

## TRADE MARK LAW'S IDENTITY CRISIS (PART 1)

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*The concept of 'substantial identity' has not been the subject of sustained critical inquiry in Australian trade mark law, notwithstanding that it plays a crucial role in relation to trade mark ownership, non-use, amendments to representations, and the criminal offences. The first part of this two-part article reveals, through novel doctrinal analysis, how over the course of the twentieth century a settled, strict interpretation of substantial identity took shape in Australian trade mark law. This orthodox interpretation was recently disrupted by the Full Court of the Federal Court in *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd and Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd*. In these decisions the Court reinterpreted earlier High Court authority to set up a new, significantly more expansive test of substantial identity – one that is already starting to have a major, and concerning, impact throughout Australia's trade marks system.*

### I WHY 'SUBSTANTIAL IDENTITY' MATTERS

In numerous places throughout the *Trade Marks Act 1995* (Cth) ('TMA'), decision-makers are required to determine whether two trade marks are 'substantially identical' with each other. Despite this being one of the most vital questions in Australian trade mark law, it is not something that has been the subject of sustained critical inquiry. It is perhaps not hard to see why. The issue arises most commonly in one of two situations. The first is in considering whether a mark whose registration is being sought conflicts with an earlier registered mark, or an earlier application for registration, due to the similarity between the marks.<sup>1</sup> The second is in considering, in infringement proceedings, the degree of similarity between the mark used by the respondent and the registered mark.<sup>2</sup> In both situations, the relevant statutory provisions have long set up a test that asks whether the mark of the applicant for registration/respondent is either

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1 See *Trade Marks Act 1995* (Cth) ss 44(1)–(2) ('TMA').

2 *Ibid* ss 120(1)–(3).

‘substantially identical with, or *deceptively similar to*’, the earlier/registered mark.<sup>3</sup> No tribunal has ever identified a set of circumstances in which two marks will be substantially identical with, but not deceptively similar to, each other.<sup>4</sup> In other words, substantial identity is wholly subsumed under deceptive similarity. Therefore, in either of these situations, nothing turns on how broadly or narrowly substantial identity is interpreted. It is perhaps for this reason that courts, the Trade Marks Office (‘Office’) and commentators have tended to consider substantial identity only in passing, focusing instead on the usually decisive, and more complex, issue of deceptive similarity.<sup>5</sup>

However, substantial identity has vital, stand-alone work to do in other parts of the Australian trade marks registration regime. Most notably, substantial identity has come to play a key role in informing the scope of the ‘ownership’ ground of opposition to registration. This ground will be established if the opponent can demonstrate that the applicant for registration was not, at the filing date, the ‘owner of the trade mark’.<sup>6</sup> Australian courts have held that this requires the opponent to show that a party other than the applicant was the first user in Australia of either the mark as sought to be registered<sup>7</sup> or a ‘substantially identical’ mark.<sup>8</sup> Critically, it will not be sufficient for the opponent to point to the first use of a mark that is merely deceptively similar to, but not substantially identical with, the applicant’s mark.<sup>9</sup> As a result, how a tribunal interprets substantial identity will impact directly on the breadth of the ownership ground of opposition – a ground that operates as one of a number of measures designed to resolve conflicts between

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3 Ibid ss 44(1)–(2), 120(1)–(3) (emphasis added).

4 Robert Burrell and Michael Handler, *Australian Trade Mark Law* (Oxford University Press, 2<sup>nd</sup> ed, 2016) 229–30 (criticising the erroneous reasoning in the only case to the contrary, *Seven-Up Co v Bubble Up Co Inc* (1987) 9 IPR 259 (Supreme Court of Victoria)).

5 For recent analysis of the latter issue, see Janice Luck, ‘Critical Examination of the Principles for Determining whether Trade Marks Are Deceptively Similar: A Quest for More Predictable Decision Making’ (2015) 25(3) *Australian Intellectual Property Journal* 111.

6 *TMA 1995* (Cth) s 58. Although section 58 is expressed in the present tense, applying where the applicant ‘is not the owner’ (with ‘applicant’ being defined in section 6(1) as the person ‘in whose name the application is for the time being proceeding’), and section 106 contemplates that an unregistered mark whose registration is being sought can be assigned, the Full Court of the Federal Court stated in obiter dicta in *Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd* (2017) 251 FCR 379 (‘*Pham Global*’) that section 58 looks to whether the applicant at the time of filing was the owner (and not to whether a subsequent assignee who became the applicant at the time section 58 falls to be considered is the owner): at 384–9 [18]–[41] (Greenwood, Jagot and Beach JJ). This finding has been described as having been reached ‘despite the clear wording of the Act, and with no apparent consideration of the commercial implications’: James Lahore et al, LexisNexis Australia, *Patents, Trade Marks & Related Rights* (online at 15 March 2021) [50,255].

7 *Blackadder v Good Roads Machinery Co Inc* (1926) 38 CLR 332, 337 (Starke J); *The Shell Co of Australia Ltd v Rohm and Haas Co* (1949) 78 CLR 601, 627–8 (Dixon J).

8 *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495, 513 (Gummow J) (Federal Court) (‘*Carnival*’). The first use must also be in relation to goods or services that are ‘the same kind of thing’ as the applicant’s goods or services: *Colorado Group Ltd v Strandbags Group Pty Ltd* (2007) 164 FCR 506, 512–14 [14]–[19] (Kenny J), 530 [87]–[89] (Allsop J) (‘*Colorado*’).

9 *Carnival* (1994) 120 ALR 495, 513 (Gummow J); *Colorado* (2007) 164 FCR 506, 529 [86] (Allsop J).

applications for registration and earlier, unregistered marks.<sup>10</sup> Substantial identity also plays an important role in the provision of the *TMA* making it an offence to falsely apply a registered mark. Specifically, it is an indictable or summary offence to apply a mark or sign to goods or services intentionally, where those goods or services are to be dealt with in trade, if that mark or sign ‘is, or is substantially identical to’, a registered mark, and the application is without the permission of the registered owner.<sup>11</sup>

In addition, substantial identity has close analogues in other parts of the *TMA* that do not involve conflicts between marks, where decision-makers are required to assess whether a registered mark or a mark whose registration is being sought can be taken to have been used if the owner has, in fact, used a slightly different mark. The test in these situations is whether the use is with additions or alterations that do ‘not substantially affect the identity’ of the first-mentioned trade mark. This assessment is most commonly undertaken where a registered owner seeks to rebut an allegation that its mark should be removed from the Register on the grounds of non-use by providing evidence of use of a mark in a form that varies from the mark as registered. In determining whether this constitutes use with additions or alterations that do not substantially affect the identity of the registered mark,<sup>12</sup> the Federal Court has confirmed that it is appropriate to apply the established test for determining whether two marks are ‘substantially identical’ with each other.<sup>13</sup> More generally, because any reference in the *TMA* to ‘use of a trade mark’ may be taken to include use with additions or alterations that do not substantially affect the identity of the mark,<sup>14</sup> the substantial identity inquiry becomes relevant in a host of other contexts. These include determinations as to whether there has been honest concurrent use or prior continuous use of a mark that would enable it to be accepted for registration, notwithstanding that it conflicts with an earlier registered mark or application;<sup>15</sup> whether a mark has been used to such an extent that it has acquired distinctiveness and thus ought to be accepted for registration;<sup>16</sup> or

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10 Other grounds include *TMA 1995* (Cth) ss 42(b), 43, 58A, 60, 62A. See generally Robert Burrell and Michael Handler, ‘The Intersection between Registered and Unregistered Trade Marks’ (2007) 35(3) *Federal Law Review* 375; Michael Handler and Robert Burrell, ‘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(1) *Federal Law Review* 91.

11 *TMA 1995* (Cth) s 146.

12 *Ibid* ss 100(2)(a)–(b)(i), (3)(a)–(b)(i).

13 *Optical 88 Ltd v Optical 88 Pty Ltd (No 2)* (2010) 275 ALR 526, 576 [256] (Yates J) (*‘Optical 88 Trial’*).

14 *TMA 1995* (Cth) s 7(1).

15 On honest concurrent use, see *ibid* s 44(3)(a), and on the application of section 7(1) in this context, see *Community First Credit Union Ltd v Bendigo and Adelaide Bank Ltd* (2019) 146 IPR 185, 318–19 [469]–[473] (Markovic J) (Federal Court). On prior continuous use, see *TMA 1995* (Cth) ss 44(4), 58A, and on the application of section 7(1) in this context, see *Caesarstone Ltd v Ceramiche Caesar SpA (No 2)* (2018) 133 IPR 417, 502–4 [515], [520]–[525] (Robertson J) (Federal Court). Relatedly, where a respondent in infringement proceedings seeks to rely on the continuous use of its mark that predates the registered owner’s registration date as a defence to infringement under section 124(1)(e), the registered owner can defeat this under section 124(1)(f) by pointing to the even earlier use of either its registered mark or a substantially identical variant: *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* (2015) 112 IPR 494, 569 [479] (Rangiah J) (Federal Court).

16 *TMA 1995* (Cth) ss 41(3)–(4). On the application of section 7(1) in this context, see, eg, *Sports Warehouse Inc v Fry Consulting Pty Ltd* (2010) 186 FCR 519, 555–6 [154]–[156] (Kenny J).

whether an opponent's use of a mark means that it has established a sufficient reputation in that mark, such that the applicant for registration's use of its mark would cause confusion.<sup>17</sup> Finally, both applicants for registration and registered owners are able to request that the Registrar amend the representations of their marks, provided that 'the amendment does not substantially affect the identity' of their marks,<sup>18</sup> a phrase that has also been considered to be coterminous with substantial identity.<sup>19</sup>

It is therefore essential to know how 'substantial identity', in all its guises, is being interpreted by Australian tribunals. When this task is undertaken, a troubling picture emerges.

Until recently, the scope of substantial identity was settled. In 1961, in the High Court case of *The Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd* ('*Shell v Esso*'), Windeyer J held that

[i]n considering whether marks are substantially identical they should ... be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the [earlier] mark and the total impression of resemblance or dissimilarity that emerges from the comparison.<sup>20</sup>

This test reflected the pre-existing view established by the High Court, and was consistently understood by subsequent Australian tribunals to mean, that substantial identity is to be interpreted strictly – that the marks, when compared side by side, must be 'exactly similar in everything that matters for all relevant purposes'.<sup>21</sup> This orthodox position was, however, disrupted by the Full Court of the Federal Court in two decisions in 2017 on ownership, *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* ('*Accor*')<sup>22</sup> and *Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd* ('*Pham Global*').<sup>23</sup> In these decisions, the Court disregarded differences between what it considered to be 'inessential features' of the marks, such as descriptive word components, the stylisation of words, and device elements, finding visually and aurally distinct marks to be substantially identical with each other.<sup>24</sup> Through its reinterpretation of *Shell v Esso*, the Court

17 *TMA 1995* (Cth) s 60. On the application of section 7(1) in this context, see *GAIN Capital UK Ltd v Citigroup Inc (No 4)* (2017) 123 IPR 234, 279 [160] (Markovic J) (Federal Court).

18 *TMA 1995* (Cth) ss 65(2) (amendment before registration), 83(1)(a) (amendment after registration).

19 *Re Effem Foods Pty Ltd* (2000) AIPC ¶91-548, 37267-8 (Hearing Officer Thompson) (Trade Marks Office); *Re Application by Brown* (2004) 64 IPR 421, 429 [13]-[14] (Hearing Officer Thompson) (Trade Marks Office).

20 (1961) 109 CLR 407, 414 ('*Shell v Esso*').

21 *Torpedoes Sportswear Pty Ltd v Thorpedo Enterprises Pty Ltd* (2003) 132 FCR 326, 336 [58] (Bennett J), quoting *Ex parte O'Sullivan*; *Re Craig* (1944) 44 SR (NSW) 291, 298 (Jordan CJ). See also Megan Richardson, 'Trade Marks and Language' (2004) 26(2) *Sydney Law Review* 193, 209 n 114 (after *Shell v Esso*, 'a trade mark had to be virtually literally identical to satisfy the standard'); Rob Batty, 'The Challenges of Prior Use to New Zealand Registered Trade Mark Law' (2014) 45(2) *Victoria University of Wellington Law Review* 257, 278 ('The Challenges of Prior Use') (noting that '[s]ubstantial identity under Australian law is a strict test').

22 (2017) 345 ALR 205 ('*Accor*').

