

FEDERAL COURT OF AUSTRALIA

PERRAM J

PERRAM J:

A. Introduction

1 The applicant is in the business of certifying, for reward, that food has been prepared in such a way that it is ‘halal’ which means slaughtered in accordance with the relevant Islamic rites. The certificates which it issues feature the below seal, which includes the name of the applicant around its circumference with the word ‘Australia’:



2 The Arabic script in the middle says ‘halal’. This seal is a registered trade mark and is numbered 1005647. In these two proceedings, which were heard together, the applicant sues three groups of respondents:

- (a) the owner of a restaurant known as the Sofra Pizza Pide & Kebab House which is located at Auburn in New South Wales. That owner is a company, Scadilone Pty Limited. The applicant also sues its managing director, Mr Fuat Hallacoglu and another person, Emsal Hallacoglu;
- (b) the owner of another restaurant known as White Heaven Kebabs which is located at Wiley Park in New South Wales. That owner is another company, White Heaven Pty Ltd. The applicant also sues its director, Mr Kadirhan Illgun; and
- (c) a wholesale manufacturer of kebabs, Quality Kebabs Wholesalers Pty Limited, and its managing director, Mr Yasar Kose.

3 The applicant's complaint against these various vendors in the kebab supply chain is that they have used its trade mark without its permission. They did so, it is alleged, by the two shops displaying at their respective premises a document entitled 'Certificate of Halal Products'. The certificate suggested that it was issued to or possibly by 'Quality Kebabs Manufacturers' in respect of certain identified products viz 'Chicken, Chicken Skewers, Lamb, & Beef'. The certificate bears the signature of one 'Hj. Abdullah Fahimin' who is said to be an 'Halal Consultant'. Most importantly, the certificate bears the seal set out in paragraph 1 of these reasons which, of course, is the applicant's trade mark.

4 As might naturally be expected, the seal appears in a prominent location on the certificate and is apt to suggest to the casual observer that the certificate was issued by the applicant. The keen of eye amongst those who trouble themselves to inspect the certificate closely will also see that it is surrounded by a border which is made up of small copies of the same seal. These are 56 in number.

5 The applicant submits, and it was not denied, that it has never issued the certificates displayed in these kebab shops and has never given its permission for its trade mark so to be used. Although I will return to this in a little more detail below, both kebab shops say that the respective certificates were placed in their premises by a delivery person from Quality Kebabs.

6 It is not disputed that the provenance of the certificate is Quality Kebabs. Although the certificate refers to 'Quality Kebabs Manufacturers', whereas the first respondent in NSD 2107/2013 is 'Quality Kebabs Wholesalers Pty Limited', it was not suggested by any party that this was of significance. Quality Kebabs' explanation for its apparently unlawful behaviour was that the certificate had been manufactured by a former employee acting alone and for whose actions it was not to be held to account.

7 It might have been thought useful to hear from this employee why it was that he had suddenly been seized by a desire, unprompted by his employer, to start forging halal certificates for his own amusement. This line of inquiry, however, was said by Quality Kebabs to be foreclosed, all too regrettably perhaps, by the fact that the employee in question had left Australia and taken up residence in Germany.

8 The applicant also argues that each of the kebab shops and the kebab manufacturer have engaged in conduct which is likely to have misled the public into thinking that Quality Kebabs' meat had been certified by the applicant to be halal when that was not so.

9 As for relief, the applicant sought an award of damages, injunctions and the administration of a course of corrective advertising. As to damages against the kebab shops, it said that the unauthorized use of its trade mark had persisted on their premises for around two years and that it was entitled to two lots of its ordinary licence fee for retailers, which was \$5,000 per annum. The logic of this would suggest a judgment in the sum of \$10,000 against each shop. So far as Quality Kebabs was concerned, the applicant was more robust. It submitted that it was not to be thought plausible that Quality Kebabs had issued the certificates on the only two occasions on which the infringing use had been detected. I interpolate here that the applicant in no way accepted Quality Kebabs' claim that the villain in the piece was the employee now safely at his ease somewhere in Germany. Its view was that Quality Kebabs' conduct was deliberate and that, in those circumstances, the practice was likely to be more widespread. Without identifying a precise methodology by which the amount claimed might be ascertained, it suggested that the Court should nevertheless take its suspicions into account in assessing damages. Its licence fee for wholesalers, such as Quality Kebabs, fluctuated but this year was \$34,510. Since the infringing behaviour had lasted for nearly two years and since three firms were involved it followed that compensatory damages should be fixed at nothing less than \$89,020 which is a lot of kebab.

10 In addition, the applicant claimed an entitlement to aggravated damages not just to censure the misconduct alleged against Quality Kebabs but, it was faintly suggested, to put right the wrong to the kebab consuming public of being duped into eating food which was not halal. Finally, the applicant alleged that the directors of the companies operating the two kebab shops were knowingly involved in each company's acts and were thus to be held liable as well as accessories.

B. The Halal Certification Authority Pty Limited: facts

11 As I have already said, the applicant carries on the business of halal certification and in so doing uses a registered trade mark which it owns, namely, registered trade mark no. 1005647. The applicant certifies, for reward, businesses and individuals as using halal practices in the preparation of their goods and services in accordance with the requirements of the Islamic faith.

12 The director of the applicant is Mr Mohamed El-Mouelhy. His evidence before me was that the Federal Government had authorised 13 organisations to issue halal certificates and the applicant was one of these. Another was the Australian Federation of Islamic Councils. Prompted by the proposition under cross-examination that the Council performed the same

function as his business, Mr El-Mouelhy's observation was 'No. I'm a Rolls Royce. They are a Mini'. In part, Mr El-Mouelhy's confidence about the quality of his services rests on the fact that the applicant has been approved by the International Organization for Standardization. I accept that the applicant is a respectable business with a reputation as a certifier which it justly feels entitled to protect.

C. The Sofra Pizza Pide & Kebab House: facts

13 Mr El-Mouelhy's evidence was that he first detected the false certificate at the Sofra Pizza Pide & Kebab House during Ramadan in 2012 which ran from 20 July to 18 August in that year. In the company of a close friend, Mr Mohammad Gamal, he entered the Sofra Pizza Pide & Kebab House to order and to pay for some food. He says that whilst inside the restaurant he saw a notice on display which had been positioned such that it could be easily seen by anyone standing near the front counter. He observed that the notice appeared to be an halal certificate and that it bore the applicant's trade mark.

14 Mr El-Mouelhy says he then approached the young man who was behind the counter and had what might be described as an inconclusive conversation with him about the trade mark. Mr El-Mouelhy informed the young man that he owned the trade mark and asked him to remove the certificate. The young man suggested that Mr El-Mouelhy return to the shop in the morning and talk to the manager at that time. Mr El-Mouelhy then says that he took a photograph of the offending certificate on his smartphone.

15 There is no dispute that Mr El-Mouelhy did not return the following day to speak to the manager for on his own evidence he did not in fact return until August 2013, that is, more than a year later. It is also to be noted that even on Mr El-Mouelhy's account of his Ramadan visit to the Sofra Pizza Pide & Kebab House he did not give the young man his name or provide any contact details. From the young man's perspective, the encounter (which I infer took place in the evening because it was Ramadan and Mr El-Mouelhy would have been fasting during the day) would have been a somewhat surreal affair.

