

FEDERAL COURT OF AUSTRALIA

KENNY, GYLES & ALLSOP JJ

KENNY J:

1 These proceedings concern the use by two retailing interests of the word “Colorado”
on various items, including backpacks, handbags, purses and wallets. Pursuant to the *Trade*
Marks Act 1995 (Cth) (“the 1995 Act”), with effect from 16 February 2001, the first appellant
is and has been the owner of the registered trade mark number 866291 for the word mark
“Colorado” in respect of, amongst other things, bags, wallets, purses, backpacks, belts,
clothing, boots, shoes, slippers and other footwear. The controversy in these proceedings
stems in large part from the fact that both retailing interests used the word “Colorado” well
prior to 2001.

2 I have read in draft the judgment of Allsop J, which sets out the circumstances that
give rise to these proceedings and makes a detailed analysis of the evidence pertinent to the
issues that now fall for determination. There is nothing to be gained by reiterating these
matters. The various issues argued on the appeal, cross-appeal and appellants’ notice of
contention invite consideration of points of law, a detailed appreciation of the evidence, and
scrutiny of the findings of fact made at first instance.

3 The first topic argued by the parties concerned the relationship of trade mark
proprietaryship by first use and registration. Generally speaking, there was no contest about
the applicable principles in this regard.

4 In order for a person properly to register a trade mark, the person must be the owner
(formerly, proprietor, which is the same thing) of the trade mark: see ss 27(1) and 58. As the
learned primary judge said (in *Colorado Group Ltd v Strandbags Group Pty Ltd* (2006) 67
IPR 628 (“first judgment”) at [23]):

First, in respect of a mark which has never been used the proprietor is the person who is (or claims through) the author of the mark (which could include the copyist of a foreign mark) and intends to use it: In re Hudson’s Trade-Marks (1886) 32 Ch D 311, 319-320; Shell Co of Australia Ltd v Rohm & Haas Co (1949) 78 CLR 601, 627-628.

This proposition is not in doubt, although it does not assist in the present case.

5 Where a person has used a mark prior to an application for registration (as in this case), this person may be regarded as the owner of the mark, providing another person has not made earlier use of it. This proposition is relevant here. Again, to quote the primary judge (in his first judgment at [23]):

In the case of an inherently distinctive mark nothing more than first use is necessary to establish proprietorship. The applicant need not show that the mark has gained public recognition. Any general use of the mark as a trade mark will be enough, although in a rare case the use may be so inconsequential that it should be ignored as de minimis ... If a mark is not inherently distinctive but indicates that an article emanates from some (unusually anonymous) source because, or partly because, the mark has acquired a secondary meaning, strictly speaking first use is not sufficient to establish proprietorship. To make out proprietorship it is also necessary to show that the mark does in fact distinguish the applicant's goods from the goods of others. Even if this is not an aspect of proprietorship, unless a secondary meaning is established s 41 would bar registration of the mark.

6 The owner of a mark does not have rights at large in relation to the mark. The effect of the 1995 Act, which, in this regard, is much the same as earlier trade mark legislation, is that a trade mark must be registered in respect of particular goods or services as set out in Schedule 1 to the *Trade Marks Regulations 1995* (Cth): see reg 3.1, 4.4 and Sch 1; also the 1995 Act, s 19 and 27. Ownership by first use is therefore ownership (or proprietorship) in relation to the goods or classes of goods on which the mark has first been used. The owner's right to registration in this circumstance is not limited to the identical goods or classes of goods but extends to goods or classes of goods "of the same kind": see *Jackson & Co v Napper* (1886) 35 Ch D 162 at 178 and *In re Hick's Trade Mark* (1897) 22 VLR 636 at 640 .

7 The first appellant claimed that, as at 16 February 2001, it was the owner of the mark "Colorado" in respect of (amongst other things) backpacks, bags, wallets, and purses and for services in respect of these goods. Amongst other things, the appellants contended, and the respondents denied, that they made first use of the Colorado mark on backpacks, designed predominantly for schoolchildren and sold from retail stores in 1982. It was not in dispute that the appellants used the word "Colorado" in combination with a "simple mountain motif" on backpacks and shoes before the word "Colorado" was used by the respondent or its predecessor Edgarelodge Pty Ltd ("Edgarelodge"). As a general rule, however, an owner of a combination mark is not the owner for trade mark purposes of the marks comprising each

separate component of it: see *In re JB Palmer's Trade-Mark* (1883) 24 Ch D 504 and *Richards v Butcher* [1891] 2 Ch 522. Accordingly, the evidence of witnesses who were with the appellants' business in 1982 was significant for the question whether in 1982 or thereabouts the backpacks had borne the word "Colorado" without the motif. The primary judge held, however, that the evidence did not permit "any conclusion about the nature of the mark on backpacks between 1982 and, say, 1985". Since he was not satisfied that at the relevant time the mark constituted both the word and the motif, and he considered that the respondent bore the onus on the cross-claim, then the respondent failed on this issue. Before us, the respondent submitted that the primary judge was wrong as to onus; and, in any event, in their notice of contention, the appellants argued that there was sufficient evidence to find that the word "Colorado" had been used alone on backpacks from 1982.

8 I agree with Allsop J (and therefore the primary judge) that, if the evidence was unclear, the respondent failed. This is because, by its cross-claim, the respondent sought to have the first appellant's registered mark removed from the Register on the basis that its predecessor, Edgarlodge, made first use of the mark on backpacks: see ss 58, 88(1) and 88(2)(a) of the 1995 Act. Since the evidence was unclear, the respondent failed to make out its competing claim of first use.

9 Whilst it does not affect the result, I would not go so far as to say, as Allsop J does, that the primary judge should have found that Williams the Shoemen used the word "Colorado" on backpacks from 1982 other than in conjunction with a logo. Minds might reasonably differ on the effect of the relevant evidence (which is referred to Allsop J's reasons and in the first judgment of the primary judge at [31]). Having regard to this circumstance and "the subtle and imprecise, yet real" advantages the trial judge enjoyed, and giving proper weight to his assessment, I would not depart from the trial judge's finding that "one cannot say with any confidence that the mark comprised both the word and logo": see *Branir Pty Limited v Owston Nominees (No 2) Pty Ltd* (2001) 117 FCR 424 ('*Branir*') at 437 per Allsop J (with whom Drummond and Mansfield JJ agreed).

10 Whilst the respondent failed to establish that the appellants did not have first use of the word "Colorado" on backpacks, the first appellant retained its right to register the mark in respect of backpacks and goods "of the same kind". The Registrar accepted that the first appellant owned the mark in respect of "bags, wallets, purses, backpacks and belts" in class

18. The respondent further contested the first appellant's ownership, upon the basis that these other goods were not goods of the same kind as backpacks.

11 I agree with Allsop J that there is no error in the finding made by the primary judge (first judgment at [32]) that bags, wallets, purses and belts are **not** goods of the same kind as backpacks. The parties invited the Court to elucidate the phrase "of the same kind" in this context.

12 Counsel for the appellants contended that whether goods were of the same kind for this purpose should be determined "with the same degree of liberality that one approaches the matter when one is dealing with goods of the same description" elsewhere in the 1995 Act: see, e.g., ss 14 and 44(1); and ss 120(2) and (3). The authorities that have considered the phrase goods "of the same description" are numerous: see, e.g., *Re Jellinek's Application* (1946) 63 RPC 59 at 69-72 per Romer J; and *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 at 606-607 per Dixon CJ, McTiernan, Webb, Fullagar and Taylor JJ. These authorities indicate that, depending on the goods, there are various factors that may be important in determining whether goods are of the same description as other goods, including their nature and uses, and the trade channels or markets in which they are sold. The appellants' counsel submitted that the primary judge concentrated unduly on the fact that their backpacks were predominantly for use by school children and failed to pay sufficient attention to the evidence that backpacks were in some instances fashion items too. He argued that handbags, purses and wallets were the same kind of thing as backpacks because they were "receptacles which ordinary people carry around with them every day for transporting their things".

13 The respondent's counsel argued for a narrow approach to the notion of goods of "the same kind". He contended that appropriate approach was necessarily constrained by s 27 of the 1995 Act, which required that the applicant for registration be the owner of the mark "in relation to the goods and/or services". This entailed, so the respondent's counsel argued, a more refined approach to the problem of characterization than that mooted by the appellants. I accept that the respondent's approach is to be preferred, although I do not consider the authorities to be especially helpful in this regard.