23 *Pham Global* (2017) 251 FCR 379.

24 *Accor* (2017) 345 ALR 205, 251-2 [233] (Greenwood, Besanko and Katzmann JJ); *Pham Global* (2017) 251 FCR 379, 391-3 [51]-[57] (Greenwood, Jagot and Beach JJ).

has set up a ‘new law of substantial identity’<sup>25</sup> under which marks will be considered to be substantially identical in a much wider range of circumstances than before.<sup>26</sup>

This two-part article argues that the Federal Court has taken a wrong turn in interpreting substantial identity so broadly. Apart from being doctrinally unsound, this approach misunderstands the role that substantial identity has played, and should play, in the Australian trade mark system, and has the potential to generate a range of serious problems throughout this system. The law on substantial identity needs to be reoriented, and urgently.

The first part of this two-part article starts by showing, through novel doctrinal scholarship, how the narrow interpretation of substantial identity and its analogues came to be entrenched in Australia from soon after the passage of the *Trade Marks Act 1905* (Cth) (‘1905 Act’), initially in infringement cases, and later in court and Office decisions on ownership and amendments to representations of marks. This remained the orthodox position for over a century. It then reveals the subtle ways in which the Full Court of the Federal Court changed the law on substantial identity in *Accor* and *Pham Global* by focusing attention on a subsidiary element of the *Shell v Esso* test, namely that the importance of the marks’ similarities and differences is to be ‘assessed *having regard to the essential features* of the [earlier] mark’.<sup>27</sup> The Full Court interpreted this to mean that the common presence of essential features, defined at a high level of abstraction, will effectively *determine* whether the marks are substantially identical.<sup>28</sup> Understanding why the Full Court approached the test in this way requires an engagement with a line of Office decisions on ownership and non-use, starting in the late 1990s, and with the High Court’s 2010 decision in *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (‘*Gallo*’).<sup>29</sup>

The second part of this two-part article explores the significant problems with the Federal Court’s embrace of an expansive approach to substantial identity.<sup>30</sup> It shows that the Full Court in *Pham Global*, and the Office from the mid-1990s, have misinterpreted Windeyer J’s test in *Shell v Esso* and overlooked earlier, binding authority as to how the test ought to apply. The liberal approach cannot be supported by more recent High Court authority either: a careful reading of *Gallo* shows that it is not, in fact, an authority on substantial identity. At best, one can delve into the late nineteenth and early twentieth century United Kingdom (‘UK’)

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25 Warwick Rothnie, ‘*Pham Global* 2: The New Law of Substantial Identity’, *IPWars.com* (Blog Post, 19 June 2017) <<http://ipwars.com/2017/06/19/pham-global-2-the-new-law-of-substantial-identity/>> (‘*Pham Global* 2’). See also Ian Drew and Nicholas Butera, ‘Insights into Ownership and Identity’ (2017) 72(16) *INTA Bulletin* (recognising that *Pham Global* ‘changes the substantial identity test’).

26 See also Mark Davison and Ian Horak, Thomson Reuters, *Shanahan’s Australian Law of Trade Marks and Passing Off* (online at 15 March 2021) [30.505] (‘*Shanahan’s* (online)’) (noting that *Accor* and *Pham Global* ‘appear to expand the concept of substantial identity’); Warwick Rothnie, ‘Big Mac Sues Big Jack’, *IPWars.com* (Blog Post, 21 September 2020) <<http://ipwars.com/2020/09/21/big-mac-sues-big-jack/>> (noting ‘the expanded and controversial test for “substantial identity” declared in *Pham Global*’).

27 *Shell v Esso* (1961) 109 CLR 407, 414 (Windeyer J) (emphasis added).

28 *Pham Global* (2017) 251 FCR 379, 391–2 [51] (Greenwood, Jagot and Beach JJ).

29 (2010) 241 CLR 144 (‘*Gallo*’).

30 Michael Handler, ‘Trade Mark Law’s Identity Crisis’ (Pt 2) (2021) 44(2) *University of New South Wales Law Journal* (forthcoming).

history of 'less-than-identical' marks (something the Full Court did not do in either *Accor* or *Pham Global*) to find statements that, superficially, provide a degree of support for an expansive interpretation of substantial identity. However, an awareness of the context in which such statements were made reveals that they provide no such support, something that was implicitly recognised by the High Court in the early 1920s.

Even if the expansive approach cannot be squared with pre-existing authority, a separate question remains as to whether such an approach is normatively desirable. The remainder of the second part of the article shows that, to the contrary, the broad approach has the potential to destabilise core doctrines within the *TMA*. The Full Court in *Accor* and *Pham Global*, and the Office in its earlier decisions, did not pay sufficient regard to the historical and normative foundations of the grounds of the *TMA* they were interpreting – specifically, the ownership and non-use grounds – or the impact of adopting an expansive approach on other grounds, such as the 'false application' criminal offence. A full appreciation of these issues reveals that 'substantial identity' and its analogues must be interpreted strictly, throughout the *TMA*.

Widening the scope of substantial identity has resulted in the interests of certain parties within the trade mark system being unjustifiably privileged. The second part of the article concludes by presenting a number of options that courts and the Office might take, as well as suggestions for how the legislature could usefully intervene, to overturn the undesirable effects of *Accor* and *Pham Global*.

## II THE ORTHODOX INTERPRETATION OF 'SUBSTANTIAL IDENTITY'

Even though Australia's federal trade mark registration system was, from the start, closely based on British law,<sup>31</sup> the concept of 'substantially identical' marks is home-grown. This statutory language first appeared in British Commonwealth law in the *1905 Act*, in both the main infringement provision<sup>32</sup> and also in short-lived provisions dealing with the registration and infringement of 'workers' trade marks'<sup>33</sup> and 'Commonwealth trade marks'.<sup>34</sup> In each provision, the relevant test turned on whether the sets of marks in question were 'substantially identical' or, in the alternative, whether they 'so nearly resembl[ed] each other 'as to be likely to deceive' (an expression that, by the mid-twentieth century, had come to be

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31 The colonies had trade mark registration systems in place before federation: see Amanda Scardamaglia, *Australian Colonial Trade Mark Law: Narratives in Lawmaking, People, Power & Place* (Australian Scholarly Publishing, 2015). However, these systems had little direct influence on the form and content of subsequent federal trade mark laws.

32 *Trade Marks Act 1905* (Cth) s 53.

33 *Ibid* ss 74(1), 75(5). The provisions of the *1905 Act* dealing with workers' trade marks were held to be unconstitutional in *A-G (NSW) v Brewery Employees' Union of NSW* (1908) 6 CLR 469. See generally Sam Ricketson, 'The *Union Label Case*: An Early Australian IP Story' in Andrew T Kenyon, Megan Richardson and Sam Ricketson (eds), *Landmarks in Australian Intellectual Property Law* (Cambridge University Press, 2009) 15.

34 *Trade Marks Act 1905* (Cth) ss 80(2), 84(b). See generally Ricketson (n 33) 19.

shortened to ‘deceptively similar’<sup>35</sup>). While earlier UK legislation did not use the language of ‘substantial identity’, it did contain provisions that turned on marks being ‘nearly identical’ with each other. This term was also used in Australia in the *1905 Act*, in a provision addressing the situation where a number of parties applied to be registered as the proprietor of either the same mark, or ‘nearly identical’ marks.<sup>36</sup> In addition, the *1905 Act*, like its UK counterpart from the same year, provided that if use of a registered mark were required to be proved for any purpose (for example, to resist an action for removal of a mark from the Register on the grounds of non-use), a tribunal could accept use of the mark ‘with additions or alterations not substantially affecting its identity’ as an equivalent.<sup>37</sup> Similarly, the *1905 Act* allowed for additions or alterations to be made to a mark whose registration was being sought, or to a registered mark, provided these did ‘not substantially affect the identity’ of the mark.<sup>38</sup>

An analysis of how the terms ‘substantially identical’, ‘nearly identical’ and ‘not substantially affecting [the mark’s] identity’ were interpreted by tribunals under the *1905 Act* and subsequent legislation, up to the time of Accor and Pham Global, reveals a striking degree of consistency. These concepts were understood, almost without exception, to have a very narrow scope.

### A ‘Substantial Identity’ in Cases on Infringement and Conflicts between Marks

Although, as Commonwealth Attorney-General, Isaac Isaacs provided little insight into the meaning of the term ‘substantially identical’ in debates over the Trade Marks Bill 1905,<sup>39</sup> he was influential in his later role as a Justice of the High Court in clarifying the scope of the term in the *1905 Act*. In 1910, in *Schwepptes Ltd v E Rowlands Pty Ltd* (*‘Schwepptes’*), Isaacs J held that a mark used by a defendant would be substantially identical with the registered mark if it were ‘practically the same mark, in effect the actual and identifiable property of the

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35 *Trade Marks Act 1955* (Cth) s 6(3).

36 *Trade Marks Act 1905* (Cth) s 27.

37 *Ibid* s 30. For the UK counterpart see *Trade Marks Act 1905*, 5 Edw 7, c 15, s 27.

38 *Trade Marks Act 1905* (Cth) s 70. See also *Trade Marks Act 1905*, 5 Edw 7, c 15, ss 14(9), 34.

39 In debates in the House of Representatives, Patrick Glynn MP indicated that he did not know what the term ‘substantially identical’ (as used in the workers’ trade marks provisions) meant. In response, the Attorney-General did not elaborate on the term’s meaning. When Glynn asked the Attorney-General whether the term could be excised from the Bill, the Attorney-General replied, without explanation, that ‘a loop-hole would be left’ if this were to happen: Commonwealth, *Parliamentary Debates*, House of Representatives, 5 December 1905, 6226. This latter statement was perhaps based on an understanding that determining whether marks ‘so nearly resembl[ed]’ each other ‘as to be likely to deceive’ involved looking at the full context of the defendant’s use of its mark (as in passing off), such that the use of a disclaimer or other material that removed the possibility of deception would ensure that the defendant avoided liability. It might therefore have been thought that without a reference in the infringement test to substantially identical marks, a defendant could potentially escape liability even where it used the same mark as the registered proprietor, or near identical variant, and that this was undesirable. Although the courts ultimately settled on a less expansive notion of ‘deceptive similarity’ (see below n 42), what is perhaps most important here is the Attorney-General’s suggestion that substantial identity and deceptive similarity were intended to have different conceptual work to do (see further Part II(A) of the second part of this article).

registered proprietor'.<sup>40</sup> Isaacs J also held that substantial identity was a narrower concept than deceptive similarity,<sup>41</sup> an approach supported by Griffith CJ,<sup>42</sup> who also held that substantial identity was to be judged visually.<sup>43</sup> These early understandings of substantial identity were thought to be entirely uncontroversial: in 1912, then Attorney-General William Hughes considered the term to be 'perfectly clear in meaning'.<sup>44</sup>

It was not until *Shell v Esso* (by which time 'substantially identical' had been added as an alternative to 'deceptively similar' into the provision of the *Trade Marks Act 1955* (Cth) ('1955 Act') dealing with conflicts between an application for registration and an earlier registered mark or application<sup>45</sup>) that a clear test emerged as to how a tribunal should undertake the assessment of substantial identity.<sup>46</sup> As noted in Part I, Windeyer J's test requires the marks to be compared side by side, with the importance of the identified similarities and differences assessed 'having regard to the essential features of the [earlier] mark and the total impression of resemblance or dissimilarity that emerges from the comparison'.<sup>47</sup> His Honour also confirmed that the assessment is a visual one.<sup>48</sup> The strictness of this test is more apparent when contrasted with the test his Honour set up for assessing deceptive similarity. Rather than involving a side-by-side comparison, this test involves comparing 'the impression based on recollection of the [earlier] mark that persons of ordinary intelligence and memory would have [with] the impressions that such persons would get from the [later mark]'.<sup>49</sup> Since the

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40 (1910) 11 CLR 347, 357 ('*Schweppes*'). This was said to reflect the position at common law from the early 1860s, where infringement would be found if the defendant's mark was 'substantially the same as the trade mark of the plaintiff, and therefore an invasion of his property': at 358, quoting *Edelsten v Edelsten* (1863) 1 De G J & S 185, 199 (Lord Westbury LC) (although it should be noted that the outcome of *Edelsten v Edelsten* can best be explained on the basis that the defendant had taken the essential feature of the plaintiff's device mark, and that such a case would today be determined on the basis that the marks were 'deceptively similar').