16 Although Mr El-Mouelhy says that he took a photograph of the certificate during the 2012 visit, he did not include that photograph in his affidavit evidence. Some effort was made in cross-examination to suggest to him that his visit to the Sofra Pizza Pide & Kebab House might have occurred as late as November 2012 but Mr El-Mouelhy was adamant that it took place in Ramadan and that he and his friend Mr Gamal were celebrating the breaking of the fast. I accept this evidence. Although it is true that Mr Gamal was not called to give evidence and

although he could, no doubt, have assisted Mr El-Mouelhy's case on this issue, I am not minded to conclude that Mr El-Mouelhy's evidence about this matter is false.

17 On the other hand, I do not accept that Mr El-Mouelhy meaningfully communicated his complaint to the proprietor of the restaurant, Scadilone Pty Limited, or its managing director, Mr Fuat Hallacoglu. It is likely the young man did communicate the fact of Mr El-Mouelhy's visit to Mr Hallacoglu. I deal with this issue in more detail below at [61]. Mr Hallacoglu gave affidavit evidence of having been informed of a complaint by an unnamed person by a female member of his staff in November 2012 whereupon he called Mr Kose at Quality Kebabs (who had supplied the kebabs) and was told to call again if the unnamed person came back. Mr Kose also gave evidence of such a conversation. For reasons I later give, I am satisfied the discussion took place in August 2012. I am not able to resolve the inconsistency between Mr El-Mouelhy's evidence that the shop attendant was a young man and Mr Hallacoglu's that it was a woman. One of them is wrong but it not material to any issue. The critical point is that Mr El-Mouelhy's complaint conveyed no useful information by which Mr Hallacoglu could have known that he was infringing the applicant's trade mark.

18 My conclusion: Mr El-Mouelhy did visit the Sofra Pizza Pide & Kebab House one evening during Ramadan 2012, did see the certificate and did ask for it to be removed but the manner in which he did so did not reasonably put either Scadilone or Mr Hallacoglu on notice of any meaningful claim.

19 It was another year before Mr El-Mouelhy again darkened the doors of the Sofra Pizza Pide & Kebab House. Once more, he was accompanied by his good friend, Mr Gamal, and just as in the previous year their visit occurred in August. I am not able to say whether this visit was also a breaking of the Ramadan fast although Ramadan did partially fall in August that year.

20 Regardless, Mr El-Mouelhy entered the restaurant and was concerned to see the impugned certificate still on display. It had not moved. Again Mr El-Mouelhy spoke to the cashier about the certificate and was again referred to the manager who at that time was away from the shop. Mr El-Mouelhy took another photograph of the certificate and this was placed in evidence before me. He also took a photograph which shows the certificate's proximity to the place in the shop where customers might be expected to wait for service.

21 On this occasion, too, Mr El-Mouelhy did not return to speak to the manager. Instead the following day he visited his solicitor, Mr O'Connor, and retained him to draft a letter to the

Sofra Pizza Pide & Kebab House demanding that it desist from its use of the trade mark and that it make payment for its use theretofore. On 13 August 2013, Mr O'Connor sent his letter to Scadilone's registered office in Merrylands and also to the shop premises. Importantly for present purposes, it explained in some detail the trade mark infringement that was allegedly occurring. The letter demanded a response by 27 August 2013. If no response was received proceedings in this Court were threatened.

22 That date came and passed with no apparent response and Mr O'Connor commenced proceedings in this Court on 6 September 2013.

23 In fact, it seems that there had been some activity at the Sofra Pizza Pide & Kebab House after Mr O'Connor's letter first arrived. That shop and its managing director Mr Hallacoglu had previously retained, for conveyancing purposes, a solicitor Mr Sayan of Messrs Sayan & Associates, Solicitors. On 15 August 2013 (two days after Mr O'Connor's letter arrived) Mr Sayan met with Mr Hallacoglu perhaps at the shop, perhaps at Mr Sayan's office (the evidence is contradictory on this last point). At this meeting it seems that Mr Hallacoglu delivered to Mr Sayan the offending certificate and said:

'Can you send this paper back to these solicitors. I don't know why they send this letter to me.'

24 Mr Sayan then took the letter with him with the intention of sending it to Mr O'Connor. He says that due to a clerical oversight he forgot to do so. This was perhaps unfortunate.

25 I turn then to the issue of how the notice came to be on display in the Sofra Pizza Pide & Kebab House.

26 The principal evidence on this issue was given by Mr Hallacoglu. In his affidavit he claimed that he had requested a document from Quality Kebabs whereby his shop could notify its customers that the meat it sold was halal certified. He said in his affidavit that he requested the certificate because the previous document that had been displayed in the shop had begun to fade. He said that this occurred (that is the request, not the fading) in November 2012 and that in response to his request an employee of Quality Kebabs had attended the shop and placed the certificate on display.

27 Mr Hallacoglu was cross-examined with the aid of an interpreter since he was more comfortable speaking Turkish. It was evident that the interpreter was experiencing difficulties in conveying what Mr Hallacoglu meant. My impression was that Mr Hallacoglu had

considerable difficulty expressing himself even in Turkish with any clarity. At times his understanding of what he was being asked seemed elusive.

28 For example, although in his affidavit he suggested he had asked for the new certificate in November 2012, under cross-examination he denied several times that anything had happened in 2012 at all. I cannot accept this evidence. It was Mr El-Mouelhy's evidence that he visited the shop in 2012 (although in August) and Mr Hallacoglu's initial evidence in his affidavit was the same.

29 Apart from his evidence about the letter and the handing to his solicitor of the certificate (both of which were independently corroborated) the rest of Mr Hallacoglu's evidence is problematic. His evidence had these difficulties:

- (a) his affidavit referred to a communication from an employee about the certificate in November 2012 but under cross-examination he denied any such occurrence;
- (b) in his affidavit he said that he first used Quality Kebabs in September 2012 and requested and received the certificate in November 2012. I am satisfied, however, that Mr El-Mouelhy saw the certificate at the Sofra Pizza Pide & Kebab House in August 2012, some months before; and
- (c) in his affidavit he said that he requested the certificate to replace the former fading certificate but that his kebab shop does not itself require that the meat it uses be halal.

30 I propose to approach Mr Hallacoglu's evidence with some caution.

31 My conclusion is nevertheless that Mr Hallacoglu started using Quality Kebabs before August 2012 and that he had no interest in whether its kebabs were halal or not. From a sales perspective, however, it was easier to sell halal kebabs in Auburn and therefore Mr Hallacoglu saw it as a benefit to have a halal certificate in his store. It was for this reason that he requested one from Quality Kebabs sometime before August 2012. On the other hand, I am satisfied, as I have said, that whilst he was aware of Mr El-Mouelhy's first visit and complaint the information conveyed to him from Mr El-Mouelhy on that occasion via the staff member (who, depending on one's view of the evidence may, or may not, have been a man) was too vague to put Mr Hallacoglu properly on notice that he was infringing the applicant's trade mark. I am also satisfied that when confronted with Mr O'Connor's letter of 13 August 2013 he surrendered the impugned certificate to his solicitor within two days.