14 As we have seen, generally speaking, the prior public use in Australia of a mark as a

trade mark – that is, the use of the mark in relation to goods or services in order to show a connection between the goods and the user of the mark – may support the user’s claim to be the “owner” of the mark for the purpose of s 27 of the 1995 Act: see *Moorgate Tobacco Co Ltd v Philip Morris Ltd [No 2]* (1984) 156 CLR 414 at 432 per Deane J (with whom Gibbs CJ, Mason, Wilson and Dawson JJ agreed). For this purpose, too, the owner’s right to registration extends to goods “of the same kind” as the goods that have already borne the mark: see *Jackson & Co v Napper* (1886) 35 Ch D 162 at 178 per Stirling J and *In re Hick’s Trade Mark* (1897) 22 VLR 636 at 640 per Holroyd J. Authoritative discussions show that this extension to goods of the same kind is confined to goods that are essentially the same, though they may differ in size, shape and name. This point is emphasised in *Jackson v Napper* where Stirling J gave some attention to this question in considering the difference between an axe and a hatchet. He said (at 177-178):

[The Respondents] *said there was a little difference in the size, as I understand, and a little difference in the shape; but can it be, that a man having made goods of a particular size, which might be designated as small axes – which in fact is the definition given in Johnson’s Dictionary of a hatchet – is to be precluded from putting his mark upon things of the same description or belonging to the same class of goods, but of a different size and a different shape? The objection of course is founded on Edwards v Dennis [30 Ch D 454], in which it was held that a man having registered a mark for iron goods and having manufactured, I think, sheet-iron, and applied his mark to that, was not entitled to stop another man from using the same mark in respect of iron wire which he had never used at all. That to my mind is a totally different thing from saying that a man who has used a mark on hatchets of a particular size and shape is not entitled to use a trade-mark as applied to an axe, which is a thing of the same kind but a little different in size and a little different in shape. No doubt at first the classes of goods under the Trade Marks Act were drawn too wide, and that has led to difficulty, but if I were to accede to this notion and say that because a man had merely manufactured small axes, he was not to be allowed to register in respect of axes, the logical consequence would be that he would have to register the shapes and sizes of everything to which he attached his mark. That was an inconvenience that was never intended to be imposed on an applicant, and I hold that a man who has manufactured and applied his mark to small axes is entitled to register it in respect of axes generally.*

15 In *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495 Gummow J briefly considered whether there was any lack of identity between the services for which the respondent sought registration and those that had been previously provided by the applicant. His Honour’s approach emphasised the absence of any material difference between the parties’ services. He held (at 514) that the evidence did not “suggest that there is any

particular difference in the character or quality of the services provided by” either party other than their geographical location. Had it been important, he would not have held that “the difference in the description of services was such as to disqualify Carnival from any other success it would otherwise have had in its opposition based on its claim to proprietorship”.

16 In identifying whether or not goods or a class of goods are essentially the same as other goods or classes of goods, a decision-maker will have regard to a range of factors, depending on the goods in question. Physical and functional differences may be relevant. Other matters may be as well. There is no bright line that marks out the factors for a “same kind” inquiry from the factors for a “same description” inquiry, although these inquiries may differ in the answers they yield. Goods that are properly regarded as “essentially the same” may well cover a narrower field than goods “of the same description”.

17 As Allsop J notes, this approach conforms to the approach in the Trade Mark Office in opposition proceedings based on prior use. His Honour refers to numerous examples. Other examples can be cited. In *Howe Laboratories Inc v Daemar* (1936) IPR 638 the services of the opponent – the treatment of motors and engines – were held not to be the same kind of thing as the applicant’s lubricant conditioning agent. In *Coleman Company Inc v Igloo Products Corporation* (1999) 48 IPR 158 the opponent’s insulated containers were held not to be the same kind of thing as the applicant’s insulated thermoelectric containers. In *The Hoyts Corporation Pty Ltd v Hoyt Food Manufacturing Industries Pty Ltd* (2003) 61 IPR 334, the opponent’s service of providing food and drink refreshments to cinema patrons was not the same kind of thing as the applicant’s food goods. In *Nissan Jidosha Kabushiki Kaisha v Woolworths Ltd* (1999) 45 IPR 649 the clocks mounted in the opponent’s vehicles were not the same kind of thing as the applicant’s clocks and watches. In *Cantarella Bros Pty Ltd v Novadelta-Comercio E Industria De Cafes LDA* (1998) 42 IPR 265 olive oil and olive products were held not to be the same kind of thing as coffee.

18 This approach best serves the purposes of the 1995 Act. It may be borne in mind that an applicant for registration may apply for registration in respect of as broad a range of goods and services as desired. Whilst the application does not confer a right to registration, a right to registration arises once certain conditions are met, including that the mark is free from objection: see s 68. As the High Court observed in *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (1980) 145 CLR 457 at 478, in relation to the *Trade Marks Act 1955* (Cth) (“the

1955 Act”):

Even so, a critical question, if not the critical question, for the Registrar to decide is whether the applicant is the proprietor in the statutory sense. If the applicant is the proprietor and there are no lawful grounds of objection, then the Registrar is bound to accept the application.

19 The Register is a public document in so far as it is open to inspection when the Trade Mark Office is open for business: see s 209. Whilst the Register may be altered or amended from time to time, it is at the heart of the statutory regime for trade mark regulation: see Pts 8 and 9 of the 1995 Act. If the acquisition of ownership of a mark by prior user were to extend to a broad ill-defined set of goods, this would have the capacity to undermine the efficiency of the registration system.

20 For these reasons and for the reasons stated by Allsop J, I agree that backpacks used predominantly by school children are not essentially the same as handbags. For largely utilitarian purposes, backpacks such as these are designed to be worn on the back and to hold the articles schoolchildren ordinarily carry between home and school, some of which may be quite heavy or bulky. Handbags are ordinarily smaller than backpacks. Handbags are generally held in the hand or worn over the shoulder. They are intended to carry the small everyday articles that an adult requires to move around the community (such as money or keys), as well as small items for personal use (such as a comb). They are also an everyday fashion item for use by women of all ages and, on occasions, by men. Plainly enough, a purse or wallet is even less like a school child’s backpack than a handbag.

21 The appellants conceded that, if backpacks and handbags were not goods of the same kind, then the respondent’s predecessor Edgarlodge made first use of the mark “Colorado” in respect of handbags. A further issue of proprietorship arose, however, in relation to wallets and purses. The parties approached this question on the basis that purses and wallets were goods of the same kind. On this basis, the primary judge stated his view that purses and wallets were goods of the same kind as handbags. The appellants contested this on their appeal. His Honour reached this conclusion because he considered that handbags and purses were “intended as fashion items and are used to carry small, everyday items such as money, credit cards, keys and like objects”: see *Colorado Group Ltd Strandbags Group Pty Ltd (No 2)* (2006) 69 IPR 281 at [31]. Allsop J states the contrary view, observing that handbags often have a wider purpose than purses and wallets. There is something to be said for both

points of view. Indeed, the difference of opinion highlights that the matter is essentially one of impression about which reasonable minds might well differ.

22 For my own part, I am reminded of Stirling J's comments in *Jackson v Napper* at 178 (set out above). A purse is usually (though not always) smaller than a handbag and often (though not always) holds only money or credit cards. A purse or wallet can be as much a fashion item as a handbag. Viewed in this way, there is no clear, generally valid, distinction to be made between handbags and purses (and therefore wallets). This supports the view, expressed by the primary judge, that handbags, purses and wallets should be regarded as goods of the same kind. In any case, I do not think it can be said that the primary judge was wrong in this conclusion, even if the Court on appeal preferred the contrary view. It follows from this that, if the point were significant, I would not interfere with the primary judge's finding in this regard: see *Branir* at 435-440 and *Cabal v United Mexican States* (2001) 108 FCR 311 at 362 per Hill, Weinberg and Dowsett JJ.

23 Having reached this conclusion, it is unnecessary for me to express a view as to whether, as the appellants assert, they made first use of the word mark "Colorado" on wallets and purses. I would add, however, that, for the reasons stated by Allsop J, I agree that it was open to the primary judge to find that Edgarlodge (the respondent's predecessor) used swing tags with the word "Colorado" on wallets and purses from before 1993.