41 *Schweppes* (1910) 11 CLR 347, 358–9.

42 *Ibid* 352–4. See also at 355–6 (O'Connor J). A similar point of distinction was made in *Henry Clay & Bock & Co Ltd v Eddy* (1915) 19 CLR 641, 652–3 (Isaacs J), 662–3 (Gavan Duffy and Rich JJ), albeit that this case involved the question of whether a mark registered under the *Trade Marks Act 1865* (NSW) had been infringed. To the extent that statements made in this case and *Schweppes* suggest that the test for 'deceptive similarity' was essentially the same as the test for passing off (in looking to the full context of the defendant's use), the courts subsequently retreated from this position and adopted a narrower understanding of deceptive similarity: see *Wingate Marketing Pty Ltd v Levi Strauss & Co* (1994) 49 FCR 89, 120–2 (Gummow J). However, no doubt has ever been cast on the notion that the scope of substantial identity is invariably narrower than that of deceptive similarity.

43 *Schweppes* (1910) 11 CLR 347, 353.

44 Commonwealth, *Parliamentary Debates*, House of Representatives, 29 October 1912, 4753 (William Hughes, Attorney-General).

45 *Trade Marks Act 1955* (Cth) s 33(1). See also s 62(1) (on infringement).

46 There were very few infringement cases between *Schweppes* and *Shell v Esso* in which courts considered the concept of substantial identity in any detail. For rare examples, see *Fist v Vickery and Son* (1911) 13 WALR 200; *Clayton v Vincent's Products Ltd* (1934) 34 SR (NSW) 214.

47 *Shell v Esso* (1961) 109 CLR 407, 414.

48 *Ibid* 415.

49 *Ibid*, citing *Australian Woollen Mills Ltd v FS Walton & Co Ltd* (1937) 58 CLR 641, 658 (Dixon and McTiernan JJ).



impression of the earlier, remembered mark might be imperfect,<sup>50</sup> this meant that greater visual and aural differences could exist between deceptively similar marks than between substantially identical marks. Differentiating between substantial identity and deceptive similarity in this manner was entirely consistent with both *Schweppees* and the line of authority that had developed since that case,<sup>51</sup> and helps explain why Windeyer J considered the marks before him in *Shell v Esso* to have been deceptively similar, but not substantially identical.<sup>52</sup>

One element of Windeyer J's formulation of the test of substantial identity – the reference to the 'essential features' of the earlier mark – requires some explanation. Windeyer J noted that this concept had been discussed in the Privy Council's decision in *De Cordova v Vick Chemical Co.*<sup>53</sup> This was, in fact, a case solely on deceptive similarity. Lord Radcliffe had held that the essential features of an earlier mark are those that, when used by a later party in its mark, result in the marks being deceptively similar.<sup>54</sup> His Lordship gave, as an example, a word or other part of a registered mark that had come in trade to identify the registered owner's goods,<sup>55</sup> and also cited an earlier English Court of Appeal decision in which it had been held that an essential feature (also known as a 'distinguishing feature') could be a particularly striking and memorable part of the earlier mark.<sup>56</sup> The concept is intended to make clear that if the earlier mark is remembered by a general, imperfect impression then the fact that it contains particularly distinctive or memorable features, which are also present in the later mark, is likely to mean that the marks are deceptively similar, even if the marks contain differences that would be appreciated in a side-by-side comparison.<sup>57</sup> In Windeyer J's test for substantial identity, the decision-maker is to assess the importance of the similarities and differences between the marks having regard to those distinctive or striking features, albeit in the context of a test that involves a side-by-side, visual

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50 *De Cordova v Vick Chemical Co* (1951) 68 RPC 103, 106 (Lord Radcliffe for the Privy Council).

51 See, eg, *Fist v Vickery and Son* (1911) 13 WALR 200 ('Ovo' and 'Ovarine' held not to be substantially identical, but held to be deceptively similar); *Clayton v Vincent's Products Ltd* (1934) 34 SR (NSW) 214 (device featuring 'Vincent' in large letters across a rectangle, in front of a circle, held not to be substantially identical with a device featuring 'Vincent' in large letters across a rectangle, in front of a V, with 'Products Limited' in tiny letters underneath, although the marks were held to be deceptively similar).

52 *Shell v Esso* (1961) 109 CLR 407, 415–16. Windeyer J's ultimate finding that the respondent had infringed the registered mark was overturned by the Full Court, but his Honour's tests for substantial identity and deceptive similarity were not disturbed.

53 (1951) 68 RPC 103.

54 *Ibid* 105–6.

55 *Ibid* 106.

56 *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 RPC 147, 162 (Sir Wilfrid Greene MR). This view was supported on appeal to the House of Lords: at 174 (Viscount Maugham, Lord Russell and Lord Romer agreeing at 176).

57 See *Re Rysta Ltd's Application* (1943) 60 RPC 87, 108–9 (Luxmoore LJ) (contrasting the test for deceptive similarity, which is based on a consumer's imperfect recollection, with one based on 'a meticulous comparison of the two words, letter by letter and syllable by syllable' that would, implicitly, be the result of a side-by-side comparison). Luxmoore LJ's reasoning was explicitly adopted in the House of Lords: *Aristoc Ltd v Rysta Ltd* [1945] AC 68, 86 (Viscount Maugham, Lord Thankerton agreeing at 95) (the other Lords agreed with Luxmoore LJ's reasons: at 100 (Lord Macmillan), 100–1 (Lord Wright), 104 (Lord Simonds)).

comparison of the marks, rather than one in which the earlier mark is imperfectly recollected.

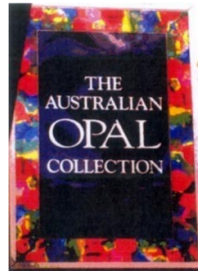
*Shell v Esso* came to be understood by the judiciary in cases under the *TMA* on infringement and on conflicts between marks as setting up a strict test for substantial identity. As Branson J held in *Registrar of Trade Marks v Woolworths Ltd*, the test required the marks in question to be ‘in substance, or essentially, the same’.<sup>58</sup> Consistent with this understanding, judges were routinely prepared to find that small but noticeable visual differences between the marks meant that they were not substantially identical, but that when a test of imperfect recollection was applied such differences were not enough to prevent the marks from being deceptively similar. Examples of such pairs of deceptively similar, but not substantially identical, marks are HOOVER and HOOVEX,<sup>59</sup> SOLAHART and SOLARHUT,<sup>60</sup> CLIPSAL and CLIPSO,<sup>61</sup> and PLAYGRO and a device featuring the words PLAY GO in a triangle.<sup>62</sup> Even more telling are cases involving device marks, illustrated below, where the common presence of essential features was not

#### Registered marks



not substantially identical with either of

#### Respondent's marks



not substantially identical with either of



58 (1999) 93 FCR 365, 387 [70]. See also *A Nelson & Co Ltd v Martin & Pleasance Pty Ltd* [2021] FCA 228, [16] (Flick J).

59 *Hoover Co (Australia) Pty Ltd v Spackman* (1999) 44 IPR 167, 170 [10]–[14] (Heerey J) (Federal Court).

60 *Solahart Industries Pty Ltd v Solar Shop Pty Ltd* (2011) 281 ALR 544, 553–4 [37]–[40] (Perram J) (Federal Court).

61 *Clipsal Australia Pty Ltd v Clipso Electrical Pty Ltd (No 3)* (2017) 122 IPR 396, 428–9 [174], 430–2 [179]–[187] (Perram J) (Federal Court).

62 *Playgro Pty Ltd v Playgo Art & Craft Manufactory Ltd* (2016) 335 ALR 144, 163–4 [112]–[117] (Moshinsky J) (Federal Court).

enough to result in a finding of substantial identity, even if this factor made a finding of deceptive similarity straightforward.<sup>63</sup>

Before 2017, courts were generally prepared to find marks to be substantially identical only where the essential feature of the earlier mark was replicated in the later mark *and* where the only difference between the marks was not readily perceptible, such as a minor grammatical variation. Thus, LIVING WATER was held to be substantially identical with LIVING WATERS,<sup>64</sup> and KWIK KERB was held to be substantially identical with both KWIK KERBER and KWIK KERBING.<sup>65</sup> Although *Schweppes* has never been cited by the Federal Court in a case on substantial identity, all of the above decisions are consistent with Isaacs J's view that for two marks to be substantially identical with each other, they must be 'practically the same'.<sup>66</sup>

### B 'Near Identity' and 'Substantial Identity' in Ownership Disputes

Another notable feature of *Schweppes* is how Isaacs J linked 'substantial identity' with the idea of 'property' in the mark: that is, that the mark and its substantially identical variant must constitute the one piece of 'actual and identifiable property'.<sup>67</sup> 'Substantial identity' and the synonymous concept of 'near identity' came to play a vital role over the course of the twentieth century in disputes over the 'proprietaryship' or 'ownership' of marks. Most significantly, substantial and near identity were interpreted as narrowly in this context as was substantial identity in the infringement cases discussed in Part II(A) above.

When trade mark registration was introduced in the UK through the *Trade Marks Registration Act 1875*, the 'proprietor' of a trade mark was entitled to be registered, and was afforded the exclusive right to use the registered mark.<sup>68</sup> Identifying the proprietor was rarely controversial: in most cases, it was simply the

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63 On the 'Opal Collection' marks, see *Cody Opal (Australia) Pty Ltd v Dimasi* (2004) 64 IPR 378, 401 [122]–[124], 402 [129] (Mullighan J) (Supreme Court of South Australia). If the registered composite mark is an original artistic work, the authors are likely to be Andrew Cody and Damien Cody: at 381 [13], 386 [38]. As for the 'opalised border' within the registered mark, Andrew Cody is the author of the photograph on which the border was based: at 386 [36], and if it is the case that the border, which was made by selecting and arranging strips from Andrew Cody's photograph, is a separate original artistic work, the author may be Mr Calloway: at 386 [36]–[37]. If the respondent's first composite mark (represented at 394 [84]) is an original artistic work, it appears that the authors are Mr Anthony (the sign maker) and Mr Dimasi (who provided detailed instructions): at 393 [82]–[83]. If the respondent's second composite mark (represented at 396 [94]) is an original artistic work, or the 'opal strips' within this mark constitute an original artistic work, these works are anonymous. On the 'Bing' marks, see *Bing! Software Pty Ltd v Bing Technologies Pty Ltd (No 1)* (2008) 79 IPR 454, 464–5 [32]–[37], 467–8 [41] (Collier J) (Federal Court). If the registered mark or the respondent's second mark are original artistic works, they are anonymous.

64 *Wellness Pty Ltd v Pro Bio Living Waters Pty Ltd* (2004) 61 IPR 242, 247–8 [26], [31] (Bennett J) (Federal Court).

65 *Edgetec International Pty Ltd v Zippykerb (NSW) Pty Ltd* (2012) 98 IPR 1, 6 [18] (Reeves J) (Federal Court). The only outlier among court decisions at this time was *Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd* [2011] FCA 1319 (discussed below n 164).

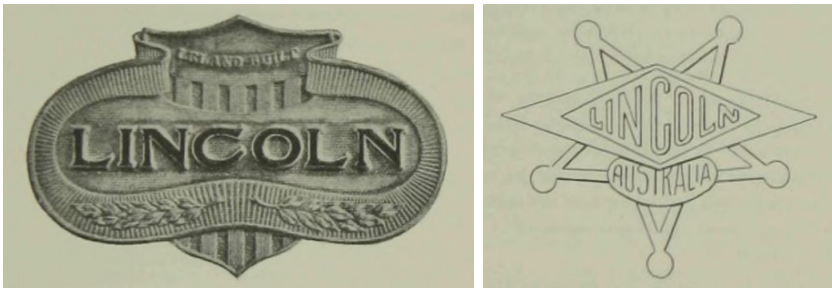
66 *Schweppes* (1910) 11 CLR 347, 357.

