the word CHIFLEY should be discounted in the comparison.

[^104]: For example, the High Court in *Jafferjee v Scarlett* (1937) 57 CLR 115 factored in that during the course of trade the marks in question would appear blurred to the consumer. The marks themselves were different in appearance but represented similar ideas of men in athletic costume. The court dismissed the trade mark application.
‘HILL OF’. Or if the goods are sold next to each other (eg in a liquor store fridge), the similarities become enhanced.

Whether or not this factor was discussed and whether it was relevant to an infringement outcome was coded.

- Factor 7: The Kind of Customers Involved in the Relevant Goods and/or Services.

Luck argues that ‘[i]n order to identify the recollection of the cited or registered trade mark, it is of course first necessary to determine who is the customer of the goods or services in question.’ For example, ‘judges recognise that customers of ordinary intelligence and memory will take more care in buying high cost products such as motor cars and furniture than they will in buying low cost products, such as laundry products and snack foods’.

Whether or not this factor was discussed and whether it was relevant to an infringement outcome was coded.

- Factor 8: The Intention of the ‘Offending’ Party

An intention to copy or intention to benefit from subsequent confusion can assist the court in finding the marks deceptively similar. However the role of intention is not conclusive of the deceptive similarity inquiry. ‘It always remains a possibility that a mark is not deceptively similar to a registered mark, even if the alleged infringer chose it because of a belief that it was.’

Whether or not this factor was discussed and whether it was relevant to an infringement outcome was coded.

---

105 C A Henschke & Co v Rosemount Estates Pty Ltd (2000) 52 IPR where HILL OF GOLD was compared with HILL OF GRACE for wine, finding that “HILL OF” was unique.

106 Anheuser-Busch Inc v Budejovicky Budvar (2002) 56 IPR 182; where competing bottles of beer were sold side by side.

107 Luck, above n 35, 132.

108 Ibid.


110 Ibid.
• Factor 9: Any Instances of Actual Confusion?

Instances of actual confusion are persuasive but not conclusive of the deceptive similarity inquiry. Luck cites the Full Federal Court dicta of Nicholas J (Dowsett J agreeing) in *Vivo International Corporation Pty Ltd v Tivo Inc*\(^{111}\) as relevant:

> It is well established that evidence of actual confusion may be highly persuasive. But as with other evidence, in assessing what weight should be given to it, the Court must evaluate the quality of the evidence by reference to its internal features, the other evidence and the Court's own knowledge of human affairs. In *Australian Woollen Mills Ltd v FS Walton & Co Ltd* at 658, upon observing that [e]vidence of actual cases of deception, if forthcoming, is of great weight, Dixon and McTiernan JJ went on to dismiss evidence from a few people who mistook a newspaper advertisement of the respondent for an advertisement of the appellant on the basis that it amounted … to very little.

As Luck emphasises, as a matter of principle, actual confusion or the absence of confusion cannot be determinative of deceptive similarity.\(^{112}\) This is because a trade mark can only provoke confusion if it is actually used in the market. However, under Australian law, a trade mark owner is given exclusive rights over a registered mark across the full notional use as per their registration, even if the trade mark has yet to be used. Therefore any considerations of actual confusion must be within these narrow parameters.\(^{113}\)

Whether or not this factor was discussed and whether it was relevant to an infringement outcome was coded.

• Factor: 10 Is this a ‘Contextual Confusion’ Situation?

The final factor in Luck’s taxonomy is ‘contextual confusion’. The pilot study did not reveal use of this term or this factor. Additional attention is provided here as to what is meant by this factor. Janice Luck explains this as:

> [w]hen the two trade marks being compared are perceived to be different but there is confusion as to whether the trade marks and therefore the goods and services to which they are applied are related in some way. This confusion generally arises because one of the trade marks being compared is contained within the other trade mark being compared.\(^{114}\)

\(^{111}\) (2012) 294 ALR 661 at [137].

\(^{112}\) Luck, above n 35, 134.

\(^{113}\) Ibid.

\(^{114}\) Ibid 135.
Another explanation of ‘contextual confusion’ is found in *Vivo International Corp Pty Ltd v Tivo Inc*115 where the Full Court considered the trial judge’s finding that VIVO infringed the registered trade mark TIVO when applied to similar goods. With regards to registration cases where applicants have been rejected due to ‘contextual confusion’ Nicholas J (dismissing the appeal) said TIVO and VIVO fall outside that category holding that:

> Where marks have been refused registration on account of “contextual confusion” in the past, the mark in question has usually incorporated the whole of a registered mark or some distinctive component of the registered mark which has been coupled with some additional descriptive element, all of which will suggest that the marks are related in some way, even though they are perceived to be different. I do not think a person who was mindful of the difference between the marks in issue in this case would think, or wonder whether, the marks (and therefore the goods to which they are applied) were related.116

Nicholas J considered the authorities relating to ‘contextual confusion’. As a starting point he said that ‘there may be situations in which a mark may be found to be deceptively similar to another mark even though the differences between them would be readily apparent to the consumer’117 Examples from Nicholas J include JESTS and EASYJESTS,118 MONOPOLY and MUSICOPOLY,119 YELLOW PAGES and YELLOWNET,120 CAT and LANDCAT,121 POLO and POLO CLUB.122

Those marks may seem prima facie dissimilar due to the addition of a novel word to the plaintiff’s mark. However, when the infringing mark is looked at as a whole and compared with the ‘imperfect recollection’ of the plaintiff’s mark, the defendant’s mark may be confused as a brand extension or a natural relation to the plaintiff. For example, arguably EASYJESTS may be perceived as a more easily digestible candy than JESTS. Creating such confusion due to the context of surrounding words (‘contextual confusion’) is seen to be impermissible similarity.

117 Ibid at [145].
118 *Re John Fitton & Co Ltd's Application* (1949) 66 RPC 110.
120 *Telstra Corporation Ltd v Yellownet Corporation* (1999) 44 IPR 415.
122 *Polo Textile Industries Pty Ltd v Domestic Textile Corporation Pty Ltd* (1993) 42 FCR 227.
Whether or not this factor was discussed and whether it was relevant to an infringement outcome was coded.

D  Statistical Analysis of Factors

The model presented in Table 1 (at page 116), posits that 10 factors may be relevant to use and 10 factors may be relevant to deceptive similarity. Assuming that use and deceptive similarity determine a s 120 outcome, the inference is that the factors which drive use and deceptive similarity also determine a s 120 outcome. Unfortunately it was not possible to test this assumption directly by using a regression analysis. This is because analysing 20 factors across a relatively small number of cases (78), did not meet the quantitative assumptions required for a regression.\textsuperscript{123} In contrast, looking at only four elements — use, deceptive similarity, substantial identity, and goods/services across 78 cases was acceptable.

With regards to testing which “factors” predict the outcome of an “element”, instead of regression, a chi-square test\textsuperscript{124} of association between two categorical variables (with multiple permutations) was used. A precis on the chi-square statistic is provided in Appendix C. GenStat software was used for this analysis.

\textsuperscript{123} In addition, not all 74 cases discussed use and/or deceptive similarity. That is, the sample size relating to each factor of interest was less than 74.

\textsuperscript{124} It is noted that chi is typically denoted by the Greek $\chi$ in mathematical literature.
CHAPTER FIVE: RESULTS AND DISCUSSION

This chapter is set out in four Parts. Part I presents the descriptive statistics. That is, the overall trends in trade mark litigation since the inception of the 1995 TM Act. Part I – Section A provides observations on winning and losing, venue, and hearing duration. Part I – Section B looks at changing trends in collateral claiming. Part I – Section C looks at trends in reliance on sub-sections of s 120 claims over time and the intersection of s 120 and collateral claims. Part I – Section D provides a summary of these findings and a discussion of how they relate to the uncertainties discussed in Chapter Three. A summary discussion of the implications of these findings will conclude Part I.

The next three Parts of this chapter look specifically at the judicial reasoning of statutory trade mark infringement under s 120 1995 TM Act. Part II examines the results of the logistic regression models and identifies which statutory elements are associated with the outcome of a s 120 win or loss. This Part will discuss the primacy of the trade mark use and deceptive similarity elements (over other statutory elements) in predicting a s 120 outcome.

Part II – Section B provides empirical evidence that cases that turn on use resolve more efficiently than cases that devolve into a deceptive similarity analysis.

Part III examines the judicial determinations of trade mark use and finds that three factors are influential in predicting this element. These factors are ‘immediate context’, ‘purpose of use’, and a consideration of ‘policy’. This Part will discuss the implications of these findings on the controversies set out in Chapter Three including the Australian critique that contextual factors such as reputation are distorting the trade mark use test. This Part will also discuss the American critique that the trade mark use threshold test can lead to inefficiencies due to exogenous distractions such as reference to consumer confusion.

Part IV of the discussion examines the factors that determine the deceptive similarity element. The results indicate the influence of three factors — ‘similarity of ideas’, ‘similarity of impression’, and ‘aural or visual similarity’. This Part will discuss the contested (ir)relevance of the ‘reputation’ factor.

I Part I: DESCRIPTIVE STATISTICS

Part I presents descriptive statistics on trends in trade mark infringement proceedings over the 20 year period since the ascent of the 1995 TM Act. Specifically this Part reports on win
rates, collateral pleadings, venue and length of hearings. The raw data that supports Part I can be found at Workbook ‘Descriptive Data 2018’ at:

https://docs.google.com/spreadsheets/d/1R4WRm9psyziXfQd8X1PNwPlbkehrXc-TTUtbzIz0_QBM/edit?usp=sharing

A Observations on Winning and Losing, Venue and Hearing Duration

1 Win Loss Rates 1 Jan 1996 – 1 Jan 2016

Table 2 sets out the number and percentage of cases where there was a win or a loss on a s 120 issue. Note that if there was a win in either ss 120(1) and (2) or (3) the case was coded as a win on ‘s 120’ overall.

<table>
<thead>
<tr>
<th>S120 Outcome</th>
<th>( / 78 cases)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Win</td>
<td>40</td>
<td>51</td>
</tr>
<tr>
<td>Loss</td>
<td>38</td>
<td>49</td>
</tr>
<tr>
<td>Total</td>
<td>78</td>
<td>100</td>
</tr>
</tbody>
</table>

*s120(1)(2) or (3) Outcome, where a win on one claim was counted as a win overall.

Table 2 shows that over a 20 year period, there were 38/78 (49%) s 120 losses, to 40/78 (51%) s 120 wins. It should be emphasised that win/loss relates to success on the s 120 argument. This is important as in two interlocutory applications, the plaintiff won the s 120 claim on the merits but was not successful in attaining an injunction against the defendant. Further details are set out in Appendix F ‘Process for Coding Winning and Losing’.

(a) Stability of the Sample — Appeals

As described in the methodology chapter, following Beebe’s study, this thesis looked at all first instance decisions that were not reversed on appeal. However, it is important to look at rates of winning or losing appeals as an indicator of stability of the first instance dataset. For example, if a large number of cases were reversed on appeal then the first instance dataset will contain a large number of exclusions and thus not be representative of the type of cases that pass through first instance courts.
Table 3  Appellate Outcomes

<table>
<thead>
<tr>
<th>Trial Outcome</th>
<th>S120 win</th>
<th>S120 Lose</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reversed</td>
<td>5</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Affirmed</td>
<td>7</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>TOTAL</td>
<td>12</td>
<td>10</td>
<td>22</td>
</tr>
</tbody>
</table>

Table 3 shows that over the 20 year period there were 22/78 first instance decisions that went to an appellate court ie 26% of cases.1 This is low in contrast to appeals of patent cases.2 With regards to the 22 trade mark decisions that went to appeal, of these 73% (16/22) appellate judgments affirmed the trial decision on the s 120 issue (affirming seven wins and nine losses). On the other hand, six appellate judgments reversed the trial decision (reversing five plaintiffs 120 wins, and one loss).

In short, unsuccessful defendants did better on appeal than unsuccessful plaintiffs.3 Plaintiffs who lost on the infringement issue at trial, and subsequently appealed did not do well, having that loss affirmed 9/10 times. Only one losing party had the infringement decision against them reversed.4 For defendants who lost at trial, succeeding on appeal was slightly more common with 5/12 (42%) defendants succeeding at reversal.

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1 Twenty-six percent is calculated as a percentage of the total number of 84 cases ie 22/84. Eighty-four cases is the total sample size for this question because the trial sample size of 78, excludes 6 trial decisions that were reversed on appeal.


3 Noting that this does not necessarily mean that cases that didn’t seek an appeal were necessarily correct. Parties may choose to appeal based on factors such as cost or time and not just the merits of the case. Inferences as to the “correctness” of the decisions in the 78 cases are not being made here. Rather, these cases are the best population to represent the nature of reasoning at first instance courts.

4 Coca-Cola Co v All-Fect Distributors Ltd t/as Millers Distributing Co (1998) 43 IPR 47.
(b) Choice of Venue and Length of Hearing Days

The number of hearing days can be considered a reasonable proxy for the cost of the hearing, which in turn is a rough proxy for the cost of the entire proceeding.\(^5\) As described in the method, the length of the hearing was calculated in units of days and estimated from the information given in the header of the judgment. Table 4 shows the average number of hearing days per court over the 20 year period.

Table 4 Win/Loss, and Length of Hearing Days Per Court\(^6\)

<table>
<thead>
<tr>
<th>Court - Reg</th>
<th>Number of Cases</th>
<th>Total Hearing Days</th>
<th>Hearing Days/per Case</th>
<th>Win Rate $120</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fed Court - NSW</td>
<td>35</td>
<td>157</td>
<td>4.5</td>
<td>46%</td>
</tr>
<tr>
<td>Fed Court - Vic</td>
<td>25</td>
<td>87</td>
<td>3.5</td>
<td>52%</td>
</tr>
<tr>
<td>Fed Court - Qld</td>
<td>6</td>
<td>16</td>
<td>2.7</td>
<td>67%</td>
</tr>
<tr>
<td>Fed Magistrate/Circuit</td>
<td>4</td>
<td>8</td>
<td>2.0</td>
<td>50%</td>
</tr>
<tr>
<td>Fed Court - SA</td>
<td>3</td>
<td>6</td>
<td>2.0</td>
<td>100%</td>
</tr>
<tr>
<td>Fed Court - WA</td>
<td>1</td>
<td>1</td>
<td>1.0</td>
<td>100%</td>
</tr>
<tr>
<td>Fed Court - ACT</td>
<td>1</td>
<td>2</td>
<td>2.0</td>
<td>0%</td>
</tr>
<tr>
<td>Supreme Court WA</td>
<td>2</td>
<td>8</td>
<td>4.0</td>
<td>0%</td>
</tr>
<tr>
<td>Supreme Court of SA</td>
<td>1</td>
<td>7</td>
<td>7.0</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>78</strong></td>
<td><strong>292</strong></td>
<td><strong>3.7</strong></td>
<td></td>
</tr>
</tbody>
</table>

The table above reveals that the 78 cases occupied 292 hearing days for an average of 3.7 days per case. The majority of cases were heard in the Federal Court of Australia (NSW.

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\(^5\) Jason Bosland, Kimberlee Weatherall and Paul Jensen, ‘Trade Mark and Counterfeit Litigation in Australia’ (2006) Intellectual Property Quarterly 347, 357 who calculated length of the proceeding from date of file till date of judgment as well as hearing length in hours. ‘These figures are of interest, in part because the amount of time taken to resolve a case is a proxy for the cost of the proceedings. In terms of the efficient resolution of disputes, these figures compare favourably. See also, Jay P Kesas and Gwendolyn G Ball, ‘How are Patent Cases Resolved? An Empirical Examination of the Adjudication and Settlement of Patent Disputes’ (2006) 84 Washington University Law Review 237 arguing that preparation times and availability of hearing dates in the courts, the court hours is a better proxy than the number of days between filing and decision.

\(^6\) Note that the Federal Court of Australia sits in all Australian capital cities. To enable the Court to exercise its jurisdiction nationally, there is a Registry in each capital city. See <http://www.fedcourt.gov.au/about/jurisdiction>.
Registry) (35/78 cases or 45%) and the Federal Court (Victoria Registry) (25/78 cases or 32%) with a win rate (on the s 120 issue) of 46% and 52% respectively. With regards to understanding the ‘Win Rate’— for 73 out of 78 cases, the trade mark owner was the plaintiff. In one case the trade mark owner was the respondent asserting infringement as part of a cross claim. The relevant adjustments in coding were made so that in this thesis the term ‘Plaintiff’ is synonymous with ‘trade mark owner’. Note that the Federal Magistrates Court (now Circuit Court) was given jurisdiction to hear matters under the 1995 TM Act in 2013.

(c) General Discussion — Win/Loss Ratios, Venue and Hearing Duration

(i) Win/Loss Ratio

As shown in Table 2 (page 135, above), of the 78 judgments studied, there was a (40:38) 51% to 49% win/loss ratio. This result is identical to the win/loss ratio reported in Beebe’s study of 331 US opinions. In addition, these findings approximate the influential Priest-Klein ‘divergent expectations model’ which predicts a 50/50 win/loss ratio where all parties are rational and fully informed. However, it is noted that win/loss ratios should be interpreted with caution. This is because the ‘empirical study of judicial outcomes (win rates)’ can be

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7 This case was Top Heavy Pty Ltd v Killin (1996) 34 IPR 282.

8 The name of the ‘Federal Magistrates Court’ was changed to the ‘Federal Circuit Court’ (and the title of ‘Magistrate’ changed to ‘Judge’) by way of the Federal Circuit Court of Australia Legislation Amendment Act 2012 which amended the Federal Magistrates Act 1999 and other legislation. The Federal Circuit Court of Australia (Consequential Amendments) Bill 2012 (‘the Companion Bill’) made consequential amendments to other Commonwealth legislation to reflect the name change of the Court and the title of the judicial officers.

9 From 15 April 2013, the jurisdiction of the Federal Magistrates Court was extended to hear matters under the 1995 TM Act including appeals from decisions, directions or orders of the Registrar. This was introduced by the Intellectual Property Laws Amendment (Raising the Bar) Act 2012 (Cth).


‘notoriously problematic’. For example, it is a well-recognised critique that these observations can be affected by externalities such as the ‘case-selection effect’. That is, the cases that come to court are a ‘biased sample from the mass of underlying disputes’ many of which are settled prior to a hearing. Therefore, the cases and issues that proceed to litigation are not necessarily reflective of the nature of disputes in the marketplace. An additional issue may be that some ‘irrational’ litigants pursue close or losing cases to defend their brand in the marketplace at all costs.

Therefore this thesis posits that the 51%/49% win/loss ratio presents a modest validation of Beebe’s method of case selection in an Australian context. That is, it supports the proposition that Beebe’s method of case selection yields a homogenous sample of those ‘close cases’ representing (on average) rational parties with divergent expectations.

Further details on the coding of win/loss can be found at Appendix F ‘Process for Coding Winning and Losing’ and digital appendices referred to therein.

(ii) Choice of Venue and Length of Hearing Days

Table 4 reveals that the majority of cases are heard at the Federal Court in NSW (35/78 cases or 46%) and the Federal Court in Victoria (25/78 cases or 32%). This makes sense as the capital cities of Sydney and Melbourne are the most populated economic centres. Of interest, is that the win rate in the Federal Court of NSW of 46% is slightly lower than the 51% national win rate for all 78 cases. It is also interesting that the average number of hearing days in the NSW Federal Court is 4.5 days, which exceeds the Victorian Federal Court average (3.5 days) by more than a full day (noting that the national average is 3.7 days).

13 Beebe, above n10, 1592.
14 Clermont and Eisenberg, above n 12, 581. Note that there are other section biases that are possible such as publication bias. However, trade mark cases are generally pursued in the Federal Court of Australia which is a superior court of record, Federal Court of Australia Act 1976 (Cth) s 5.
15 Ibid.
16 Ibid, 589. The win/loss rates should not be used for inferences as to the ‘underlying mass of disputes and cases’ at large.
17 Unfortunately it is beyond the scope of this thesis to determine the more complex motivations (eg a litigant’s internal risk assessment) beyond the prima facie assumption of protecting their mark.
One explanation could be that more complicated cases are pursued in NSW. It is speculated here that more corporate headquarters are located in Sydney making the NSW registry a preferred option. Another reason could be that the ‘Fast Track’ docket, introduced into the Federal Court of Victoria has had an impact on efficiency. The Fast Track docket provides mechanisms for ‘parties to seek a quicker or truncated hearing process’ of no more than five days and the use of more informal pleadings.

In total there were four (out of 25) s 120 cases heard in the Victorian Fast Track averaging a comparatively brief 1.4 days. There were no Fast Track trade mark cases heard in NSW during the time frame of interest. Separating these Fast Track cases out caused the average hearing days in Victoria to increase to 3.9 days which is still more than 13% shorter than the 4.5 days for cases heard in NSW. The small number of cases makes generalised inferences difficult, but from this limited data set, it does appear that for s 120 cases, the Fast Track docket has had some impact on reducing hearing days in the Victorian Federal Court.

However, beyond this, it is difficult to assess the efficacy of the Fast Track procedure on a national level as the results are somewhat contradictory, at least for this data set. This is because of the distorting results from Queensland Fast Track docket which heard two s 120 cases that averaged six days. Separating these long Fast Track cases from the total sample caused the average Queensland hearing days to decrease to one day per case.

B Observations on Collateral Claiming

As discussed earlier, in Australia it is common for parties to plead a trade mark infringement case under s 120 of the 1995 TM Act alongside common law passing off and/or breach of

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18 The ‘Fast Track List’ was introduced in to the Victorian Federal Court Registry in 2007 and subsequently other states to ‘streamline court procedures and thereby significantly reduce the costs of litigation’. <


statutory consumer protection laws. For this thesis, cases pursued under all three heads are termed ‘treble’ pleadings, cases pleaded under two heads are labelled ‘double’ pleadings, and those claimed under any or all subsections of s 120 are ‘single’ pleadings.