24 It follows from the foregoing that I agree in the result as to proprietorship reached by Allsop J.

25 The second topic that arose for the Court's consideration was distinctiveness. An application for registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant's goods or services in respect of which the trade mark is sought to be registered from the goods or services of other persons: see s 41(2). In deciding whether a mark is capable of distinguishing the designated goods from the goods of others, the Registrar must take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods from the goods of others: see s 41(3). If the Registrar finds that the trade mark is to some extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons but is unable to decide, on that basis alone, that the trade mark is so capable of distinguishing the designated goods or services,

then the Registrar must consider a number of other matters: see s 41(5). If the Registrar finds that the trade mark is not to any extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons, then s 41(6) applies.

26 The primary judge rejected the cross-appellant's submissions that the word "Colorado" lacked distinctiveness. He held that the word "Colorado" was a geographic term, the use of which, in relation to the goods in question, was arbitrary "making it inherently distinctive and thus requiring no proof of secondary meaning": first judgment at [35]. He also rejected the possibility, "with one slight exception", that the word "Colorado" can be descriptive of backpacks or shoes: first judgment at [36]. Referring to *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511 ("*Clark Equipment*") at 513-514 per Kitto J, the cross-appellant argued before us that the primary judge had not addressed the correct question. *Clark Equipment* was a decision under the 1955 Act.

27 In *Clark Equipment* Kitto J held that the Registrar of Trade Marks was right to refuse to accept an application for registration of the word "Michigan" in respect of earth moving and like equipment, because the word was not adapted to distinguishing these goods from the like goods of others. Kitto J said (at 513) that the ultimate question:

... is not whether the mark will be adapted to distinguish the registered owner's goods if it be registered and other persons consequently find themselves precluded from using it. The question is whether the mark, considered quite apart from the effects of registration, is such that by its use the applicant is likely to attain his object of thereby distinguishing his goods from the goods of others.

After referring to certain well-known statements of Lord Parker in *Registrar of Trade Marks v W & G Du Cros Ltd* [1913] AC 624, at 634-635, Kitto J concluded:

... the question whether a mark is adapted to distinguish [must] be tested by reference to the likelihood that other persons, trading in goods of the relevant kind and being actuated only by proper motives – in the exercise, that is to say, of the common right of the public to make honest use of words forming part of the common heritage, for the sale of the signification which they ordinarily possess – will think of the word and want to use it in connexion with similar goods in any manner which would infringe a registered trade mark granted in respect of it.

28 Obviously enough, applications to register as trade marks the names of countries, cities and geographical features will commonly fail to pass this test. Again, as Kitto J said in *Clark Equipment* (at 514-515):

It is well settled that a geographical name, when used as a trade mark for a particular category of goods, may be saved by the nature of the goods or by some other circumstance from carrying its prima facie geographical signification, and that for that reason it may be held to be adapted to distinguish the applicant's goods. Where that is so it is because to an honest competitor the idea of using that name in relation to such goods or in such circumstances would simply not occur...

The consequence is that the name of a place or of an area, whether it be a district or a county, a state or a country, can hardly ever be adapted to distinguish one person's goods from the goods of others when used simpliciter or with no addition save a description of designation of the goods, if goods of the kind are produced at the place or in the area or if it is reasonable to suppose that such goods may in the future be produced there. In such a case, the name is plainly not inherently, i.e. in its own nature, adapted to distinguish the applicant's goods; there is necessarily great difficulty in proving that by reason of use or other circumstances it does in fact distinguish his goods; and even where that difficulty is overcome there remains the virtual if not complete impossibility of satisfying the Registrar or the Court that the effect of granting registration will not be to deny the word to a person who is likely to want to use it, legitimately, in connexion with his goods for the sake of the geographical reference which it is inherently adapted to make.

29 Presumably, the phrase “inherently adapted to distinguish the designated goods from the goods of other persons” in s 41(3) of the 1995 Act is intended to be understood in light of earlier decisions under the 1955 Act, such as *Clark Equipment*. I agree with Gyles and Allsop JJ that the word “Colorado” as applied to backpacks, bags, wallets, purses, shoes and other goods of the first appellant was not a “fancy name” as that expression was used by Kitto J in *Clark Equipment* (at 515). It is the name of a State in the United States of America. There was evidence that the word was used to invoke adventure, ruggedness, trekking and like images associated with the State of Colorado, on account of the Rocky Mountains being there. The use of the word “Colorado” was entirely different from the use of the expression “North Pole” in connection with bananas, which was one of Kitto J’s examples of a “fancy name”. The use of the word “Colorado” was not arbitrary and its use was not equivalent to a made-up word or device. I agree in substance with Allsop J that it is likely that another trader will want to use the word “Colorado”, legitimately, with regard to his goods, for the sake of the geographical reference which it is inherently adapted to make or the connotations that that geographic reference invokes. Accordingly, I agree in the conclusion of Gyles and Allsop JJ that the word “Colorado” alone is not inherently adapted to distinguish the designated goods or services of the first appellant from the goods or services of other persons.

30 Further, I agree, for the reasons stated by Allsop J, that the use by the respondent of the word “Colorado” is relevant to an inquiry under s 41(5) of the 1995 Act (and, for the same reasons, an inquiry under s 41(6)). Having regard to the evidence, which is set out in detail by Allsop J, it is tolerably clear that, as his Honour concludes, it cannot be said that, as at 2001, the appellants’ use of the word “Colorado” alone or in conjunction with any device was such that the word did or would distinguish the designated goods as being the appellants’. If s 41(5) applied, then it did not assist the appellants. There seems no reason to believe that s 41(6) would offer them any greater assistance.

31 Since the respondent’s use of the word “Colorado” is relevant to an inquiry under ss 41(5) and (6), the respondent’s submission on its cross-appeal concerning false representation falls for consideration. The respondent submitted that a statement made to the Registrar of Trade Marks in support of the first appellant’s application for registration implicitly represented that nothing of relevance happened after 1990 or 1991 and that this was plainly false. Like Allsop J, and substantially for the reasons he has stated, I would not conclude, without more, that the acceptance of the application for registration was on the basis of a false representation.

32 Since I am of the view that the trade mark “Colorado” is not capable of distinguishing the appellants’ goods and services from the goods and services of others and is therefore not a registrable mark, there is no need to consider ss 120(2) and 124 of the 1995 Act. It suffices to note that Allsop J discusses the parties’ submissions concerning their operation in this case.

33 For the reasons stated by Allsop J, I agree that no relevant error has been shown in the primary judge’s rejection of the appellants’ passing off and TPA claims.

34 For the reasons stated, I agree with the disposition of the appeal and cross-appeal proposed by Allsop J and in the orders he proposes.

GYLES J:

35 The issues on the appeal and cross-appeal have been comprehensively analysed in the reasons of Allsop J that I have had the benefit of reading in draft. In my opinion, the trademark “Colorado” is not capable of distinguishing the appellants’ goods from the goods

of other persons within the meaning of s 41 of the *Trade Marks Act 1995* (Cth) (the Act) thus leading to a failure of the appeal and success of the cross-appeal as to the trade mark issues on the basis explained by Allsop J. I agree with the reasoning of Allsop J on this point but wish to add some supplementary reasons of my own.

36 An anomaly lies at the heart of the case. The appellants claim proprietorship in the mark “Colorado” from 1982 onwards. However, in practice, that word could not have been registered as a trade mark during most of that period. It was virtually impossible to obtain registration of a geographical name under the *Trade Marks Act 1955* (Cth) (the 1955 Act) because of s 24(1)(d) of that Act. It is only necessary to refer to *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511 and *Oxford University Press v Registrar of Trade Marks* (1990) 24 FCR 1 to explain the point. Colorado is a significant state in the west of the United States of America known far and wide for the Rocky Mountains and outdoor activities such as hiking, skiing, canoeing and (historically) as part of the “wild west” with cowboys and Indians. The most substantial early use of the mark on behalf of the appellants was in conjunction with a mountain logo which reinforced the geographic connotation of the word. It is to be noted that the respondent’s predecessor disclaimed the word “Colorado” when application was made for registration of “Colorado” with the Indian head device in April 1991. The Indian head device was, no doubt, chosen because of the cowboy and Indian connotation of Colorado.