32 A person named Emsal Hallacoglu was also joined to the proceedings. No submissions were made on his or her position. The proceedings against Emsal Hallacoglu will be dismissed with costs.

D. White Heaven Kebabs: facts

33 The White Heaven Kebabs shop is at Wiley Park in Sydney. Sometime in December 2012 Mr El-Mouelhy's daughter, Ms Nadia El-Mouelhy, who is the chief executive officer of the applicant company, was at Wiley Park. She happened into the White Heaven Kebabs shop and saw another certificate with the applicant's trade mark on it apparently issued by, or to, Quality Kebabs. She took a photograph of it and sent it to her father. This photograph is no longer available apparently as a result of IT issues experienced by Ms El-Mouelhy. Ms El-Mouelhy did not suggest to anyone in the shop that the certificate should be taken down and did she not otherwise complain. Below, I conclude that these events actually occurred sometime around August 2013.

34 There the matter might have rested except that some months later, in October 2013, her father showed her the certificate obtained from the Sofra Pizza Pide & Kebab House (presumably the one surrendered by Mr Hallacoglu to Mr O'Connor through Mr Sayan) and she recognized it as being similar. She revisited White Heaven Kebabs and saw that it was. This time she took some more photographs which were in evidence. I am satisfied that it was the same certificate which was on display at the Sofra Pizza Pide & Kebab House. Ms El-Mouelhy showed these photographs to her father and he too formed the same opinion. He did not, however, write to the owner of White Heaven Kebabs requiring it to desist from using the applicant's trade mark. Instead he sued it (White Heaven Pty Ltd) and its director, Mr Kadirhan Illgun. By this time he had already sued Scadlione and Mr Hallacoglu. The claim against White Heaven and Mr Illgun took the form of a fresh proceeding which I discuss further below.

E. Quality Kebabs: facts

35 Quality Kebabs came to the attention of Mr El-Mouelhy when he received from Mr O'Connor the certificate which had been handed over by Mr Hallacoglu following his receipt of Mr O'Connor's letter of demand. At the same time, Mr O'Connor provided Mr El-Mouelhy with an affidavit of Mr Sayan. Mr Sayan was Mr Hallacoglu's solicitor and his affidavit was directed to explaining the clerical error within his office which had meant that the certificate's handing over to Mr O'Connor had been delayed. It also explained the steps Mr Hallacoglu had taken to contact Quality Kebabs. Little is to be gained by setting out all of that material but it

may usefully be summarised by saying that it identified Mr Yasar Kose as the directing mind of Quality Kebabs and set out Mr Hallacoglu's suggestion that the problems raised by Mr O'Connor's letter were Mr Kose's problem and not Mr Hallacoglu's. He asked Mr Kose to contact his solicitor, Mr Sayan, and 'to take care of this matter.'

36 I infer that some form of contact between Mr Kose and Mr Sayan's office then occurred from the existence of an email from that office to Mr Kose of 17 September 2013 enclosing Mr O'Connor's letter. On the same day, Mr Kose replied to that email in terms which, I think, were intended to serve as a response to the allegations contained in Mr O'Connor's letter. The salient features were:

- (a) an explanation that Quality Kebabs purchased its chicken from a poulterer, Steggles;
- (b) the claim that Steggles (and another company, Baiada, which Mr Kose thought had acquired Steggles) were halal certified by the Australian Federation of Islamic Councils;
- (c) an argument that Mr El-Mouelhy had no right to sue Mr Hallacoglu because his chicken was, in fact, halal. In that regard, he noted that Quality Kebabs did not need halal certification because the meat was slaughtered by Steggles and Quality Kebabs itself did not 'officially cut the meat' but just made it into kebabs; and
- (d) he had forwarded the materials to his own lawyer.

37 It was via this somewhat indirect pathway that Mr El-Mouelhy came to know of Mr Kose.

38 As in the case of White Heaven Kebabs, Mr El-Mouelhy made no demands on Quality Kebabs before suing it. Quality Kebabs (and Mr Kose) and White Heaven Kebabs (and Mr Illgun) were sued by the applicant in a separate proceeding commenced on 11 October 2013.

F. Mr Kose: facts

39 I turn then to the position of Mr Kose. It will be seen from the email I have summarised above that Mr Kose's initial position when confronted by Mr O'Connor's letter of demand was to claim that his chicken was halal because it was provided by Steggles which, in turn, was certified halal by the Australian Federation of Islamic Councils. Further, he did not, as he said, cut the meat himself.

40 In the proceedings before me, Mr Kose swore an affidavit. This affidavit announced a new position and made these points:

- (a) Quality Kebabs obtained its poultry from YCC Poultry which was certified by the applicant;
- (b) Quality Kebabs was not required to hold halal certification and never had been;
- (c) on some occasions it was asked by its customers to certify that the meat used in its kebabs was certified halal (note here the distinction between certification of the meat and certification of the method of manufacture);
- (d) Quality Kebabs had formerly prepared a notice for those customers who sought one confirming that the meat used by it was halal (but not I infer, saying that Quality Kebab's processes were themselves halal);
- (e) when Mr Kose became aware of these proceedings in 2013 he destroyed this earlier certificate;
- (f) in 2011, however, he had instructed an employee – one Hanifi Dogen – to update the certificate. What Mr Dogen was meant to do was to create a new notice designed to inform any customer who sought one that the meat used by Quality Kebabs was halal;
- (g) the certificate which was designed by Mr Dogen was the same certificate that had been found in the Sofra Pizza Pide & Kebab House and White Heaven Kebabs;
- (h) despite that, Mr Kose himself had not done anything with Mr Dogen's certificate after he created it;
- (i) three weeks after he created the certificate Mr Dogen had left Quality Kebabs;
- (j) the Sofra Pizza Pide & Kebab House had become a customer of Quality Kebabs in September 2012 (which is inconsistent with Mr El-Mouelhy's evidence that he saw the certificate in August 2012);
- (k) unknown to Mr Kose one of his employees had put up the certificate created by Mr Dogen at the Sofra Pizza Pide & Kebab House;
- (l) White Heaven Kebabs became a customer in March 2013 (note here the contradiction with Ms El-Mouelhy's evidence: she says that she saw the certificate in White Heaven Kebabs in December 2012);
- (m) he was not aware that the certificate had been put up at White Heaven Kebabs until around the time that the proceedings were commenced. When he became aware that there was a certificate at White Heaven, he directed another employee, Ms Telci, to take it down;

- (n) he knew of only three copies of the certificate: one copy at each shop and a third copy he found amongst Mr Dogen's papers; and
- (o) once the proceedings were commenced he destroyed the new certificate too.