67 *Ibid.*

68 *Trade Marks Registration Act 1875*, 38 & 39 Vict, c 91, s 3.

first user of the mark, or the purchaser of that party's business.<sup>69</sup> If someone other than the true proprietor was entered on the Register, the true proprietor could apply to the court for the Register to be rectified.<sup>70</sup> Under Rules made under this Act, where multiple applicants for registration claimed to be registered as the proprietor of the same mark, or 'nearly identical' marks, the Registrar could require the parties to have their rights determined by the court.<sup>71</sup> The content of this rule was incorporated in later UK Acts<sup>72</sup> and, in Australia, in section 27 of the *1905 Act*. The scope of this provision came to be determined by the High Court in 1921 in *Innes v Lincoln Motor Co* ('*Innes*').<sup>73</sup>

Two unrelated parties had applied for registration of the following marks, which the Registrar had considered to be 'nearly identical' and therefore refused to register until the rights of the parties had been determined.<sup>74</sup>



The key issue in *Innes* was whether the marks were, in fact, 'nearly identical'. The Court held unanimously that the Registrar's authority to refer matters involving nearly identical marks under section 27 of the *1905 Act* was designed

to force the determination of a question of ownership, namely, the right to a trade mark. It is framed on the footing that two or more persons claim the same thing or things so like that they may rightly be called the same thing. The inquiry is not whether the marks for which application is made are likely to be confused with one another or are calculated to deceive; but whether there is one mark, or what the statute treats as one mark, and which of two or more persons is entitled to that mark.<sup>75</sup>

As to whether the marks in question were 'nearly identical', the Court considered that

69 See DM Kerly, *The Law of Trade-Marks, Trade-Names and Merchandise Marks* (Sweet & Maxwell, 1894) 60. On the position of applicants for registration of unused marks, see Rob Batty, 'The Rise, Fall and Convolution of the Intent to Use Requirement under New Zealand Trade Mark Law' (2020) 10(1) *Queen Mary Journal of Intellectual Property* 87, 88–91.

70 *Trade Marks Registration Act 1875*, 38 & 39 Vict, c 91, s 5. See, eg, *Re Apollinaris Co's Trade-Marks* [1891] 2 Ch 186, 229–30 (Fry LJ for the Court). See also, under equivalent provisions of the *Trade Marks Act 1890* (Vic), *Re Hicks's Trade Mark* (1897) 22 VLR 636, 640 (Holroyd J for the Court).

71 *Rules under the Trade Marks Registration Act 1875*, 38 & 39 Vict, c 91, r 17. See also *Trade Marks Registration Act 1875*, 38 & 39 Vict, c 91, s 5 (referring only to disputes over the 'same' mark).

72 Although section 71 of the *Patents, Designs, and Trade Marks Act 1883*, 46 & 47 Vict, c 57 was limited to disputes over the 'same' mark, the reference to 'nearly identical' marks was reinstated in section 20 of the *Trade Marks Act 1905*, 5 Edw 7, c 15.

73 (1921) 29 CLR 277 ('*Innes*').

74 If the 'Lincoln' and 'Lincoln Australia' marks are original artistic works, they are anonymous.

75 *Innes* (1921) 29 CLR 277, 281 (Knox CJ, Gavan Duffy, Rich and Starke JJ) (emphasis added).

[t]he only common feature is the word ‘Lincoln’. It is no doubt conspicuous. But when you examine the totality of the marks, it is impossible to say that they are ‘nearly identical’, that is to say, *so alike that they can be described as one and the same mark*.<sup>76</sup>

*Innes* is a long-forgotten authority. This is most likely because neither an equivalent to section 27, nor the term ‘nearly identical’, was retained in either the 1955 Act or the TMA. But *Innes* should be seen as influential in shaping the view that came to emerge as to when party X’s earlier use of a mark that differs slightly from a mark whose registration is sought by party Y is enough to make X the proprietor.

From the 1905 Act onwards, X has been able to oppose the registration of Y’s mark on the basis that Y is not, in fact, the proprietor or owner of the mark,<sup>77</sup> although the statutes have never stipulated what sort of use by X would make it the proprietor. Courts were clearly prepared to find that X did not need to use a mark identical to Y’s to make out its claim to proprietorship. For example, in 1963, in *The Kendall Co v Mulsyn Paint & Chemicals*, Kitto J considered, in obiter dicta, that the applicant for registration’s claim to be the proprietor of ‘Polykin’ would have been defeated by another party’s earlier use in Australia of ‘Polyken’.<sup>78</sup> However, it was not until 1994 that the Federal Court clarified the precise extent of the differences that could exist between X and Y’s marks for X to remain the proprietor.

In *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (‘Carnival’), Gummow J, in extensive obiter dicta, considered that X could oppose Y’s application for registration on the ground that Y was not the proprietor by virtue of X’s earlier use of a ‘substantially identical’ mark, but *not* one that was merely deceptively similar to Y’s mark.<sup>79</sup> His Honour referred to *Shell v Esso* and held that substantial identity requires ‘a total impression of similarity to emerge from a comparison between the two marks’,<sup>80</sup> thus unifying the test that had developed in the infringement context with the approach to be taken in proprietorship disputes. Just as importantly, Gummow J held that the reason the marks could not be merely deceptively similar, but had to be substantially identical, was that ‘a claim to proprietorship of the one

76 Ibid 281–2 (emphasis added).

77 *Trade Marks Act 1905* (Cth) ss 32, 38; *Trade Marks Act 1955* (Cth) ss 40, 49; *TMA 1995* (Cth) s 58. In *Colorado* (2007) 164 FCR 506, Kenny J confirmed that ‘ownership’ in section 58 of the *TMA 1995* (Cth) means the same thing as ‘proprietorship’ under the former law: at 510 [4].

78 (1963) 109 CLR 300, 304. From the early 1990s, *The Seven Up Co v OT Ltd* (1947) 75 CLR 203 has been cited by the Office for the proposition that the High Court was prepared to accept that the earlier use in Australia of ‘7up’ in a circle would have given rise to proprietorship of a later mark consisting of a mark consisting of an ‘8’ above ‘UP’ in a square, a view derived from an ambiguous statement in DR Shanahan, *Australian Trade Mark Law and Practice* (Lawbook, 1982) 132 (retained in the online edition: Davison and Horak, *Shanahan’s* (online) (n 26) [10.1010]). See, eg, *Alexander v Tait-Jamison* (1993) 28 IPR 103, 108 (Hearing Officer Thompson); *Australian Postal Corporation v Sendle Pty Ltd* (2017) 128 IPR 130, 142 [44]–[45] (Hearing Officer Lyons). The Office’s reading of *Seven Up* is, however, incorrect. No member of the Court in *Seven Up* made any comment on whether, if use of ‘7up’ in a circle had been established in Australia, the marks were so nearly identical that the earlier user of the ‘7up’ mark would have been the proprietor of the ‘8 UP’ mark.

79 *Carnival* (1994) 120 ALR 495, 513. This statement was approved in *Karu Pty Ltd v Jose* (1994) 53 FCR 15, 22 (Drummond J) and *Colorado* (2007) 164 FCR 506, 535 [106] (Allsop J).

80 *Carnival* (1994) 120 ALR 495, 513.

[mark] extends to the other'.<sup>81</sup> This is an approach that is wholly consistent with the High Court's earlier interpretation in *Innes* of 'nearly identical' marks, and suggests that *Innes* should be seen as an ongoing authority on the scope of the ownership ground in the *TMA*.

That substantial identity, like near identity before it, is to be interpreted narrowly in proprietorship disputes can be seen in Gummow J's consideration of the marks in dispute in *Carnival*: FUN SHIP was thought to be substantially identical with each of FUNSHIP, FUNSHIPS and THE FUNSHIP, but not with SITMAR'S FUNSHIP or FAIRSTAR THE FUNSHIP.<sup>82</sup> This strict approach was reflected in Office decisions on proprietorship from this time. For example, the Office was prepared to find substantial identity between 'eco-farm' and 'eco-farms',<sup>83</sup> and between the following two device marks:<sup>84</sup>



In contrast, it considered that minor visual and aural differences that changed the appearance and pronunciation of marks would result in a lack of substantial identity, such as in the case of FORTEX and FOREX.<sup>85</sup> Just as significantly, the Office was not prepared to overlook non-distinctive words within marks when the presence of such words resulted in the marks being visually dissimilar. On this basis, HAMILTON and HAMILTON ESTATE (for wine),<sup>86</sup> SIZZLER and MEXICANA SIZZLERS (for restaurants),<sup>87</sup> and a minimally stylised 'Planet' and PLANET 2000 (for sunglasses)<sup>88</sup> were held not to be substantially identical. Such a view can also be seen in Federal Court decisions on ownership before *Accor* and *Pham Global*. Most notably, in the 2015 trial decision in *Anchorage Capital Partners Pty Ltd v ACPA Pty Ltd*, Perram J found that ANCHORAGE CAPITAL GROUP was not substantially identical with ANCHORAGE CAPITAL

81 Ibid.

82 Ibid.

83 *Alexander v Tait-Jamison* (1993) 28 IPR 103, 108 (Hearing Officer Thompson).

84 *Simikic v RLC Investments Pty Ltd* [1999] ATMO 85. If the 'Eagle Motorsports' and 'Eagle Motorsports' marks, or the 'eagle' devices within them, are original artistic works, they are anonymous.

85 *Lonza Ltd v Kantfield Pty Ltd* (1995) 33 IPR 396, 399 (Deputy Registrar Hardie) (distinguishing *The Kendall Co v Mulsyn Paint & Chemicals* (1963) 109 CLR 300). That aural similarity can be taken into account in assessing substantial identity was confirmed by the Federal Court in *Torpedoes Sportswear Pty Ltd v Thorpedo Enterprises Pty Ltd* (2003) 132 FCR 326, 335-6 [58]-[60] (Bennett J).

86 *Hamilton v Hamilton* (1996) 37 IPR 645, 653 (Hearing Officer Homann).

87 *Sizzler Restaurants International Inc v Grater Seven Pty Ltd* (1996) 38 IPR 201, 209 (Hearing Officer Homann) (considering that 'the word "Mexicana" cannot be ignored, even if it is ... a non-distinctive word indicating a particular style or flavour of food ... This additional word ... is responsible for leaving a total impression in one's mind of a mark which, when the marks are inspected in close proximity, by no stretch of imagination could be regarded as ... substantially the same mark as [SIZZLER]').

88 *Somers v Greenbelt Pacific Pty Ltd* (1998) 42 IPR 587, 589-90 (Senior Examiner Nancarrow) ('[d]espite the fact that the numeral "2000" adds little inherent adaptation to distinguish ... the marks PLANET and PLANET 2000, when placed side by side, have a clearly identifiable difference').

PARTNERS, despite the fact that the only difference between the marks related to descriptive subject matter.<sup>89</sup>

### C Changes that Do Not ‘Substantially Affect the Identity’ of a Mark

A third area in which an equally restrictive approach can be seen from 1905 onwards involves UK and Australian cases and decisions on whether there has been use of a mark ‘with additions or alterations not substantially affecting its identity’, or whether proposed changes to the representation of a mark would ‘not substantially affect the identity’ of the mark.<sup>90</sup>

In applying the above tests, tribunals invariably accepted that only visually and aurally insignificant additions or alterations would be permissible. In considering applications to alter the representation of a mark, they generally permitted a change to a single letter in a word, the separation of one word into two, or the running together of two words, where this affected neither the meaning nor the pronunciation of the mark.<sup>91</sup> They were particularly alive to the potential hardship that might be caused to third parties if the scope of rights in the mark were to be extended, even marginally. Thus, in the UK, a requested amendment from OTRIVIN to OTRIVINE was not allowed,<sup>92</sup> with the Board of Trade emphasising not only that the extra ‘e’ would change the look and meaning of the word, but also that it might impact on third parties using marks deceptively similar to ‘Otrivine’ but not to ‘Otrivin’.<sup>93</sup> In Australia the Office rejected attempts to alter BETAMOVIE by replacing the ‘B’ with the Greek letter ‘β’,<sup>94</sup> and to change SWEET VIOLETS to AVON SWEET VIOLETS,<sup>95</sup> on similar grounds. Similarly, in the non-use context, only minor variations were permitted, as can be seen in the outcomes in the Federal Court’s 2010 decision in *Optical 88 Ltd v Optical 88 Pty Ltd (No 2)* (*‘Optical 88 Trial’*), as illustrated below.<sup>96</sup>

89 (2015) 115 IPR 67, 77 [39].

90 For the original legislative provisions, see above nn 37–8. For subsequent provisions in Australia, see *Trade Marks Act 1955* (Cth) ss 21(1), 42(3), 127 (on alterations), 38(1) (on proving use). In the UK, see *Trade Marks Act 1938*, 1 & 2 Geo 6, c 22, ss 18(10), 35(1) (on alterations), 30(1) (on proving use).