1 Patterns of Pleading and Win Rates

Table 5 below breaks down the various combinations of pleadings that were brought across the 78 cases in this study. Plaintiff success on any claim in a pleading (eg s 120, passing off, or s 18 ACL) was coded as win/loss or neutral respectively. In addition to individual claims, the plaintiff’s overall success in its litigation was recorded. So, if the plaintiff had success on any one of its claims the case was recorded as a ‘net win’ for the plaintiff.

<table>
<thead>
<tr>
<th>Pleaded Actions</th>
<th>No. Cases ( /78)</th>
<th>% (/78)</th>
<th>Hearing Days</th>
<th>Average Hearing Days</th>
<th>Net Win Rate (s120 or passing off or s18)</th>
<th>s120 Win Rate</th>
<th>Passing Off Win Rate</th>
<th>s18 win rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>s120 / Passing Off / s18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>S120(1), passing off, s18</td>
<td>36</td>
<td>46.2%</td>
<td>162</td>
<td>4.5</td>
<td>50.0%</td>
<td>41.7%</td>
<td>27.8%</td>
<td>33.3%</td>
</tr>
<tr>
<td>S120(1)(2), passing off, s18</td>
<td>8</td>
<td>10.3%</td>
<td>35</td>
<td>4.4</td>
<td>50.0%</td>
<td>37.5%</td>
<td>25.0%</td>
<td>75.0%</td>
</tr>
<tr>
<td>S120(2), passing off, s18</td>
<td>3</td>
<td>3.8%</td>
<td>3</td>
<td>1.0</td>
<td>100.0%</td>
<td>66.7%</td>
<td>66.7%</td>
<td>66.7%</td>
</tr>
<tr>
<td>S120(3), passing off, s18</td>
<td>2</td>
<td>2.6%</td>
<td>2</td>
<td>1.0</td>
<td>100.0%</td>
<td>50.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>S120(2)(3), passing off, s18</td>
<td>2</td>
<td>2.6%</td>
<td>4</td>
<td>2.0</td>
<td>50.0%</td>
<td>50.0%</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>S120(1)(2)(3), passing off, s18</td>
<td>1</td>
<td>1.3%</td>
<td>0</td>
<td>0.0</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>52</td>
<td>66.7%</td>
<td>206</td>
<td>4.0</td>
<td>55.8%</td>
<td>46.2%</td>
<td>30.8%</td>
<td>34.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>s120</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>S120(1)</td>
<td>11</td>
<td>14.1%</td>
<td>33</td>
<td>3.0</td>
<td>54.5%</td>
<td>54.5%</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>S120(1)(2)</td>
<td>5</td>
<td>6.4%</td>
<td>17</td>
<td>3.4</td>
<td>60.0%</td>
<td>60.0%</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>S120(2)</td>
<td>1</td>
<td>1.3%</td>
<td>5</td>
<td>5.0</td>
<td>100.0%</td>
<td>100.0%</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>TOTAL</td>
<td>17</td>
<td>21.8%</td>
<td>55</td>
<td>3.2</td>
<td>58.8%</td>
<td>58.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>s120 / s18</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>S120(1), s18</td>
<td>5</td>
<td>6.4%</td>
<td>18</td>
<td>3.6</td>
<td>60.0%</td>
<td>60.0%</td>
<td>na</td>
<td>20.0%</td>
</tr>
<tr>
<td>S120(1)(2), s18</td>
<td>2</td>
<td>2.6%</td>
<td>9</td>
<td>4.5</td>
<td>50.0%</td>
<td>50.0%</td>
<td>na</td>
<td>50.0%</td>
</tr>
<tr>
<td>S120(2), s18</td>
<td>1</td>
<td>1.3%</td>
<td>1</td>
<td>1.0</td>
<td>100.0%</td>
<td>100.0%</td>
<td>na</td>
<td>100.0%</td>
</tr>
<tr>
<td>S120(1)(2)(3), s18</td>
<td>1</td>
<td>1.3%</td>
<td>3</td>
<td>3.0</td>
<td>100.0%</td>
<td>100.0%</td>
<td>na</td>
<td>na</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9</td>
<td>11.5%</td>
<td>31</td>
<td>3.4</td>
<td>55.6%</td>
<td>55.6%</td>
<td></td>
<td>33.3%</td>
</tr>
</tbody>
</table>

22 “Neutral” was required because if a court found a win on a s 120 claim they often did not consider collateral claims in a substantive way. In these cases, there was no express win or loss attributed to the collateral claim.

23 To determine the “net win”, each case was examined, if there was a win on any one of s 120, passing off or s 18, the net win was coded as a “Win”.

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In terms of popularity of claims, the top line of Table 5 shows that a s 120(1) treble pleading was the predominant action pursued at 36/78 cases or 46%. The next most popular proceeding was a pleading under s 120(1) (11/78 cases or 14%), with the third most popular being a treble pleading under ss 120(1) and (2)/ passing off/ s 18 ACL (8/78 cases or 10%).

With regards to length of hearing, column five — “Average Hearing Days” shows the average number of hearing days for each form of pleading. What can be observed about the top three forms of pleading? The top panel shows treble claims. The hearing days for treble claims were high at an average of 4.0 days per case slightly higher than 3.7 days for the total sample. The top two lines of that panel show that s 120(1) treble claims and s 120(1)(2) treble claims require 4.5 and 4.4 hearing days respectively. In contrast, the single claims took 3.0 and 3.4 days to hear which is under the 3.7 day average. This makes sense as the more claims that are considered the more time it will take the court to consider.

With regards to win rates, treble claims (s 120 / passing off / s 18) made up (52/78) 67% of the sample, but the win rate on the s 120 component was only 46%. However, factoring in wins from passing off and s 1824, the ‘net win’ rate rose to 56%. In other words, there were five cases that lost on s 120 but won on passing off/s 18.25 In contrast, for the s 120 single actions (17/78 cases or 22% of the population), s 120 win rates were very high at 59% (contrast 46% win rate on s 120 issues in treble claims). The hearing days were also much shorter at an average of 3.2 days (compared to 3.7 days on average for the population).

Looking at the bottom third panel of Table 5, are the cases that presented a double pleading under s 120 and s 18. Note that the sub-sample size only reflects 9 cases making inferences difficult. For these 9 cases the s 120 win rate was 56% and the net win rate (which factors in the impact of s 18 wins) was also 56%.

The data in Table 5 prompts the question — why are treble pleadings (at 4.0 days length) so popular when they take longer to hear than single s 120 claims (at 3.2 days) and have relatively poor success in winning on the s 120 portion of the pleading (46% compared with 59% and 56% for single and double pleadings)? The answer to this may be in the increased

24 Note that it is difficult to separate out whether the net win comes from a win on passing off or on s 18 due to the merged approach taken by most judges in deciding these claims.

25 There were five cases that lost on s 120 but won on passing off/s 18 – AMI Australia Holdings Pty Ltd v Bade Medical Institute (Aust) Pty Ltd (No 2) (2009) 262 ALR 458; Outdoor Power Products Pty Ltd v Silvan Australia Pty Ltd [2005] FCA 1696; CSR Ltd v Resource Capital Australia Pty Ltd (2003) 128 FCR 408; Pacific Publications Pty Ltd v IPC Media Pty Ltd (2003) 57 IPR 28; and Toddler Kindy Gymbaroo v Gymboree (2000) 100 FCR 166.
chance of getting a ‘net win’ overall. For example, on average a treble claimant won on the s 120 claim 46% of the time. However, when factoring in wins on either passing off or s 18 ACL, the win rate for the plaintiff rose to 56%. That is, litigants who lost on the s 120 claim, could still find a win under either passing off or s 18. This 10% increased chance of finding a ‘net win’ may justify the additional costs of pursuing a collateral claim particularly in ‘close’ cases or where the plaintiff was vulnerable on a cross claim for invalidity.

These results can be interpreted to mean that more confident plaintiffs pursue s 120 single claims or s 120/s 18 ACL claims and receive the benefit of a shorter hearing and lower costs. Conversely, the inference is that less confident plaintiffs pursue treble claims for an increased chance of a ‘net win’ which may offset the increased costs of extended hearing and associated costs.

(a) Passing Off and s 18 in Treble Claims

This section refers to the sub-set of 52 cases in Table 5 (first panel) where there was a treble pleading. The data reveals that the plaintiff in treble collateral claims won the s 18 portion of the pleading in 19/52 cases. Looking at these 19 cases reveals that the plaintiff won the passing off claim in 17/19 cases with the passing off claim in 2/18 cases being unclear or not considered. The plaintiff lost the s 18 claim in 28 cases. Of these, the plaintiff also lost the passing off case (27/28 cases), with one case finding the passing off claim ‘neutral or unclear’26. There were 5 cases where the s 18 claim was not discussed in the judgment. Of these, in 4/5 cases the passing off claim was also neutral or not discussed, in one of these cases the passing off claim was lost.27

Prima facie it appears that passing off outcomes and s 18 outcomes are associated.28 However, a close reading of the cases shows that the outcome of the collateral portion of the case tends to be driven by the s 18 reasoning, with the passing off action passively following. These cases will be discussed after the temporal comparison in the next sub-section.

26 Lift Shop Pty Ltd v Easy Living Home Elevators Pty Ltd (2013) 103 IPR 511.
27 Sebel Furniture Ltd v Acoustic and Felts Pty Ltd (2009) 80 IPR 244.
28 Chi-square = 17.18, p<0.001, df = 2.
(b) *Patterns in Pleading Over Time*

The decline in the reliance of passing off can also be seen over time (Table 5 below). The data was split into two groups — Decade One (Jan 1996 — 30 Dec 2005), 31 cases, and Decade Two (1 Jan 2006 – 1 Jan 2016), 43 cases.

*Table 6  S 120 and Passing Off and s 18 Claims Over Two Decades*

<table>
<thead>
<tr>
<th>Claim</th>
<th>s120(1)</th>
<th>120(2)</th>
<th>120(3)</th>
<th>Passing Off</th>
<th>s18/S2</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Claims</td>
<td>27</td>
<td>11</td>
<td>5</td>
<td>25</td>
<td>28</td>
</tr>
<tr>
<td>Total Cases (1996 - 2005)</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Proportion of claims made per case</td>
<td>82%</td>
<td>33%</td>
<td>15%</td>
<td>76%</td>
<td>85%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Claim</th>
<th>s120(1)</th>
<th>120(2)</th>
<th>120(3)</th>
<th>Passing Off</th>
<th>s18/S2</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Claims</td>
<td>42</td>
<td>13</td>
<td>1</td>
<td>27</td>
<td>33</td>
</tr>
<tr>
<td>Total Cases (2006 - 2016)</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Proportion of claims made per case</td>
<td>93%</td>
<td>29%</td>
<td>2%</td>
<td>60%</td>
<td>73%</td>
</tr>
</tbody>
</table>

Looking at the panel framed above, in comparing Decade One with Decade Two, it can be seen that reliance on both passing off and s 18 as collateral actions declined in relative terms. That is, in Decade One, passing off presented in 76% (24/31) of trademark cases, but in Decade Two, in only 60% (26/43) of cases (16% decline). Cases arguing under s 18 *ACL* presented in 85% of cases in Decade One (28/33), but only in 73% of cases (33/45) in Decade Two (12% decline). An inference is that within this subset of collateral claims, and within each timeframe, passing off declined more sharply than did claims under s 18. This decline in popularity of passing off is supported by the finding that there were no double claims in s 120/passing off. Instead, litigants who pursued a dual claim did so as a s 120 /s 18 *ACL* claim.

(c) *General Discussion — Patterns in Collateral Claims*

(i) *The Decline in Collateral Claims*

It is difficult to identify the reasons for the relative decline in overall collateral claiming. For example, it may be that plaintiffs grew more confident in litigating under their registered rights after the *1995 TM Act* “settled in” after the first 10 years. Alternatively, it may be that
the 2008 ‘collapse of the US sub-prime housing bubble’ may have lowered the tolerance for expansive litigation. The relative increase in reliance on s 120 (i.e., statutory trade mark rights) has strategic implications. These plaintiffs may not be concerned about vulnerability to a cross claim for revocation of their statutory rights; or it may be reflective of “cluttering” of the register (discussed later at Section C–1 below). Resolving these questions conclusively is beyond the information provided by this data but speculative inferences will be further discussed in the Section C below which discusses a concomitant rise in s 120(1) claims.

(ii) Section 18 ACL Dominates Passing Off

When looking at collateral claims within treble pleadings it was also apparent that s 18 ACL reasoning was more prevalent than reasoning under passing off reasoning. This supports some speculation in the literature that passing off is becoming less relevant than s18 ACL in trade mark litigation. Applying a close reading of the judgments shows that of the 52 cases where both passing off and s 18 were pleaded together, there were only 24 cases where substantial comments were made about passing off and s 18 ACL. The list of 52 comments with notation on passing off and s 18 reasoning can be found at Workbook ‘Passing off v s18 in Treble Claims’ at:

https://docs.google.com/spreadsheets/d/1xbmoQ7i2HgcL2NYhZVY94ZkXYrQPjVX_C3EGvWTzz0rU/edit?usp=sharing

It may seem strange that only 24 out of 52 cases made substantial comments on both passing off or s18 ACL where these were pleaded in a treble claim. However, it must be recalled that in trade mark infringement litigation, the primary rights relied upon are rights under the 1995 TM Act. In contrast, rights under passing off and s 18 ACL require some proof of right. If a court determines the case under a head of s 120, it does not have to explore the collateral claims in depth.

Given only a sub-sample of cases provides a discussion of collateral claims, it is posited here that this group of 24 may represent a distinct group of cases of judicial reasoning with regards

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31 This is because the plaintiff property rights are self-evident by way of their trade mark registration.
to s 18 ACL and passing off. That is, this group of cases may express different features to the broader class of cases where s 18 ACL and passing off are argued outside of a s 120 context. Without examining these broader classes of cases, this is merely speculative. However, the point is made here to avoid “over-claiming” a connection to Burrell and Handler and Blakeney’s (converse) arguments regarding a merged approach to s 18 ACL and passing off reasoning. Those authors’ arguments are based on s 18 and passing off cases not necessarily within a registered trade mark infringement context. That said a discussion of a mixed or merged approach will be provided in this Chapter and in Chapter Six — Conclusion.

Of the 52 cases where there was a treble claim, it was observed that 21% of the time (11/52 cases), the outcome of the collateral claims were driven by s 18 ACL reasoning with the passing off claim a secondary consideration. For example, in Lift Shop Pty Ltd v Easy Living Home Elevators Pty Ltd33 the Judge said (with regards to passing off) ‘[t]he applicant accepted that this cause of action [passing off] added nothing to the claim under s 18 ACL and did not press it. In my view, that was an appropriate position to take.’

These somewhat dismissive comments are not uncommon. For example in Australian Postal Corporation v Digital Post Australia Pty Ltd (No 2)34 it was held that ‘[t]he parties did not contend that, in the event the ACL claims were dismissed, there was any likelihood of the claim under the tort of passing off succeeding.’ Similarly in Louis Vuitton Malletier v Sonya Valentine Pty Ltd35 it was held that:

> Although, as I have said, the applicant's case included claims in passing off, counsel accepted that the relief … under the ACL would be no less efficacious for it … I was not addressed in any detail on the matter of passing off, and I do not propose to make any findings in relation to it.

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33 (2013) 103 IPR 511 at [27].

34 (2012) 293 ALR 369 per Marshall J at [82].

35 (2013) 222 FCR 45 per Jessup J at [40].
In *Australian Associated Motor Insurers Ltd v Australian Automotive Motor Inspection Centre Pty Ltd* ³⁶ ‘…it is not necessary to distinguish between [s18 ACL] … and passing off. If the applicants could not sustain a claim based upon s 52, I cannot conceive any different result applying … passing off.’

However, in only three out of 52³⁷ cases did the passing off reasoning lead the reasoning on s 18 ACL. For example in *Pierson’s Pro-Health Pty Ltd and Ors v Silvex Nominees Pty Ltd and Anor (No 2)* ³⁸ where the judge held ‘[h]aving regard to the court’s findings with respect to misrepresentation for the purposes of passing off, … similar considerations apply with respect to … misleading representations … under ss 52 and 53(c) of the TP Act’.

In four out of the 24 cases,³⁹ courts made an effort to distinguish passing off and s 18 ACL claims but these comments did not have a substantive impact. That is they were more descriptive of the differences between the actions but did not result in distinctions in outcome. For example, in *AMI Australia Holdings Pty Ltd v Bade Medical Institute (Aust) Pty Ltd (No 2)* ⁴⁰ the court said ‘there is a further distinction between passing off and s 52. For the purposes of passing off, it may be that deception must continue to the “point of sale”.’ ⁴¹

These findings support the arguments in the literature that courts fail to provide a ‘strict demarcation of the causes of action.’ ⁴² Examining the reasoning in these cases reveals that

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³⁶ (2003) 60 IPR 92 at [9]

³⁷ *Bob Jane Corporation Pty Ltd v ACN 149 801 141 Pty Ltd* [2013] FCA 1255; *SMA Solar Technology AG v Beyond Building Systems Pty Ltd (No 5)* [2012] FCA 1483; *Pierson’s Pro-Health Pty Ltd and Ors v Silvex Nominees Pty Ltd and Anor (No 2)* [2010] FMCA 121.

³⁸ [2010] FMCA 121 at [122].


⁴⁰ (2009) 262 ALR 458 at [194].

⁴¹ See also, *Mars Australia Pty Ltd v Sweet Rewards Pty Ltd* the court re-iterated that ‘[P]assing off protects the goodwill of the applicant. Section 52, by contrast, protects consumers from being misled or deceived.’ As another example, in *Cody Opal (Australia) Pty Ltd v Dimasi* there was some discussion of the ‘provisions of the Trade Practices Act, s 52 and … along with the sections providing for remedies for breach of these sections’ and it was said that these ‘overlap the area of operation of the tort of passing off.’

while some judges do try to acknowledge the differences between passing off and s 18 ACL, overall there is a strong tendency to let s 18 ACL determinations lead the reasoning on passing off claims. That is, any stated determinations on passing off are cursory at best. In other words, judges do not bother to develop a complex mixed or merged approach to reasoning under s 18 ACL and passing off. That is, the courts show relatively little interest in seeking out points of difference between s 18 ACL and passing off.

(iii) Impact on Litigants

From a litigant’s perspective, there appears to be no benefit from arguing both passing off and s 18 in the context of s 120 litigation. Win/loss rates in s 18 and passing off are virtually identical. If a litigant wants to argue a collateral claim (for example due to a lack of confidence or fear of a cross-claim for invalidity of their registered mark), litigants have been pursuing a s 120 / s 18 dual pleading and ignoring passing off.

C  S 120 1995 TM Act — Observations Over Time

This section takes a closer look at the rate of pleading and reasoning under the three sub-sections of ss 120(1)(2) and (3) over two separate decades — Decade One (1 Jan 1996 - 31 Dec 2005), 31 cases, and Decade Two (1 Jan 2006 – 1 Jan 2016), 43 cases. This is shown in Table 7 below.44

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43 For example, Verrocchi v Direct Chemist Outlet Pty Ltd (2015) 228 FCR 189 at [57], ‘[W]hile there is a great deal of practical coincidence between the tort of passing off and contravention of the misleading or deceptive conduct provisions, the two claims have distinct premises. See also, Mars Australia Pty Ltd v Sweet Rewards Pty Ltd (2009) 81 IPR 354 at [27], ‘[T]he first passing off claim representations about source and origin: Passing off protects the goodwill of the applicant. Section 52, by contrast, protects consumers from being misled or deceived. In a passing off case, the existence of conduct which damages the applicant's goodwill by wrongly suggesting a connexion between the respondent's wares and the applicant's will often also be misleading and deceptive. It is usual therefore in such cases for there to be an overlap between the passing off claim and the claim under s 52. See also, AMI Australia Holdings Pty Ltd v Bade Medical Institute (Aust) Pty Ltd (No 2)(2009) 262 ALR 458 at [194] ‘[I]n this respect, it may be that there is a further distinction between passing off and s 52. For the purposes of passing off, it may be that deception must continue to the "point of sale". Whether or not there is such a requirement in respect to the tort, s 52 does not impose any such constraint.’ (Footnotes omitted)

44 It is acknowledged that Table 7 is a sub-set of Table 6.
Table 7  S 120 Cases Over Two Decades

Decade 1: Jan 1996 - Dec 2005, 33 cases

<table>
<thead>
<tr>
<th>Claim</th>
<th>s120(1)</th>
<th>120(2)</th>
<th>120(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Claims</td>
<td>27</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Total Cases (1996 - 2005)</td>
<td>33</td>
<td>33</td>
<td>33</td>
</tr>
<tr>
<td>Proportion of claims made per case</td>
<td>82%</td>
<td>33%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Decade 2: Jan 2006- Jan 2016, 45 cases

<table>
<thead>
<tr>
<th>Claim</th>
<th>s120(1)</th>
<th>120(2)</th>
<th>120(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. Claims</td>
<td>42</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Total Cases (2006 - 2016)</td>
<td>45</td>
<td>45</td>
<td>45</td>
</tr>
<tr>
<td>Proportion of claims made per case</td>
<td>93%</td>
<td>29%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Table 7 shows that irrespective of decade, s 120(1) has been the most dominant claim at 82% and 93% of trade mark infringements suits for the Decade One and Decade Two respectively. Looking across decades, a relative decline in pleading s 120(2) can be seen, down from 33% in Decade One to 29% of cases in Decade Two. A decline can also be observed for s 120(3) claims, down from 15% in Decade One to 2% in Decade Two. In summary, claims under s 120(1) (at 93% in Decade Two, up from 82% in Decade One) have become the predominant claims under ss 120 with s 120(2) and (3) suited to a minority of cases.