37 The trial judge referred to evidence that, when the Colorado stores were established in July 1993, it was intended that the stores would market their products with a “strong reference to [an] outdoors rugged lifestyle” (*Colorado Group Ltd v Strandbags Group Pty Ltd* (2006) 67 IPR 628, [2006] FCA 160 at [9]). The trial judge quoted the following from a report which led to the opening of the stores:

“Colorado has been chosen as it has lifestyle connotations that are representative of to [sic] the brand. Within Australia the Colorado name has very strong attributes that make it the ideal promotional platform.

The chain will gain instant brand value from the rich cultural and geographical images that Colorado evokes.

Our consumer research tells us that the name Colorado conjures up images of:-

- *American*
- *Rugged*

- *Trekking*
- *Rocky Mountains.*

The American aspect of the name is seen as an advantage, equating to:-

- *Fashion*
- *Quality*
- *Style implication (rugged).”*

It was suggested that the brand’s “new image” be built around the Colorado mountain logo. Significantly the trial judge also referred to the following part of the report (67 IPR 628, [2006] FCA 160 at [10]):

“The report also discussed ‘Brand Registration’. It noted: ‘Under Australian trademark law, registration of geographical names are [sic] difficult. Currently we are endeavouring to register Colorado as a business name and our distinctive mountain logo as a trademark. Should we be unsuccessful in securing binding registration, we will change to a new name, however, maintaining the identical concept.’”

38 The present Act has no equivalent of s 24(1)(d) of the 1955 Act. As Note 1 to s 41(6) indicates, the effect of that section is not very different in practice, although the door may be slightly more ajar (cf *Blount Inc v Registrar of Trade Marks* (1998) 83 FCR 50; *MID Sydney Pty Ltd v Australian Tourism Co Ltd* (1998) 90 FCR 236 at 248; *Ocean Spray Cranberries Inc v Registrar of Trade Marks* (2000) 47 IPR 579 at 589; Davison M, Johnston K, Kennedy P, *Shanahan’s Australian Law of Trade Marks & Passing Off* (3rd edn, Lawbook Co, 2003), paras 6.50–6.110; Dufty A, Lahore J, *Lahore Patents Trade Marks & Related Rights*, LexisNexis Butterworths, 2006, 54180). No application was made for registration by the first appellant until 2001. There was evidence that the first appellant was aiming to change its image to that of “Australian lifestyle”, apparently some time after 1997 or 1998, although there is no finding as to when, if at all, this became effective. Over the years there had been considerable use of the name “Colorado” with or without the Indian head device by the respondent and its predecessor, as explained by Allsop J, that use having reached considerable proportions by 2001. In those circumstances, there obviously was, and is, a serious question as to whether the first appellant could satisfy the test of distinctiveness laid down by s 41 of the Act.

39 The trial judge considered that issue in 67 IPR 628, [2006] FCA 160 at [33]–[36]. He did not refer to the terms of s 41 and did not pose the questions he answered by reference to

the text of s 41. There is no discussion as to the integers of the section or how they might apply to the case. Rather, apart from a brief reference to *Clark Equipment Co* 111 CLR 511, the trial judge directed himself entirely by reference to United States sources. The trial judge held that “Colorado” used in connection with the kind of goods involved was an arbitrary use, the equivalent of a fancy word, and so inherently distinctive. The trial judge went on (67 IPR 628, [2006] FCA 160 at [36]):

“In reaching this conclusion, I have rejected the possibility, with one slight exception, that the word “Colorado” can be descriptive of backpacks or shoes. I have referred to the evidence which is to the effect that the word “Colorado” conjures up notions of trekking, ruggedness, fashion, Rocky Mountains and so on. For the most part those ideas are concerned with the image of the brand and are not descriptive of the goods themselves. The slight exception is that the word may incidentally say something about quality (for example that the goods are “rugged” or durable) but because the word is only indirectly informative it is not likely to be perceived by many in a descriptive sense. Thus the attack based on lack of distinctiveness is not made out.”

40 The question is not whether “Colorado” can be descriptive of backpacks or shoes but, if it were, I have difficulty in understanding the concept that the ideas were concerned with the image of the brand rather than the goods themselves. In my respectful submission, it is not possible to regard “Colorado” as being an arbitrary or fancy word when used in relation to goods of the relevant description. Amongst other things, it is contrary to the first appellant’s own assessment of the situation.

41 As Allsop J has explained, the respondent accepted that the relevant inquiry was under s 41(5). When the questions posed by s 41(5) are addressed, in my opinion, the word “Colorado” is inherently adapted to distinguish the designated goods or services only to a slight extent. Whether taken to indicate the origin of goods or the association of the goods with the known or perceived characteristics of the American state, “Colorado” is unlikely to distinguish the goods of the first appellant compared with the goods of other parties who may legitimately choose to use the word in connection with such goods. The use or intended use of the trade mark by the first appellant can be taken to be considerable. It may be that some people would associate the mark with the first appellant and would not make the connection between the mark and the place. However, it is likely that many would. In my opinion, the use and intended use by the first appellant would not distinguish its goods in the manner required. That conclusion is put beyond doubt by considering the “other circumstances”. In

my opinion, they must include the considerable use of the word in connection with goods by the respondent and its predecessor. In my opinion, that circumstance is decisive against a finding that the trade mark does or will distinguish the designated goods or services of the first appellant.

42 I agree with the conclusions of Allsop J in relation to passing off and s 52 of the *Trade Practices Act 1974* (Cth). I add that, in my opinion, the geographical connotation of “Colorado” is such as to render any successful claim in passing off out of the question in this case. I have a reservation as to Allsop J’s conclusion that relief limited in area would not be available, but that does not arise on my view of liability.

43 I agree with the orders foreshadowed by Allsop J.

ALLSOP J:

44 This is an appeal and cross-appeal against orders made by a Judge of the Court in a proceeding commenced by the appellants in which they asserted that the respondent had infringed the registered trade mark “Colorado” and engaged in passing off and in conduct in contravention of s 52 of the *Trade Practices Act 1974* (Cth). The proceeding spawned a cross-claim by the respondent for revocation of the trade mark based on the use said to have been made by the respondent of the same word. Issues of authorship and concurrent user, amongst other issues, make a precise understanding of the facts essential. The primary judge delivered two judgments, on 28 February 2006 and 7 July 2006. Orders were made on the latter of these dates.

45 The following factual introduction is taken in large part from the primary judge’s reasons, and also from the evidence, assisted by the joint chronology provided by the parties.

Factual introduction

46 The first appellant, Colorado Group Limited (“CGL”) is the registered owner of Australian Trade Mark 866291. The registration commenced on 16 February 2001. The registered mark is the word “COLORADO” and the registration is for goods and/or services set out in the certificate of registration. These included, in class 3, shoe and boot cleaning and polishing preparations and shoe and boot protection preparations; in class 9, sunglasses,

cases, lenses and parts thereof; in class 14, watches; in class 18, bags, wallets, purses, backpacks and belts; in class 25, clothing, boots, shoes, slippers and other footwear, socks and hosiery; in class 26, boot and shoe laces; in class 35, advertising, business management, business administration, office functions, and services being the bringing together for the benefit of customers of a variety of goods thereafter described in classes 3, 9, 14, 18, 26 and 35. The goods referred to in class 18, in this context, included bags, belts, wallets, purses and backpacks.

47 CGL is, and has been since 1999, a public company listed on the Australian Stock Exchange. Before its listing in 1999, it was a subsidiary of an American corporation, Venator Group Inc, which was formerly known as Woolworths Corporation. Prior to 1991, two footwear retailing businesses, “Williams the Shoemen” and “Mathers for Shoes” were carried on by two subsidiaries of CGL; the second appellant, Williams the Shoemen Pty Limited (“WtS P/L”) and Mathers Shoes Pty Limited, respectively. From 1991, after a restructuring of the group, CGL carried on these two businesses in its own right.

48 As described below, in 1982, the word “Colorado” began to be used in Australia on backpacks sold in “Williams the Shoemen” stores. In 1982, there were approximately 140 “Williams the Shoemen” stores around Australia run by WtS P/L. In these stores, in addition to shoes, backpacks were sold. From 1982, the word “Colorado” began to be used on backpacks with the word embroidered on the front of the backpack. It will become important in due course to understand whether, and if so from when, the word “Colorado” was used in conjunction with a logo comprising a mountain motif. The backpacks were sold all over Australia, predominantly for use by schoolchildren, and were most successfully sold in North Queensland.