91 See, eg, *PELICAN Trade Mark* [1978] RPC 424, 426 (Falconer QC) (Board of Trade) (permitting an amendment from ‘Pelican’ in italic font to ‘Pelikan’ in a near-identical font). See also *Re Lynson Australia Pty Ltd* (1987) 9 IPR 350, 351 (Chief Assistant Registrar Farquhar) (Trade Marks Office). Tribunals were also prepared to accept that the alteration of a visually insignificant geographical term within a device mark might be allowed. See *Re British Hoist & Crane Co Ltd’s Trade Mark* (1955) 72 RPC 66, 68 (Lloyd-Jacob J); *Continental Liqueurs Pty Ltd v GF Heublein & Bros Inc* (1960) 103 CLR 422, 431 (Kitto J).





92 *OTRIVIN Trade Mark* [1967] RPC 613, 615 (Tookey QC) (Board of Trade).

93 See also *Woolworths Ltd v BP plc (No 2)* (2006) 154 FCR 97, 109 [48] (Heerey, Allsop and Young JJ) (supporting the approaches taken in the UK in *OTRIVIN Trade Mark* [1967] RPC 613 and *PELICAN Trade Mark* [1978] RPC 424, and by the Office in *Re Lawson* (2001) AIPC ¶91-693).

94 *Re Application by Sony Kabushiki Kaisha* (1987) 9 IPR 466, 468 (Chief Assistant Registrar Farquhar).

95 *Re Application by Avon Products Inc* (1981) 51(41) AOJP 2212, 2213 (Assistant Registrar Quinn). The Office’s later decision in *Mobil Oil Corporation v Foodland Associated Ltd* (1986) 7 IPR 382, allowing HANDY MART to be amended to MOBIL HANDY MART, misconstrued the scope of section 127 of the *Trade Marks Act 1955* (Cth) and should be regarded as having been wrongly decided.

96 *Optical 88 Trial* (2010) 275 ALR 526, 576 [256]–[258] (on the first two marks as used), 577 [261] (on the third mark as used) (Yates J), affd *Optical 88 Ltd v Optical 88 Pty Ltd* (2011) 197 FCR 67, 80 [35]–

Marks as used		Registered mark
	constituted use with additions/alterations that did not substantially affect the identity of the adjacent registered mark	
	constituted use with additions/alterations that did not substantially affect the identity of the adjacent registered mark	
	constituted use with additions/alterations that substantially affected the identity of the adjacent registered mark	

Tribunals were especially concerned about attempts to change marks from one 'form' into another. In the non-use context, it was held that where the registered mark consisted of a word with a 'conventional form of embellishment', the use of the word alone would not substantially affect the identity of the mark.<sup>97</sup> Beyond this, a strict approach was taken. Requests to change a mark consisting of a stylised word mark into a plain word mark were refused,<sup>98</sup> and the Office considered that any attempt to add a device to a word mark 'would, in almost all cases, constitute a substantial alteration to [the mark's] identity, the only exception being the simplest of conventional embellishments, contributing nothing of distinction to the mark as a whole'.<sup>99</sup> In a similar vein, the English High Court held that the addition of the word 'Arrow' to an arrow device mark substantially affected the identity of the arrow device mark, such that the use of the former word and device mark was not equivalent to use of the latter device mark.<sup>100</sup>

Soon after the *TMA* came into force, the Office came to treat the above decisions on alterations and additions as part of a unified body of law on 'substantial identity', involving the same approach to determining whether marks were substantially identical as had developed in the context of proprietorship disputes, infringement actions, and conflicts between applications for registration

[39] (Cowdroy, Middleton and Jagot JJ). The square device containing four circles that is contained within each of the above four marks was held to be an original artistic work, of which Joseph CC Wong is the author (*Optical 88 Trial* at 531 [13], 582 [285]–[289] (Yates JJ)). For a further illustration of the Federal Court taking a restrictive approach to variations in the non-use context, see *Pioneer Computers Australia Pty Ltd v Pioneer KK* (2009) 176 FCR 300, 324–5 [117] (Bennett J).

97 *Re Morny Ltd's Trade Marks* (1951) 68 RPC 55, 57 (Lloyd-Jacob J) ('*Morny Trial*').

98 *PELICAN Trade Mark* [1978] RPC 424, 425 (Hearing Officer Pittock) (UK Registry). See also, under equivalent Singaporean law, *Auvi Pte Ltd v Seah Siew Tee* [1991] 2 SLR(R) 786, 808 [70] (Chao Hick Tin J) (High Court) (the stylised word mark in question is represented at 809).

99 *Re Lynson Australia Pty Ltd* (1987) 9 IPR 350, 351 (Chief Assistant Registrar Farquhar) (interpreting section 39(1)(c) of the *Trade Marks Act 1955* (Cth), which was in the same terms as section 38(1) of that Act).

100 *Cluett Peabody & Co Inc v McIntyre Hogg Marsh & Co Ltd* [1958] RPC 335, 355–6 (Upjohn J).



and earlier registered marks.<sup>101</sup> This approach was supported in *Optical 88 Trial*, where Yates J held that in non-use cases it was appropriate to consider whether a ‘total impression of identity’ emerged from a comparison between the registered mark and the mark as used, citing *Carnival* and *Shell v Esso* in support.<sup>102</sup> However, in 2017, at a time when it appeared that this body of law on ‘substantial identity’ was settled, after over a century of consistent, narrow decisions, the Full Court of the Federal Court handed down *Accor* and *Pham Global*.

### III THE SHIFT TO AN EXPANSIVE INTERPRETATION OF ‘SUBSTANTIAL IDENTITY’

#### A *Accor*, *Pham Global* and Their Impact

*Accor* heralded a major change in the Australian judicial approach to substantial identity. The key issue in the case for present purposes<sup>103</sup> was whether the second appellant, CHL, was the ‘owner’ of two marks registered in its name for the purposes of section 58 of the *TMA*, where the third respondent claimed to have used these marks first.

For one of the registered marks, HARBOUR LIGHTS, the respondents made a two-limbed argument. First, they argued that any use by CHL that pre-dated the third respondent’s first use was only of a composite mark that consisted of the words ‘Harbour Lights’ below an image of five gold stars of varying size and above the much smaller tagline ‘A New Star Shines’.<sup>104</sup> Second, they argued that this composite mark was not substantially identical with HARBOUR LIGHTS, such that CHL could not be said to be the owner of HARBOUR LIGHTS. The trial judge accepted both limbs of this argument,<sup>105</sup> adopting the orthodox view of substantial identity. On appeal, the Full Court held that the trial judge had erred in finding CHL to have used a composite mark. Instead, it held that what had been used was the mark ‘Harbour Lights’ alone, in proximity to decorative or *de*

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101 *Re Effem Foods Pty Ltd* (2000) AIPC ¶91-548, 37267–8 (Hearing Officer Thompson); *Re Application by Brown* (2004) 64 IPR 421, 429 [13]–[14] (Hearing Officer Thompson).

102 *Optical 88 Trial* (2010) 275 ALR 526, 576 [256].

103 The case touched on a number of controversial issues. See, eg, Tim Golder and Natasha Dixon, ‘Online Advertising and Trade Mark Use in Australia – Where Do We Stand?’ (2017) 12(12) *Journal of Intellectual Property Law and Practice* 986, 989 (criticising the Full Court’s treatment of the use of trade marks in metatags, in light of the earlier decision on keyword advertising in *Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd* (2016) 241 FCR 161); Janice Luck, ‘Critical Examination of the Concepts of Same Description and Closely Related in Australian Trade Marks Law: What Are the Relevant Tests?’ (2018) 29(1) *Australian Intellectual Property Journal* 18, 34–5 (analysing the Full Court’s consideration of when two sets of services will be of the ‘same description’).

104 The image is reproduced in *Accor* (2017) 345 ALR 205, 219 [53], 284 (Greenwood, Besanko and Katzmann JJ).

105 *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* (2015) 112 IPR 494, 514–15 [104]–[111] (Rangiah J).

*minimis* matter.<sup>106</sup> As such, the question of substantial identity did not arise.<sup>107</sup> More interesting, however, are the Court's comments about the cluster of symbols used by CHL. It considered that the words 'Harbour Lights' constituted the 'dominant cognitive cue' in the cluster,<sup>108</sup> and that the addition of the gold stars and tagline did not substantially affect the identity of the word mark.<sup>109</sup> This could be read as meaning that if CHL's cluster of symbols *had* been a composite mark, the Court would have been prepared to find that composite mark to have been substantially identical with HARBOUR LIGHTS. Such a finding would have involved an expansive interpretation of the scope of substantial identity.<sup>110</sup>

More directly relevant is the Full Court's finding that CHL's ownership of the second registered mark, CAIRNS HARBOUR LIGHTS, was established by its first use of HARBOUR LIGHTS.<sup>111</sup> The Court gave no clear reasons as to why these marks were substantially identical. It did not apply Windeyer J's test in *Shell v Esso*, or refer to any authority, in comparing the two marks. It did, however, note that in CAIRNS HARBOUR LIGHTS only the words 'Harbour Lights' were adapted to distinguish,<sup>112</sup> and (in a different context) that the word 'Cairns' was 'merely a geographical reference adding no distinctiveness' to 'Harbour Lights'.<sup>113</sup> By disregarding the presence of descriptive matter in comparing the two marks,

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106 *Accor* (2017) 345 ALR 205, 220 [57], 245–7 [204]–[213] (Greenwood, Besanko and Katzmman JJ). The Full Court's reasoning is, admittedly, ambiguous in these paragraphs. At 247 [212] the Full Court said that the trial judge was in error in the paragraph in which he had held that the composite mark, as found, was not substantially identical with HARBOUR LIGHTS. On this basis, it has been suggested that the Full Court at 247 [213] sought to explain why the composite mark, as found, was substantially identical with HARBOUR LIGHTS, so as to make the appellant the owner of the latter mark: see *IG Group Ltd v International Capital Markets Pty Ltd* [2018] ATMO 132, [19] (Hearing Officer McDonagh); *Sumol+Compal Marcas SA v Sumo IP Holdings Pty Ltd* (2018) 145 IPR 98, 108 [32]–[33] (Hearing Officer Walters) (Trade Marks Office). The difficulty with this reading is that the Full Court in *Accor* at 245 [204] made clear that the issue it was considering was whether the appellant had used a composite mark at all and, at 247 [212], that the trial judge's error was that he had misapplied the guiding principles from the High Court's decision in *Gallo* (2010) 241 CLR 144. As demonstrated in Part II(B) of the second part of this article, *Gallo* goes to the issue of when the use of a word mark in proximity to other symbols constitutes use of the word mark *alone*, rather than any issue involving use of a composite mark. The better reading of the Full Court's decision in *Accor* at 247 [212]–[213], therefore, is that the Court was explaining why the appellant had used 'Harbour Lights' alone, rather than a composite mark.

107 The respondent made a separate argument that the appellant's use in another advertisement of an image featuring 'The Sebel' above 'Harbour Lights' (in the same size and font), above a horizontal line, underneath which was the smaller-sized word 'Cairns', constituted use of a composite mark that was not substantially identical with HARBOUR LIGHTS (the image is reproduced in *Accor* (2017) 345 ALR 205, 248 [215] (Greenwood, Besanko and Katzmman JJ)). The Full Court held that 'The Sebel' and 'Harbour Lights' did not constitute 'a single continuous phrase of text or a composite or compound expression', such that the advertisement involved use by the appellant of 'Harbour Lights' alone: at 248–9 [223]–[225]. See also *Ingeus Australia Pty Ltd v Qantas Airways Ltd* (2018) 137 IPR 267, 279–80 [40]–[44] (Hearing Officer Robert Wilson) (Trade Marks Office).

108 *Accor* (2017) 345 ALR 205, 246 [206] (Greenwood, Besanko and Katzmman JJ). This was the first time this phrase had been used in Australian law.

109 *Ibid* 247 [213].

110 For criticism of the Full Court's treatment of the 'cluster of symbols' (in particular, the prominent gold stars), see Davison and Horak, *Shanahan's* (online) (n 26) [30.505].

111 *Accor* (2017) 345 ALR 205, 251–2 [233] (Greenwood, Besanko and Katzmman JJ).

112 *Ibid* 251 [233].