1 Observations on Decline of s 120(2) and s 120(3) claims

These results are interesting given the history of the 1995 TM Act. As discussed at page 31, s 120(2) and s 120(3) were introduced to meet obligations imposed by Art 16(1) of the TRIPS Agreement. At the time, the Working Party expressed concern that these infringement provisions (which permitted liability for use on goods and services beyond those for which the plaintiff was registered) could be considered an unreasonable extension of the trade mark

45 Mark J Davison and Ian Horak, Shanahan’s Australian Law of Trade Marks and Passing Off (Lawbook Co, 5th ed, 2012) at [85.25] discussing the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), Art 16(1), annexed to the Marrakesh Agreement Establishing the World Trade Organization (Marrakesh, 15 April 1994), provides: at (1) ‘The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.’
owner’s rights. This thesis shows that excessive reliance on these ‘extension’ provisions has not occurred.

(i) The Decline of ss 120(2) and (3) and Link to “Cluttering”

One potential explanation for this is that plaintiffs are not relying on ss 120(2) and (3) because they just do not have to. It may be the case that the bar for registration has been set too low under the 1995 TM Act such that trade mark owners have their marks registered across an ‘excessive’ range of goods and/or services. This plus the presumption of registrability may have induced over-registration of marks across goods and services where there may only be a spurious intention to use.  The issue of “cluttering on the register” has been recently discussed by academics and a recent report from the Productivity Commission. Cluttering has been defined as ‘where a register of marks contains a large number of unused or “overly broad” marks’.

If that is the case, a potential infringer is likely to fall into a s 120(1) category for allegedly using a substantially identical or deceptively similar mark for goods and services for which the plaintiff has broadly registered itself. There is no need to assert rights for infringement on similar or related goods and or services under s 120(2) or (3), because the trade mark owner has registered their marks for all the related goods and services that relate to their business. Assessing the veracity of this theory is beyond the scope of this thesis but will be pursued in future work in relation to the Australian registration system.

(a) Observations on Volume of s 120 Litigation — Internet

Looking at the twenty year period as two halves, another observation is the 36% increase in the volume of s 120 litigation between Decade One and Decade Two (from 33 cases to 45

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46 Working Party to Review the Trade Marks Legislation, Recommended Changes to the Australian Trade Marks Legislation (AGPS, 1992) 74.


cases). This is approximates Australian economic growth between these two periods which is estimated at 44%. However, a close reading of the cases shows that while the volume of cases has not increased in “real terms”, the composition of the types of cases changed between the two periods, in particular an increase in cases relating to infringement via the internet. That is, cases where infringement involved some aspect of the internet including (but not limited) to domain name use, metatags, or keyword advertising. A list of these cases can be found at Workbook ‘List of Cases with an Internet Aspect’ at digital appendix:

https://docs.google.com/spreadsheets/d/108vpYgCi8bvk0s0VYPekHIU0fLyF81wLpMtghrwec0/edit?usp=sharing

There were only six ‘internet cases’ (6/33 cases or 18%) in Decade One. By contrast, there were 17 ‘internet cases’ (17/45 cases or 38%) in Decade Two. A close reading of the cases reveals that the law relating to visible infringements on an internet platform have resolved by applying standard trade mark principles. These include cases relating to use of a deceptively similar domain name, use of a substantially identical or deceptively similar name for internet sales, cyber-squatting, and typo-squatting.

In contrast to these “visible” internet infringements, over this period there has been a conflict in cases involving of “invisible” trade marks in particular meta-tags and keywords. The dataset included two conflicting decisions relating to invisible marks. In the 2011 case of Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd

50 This was calculated by the author using the average real gross national income between Jan 1996– Dec 2005 ($230,156 millions); and Jan 2006 – March 2014 ($331,706 millions) (note that data beyond this was not available); and then calculating the relative increase between these two averages. See Australian Bureau of Statistics, ‘5206.0 – Australian National Accounts: National Income, Expenditure and Product, Mar 2014 Table 1. Key National Accounts Aggregates Real Gross National Income: Chain Volume Measures Series ID A2302464V at <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/5206.0Mar%202014?OpenDocument.>

51 See, eg, REA Group Ltd v Real Estate 1 Ltd (2013) 217 FCR 327; Mantra Group Pty Ltd v Tailly Pty Ltd (No 2) (2010) 183 FCR 450.

52 See, eg, Ward Group Pty Ltd v Brodie & Stone Pte (2005) 143 FCR 479.


54 See, eg, CSR Ltd v Resource Capital Australia Pty Ltd (2003) 128 FCR 408.

55 See, eg, Edgetec International Pty Ltd v Zippykerb (NSW) Pty Ltd (2012) 98 IPR 1.

56 Beyond this thesis, it is acknowledged that keyword Ad-word cases have been challenged outside the parameters of the 1995 TM Act. See, eg, Google Inc v Australian Competition and Consumer Commission (2013) 249 CLR 435.

Kenny J rejected the contention that the unauthorised use of registered trade marks as meta-tags was trade mark use.\textsuperscript{58} Her Honour held that meta-tags are invisible and on this ground, not used; in addition, upon arriving at the defendant’s webpage by misdirection, the internet user will see the defendant’s marks as the indicator of source and not the plaintiff’s.\textsuperscript{59}

The 2015 case of \textit{Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd}\textsuperscript{60} also dealt with meta-tags. Justice Rangiah accepted the plaintiff’s evidence that a person would look at source data and thus see the allegedly infringing meta-tags when viewing the website.\textsuperscript{61} His Honour therefore found infringing use by the defendant. It is noted that in the 2017 appellate judgment, this aspect of the case was not discussed.\textsuperscript{62}

It is also noted there have been some more recent advances in the courts in this area which are outside the 20 year time frame of this thesis. In 2016 Justice Katzman in \textit{Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd}\textsuperscript{63} held that invisible use of a mark was not trade mark use. Thus she followed Justice Kenny in \textit{Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd}\textsuperscript{64} Further work on “invisible” trade marks will be pursued outside of this thesis.

\textsuperscript{58} \textit{Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd} (2016) 241 FCR 161 at [133] Katzman J mentioning that the Accor decision ‘appears to be at odds with the judgment of Kenny J in \textit{Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd} [2011] FCA 1319 to which Rangiah J did not refer and to which his Honour's attention was not directed.’

\textsuperscript{59} \textit{Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd} [2011] FCA 1319. Justice Kenny holding that metatags are invisible to the ordinary internet user, although their use will direct the user to (amongst other websites) [to the defendant Green Energy’s website] ‘Once at the Green Energy website, then, in the ordinary course, the internet user will be made aware that the website is concerned with Green Energy's services. It cannot, therefore, be said that the use in a metatag of CTI's Registered Trade Marks is a use that indicates the origin of Green Energy's services. Thus, metatag use is not trade mark use.’

\textsuperscript{60} (2015) 112 IPR 494.

\textsuperscript{61} Justice Rangiah accepted the evidence of Mr Mezzatesta (a senior executive of the plaintiff) who testified that he ‘looked at the source data for the website … using his browser’. This evidence was taken to be that the source data was visible to those ‘know what to look for’. Note that that Justice Rangiah J did not make reference to the judgment of Kenny J in \textit{Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd} [2011] FCA 1319.

\textsuperscript{62} \textit{Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd} [2017] FCAFC 56 at [321] – [354] where the issue relating to the source code use appeared to centre on the construction of s 120(2)(c).

\textsuperscript{63} (2016) 241 FCR 161 at [133], Katzman J mentioning that \textit{Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd} (2015) 112 IPR 494 ‘appears to be at odds with the judgment of Kenny J in \textit{Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd} [2011] FCA 1319 to which Rangiah J did not refer and to which his Honour's attention was not directed.’

\textsuperscript{64} [2011] FCA 1319.
Three themes can be drawn from this Part I – Descriptive Statistics. First is the relative decline in relevance of passing off. Second is the prominence of s 120(1) as the preferred claim under s 120. Finally there is the observation of the increase in the internet related claims between Decade One (1996–2005) and Decade Two (2006–2016).

The decline in relevance of passing off and ss 120(2) and (3) is significant. Referring back to the history of the relevant laws in Chapter Two; under the earlier 1955 TM Act, it was thought that passing off acted as a ‘gap filler’ to be used when infringement was beyond the scope of the plaintiff’s registration. When the 1995 TM Act was introduced the Working Party expressed concern that the role of passing off would be curbed because of the “extension” provisions under ss 120(2) and (3).\(^6\) Recall that these provisions proscribe infringement in relation to goods and or services beyond the strict boundaries of the plaintiff’s registration. However, the data shows that litigation and reasoning under s 120(2) has also declined and that s 120(3) is rarely pleaded. Therefore the decline in passing off cannot be due to the fact that these expanded heads of trade mark infringement have undermined its relevance. This thesis negates the concerns expressed by the Working Party.

The data also reveal an overall decline in the relevance of collateral claims between Decade One and Decade Two. Nevertheless, the data also shows that collateral claims are still useful. Empirically, it is found that a in a treble action, a collateral claim can still assist a plaintiff secure a higher net win (46% to 56%). It is not possible to know the strategic intent of the litigating parties, but an inference made here is that a collateral claim is useful for “close” cases or where there is likely a risk of a cross claim for invalidity.

In the 24 treble action cases where a dual collateral claim was discussed, the majority of judges proceeded by examining these collateral claims under a head of s 18 and not passing off. As discussed earlier, courts did not appear to put in an effort to develop a mixed or merged approach. Rather they rely on s 18 principles and let any passing off determination follow from the s 18 finding. This may be due to the fact that the s 120 claim is the more dominant concern in a treble claim.

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Is Passing Off Irrelevant to s 120 litigation?

This above discussion begs the question — what is the relevance of passing off as a collateral claim in a s 120 case? As discussed in Chapter Three, passing off’s perceived remedial advantages such as exemplary damages have now been made irrelevant under the expanded damages head under s 126 of the 1995 TM Act. Its other advantages such as coverage of unregistered marks and its role as a safety net can also be found under the law of s 18 ACL (and to some extent the expanded scope of the 1995 TM Act). The s 18 ACL claim also has the distinct advantage of not requiring ‘reputation’ as a formal element of determining liability. Recall that to mount a passing off claim, the plaintiff must demonstrate reputation or goodwill as embodied by the plaintiff’s trade insignia. By contrast, the statutory claim requires showing misleading conduct leading to potential or actual consumer deception.

Given the absence of a clear benefit to pursue passing off it would be a poor use of litigant and court resources to enter a passing off claim as part of a s 120 infringement suit. This is supported by the data that shows litigants — if choosing a dual claim — increasingly do so under s 120 and s 18 ACL (and not s 120 and passing off). In addition when analysing a treble claim, courts favour resolving the collateral portion by focussing their reasoning under s 18 ACL and not passing off. This data confirms the position put forward by Heerey and Creighton-Selvay66 that the “old tort” has “passed on”, at least in the context of s 120 litigation.

There may be significant doctrinal consequences relating to this decline and these will be discussed in Chapter Six – Conclusion.

II PART II: WHAT ELEMENTS PREDICT A S 120 WIN OR LOSS

The raw data that supports Part II can be found at Workbook ‘2018_Elements s120 Fav Infringement’ at

https://docs.google.com/spreadsheets/d/1S2Sbtag_muL24nRBnxCueQLQWKu9IwpZhU-nZ7ziBYo/edit?usp=sharing

Part II reveals the elements that have the greatest impact on a s 120 outcome. As discussed earlier, a s 120 outcome (win/loss) depends on whether these core elements are met, that is 1)

trade mark use by the defendant, 2) substantial identity or 3) deceptive similarity with the plaintiff’s registered mark and 4) relevant similarity of goods and or services.

Table 8 Percentage of Cases of s 120 Win by Element, n=78

<table>
<thead>
<tr>
<th>Does Element Favour Infringement?</th>
<th>Use</th>
<th>DS</th>
<th>SI</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>0%</td>
<td>5%</td>
<td>53%</td>
<td>46%</td>
</tr>
<tr>
<td>Not discussed</td>
<td>55%</td>
<td>40%</td>
<td>47%</td>
<td>47%</td>
</tr>
<tr>
<td>Yes</td>
<td>83%</td>
<td>84%</td>
<td>70%</td>
<td>67%</td>
</tr>
</tbody>
</table>

Table 8 above reveals the percentage of cases which won on the s 120 claim cross-tabulated with whether there was engagement with one of the core elements. Of particular interest are the columns where there are shaded cells. Where a judge held there was no trade mark use, the plaintiff never won the s 120 claim (0%). Where the judge found there was trade mark use (‘Yes’), the plaintiff won the s 120 claim 83% of the time.

Looking at the column for DS (Deceptive Similarity), where the judge held the marks were not deceptive similar (‘No’), the plaintiff won only 5% of the time. Where the judge held the marks were deceptively similar (‘Yes’), the plaintiff won 84% of the time.

To examine whether these relationships were statistically significant, a logistic regression was performed. The results are shown at Table 9 below.
An overview of logistic regression is provided at Appendix C. In a logistic regression, the odds ratio is a meaningful measure of the magnitude of an effect on an outcome. The odds ratio ‘compares the odds of the event occurring at 2 different levels’\(^{67}\) of the explanatory variables when one level is used as a baseline. The event of interest here is a $s \leq 120$ win.

In Table 9 above, there are four models analysing each of the four explanatory variables (listed in the first column). The results for the models using one variable at a time are under the columns headed “Single variable models”. Due to a zero value (where ‘No’ trade mark use is found, the plaintiff’s ‘Win’ is 0%), the odds ratio for the Use element could not be estimated. In addition, a multiple-variable model could not be successfully fitted in part due to this zero value.

As an example, Table 8 above displays the explanatory variable ‘DS’. The second row of data for the single variable model gives an odds ratio of 103.3 when the ‘Level’ is ‘Yes’ and the ‘Baseline’ is ‘No’. This can be interpreted to mean, that the odds of a $s \leq 120$ win is 103.3

times higher when the courts finds ‘Yes’ for trade mark deceptive similarity compared with
when the court finds ‘No’ for trade mark deceptive similarity. The ‘confidence intervals
(CI) are ranges of values that are likely to contain the true values of the odds ratios’.\(^{68}\)

The \(p\)-value indicates ‘whether the association between the response and each term in the
model is statistically significant’. The \(p\)-value can be compared with a significance level,
set a priori; \(p\)-values smaller than the significance level are deemed statistically significant. A
significance level of 0.05, for example, indicates a less than 5% risk of concluding that an
association exists when there is no actual association.\(^{69}\) The significance level is almost
universally set at 0.05. A \(p\)-value of 0.001 is statistically significant and indicates that
observed pattern of data (or more unusual data) is unlikely to have arisen, if there was no
association. The logistic regression analysis reveals that the most relevant elements for
predicting a s 120 win in single variable models\(^{70}\) is trade mark use (\(p<0.001\)) and deceptive
similarity (\(p<0.001\)). It can be concluded that there is a statistically significant association
between use and a s 120 win; and between deceptive similarity and a s 120 win.

There was a non-significant effect of a finding on substantial identity on the odds of a s 120
outcome (\(p = 0.401\)). This result may be affected by the small sample of cases where
substantial identity was a live issue. In this thesis, there were very few cases that discussed
substantial identity. This is likely due to the fact that counterfeit cases were excluded from
the sample.

In addition, a finding on whether the defendant’s mark was used in the same or related class
of goods, did not statistically predict a s 120 win, \(p =0.323\). Similar to the above, there were
very few cases where determining the similarity or relatedness of goods and services was a
live issue. That is, the court’s rarely had to engage in the tests of whether the impugned use
was on goods or services of the ‘same description’ or that were ‘closely related’ to the
registered goods or services as prescribed by s 120(2) or unrelated as per s 120(3).

It could be said that these results are not surprising to those familiar with Australian trade
mark law. However, from an empirical perspective it is important to statistically justify why

\(^{68}\) Ibid.

\(^{69}\) Ibid.

\(^{70}\) Multiple variable models factor in the co-linearity between variables.
use and deceptive similarity are the only two elements that this thesis seeks to break down into factors. Therefore, this analysis was necessary to support this thesis.

A Closer Look at the Direction of the Relationships

To examine these relationships in an alternative way, a cross table was created. Cross tables are useful in assisting interpreting the strength of the association between variables. A chi-square test of association (see Appendix C) was conducted to examine whether there was a statistically significant relationship between a finding of use or deceptive similarity against a win or loss on a s 120 claim. The results of the test are shown in Table 10 below. Note that (as discussed at page 107), in this context the variable ‘Use Favours Infringement’ captures whether the court discussed trade mark use, and whether this discussion did or did not favour a finding of trade mark infringement (yes/no).

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71 Frequency tables tell you how often something occurs in a set of data.
Using a test of association to explore the regression findings, it was found that trade mark use was statistically associated with a s 120 outcome (chi-square =32.73, df = 2, p<0.001).

Looking at the top segment of Table 10, as would be expected, if a court found the defendant was not using the impugned sign as a trade mark, the plaintiff lost the case 100% of the time (20/20 cases). If the judge found positive use, that is that the defendant was using the impugned sign as a trade mark, the plaintiff would win 83% of the time (24/29 cases). In the six cases where the court found the defendant was using the impugned mark as a sign but plaintiff still lost, this was because plaintiff failed a subsequent element eg deceptive similarity.
2 Deceptive Similarity

Using a test of association, deceptive similarity was statistically associated with a s 120 outcome (chi-square = 34.85, df = 2, p < 0.001). Looking at the second segment of Table 10 above, if the judge found that deceptive similarity between the marks favoured infringement, the plaintiff would win 84% of the time (31/37 cases). If the judge found no deceptive similarity between the marks, the plaintiff would lose 95% of the time (20/21 cases). In the one case where the judge found no deceptive similarity but the plaintiff won the case, *Louis Vuitton Malletier v Sonya Valentine Pty Ltd*, one of the defendant’s marks was clearly deceptively similar. However, the other item branded LOUIS V was held not to be deceptively similar to the plaintiff’s LOUIS VUITTON mark. As such it was coded as a win, but because the main dispute was about the LOUIS V item, it was coded as a ‘no’ for deceptive similarity.

Overall, the results confirm what is prescribed by the statute — that is, if there is no trade mark use by the defendant, the plaintiff will always lose. On the other hand, if the judge finds there has been actionable trade mark use by the defendant, the plaintiff won 83% of the time, and lost 17% of the time typically due to failing deceptive similarity. These findings are not surprising and underscore the importance of the trade mark use test as a threshold issue. Nevertheless these findings generate the following questions. If use is so important, does use as a threshold question ultimately lower the hearing days and thus the cost of the proceedings?

3 Other Statutory Elements

Table 9 reveals that where substantial identity or goods/services were discussed, whether the discussion favoured or did not favour infringement did not have a strong relationship to whether the plaintiff won or lost the s 120 case. This is also consistent with the regression analysis shown at Table 8.

B Case Turns on a Main Element and Impact on Hearing Days

This section examines whether use as a threshold test had an impact on the number of hearing days (calculated as per page 111). This analysis was based on whether the judge discussed one of the elements (e.g., use or deceptive similarity) and whether that had non-negligible

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72 (2013) 222 FCR 45.
impact on the outcome on infringement (coded as yes/no/not discussed). This type of
coding biases towards inclusiveness, that is, if there was a non-negligible discussion by the
judge on deceptive similarity, it was coded as a yes even though in actuality the discussion
may have been brief. For example, where the judge found the defendant had not used the
impugned mark and therefore only briefly discussed deceptive similarity.

As discussed in the Methods Chapter (at page 113), an in depth look at each case was
conducted to determine whether the case ‘turned on’ a main element. That is, was the case
decided on a dominant issue? This allowed for classification of cases into mutually
exclusive categories.

Table 11 Case Turns on a Main Legal Element in Each of 78 s 120 Cases

<table>
<thead>
<tr>
<th>Legal Hurdle(s)</th>
<th>No. Cases</th>
<th>%</th>
</tr>
</thead>
</table>
| Use                       | 27        | 35%
| Deceptive Similarity      | 27        | 35%
| Goods/Services            | 10        | 13%
| Combination               | 14        | 18%
| Substantial Identity      | 0         | 0%
| Total                     | 78        | 100%

As above, the raw data is at

https://docs.google.com/spreadsheets/d/1S2Sbtag_muL24nRBnxCueQLQWKu9IwpZHu-nZ7ziBYo/edit?usp=sharing

Table 11 shows that the majority of cases were determined by either Use (27/78 cases 35%)
or Deceptive Similarity (27/78 cases 35%) with the residual being determined by
Goods/Services (13%) or a Combination (18%). A zero number of cases turned on
substantial identity.73 Retaining this classification of the cases, the average hearing days was
calculated as per the Methods chapter.

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73 As discussed earlier, this may be attributed to the removal of counterfeiting cases from the sample.
Table 12 shows that cases that turned on the threshold issue of use, on average took 3.1 hearing days. By contrast, cases that turned on deceptive similarity took 4.3 days to hear which is 39% longer than cases that resolved on use.

C Summary Discussion of Part II

The data in Table 12 reveal that the trade mark use element is operating as a threshold test and has a significant impact on the efficiency of disposing of a case. That is, cases that resolved on use (eg finding the defendant was not using the impugned mark as a trade mark) resolved 39% more quickly (3.1 days) than cases that have to pass through a deceptive similarity analysis (4.3 days). This is not surprising given that use is arguably worded as a preliminary threshold issue in the statute. However, the scope of the difference is interesting and may have practical implications for litigants and scholars. For example from an Australian scholar’s perspective, trade mark use may be under-appreciated. Looking at the literature, writings related to deceptive similarity are more much prevalent than writings relating to trade mark use. With regards to implications for litigants, it may be more efficient and economical for a defendant to focus on arguing the absence of trade mark use rather than expending resources defending the deceptive similarity question.

The findings on use as an efficient threshold filter also addresses some criticisms of Australia’s use test raised in the American trade mark use debates. These results contradict the criticisms of some US scholars that a trade mark use threshold test can lead to greater inefficiencies due to expanded considerations of consumer confusion in a use context. This issue will be discussed later in Part III.