49 From 1987, the word “Colorado” was also placed on shoes sold in the “Williams the Shoemen” stores, and from 1990 in “Mathers for Shoes” stores, in conjunction with a simple mountain logo in the sock of the shoe, and alone on the heel of the shoe. From 1988 to 1991 a new mountain logo was developed having three peaks. From 1991, this new mountain logo was placed on shoes bearing the word “Colorado”. This new logo was placed on the inner sole, the bottom of the sole and outside on the upper of the shoes.

50 The sale of what can be referred to as Colorado backpacks through the “Williams the

Shoemen” stores was modest. Considerable success was achieved in the sale of what can be called Colorado shoes through the “Williams the Shoemen” and “Mathers for Shoes” stores. In 1990, about \$8 million of what can be said to be Colorado branded products, backpacks and shoes, were sold by these two chains of stores.

51 This moderate success apparently led to a desire to widen the use of the word “Colorado” by expanding the “Colorado range” of goods to include clothing and accessories and by establishing a chain of “Colorado” stores to sell such products. In the development and preparation of these commercial aims, an advertising report was prepared in late 1992. The primary judge described the key findings in this report at [9] of his reasons as follows:

The store concept was wholeheartedly endorsed by both lower and middle-upper income groups. Significantly, the store concept was able to achieve interest amongst lower-income males who generally had little interest in both shopping and clothes.

...
***The mountain graphic was a real winner and is seen to be representative of Colorado.** It should be maximised in store. Despite being easily identified, it should not replace the door as it is not dramatic enough. It is graphically strong and contemporary but would soon become on [sic] of the crowd.*

“Colorado has been chosen as it has lifestyle connotations that are representative of to [sic] the brand. Within Australia the Colorado name has very strong attributes that make it the ideal promotional platform.

The chain will gain instant brand value from the rich cultural and geographical images that Colorado evokes.

Our consumer research tells us that the name Colorado conjures up images of; -

- ***American***
- ***Rugged***
- ***Trekking***
- ***Rocky Mountains.***

The American aspect of the name is seen as an advantage, equating to; -

- *Fashion*
 - *Quality*
 - *Style implication (rugged).”*
- [emphasis added]

52 The primary judge said that the “proposal suggested that the brand’s ‘new image’ be built around the Colorado mountain logo.”

53

In July 1992, the Woolworths Corporation resolved to proceed with the proposal to develop “Colorado” stores. In 1992 and 1993, relevant persons in CGL developed a range of products to be sold in these new stores, being clothing, footwear, accessories (including backpacks, socks, hats, underwear and shoe care products), leather and non-leather belts, bags and wallets. The first three “Colorado” stores opened in July 1993 in Doncaster, Victoria and in Parramatta and Penrith, New South Wales. A fourth store opened a month later at Darling Harbour, Sydney. These stores were fully stocked with “Colorado” branded products; some, such as bags, were marked with the word “Colorado” alone, others had the word and the mountain logo used in association with one another. The primary judge found at [12] of his first judgment that the predominant use of the word was in association with the mountain logo, particularly in relation to footwear, bags, handbags and other accessories. Six more such stores were opened between 1993 and 1996, three in New South Wales, two in Queensland and one in Victoria. A change was implemented in 1998. The number of “Colorado” stores was expanded and the marketing image of the stores was redefined. As part of this redefinition, the word “Colorado” was used principally without any associated logo and there was a widening of the range of products on which it was placed to include goods such as watches and eyewear. The idea behind these changes was to redefine the “Colorado image” to an “Australian Lifestyle” brand, and away from the previous “outdoor” image.

54

The word mark “Colorado” was only registered in 2001. There has been no registration by the appellants of any mountain logo.

55

At the time of the hearing before the primary judge, CGT operated 165 “Williams the Shoemen” stores, 96 “Mathers for Shoes” stores, 82 “Colorado” stores, 28 “JAG” stores (selling men’s and women’s clothing and fashion accessories) and 10 “Diana Ferrari” stores (selling women’s footwear and leather goods).

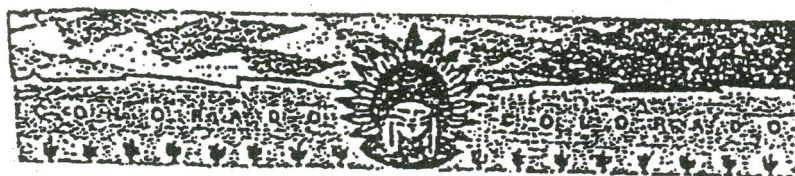
56

The respondent, Strandbags Pty Limited (“Strandbags”), conducts, partly through franchises, a chain of 186 stores around Australia. It is a speciality retailer of bags, travel goods, backpacks, wallets and other small leather goods and accessories. In 1998, Strandbags purchased various businesses from a company called Edgarlodge Pty Limited (“Edgarlodge”), a company owned and controlled by Mr Lee Evans and his wife, Ms Malouf-Evans. Those businesses (with assets, including goodwill) purchased by Strandbags were

known as “The Travel Bug”, “The Colorado Bag Co” and “Bagstop”. An asset included in the sale was a registered trade mark using the word “Colorado” with a logo depicting the head of a North American Indian as a combination mark. As is evident from the presence of the name “Colorado” in the businesses sold by Edgarlodge to Strandbags in 1998, it is necessary to trace the origins of the use of the word “Colorado” by Edgarlodge and of the registration of its “Colorado” combination trade mark.

57 During the 1980s, Edgarlodge sold bags, luggage, briefcases and accessories under the businesses called “The Travel Bug” and “Bagstop”. The goods sold were initially bought from Australian importers or local manufacturers. In early 1990, Mr Evans decided to import goods using the name “Colorado”. The primary judge did not believe Mr Evans’ evidence about how he came to choose that name. The primary judge said that he suspected that Mr Evans had come across the name on goods (probably of one of the appellants), had formed the view that he wanted to use it, and then made business name and trade mark searches to identify any impediment to that course. It was agreed that before 1991 Edgarlodge conducted a business selling bags, baggage, briefcases, wallets and accessories under the business names “The Travel Bug” and “Bagstop”. It operated only in Queensland and it did not use the mark “Colorado” on any of its goods.

58 In early 1991, Edgarlodge prepared a logo design of the head of a North American Indian for use with the word “Colorado”. On 2 April 1991, Mr Evans applied to register the mark. In 1991, the combination word and logo mark was registered as a trade mark in respect of handbags, travelgoods and belts in class 18. The mark (No 552979) is as follows:



59 The primary judge described the use of this mark as follows at [17] of his first judgment as follows:

...The products initially manufactured bearing the new mark (the word “Colorado” with the Indian head logo) were a range of handbags. The mark was embossed on the front of each handbag. Sales of the new line began in 1991 at Edgarlodge’s then eleven Queensland stores. In 1992 changes were effected to the style of the mark “Colorado” and to the Indian head and

applied to the then existing range of over twenty-four styles of handbag. The handbags proved to be popular so new products were added to the range, such as suitcases, wallets, key cases and coin purses. As the range expanded to include other products, the combination mark was applied to them as well. Between 1995 and 1998 the combination mark was applied to goods such as backpacks, briefcases and associated products as well as handbags. Depending on the size of the product, the word and logo were either stamped on a leather patch and sewn onto the product or stamped directly onto the product. As the range of goods continued to expand this practice varied. For example, the word "Colorado" was stamped onto a gold metal tag and affixed to handbags, business bags and luggage. The word "Colorado" was also printed on business card inserts that were placed inside wallets.

60 Shortly thereafter, in August 1992, Edgarlodge opened a retail store in Liverpool in Sydney that was designed as a "Colorado theme store" with the word "Colorado" in the shopfront design and products marked with the Edgarlodge combination Colorado mark sold along with other products. The store sold handbags, travel goods, wallets and associated products such as umbrellas. This store closed in 1994. At this time, other Edgarlodge stores were selling goods marked with its Colorado combination mark.

61 Between 1995 and 1997, Edgarlodge opened 14 stores trading under the name "The Colorado Bag Co".

62 By 1998, the sales of goods by Edgarlodge that were marked with the combination Colorado mark were approximately \$2.08 million.