113 *Ibid*.

notwithstanding the visual dissimilarity generated by the presence of such matter, the Court appeared to be embracing a more expansive approach to substantial identity than in any case outlined in Part II above.

Seven weeks later, in *Pham Global*, a differently constituted Full Court made an even more far-reaching finding of substantial identity, giving more substantial reasons in the process. At issue was whether the respondent's first use of the mark, below left, gave rise to ownership of the appellant's mark, below right (both used in relation to radiology services), for the purposes of section 58 of the *TMA*.<sup>114</sup>



The trial judge had held that these marks were not substantially identical. Applying orthodox reasoning, her Honour acknowledged the similarities between the essential features of the marks but considered that the many, striking dissimilarities between the marks, compared side by side, meant that they were sufficiently different.<sup>115</sup>

On appeal, the Full Court returned to a concept introduced in *Accor*, holding that

the word ‘Insight’ (and, to a lesser extent perhaps, the eye device) are the ‘dominant cognitive cues’ and in both marks *these are substantially identical*. There is no doubt in our view that the Full Court in *Accor* in using the phrase ‘dominant cognitive cues’ was making analogical reference to the ‘essential features’ of the mark for the purposes of a side by side comparison in determining whether marks are substantially identical consistent with the observations of Windeyer J in [*Shell v Esso*] ... The dominant cognitive cues are the essential features striking the eye in a side by side comparison *so as to determine whether marks are substantially identical*.<sup>116</sup>

This passage is notable not so much for the Full Court's embrace of ‘dominant cognitive cues’ as a synonym for ‘essential features’ in the substantial identity inquiry,<sup>117</sup> but rather for the way the Full Court seemed to be elevating the importance of the essential features in this inquiry, in stating that the common

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114 If the ‘Insight Clinical Imaging’ mark, or the device contained within it, are original artistic works, they are anonymous. If the ‘Insight Radiology’ mark, or the device contained within it, are original artistic works, the author is Dean Robinson: *Insight Radiology Pty Ltd v Insight Clinical Imaging Pty Ltd* (2016) 122 IPR 232, 243 [42] (Davies J) (Federal Court).

115 *Ibid* 239–40 [18].

116 *Pham Global* (2017) 251 FCR 379, 391–2 [51] (Greenwood, Jagot and Beach JJ) (emphasis added).

117 The term ‘dominant cognitive cues’ has been described as ‘a more “fashionable” phrase’ than essential features, but that ‘it is arguable that the effect is the same’: Lahore et al (n 6) [50,260]. But see below n 126 for an argument that the adoption of the term ‘dominant cognitive cues’ has had a greater impact on the test for substantial identity.

presence of these will *determine* whether the marks are substantially identical. The Full Court withdrew from this somewhat in its next paragraph, stating that

it is unlikely that the essential elements of a mark ... are to be found in mere descriptive elements, which are not apt to perform [a] distinguishing role in respect of the relevant goods or services. While this does not mean that differences, including descriptive differences, may be ignored, it does mean that the side-by-side comparison is to be carried out cognisant of the essential elements of the mark.<sup>118</sup>

However, when it came to compare the marks, it is arguable that the Full Court adopted an approach, consistent with *Accor*, that involved discounting descriptive and non-distinctive matter.

After deciding that the trial judge had correctly cited the key principles from *Shell v Esso* and *Carnival*, but had fallen into error by failing to ‘assess the relative importance of the differences and similarities’ between the marks ‘having regard to [their] essential elements’,<sup>119</sup> the Full Court undertook its own assessment. It defined the essential features of the marks as ‘the word “Insight” and ‘a device which is circular in shape evoking an eye to the left of the word “Insight”’.<sup>120</sup> As for the differences, it stated only that ‘“clinical imaging” and “radiology” are descriptive of the services offered’, and observed that all the other visual differences ‘must be assessed having regard to [the] essential elements’.<sup>121</sup> For the Full Court, a total impression of resemblance emerged between the marks, with only ‘slight’ differences between them, having regard to the marks’ essential features.<sup>122</sup>

*Accor* and *Pham Global* were met with surprise in the Australian trade marks community.<sup>123</sup> This reaction was entirely understandable, since in no case beforehand had a court ever downplayed or disregarded the significance of so many visual and aural differences between marks in reaching a finding of substantial identity. The Full Court in *Pham Global* did not consider itself to be setting up a new test,<sup>124</sup> but it did interpret *Shell v Esso* in an entirely novel way. It did so by giving much greater weight to the common presence of essential features, defined at a high level of abstraction, in turn treating the non-distinguishing features of the marks as being unimportant. That is, it considered that if a feature of a mark – such as a descriptive word component, the stylisation of a distinctive

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118 *Pham Global* (2017) 251 FCR 379, 392 [52] (Greenwood, Jagot and Beach JJ).

119 *Ibid* 393 [55]. It is difficult to see such an error in the trial judge’s application of the *Shell v Esso* test (see above n 115 and accompanying text).

120 *Pham Global* (2017) 251 FCR 379, 393 [56] (Greenwood, Jagot and Beach JJ).

121 *Ibid*.

122 *Ibid*.

123 See, eg, Rothnie, ‘*Pham Global 2*’ (n 25); Margaret Ryan, ‘Full Court Shares “Insights” and Casts “Harbour Lights” on Trade Mark Ownership Rights’, *Inspired: The POF Blog* (Blog Post, 20 March 2018) <<https://www.pof.com.au/full-court-shares-insights-casts-harbour-lights-trade-mark-ownership-rights/>>.

124 See *Pham Global* (2017) 251 FCR 379, 392 [52] (Greenwood, Jagot and Beach JJ). Some Hearing Officers at the Office have also asserted that the substance of the test remains the same after *Pham Global*. See, eg, *Juno Pharmaceuticals Inc v Juno Therapeutics Inc* (2017) 132 IPR 107, 119–21 [23]–[28] (Hearing Officer Kirov); *Boohoo.com UK Ltd v Babyboo Fashion Pty Ltd* [2020] ATMO 98, [35] (Hearing Officer Tuohy).

word, the precise features of a device, or the relative positioning of various elements – could not be said to contribute to the overall capacity of the mark to distinguish that trader's goods or services, that feature should be treated as insignificant in the side-by-side comparison. This is so even if such an 'inessential' feature would be readily apparent in a visual inspection of the marks. To the extent that the Full Court considered whether a total impression of resemblance emerged, it undertook this task in a much more abstract manner than in previous cases, by reference to the 'importance' and 'unimportance' of the constituent features of the marks, rather than their visual and/or aural prominence.<sup>125</sup> This is how the Full Court managed to recast the *Shell v Esso* test as one where the common presence of essential features is said to 'determine' whether the marks are substantially identical. In doing so, the Full Court set up a test that operates in a comparable manner to that for deceptive similarity, and might even be said to be a 'modified deceptive similarity' inquiry.<sup>126</sup>

*Accor* and *Pham Global* have already had an impact in the courts. This is most obviously seen in the Federal Court's decision in *Southcorp Brands Pty Ltd v Australia Rush Rich Winery Pty Ltd*, where Beach J found both the registered marks PENFOLDS and 奔富 (pronounced 'Bēn Fù', and said to be understood by Mandarin and Cantonese speakers to mean 'Penfolds') to be substantially identical with, and infringed by, both 奔富酒园 (in translation, 'Penfolds winery' or 'Penfolds wine park') and 澳洲大利亚奔富酒庄 (in translation, 'Australia Penfolds winery').<sup>127</sup> The finding of substantial identity between PENFOLDS and the marks in Chinese characters, in particular, would have been difficult to contemplate before *Accor*.<sup>128</sup> It is also possible to point to other decisions where judges have interpreted substantial identity expansively, even if they did not refer to the new approach in *Accor* and *Pham Global* in reaching their conclusions.<sup>129</sup>

125 *Pham Global* (2017) 251 FCR 379, 393 [56] (Greenwood, Jagot and Beach JJ).

126 See Davison and Horak, *Shanahan's* (online) (n 26) [30.505] (noting how the new test appears to look more to recollections of features of the marks, this being a hallmark of the test for deceptive similarity).

127 (2019) 369 ALR 299, 306–7 [40]–[46] (on the meaning of the Chinese characters), 308 [56]–[60] (on substantial identity between the Chinese character marks, where the characters 奔富 were considered to be the 'dominant cognitive cue' of each mark, and where the other characters were 'only descriptive and relevantly to be discounted'), 309 [62] (on substantial identity between PENFOLDS and the Chinese character marks, although his Honour's reasons went only to deceptive similarity).

128 In finding PENFOLDS to be substantially identical with 奔富酒园 and 澳洲大利亚奔富酒庄, the decision appears to recognise that marks should be compared 'conceptually' (as distinct from visually and aurally) in assessing for substantial identity. This approach has been taken in a New Zealand decision: *The North Face Apparel Corp v Sanyang Industry Co Ltd* [2012] NZHC 2259, [40]–[41] (Collins J). It has, however, been subject to justified criticism: see Batty, 'The Challenges of Prior Use' (n 21) 278; Earl Gray and Rob Batty, 'Ownership Jurisprudence under the *Trade Marks Act 2002* – Past and Future Directions' (2019) 9(1) *New Zealand Intellectual Property Journal* 1, 7–8.

129 See, eg, *Selth v Australasian Barrister Chambers Pty Ltd (No 3)* (2017) 256 FCR 367, 417 [169] (Greenwood J) (finding AUSTRALIAN BAR ASSOCIATION to be substantially identical with AUSTRALIAN BARRISTERS ASSOCIATION); *Singtel Optus Pty Ltd v Optum Inc* (2018) 140 IPR 1, 10 [15] (Davies J) (Federal Court) (finding OPTUM and OPTUS not to be substantially identical but considering, in obiter dicta, that if they were, it would follow that OPTUS was substantially identical with a composite mark consisting of OPTUM alongside a stylised diamond-shaped device (represented at 6 [2])); *Chris and Dora Di Lorenzo Partnership v Denversian Pty Ltd* [2020] FCCA 1718, [94]–[95]

An even greater impact can be seen at the Office, in decisions on ownership, on conflicts between marks, and on the meaning of the phrase ‘additions or alterations that do not substantially affect the identity of the trade mark’ in section 7(1) of the *TMA*. Hearing Officers have not only made far-reaching findings of substantial identity, post *Pham Global*, by downplaying both descriptive words and additional devices/aspects of stylisation, often within the same mark.<sup>130</sup> They have also internalised *Accor* and *Pham Global* as requiring them to disregard, and even excise, descriptive and other non-distinctive elements from marks in making their assessments. For example, in comparing CATCH OF THE DAY with ‘catchmestore.com.au’, the Hearing Officer said that the dominant cognitive cue in the latter mark was ‘catch me’, such that ‘when considering whether the trade marks are substantially identical, [the comparison is between] the indicia CATCH OF THE DAY and CATCH ME’,<sup>131</sup> and noting that discounting the non-distinctive elements of the former mark was consistent with *Accor*.<sup>132</sup> These

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(Judge Baird) (finding that the use of ‘Black Sheep Bistro’ did not substantially affect the identity of BLACK SHEEP). See also *A Nelson & Co Ltd v Martin & Pleasance Pty Ltd* [2021] FCA 228, [31] (Flick J) (considering an application for interlocutory relief and suggesting that if the applicant had sought to pursue an argument that relief be founded upon an asserted infringement of its registered trade mark RESCUE there would have been a serious question to be tried as to whether this mark was substantially identical with the respondent’s mark ‘ResQ’). For a more borderline decision, see *Anchorage Capital Partners Pty Ltd v ACPA Pty Ltd* (2018) 259 FCR 514, 542 [119], 543 [130] (Nicholas, Yates and Beach JJ) (*‘Anchorage Appeal’*) (finding ANCHORAGE CAPITAL to be substantially identical with both ANCHORAGE CAPITAL GROUP and ANCHORAGE CAPITAL PARTNERS).