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74 This is calculated using the following search as a proxy for academic commentary Westlaw AU Journal search 1996 – 2017, free text keywords: “trade mark” infringement and similarity 68 documents, search results as at 25 Jan 2017. Westlaw AU Journal search 1996 – 2017, free text keywords: “trade mark use” and infringement = 47 documents, search results as at 25 Jan 2017. Calculating 68/47 as a ratio of 1.44:1.00.
In conclusion, it appears that there would be great utility in investing research into use given at least one third of trade mark infringement cases turn on trade mark use and that cases that turn on use resolve more quickly. One avenue of research would be measuring how the average consumer perceives whether and what signs are being used as trade marks on packaging. Second, what threshold level of descriptiveness is required before a consumer sees the mark as trade mark or merely as not functioning as a badge of origin. Many studies exist in marketing literature that discuss the role of prominence, colour, size, and familiarity when designing packaging. This literature would make an interesting co-study with the question of trade mark use in Australia. The factors that are most determinative of a trade mark use finding will be discussed in the next section.

III WHAT FACTORS PREDICT TRADE MARK USE?

Part III examines trade mark use more narrowly. This part looks at what factors predict whether the defendant is using a particular sign as its trade mark?

1 Preliminary Identification of Defendant’s Use

The data for this sub-section can be found at Workbook ‘Preliminary Identification of Defendant’s Use’ at

https://docs.google.com/spreadsheets/d/1Zi6GYPiOUjLcCDu3hJoEl3zMwUZDAOJk0PUSyzmd5y8/edit?usp=sharing

The courts have stated that the first step in the trade mark use inquiry is to determine objectively what the defendant is using as its mark; then whether that mark is deceptively similar to the plaintiff’s mark.76

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From a close reading of the cases, what the defendant is using as its trade mark tends to be stated as a fact in the judgment. What the defendant is using as its trade mark does not appear to be a live issue during the hearing except in a small number of cases. Analysis of the judgments reveals that the plaintiff will often argue that the defendant is using the plaintiff’s mark or a mark deceptively similar to the plaintiff’s mark as its trade mark. This makes logical sense and from the plaintiff’s perspective puts forward their strongest argument. However, the point being made here is that the courts are not pursuing the laboured or more considered to approach to analysing a defendant’s use as discussed by academics.

The courts follow the plaintiff’s lead — that the defendant is using the plaintiff’s mark — and the courts do not go into an independent analysis as to what the defendant is using as its mark. In other words, the court’s use inquiry is not about identifying what mark/s the defendant is using, rather it moves quickly into whether this use is trade mark use or some other non-trade mark use such as decorative or nominal use. Following from the discussion in Chapter Four, although factors 1 and 2 have been proposed as being potentially relevant to the question of trade mark use, they can be considered antecedent questions relating to identification of the defendant’s sign.

It was found that in 70/78 (90%) cases, the identification of the defendant’s trade mark was commonly via mutual agreement,77 admissions,78 where admission was implied by nature of the pleading,79 where the court said there was no dispute as to the impugned mark,80 where

77 See, eg, MID Sydney Pty Ltd v Australian Tourism Co Ltd (1998) 40 IPR 20, ‘[I]t is common ground between the parties that the third respondent proposes to use the word “Chifley” as part of the brand name of its hotels and that that use would be use as a trade mark.’

78 See, eg, Edgetec International Pty Ltd v Zippykerb (NSW) Pty Ltd (2012) 98 IPR 1 at [10], ‘Zippykerb and Mr May do not dispute that: they hold the licences for the domain names described above; they maintain the Zippykerb website also described above; and that the domain names and the website are used to sell the goods or services in respect of which the “Kwik Kerb” trade marks are registered.’

79 See, eg, Agapitos v Habibi [2014] WASC 47 [3] ‘The defendant denies that by using the name “South Perth Dental Excellence” she has infringed the plaintiff's trade mark or engaged in conduct that amounts to passing off or misleading or deceptive conduct under FTA s 10. The defendant counterclaims for an order that the plaintiff's trade mark be cancelled on two grounds. Eg 2 Sports Break Travel Pty Ltd v P & O Holidays Ltd (2000) 50 IPR 51, ‘[T]he respondent denies that its use of the word “schoolies” in these documents was a trade mark use, so as to infringe the applicant's mark. Furthermore, the respondent cross-claims for expunction of the mark on various grounds, including that it was not at as of 11 August 1992 or thereafter capable of distinguishing the applicant's services, and that the use of the mark is likely to deceive or cause confusion.’

80 Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd (2015) 112 IPR 494 at [289], ‘It is not disputed by the respondents that the words used were signs and that such signs were used in relation to services. Australian Postal Corporation v Digital Post Australia Pty Ltd (No 2) (2012) 293 ALR 369 at [39], ‘It is not in
the impugned sign is implied by the defense, and by way of denial and cross claim for revocation. In other words, the plaintiff drives / dictates the nature of the comparison. And the typical nature of the claim is that the defendant is using the plaintiff’s mark as its trade mark.

The results show that courts tend to do the exact opposite of what Davison and di Giantimasso want them to do. That is, the court’s starting point for use appears to stem from the plaintiff’s complaint that the defendant is using the plaintiff’s mark as its trade mark. Courts only engaged in a construction of what the defendant was using as its mark in difficult cases such as 3-D shape marks where the shape itself is the impugned mark. The strict approach supported by Davison and di Giantomasso was only observed in two cases which dealt with shape trade marks — Sebel Furniture Ltd v Acoustic and Felts Pty Ltd and Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd.

contest that the adoption of the name DIGITAL POST AUSTRALIA for DPA's service is “use as a trade mark”.

81 Beecham Group plc v Colgate-Palmolive Pty Ltd (2005) 66 IPR 254, ‘Colgate contends that its use of the MaxClean sign, in the packaging and advertising of the Viper toothbrush, is not use as a trade mark’

82 See, eg, Global Brand Marketing Inc v YD Pty Ltd (2008) 76 IPR 161 at [2], ‘[T]here are three styles of footwear sold by the first respondent YD Pty Led (YD) in relation to which Diesel alleges trade mark infringement: the Photon shoe, the Cube shoe and the Gamon shoe. The Photon and Cube shoes were in evidence in three dimensional form. The Gamon shoe was not. The applicants allege that YD has infringed the SOLE mark by selling in Australia the Photon, Cube and Gamon footwear. They allege that YD has infringed the SHAPE mark by selling the Photon and Cube Footwear.’


84 Ibid.

85 (2009) 80 IPR 244 at [149], ‘[W]hat, then, is the shape that has been used in this fashion? [150] One can observe the following in relation to the shape embodied in the Titan chair:(a) It comprises a one-piece moulded chair; (b) The edges of the back and seat of the chair are generally rounded;(c) The seat of the chair is more or less flat;(d) There is a built-in aperture in the back of the chair which is located in the centre of that back (looked at laterally) and quite near the top of that back (looked at vertically) extending for about half of the total width of the back of the chair. That aperture gives the impression of being a grip for lifting the chair;(e) The legs are splayed; and(f) The shape allows for the easy stacking of a number of chairs in the same shape.80 IPR 244 at 273…..(ii) Sebel has failed to prove, even to a prima facie level, that the respondent has used a shape as a trade mark by reason of its promotion and sale of the Titan in that the alleged shape trade mark is not something which is distinct from the Titan chair but is rather of the essence of that chair; the shape embodied in the Titan does not contain one or more features which are extra to those which comprise or involve the functional elements of the Titan; the shape is devoid of a separate identity from that of the Titan itself, and concept of using a trade mark in relation to goods does not include simply using the goods themselves as a trade mark.’

86 (1999) 91 FCR 167 eg at [49], ‘[O]n the question whether the shape of itself is striking (or masculine) no doubt opinions might differ. It is probably not controversial to say, at least, that it represents a neat and compact design of a triple-headed rotary shaver. Certainly, there is nothing particularly surprising or eccentric about it. No doubt, however, Philips was right in submitting that what is important for present purposes is not the mere manufacture and sale of a shaver with three shaving heads configured as an equilateral triangle but the way in
The next parts deal with the subsequent and substantive question of how courts determine relevant use.

(a) Multi-Factor Model Relating to Trade Mark Use

The raw data that supports this Part can be found at Workbook ‘49 cases Use 2018’ at

https://docs.google.com/spreadsheets/d/1daALtpC05kK0dqrW_EV5QqMswOem5ho3iy8JlquP0/edit?usp=sharing

A contribution of this thesis is to explore what factors influence a trade mark use outcome as this ultimately impacts a s 120 win or loss. As discussed in the Methods Chapter, each case was coded for trade mark use reasoning by reference to a 10 factor model of use (see page 119). There were 49 cases where trade mark use was a live issue. That is, where there was more than a negligible discussion of use.87 As there were only 49 cases in the sample and ten variables of interest, a regression analysis was not appropriate. Instead individual chi-square tests of association were performed. In addition, to maintain a conservative approach due to the small sample size, the p-value of interest was reduced to p≤0.01. Note that 49 cases were used in relation to each test. The results are shown in the tables below. Table 13 (below) shows which trade mark use factors are associated with a trade mark use outcome.

<table>
<thead>
<tr>
<th>Use Factor</th>
<th>P value for Chi-Square</th>
<th>Chi Square Value</th>
<th>Degrees of Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: Defendant’s Mark is Taken from the Pleadings</td>
<td>0.382</td>
<td>0.90</td>
<td>1</td>
</tr>
<tr>
<td>Factor 2: Defendant’s Mark is Constructed by the Court</td>
<td>0.375</td>
<td>0.90</td>
<td>1</td>
</tr>
<tr>
<td>Factor 3: Immediate Context</td>
<td>&lt; 0.001</td>
<td>19.24</td>
<td>2</td>
</tr>
<tr>
<td>Factor 4: External Context</td>
<td>0.008</td>
<td>8.71</td>
<td>2</td>
</tr>
<tr>
<td>Factor 5: Reputation</td>
<td>1.000</td>
<td>0.21</td>
<td>2</td>
</tr>
<tr>
<td>Factor 6: Consumer Confusion</td>
<td>0.659</td>
<td>1.04</td>
<td>2</td>
</tr>
<tr>
<td>Factor 7: Purpose and Nature of Use</td>
<td>&lt; 0.001</td>
<td>13.18</td>
<td>2</td>
</tr>
<tr>
<td>Factor 8: Policy Considerations</td>
<td>0.004</td>
<td>10.28</td>
<td>2</td>
</tr>
<tr>
<td>Factor 9: Descriptive Mark</td>
<td>0.050</td>
<td>6.33</td>
<td>2</td>
</tr>
<tr>
<td>Factor 10: Internet Related</td>
<td>0.769</td>
<td>0.33</td>
<td>1</td>
</tr>
</tbody>
</table>

which that shaver was presented to the market. The packaging with its blister pack emphasises the head and the word “Remington” on the cover. The trade brochure shows the head prominently associated with the word “Remington” in large type on the handle. The advertisement equally shows the head prominently and, like the brochure but 44 IPR 551 at 568 with greater emphasis, relies on images associated with certain of its aspects.’

87 Noting that the balance of the cases proceeded directly to another part of s 120 such as deceptive similarity.
Looking at the shaded rows in the table above, it can be seen that ‘immediate context’ and ‘purpose and nature’ are statistically significant with p values <0.001. From this, it can be said that these two factors have a significant impact on the finding of trade mark use. Table 13 (above) also shows the third factor ‘policy’ was statistically significant at p=0.004.

In order to examine how these three factors affected the trade mark use enquiry, frequency tables were constructed. This examined whether the judge found the factor (eg immediate context) relevant to the use inquiry, and compared it with whether trade mark use was found. The frequency tables and results of the chi-square test are shown in Table 14 below.

(b) The Factors that Influence Use

### Table 14 Frequency Cross Table for Factors that Influence Use

<table>
<thead>
<tr>
<th>TM Use Outcome</th>
<th>Factor 3: Immediate Context</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Relevant</td>
<td>No</td>
<td>Yes</td>
<td>Chi-Sq</td>
<td>p-value</td>
</tr>
<tr>
<td>No TM Use</td>
<td>5</td>
<td>14</td>
<td>1</td>
<td>19.24</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Yes TM Use</td>
<td>16</td>
<td>3</td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>21</td>
<td>17</td>
<td>11</td>
<td>49</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TM Use Outcome</th>
<th>Factor 7: Purpose and Nature of Use</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Relevant</td>
<td>No</td>
<td>Yes</td>
<td>Chi-Sq</td>
<td>p-value</td>
</tr>
<tr>
<td>No TM Use</td>
<td>12</td>
<td>8</td>
<td>0</td>
<td>13.18</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>Yes TM Use</td>
<td>22</td>
<td>1</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>34</td>
<td>9</td>
<td>6</td>
<td>49</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TM Use Outcome</th>
<th>Factor 8: Policy Considerations</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Relevant</td>
<td>No</td>
<td>Yes</td>
<td>Chi-Sq</td>
<td>p-value</td>
</tr>
<tr>
<td>No TM Use</td>
<td>13</td>
<td>6</td>
<td>1</td>
<td>10.28</td>
<td>0.004</td>
</tr>
<tr>
<td>Yes TM Use</td>
<td>25</td>
<td>0</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>38</td>
<td>6</td>
<td>5</td>
<td>49</td>
<td></td>
</tr>
</tbody>
</table>

*df=2, n=49, chi-square performed with 4999 permutations

For the 49 cases where there was a discussion of trade mark use, the most influential factors drawn from Table 13 are set out in Table 14 above. The Table 14 Frequency Table shows that with regards to ‘immediate context’, where a judge provided negative commentary on the surrounding immediate context of the mark, no trade mark use was found 82% of the time (14/17 cases). Where there was positive discussion of the context of the impugned mark,
the judge found trade mark use 91% of the time (1/11 cases). In other words, a finding on the immediate context factor was very influential on a finding for or against trade mark use.

With regards to ‘purpose and nature’, where the judge found the defendant’s sign was clearly intended to be used as a mark, the judge found trade mark use 100% of the time (6/6 cases). Where the purpose and nature of the mark was not trade mark use, the judge found no trade mark use 89% of the time (8/9 cases). This would indicate that a finding on the purpose and nature of the defendant’s use is also reasonably dispositive of the use inquiry.

With regards to ‘policy’ there were 11/49 cases where a policy objective was clearly articulated in relation to trade mark use. Where the policy discussion leaned against trade mark use — for example where the court expressed concern over illegitimate monopolies — the court found against trade mark use 100% of the time (6/6 cases), where the policy issue did not find against use, the court found trade mark use 80% of the time (4/5 cases).

(c) The Factors that Have Less Influence on Trade Mark Use

It is important to note that given the small sample size, a conclusion that factors are “irrelevant” should not be inferred. What the statistics do reveal are that some factors have little association or predictive strength when they are the subject of judicial reasoning.

Table 14 below shows the frequency tables of two factors often discussed in the literature in relation to trade mark use — ‘reference to the consumer’ and ‘reputation’ of either the plaintiff or their mark.

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Table 15 Cross Table for Factors that are Less Influential on Use

<table>
<thead>
<tr>
<th>TM Use Outcome</th>
<th>Factor 5: Reputation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Relevant</td>
</tr>
<tr>
<td>No TM Use</td>
<td>17</td>
</tr>
<tr>
<td>Yes TM Use</td>
<td>25</td>
</tr>
<tr>
<td>Count</td>
<td>42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TM Use Outcome</th>
<th>Factor 6: Consumer Confusion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Relevant</td>
</tr>
<tr>
<td>No TM Use</td>
<td>13</td>
</tr>
<tr>
<td>Yes TM Use</td>
<td>21</td>
</tr>
<tr>
<td>Count</td>
<td>34</td>
</tr>
</tbody>
</table>

* df=2, n= 48, chi-square performed with 4999 permutations

Table 15 shows that these factors were not associated with a trade mark use outcome — ‘reference to consumer confusion’ (p= 0.659) and second ‘reputation of the mark or the parties’ (p= 1.000). These factors are less relevant than the factors discussed above. That is, the cases where there were comments made with regards to consumer confusion or reputation, could lead to a positive or a negative finding of trade mark use.

A Summary Discussion of Part III — Use

In summary, to examine how courts answer the trade mark use question, ten factors were proposed including Factor 1: Defendant’s Mark is Taken from the Pleadings; Factor 2: Defendant’s Mark is Constructed by the Court; Factor 3: Immediate Context; Factor 4: External Context; Factor 5: Reputation; Factor 6: Consumer Confusion; Factor 7: Purpose and Nature of Use; Factor 8: Policy Considerations; Factor 9: Descriptive Mark; Factor 10: Internet Related. As discussed at Chapter Four, these factors are not presented as definitive (although factors 3, 7 and 8 may be considered uncontroversial). Some of these factors were included to examine whether any other factors influence a trade mark use decision. It was found that only three factors were statistically related to the outcome of trade mark use finding. These were an assessment Factor 3: Immediate Context; Factor 7: Purpose and Nature of Use; Factor 8: Policy Considerations. In general, the approach of the court is to look at the immediate context of the mark such as the immediately surrounding packaging. From there, the court objectively determines the purpose and nature of that use such as descriptive, decorative or trade mark use. Then courts discuss any policy considerations in relation to any infringing use.
It is significant that the two main factors the court considers — ‘immediate context’ and ‘purpose and nature’ — relate to the inherent nature of the mark. It is argued here that the court’s containment of reasoning to endogenous factors keeps the trade mark use assessment efficient by attaching the inquiry to an object (ie the impugned mark) to which both sides can identify. Overall, courts are not clearly influenced by external factors such as use in the hypothetical market place or extrapolations of consumer mental associations to evaluate trade mark use.

In relation to Davison’s concerns about considerations of fame and reputation in the assessment of trade mark use, references to consumer perception and considerations of reputation were not associated with the outcome of trade mark use or the outcome of the case. In other words, even if these factors were mentioned in a judgment, they had no predictive impact on a finding of trade mark use. This indicates that Davison’s concerns regarding reputation in the use context are no longer pertinent or that perhaps his warnings have been heeded by the courts.

It is also interesting to note that a discussion of policy issues had a significant impact on a predicting the outcome of trade mark use. These cases involved policy issues relating to descriptive words, test cases involving internet use, shape marks, illegitimate monopolies, certifications, and disclaimers. As discussed earlier, where there was a clearly articulated policy issue going against trade mark use, the court found there was no use 100% of the time (6/6 cases). Where there was a positive policy discussion supporting use,

89 Australian Health and Nutrition Association Ltd v Irrewarra Estate Pty Ltd (2012) 292 ALR 101 (the word GRANOLA); South Australian Brewing Co Pty Ltd v Carlton & United Breweries Ltd (2001) 185 ALR 719 (the word SHOWDOWN)

90 Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd [2011] FCA 1319 (involving meta-tags); Ward Group Pty Ltd v Brodie & Stone Plc (2005) 143 FCR 479 (involving sale of goods via the internet); Buchanan Group Pty Ltd v Sorgetti [2002] FCA 1646 (involving cyber-squatting).

91 Sebel Furniture Ltd v Acoustic and Felts Pty Ltd (2009) 80 IPR 244 where the plaintiff tried to claim infringement in a chair.


93 Halal Certification Authority Pty Ltd v Scadilone Pty Ltd (2014) 107 IPR 23 (illegitimate halal certifications).

94 Edgetec International Pty Ltd v Zippykerb (NSW) Pty Ltd (2012) 98 IPR 1.
then the court found use 80% of the time (4/5 cases). These findings support Burrell and Handler’s argument that trade mark use is used by courts as a policy lever. In making these policy determinations, courts expressly state their objective eg that monopolies over functional shapes are wrong. Referring to US critiques of the use inquiry (discussed below), courts did not engage in any strained discussions about consumer mental associations or consumer confusion in their articulations of a policy justification.

1 **Response to US Critiques Regarding Australian Law**

Recall from Chapter Three, that Dinwoodie and Janis criticized the Australian trade mark use test and said that ‘[i]n particular, Australian courts have felt compelled to resort to contextual analysis, including evidence of actual confusion, in order to characterize the defendant’s use.’ The results of this thesis show that this critique of the Australian use test does not reflect what judges are actually doing in the cases. The data reveals that the Australian trade mark use test is operating as an effective threshold test or limiting doctrine. That is, as discussed above, cases that turn on use resolve 39% more quickly than cases that have to pass through an additional deceptive similarity analysis. This is not surprising given use is a “threshold test” prior to analysis of deceptive similarity. However, the point being made here is that “use” does not prolong the hearing of a case due to the use inquiry itself devolving into a consumer confusion analysis.

Another important point is that the judicial reasoning shows that the determinative issues are endogenous to the marks. That is, courts look at the immediate context of the mark and ask whether the objective purpose of that use is as a badge of origin. Courts do not often rely on questions of consumer confusion or an assessment of any factors that are outside the inherent features of the mark such as the consumer’s awareness of the reputation of the mark or an assessment of the general marketplace.

2 **The US Trademark Use Debate**

Answering Dinwoodie and Janis’ critique is significant in relation to the US trade mark use debate. Prima facie, in the US there is no requirement for ‘trademark use’ as that term is

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understood in Australia, and significant debate exists as to whether there is or should be a trade mark use test in US infringement law. There is vigorous discussion over both the doctrinal locus of a use test and its normative implications. This debate has been triggered in part by a concern that actionable consumer confusion has expanded unbounded. Some US scholars are concerned that actionable confusion has moved beyond confusion as to source, and now proscribes non-source confusion over non-competing goods.

97 It is noted that there is some inter-circuit dispute over the existence of a threshold “use requirement”. For example, the Sixth Circuit Interactive Products Corp v a2z Mobile Office Solutions, Inc, (6th Cir 2003) 326 F 3d 687 held the defendant did not infringe by using the plaintiffs LAPTRAVELER mark in the defendant’s post domain URL “a2zsolutions.com/desk/food/laptraveler/dkfl-lt.htm”. See discussion of J Thomas McCarthy, McCarthy on Trademarks and Unfair Competition (West Group, 4th ed, 1996–2016) [§ 23:11.50].