63 In 1998, Strandbags bought Edgarlodge's businesses (and related assets), including the combination trademark. The existing stock, including that marked with the combination mark was liquidated by March 1999. Strandbags then imported its own lines of goods, including footwear, leathergoods (including wallets), backpacks, travel goods and business goods marked "Colorado". A range of "Colorado" branded handbags was designed and introduced in 2002.

The primary judge's conclusions

64 The primary judge found:

- (a) that Strandbags had not proved (the onus being on it in its claim for expungement of the mark) that the first trademark use of the word "Colorado"

- on backpacks was not by WtS P/L;
- (b) that backpacks were not goods of the same kind (or like relevant expression) as bags, wallets and purses;
 - (c) that Edgarlodge used the word “Colorado” as a trade mark before CGL (or a relevant predecessor company) in relation to handbags, wallets and purses;
 - (d) that CGL was not entitled to the benefit of the registered trade mark for handbags, wallets and purses;
 - (e) that the use by Strandbags of the word “Colorado” on handbags, wallets and purses was not an infringement of the trade mark, taking into account s 120 of the *Trade Marks Act 1995* (Cth) (the “1995 Act”);
 - (f) though it was unnecessary to decide the issue, that Strandbags would also be entitled to take advantage of the defence in s 122(1)(f) of the 1995 Act that it could obtain registration of the mark “Colorado” if it were to apply for it in relation to handbags, wallets and purses;
 - (g) that there was no passing off or conduct in contravention of s 52 or any other provision of the *Trade Practices Act*.

The issues

65 Numerous factual and legal issues arise on the appeal by CGL, the cross-appeal by Strandbags and under the notice of contention filed by CGL. These issues can be grouped under the headings of proprietorship, other questions of validity, infringement, passing off and misleading or deceptive conduct. It is not of utility at this point to attempt to set out exhaustively the interlocking factual and legal issues. The issues (factual and legal) will be approached in the order that they were addressed by the parties in their submissions.

The first group of issues: proprietorship

66 The primary judge expressed the view at [25] of his first judgment that:

...proprietorship in relation to the goods or classes of goods on which the mark has been used. The proprietor is entitled to have his mark registered in respect of those goods. This entitlement is not confined to identical goods or classes of goods. Registration may also be obtained for goods or classes of goods which is or are “a thing [or things] of the same kind” (Jackson & Co v Napper (1886) 35 Ch D 160, 178) or “like articles of production” (Columbia

Mill Company v Alcorn, 150 US 460, 464 (1893)) or “articles of merchandise of the same kind” (Colman v Crump, 70 NY 573, 578 (1877)) or “kindred articles” (The Collins Co v Oliver Ames & Sons Corporation, 18 F 561, 570 (1882)), if there be any difference between these expressions. See also Edwards v Dennis (1885) 30 Ch D 454.

67 Neither side argued that this was an incorrect approach.

68 On this appeal, both sides argued that the issues on proprietorship were: Who had first used the word “Colorado” on backpacks, bags, purses and wallets? And, depending on the answer to this question, what were the consequences in terms of authorship by reference to goods “of the same kind”?

69 The primary judge posed the question in [26] of his reasons:

With this background in mind the first question to be resolved on proprietorship is whether as at 16 February 2001, Colorado Group was the proprietor of the mark “Colorado” in respect of backpacks, bags, wallets, purses and belts and for services in respect of those articles. In looking at this question I will assume for the time being, though it is a matter in dispute, that the mark was capable of being distinctive of Colorado Group’s goods and services. The answer to the first question requires consideration of three issues, viz (1) Was Colorado Group or its predecessor the first user of the Colorado mark on a backpack, being the article in respect of which first use is claimed? (For this purpose it is conceded that Williams the Shoemen was the predecessor of Colorado Group. It is also conceded that Williams the Shoemen was the first user of the word “Colorado” in combination with the “simple mountain motif”); (2) If the word was applied to backpacks not alone but in combination with the “simple mountain motif” can Colorado Group (or its predecessor) nevertheless claim to be the first user of the Colorado mark?; (3) If Colorado Group (or its predecessor) was the first user of the Colorado mark on backpacks, is a bag, wallet, purse or belt the same kind of article? Unless each pair of questions (1) and (3), or (2) and (3), are answered affirmatively, the registration has gone too far and either Colorado Group is not the proprietor of the Colorado mark or is not the proprietor in respect of bags, wallets, purses and belts. It may be that Edgarlodge first used the word “Colorado” on those goods, albeit in combination with the Indian head logo.

(The parties were agreed that one can ignore the reference to belts.)

70 The evidence disclosed that the word “Colorado” had been used on backpacks from 1982. The evidence was not clear, however, that the word was used alone rather than in association with the mountain motif logo, in effect as a combination mark. The finding of the

primary judge about this was at [31] of his first judgment, in which he agreed with the submissions put on behalf of CGL (which submissions were repeated on appeal), that it was unclear whether the word “Colorado” on backpacks was accompanied by the mountain motif logo. It was not put on the appeal by CGL that his Honour erred in failing to find positively that the word “Colorado” alone was placed on backpacks from 1982. However, in the notice of contention it was put that the evidence was sufficient to find that the word had been used alone on backpacks from 1982.

71 In answer, Strandbags said that on the evidence it could be concluded that the word “Colorado” alone was not placed on backpacks from 1982.

72 Both sides also relied on onus. In this respect, CGL had the benefit of the primary judge’s view, expressed at [31] of his first judgment, that the lack of clarity was necessarily fatal to Strandbags which carried the onus on the cross-claim. Strandbags challenged this. It submitted that having proven positively a use, by it, in 1994 of the word alone on backpacks, an evidentiary onus shifted to CGL to prove that its use of the word alone on backpacks predated 1994.

73 In my view, the primary judge was correct in this respect on onus, assuming that the position on the evidence was unclear. Strandbags was seeking to have a registered mark removed from the Register, on the basis being dealt with here that its predecessor (Edgarlodge) not CGL’s predecessor (WtS P/L) was the first user of the mark on backpacks. It failed to prove that.

74 The appellants also pressed the Court with the evidence that they said was sufficient to found a conclusion that between 1982 and 1985 WtS P/L used the word mark “Colorado” alone in relation to backpacks. The evidence in relation to this was as follows:

- (a) First, Mr Darren John Williams, who commenced work in the “Williams the Shoemen” business in 1982 (then conducted by WtS P/L) swore in his affidavit that during his training in 1982 and 1983 he observed that the “Williams the Shoemen” stores were selling a style of backpack which he would describe as a small day pack with the name “Colorado” embroidered on the front, without any logo, in lower case and plain font.

- (b) Mr Williams was cross-examined on this issue. The cross-examination began by the cross-examiner (without objection) raising with Mr Williams that “one of the other witnesses [had] a slightly different recollection than [his].” He was then told, in effect, that the other witness said that there was a possibility that there was a logo used with the word. To this suggestion Mr Williams said, “I know they came packaged in the cartons where (sic) they were in cellophane bags with a cardboard top saying Colorado. I’m sure that there was Colorado across the top flap of the backpack. A recollection of the logo I cannot recollect. (sic)” When asked whether he could “rule it out”, he said that he could not.
- (c) The “other witnesses” were Messrs Ainsworth and Beagley. Mr Ainsworth was a trainee manager at the Frankston “Williams the Shoemen” store from 1978 to 1980, a store manager at “Williams the Shoemen” Stores at various locations in Victoria and New South Wales from 1980 to 1988, a district manager and later buyer until 1999, a product developer, merchandising manager until 2003, when he became general manager of the “Williams the Shoemen” division. He said that from the mid-1980s to the late 1980s “Williams the Shoemen” sold backpacks “*under the name ‘Colorado’ and using a three or four mountain peak logo*”. His evidence was silent on his recollection of use of the word “Colorado” before the mid 1980s. The inference is that he had no recollection. He was not cross-examined on this point. Mr Beagley, who no longer worked for the appellants, began work for CGL in 1988 as general manager buying and marketing for, amongst other divisions, “Williams the Shoemen”. In his affidavit he recalls seeing in 1988 the word “Colorado” used in conjunction with a mountain top log.
- (d) Also, it should not be forgotten that the evidence disclosed that from the mid-1980s the use of the word was with a mountain device. Further, there was no explanation as to why the word alone would be used and then a change made to the word plus device.
- (e) The respondent emphasised that the evidence put before the Registrar (a declaration by a Ms Kubils and a statement by (the same) Mr Williams) did not (as did the affidavit of Mr Williams referred to at (a) above) state unequivocally

that the word “Colorado” was used on backpacks without the logo.