41 I do not accept Mr Kose's evidence about the circumstances of the certificate's creation. To begin with it is a version of events which on its face is implausible:

- Mr Kose asked Mr Dogen to create the certificate in 2011 but on his own evidence never did anything with the certificate that Mr Dogen had then produced. Mr Dogen was asked to produce a certificate that the meat used by Quality Kebabs was halal but instead had produced a certificate with the applicant's seal on it apparently certifying that 'the products served by "*Quality Kebabs Manufacturers*" are produced in accordance with Islamic Guidelines. The product/s contains Halal Ingredients and complies with the Shariah law, therefore is lawful for Muslim consumption'. Why would Mr Dogen do this if he had not been asked to?
- Although Mr Kose says he never used the notice, the evidence shows that it was certainly used twice at the two shops in question. Mr Kose's response that this had been done without his knowledge seems far-fetched. It raises the further question of why unidentified employees would do such a thing unless instructed to do so and from where, in any event, they got Mr Dogen's certificate.
- The evidence of Mr Hallacoglu and Mr Illgun was that both had requested notices which confirmed the meat was halal.

42 The only way this evidence can be made to cohere is to posit a scenario in which Mr Kose instructed Mr Dogen to create the new certificate and Mr Dogen then misunderstood what had been asked of him and produced a false certificate. Subsequently, when requests for certificates were received from customers they were received by staff other than Mr Kose which staff then accessed Mr Dogen's certificate to distribute it, unbeknownst to Mr Kose, to the shops in question.

43 This is, I suppose, remotely possible. However, back in the real world, another scenario which is much more likely is that Quality Kebabs provided customers who asked it for a certificate that its meat was halal with a false certificate to that effect. On this view of things, Mr Dogen did as he was told in preparing the false certificate and it was distributed to the shops who requested it precisely because that is what Mr Kose intended.

44 I consider this latter scenario more likely on its face and all the more so because I consider this part of Mr Kose's oral testimony to have been false. One mystery emerging from his affidavit was why he chose to destroy both the earlier certificate and the later certificate on the commencement of the present proceedings (itself a rather suspicious thing to do). Mr Kose gave three different accounts of the certificates. The first, in his affidavit evidence, was that he had destroyed the certificates. When questioned under cross-examination about whether there might be a copy saved on his computer he then said it had not been saved to his computer (presumably a mistake by Mr Dogen). It then seemed that a version had been saved but that the backup drive it had been saved to had been taken by Mr Dogen to Germany. No explanation for this Iago-like behaviour on Mr Dogen's part was proffered. It is ridiculous and I do not accept it. No doubt Mr Kose had some difficulties in the translation process (he gave his evidence in a mixture of English and Turkish) but even allowing for that, his evidence was altogether too much to accept.

45 I therefore conclude that:

- (a) Mr Kose either made himself or instructed to be made the false certificate;
- (b) customers who sought a halal certificate (such as Mr Hallacoglu and Mr Illgun) were as a matter of practice provided with the false certificate; and
- (c) Mr Kose knew that the kebabs produced by his business had not been certified halal by the applicant but provided a false certificate anyway.

G. The claims against Quality Kebabs and Mr Kose: liability

46 The applicant's first allegation is that Quality Kebabs and Mr Kose have both infringed its trade mark by distributing to food businesses in Sydney the impugned certificate bearing the mark.

47 Section 120(2) of the *Trade Marks Act 1995* (Cth) provides:

120 When is a registered trade mark infringed?

...

- (2) A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:
 - (a) goods of the same description as that of goods (*registered goods*) in respect of which the trade mark is registered; or
 - (b) services that are closely related to registered goods; or

- (c) services of the same description as that of services (*registered services*) in respect of which the trade mark is registered; or
- (d) goods that are closely related to registered services.

However, the person is not taken to have infringed the trade mark if the person establishes that using the sign as the person did is not likely to deceive or cause confusion.

...

48 The certification of registration for the mark was in evidence and showed that it was registered in class 42 for ‘scientific and technical services; issuing halal certifications to businesses and individuals for goods and services if religious and technical requirements are met’ and also in class 45 for ‘personal and social services rendered by others to meet the needs of individuals’.

49 There is no doubt that by using the applicant’s mark on the certificates given to its customers Quality Kebabs has used the mark in relation to kebabs. Kebabs are goods, in terms of the language of s 120(2)(d), which are closely related to the service of providing halal certification when they are, as they were in this case, accompanied by an halal certificate. This was Quality Kebabs’ act, however, and not Mr Kose’s. I do not find that he himself infringed the trade mark.

50 The applicant also pursued a case that Quality Kebabs had engaged in misleading and deceptive conduct contrary to s 18 of the *Australian Consumer Law* (Schedule 2 of the *Competition and Consumer Act 2010* (Cth)). The certificate was said to be misleading in two ways:

- (a) it suggested Quality Kebabs’ kebabs were halal when they were not; and
- (b) it suggested that Quality Kebabs had been certified by the applicant when it had not.

51 It is not altogether clear to me that the issue of whether Quality Kebabs’ products were actually halal was squarely raised before this Court and I propose to disregard alternative (a). But this does not matter because (b) was raised and it was certainly misleading to issue the notice with the applicant’s trade mark on it. It was misleading because Quality Kebabs had not been certified halal by the applicant.

52 The applicant also claimed that Mr Kose was knowingly concerned in this same conduct. Pursuant to s 236 of the *Australian Consumer Law*, a person may ‘recover the amount of the loss or damage’ suffered as a result of a breach of (relevantly) s 18 from the person who contravened that section or ‘any person involved in the contravention’. A person ‘involved’ in

a contravention of the *Australian Consumer Law* includes a person who ‘has been in any way, directly or indirectly, knowingly concerned in, or party to, the contravention.’

53 To be knowingly involved in a contravention of the proscription by s 18 of misleading or deceptive conduct, and hence subjected to accessorial liability, it is necessary that the party against whom relief is sought should have actual knowledge of each of the elements of the contravention. There is, as was explained by Fisher J in *Yorke v Ross Lucas Pty Ltd (No 2)* (1983) 46 ALR 319 at 323-325, a curiosity about this in that knowledge is not required to be established to make good the underlying contravention. It provides for the possibility – obscure perhaps – that one person may knowingly assist another person in unwittingly committing a breach of s 18. Be that as it may, to make good such a claim against a person ‘involved in a contravention’ it will be necessary to show that the alleged accessory knew of the conduct and knew of facts which indicated that that conduct was a contravention; that is to say, in the case of Mr Kose that he knew of the conduct and that he knew that it was misleading or deceptive.

54 Mr Kose will have been knowingly involved in Quality Kebabs’ contraventions therefore if he knew of the misleading nature of the certificate and participated in its distribution. For the reasons I have already given, I am satisfied either that Mr Kose created the false certificate himself or instructed an employee – possibly Mr Dogen – falsely to create it. The only way that the applicant’s trade mark can have ended up on the certificate was from its deliberate copying from an actual certificate issued by the applicant. It follows that Mr Kose either copied the applicant’s mark from a genuine certificate issued by the applicant or instructed an employee to do so.