98 Most trade mark “use advocates” and “use critics” agree that the Lanham Act does not explicitly make trade mark use an element of infringement. See Mark P McKenna, ‘Trademark Use and the Problem of Source’ (2009) University of Illinois Law Review 773, 791, ‘[P]roponents argue the use requirement was always a foundational principle and that it has always informed trademark practice ... whereas opponents such as Dinwoodie and Janis argue that there is no trade mark use requirement and that use is a concept limited to acquisition of rights’ citing Graeme Dinwoodie and Mark Janis, ‘Contextualism’ above n 96; and Graeme Dinwoodie and Mark Janis, ‘Dilution's (Still) Uncertain Future’ (2006) 105 Michigan Law Review 98. See also McKenna, 792–797 where McKenna provides a lengthy summary of the debate as to the textual or formalistic search for the trademark use requirement.

99 Proponents such as Margreth Barrett, Stacey Dogan and Mark Lemley argue the use requirement has always been a foundation principle of US law and that it has ‘always informed trade mark practice’. By contrast, “use critics” such as Graeme Dinwoodie and Mark Janis argue that there is no trade mark use requirement and that use is a concept limited to acquisition of rights. Margreth Barrett, ‘Finding Trademark Use: The Historical Foundation for Limiting Infringement Liability to Uses “In The Manner Of A Mark”’ (2008) 43 Wake Forest Law Review 893, 956 where Barrett writes, ‘[I]n summary, the Lanham Act’s legislative history makes it clear that Congress did not intend for the section 45 definition of “use in commerce” only to apply in the registration context, but, in fact (at least at the time of enactment) associated the definition more directly with the infringement context than the registration context. The “use in commerce” definition conceptually incorporates and perpetuates the essential “affixation or other close association” (or “trademark use”) requirement of the 1905 and 1920 trademark acts.’ Further, Barrett at 950, ‘[A] third way to find the trademark use requirement in the Lanham Act infringement causes of action is to recognize that the Lanham Act implicitly incorporates it from the common law, even in the absence of express statutory language. Further at 963, ‘ Dogan and Lemley appear to recognize the existence of a trademark use requirement in the statutory language but also argue that a trademark use requirement is implicit in the likelihood of confusion standard (whose factors take for granted that the defendant has used the mark to promote its own sales) and in cases defining indirect infringement liability.’ (Footnotes omitted). See also Stacey L Dogan and Mark A Lemley, ‘The Trademark Use Requirement in Dilution Cases’ (2012) 24 Santa Clara Computer and High Technology Law Journal 541, 541 (‘Dilution’). For a contrasting position see Graeme Dinwoodie and Mark Janis, ‘Contextualism’ above n 96, 1609, Dinwoodie and Janis argue that ‘[T]here is no statutory language expressly supporting the trademark use theory. Even proponents of the theory concede as much.’ Dinwoodie and Janis reject the suggestion that there is a common law or statutory basis for a trademark use requirement.

100 J Thomas McCarthy, McCarthy on Trademarks and Unfair Competition (West Group, 4th ed, 1996–2016) § 24:2 stating ‘Today, the law of all state statutory and common law rules governing trademark and service mark infringement is the same as that of federal law: there is infringement if there is a likelihood of confusion as to source, sponsorship, affiliation or connection.’

101 For a general history of this expansion see McCarthy, ibid, ‘Chapter 24 Infringement by Use of Mark on Non-competitive Goods or Services’ where McCarthy outlines the history of the modern rule of relatedness between goods and asks at § 24:8. Outer limits — How great can the distance be? ‘How Far is Too Far?’ In view
Some of these ‘non-source confusion’ activities have become more visible due to commercial activities on the internet\textsuperscript{102}, for example actionable confusion in the context of dilution,\textsuperscript{103} initial interest confusion,\textsuperscript{104} post-sale confusion,\textsuperscript{105} approval/affiliation confusion\textsuperscript{106},

of the expansive nature of the test of likelihood of confusion as to sponsorship, affiliation or connection, where is the outer limit of uses far removed from the senior user's usage which will still cause such confusion?’ See also Mark A Lemley and Mark McKenna, ‘Irrelevant Confusion’ (2010) 62 Stanford Law Review 413, 454 who argue that the likelihood confusion test in relation to sponsorship or affiliation has become too vague and that ‘[W]e suggest that trademark law can best deal with sponsorship or affiliation claims by taking a page from history and returning this subset of cases to its roots in false advertising law.’

\textsuperscript{102} Stacey L Dogan, ‘Beyond Trademark Use’ (2010) 8 Journal on Telecommunications and High Technology Law 135, 136 describes the flux of search engine cases as being the “straw man” in the trade mark use debate. See also Graeme Dinwoodie and Mark Janis, ‘Contextualism’ above n 96, 1559 ‘Supporters of this position have been spurred to excavate the theory in hopes of furthering a number of contemporary policy objectives, primarily with regard to online contextual advertising and affiliation merchandising.’ See also Barrett, above n 99, 894–895 ‘the internet has provided increased opportunities for innovative uses of other people’s marks to capture or divert online customers, to gripe or complain about the trade mark owner, to parody or criticize.’


\textsuperscript{104} Mark P McKenna, ‘The Normative Foundations of Trademark Law’ 82 Notre Dame Law Review 1839, 1905 (‘Normative’) describing initial interest confusion as applying ‘when a junior party uses a competitor's mark to attract the attention of consumers who otherwise likely would have avoided the junior user altogether. Having generated this interest, the junior user then dispels any confusion about the source of its products, hoping that the consumer will decide, for lack of time or interest or because she has been persuaded of the junior user's superior product, to purchase the substitute product rather than continue her search.’ See generally, Jennifer E Rothman, ‘Initial Interest Confusion: Standing at the Crossroads of Trademark Law’ (2005) 27 Cardozo Law Review 105. For an Australian perspective advocating for the introduction of the doctrine see Mahmoud Mando, ‘Invisible Trademark Infringement and Passing Off on the Internet: Meta-tags, Search Engines, “Initial Interest Confusion” and a Proposal for Reform’ (2015) 26 Australian Intellectual Property Journal 75

\textsuperscript{105} McKenna, Normative, above n 104, 1907, McKenna describing post-sale confusion as making actionable, the ‘confusion of non-purchasers based on their post-sale interaction with a product … [which] requires rank speculation about viewers’ future purchasing intentions.’ Citing as the first case - Mastercrafters Clock & Radio Co v Vacheron & Constantin—Le Coultre Watches, Inc 221 F2d 464 (2d Cir 1955).

\textsuperscript{106} Dinwoodie and Janis, Contextualism, above n 96, 1559. See also Lemley and McKenna, above n 101, 413 - 415, ‘[W]e think the concept of sponsorship or affiliation, introduced to accommodate these broader claims, is to blame for much of what ails modern trademark law They argue that “trade mark law needs to refocus on confusion that is actually relevant to purchasing decisions….Specifically, it should anchor once again to the core case of confusion regarding the actual source of the defendant's product or service, the type of confusion most obviously related to consumer decision making.’
endorsement confusion,\textsuperscript{107} keyword advertising,\textsuperscript{108} and potentially the infringement of hashtags.\textsuperscript{109}

It has been argued that US courts are finding infringement ‘for practices that may cause some confusion in a marginal sense but not in a way that affects a consumer’s decision-making process’.\textsuperscript{110} Mark McKenna has argued that the idea that \textit{any confusion} is somehow harmful ‘has led to a number of trade mark doctrines that seek to protect all elements of value or that sees all consumer confusion as an actionable harm’.\textsuperscript{111} A range of US scholars have thought that some form of ‘trademark use theory’ in the US, could serve as a threshold filter and thus limit the ‘harmful effects’ of a confusion-based test extending a trade mark owner’s monopoly in ways that many scholars find egregious.\textsuperscript{112} The harms claimed include a

\begin{footnotesize}
\begin{itemize}
  \item \textsuperscript{107} Rebecca Tushnet, ‘What’s the Harm of Trademark Infringement?’ (2016) 49 Akron Law Review 627, 627.
  \item \textsuperscript{108} John Benton Russell, ‘New Tenth Circuit Standards: Competitive Keyword Advertising and Initial Interest Confusion in 1-800 Contacts v Lens.com’ (2015) 30 Berkeley Technology Law Journal 993, Russell says that '[S]ince the advent of search engines, companies have used their competitors' trademarks to manipulate search engine results and increase exposure to consumers online. This practice, called “competitive keyword advertising” originally used keyword meta tags now obsolete, but today occurs through systems like Google AdWords. The AdWords system allows businesses to create advertisements and bid on specific keywords, so that when users enter these specific keywords into Google's search engine, the search returns the created advertisement along with other ads on the results page. Almost any keyword is available for bidding — including a competitor's trademarks. Thus, through this system companies can bid on their competitors' trademark, even without the competitors' permission.’ (Footnotes omitted). See also Sarah Wells Orrick, ‘Deciphering Rosetta Stone: Why the Least CostAvoider Principle Unlocks the Code to Contributory Trademark Infringement in Keyword Advertising’ (2013) 28 Berkeley Technology Law Journal 805; Winnie Hung, ‘Limiting Initial Interest Confusion Claims in Keyword Advertising’ (2012) 27 Berkeley Technology Law Journal 647; and Kristin Kemnitzer, ‘Beyond Rescue.com v Google: The Future of Keyword Advertising’ 25 Berkeley Technology Law Journal 401.
  \item \textsuperscript{109} Robert T Sherwin, ‘# Have We Really Thought This Through?: Why Granting Trademark Protection to Hashtags is Unnecessary, Duplicative, and Downright Dangerous’ (2016) 29 Harvard Journal of Law and Technology 455 discussing the USPTO guidelines on registrability of hashtags as per United States Trade Mark Manual of Examining Procedure §1202.18 Hashtag Marks (USPTO, 2013).
  \item \textsuperscript{110} Lemley and McKenna, above n 101, 414.
  \item \textsuperscript{111} McKenna,\textit{ Normative}, above n 104, 1916, ‘[T]his expansion to protect a broader range of branding practices was by no means accidental, and it has not been lost on trademark owners and their advocates.’ See also, Julie Manning Magid et al, ‘Quantifying Brand Image: Empirical Evidence of Trademark Dilution’ (2006) 43 American Business Law Journal 1, 1, the authors stating that “[T]rademark law now endorses the branding efforts of trademark owners.” See also Mark P McKenna, ‘Testing Modern Trademark Law’s Theory of Harm’ (2009) 95 Iowa Law Review Bulletin 63, 63 (‘Theory of Harm’), ‘[T]his easy acceptance of the harmfulness of confusion is a problem because it operates at too high a level of generality, ignoring important differences between types of relationships about which consumers might be confused. Failure to differentiate between these different relationships has enabled trademark owners to push the boundaries of trademark protection, as they have been able to characterize virtually every use of their marks in consumer confusion terms.’
  \item \textsuperscript{112} See specifically, Dogan and Lemley,\textit{ Grounding}, above n 131, 1674 who argue that ‘the trademark use doctrine, properly applied, serves as a limited tool for identifying classes of behavior that cannot constitute infringement.’ See also Margreth Barrett, ‘Internet Trademark Suits and the Demise of “Trademark Use”’ (2006) 39 University of California Davis Law Review 371, 395, Barrett arguing that “[I]n the course of
\end{itemize}
\end{footnotesize}
chilling effect on socially valuable (ie nominal, decorative and descriptive) but unlicensed uses,113 the inhibition of free speech114, and the flow of useful market information.115

Some US scholars accept that the likelihood of confusion test has gone too far but they still argue against the existence or the application of a trade mark use theory for a broad range of reasons. For example, Dinwoodie and Janis ‘reject the theory both descriptively and prescriptively’,116 claiming that the absence of a normative117 or doctrinal foundation118 for the inclusion of a trade mark use threshold in US trade mark law cannot ‘provide the certainty its proponents promise’.119 Moreover, they claim that it may be counter-productive due to it undermining ‘transparent trademark decision making’.120 Dinwoodie has separately argued

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114 For an interesting discussion of the US concept of free speech under the First Amendment of the US Constitution in a registration context see the recent Supreme Court judgment of Matal v. Tam, 582 U.S. ___ (2017), 19 June 2017.

115 Margreth Barrett, ‘Reconciling Fair Use and Trademark Use’ (2010) 28 Cardozo Arts and Entertainment Law Journal 1. In particular see Dogan and Lemley, Grounding, above n 131, 1670, the authors stating that ‘we fear… a world in which intermediaries, for fear of liability, fail to use consumer-generated trademark signals at all in designing their business models. In this world, Amazon.com would hesitate before recommending alternative, lower-cost electronics products to a consumer seeking an expensive brand’ Proponents also argue that this ‘fetishization’ of consumer confusion can lead to unjustified market appropriation, inefficient litigation and a distortion of adjunct doctrines such as secondary liability where keyword cases involve attempts to impose third-party liability under the guise of direct infringement suits.’

116 Dinwoodie and Janis, Contextualism, above n 96, 1602.

117 Ibid 1667, ‘[T]rademark use theory cannot be justified on a search costs rationale, and it will not provide the certainty its proponents promise. By ignoring the multivalence of trademark law, the theory threatens to undermine transparent trademark decision making. Instead, trademark law should retain its traditional preference for contextualism and should place assessments of confusion over supposedly deterministic characterizations of use.’

118 Ibid. ‘[T]he trademark use theory is flawed. It lacks a firm foundation in existing law, and it would be counterproductive if adopted as a metaprinciple for future trademark law and policy.’

119 Ibid.

120 Ibid.
that the use theory is overly formalistic,\textsuperscript{121} and also fails to acknowledge the role of statutory defences.\textsuperscript{122} It is in this scholarly context that Dinwoodie and Janis critique the Australian trade mark use test.

Specifically, Dinwoodie and Janis argue that trade mark use as a limiting doctrine cannot lead to greater certainty or efficiency in infringement cases and that historically considerations of trade mark use in the US ownership context have morphed into lengthy considerations of consumer’s mental associations.\textsuperscript{123} They argue that imposing a trade mark use requirement will provoke the ‘development of ancillary use doctrines’ and these in turn will likely incorporate considerations of consumer association and likely confusion.\textsuperscript{124} Thus under a trade mark use requirement ‘certainty would not be enhanced’.\textsuperscript{125} As an example, they argue that if a threshold use requirement were imposed, a defendant could avoid liability by asserting that ‘it’s advertising and sales activities did not amount to trademark use’.\textsuperscript{126} A plaintiff would then need to rely on an ‘ancillary concept’ such as that the ‘defendant’s token use’ satisfies the threshold test.\textsuperscript{127} Dinwoodie and Janis argue, that trade mark owners ‘might find it relatively easy to raise factual issues regarding consumer association or confusion as pertinent to assessments of use.’\textsuperscript{128} Thus, returning the court to the problematic issue of ‘consumer confusion’ which a threshold use test was supposed to cure.\textsuperscript{129}

\textsuperscript{121} Ibid 1605, ‘[H]owever, to the extent that the trademark use theory imposes on courts a form of reasoning divorced from policy objectives, without any concomitant reduction in administrative or error costs that might provide a utilitarian basis for such a departure, see infra Part III.B, the approach can fairly be characterized as inappropriately formalistic.’

\textsuperscript{122} Graeme B Dinwoodie, ‘Ninth Distinguished IP Lecture: Developing Defenses in Trademark Law’ (2009) 13 Lewis and Clark Law Review 99, 99, ‘[I] suggest that trademark law would be better served if several of its limits were explicitly conceptualized as defenses to an action for infringement, that is, as rules permitting unauthorized uses of marks even where such uses implicate the affirmative concerns of trademark law and thus support a prima facie cause of action by the trademark owner. …Conceiving of limits as defenses would help ensure that the (often unstated) values underlying socially desirable third party uses are not too readily disregarded if they happen to conflict with confusion-avoidance concerns that are historically powerful drivers of trademark protection.’

\textsuperscript{123} Dinwoodie and Janis, ‘Contextualism’ above n 96, 1646.

\textsuperscript{124} Ibid.

\textsuperscript{125} Ibid.

\textsuperscript{126} Ibid.

\textsuperscript{127} Ibid.

\textsuperscript{128} Ibid.

\textsuperscript{129} Ibid, 1646–1647, ‘[T]he primary problem being that a trade mark use examination will incorporate considerations of consumer association and likely confusion.’ See also McGeveran and McKenna, above n
Acknowledging that the US trade mark use debate touches on many other unique aspects of US trade mark law — such as extensive ‘trade mark rights from use’ jurisprudence — a parallel for which does not exist in Australia\(^{130}\) — this thesis wishes to first, defend the Australian trade mark use test from Dinwoodie and Janis’ critique and provide some discussion of why the test works in Australia. The critique from Dinwoodie and Janis, invites the rebuttal (above) and discussion (below). The discussion presented here draws from the expositions of Australian and US law set out in Chapters Two and Three.

Reflecting on this complex and extensive literature, this thesis argues that there are three distinctive features of the Australian trade mark system that make a trade mark use threshold work as an efficiency tool in an Australia. These are: 1) the concept of a trade mark as property and its underlying history of infringement as a strict liability harm ie where consumer confusion is not central to liability; 2) the absence of a general tort of unfair competition anchored in expansive concepts of consumer confusion that as McKenna\(^{131}\) argues makes trade mark law inherently unstable; and 3) a well-developed avenue for unregistered marks in s 18 ACL and/or passing off. These three features have meant that in Australia, the trade mark use test is not overly strained by concepts of confusion. This point is confirmed by the empirical results that show judges focus on the inherent features of the marks when determining trade mark use. The absence of these features in US trade mark law implies that the results of importing an Australian style trade mark use test would be difficult to predict.

The benefits of the development of Australian trade mark law through a property paradigm with a use feature can be seen in the contrasting jurisprudence in relation to internet related infringements. For example, in contrast to the US, new internet-related infringements have not provoked doctrinal acrobatics in Australian trade mark law. The need for actionable use (as a trade mark) in order to trigger statutory trade mark provisions and a well-articulated alternative path for unregistered marks stem from the history of trade marks construed as a

\(^{113}\) 298, stating that ‘[B]oth of us have argued before that these efforts were doomed because they required courts to consult the very same fickle consumer perception that anchors the likelihood of confusion analysis.’

\(^{130}\) As an example of a jurisdiction specific, trademark rights by use discussion see Dinwoodie and Janis, Contextualism above n 96, 1643, where they discuss developments of ancillary use doctrines such as token use in the context of establishment of rights cases, to illustrate the point that ‘use’ ‘is no prescription for determinacy’.

\(^{131}\) McKenna, Theory of Harm, above n 111.
species of industrial property. Under Australian law, consumer confusion is secondary to a consideration of whether the defendant has used the impugned mark as a trade mark.

As an example, in the US, the concept of initial interest confusion and intermediate internet liability has been the subject of much (negative) academic inquiry. As Stacey Dogan points out, the debate centres on whether Google should be liable for infringing conduct of its AdWords’ customers. As discussed at page 150, Australian law is somewhat at a crossroads with regards to this type of invisible trade mark infringement. It has also been suggested that initial interest confusion should be a doctrine adopted by Australian courts. In contrast to that view, it is argued here that Justice Kenny and Justice Katzmann’s view — that unseen use is not trade mark use — should be preferred as it captures the “spirit” of the analogue application of whether a mark is being seen as a badge or origin.

This trade mark use standard, means that in an AdWords context, a consumer would not “see” the use, and even if they did (for example if the plaintiff’s trade mark appeared on screen in juxtaposition with the defendant’s goods), they would unlikely see the use of that trade mark as an indicator of source to Google. That is, due to the trade mark use test, it would be difficult to argue that Google was using the plaintiff’s mark as a trade mark to indicate source to itself. The trade mark use test means that intermediary liability cases that involve “unseen” uses must pursue a different legal path.

In Australia, that well-beaten path is either passing off or a misleading and deceptive conduct claim under s 18 ACL or both. Thus in Australia, cases against intermediaries such as Google have been brought in Australian courts under the flexible (yet demanding) heads of passing off and statutory consumer protection laws. The most notable case being Google Inc v Australian Competition and Consumer Commission where the High Court unanimously held that Google had not engaged in misleading or deceptive conduct contrary to s 52 Trade Practices Act 1974 (Cth) (TPA) in publishing ‘sponsored links’ in response to web page searches.

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132 Dogan, above n 102, 136 referring to the ‘straw man’.
133 Mando, above n 104.
134 [2013] HCA 1.
135 The High Court held as a general proposition that it is the advertiser and not the intermediary search engine that is liable for the content of web advertising.
IV What Factors Predict Deceptive Similarity?

The raw data for this Part is at Workbook ‘Deceptive Similarity 2018’ at

https://docs.google.com/spreadsheets/d/1iOpI2lXkxngWaawiPc16BgqpzaoKYTp6MeGXF5sr9YA/edit?usp=sharing

Once the defendant’s trade mark use is determined, the next question is whether the defendant’s mark is deceptively similar to the plaintiff’s mark. That is, given deceptive similarity is a determinative element in deciding a s 120 outcome, what factors influence a deceptive similarity finding? To answer this question, Janice Luck’s suggested 10 factors discussed in Chapter Four were adapted for this study. It was found that there were 53 cases that engaged in a non-negligible discussion of deceptive similarity. The cases were coded against Janice Luck’s ten factors (see page 127). A chi-square test of association was performed with the results shown at Table 15 below.