- 130 See, eg, *BTA Vantage Pty Ltd v BTA Accountants Pty Ltd* [2017] ATMO 153, [51]–[53] (Hearing Officer Walters) (use of stylised ‘BTA’ did not substantially affect the identity of the differently stylised ‘BTA Accountants’ mark); *Patriot Campers Pty Ltd v Sunland RV Pty Ltd* [2018] ATMO 59, [28], [34] (Hearing Officer Lyons) (finding PATRIOT CAMPERS to be substantially identical with a composite mark consisting of ‘Patriot’ across a map of Australia (which, it was thought, would be read as ‘Patriot Australia’)); *Sumol+Compal Marcas SA v Sumo IP Holdings Pty Ltd* (2018) 145 IPR 98, 107–14 [28]–[58] (Hearing Officer Walters) (finding the registration of SUMOL PORTUGAL to be preserved by the use of the word marks ‘Sumol Pineapple’, ‘Sumol Orange’ and ‘Sumol Passionfruit’, and by the use of a device mark featuring the word ‘Sumol’ superimposed over a disc, below an arched band featuring the word ‘Original’, and above the word ‘Ananas’ and an image of a pineapple).
- 131 *Catchoftheday.com.au Pty Ltd v Trinity Two Pty Ltd* [2018] ATMO 170, [17] (Hearing Officer Thompson).
- 132 *Ibid* [18]. See also *Pernod Ricard Winemakers Pty Ltd v Cracka IP Pty Ltd* (2018) 141 IPR 577, 583 [21] (Hearing Officer Smith) (comparing RICHMOND PARK and RICHMOND GROVE (for wine) and noting that ‘[w]hile the words “park” and “grove” potentially refer to a geographical area from which wine could be produced, they are not entirely descriptive words to be discounted for the comparison; unlike “Clinical Imaging” and “radiology”’ (emphasis added)); *Huawei Technologies Co Ltd v Bissoft Entertainment Societe Anonyme* (2019) 148 IPR 322, 333 [34] (Hearing Officer Walters) (comparing stylised ‘FOR HONOR’ with stylised ‘HONOR’ and stating: ‘[a]ccepting the fact that both trade marks prominently feature the word “HONOR”, the question becomes whether these are “essential features” which strike the eye in a side-by-side comparison such as to render the marks substantially identical’); *Jak Agency International Pty Ltd v JAK Organics Pty Ltd* [2019] ATMO 169, [50] (Hearing Officer Robert Wilson) (finding JAK to be substantially identical with ‘JAK Agency PTY LTD’); *Square Inc v J Plus S Pty Ltd* [2020] ATMO 47, [33]–[34] (Hearing Officer Brown) (finding SQUARE to be substantially identical with ‘Tax Square’); *Uber Builders & Developers Pty Ltd v Uber Constructions Pty Ltd* [2020] ATMO 57, [20] (Hearing Officer Cooper) (use of ‘UBER Constructions’ did not substantially affect the identity of UBER); *Team Building Holdings Pty Ltd v Noosa Brewing Co Pty Ltd* [2020]

approaches help explain why the following pairs of visually dissimilar marks have been held by the Office to be substantially identical.<sup>133</sup>

QUANTUM



QUANTUM GROUP

SPEAKING ROSES



As a result of *Accor* and *Pham Global*, and in light of subsequent court and Office decisions, it has become easier for a registered owner to rebut an allegation of non-use under section 100 of the *TMA* on the basis that it has used a mark with additions or alterations that do not substantially affect the identity of the registered mark.<sup>134</sup> It may also be the case that the Office will be inclined to permit more extensive changes to the representation of a mark under either section 65(2) or section 83(1)(a) (such as the addition of graphic elements to a word mark) on the basis that these amendments no longer ‘substantially affect the identity of the trade mark’.<sup>135</sup> Above all, it is undoubtedly the case that the scope of the ‘ownership’ ground of opposition has been broadened. The problematic consequences of these particular outcomes will be explored in detail in the second part of this two-part article. At this point it is worth noting that the expansion of the ‘ownership’ ground has also had the effect of *narrowing* the operation of other, important doctrines within the trade marks system. The most significant of these is ‘honest concurrent use’. To explain, an applicant for registration might be aware that its application is likely to face an objection under section 44(1) or (2) of the *TMA* on the basis of the existence on the Register of an earlier ‘substantially identical or deceptively similar’ mark. It might choose to proceed, on the basis of advice that it can make

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ATMO 167, [36] (Hearing Officer Cooper) (comparing stylised ‘The Noosa Beer Company’ and device with stylised ‘Noosa Brewing Co’ and device and stating that the descriptive words ‘Noosa’, ‘beer’ and ‘brewing’ ‘should be largely discounted when comparing the marks’).

133 See, respectively, *Thomson v Quantum Group Holdings Pty Ltd* [2018] ATMO 128, [19] (Hearing Officer Smith) (if the device within the ‘Quantum Group’ mark is an original artistic work, it is anonymous); *Florabella International LLC v Enzymatic Pty Ltd* (2018) 143 IPR 391, 401–2 [61]–[62] (Hearing Officer Cooper) (the words ‘Speaking Roses’ are superimposed on the rose device in small cursive font. If this ‘Speaking Roses’ device mark is an original artistic work, it is anonymous).

134 *TMA 1995* (Cth) ss 100(2)(a)–(b)(i), (3)(a)–(b)(i).

135 See Russell Waters, ‘“Substantially Affecting the Identity” of a Trade Mark’, *Inspired: The POF Blog* (Blog Post, 12 September 2019) <<https://www.pof.com.au/substantially-affecting-the-identity-of-a-trade-mark/>>.

a strong case under section 44(3)(a) that there has been honest concurrent use of the two marks, so as to persuade the examiner that its mark should be accepted for registration. However, a mark accepted for registration under section 44(3)(a) remains vulnerable to an 'ownership' challenge under section 58.<sup>136</sup> That is, if an opponent can demonstrate that it was the first user of a mark that is 'substantially identical' with the applicant's mark, and thus the owner of the mark, the applicant's mark will be blocked from registration, notwithstanding any evidence of honest concurrent use. Thus, the more expansively 'substantial identity' is interpreted, the less scope an applicant has of being able to secure registration of its mark on the basis of honest concurrent use.

### B The Antecedents of *Accor* and *Pham Global*

Although the Full Court in *Accor* and *Pham Global* did not seek to contextualise its decisions by reference to authorities other than *Shell v Esso*, the Court can be said to have embraced an approach to substantial identity first adopted by the Office in a number of decisions on ownership and non-use from the mid-1990s, an approach that arguably received implicit support from the High Court in its non-use decision in *Gallo*. Understanding these earlier decisions helps to flesh out the Full Court's reasoning in *Accor* and *Pham Global*.

From soon after the *TMA* came into force the Office started to take a more expansive approach to substantial identity in ownership and non-use decisions, in two situations. The first involved comparisons between word marks, where both marks contained the same essential feature, but where one included additional descriptive material that created striking visual dissimilarities between the marks. Contrary to the position it had taken up to the mid-1990s in comparing such marks, as described in Part II(B) above,<sup>137</sup> the Office started to disregard the descriptive material, making findings of substantial identity based on the common presence of the essential feature alone. In one early decision on ownership, the Hearing Officer found that MICROCOM and MICROCOM NETWORKING PROTOCOL (for computer software and hardware) were substantially identical, emphasising that the descriptive words 'networking protocol' 'add[ed] nothing' and were not 'sufficient to differentiate' the two marks.<sup>138</sup> A similar approach was taken by the

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136 This flows from *McCormick & Co Inc v McCormick* (2000) 51 IPR 102 (Federal Court), where Kenny J held that the structure of the *TMA 1995* (Cth) was such that section 44(3)(a) operates only as an exception to the ordinary operation of sections 44(1)–(2), and cannot be used to overcome a section 60 ground of opposition. This reasoning must apply to the other opposition grounds, including section 58, an approach that has been taken by the Office: see, eg, *Tosca Travelgoods (Aust) Pty Ltd v Samsonite IP Holdings Sarl* (2015) 113 IPR 114. In 2004, IP Australia proposed that sections 58 and 60 should be amended 'so that evidence of honest concurrent and/or prior use may provide a basis for defence against those grounds of opposition': IP Australia, *Trade Marks Legislation Review: Paper 3* (30 September 2004) 12 <<https://www.wipo.int/edocs/lexdocs/laws/en/au/au164en.pdf>> (emphasis in original). Until such reform occurs, it is hoped that courts might consider whether the honest concurrent use of a mark could make the applicant a 'co-owner', such that the section 58 ground of opposition would not apply: see Burrell and Handler, *Australian Trade Mark Law* (n 4) 293 and see also the discussion in Part II(C) of the second part of this article.

137 See above nn 83–8 and accompanying text.

138 *Microcom Systems Inc v Microcom Pty Ltd* (1998) 41 IPR 163, 168 (Hearing Officer Forno).



Federal Court in 1999 in *PB Foods Ltd v Malanda Dairyfoods Ltd* ('PB Foods'),<sup>139</sup> on appeal from the Office. The facts of the case were unusual. The respondent had made the earlier use of CHILL for dairy goods, while the applicant had applied for registration of CHOC CHILL, but with an endorsement that the word 'choc' would be varied in use when the mark was applied to goods of other flavours.<sup>140</sup> Carr J agreed with the reasons of the Deputy Registrar, who had held that the case did not involve a 'simple one to one comparison' since the applicant's mark was 'not simply CHOC CHILL'.<sup>141</sup> Rather, the applicant's mark was considered to be one where 'a prospective purchaser will ... recognise the word "chill" as the badge of origin and will see the word "choc" or "coffee" or "strawberry" or "vanilla" as nominating nothing more than the flavour of the product'.<sup>142</sup> On this basis, both the Deputy Registrar and Carr J considered that there was a total impression of similarity between the marks.<sup>143</sup> A similar approach can be seen in Office decisions on non-use from around this time. For instance, the Office held that the use of 'Funjet' alone did not substantially affect the identity, and thus preserved the registration, of FUNJET SERVICE for travel agency and transport services.<sup>144</sup>

The second situation involved comparisons between marks containing the same words as their essential features, but where one of the marks included an additional device. Although, as noted in Part II(C) above, tribunals had, since at least the 1950s, been prepared to discount only the most 'conventional form[s] of embellishment' to words when making such comparisons,<sup>145</sup> from the mid-1990s the Office started to take a more permissive approach in disregarding device elements from their comparisons. For example, in an ownership dispute the Office was prepared to accept that the opponent's use of the word mark DERMAFILM made it the proprietor of the composite mark represented below, asserting that the

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139 (1999) 47 IPR 47.

140 Ibid 52 [22] (Carr J). Claims to vary are no longer permitted by the Office.

141 Ibid 54 [38], quoting Deputy Registrar Hardie in *PB Foods Ltd v Malanda Dairyfoods Ltd* [1998] ATMO 66.

142 Ibid 54–5 [38], quoting Deputy Registrar Hardie in *PB Foods Ltd v Malanda Dairyfoods Ltd* [1998] ATMO 66.

143 Ibid 53 [31]–[32], 54–5 [38]–[39]. This approach was embraced by the Office in subsequent ownership decisions. See, eg, *Virgin Enterprises Ltd v Bowes* (2000) AIPC ¶91-656, 38391 (Hearing Officer Thompson) (VIRGIN substantially identical with VIRGIN HOME SERVICES); *Mahogany Designs Ltd v Charles* (2000) 50 IPR 111, 115–16 (Hearing Officer Thompson) (MAHOGANY substantially identical with MAHOGANY HAIR); *eStar Online Trading Pty Ltd v EStar Ltd* (2001) 53 IPR 583, 589 (Hearing Officer Thompson) (ESTARONLINE substantially identical with ESTAR); *Challenge Cancer Support Network Inc v Leukaemia Foundation of Queensland* (2002) 55 IPR 616, 627–8 (Hearing Officer Williams) (LEUK substantially identical with LEUK BEAR); *Imax Corporation v Vago Imports Pty Ltd* [2002] ATMO 80 (IMAX substantially identical with IMAX SPORTS). See also *Fresh Intellectual Properties Inc v Goldman* (2006) 69 IPR 337, 341 [14] (Hearing Officer O'Brien) (device mark featuring flowers above a rectangular box containing the words 'Freecall 1800-FLOWERS Australia Wide' considered to be substantially identical with a mark containing different looking flowers above a rectangular box featuring the words '1-800-FLOWERS').

144 *QH Tours Ltd v Mark Travel Corporation* (1999) 45 IPR 553, 558–9 (Hearing Officer Thompson). Hearing Officers sometimes avoided this outcome by taking a more critical view as to whether the additional material was truly descriptive: see, eg, *XYZ Networks Pty Ltd v XyZ iGlobal Inc* [2016] ATMO 119, [35]–[37] (Hearing Officer Lyons).