55 I have considered the possibility that Mr Kose simply instructed the creation of a false certificate without any suggestion that the applicant’s trade mark in particular should be used. I do not consider that this occurred. As I have mentioned, the applicant has a reputation as certifier in the trade mark. It is also important to keep in mind that to many persons in respect of whom the consumption of halal food is important, the Arabic script in the trade mark is able to be read and is not just a symbol. The seal is therefore distinctly recognisable. Mr Kose’s aim was to create a plausible halal certificate. I consider it more probable than not that he decided that it suited that purpose to use the applicant’s trade mark. If Mr Kose did instruct an employee to create the certificate I am satisfied that he instructed that employee to use the applicant’s trade mark with the intent of creating in the halal-minded public the impression that his products had been halal certified by the applicant.

56 Why did Mr Kose do this? He did it, I conclude, because he wished to provide shops to whom he supplied kebabs and who had requested that he provide an halal certificate with such a certificate. He did this with the specific intention of misrepresenting to the kebab eating public that his kebabs had been certified by the applicant knowing that they had not been so certified.

57 I therefore find that Mr Kose was knowingly involved in Quality Kebabs' own contravention of s 18 of the *Australian Consumer Law*.

H. The Sofra Pizza Pide & Kebab House and Mr Hallacoglu: liability

58 I turn then to the position of the Sofra Pizza Pide & Kebab House and Mr Hallacoglu. To begin with I accept Mr Hallacoglu's evidence that it was an employee of Quality Kebabs who placed the certificate in the display area near the till in the shop. But it was, even on Mr Hallacoglu's own evidence, he who had requested the certificate from Quality Kebabs in the first place. As he said, he did so for the purpose of replacing an earlier certificate which had faded. I infer that the certificate appeared on display in his shop because he wished it to do so and he so wished because he wanted his halal oriented customers to understand that his kebabs had been certified halal.

59 For reasons I have given in relation to Quality Kebabs, the display of the certificate involved a contravention by Scadilone of s 120(2)(d) of the *Trade Marks Act* since the kebabs were goods closely related to the service of providing a halal certificate. There was also a breach of s 18 of the *Australian Consumer Law* because the kebabs had not been certified by the applicant.

60 On the other hand, I am not satisfied that before the delivery of Mr O'Connor's letter of demand on 13 August 2013 Mr Hallacoglu was aware that the certificate was false. In particular, I do not regard Mr El-Mouelhy's nocturnal visit to the shop the preceding Ramadan as affording a sufficient reason for Mr Hallacoglu reasonably to be aware that the notice was false.

61 As I have mentioned above, Mr Hallacoglu gave affidavit evidence that one of his employees had informed him in November 2012 of a complaint about the certificate by an unnamed person. Although Mr Hallacoglu gave contrary oral testimony that this occurred towards the end of 2013 I am satisfied that this is wrong and that it occurred in 2012. That is what Mr El-Mouelhy said and it is also what Mr Hallacoglu's original affidavit evidence said. More importantly, the affidavit of Mr Sayan shows that after the receipt of Mr O'Connor's letter of 13 August 2013 Mr Hallacoglu took the certificate down within a few days and handed it to

his solicitor. The certificate was not, therefore, on display at the end of 2013 and the encounter with Mr El-Mouelhy cannot have happened at that time.

62 Mr Hallacoglu says that after he was informed of the complaint he contacted Mr Kose and told him that someone had complained that he, Mr Hallacoglu, was using ‘his’ name but had not told him any more than that. Mr Kose gives similar evidence but says that what Mr Hallacoglu said to him was:

‘I have had someone in here who is claiming that his name was on the paperwork. When I asked what he was talking about he only screamed out ‘you used my name so put that paper down or I will sue you. He then walked away.’

63 Although I have concluded that Mr Kose’s evidence about the creation and distribution of the certificates was false, he had no reason to lie about this aspect of the matter. And whilst Mr Hallacoglu did have an interest in distancing himself as much as possible from any knowledge of the falsity of the certificate, I do not think he was lying about it either. Neither account can, however, be completely correct: contrary to Mr Kose’s version Mr Hallacoglu did not himself speak to the unidentified complainant who conversed instead with one of his employees; contrary to Mr Hallacoglu’s account the unidentified complainant must have at least referred to the certificate both because that is what Mr El-Mouelhy says and because the complaint was self-evidently sufficiently focussed for Mr Hallacoglu to know that he needed to call Quality Kebabs about the complaint.

64 In those circumstances, I conclude that Mr Hallacoglu called Mr Kose in August 2012 and told him that someone had complained about the certificate using his name, without identifying himself. Both men give evidence, and I find, that Mr Kose then told Mr Hallacoglu to call him again if the man came back and he would sort the problem out.

65 I am unable to find that any of this was sufficient to bring to Mr Hallacoglu’s mind that Quality Kebabs had not been certified by the applicant. A more inquiring or acute mind might have put the pieces of the puzzle together but Mr Hallacoglu did not. Mr Hallacoglu was not aware, therefore, that the certificate provided to him by Quality Kebabs was not authorized by the applicant. He asked for a halal certificate and that is what he believed he received. In that prelapsarian state he remained until the delivery of Mr O’Connor’s letter of 13 August 2013.

66 Whilst Mr Hallacoglu did know that Scadilone had permitted the certificate to be put on public display (i.e., the conduct) he did not know that the certificate was false and hence he did not know it was misleading. Consequently, the claim under s 18 against Mr Hallacoglu must fail.

I. White Heaven Kebabs and Mr Illgun: liability

67 Here again I reach largely the same conclusion. Mr Illgun requested the certificate from Quality Kebabs in August 2013 having become a customer in March 2013. In that regard Mr Illgun's evidence was contradicted by Ms El-Mouelhy who said she visited the store in December 2012. Mr Illgun's account is corroborated by Mr Kose who says the same thing, although I do not regard that as of much assistance. Ms El-Mouelhy's account would be corroborated by a time and date which would have been encoded with the photograph she took at the time, except that it is no longer available. Both witnesses appeared to me to be attempting to tell the truth. In the end I have preferred Mr Illgun's evidence because I think it more likely that he would recall when he changed supplier than that Ms El-Mouelhy would remember when she visited the shop. Although satisfied that she was an honest witness, I believe in this regard her recollection was mistaken.

68 Mr Illgun requested the certificate because he wished to have confirmation that the meat he was serving was halal. A driver from Quality Kebabs placed the certificate in White Heaven's store window. It was located in a part of the window which, in the afternoons, was covered by a shutter to reduce the sunlight. This meant that the certificate was not visible in the afternoons. Despite this, I infer that the reason Mr Illgun was content for the certificate to be placed in his store window was because he thought it useful for customers to learn that the meat used on his premises was halal. In that regard, I note that the certificate would have been visible at lunchtime and in the evening when, in this judicial officer's experience, kebab consumption might be expected to peak.

69 There is no evidence that Mr Illgun was aware that the certificate was false. Unlike Mr Hallacoglu, Mr Illgun never received a letter of demand but was sued without notice. Nor did Mr Illgun remove the notice himself. As I have already mentioned one of Mr Kose's staff, Ms Telci did that.

70 The result is that White Heaven Kebabs infringed the applicant's mark albeit innocently between August 2013 (when it was put up) and September 2013 (when Ms Telci took it down). The infringement occurred under s 120(2)(d) of the *Trade Marks Act*, that is to say, White Heaven Kebabs used the applicant's mark in relation to 'goods that are closely related to registered services'.