Table 16 Chi-Square Test of For Association Between Deceptive Similarity and Explanatory Factors

<table>
<thead>
<tr>
<th>Deceptive Similarity Factor</th>
<th>P value for Chi-Square</th>
<th>Chi Square Value</th>
<th>Degrees of Freedom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: Identify the Recollection of the Registered Trade Mark</td>
<td>&lt; 0.001</td>
<td>18.62</td>
<td>2</td>
</tr>
<tr>
<td>Factor 2: The ‘Character’ of the Marks: Has an Element of Either of the Marks a Degree of Notoriety or Familiarity?</td>
<td>0.840</td>
<td>0.72</td>
<td>2</td>
</tr>
<tr>
<td>Factor 3: Compare the Respective Look and Sound of the Trade Marks</td>
<td>&lt; 0.001</td>
<td>34.82</td>
<td>2</td>
</tr>
<tr>
<td>Factor 4: Compare the Respective Meanings or Ideas of the Trade Marks</td>
<td>&lt; 0.001</td>
<td>24.52</td>
<td>2</td>
</tr>
<tr>
<td>Factor 5: Discount to Some Extent Descriptive Matter and Matter Common to the Trades</td>
<td>0.045</td>
<td>6.02</td>
<td>2</td>
</tr>
<tr>
<td>Factor 6: The Circumstances of the Trade in the Relevant Goods and/or Services</td>
<td>0.006</td>
<td>9.69</td>
<td>2</td>
</tr>
<tr>
<td>Factor 7: The Kind of Customers Involved in the Relevant Goods and/or Services</td>
<td>0.065</td>
<td>5.74</td>
<td>2</td>
</tr>
<tr>
<td>Factor 8: The Intention of the ‘Offending’ Party</td>
<td>0.028</td>
<td>7.36</td>
<td>2</td>
</tr>
<tr>
<td>Factor 9: Any Instances of Actual Confusion?</td>
<td>0.109</td>
<td>4.71</td>
<td>2</td>
</tr>
<tr>
<td>Factor 10 Is this a ’Contextual Confusion’ Situation?</td>
<td>0.482</td>
<td>1.96</td>
<td>2</td>
</tr>
</tbody>
</table>

*chi-square performed with 4999 permutations, n=57

Looking at the shaded three rows, it is clear that three factors have a statistically significant relationship to a deceptive similarity outcome (p < 0.001). These factors are Factor 1:
Identify the Recollection of the Registered Trade Mark; Factor 3: Compare the Respective Look and Sound of the Trade Marks; Factor 4: Compare the Respective Meanings or Ideas of the Trade Marks.

Of interest, is the zero counts for Factor: 10 Is this a ‘Contextual Confusion’ Situation? , there were no infringement cases in which the term ‘contextual confusion’ was used. It is suggested here that the term is only used in registration or other proceedings. Relevant to the controversies discussed in Chapter Three is that that ‘reputation, fame or notoriety’ (‘reputation’) is not significantly associated to a deceptive similarity finding.

I The Factors that Influence Deceptive Similarity

To examine the nature and direction of the relationships, frequency tables were created. The results for the top three factors are shown in the table below.

<table>
<thead>
<tr>
<th>Factor 1: Identify the Recollection of the Registered Trade Mark</th>
<th>TM DS Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 1: Identify the Recollection of the Registered Trade Mark</td>
<td>Not Relevant</td>
</tr>
<tr>
<td>No TM DS</td>
<td>9</td>
</tr>
<tr>
<td>Yes TM DS</td>
<td>15</td>
</tr>
<tr>
<td>Count</td>
<td>24</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor 3: Compare the Respective Look and Sound of the Trade Marks</th>
<th>TM DS Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 3: Compare the Respective Look and Sound of the Trade Marks</td>
<td>Not Relevant</td>
</tr>
<tr>
<td>No TM DS</td>
<td>2</td>
</tr>
<tr>
<td>Yes TM DS</td>
<td>6</td>
</tr>
<tr>
<td>Count</td>
<td>8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor 4: Compare the Respective Meanings or Ideas of the Trade Marks</th>
<th>TM DS Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor 4: Compare the Respective Meanings or Ideas of the Trade Marks</td>
<td>Not Relevant</td>
</tr>
<tr>
<td>No TM DS</td>
<td>8</td>
</tr>
<tr>
<td>Yes TM DS</td>
<td>12</td>
</tr>
<tr>
<td>Count</td>
<td>20</td>
</tr>
</tbody>
</table>

* df=2, n= 57, chi-square performed with 4999 permutations

Factor 1 is ‘Identify the Recollection of the Registered Mark’. This factor relates to the judge’s discussion of the plaintiff’s notional use. That is, the court’s estimation of the ‘impression of plaintiff's notional use’. Where the judge makes a positive finding as to similarity of impression, there will be a favourable deceptive similarity finding 95% of the
time (18/19 cases), and correspondingly with a negative finding 79% of the time (11/14 cases).

Factor 3 is ‘Compare the Respective Look and Sound of the Trade Marks’. In other words this is the judicial assessment of the ‘similarity between aural or visual impression’ a positive finding on similarity will result in a positive finding of deceptive similarity 91% of the time (29/32 cases), correspondingly a negative finding 94% of the time (16/17 cases).

Factor 4 is ‘Compare the Respective Meanings or Ideas of the Trade Marks’. What the frequency table above reveals is that for ‘similarity between ideas’, where a judge makes positive comments as to the ‘similarity in the ideas’ between the marks, there will be a positive finding towards deceptive similarity 92% of the time (23/25 cases), correspondingly if there is a negative finding 92% (11/12 cases). A finding on ‘similarity between ideas’ can be said to be dispositive of a deceptive similarity finding.

2 The Factors that Do Not Influence Deceptive Similarity

The raw data supporting this discussion is given at Workbook ‘PhD Reputation 2018’ at https://docs.google.com/spreadsheets/d/12Hk3t2AAAti41GKKwhqMuEvU02jx0-yMmIVgRROp4d-0/edit?usp=sharing

Given ‘reputation’ was a particular issue of controversy (discussed at page 90), the role of this factor was examined in depth. During coding a word search of the text of each case was performed to catch as many cases as possible that relate to the concept of ‘reputation’. Keywords included ‘reputation’; ‘notorious’; ‘fame’; ‘famous’; ‘well-known’; ‘renown’; ‘ubiquitous’. These cases were tagged with a ‘reputation’ tag in the database. This process missed the case of REA Group Ltd v Real Estate 1 Ltd,136 which does not expressly use these words but does discuss reputation in substance. This case was included for this part of the analysis. This tagging process provided a list of 25 cases.

The question of interest was the impact of reputation on the court’s finding on deceptive similarity. Therefore only cases where deceptive similarity was a live issue (as opposed to just ‘use’) were examined for reputation issues. This subset of cases was then re-read to examine the context of the discussion of reputation. For the purposes of this analysis, two categories of ‘reputation’ cases were excluded — those where the concept of reputation

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136 (2013) 217 FCR 327
related to s 120(3), and those in which reputation was mentioned but not discussed in a substantive way (for example in relation to a cross claim for removal or relevant to damages); or was discussed in relation to use. This list and relevant coding is provided in the workbook link above. It is acknowledged that removing s 120(3) cases is prima facie controversial. This is because the s 120(3)(b) inquiry still requires an assessment of whether the plaintiff and defendant’s marks are deceptively similar. However, when the five affected cases were examined, it became apparent that a comparison of marks was typically done only in the context of the collateral claim; or that reputation was discussed in a general sense to establish the “well known” portion of the claim. In other words, s 120(3) cases appeared to be distinct from cases that resolved under ss 120(1) or (2) particularly in relation to their analysis of deceptive similarity. Therefore, these five s 120(3) cases were excluded from this part of the analysis. This left 14 cases where deceptive similarity was a live issue and there was a substantive (that is more than merely incidental) discussion of Factor 2 ‘Has either of the marks a degree of notoriety or familiar reputation?’ (‘Reputation’). The reasons for excluding cases are set out in the Workbook link above.

Table 18 below sets out of a list of these cases in chronological order. Column 3 sets out whether the deceptive similarity finding favoured a finding of infringement — yes or no. Column 4 sets out whether the discussion of reputation favoured deceptive similarity (yes) or not (no).

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137 Cases discussing reputation in a s 120(3) context were: Virgin Enterprises Ltd v Virgin Star Pty Ltd (2005) 67 IPR 557; Nintendo Co Ltd v Care (2000) 52 IPR 34; Hills Industries Ltd v Bitech Pty Ltd (2011) 214 FCR 396; San Remo Macaroni Company Pty Ltd v San Remo Gourmet Coffee Pty Ltd (2000) 50 IPR 321; Australian Associated Motor Insurers Ltd v Australian Automotive Motor Inspection Centre Pty Ltd (2003) 60 IPR 92.

This table can be summarized as a frequency table to examine the direction of relationships in the context of the 57 cases where deceptive similarity was a live issue. This frequency table is shown below.

<table>
<thead>
<tr>
<th>Case Name (Italics)</th>
<th>Senior Citation</th>
<th>Date of Judgment</th>
<th>Discussion of Deceptive Similarity Infringement</th>
<th>Discussion of Reputation Favours Deceptive Similarity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoover Co (Aust) Pty Ltd v Spackman [No 2]</td>
<td>(1999) 44 IPR 167</td>
<td>17/02/1999</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Lone Star Steakhouse &amp; Saloon Inc v Zuccas</td>
<td>(2000) 48 IPR 325</td>
<td>21/01/2000</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Anheuser-Busch v Budvar</td>
<td>(2002) 56 IPR 182</td>
<td>5/04/2002</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Beecham Group plc v Colgate-Palmolive Pty Ltd</td>
<td>(2005) 66 IPR 254</td>
<td>22/06/2005</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Edwards v Liquid Engineering 2003 Pty Ltd</td>
<td>(2008) 77 IPR 115</td>
<td>26/06/2008</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Anakin Pty Ltd v Chatswood BBQ King Pty Ltd</td>
<td>(2008) 250 ALR 62</td>
<td>30/09/2008</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Mars Australia Pty Ltd v Sweet Rewards Pty Ltd</td>
<td>(2009) 81 IPR 354</td>
<td>5/06/2009</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Optical 88 Ltd v Optical 88 Pty Ltd (No 2)</td>
<td>(2010) 275 ALR 52</td>
<td>10/12/2010</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Australian Postal Corporation v Digital Post Australia Pty Ltd (No 2)</td>
<td>(2012) 293 ALR 36</td>
<td>17/08/2012</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>SMA Solar Technology AG v Beyond Building Systems Pty Ltd (No 5)</td>
<td>[2012] FCA 1483</td>
<td>21/12/2012</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>REA Group Ltd v Real Estate 1 Ltd</td>
<td>(2013) 217 FCR 32</td>
<td>7/06/2013</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Adidas AG v Pacific Brands Footwear Pty Ltd (No 3)</td>
<td>(2013) 308 ALR 74</td>
<td>12/09/2013</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Louis Vuitton Malletier v Sonya Valentine Pty Ltd</td>
<td>(2013) 222 FCR 45</td>
<td>19/09/2013</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 19, shows that there were 57 cases where deceptive similarity was a live issue. In 43 of these cases, Factor 2 Reputation was ‘Not Relevant’. The shaded boxes reveal that there were 14 cases where ‘Reputation’ was related to the courts’ deceptive similarity analysis. Focusing on the cases where reputation was discussed (shaded area), it can be seen that there were 14/78 (18%) of cases over the 20 year period that mentioned ‘reputation’ in a substantive way in relation to s 120(1) and/or (2) reasoning (also see list provided at Table 18).
Looking at the shaded cells, under the column titled ‘no’, where the judge spoke negatively of the reputation issue (‘no’), there could be either a negative finding on deceptive similarity (‘No TM DS’) in 45% of cases or (4/9 cases) or equally a positive finding on deceptive similarity (‘Yes TM DS’) 55% of cases or (5/9 cases). In other words, a negative discussion on ‘reputation’ was almost equivocal or of little predictive value to the court’s finding on deceptive similarity. There were more interesting results in regards to a positive discussion of ‘reputation’. If a judge had a positive discussion of reputation issues, there was a positive finding on deceptive similarity 80% of the time (4/5 cases) but a positive discussion could also lead to a negative finding on deceptive similarity 20% of the time (1/5 cases). 139

Because there were only 14 cases out of 57 where there appeared to be a directional relationship, it is not surprising that a chi square test of association failed to be statistically significant. It is important to acknowledge that the number of cases relating to reputation is small so confident empirical conclusions as to the predictive value of reputation are not possible. Nevertheless, it can be posited in broad terms that when looking at deceptive similarity cases as a whole (57 cases); a discussion of reputation (14 cases) is not strongly associated with an overall deceptive similarity outcome.

Further, something can be gained by looking more qualitatively at the language of the 14 ‘Reputation’ cases.

There were five cases where the court set out substantive dicta on the role that reputation should have on a deceptive similarity finding after the Maltesers case140. These cases were Adidas AG v Pacific Brands Footwear Pty Ltd (No 3),141 Australian Postal Corporation v Digital Post Australia Pty Ltd (No 2),142 Louis Vuitton Malletier v Sonya Valentine Pty,143 Optical 88 Ltd v Optical 88 Pty Ltd (No 2),144 SMA Solar Technology AG v Beyond Building

139 The five cases where there was a positive discussion of reputation and a positive finding on deceptive similarity were Anakin Pty Ltd v Chatswood BBQ King Pty Ltd (2008) 250 ALR 620; Anheuser-Busch v Budvar (2002) 56 IPR 182; Australian Associated Motor Insurers Ltd v Australian Automotive Motor Inspection Centre Pty Ltd (2003) 60 IPR 92; Hoover Co (Aust) Pty Ltd v Spackman [No 2] (1999) 44 IPR 167; Lone Star Steakhouse & Saloon Inc v Zurcas (2000) 48 IPR 325.

140 Ibid.

141 (2013) 308 ALR 74

142 (2012) 293 ALR 369.

143 (2013) 222 FCR 45.

The five cases after 2009 reveal dicta that indicate that courts are applying the high standard of the notorious and ubiquitous test set by the *Henschke* court and are reluctant to entertain any casual considerations of reputation in the deceptive similarity enquiry.

(a) *Louis Vuitton Malletier v Sonya Valentine Pty Ltd* 147

In this case, Jessup J considered what many would consider a very famous global brand — Louis Vuitton. In determining whether the impugned mark LOUIS V was deceptively similar to the registered LOUIS VUITTON mark, his Honour accepted that the plaintiff’s mark had a ‘an established reputation’ however it did not cross ‘the high bar set by the Full Court in *Henschke*’ — as being ‘so ubiquitous and of such long standing that consumers generally must be taken to be familiar with it and its use in relation to particular goods’. 148

(b) *Adidas AG v Pacific Brands Footwear Pty Ltd (No 3)* 149

Robertson J referring to ‘the applicants’ submission that the fame of the mark tends in favour of a finding of deceptive similarity’, and at [219] distinguished the approach taken by Perram J in the *Mars* case 150

I do not accept, contrary to the respondent’s contention, that the fame of the mark has the consequence in the present case that a four stripe mark could never be deceptively similar to the applicants’ trade marks. Much must depend on the mark in question. On this basis I distinguish, with respect, the approach of Perram J in *Mars Australia Pty Ltd v Sweet Rewards Pty Ltd* (2009) 81 IPR 354; [2009] FCA 606 at [97] in that I accept that the average consumer would not have forgotten the applicants’ trade marks but I do not assume that the average consumer would perfectly recollect the number of stripes.’

(c) *SMA Solar Technology AG v Beyond Building Systems Pty Ltd (No 5)* 151

In *SMA*, Perram J compared whether the plaintiff’s SUNNY BOY mark with SUNNY ROO, both for solar inverters and related goods and services. His Honour rejected the idea that the

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146 *Henschke Appeal* (2000) 52 IPR 42.
147 (2013) 222 FCR 45.
148 *Louis Vuitton Malletier v Sonya Valentine Pty Ltd* (2013) 222 FCR 45 at [34].
149 (2013) 308 ALR 74.
150 *Australia Pty Ltd v Sweet Rewards Pty Ltd* (2009) 81 IPR 354 at [97]
plaintiff’s word SUNNY was the ‘dominant idea conveyed to the casual observer’— applying the Full Court’s test in finding that ‘SMA’s use of the word SUNNY’ had not become ‘notoriously so ubiquitous and of such long standing that consumers must be taken to be familiar with it.’

(d) *Australian Postal Corporation v Digital Post Australia Pty Ltd (No 2)*

Although this case does not directly refer to the *Henschke* line of cases, the defendants raised the issue of the plaintiff’s fame in assessing deceptive similarity. Marshall J appeared to take judicial notice of the fame of Australia Post’s mark. In the case, Marshall J assessed the deceptive similarity between AUSTRALIA POST (the trade mark of Australia’s public mail carrier) and the defendant’s mark DIGITAL POST AUSTRALIA (DPA) amongst others as a provider of a digital post service. At [55] the court was said that the AUSTRALIA POST mark ‘is so ubiquitous and well known … that it is extremely unlikely that consumers will’ be confused between it and their mark DIGITAL POST AUSTRALIA. In making his decision on deceptive similarity, at [59] his Honour referred to the standard tests of deceptive similarity such as aural and visual similarity. His Honour also made reference to AUSTRALIA POST as ‘iconic through extensive and prolonged use’ such that consumers would be wary to any changes to the mark and would not find DIGITAL POST AUSTRALIA deceptively similar. The trial judge’s judicial notice of the fame of AUSTRALIA POST was not agitated in the subsequent appeal where the trial judge’s decision was affirmed.

(e) *Optical 88 Ltd v Optical 88 Pty Ltd (No 2)*

In the *Optical 88* case, Yates J compared the registered marks of OPTICAL 88 Ltd (incorporated in Hong Kong) with the use of the business name of Australian company Optical 88 Pty Ltd for optometry services. Rejecting the plaintiffs’ ‘claimed reputation in

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153 Ibid.
154 (2012) 293 ALR 369 (‘Australia Post’)
155 Note that at [59] Australia Post has a ‘statutory monopoly over the delivery of letters and parcel parcels. It is not yet associated in the minds of potential customers with the provision of digital mail.’
156 *Australian Postal Corporation v Digital Post Australia* (2013) 308 ALR 1 per North, Middleton and Barker JJ.
Hong Kong’. 158 Yates J commented that at [96] ‘consideration of the trade mark owner’s reputation in the registered mark is not relevant save (perhaps somewhat contentiously) where reputation is a matter of notoriety’.

A Summary Discussion of Part IV — Deceptive Similarity

Of the 57 cases that engaged with a non-negligible discussion of deceptive similarity, three factors — similarity of ideas, similarity of impression and visual / aural similarity had a significant association with a finding of deceptive similarity. It is likely that the other factors are only relevant in very close cases. Janice Luck had proposed her 10 factor model of deceptive similarity in order to reduce the ‘level of uncertainty surrounding the determination of deceptive similarity and encourage consistent application of the principles’. 159 The fact that only three of these factors are significant predictors of deceptive similarity does not detract from the usefulness of Luck’s model. The other factors may be relevant but are relevant less frequently and are less predictive in determining an outcome. That said, contextual confusion was not a term appearing in cases examined.

With regards to the three top factors, there is no doubt some conceptual similarities between these factors as they all relate to perceived similarity. However it is argued here that these factors are distinct. One factor compares the overall impression between the marks and is more about the procedure or standard for the deceptive similarity test, akin to maintaining the perspective a reasonable person. In particular, how the court discusses the notional impression of the registered mark. The factor ‘similarity in visual or aural impression’ reflects the substance of the comparison. ‘Similarity in ideas’ protects those novel presentations of marks, where the idea is strong (eg crazy man sitting on the globe) 160 but the visual style varies. It is interesting (as with the results on “use” at page 170) that the most predictive factors pertain to analysis of the inherent features of the mark. That is, in contrast

158 At [44].

159 Ibid 139, Luck acknowledging that a degree of uncertainty is inevitable given the impressionistic nature of the inquiry, ‘[T]hese factors have obviously been taken from the legislative provisions and judicial statements setting out the principles for determining deceptive similarity. Even using this framework, a level of uncertainty will remain as the 10 factors do not eliminate the impressionistic and thus subjective nature of the assessments the underlying principles require. To further reduce the level of uncertainty a new test for determining deceptive similarity is needed.’

160 See, eg, Crazy Ron’s Communications Pty Limited v Mobileworld Communications Pty Ltd (2004) 209 ALR 1.
to the tropes in the literature, courts do not (or are not asked to) assess lengthy discussions of actual or potential consumer confusion or extrinsic trade channels or other marketplace factors. Significantly considerations of a plaintiff’s reputation or fame were not predictive of a deceptive similarity finding.

In Chapter Three, the arguments for and against a consideration of reputation were discussed. On the one hand, Davison and Davison and di Giantomasso argued that inclusion of reputation could undermine the integrity of the register; second, could undermine the role of passing off; and third, could cause the infringement inquiry to become a costly evidentiary struggle over reputation. Other the other hand, Burr all and Handler argued that reputation can sway a case in different directions ‘without fundamentally affecting the nature of’ an infringement action. The results support the latter contention in that reputation has been somewhat of a swinging factor in early cases. However, post the Maltesers case in 2009, it appears that discussions of reputation are adhering to the high notorious and ubiquitous standard set out by the Henschke courts. This would imply that Davison’s concerns are no longer of pressing relevance or that courts have perhaps heeded his critiques or come to similar conclusions.

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162 Davison and di Giantomasso, above n 83.
CHAPTER SIX: CONCLUSIONS AND DIRECTIONS FOR FUTURE RESEARCH

At the start of this thesis, it was said that the outcomes of this project could be grouped into three broad themes. The first being the utilisation of an innovative empirical method; the second, an analysis of litigation trends; and the third, an in-depth analysis of judicial reasoning. Implications for Australian and US law would be drawn from the latter two groups of results.

I REFLECTIONS ON THE METHOD

With respect to reflections on the method, the empirical analysis performed has provided insights not available through traditional interpretive analysis. This includes the empirical analysis of trends over a 20 year period and the systematic content analysis of judicial reasoning in the 78 cases that fell into this 20 year span. In particular, the empirical analysis allowed for inferences to be made about relationships such as the nature of inter-pleading collateral claims and intra-pleading within heads of ss 120(1) or (2) or (3). The judicial reasoning analysis drew out a factorial model of Australian trade mark infringement law and enabled the determination of ‘the absence of an element … thought to be present in the case law’¹. For instance, the absence of “reputation” as an influential factor in deceptive similarity analysis.