145 *Morny Trial* (1951) 68 RPC 55, 57 (Lloyd-Jacob J).

device element was ‘quite nondescript’ and ‘attract[ed] minimal attention’, such that the mark ‘would undoubtedly be known as DERMOFILM’.<sup>146</sup>



In the non-use context, the Office found that the use of the mark, below left, constituted use of the registered mark, below right, with alterations that did not substantially affect the identity of the latter mark.<sup>147</sup>

MINDGYM

MINDGYM



What unifies the above decisions is that the Office, and the Court in *PB Foods*, approached the assessment of substantial identity from the perspective of a prospective consumer encountering the two marks in a trade setting. The tribunals placed a great deal of weight on how such consumers would interpret the marks and what they represented, and in particular the weight consumers would give to certain elements within the marks, in seeking to make determinations as to the origin of the goods or services provided under the marks. It is for this reason that these tribunals felt comfortable dismissing descriptive words or non-verbal elements added to distinctive words. It was thought that consumers would pay ‘minimal attention’ to these features in making source-identification decisions or see them as providing ‘nothing more’ than descriptive information or decoration. Such reasoning arguably underlies both *Accor* and *Pham Global*. In those cases, the Full Court similarly dismissed the ‘mere descriptive elements’ that were thought to add nothing to the mark’s distinctiveness<sup>148</sup> – even if these elements would be noticeable, and produce striking visual and aural differences, in a side-by-side comparison.

146 *Warner-Lambert Co v Harel* (1995) 32 IPR 189, 192 (Hearing Officer Homann). If the device next to ‘Dermofilm’ is an original artistic work, it is anonymous.

147 *Matzka v The Mind Gym Ltd* (2006) 68 IPR 339, 344 [36] (Hearing Officer McDonagh). If the stylised word ‘Mindgym’, the device underneath the word ‘Mindgym’, and the composite ‘Mindgym plus device’ marks are original artistic works, they are anonymous.

148 *Accor* (2017) 345 ALR 205, 251 [233] (Greenwood, Besanko and Katzmann JJ); *Pham Global* (2017) 251 FCR 379, 392 [52] (Greenwood, Jagot and Beach JJ). A similar approach was suggested by Crennan J in obiter dicta in *JT International SA v Commonwealth* (2012) 250 CLR 1, 103 [288] (considering that where the essential feature of a composite mark is a brand name, then ‘[t]o the extent that colours, chevrons, crests, shields and similar insignia might be in common use in the retail trade in [the specified goods], such non-verbal components of a composite trade mark might be discounted ... where marks are compared side by side for the purposes of establishing their “substantial identity”’) This statement provides support for the expansive view of substantial identity, to the extent that such insignia include complex and visually prominent signs that go beyond being ‘conventional form[s] of embellishment’: *Morny Trial* (1951) 68 RPC 55, 57 (Lloyd-Jacob J).

A view has also emerged that the High Court in its 2010 decision in *Gallo* adopted an even more expansive approach to substantial identity (albeit in an unusual fact scenario). Explaining why this might be the case first requires an engagement with the Full Court of the Federal Court's 2006 decision in *Colorado Group Ltd v Strandbags Group Pty Ltd* ('Colorado').<sup>149</sup> One issue in that case was whether the first use of the image represented below gave rise to ownership of the word mark COLORADO.<sup>150</sup>



Allsop J held that what was being used was not the word mark 'Colorado', but rather a composite mark: the 'mountain' element above the word 'was part of the trade mark use; it had a capacity to distinguish. It did not ... operate as a separate mark, nor as a mere descriptor. It operated as part of a combination with the word "Colorado", in part reinforcing it'.<sup>151</sup> Having characterised the mark in this way, his Honour assumed that it was not substantially identical with COLORADO,<sup>152</sup> an approach consistent with the orthodox view of the scope of substantial identity.<sup>153</sup>

An argument based on *Colorado* was subsequently pursued in a non-use action that culminated in the High Court's decision in *Gallo*. At issue was whether Gallo's registration of the word mark BAREFOOT for wine was preserved by the sale in Australia of bottles of wine bearing the following label.<sup>154</sup>

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149 *Colorado* (2007) 164 FCR 506.

150 If the 'mountain peak' device is an original artistic work, it is anonymous.

151 *Colorado* (2007) 164 FCR 506, 536 [110].

152 Although Allsop J did not address the issue of substantial identity directly, his Honour cited *Shell v Esso* (1961) 109 CLR 407 and *Carnival* (1994) 120 ALR 495, as well as a number of nineteenth century UK cases which were said to be 'consistent' with the Australian approach to substantial identity: *ibid* 535–6 [106]–[108]. See also at 510–11 [7] (Kenny J). The relevance of the nineteenth century cases cited by Allsop J is discussed in Part II(C) of the second part of this article.

153 See above Part II(B).

154 The reproduction is from *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2008) 77 IPR 69, 107 [184] (Flick J) (Federal Court). If the 'bare foot' image within this label is an original artistic work, it is anonymous (although it may be that this image is a reproduction of a painting by Bonnie Harvey, one of the founders of Barefoot Wine: Barefoot Wines, 'Barefoot Pinot Grigio: A Balance of Charm and Boldness', *Just Wines* (Blog Post, 15 June 2015) <<https://justwines.com.au/blog/barefoot-pinot-grigio-a-balance-of-charm-and-boldness/>>).



The respondent, Lion Nathan, sought to rely on *Colorado* by making two arguments. First, it argued that the above label was evidence of use of a composite mark only, this mark consisting of the stylised word 'Barefoot' and the image of the bare foot. Second, it argued that use of this composite mark could not be said to constitute use of the registered BAREFOOT mark with additions that did not affect its identity, as required by section 100(3)(a) to rebut a non-use attack. At trial, Lion Nathan's first argument was rejected. Flick J distinguished *Colorado* and held that the use of the image 'did not have the consequence that *the word itself as a trade mark* was not also being used'.<sup>155</sup> This finding – that the word mark *alone* was used on the label – was uncontroversial.<sup>156</sup> On appeal to the High Court, French CJ, Gummow, Crennan and Bell JJ held that the trial judge had been right to reject Lion Nathan's argument.<sup>157</sup> However, their Honours went on to explain that Gallo succeeded because, in contrast with *Colorado*, where the mountain element was found to be a distinguishing feature of the composite mark,<sup>158</sup>

[t]he addition of the device [of the bare foot] to the registered trade mark is not a feature which separately distinguishes the goods or substantially affects the identity of the registered trade mark because consumers are likely to identify the products sold under the registered trade mark with the device by reference to the word BAREFOOT. The device is an illustration of the word. The monopoly given by a registration of the word BAREFOOT alone is wide enough to include the word together with a device which does not substantially affect the identity of the trade mark in the word alone. So much is recognised by the terms of s 7(1), which speak of additions or alterations which 'do not substantially affect the identity of the trade mark' ... The device is an addition to the registered trade mark that does not substantially affect its identity.

155 *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2008) 77 IPR 69, 107 [186] (emphasis added).

156 The approach is consistent with that taken by the Federal Court in infringement proceedings in attempting to isolate, from an array of symbols, the specific 'sign' that has been used by the respondent for the purposes of comparing that sign with the registered mark. See, eg, *Anheuser-Busch Inc v Budějovický Budvar, Národní Podnik* (2002) 56 IPR 182, 219 [155]–[156] (Allsop J); *Wellness Pty Ltd v Pro Bio Living Waters Pty Ltd* (2004) 61 IPR 242, 247 [26], 248 [31] (Bennett J). See generally Burrell and Handler, *Australian Trade Mark Law* (n 4) 393–6. It has also long been recognised that a word mark represented in block capitals will be used if it has been used in 'any clearly legible form': *Re Morny Ltd's Trade Marks* (1951) 68 RPC 131, 149 (Jenkins LJ).

157 *Gallo* (2010) 241 CLR 144, 169 [67] (French CJ, Gummow, Crennan and Bell JJ, Heydon J agreeing at 175 [87]).

158 *Ibid* 170 [68].

Accordingly, the use of the registered trade mark with the device constitutes use of the registered trade mark in accordance with s 7(1).<sup>159</sup>

If the above passage is understood as being premised on an acceptance of Lion Nathan's first argument that the mark being used by Gallo consisted of the word 'Barefoot' and the image of the bare foot, then it appears that what French CJ, Gummow, Crennan and Bell JJ were considering in this passage was Lion Nathan's second argument: that is, whether the use of this composite mark constituted use of the registered BAREFOOT mark with additions that did not affect its identity. On this reading, Lion Nathan's second argument failed because the image of the bare foot added nothing relevant to the word 'Barefoot'. Unlike in *PB Foods*, this was not because the additional feature was descriptive of the owner's goods. Rather, it was because it was descriptive of the word component of the mark, such that consumers would not give the additional feature any weight in identifying the goods sold under the mark (that is, consumers would effectively read the composite mark as no more than 'Barefoot').

Significantly, *Gallo* has come to be interpreted this way by the Office in a number of decisions,<sup>160</sup> by commentators,<sup>161</sup> and by the Federal Court in two recent cases<sup>162</sup> – that is, as an authority on substantial identity. It is also notable that, soon after *Gallo*, there was a spike in Office decisions on both ownership and non-use,<sup>163</sup> as well as a single instance Federal Court decision,<sup>164</sup> embracing the expansive view of substantial identity, even if *Gallo* was not relied on in these decisions. If *Gallo* is understood to be an authority for the proposition that a word mark can be substantially identical with a composite 'word plus device' mark if the only difference between them is a device within the composite mark that describes or illustrates the word, such that consumers seeing the composite mark will ascribe little source significance to that device, it might be said to provide further support for the expansive approach to substantial identity subsequently adopted in *Accor* and *Pham Global*.

159 Ibid 170 [69]. Heydon J agreed with this passage, except for the last sentence: at 175 [87].

160 *Insight Clinical Imaging v Insight Radiology Pty Ltd* (2014) 109 IPR 86, 91 [22] (Hearing Officer Thompson). See also *Buckley v South Cone Inc* [2013] ATMO 29, [35]–[36] (Hearing Officer Thompson); *American Airlines Inc v Advantagecard Pty Ltd* (2013) 103 IPR 110, 122 [36]–[37] (Hearing Officer Thompson); *MCD Asia Pacific LLC v Dogon* [2014] ATMO 52, [19] (Hearing Officer Thompson).

161 Mark Davison and Ian Horak, *Shanahan's Australian Law of Trade Marks and Passing Off* (Lawbook, 5<sup>th</sup> ed, 2012) 70–1, 259; Davison and Horak, *Shanahan's* (online) (n 26) [10.1010], [30.510]; Lahore et al (n 6) [56.080].

162 *Anchorage Appeal* (2018) 259 FCR 514, 531 [59] (Nicholas, Yates and Beach JJ); *Dunlop Aircraft Tyres Ltd v Goodyear Tire & Rubber Co* (2018) 262 FCR 76, 104–5 [131] (Nicholas J).

163 See *CSR Ltd v China South Locomotive & Rolling Stock Corporation* (2014) 106 IPR 535, 546 [39] (Hearing Officer Thompson) (listing 11 such decisions from August 2010 to January 2014). In contrast, there were no Office decisions in the period 2007–9 in which an expansive approach to substantial identity was taken. See further *Tosca Travelgoods (Aust) Pty Ltd v Samsonite IP Holdings Sarl* (2015) 113 IPR 114, 122–3 [29]–[34] (Hearing Officer Thompson).

164 *Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd* [2011] FCA 1319, [63] (Kenny J) (finding 'CTI' to be substantially identical with 'CTI Canberra', on the basis that '[t]he addition of "Canberra" is wholly descriptive and does not relevantly distinguish the marks').

#### IV SUMMATION

The expansive interpretation of substantial identity – even if it is limited to comparisons between the types of marks considered in Part III above – is now well established in Australian trade mark law. *Accor* and *Pham Global* have widened the scope of the ownership ground of opposition and, in turn, the circumstances in which a ‘non-use’ challenge can be rebutted and in which amendments to representations of marks can be made. They have narrowed the role that ‘honest concurrent use’ can play within the trade marks system. They also have the potential to alter the operation of other provisions within the *TMA*, such as the criminal offence dealing with the ‘false application’ of a mark. All of these changes are significant. They are not, however, to be welcomed. The following part of this two-part article provides a detailed analysis of why the Full Court’s decisions in *Accor* and *Pham Global* are plainly wrong, and suggests a range of options for reform.