71 The display of the trade mark also infringed s 18 of the *Australian Consumer Law* because Quality Kebabs had not been certified by the applicant as the certificate suggested.

72 However, it will also follow from my finding that Mr Illgun was unaware that the certificate
was false that he can have no personal liability under s 18.

J. Disposition of the personal claims against Mr Hallacoglu and Mr Illgun

73 Both gentlemen were sued only under s 18 to the extent that they could be considered to be
persons ‘involved’ in the misleading and deceptive conduct and those claims have failed. I
will order that the applicant’s application against them be dismissed with costs.

K. Quantum

74 I will deal separately with the position of the four persons I have found liable to the applicant,
i.e., Quality Kebabs, Mr Kose, Scadilone Pty Ltd and White Heaven Pty Ltd.

(i) Scadilone

75 Quality Kebabs provided the certificate to Mr Hallacoglu no later than 18 August 2012 and Mr
Hallacoglu took it down in August 2013. It was, therefore, on display for one year.

76 In relation to its trade mark remedy the applicant at the trial elected to claim damages rather
than an account of profits. It submits that the measure of its loss is the amount of its usual
retail fee for providing an halal certificate which was, according to Mr El-Mouelhy, around
\$5,000.

77 Mr O’Connor of counsel, who appeared for the applicant, submitted that this approach was
well established and he drew my attention to *Autodesk Australia Pty Ltd v Cheung Pty Ltd*
(1990) 94 ALR 472. That was a copyright case but that difference is of no present moment.
Wilcox J certainly did accept, in principle, the licence fee approach as one method of assessing
damages.

78 But his Honour’s reasons for judgment show that this principle was grounded in the facts. ‘In
a case where the court may infer that, presented with a choice between paying the licence fee
and not using the work, the infringer would have paid the licence fee, the approach is also a
logical one’, his Honour observed at 476-477, ‘but, where this inference cannot be drawn, it is
much more difficult to say that the damage sustained by the copyright owner is equal to a
licence fee.’

79 Assuming in the applicant’s favour that the principle applies in trade mark cases (Mr Lawrence
for the respondents did not suggest that it did not) it is still necessary to be satisfied that Mr

Hallacoglu and Mr Illgun would, had they known the truth, have sought from the applicant an halal certificate.

80 But the evidence of both men satisfied me that they would not have done so. What both men wanted was a certificate that the meat provided to them by Quality Kebabs was halal. They did not desire to have their own shop certified halal and I do not think they themselves would have paid \$5,000 for a certificate they did not desire to possess.

81 There was a discussion between counsel and myself as to the nature of halal certification. The gravamen of that discussion was that the process did not just relate to the way the animals were slaughtered but also to many other requirements such as how the food was stored and so on. The point of this discussion was to show that each shop might well have needed its own halal certificate because it did not follow that just because the food provided to them was halal that the food supplied by them would be halal too. If one took that view there would be some basis for concluding that, perhaps, Mr Hallacoglu and Mr Illgun did need an halal certificate after all and, hence, that they may well have purchased a licence from the applicant.

82 Although I follow this argument I am not disposed to accept it. There was no satisfactory evidence before me as to what the halal requirements were. More importantly, neither Mr Hallacoglu nor Mr Illgun were cross-examined about it so any attempt on my part to follow the argument through to its logical conclusion would be guesswork.

83 In those circumstances I do not regard the applicant's retail shop fee as an adequate measure of its losses.

84 Conceptually the damage the applicant is likely to have suffered is the diminution in the capital value of the trade mark caused by members of the public ceasing to believe that the applicant's trade mark was a reliable guarantee of the status of food as halal. While I have no difficulty conceptualising that loss it would require proof of at least two matters:

- (a) that the food served in both shops was not halal; and
- (b) that members of the public became aware of this.

85 Only then would there be reputational harm to the trade mark. In its pleadings in both matters the applicant made just such a complaint for it alleged that the trade mark was no longer trusted in the halal community and as such the applicant's property had been devalued; also that the applicant was no longer trusted in the halal community.

86 The difficulty is that no evidence to the effect of this allegation was led. No direct effort was launched to prove that the kebabs were not halal and, notwithstanding some doubts, I am not prepared to find on the evidence before me that they were not. Although Mr Kose falsified the certificate it does not follow that the kebabs were not halal. It is possible that the meat he used was halal and that he falsified the certificate to save the cost of certification rather than avoiding the cost of halal preparation. This may, of course, not be correct. The point is that the only material I have before me on this issue is the falsity of the certificate from which, as I have endeavoured to show, more than one implication is available.

87 Even if I had reached the conclusion that the kebabs were not halal I am not satisfied that during the period that the certificate was on display this became known to the kebab consuming public. Consequently I can only conclude that no real damage was done to the capital value of the trade mark.

88 Despite that I do not think that the fact that the applicant's mark was infringed should be allowed to pass without this Court recognising the infringement of a valuable property right in some way. *Kerly's Law of Trade Marks and Trade Names* (15th ed) says at p 763 that at common law mere proof of an infringement entitles the claimant to damages without proof of loss, citing *Blofeld v Payne* (1833) 4 B & Ad 410; 110 ER 509, a fraud case. Of course, the present question does not arise as a question of common law fraud but rather as the proper construction of the provision authorizing an award of damages. That is s 126(1) of the *Trade Marks Act* and it provides:

126 What relief can be obtained from court

- (1) The relief that a court may grant in an action for an infringement of a registered trade mark includes:
 - (a) an injunction, which may be granted subject to any condition that the court thinks fit; and
 - (b) at the option of the plaintiff but subject to section 127, damages or an account of profits.

...

89 Despite the iconic status of the text of a statute in modern Australian jurisprudence this tells one very little. I look to analogous areas. It appears established that nominal damages may be awarded for copyright infringement: *MJA Scientifics International Pty Ltd v S C Johnson and Sons Pty Ltd* (1998) 43 IPR 275 at 281 per Sundberg J; *Futuretronics.com.au Pty Ltd v Graphix Labels Pty Ltd (No 2)* (2008) 76 IPR 763 at 766 [16] per Besanko J. The relevant provision in

the *Copyright Act 1968* (Cth), s 115(2), uses the same language ('damages or an account of profits') as s 126(1)(b) so the analogy is a close fit. And, indeed, in *Nokia Corporation v Liu* (2009) 80 IPR 286 at 294 [21] Jessup J was content to extend the copyright principle to trade marks (varied on other grounds: (2009) 179 FCR 422). I should follow that decision unless persuaded it is plainly wrong. Without examining the question closely it seems to me, with respect, that his Honour's conclusion is likely to be correct. Accordingly, I must follow it. In this case I propose to do so by awarding a nominal sum of \$10.

90 Insofar as the claim under the *Australian Consumer Law* is concerned, damage is an essential element in the cause of action. So much follows from the words of s 236 ('If a person (the claimant) suffers loss or damage because of the conduct of another person...the claimant may recover the amount of the loss or damage...'); see also *Wardley Australia Ltd v Western Australia* (1992) 175 CLR 514 at 525 which is to similar effect. Accordingly, the fact that no loss has been suffered means that the claim for damages under that section must fail.