75 The primary judge dealt with this evidence in [31] of his first judgment as follows:

There is another basis for this conclusion. As regards backpacks (being the only article in respect of which there is a possibility of establishing first use of the word mark) I agree with Mr Ryan that it is unclear whether the word “Colorado” was accompanied by the logo, at least in the early years. There were only two witnesses called who were with Williams the Shoemen in 1982 and onwards, Mr Williams and Mr Ainsworth. In his affidavit Mr Williams said that the backpacks were packaged in a cellophane bag which bore the printed word “Colorado”. He also said the word “Colorado” was embroidered on the front of the backpack without the “simple mountain motif”. In oral evidence he said he was “sure that there was [the mark] across the top flap of the backpack. A recollection of the logo I cannot recollect.” When pressed he said: “[I] couldn’t rule it [the mountain logo] out.” Mr Ainsworth’s recollection went back only to the mid-1980s. He said that at that time the mark on the backpacks comprised the word “Colorado” and the mountain logo. Given this state of the evidence it is not possible to reach any conclusion about the nature of the mark on backpacks between 1982 and, say, 1985. In particular, one cannot say with any confidence that the mark comprised both the word and logo. This conclusion is necessarily adverse to Strandbags Group which carries the onus on the cross-claim.

76 It is important to recall that the so-called inconsistency with the evidence of other witnesses mentioned by the cross-examiner was not by any means direct. Neither Mr Ainsworth nor Mr Beagley dealt with the period 1982 to the mid-1980s. In substance Mr Williams accepted that he could not “rule out” what had been put to him as a possibility: that there was use of the word in conjunction with the logo. The cross-examiner did not, however, seek to have Mr Williams withdraw what was evidence stated otherwise with some clarity: that the word was used without the logo. The events were nearly 25 years before. The primary judge concluded as he did. It was not a conclusion based on credit. Though I am extremely reluctant to depart from the primary judge’s conclusion, I do not think that it is a question in which judgment or impression affects the task of the appeal court: *Branir Pty Limited v Owston Nominees (No 2) Pty Ltd* (2001) 117 FCR 424 at 437-438 [29]-[30]. *Kovan Engineering (Aust) Pty Limited v Gold Peg Engineering* (2006) 234 ALR 241 at 263 [118]; *Builders Licensing Board v Sperway Constructions (Sydney) Pty Limited* (1976) 135 CLR 616; *Fox v Percy* (2003) 214 CLR 118; *CSR Limited v Della Maddalena* (2006) 224 ALR 1. I agree with the second last sentence of [31] in the primary judge’s first judgment, but not the third last. On the balance of the evidence before the primary judge, given the

unwillingness of the cross-examiner to challenge the recollection of Mr Williams any further than he did, it was open to find and indeed, on the evidence, in my view, should be found that WtS P/L used the word “Colorado” on backpacks from 1982 other than in conjunction with a logo. On the evidence, it was plain that that was use as a trade mark.

77 Thus, not only do I agree with the last sentence of the primary judge’s reasons in [31], on the hypothesis that the evidence was equivocal, but also I would conclude that, in light of the limited attack in the cross-examination upon Mr Williams’ evidence in chief and the terms of that sworn evidence, it can be concluded that there was use of the word as a trade mark on backpacks from 1982.

78 I do not think that the respondent can say that it discharged some evidential onus by proving when it used the word alone on backpacks, thereby requiring the appellants or prove unequivocally their earlier first use. The fact is that Mr Williams said when that first use was. His evidence was qualified to an extent in cross-examination, but the cross-examiner did not seek from him an answer that would negate his sworn evidence. In these circumstances, at the very least the respondent has not discharged its onus on the cross-claim (based on a claim derived from s 58 of the 1995 Act). The better view is, as I see it, that the failure to neutralise the evidence of Mr Williams permits a finding, notwithstanding the passage of time and the other surrounding objective circumstances, that WtS P/L did use the word “Colorado” alone on backpacks in about 1982.

79 The next issue requires consideration as to what flows from these conclusions about the evidence of use of the word “Colorado” on backpacks from 1982.

80 The primary judge posed the question in [25] and [26] of his first judgment as follows:

It follows that proprietorship by first use is proprietorship in relation to the goods or classes of goods on which the mark has been used. The proprietor is entitled to have his mark registered in respect of those goods. This entitlement is not confined to identical goods or classes of goods. Registration may also be obtained for goods or classes of goods which is or are “a thing [or things] of the same kind” (Jackson & Co v Napper (1886) 35 Ch D 160, 178) or “like articles of production” (Columbia Mill Company v Alcorn, 150 US 460, 464 (1893)) or “articles of merchandise of the same kind” (Colman v Crump, 70 NY 573, 578 (1877)) or “kindred articles” (The Collins Co v Oliver Ames & Sons Corporation, 18 F 561, 570 (1882)), if there

be any difference between these expressions. See also Edwards v Dennis (1885) 30 Ch D 454.

With this background in mind the first question to be resolved on proprietorship is whether as at 16 February 2001, Colorado Group was the proprietor of the mark “Colorado” in respect of backpacks, bags, wallets, purses and belts and for services in respect of those articles. In looking at this question I will assume for the time being, though it is a matter in dispute, that the mark was capable of being distinctive of Colorado Group’s goods and services. The answer to the first question requires consideration of three issues, viz (1) Was Colorado Group or its predecessor the first user of the Colorado mark on a backpack, being the article in respect of which first use is claimed? (For this purpose it is conceded that Williams the Shoemen was the predecessor of Colorado Group. It is also conceded that Williams the Shoemen was the first user of the word “Colorado” in combination with the “simple mountain motif”); (2) If the word was applied to backpacks not alone but in combination with the “simple mountain motif” can Colorado Group (or its predecessor) nevertheless claim to be the first user of the Colorado mark?; (3) If Colorado Group (or its predecessor) was the first user of the Colorado mark on backpacks, is a bag, wallet, purse or belt the same kind of article? Unless each pair of questions (1) and (3), or (2) and (3), are answered affirmatively, the registration has gone too far and either Colorado Group is not the proprietor of the Colorado mark or is not the proprietor in respect of bags, wallets, purses and belts. It may be that Edgarelodge first used the word “Colorado” on those goods, albeit in combination with the Indian head logo

81 The appellants agreed with the test put forward by the primary judge that first use of the word in relation to backpacks would entitle CGL to registration of the mark in respect of backpacks and other goods which might be described as “things of the same kind” or “like articles of production” or “kindred articles”. Nor did the respondent disagree with the test. Rather, each saw its application differently.

82 The appellants attack the primary judge’s conclusions in [32] of his first judgment which were as follows:

On the last of the three questions — Are bags, wallets, purses and belts the “same kind” of goods as a backpack? — the answer in my view is in the negative. First it must be recalled that the style of backpack in respect of which the mark was used (and in respect of which it could be registered) was designed and promoted principally for use by schoolchildren for carrying stationery, books and other school items. There are other styles of backpack, for example fashion backpacks or those used for mountain-climbing and hiking, but they are not the type with which the comparison must be made. Broadly speaking, a “bag” is a receptacle made of some flexible material closed in on all sides except at the top: see Oxford English Dictionary vol 1 (2nd ed, 1989) 880. There are, however, many different types of bags. They

are as varied as plastic bags, bodybags, laundry bags etc. Thus, not every bag can be the “same kind of thing” as a schoolboy’s backpack. In particular, a schoolboy’s backpack is not akin to a ladies handbag. Those are usually intended as a fashion item for the female consumer (albeit for an everyday use). Articles such as wallets, purses and belts are even more dissimilar to the schoolboy’s backpack given their respective, and different, uses. This is not a case where the proprietor of a mark which has been applied to different kinds of articles that fall within a class or category of goods seeks to register that mark in respect of other articles within the class or category. Such a proprietor would be entitled to register his mark not only for each article in the class to which the mark has been applied but also for such other articles in the class which a consumer would reasonably believe are likely to originate from the same source.

83 The appellants submitted that his Honour’s approach involved an over-dissection of the goods in question and that a backpack was simply a type of bag, as were handbags, wallets and purses. The respondent supported his Honour’s approach.