With regards to selection of the method, as a researcher with a quantitative, social science background, it was always the goal to apply an empirical method to a large scale trade mark study. What needs to be explained is the attachment to Beebe’s method as opposed to starting this study from the first principles of social science research. In the early stages of this project in 2011, an intellectual commitment was made to adapt Beebe’s method. At that time (and to date), Beebe’s paper presented a pioneering and influential example of a large scale, empirical, judicial reasoning study. At the time, it was thought that adapting Beebe’s method was the most constructive and efficient way to move the project forward.

In essence Beebe’s method is the systematic content analysis\(^2\) described by Hall and Wright,\(^3\) which in turn is a neatly packaged version of what social scientists do every day. It was found that to explain (or assist to justify) methodological processes such as case selection, coding, or analysis, it was more efficient to reference Beebe’s work than it was to explain “the scientific method”. For example (at page 101), first instance decisions were the population of interest. One explanation for this was that Beebe did this in his project. However, from a social science perspective, the explanation is that more meaningful inferences can be made if data is drawn from a homogenous sample. The latter is something a first year psychology student would implicitly understand but explaining and referencing this epistemology would be more laboured in a legal writing context.

Another positive but also difficult consequence of attaching to Beebe’s method was that it led to an exploration of the critical differences between US and Australian trade mark law. That is, using Beebe’s method as an anchor provoked questions as to why variations to his method had to be made for an Australian context. Thus, a complex understanding of US law was needed in order to contrast the treatment of unregistered marks in the US (included in Beebe’s dataset) with that in Australia. This in turn prompted research into comparative aspects of law such as the meaning of passing off in the US and other legal and procedural issues. Navigating these challenges expanded the research into exploring the historical, normative and doctrinal differences between US and Australian trade mark law more generally. This was challenging work but it enabled a richer understanding of Australian law and encouraged the application of the thesis findings into foreign arenas such as the US trade mark use debate.

II CONCLUSIONS ON TRENDS

The trends reported in this section must be understood in the narrow context of trade mark infringement since the advent of the 1995 TM Act. As discussed on page 153, the findings of this thesis support the suggestion by some practitioners that passing off has become redundant as a collateral claim in trade mark infringement litigation. This thesis found that


\(^3\) Hall and Wright above, n 1.
a collateral claim can improve a plaintiff’s ‘net win’ rate by 10% in a treble action (s 120/passing off/s 18 ACL). However, contrary to Blakeney’s concerns in 1984, this thesis found that this improvement is being driven by deference to s 18 ACL reasoning and not by passing off. This thesis has found that at best, passing off has no impact on the plaintiff’s ‘net win’ rate (at least in treble litigation).

Another important finding (discussed at page 148) is the relative decline in the volume of cases claiming s 120(2) and s 120(3) between Decades One and Two. Significantly 93% of litigation in Decade Two resolved under the head of s 120(1) (up from 82% in Decade One). This would tend to negate the early concerns of some members of the Working Party that s 120(2) and s 120(3) could be used as an unreasonable extension of owners’ rights, or that s 120(3) could be some kind of US style dilution provision. The reality is that these sub-sections are of decreasing relevance to modern Australian trade mark litigation as it appears in reported cases.

This thesis argued that the decline in reliance on these sub-sections and the increased reliance on s 120(1) may be a reflection of the increase in the number of trade mark registrations across classes. It was suggested that if the bar for registration has been set low under the 1995 TM Act (where the presumption of registrability without use has been generous) then trade mark owners may have their marks registered across an ‘excessive’ range of goods and/or services. As such, plaintiffs would need only press their rights under s 120(1) because the plaintiff has registered marks in every-and-all the related goods and services that could relate to their business. It was suggested that there may be a relationship between the increased reliance on s 120(1) and to “cluttering” on the register. Exploring this hypothesis is the subject of future work.

III CONCLUSIONS ON JUDICIAL REASONING

A Main Factors Determining a s 120 Outcome

This thesis developed and tested a multi-factor model of judicial reasoning under s 120 1995 TM Act presented at page 115. This table is replicated below for ease of reference. As discussed on p 162, this thesis found that trade mark use and deceptive similarity are determinative of a s 120 finding.
Table 20 Copy of Table 1: Multi-Factor Model of Australian Trade Mark Infringement

<table>
<thead>
<tr>
<th>$s120$(win/loss)</th>
<th>Equals</th>
<th>Use</th>
<th>Deceptive Similarity</th>
<th>Or Substantial Identity</th>
<th>Goods and Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>s120(win/loss) Equals Use</td>
<td>Deceptive Similarity</td>
<td>Or Substantial Identity</td>
<td>Goods and Services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 1: Defendant’s Mark is Taken from the Pleadings</td>
<td>Factor 1: Identify the Recollection of the Registered Trade Mark</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 2: Defendant’s Mark is Constructed by the Court</td>
<td>Factor 2: The ‘Character’ of the Marks: Has an Element of Either of the Marks a Degree of Notoriety or Familiarity?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 3: Immediate Context</td>
<td>Factor 3: Compare the Respective Look and Sound of the Trade Marks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 4: External Context</td>
<td>Factor 4: Compare the Respective Meanings or Ideas of the Trade Marks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 5: Reputation</td>
<td>Factor 5: Discount to Some Extent Descriptive Matter and Matter Common to the Trades</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 6: Consumer Confusion</td>
<td>Factor 6: The Circumstances of the Trade in the Relevant Goods and/or Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 7: Purpose and Nature of Use</td>
<td>Factor 7: The Kind of Customers Involved in the Relevant Goods and/or Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 8: Policy Considerations</td>
<td>Factor 8: The Intention of the ‘Offending’ Party</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 9: Descriptive Mark</td>
<td>Factor 9: Any Instances of Actual Confusion?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Factor 10: Internet Related</td>
<td>Factor 10 Is this a ‘Contextual Confusion’ Situation?</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In this data set, the elements of substantial identity and relatedness between goods and/or services were not significantly associated with a $s$ 120 outcome. That substantial identity was not significant is not surprising given the test requires almost identical marks between litigants. That considerations of the relatedness between goods and or services was not important is interesting and perhaps goes to the “cluttering” argument made above, ie that most parties are registered in an excessive range of goods and services such that defendants typically fall into a subset of the plaintiff’s ownership. Alternatively, it could simply be that the nature of the $s$ 120 test has use operating as a preliminary threshold test thus limiting the need for plaintiffs to argue relatedness of goods or services.

In terms of the code ‘case turns on’, it was found that, at least 35% of cases turn on trade mark use and 35% turn on deceptive similarity (see page 160). It is interesting that a similar percentage of cases ‘turned on’ use as did deceptive similarity. This is because academic interest into Australian trade mark use appears to fall into the shadow of research into deceptive similarity (and the corollary concepts of consumer confusion).
With regards to use as an efficiency tool, it was found that trade mark use is operating as a limiting threshold enabling cases to resolve 39% more quickly than cases that devolved to deceptive similarity. It was argued that part of the reason for this efficiency is the focus of the court on intrinsic aspects of the mark when determining use and the overall case management process. With regards to the latter, courts typically follow the plaintiff’s contention that the defendant is using the plaintiff’s mark as its trade mark. This is contrary to some scholars’ claims that courts should assess what the defendant is using as its mark in a vacuum irrespective of the plaintiff’s claims. This finding implies that the identification of the defendant’s mark can be controlled or can be influenced by the nature of the pleadings and the case management process. The significant inference is that controlling the definition of the marks from the outset may be a key part of winning the overall case.

B Use Factors

The empirical evidence discussed at page 169 reveals that to assess trade mark use, the court relies on two factors — the ‘immediate context of the mark’ and the ‘purpose and nature of that use’. Then (although less often discussed) is a third factor of ‘policy considerations’. It is important to appreciate that the two main factors the court considers are factors that relate to the inherent nature of the mark. Significantly, courts do not often refer to external factors such as reputation, marketplace use, or consumer confusion to determine whether the defendant is using the impugned mark as a trade mark. This thesis argues at page 171 that this finding goes against American critiques of the Australian use approach. The results indicate that trade mark use is an effective and efficient threshold test that does not become bogged down in considerations of consumer mental associations or esoteric concepts of fame. It is argued that judicial reasoning based on the inherent features of the mark makes the resolution of the trade mark use question efficient and this supports the findings (above) that cases that turn on use require less hearing days than cases that turn on deceptive similarity.

A possible outcome of these findings is to provoke research into the meaning of trade mark use and compare it to findings of how consumers actually perceive marks when looking at marks on real goods and services. For example, what factors in the immediate context of the packaging have the greatest impact on whether a symbol is perceived as a trade mark? What contrasting colours, size of fonts and logos go towards perceiving a sign as a trade mark? What is the role of TM and R symbols? These kinds of inquiries have likely had attention by marketing psychologists already but an inter-disciplinary study that overlays the
legal concept of trade mark use would be of doctrinal and practical interest. It is noted that some research on trade mark use has begun in relation to the High Court case of *Cantarella Bros Pty Ltd v Modena Trading Pty Ltd*.

Another avenue for research would be to look at judicial assessments of the purpose and nature of the defendant’s use. This factor deals with the descriptive — distinctive continuum and has corollaries with issues in a registration context. An interdisciplinary study could examine what elements turn a descriptive word into something an average consumer identifies as a trade mark. In essence this may be asking what psychological factors turn a linguistic symbol into a brand.

C  Deceptive Similarity Factors

The results show that only three factors — similarity in ideas, similarity of impression, and aural/visual impression — were found to be determinative of a deceptive similarity outcome. As with the judicial consideration of trade mark use, the court does not rely (in a predictive way) on factors external to the mark such as the fame of the parties. Rather, the inherent features of the mark, ie their perceived similarities, are predictive of a deceptive similarity finding.

IV  DIRECTIONS FOR FUTURE RESEARCH

These results in relation to use and deceptive similarity support Beebe’s argument that (consistent with social science findings), only a small number of core factors are needed to determine a complex legal question. Beebe argued that multi-factor tests of eight - ten factors simply result in the stampeding of less significant factors. In this thesis, three factors each for trade mark use and deceptive similarity were found to be predictive. This thesis is not saying that the other factors are unimportant. In close cases or cases with novel issues, the other factors may become relevant. However, this thesis posits that for the majority of cases, the majority of the time, only these small handful of factors are relevant. In terms of civic impact, a recommendation of these findings is that litigants and researchers

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4 (2014) 254 CLR 337.

should focus attention on these six factors of s 120 *1995 TM Act* litigation to better use their own and the court’s resources.

In reviewing a broad range of literature for this project, a particular theme emerged from writers in the US, UK and Australia. This was a concern that trade mark owner’s rights are expanding particularly through reliance on consumer confusion rhetoric. That is — “all confusion is bad” — and therefore “the slightest confusion should trigger liability”. A central idea emerges that anchoring or curbing these owner’s rights by reference to a proprietary or tangible concept could provide some kind of “cure” to the over-reliance on confusion. The US trade mark use debate is an illustration of this central idea. From an Australian perspective, arguably calls to mix or merge passing off and s 18 *ACL* reasoning (ie calls not to abandon passing off) reflect a similar concern.⁶ An argument being that passing off (with its proprietary concept of goodwill) could anchor a court’s reasoning and prevent the consumer confusion portion of a s 18 *ACL* claim finding deception too easily.

The data in this thesis resonates with this central idea. For example, it is significant that the two main factors the court considers for use are — ‘immediate context’ and ‘purpose and nature’ — these are factors that relate to the inherent nature of the mark. Similarly, in determining deceptive similarity, the court relies on notions of intrinsic similarity between the two marks and not on extrinsic queries such as knowledge of fame. Again, these factors demonstrate a cognitive proximity to the trade mark itself. The Australian court’s containment of infringement reasoning to the intrinsic nature of the disputed marks may be an illustration of the court “curbing” or preventing the excesses of the more consumer focussed factors. While passing off is on the decline in a s 120 context, it may be the case that the s 18 *ACL* reasoning is not becoming too “carried away” by concepts of consumer confusion because the court’s reasoning may be anchored by the main proprietary s 120 argument.

With regards to passing off, the data strongly suggests that applicants are choosing to plead s 18 *ACL* alone in the trade mark infringement context. Exploring these ideas is beyond the scope of this thesis but will be explored in future research. In particular, a “brand infringement” database is intended to be built to assess all *1995 TM Act*, s 18 *ACL* and passing off claims outside of a s 120 *1995 TM Act* context. The

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⁶ Robert Burrell and Michael Handler, *Australian Trade Mark Law* (Oxford University Press, 2nd ed, 2016) 505, looking at consumer protection litigation more generally argue that ‘strict adherence to a consumer-oriented test would produce a raft of unforeseen consequences, some of which would be clearly undesirable.’ See also Chapter 13 generally where they argue for a merged approach of the two actions.
goal is for a topography of all types of brand infringement litigation to be created, providing a basis for further analysis and assessment.

V Final Conclusion

The empirical research presented here provides the first empirical judicial reasoning study in Australian trade mark law. It is acknowledged that there are limitations to any study of judicial opinions for example ‘unobserved reasoning or selection bias’. However, this empirical study is unique in that it represents the entire population of cases available under the *1995 TM Act* and not just a sub-set sample. Therefore, although prima facie 78 cases may appear modest, it is the first empirical judicial reasoning study that has observed all possible cases under the relevant law. The outcome is that this study presents a picture of the state of the positive law that is more easily verified than statements that come from intuition or experience.

In doing so, the thesis advances the field by confirming or negating the vision of the law put forward by both scholars and practitioners. For example, analysis of the trend data has confirmed the suspicions of practitioners that passing off has declined in a s 120 *1995 TM Act* context. The accompanying decline in trends in ss 120(2) and (3) claims negates the fears of the Working Party at the inception of these provisions. These trends and the increase in reliance on s 120(1) provide interesting avenues of research into whether “cluttering” has had a resulting impact on litigation strategies.

With regards to judicial reasoning, this study has shown that imposing a multi-factor model on a statutory section can provide a useful empirical framework. This study supports the statutory construct that finds infringement when a deceptively similar mark is being used as a trade mark. A new insight is the finding (in contrast to US critiques) that trade mark use cases resolve 39% more quickly than cases that depend on reasoning deceptive similarity. Moreover, the factors that determine use — immediate context, purpose and nature and policy — do not rely on references to consumer confusion or consumer mental associations.

In conclusion, this thesis has delivered new insights into the state of Australian trade mark law by using systematic content analysis of judicial reasoning. This study has advanced the

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field by providing an empirical overview of the state of the positive law which will contribute to new avenues of research and discussion for both scholars and practitioners alike for years to come.
APPENDIX A: TRADE MARKS ACT 1995 (CTH) S 120

S 120 When is a registered trade mark infringed?

(1) A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.

Note 1: For registered trade mark see section 6.
Note 2: For deceptively similar see section 10.
Note 3: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.

(2) A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:

(a) goods of the same description as that of goods (registered goods) in respect of which the trade mark is registered; or

(b) services that are closely related to registered goods; or

(c) services of the same description as that of services (registered services) in respect of which the trade mark is registered; or

(d) goods that are closely related to registered services.

However, the person is not taken to have infringed the trade mark if the person establishes that using the sign as the person did is not likely to deceive or cause confusion.

Note 1: For registered trade mark see section 6.
Note 2: For deceptively similar see section 10.
Note 3: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.

(3) A person infringes a registered trade mark if:

(a) the trade mark is well known in Australia; and
(b) the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:

   (i) goods (unrelated goods) that are not of the same description as that of the goods in respect of which the trade mark is registered (registered goods) or are not closely related to services in respect of which the trade mark is registered (registered services); or

   (ii) services (unrelated services) that are not of the same description as that of the registered services or are not closely related to registered goods; and

(c) because the trade mark is well known, the sign would be likely to be taken as indicating a connection between the unrelated goods or services and the registered owner of the trade mark; and

(d) for that reason, the interests of the registered owner are likely to be adversely affected.

Note 1: For registered trade mark see section 6.
Note 2: For deceptively similar see section 10.
Note 3: For well known in Australia see subsection (4).
Note 4: In addition, the regulations may provide for the effect of a protected international trade mark: see Part 17A.

(4) In deciding, for the purposes of paragraph (3)(a), whether a trade mark is well known in Australia, one must take account of the extent to which the trade mark is known within the relevant sector of the public, whether as a result of the promotion of the trade mark or for any other reason.
APPENDIX B:  FURTHER DETAILS OF CASE SELECTION

As discussed in the Methods Chapter, the cases were located using broad keyword searches in the Lexis Nexis AU Legal database — ‘All Subscribed Australian Case Sources’ for all Australian jurisdictions so as to capture the rare trade mark cases that are brought in state rather than federal courts. Keywords were ‘trade marks’, and ‘infringement’ dated between 1 January 1996 – 1 January 2016. This is a wider search than was used for the pilot study. Earlier searches used the phrase “Trade Marks Act”. In this search, the word “Act” was removed. This broad search revealed 2355 cases. This list is presented at Workbook “Case List” Sheet 1 “2355 cases” at digital appendix

https://docs.google.com/spreadsheets/d/1gSoGhOFz8KCx2MZE0vZw8LOikaxasqae u_9Gl-4Fxk/edit?usp=sharing

There were numerous reports for the same case for example, Optical 88 Ltd v Optical 88 Pty Ltd (No 2) dated 10/12/2010 was reported five times including in the Australian Legal Monthly Digest, Unreported Judgments Federal Court of Australia, CaseBase Cases, Australian Law Reports, and Intellectual Property Reports. To remove duplicates, the case list was sorted alphabetically and by date. Duplicates were then manually removed by the author. This left 727 cases. This list of 727 cases is displayed at Workbook “Case List” Sheet 2 “Duplicates Removed” at digital appendix

https://docs.google.com/spreadsheets/d/1gSoGhOFz8KCx2MZE0vZw8LOikaxasqae u_9Gl-4Fxk/edit?usp=sharing

Cases from the UK, New Zealand and the ATMO were removed. This left 607 cases. This list is presented at Workbook “Case List” Sheet 3 “UK NZ ATMO Removed” at digital appendix

https://docs.google.com/spreadsheets/d/1gSoGhOFz8KCx2MZE0vZw8LOikaxasqae u_9Gl-4Fxk/edit?usp=sharing

3 [2010] FCA 1380.
4 BC201009532.
Another search was performed in the Austlii database using “Advanced Search” “Boolean Enquiry” for “Trade Marks Act” and “infringement”. Note that “trade marks” and “infringement” yielded an excessive number of non-relevant cases therefore a decision was made to retain “act” as a search term. This search identified 902 Austlii cases. This list is presented at Workbook “Case List” Sheet 4 “Austlii” at digital appendix

https://docs.google.com/spreadsheets/d/1gSoGhOFz8KCx2MZE0vZw8LOiokaxasqeu_9Gl-4Fxk/edit?usp=sharing

The Westlaw AU database was also examined, applying the search terms “trade marks act” and “infringement”. Note that “trade marks” (absent “act”) and “infringement” yielded excessive non-relevant cases. A decision was made to retain “act” as a search term. This revealed 722 Westlaw cases. This list is presented at Workbook “Case List” Sheet 5 “Westlaw” at digital appendix

https://docs.google.com/spreadsheets/d/1gSoGhOFz8KCx2MZE0vZw8LOiokaxasqeu_9Gl-4Fxk/edit?usp=sharing

Note that the full detailed output of Westlaw AU is with the author. Importation of Westlaw results into Excel is less flexible than with Lexis-Nexis AU. Therefore only the titles of the cases are reproduced in Sheet 5. This is acceptable as the Westlaw AU list is for double checking missing cases only.

These three lists were merged, and sorted alphabetically. This yielded 2231 cases. This list is presented at Workbook “Case List” Sheet 6 “Merged” at digital appendix

https://docs.google.com/spreadsheets/d/1gSoGhOFz8KCx2MZE0vZw8LOiokaxasqeu_9Gl-4Fxk/edit?usp=sharing

This list was sorted alphabetically and duplicates were removed. This left a total case list of 978 cases. NZ, UK and ATMO, APO, and AUDND (Australian Domain Name Decisions) and any other duplicate cases were deleted. This left 788 cases. This list is presented at a new Workbook “Access Output” Sheet 1 “788 cases” digital appendix

https://docs.google.com/spreadsheets/d/1yJzrrYzIxzFzc4ib0apu7sfvEFfFtx95Uz8OW55HbAA/edit?usp=sharing

This list was imported into an author created Microsoft Access Database for coding (‘Access Database’). The headnote and case summary of all 788 cases was read in detail. The overall text of the 788 judgements was skimmed. If the case obviously dealt with s 120

201
infringement, the case was coded “No” for ‘do not reject this case from the sample’ If it was not obvious whether the case dealt with s 120, the case was coded “Close”, meaning “too close to decide based on preliminary review”. Thus the critical codes of interest at this stage of selection were “No” and “Close”.

Other codes included “Other IP Issue” eg copyright; “Other” issue eg trade mark opposition; “Wrong Issue” eg bankruptcy law and “Procedure” eg costs, damages. Self-explanatory tags included “Counterfeit”, “Linked cases”, “Reversed on Appeal”, “Contract dispute”, “Parallel Imports”. These secondary codes often overlapped with each other and their utility is limited to excluding the case in question from the final sample.