(ii) *White Heaven Kebabs*

91 The same reasoning applies. Mr Illgun would not have sought certification from the applicant if he had been made aware that the certificate was false. Most likely he would have demanded a real certificate from Quality Kebabs or he would have switched supplier to someone who could have provided a genuine certificate. In both cases he would not have acquired the certificate from the applicant. The same reasoning as applies in the case of Scadilone then applies to reach the conclusion that an appropriate award would be \$10. The claim under the *Australian Consumer Law* fails for the same reason it does in the case of Scadlione.

(iii) *Quality Kebabs*

92 Once more the applicant put its case on the licence fee basis. One is required therefore to assess a chain of events in a hypothetical world in which Quality Kebabs did not infringe the trade mark. Theoretically that could have occurred a number of ways:

- (a) Quality Kebabs could have acquired from the applicant or someone else a real halal certificate;
- (b) it could have declined to provide the certificate to its customers when requested to do so; or
- (c) it could have produced another false certificate that its kebabs were halal albeit one not featuring the applicant's mark.

93 I do not think (a) or (b) are likely. It is more likely than not that Mr Kose would simply have produced another false certificate not featuring the applicant's mark.

94 Put shortly, if Mr Kose had not misappropriated the applicant's reputation he would have misappropriated someone else's. Consequently, I am unable to characterise Quality Kebabs as a lost sale opportunity for the applicant and I am bound to assess its loss as nil. Again I would award a nominal amount of \$10.

95 The applicant also pursued a claim for additional damages under s 126(2) of the *Trade Marks Act* which provides:

126 What relief can be obtained from court

...

(2) A court may include an additional amount in an assessment of damages for an infringement of a registered trade mark, if the court considers it appropriate to do so having regard to:

- (a) the flagrancy of the infringement; and
- (b) the need to deter similar infringements of registered trade marks; and
- (c) the conduct of the party that infringed the registered trade mark that occurred:
 - (i) after the act constituting the infringement; or
 - (ii) after that party was informed that it had allegedly infringed the registered trade mark; and
- (d) any benefit shown to have accrued to that party because of the infringement; and
- (e) all other relevant matters.

96 Section 126(2) was inserted into the *Trade Marks Act* by the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth). It is very nearly identical to s 115(4) of the *Copyright Act 1968* (Cth) and s 122(1A) of the *Patents Act 1990* (Cth). Section 75(3) of the *Designs Act 2003* (Cth) is broadly to the same effect although it omits explicit reference to any benefit shown to have accrued to the infringing party. The second reading speech which accompanied the introduction of s 126(2) indicated that it would bring the *Trade Marks Act* into line with the other intellectual property laws by allowing what the Minister for Innovation, Industry, Science and Research referred to in the Senate as 'additional' or 'exemplary' damages. The avowed purpose of these damages was 'to increase the deterrence for infringers'.

97 I mention this because the language of s 126(2) is 'additional damages' without any explicit indication that the purpose of an award of damages under it is to create a deterrent. It might

perhaps have been possible to glean such a purpose from the apparently punitive language of subsections (2)(a)-(c) but this would need to have been contrasted with the less punitive language of subsections (2)(d)-(e).

98 On its face it is unclear what the Parliament intended by the word ‘additional’. Section 126(2) may be read as permitting the award of any kind of damages once the matters in subsections (2)(a)-(e) have been considered. So construed it would operate more broadly than a power to award exemplary damages. On the other hand, it may be read so that the award of additional damages is qualified by the penal nature of some of those subparagraphs.

99 There being some uncertainty about what s 126(2) authorizes, legitimate resort may be had to the second reading speech. When this is done I would conclude that s 126(2) is not a general grant of a power to award any damages the Court thinks fit but is instead a power circumscribed by the concept of deterrence; that is to say, the damages under s 126(2) are awarded not to compensate loss but to make infringement unattractive.

100 This reading is also supported by the explanatory memorandum which accompanied the introduction of s 126(2). It contained this passage:

‘Additionally, stakeholders have submitted that many counterfeiters do not maintain sufficient business records to enable a satisfactory calculation of ordinary damages or an account of profits: purely nominal damages may be regarded by counterfeiters as merely the ‘cost of doing business’, rather than an effective deterrent. The absence of additional damages under the Trade Marks Act limits the ability of a court to provide an effective deterrent to intentional counterfeiting.’

[footnotes omitted]

101 These observations have certain resonances with the facts of the current case.

102 The structure of s 126(2) requires the Court to address each of the matters in subparagraphs (2)(a)-(e) and then, in light of them, decide whether there should be an award of additional damages to deter the conduct.

103 Each of the subparagraphs of s 126(2) has application to Quality Kebabs. As for s 126(2)(a), the use of the applicant’s trade mark was as flagrant as it could be. The mark was simply copied onto a false certificate with the deliberate aim of peddling an untruth. It showed a complete lack of respect for the applicant’s property rights. I consider it also relevant for the purposes of s 126(2)(c) that when informed by Mr Hallacoglu of Mr El-Mouelhy’s visit in August 2012 Mr Kose did nothing. Whilst there was no reason for Mr Hallacoglu to know any better, Mr Kose must have known at once that he had been detected and his decision to ignore

the problem unless complaint was raised again signals an arrogant attitude that he would continue getting away with his misconduct for as long as possible.

104 Plainly this sort of trade mark infringement needs to be deterred otherwise a trade mark will be valueless: s 126(2)(b). In this case, the fact that the owner of the trade mark operates in one market (the certification of halal products) and Quality Kebabs in another (the sale of kebabs) has made proof of loss more complex than it might usually be. And this is particularly so where my reason for concluding that Quality Kebabs would not have paid the applicant for a genuine certificate is because it was most likely to prefer the option of falsifying some other certificate.

105 The conduct of Quality Kebabs after the infringement is also relevant: s 126(2)(c). I have taken into account above its inaction when told of Mr El-Mouelhy's visit in August 2012. I also take into account its initial response when confronted with Mr O'Connor's letter in August 2013. There was a brief period of defiance where Mr Kose asserted that he was entitled to do what he had done because Steggles had provided him with halal poultry. But this very soon changed to a position where he directed the taking down of the certificate from Mr Illgun's shop, a process in which, incidentally, he does not appear to have involved Mr Illgun. Thus it may be said that confronted with Mr O'Connor's demands his response was reasonably prompt. This is in Quality Kebabs' favour. Against that, one cannot ignore the fact that Mr Kose has defended this proceeding on a basis which I have found to be false. The proposition that Mr Dogen generated the certificate before decamping to Germany with the backup drive is, as I have found, ridiculous. Maintenance of this picaresque absurdity has caused these proceedings to continue, in my opinion, needlessly.

106 As to s 126(2)(d), Quality Kebabs has obtained the benefit of operating its business on the basis that it has been certified by the applicant when, in fact, it has not. There are no great difficulties in assessing the expense Quality Kebabs has avoided having to pay by falsely asserting it was certified by the applicant. Mr El-Mouelhy's documentary evidence was that his fee (without GST) to wholesalers was \$27,090 in 2012, \$33,580 in 2013 and \$34,510 in 2014. I accept that Mr El-Mouelhy's prices are likely to be at the upper end of the market (he is, after all, a Rolls-Royce and not a Mini) but it was Mr Kose who chose to steal a Rolls-Royce.