The full working list of 788 cases with a code is found at Workbook “Access Output”

```
https://docs.google.com/spreadsheets/d/1yJzrrYzIxzFzc4ib0apu7sfvEFfFtx95Uz8OW55HbAA/edit?usp=sharing
```

This coding left 74 “No” cases. In other words, these cases were not to be rejected and should be included in the dataset. These cases were read in depth to verify their inclusion into the dataset. This list including notes can be found at Workbook “Access Output”

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https://docs.google.com/spreadsheets/d/1yJzrrYzIxzFzc4ib0apu7sfvEFfFtx95Uz8OW55HbAA/edit?usp=sharing
```

This coding left 129 “Close” cases. That is, 129 cases where it was not clear whether to include the case into the dataset. This list can be found at Workbook “Access Output”

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https://docs.google.com/spreadsheets/d/1yJzrrYzIxzFzc4ib0apu7sfvEFfFtx95Uz8OW55HbAA/edit?usp=sharing
```

These 129 cases were re-read in full. These cases were coded again under column F “Second Review – Reject?”. Additional observations were made in “Access Output”

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https://docs.google.com/spreadsheets/d/1yJzrrYzIxzFzc4ib0apu7sfvEFfFtx95Uz8OW55HbAA/edit?usp=sharing
```

From this second review, there were 29 cases that were considered very close to inclusion. These cases were read in depth. From this review, 21 cases out of the 29 were rejected.
The remaining eight cases were considered borderline inclusions. The 21 cases and comments discussing their exclusion are presented at digital appendix Workbook “Access Output”\Sheet 4 “21 cases “Close’ after 2nd Review” at digital appendix

https://docs.google.com/spreadsheets/d/1yJzrrYzIxzFzc4ib0apu7sfvEFfFtx95Uz8OW55HbAA/edit?usp=sharing

The eight borderline cases were re-read again. The author emphasises that the standard for inclusion is as described at thesis page 102. ‘As with Beebe’s study, only cases that provided a ‘substantial discussion’ of s 120 1995 TM Act were included where ‘substantial’ was defined liberally as ‘as any use beyond the mere citation without analysis of the test’. These eight cases and the reasons for their inclusion or exclusion are listed alphabetically and discussed below.

**Boyd v Wild Hibiscus Flower Co Pty Ltd (No 2) [2012] FCA 74**

This case was brought on as an application for urgent interlocutory relief. The plaintiff’s prima facie case for trade mark infringement is set out at paras [43]-[56]. There is no substantive discussion of any case law nor is there engagement with the details of s 120 of the TMA. At the time of original sampling, it was thought that this case did not provide sufficient discussion of the issues under s 120. Upon later reflection, despite the limitations noted above, the substance of the discussion was considered sufficient to warrant its inclusion. This case is now included in the sample.

**Deckers Outdoor Corp Inc v Farley (No 2) (2009) 176 FCR 33**

This was an application for summary judgement. At [40] the plaintiffs appeared to approach the case as a counterfeit products case. There is some discussion of general trade mark infringement law in relation to differing labels at [42] – [46]. However, in contrast to the one other case of summary judgement included in the sample, *Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd*, it was decided that this case did not provide sufficient analysis of s120 to be included in the sample. Therefore this case is excluded from the sample.

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7 [2011] FCA 1319.
Digitrex (Aust) Pty Ltd v EMT Aust Enterprise Pty Ltd [2004] FCA 1027

This was an application for default judgement where the respondent does not appear. There is only a brief analysis of trade mark infringement at [21], ’[T]he words used by the respondent and the words in the applicants’ trade marks are extremely similar and, when used in respect of similar types of products, I have no doubt they would be confusing.’ This was considered not enough to meet Beebe’s test for inclusion. This case is excluded from the sample.

Hall v Lewis [2004] WASC 217

This case was originally rejected as a licensing issue and other IP type case. Upon review it will be now included in the sample.

Nikken Wellness Pty Ltd v van Voorst [2003] FCA 816

This case was originally rejected as s 120 is not discussed in the judgment. This is despite the fact that the words trade mark infringement appear in the headnote. The heart of the infringement case goes to construction of the registration. This case was borderline, but given the absence of discussion of elements of s 120, it is excluded from the sample.

Organic Marketing Australia Pty Ltd v Woolworths Ltd [2011] FCA 279

This case was brought on as an application for interlocutory injunction. At [14], ‘[T]he application is not accompanied by a statement of claim but supported by an affidavit. Consequently, the precise causes of action are not pleaded. The application recites, however, that it is brought pursuant to ss 120, 126 and 191 of the Trade Marks Act 1995 (Cth) (“Trade Marks Act”), and ss 18, 29, 232 and 236 of Sch 2 to the Competition and Consumer Act 2010 (Cth) (“CCA”).’ It was originally rejected as not providing substantive discussion of s 120. Upon review, this case is now included in the sample.

Snack Foods Ltd v Premier 1st Pty Ltd (2013) 99 IPR 629

This case was brought on as an application for interlocutory injunction. There is no substantive discussion of s 120 or trade mark infringement law in general in this case. The discussion of the merits of the case is limited to [24]-[25] below,

[24] The applicants have sued for infringement of the POPPED CORNERS trade mark. Snack Foods is the registered owner of that trade mark and SBI and SBF are authorised users of that trade mark. Absent any challenge to the validity of that trade mark, the applicants would have a strong case for infringement given the similarity between the POPPED CORNERS trade mark and the POPCORNERS trade mark.
Premier 1st accepted that the applicants had established a prima facie case or serious question to be tried in respect of their cause of action for infringement of the POOPED CORNERS trade mark. However, it was submitted on behalf of Premier 1st that it had good prospects of establishing at a final hearing that the POOPED CORNERS trade mark ought to be cancelled and, in any event, that it had not infringed that trade mark. The submission was that the court was obliged, in assessing the strength of the applicants’ prima facie case overall, to take into account the prospects of Premier 1st succeeding in one or more of its challenges to the trade mark and of succeeding in its defence to the infringement claim.

This case does not have sufficient analysis to merit inclusion in the sample. This case is excluded from the sample.

Toddler Kindy Gymbaroo v Gymboree (2000) 51 IPR 1

Trade mark infringement is not a significant part of this complex trial decision and is not mentioned in the headnote. However there are three paragraphs out of 142 paragraphs where the judge engages in a deceptive similarity analysis. When first reviewed this case was a borderline exclusion. Upon review, it has been decided that due to the substance of the discussion of s 120 including discussion of case law and the material facts, this case will now be included.

In summary four additional cases were added to the core 74 cases. These were:

- Boyd v Wild Hibiscus Flower Co Pty Ltd (No 2) [2012] FCA 74
- Hall v Lewis [2004] WASC 217
- Organic Marketing Australia Pty Ltd v Woolworths Ltd [2011] FCA 279
- Toddler Kindy Gymbaroo Pty Ltd v Gymboree Pty Ltd (2000) 100 FCR 166

None of the above four cases was reversed on appeal. In total there were 78 cases in the sample.
## APPENDIX C: LIST OF EXAMINED CASES 1996 – 2016

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APPENDIX D: PROCESS FOR DETERMINING CASES BY POSTURE AND REASONS FOR INCLUSION 1996 – 2016

A full record of notes and dicta relating to the process for coding for posture (including nature of the action and the relief sought) is provided at Workbook “Posture” at digital appendix

https://docs.google.com/spreadsheets/d/16KPSOql4fZiP71nfduTK8vkiy8pNhGQtNVEK5CThE/edit?usp=sharing

A Trial Decisions

Appendix E “Cases by Posture 1996 – 2016” below reveals there are 58 trial decisions in the dataset. However, it is acknowledged that there were several trial decisions that provided only a minor discussion of s 120 in relation to the text of the judgement. These include:

- Toddler Kindy Gymbaroo Pty Ltd v Gymboree Pty Ltd\(^8\): only three paragraphs of 142 paragraphs deal with deceptive similarity. The major part of the trade marks section of the judgement deals with cancellation
- TGI Friday's of Minnesota Inc v TGI Friday's Australia Pty Ltd\(^9\): a major focus of the judgement is whether trade mark effectively registered.
- Verrocchi v Direct Chemist Outlet Pty Ltd\(^10\): the bulk of the judgement deals with misleading and deceptive conduct, passing off and secondary reputation.
- CSR Ltd v Resource Capital Australia Pty Ltd\(^11\): the majority of the judgement considered only the case under s52 of the Trade Practices Act 1974 (Cth).
- Tivo Inc v Vivo International Corp Pty Ltd\(^12\): only 9 paragraphs out of 538 discussed the substance of the s 120 claim.

Despite the fact that the trade mark infringement portion was not the main focus of these trials, these cases were included and coded as ‘trials’.

\(^8\) (2000) 100 FCR 16.
\(^10\) (2015) 228 FCR 189.
\(^12\) [2012] FCA 252.
B Interlocutory Applications

The list at Appendix E also reveals 17 cases of applications for interlocutory relief or orders. The typical prayer for relief was an injunction. The principles governing applications for interlocutory injunctions particularly in a trade mark infringement context were set out by Finkelstein J in *Outdoor Power Products Pty Ltd v Silvan Australia Pty Ltd*¹³ stating that the applicant must only make out a ‘fair case for breach of his legal rights’. However an applicant may be required ‘to show more than that his case is not frivolous… particularly so when…the decision on the interlocutory application may have the practical effect of resolving the case’.¹⁴

As will be discussed further below, due to this different standard, there may be a concern that interlocutory applications may not provide a full or clear discussion of the elements and factors under s 120. However, the method of filtering these decisions revealed this concern to be overstated. This is because as with the trial decisions, inclusion of the interlocutory applications was based on whether was ‘any use beyond the mere citation without analysis of the test’.¹⁵ It was found that application of this test filtered out interlocutory applications where there was little to no discussion of s 120 of the 1995 TM Act.

All of the interlocutory applications included in the sample provided analysis of trade mark infringement issues considered to be ‘substantial’ enough to meet Beebe’s test. Some of these cases actually included extensive analysis of the infringement issues, even more so than some of the trial decisions discussed above. Examples of extensive analysis in an interlocutory application include but are not limited to *Pakula Tackle Australia Pty Ltd v Zacatak Lures Australia Pty Ltd*¹⁶ and *Sebel Furniture Ltd v Acoustic and Felts Pty Ltd*¹⁷.

C Summary Judgement and Default Judgement

Inclusion of cases of summary or default judgment could also be questionable. This is because in summary and default judgments, oftentimes the defendant does not appear, and

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¹³ [2005] FCA 1696 at [1].

¹⁴ *Outdoor Power Products Pty Ltd v Silvan Australia Pty Ltd* [2005] FCA 1696 [1]

¹⁵ Beebe, above n 1, 1649.


¹⁷ (2009) 80 IPR 244.
there may be a limited discussion of evidence or issues. However, by consistently applying Beebe’s selection test, three applications for default judgement and one application for summary judgement were included as they presented a substantial discussion of s 120 issues. For example Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd\textsuperscript{18}.

\textsuperscript{18}[2011] FCA 1319.
### APPENDIX E: CASES BY POSTURE 1996 – 2016

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<td>Wong v Du</td>
<td>2006</td>
<td>68 IPR 553</td>
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APPENDIX F: PROCESS FOR CODING WINNING AND LOSING

A table is presented at Workbook “Winning and Losing” at digital appendix

https://docs.google.com/spreadsheets/d/1GIYrHXNZyz3PwLliXt-D3YReefxiA-Uf1unvonfbDU/edit?usp=sharing

This table shows the actions that were pleaded for each case. The table also shows the outcome of each action per case. Outcomes have been coded Win/Loss/NA or Unclear/Remit. Where the outcome was complicated, dicta from the case and comments have been included in the column titled ‘Win/Loss Comments’. If the applicant won or lost the action, the case was coded as a ‘Win’ or ‘Loss’ for that action. Where no action was pleaded, the outcome was coded NA. Where the action was pleaded but ultimately not discussed, not decided, was unclear or was remitted to another court, the case was coded ‘Neutral/Unclear/Remit’.

For example in *Lift Shop Pty Ltd v Easy Living Home Elevators Pty Ltd*\(^{19}\) actions under s 120 *1995 TM Act*, s 18 *ACL*, and passing off were pleaded. Ultimately, the judge found against the applicants on the statutory actions. In relation to passing off, the judge said at [27] ‘[T]he applicant accepted that this cause of action added nothing to the claim under s 18 of the ACL and did not press it. In my view, that was an appropriate position to take.’ Therefore, this case was coded as having pleaded passing off, but in relation to outcome was coded ‘Neutral/Unclear/Remit’ for the passing off action. Similar examples can be taken from the table ‘Winning and Losing’ such as *Buchanan Group Pty Ltd v Sorgetti*\(^{20}\); and *Lone Star Steakhouse & Saloon Inc v Zurcas*\(^{21}\).

There were cases where coding Win/Loss was particularly difficult. For example, in *Hall v Lewis*\(^{22}\) there were two unrelated defendants. The trade mark coding for win/loss focused on the second defendant as the substance of the first defendant’s conduct focused on licensing and third party conduct.

\(^{19}\) (2013) 103 IPR 511.
\(^{21}\) (2000) 48 IPR 325.
\(^{22}\) [2004] WASC 217.
In *CSR Ltd v Resource Capital Australia Pty Ltd (‘CSR’)*, s 120(2) *1995 TM Act*, s 52 of the *Trade Practices Act 1974* (Cth) and passing off were pleaded. In this trial decision, the court analysed the prospect of the applicant’s case under s 120 as a potentially losing case. However, at [43] the court ultimately held that ‘[F]ortunately it is unnecessary for me to decide that question. It suffices for the relief sought that I have found a breach of s52 of the *Trade Practices Act 1974* (Cth).’ Therefore, in this case, while the analysis of the court appears to favour a loss on the s 120 *1995 TM Act* issue, ultimately the court did not make a formal finding. Therefore, rather than ‘Loss’, this case was coded as ‘Neutral/Unclear/Remit’ for the s 120 claim.

The next difficult case was *Virgin Enterprises Ltd v Virgin Star Pty Ltd* (‘*Virgin Star’*). In this case, the plaintiff claimed the defendant’s conduct constituted ‘passing off, misleading and deceptive conduct in contravention of s 52 of the *Trade Practices Act 1974* (Cth) and an infringement of the Virgin trade marks by operation of s 120(3) of the *Trade Marks Act 1995* (Cth).’ The plaintiff’s claim for an interlocutory injunction was denied. Analysis of paragraphs [1]- [10], shows that the plaintiff’s reported case appears to centre on the s 120 claim.

In the consideration of the merits, the court states that:

> [35] The question for the court on an interlocutory application is, as indicated earlier, a narrow one and does not require as a basis for relief that an application establishes that there is a prima facie case. It is sufficient if there is a reasonably arguable claim to the effect that there could be confusion or misunderstanding or a breach of the trade mark or a passing off. I am satisfied, having regard to

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24 *CSR* (2003) 128 FCR 408 at [42] ‘I think there is a real difficulty in relief being given under the *Trade Marks Act 1995* (Cth) by virtue of RCA having infringed the CSR trade marks. It is a problem that is noted by the Court of Appeal in the *One in a Million* case but not ultimately decided by it. It is one thing to say that a cyber squatter who registers a name intending to sell that name to the owner of a trade mark or threaten a sale to a competitor if the owner does not come up with the money may have registered the name as an instrument of fraud, and thereby be guilty of the tort of passing off as was held by the Court of Appeal in England. The case of *One in a Million* was followed by *Architects (Australia) Pty Ltd* (trading as *Architects Australia*) v *Witty Consultants Pty Ltd* [2002] QSC 139 and *Australian Stock Exchange Ltd* v *ASX Investor Services Pty Ltd* (Burchett J, 3 June 1999, unreported). But it is another thing to say that for the purposes of s120 of the *Trade Marks Act 1995* (Cth) RCA used the domain name as a trade mark in relation to goods or services in respect of which CSR had registration or for that matter closely related to either goods or services referred to in the CSR registrations. No doubt it can be said that the interest of CSR were likely to be adversely affected by the acts of RCA but that is not sufficient to constitute an infringement. There could be a threatened infringement if one were to take seriously the suggestion that RCA intended to engage in the sugar trade. Clearly, however, that was not the real intention of RCA or Mr Boland, who at no time used or intended to use the domain names as trade marks in relation to either goods or services.’


this relatively low threshold, that, in the present case, the “Virgin” names and marks are sufficiently well known to arguably be a source of confusion in some minds at a casual glance. On this basis, I consider that the first stage in a consideration of an application for interlocutory relief has been made out by the Virgin group. I now turn to the question of the balance of convenience.27

This statement, would indicate that the plaintiffs could have a strong case for ‘Win’ on the s 120 claim. However, after analysis of the balance of convenience, ultimately, the plaintiff lost their application for an injunction.

The author was left with a difficult decision of whether to assess the win/loss according to plaintiff’s overall outcome — in this case a ‘loss’, or to focus on the s 120 analysis which would indicate a ‘win’ on that part of the judgment. Coding the case as a loss would be more accurate for a reader interested in the probability of winning and losing an application for interlocutory relief. On the other hand, the thesis question relates to judicial reasoning of s 120, and the factorial model relates back to which factors relate to winning and losing an s 120 claim. Upon subsequent reflection, a decision was made to code this case as a “win” based on the comments relating to the s 120 claim.

A similar dilemma emerged with the interlocutory application in Organic Marketing v Woolworths28. In that case, the court stated at [59] that ‘[O]n the question of trade mark infringement I am therefore persuaded that there is a serious question to be tried. It is not necessary, in these circumstances, to consider the claims under the CCA.’ However, after consideration of the balance of convenience the application for an interlocutory injunction was refused. Consistent with the approach above, this case was coded as a ‘Win’. That is the outcome of the s 120 claim rather than the overall outcome of the case was the determinant of Win/Loss.

28 [2011] FCA 279
APPENDIX G: STATISTICS

I LOGISTIC REGRESSION

Logistic regression can be used to model a binary outcome such as win or lose, using dependent (predictor or explanatory) variables. A logistic regression was used in this thesis to predict a s 120 binary outcome of (win/lose) where the explanatory variables were 1) use, 2) deceptive similarity, 3) substantial identity, 4) goods/services. The coding reflected whether the judicial discussion of this variable favoured trade mark infringement (yes/no/Not Discussed). These explanatory variables are considered categorical variables.

The binary logistic model can be used to estimate the probability of a response based on one or more predictor variables. Logistic regression aims to find the best fitting relationship between the binary outcome and a set of predictor variables. Minitab 17 was used to estimate the logistic regression model. This software refers to this analysis as binary logistic regression. Minitab provides both the coefficients (on a logit, or log odds, scale); these are back-transformed to odds ratios to aid interpretation of results. The logistic regression can be used to examine how the odds of an event changes as the values of a predictor variable changes - these are the odds ratios.

The interpretation of the odds ratios for categorical predictors is relative to the reference level of the predictor. The term ‘Baseline’ in the tables represent the reference category. A positive coefficient (on the logit scale) indicates that a given level of the predictor is more likely to impact the binary response than the reference level; this corresponds to odds ratios greater than one, where the odds for a given level of the predictor are higher than for the baseline. The larger the odds ratio, the greater are the odds of a predictor impacting the binary response relative to the predictor's reference level. Conversely a negative coefficient (on the logit scale) indicates that a given level of the predictor is less likely to impact the

30 Ibid.
31 Ibid.
binary response than the reference level; this corresponds to odds ratios less than one, where the odds for a given level of the predictor are lower than for the baseline.

To determine whether the association between the outcome and the predictor variable is statistically significant a p-value is calculated by Minitab.\textsuperscript{32} A significance level of 0.05 indicates a 5% risk of concluding that an association exists when there is no actual association. If a categorical predictor is statistically significant, meaning that the observed p-value is less than 0.05, then the pattern of association between the outcome and predictor is not consistent with an underlying model of no association. While large p-values suggest that the pattern of association is consistent with an underlying model of no association, they should be interpreted cautiously as the sample size may not be sufficient to detect an association.

II \hspace{1em} CHI-SQUARE TEST OF ASSOCIATION

The chi-square statistic is used to test for association between two categorical variables. It is calculated as chi-square = sum of $((o-e) \times (o-e) / e)$, where $o =$ observed value of the number of observations for a particular combination of levels of the two variables, and $e =$ expected value.\textsuperscript{33} As an illustration by way of a “real life” example, assume that the expected value of flipping ‘heads’ after 100 coin tosses, is 50. If the observed frequency of getting ‘heads’ after 100 throws is very low eg 1 or very high eg 99, then the chi-square statistic will give a value that falls outside of the expected chi-square distribution.\textsuperscript{34} That is, the chi-square value will yield a p-value that is low for example <0.001 indicating the results of the coin toss diverge from the result that would occur by chance alone. That is, a coin toss result of one head or 99 heads (out of 100 coin tosses) will be considered ‘statistically significant”.

The chi-square statistic is based on an approximation which may be inaccurate if the sample size is small; this potential problem was avoided by calculating 4999 permutations in order to adjust for small sample size.\textsuperscript{35} GenStat 16\textsuperscript{th} Edition was used to carry out this analysis.

\textsuperscript{32} Ibid.
\textsuperscript{33} Allen Rubin, \textit{Statistics For Evidence-Based Practice and Evaluation} (Brooks/Cole 2010).
\textsuperscript{34} Ibid.
\textsuperscript{35} A sample size is considered small if an expected frequency is less than 1.0 or if 20% of the expected frequencies are less than 5.0, this is the general rule of thumb from W G Cochran, ‘Some Methods for
Results can be reported for example as chi-square = 29.55, df = 2, p < 0.001. Interpreting the chi-square value requires understanding of the chi-square distribution which varies for particular ‘degrees of freedom’ or ‘df’. For each degree of freedom, the chi-square distribution differs and is known. The relevant degrees of freedom depend on the number of rows and columns that are used when laying out the data in a frequency cross-table. For example, when recording the frequencies of 120 dice throws, the investigator can plot the values of the dice (one to six) along six rows, against one column which can chart the frequency of each dice value per throw. Assume the table is complete but one value is missing. In this example, if one set of frequencies is unknown, it is possible to calculate it based on the other values. Thus five degrees of freedom are associated with this table. In general, for any table of R rows and C columns, the number of degrees of freedom is (R-1)(C-1), thus for a 3 * 2 table the number of degrees of freedom is (3-1)*(2-1) = 2.

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36 Rubin, above n 33.
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