107 As to s 126(2)(e), there seems to me to be at least two other potentially relevant matters. The first is the extent to which Quality Kebabs distributed the false certificate. The applicant only sought to prove that the certificate had been placed in the Sofra Pizza Pide & Kebab House and in White Heaven Kebabs. It submitted that it was very unlikely that it had detected the only

two occasions on which Quality Kebabs had used the certificate. I accept this submission. Because I am satisfied that Quality Kebabs provided the false certificate each time a kebab shop asked for one it seems to me unlikely that the certificate was distributed on just the two occasions upon which the applicant became aware of it.

108 A notice to produce was returnable at the trial which required Quality Kebabs to produce its client list. It produced a list for each of 2012, 2013 and 2014. The list for 2012 contained 15 kebab shops or catering businesses, that for 2013 contained 18 and for 2014 the list contained 16 shops. How many of these are likely to have requested (and on my conclusions, to have received) a false halal certificate? I am unable to make a finding as to a specific number. It would be a guess on my part as to which of the shops requested certificates and which did not.

109 Fortunately this does not matter. I do not think that I should increase the damages I am minded to award against Quality Kebabs by an amount with respect to each shop to which a certificate was given. For the reasons I have given already, absent an allegation of harm to the capital value of the trade mark, I do not think that the use by any particular shop caused the applicant any loss.

110 The second matter is the applicant's submission that some regard should be had to the fact that Quality Kebabs had set in play a chain of events which must have culminated in observant Muslims eating food which was not halal under the misapprehension that it was. This claim fails on the facts because it has not been proven to my satisfaction that the kebabs were not halal.

111 Having regard to each of those matters this is a case where it is appropriate to award additional damages under s 126(2). The damages to be awarded must operate as a sufficient deterrent to ensure that the conduct will not occur again. If the damages were to be fixed at the level of the applicant's wholesale licence fee this would strip Quality Kebabs of the benefit it has received of using the trade mark without having to pay for it but it would not, in my opinion, be a sufficient deterrent. It would mean that an infringer could acquire, in effect, a compulsory licence to use a trade mark subject only to paying for it. It would create a 'use now' and 'pay later' state of affairs. That situation would eliminate the capacity of the trade mark owner to control who used its trade mark.

112 I will therefore impose additional damages constituted by what Quality Kebabs would have had to pay to the applicant for certification increased by 50%. I have selected the uplift of 50%

to serve the purpose of deterrence and in recognition of each of the matters I have found in respect of ss (2)(a)-(e).

113 Quality Kebabs used the trade mark in 2012 and 2013. The evidence suggests that the applicant's fee in those years was an annual one of \$27,090 and \$33,580 respectively. Although Quality Kebabs only used the trade mark for the 13 month period between August 2012 and September 2013 I do not think that these fees should be subject to a pro rata reduction. Had Quality Kebabs followed the correct path of obtaining the applicant's permission it would have had to have paid both annual fees in full. I therefore assess the damages as follow:

Nominal damages	\$10.00
2012 fee	\$27,090.00
50% uplift	\$13,545.00
2013 fee	\$33,580.00
50% uplift	\$16,790.00
Total	\$91,015.00

114 So far as the claim under the *Australian Consumer Law* is concerned I do not think that the applicant has suffered any loss which is compensable under that statute. Plainly the certificate suggested that Quality Kebabs had been certified by the applicant which was false and hence misleading. But there was no evidence that the applicant's reputation had been damaged by this conduct. The only loss pointed to was the proposition that the shop owners might have obtained certificates for themselves from the applicant so that there was seen to be a stream of foregone income. But this has not been made good on the facts. I do not see that if Quality Kebabs had not issued its certificate that the applicant would have received additional wholesale or retail customers. Nor, it should be recalled, was an account of profits sought.

115 Further, it is not possible to approach s 236 damages on the basis upon which I have approached s 126(2) of the *Trade Marks Act*. That latter provision explicitly authorises a consideration of benefits received by the statutory tortfeasor. Section 236 does not.

116 Accordingly, the claim under s 236 of the *Australian Consumer Law* fails.

L. Injunctions

117 There is no reason to grant injunctive relief against either shop as there is no risk of the conduct, which was innocent, being repeated.

118 On the other hand, there is in my opinion a considerable risk that Quality Kebabs and Mr Kose may feel it advantageous once again to use the trade mark if they can get away with it. I will order that they be restrained from using trade mark 1005647.

M. Corrective Advertising

119 No case is shown for making the shop owners publish corrective advertising. Insofar as Quality Kebabs and Mr Kose are concerned the analysis is focussed on dispelling the effect of the misleading conduct: see *Medical Benefits Fund of Australia Ltd v Cassidy* (2003) 135 FCR 1 at 20 [49] per Stone J. The conduct occurred between August 2012 and September 2013. It was conduct which suggested that Quality Kebabs had been certified by the applicant.

120 I have found this question difficult. Tending against a conclusion that there should be corrective advertising is the apparently narrow extent of the demonstrated breach, i.e., only two shops, and the lapse of 8 months between the time when the conduct stopped and the time the advertising is contemplated. Tending in the opposite direction is the fact that I am satisfied that the distribution of the certificate was more widespread than merely to the two shops about which Mr El-Mouelhy eventually found out. I am also not certain there are still not other certificates on display in various other kebab shops. In that regard, I note that the applicant was not informed by Quality Kebabs who its customers were until the day of the trial.

121 On balance I consider this is an appropriate occasion upon which to order corrective advertising. The corrective advertising is to make clear that Quality Kebabs has not been certified as halal by the applicant. It is to be published in two leading Islamic newspapers of the applicant's choice. It is to be published once only. The advertisement should be 10cm wide and 5cm high and feature the words (translated if necessary) 'Published by order of the Federal Court of Australia'. It is to appear on page 5. The parties are to agree on the balance of the text within 14 days. If they cannot I will resolve any outstanding debate upon the applicant notifying my chambers that agreement cannot be reached. I will then relist the matter to resolve the issue.

N. Conclusion

122 In *Halal Certification Pty Ltd v Scadilone Pty Ltd* I order:

1. Judgment for the applicant against the first respondent for \$10.
2. The application be otherwise dismissed.
3. The applicant pay the costs of the second and third respondents as taxed or agreed.

4. In relation to the first respondent there be no order as to costs.

123 In *Halal Certification v Quality Kebabs Wholesalers Pty Ltd* I order:

1. Judgment for the applicant against the first respondent for \$91,015.00.
2. Judgment for the applicant against the third respondent for \$10.
3. The first and second respondents not use trade mark 1005647.
4. The first and second respondents pay the applicant's costs as taxed or agreed.
5. The parties bring in a form of agreed order for corrective advertising within fourteen days failing which the matter may be relisted by the applicant to have the form of the order determined.
6. The application be otherwise dismissed.
7. No order as to costs in relation to third respondent.
8. The applicant is to pay the costs of the fourth respondent as taxed or agreed.