84 The notion of ownership (“proprietorship” under the *Trade Marks Act 1955* (Cth), the “1955 Act”) is reflected in the 1995 Act, ss 27 and 58. Ownership is not restricted by prior actual use. A claim to ownership under s 28(a) may be based on use or intended use: s 27(1)(b). Thus, in this statutory context the rights that arise from use are most usually examined from the perspective of opposition. The context often is: to what extent the claim to ownership based on use and intended use is cut back by the ownership by an opponent of the trade mark by its previous use: see the 1995 Act, s 58.

85 Here, for the reasons that I have given, it can be accepted that WtS P/L used the word mark “Colorado” on backpacks from 1982. I will come shortly to the evidence about use on handbags, purses and wallets. The claim to ownership that was accepted by the Registrar was for “bags, wallets, purses, backpacks and belts” in class 18. If the respondent had sought to become registered in the way CGL was, that application could have been opposed by WtS P/L on the ground that it was the owner of the trade mark, in that, by use in 1982, it had used a sign to distinguish backpacks in the course of trade: the 1995 Act, ss 17 and 58.

86 This enquiry about proprietorship is not directed by the 1995 Act to notions of deceptive similarity or close relationship, as may be the subject of enquiry in other contexts: see the 1995 Act, ss 14, 44, 120(2) and 124(1). Indeed, this is reinforced by s 124(1).

The notion of ownership (or proprietorship) was discussed in *In re Hicks's Trade Mark* (1897) 22 VLR 636; *Blackadder v Good Road Machinery Co Inc* (1926) 38 CLR 332; *Moorgate Tobacco Co Ltd v Philip Morris Ltd* (1980) 145 CLR 457 at 477-78; *Moorgate Tobacco Co Ltd v Philip Morris Ltd (No 2)* (1984) 156 CLR 414 at 432-34; *Shell Co of Australia v Rohm and Haas Co* (1949) 78 CLR 601 at 626-629; *Re The Registered Trade Mark "Yanx"*; *Ex parte Amalgamated Tobacco Corporation Ltd* (1951) 82 CLR 199; *Aston v Harlee Manufacturing Co* (1960) 103 CLR 391 at 399-401; *Settef SpA v Riv-Oland Marble Co (Vic) Pty Ltd* (1987) 10 IPR 402 at 413-414; and *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495 at 505-514. Few of these cases discussed what might be said to be the width or scope of the right gained by use by reference to the similarity or closeness of the goods on which the mark was used to other goods. The case most usually cited in this respect is *In re Hicks's Trade Mark* 22 VLR 636. That case concerned a clear earlier user of the identical mark ("Empress") on identical goods (stoves) and was under a statute (the *Trade Marks Act 1890* (Vic)) in which the word "proprietor" was defined as meaning "the person entitled to the trade mark by reason of his exclusive user of it." It was in this context that Holroyd J said the following, speaking for the Full Court:

*...In order to substantiate his application to be placed on the register for this word he must have claimed to be the proprietor, and the word "proprietor" must be taken to mean the person entitled to the exclusive use of that name. If there is anyone else who would be interfered with by the registration of the word "Empress" in the exercise of a right which such person has already acquired to use the same word in **application to the same kind of thing**, then ought not to have been put on the register for that trade mark, and his name will be properly removed on the application of the person whose right of user was thereby disturbed...*
[emphasis added]

88 In *Carnival Cruises v Sitmar Cruises* 120 ALR at 514, Gummow J referred to there being no differences of "character or quality" of the services in that case to gainsay that they were the "same kind of thing".

89 There is a certain difficulty in fixing upon the proper frame of reference for the enquiry identified by the words used by Holroyd J, "same kind of thing". Assistance is gained from the statutory context in which the question arises (see above), the common law notion of the right to registration from use, when that was the defining requirement: see *Edwards v Dennis* (1885) 30 Ch D 454 and *Jackson & Co v Napper* (1886) 35 Ch D 160 and

the notion of the ownership of a common law trade mark: see the cases referred to by the primary judge at [25] of his first judgment (set out at [66] above). The aim of the enquiry is not to find some broad genus in which some common functional or aesthetic purpose can be identified. Nor is it an enquiry about the type of trade in which concurrent use might cause confusion. Rather, it is identifying, in a practical, common sense way, the true equivalent kind of thing or article. For example, use of a mark on hatchets or small axes, created proprietorship in relation to axes: *Jackson v Napper* 35 Ch D 160. This approach recognises ownership or proprietorship in a mark beyond the very goods on which the mark is used, to goods “though not identical... yet substantially the same” (Hemming HB, *Sebastian’s Law of Trade Marks* (4th Ed) p 91) or “goods essentially the same... though they pass under a different name owing to slight variations in shape and size” (Kerly DM and Underhay FG, *Kerly on Trade Marks* (3rd Ed) p 206). This approach is conformable with the terms of the 1995 Act.

90 That backpacks are a type or style of bag does not answer the question as to whether they should be viewed as essentially the same goods as any bag or receptacle. The backpack is a bag with straps to be worn on the back. It is not essentially the same or the same kind of thing as other bags, handbags, purses or wallets. The task is not to identify the genus into which the goods upon which the mark was used fall, but to identify the goods.

91 This approach conforms with a tolerably settled approach in the Trade Marks Office to the same question as it arises in opposition proceedings based on prior use by the opponent. In *Daimler Industries Pty Ltd v Kabushiki Kaisha Daimaru* (1993) 27 IPR 124, the goods used by the opponent which were excluded from the registration of the applicant were identified as cricket balls; in *Gayl Porter v Victoria’s Secret* (1993) 28 IPR 143, they were lingerie; in *Crooks Michell Peacock Stewart v Kaiser* (1994) 29 IPR 225, they were printed paper products namely reports, newsletters, brochures, plans, maps and architectural drawings being some of the goods in class 16; in *Vamuta Pty Ltd v Sogo Pty Ltd* (1995) 31 IPR 557, they were opal jewellery; in *Pressware International Inc v Julzar Pty Ltd* (1995) 33 IPR 53, they were pressed paper food containers; in *King v Hayward* (1997) 39 IPR 431, they were long and short sleeve T-shirts and shorts; in *First Quality Products v Dawyn Import & Export Pty Ltd* (2000) 49 IPR 199 they were tampons (distinguished from women’s disposable underwear). This approach also reflects the views of the authors of *Shanahan’s Australian Law of Trade Marks and Passing Off* (3rd Ed) p 58 [3.40].

92 For these reasons, I find no error in the primary judge's conclusions in [32] of his first judgment (see [82] above).

93 The issue of proprietorship also arises in relation to wallets and purses. The appellants concede that if they are wrong (as I think they are) about the consequences of the use by WtS P/L of the word on backpacks from 1982, then the respondent's predecessor, Edgarlodge, made first use of the word mark in respect of handbags. The appellants assert, however, that CGL made first use of the word mark on wallets and purses. If one were to treat handbags as different in kind to wallets and purses, then to resolve this contest it is once again necessary to return to the minutiae of the facts. Before doing so, however, it is necessary to note that at [30]-[31] of his second judgment, the primary judge came to the conclusion that purses and wallets were goods of the same kind as handbags for the purposes of proprietorship, thus making the first use of the mark (the word "Colorado" alone) by Edgarlodge in 1991 in respect not only of handbags, but also wallets and purses. In this regard, the primary judge said the following:

On the facts as I have found them, Edgarlodge was, and its successor Strandbags Group is, unambiguously the proprietor of the Colorado mark in respect of handbags because of first use. There was a contest about its first use in relation to wallets and purses. Even if that contest had been resolved differently it would not have affected the outcome. In my earlier judgment I explained that a person is entitled to registration of a mark not only in respect of goods to which the mark has been applied but also to goods or classes of goods that are "of the same kind": Jackson & Co v Napper (1886) 35 Ch D 160. This is because it is assumed that a consumer is likely to believe that the other goods originate from the same source as the goods in respect of which the mark has been used.

In my view purses and wallets are goods of the same kind as handbags. Both are intended as fashion items and are used to carry small, everyday items such as money, credit cards, keys and like objects. True, handbags are usually larger than both wallets and purses but I do not think this affects the kind of goods they are. At any rate, it is often very difficult to tell the difference between what is a purse and what is a handbag these days, with many handbags being quite small in size. A consumer would expect a handbag and a purse or wallet bearing the same mark to come from the same source. Some are even matching in design. Indeed, many leading fashion houses sell lines of handbags, purses and wallets.

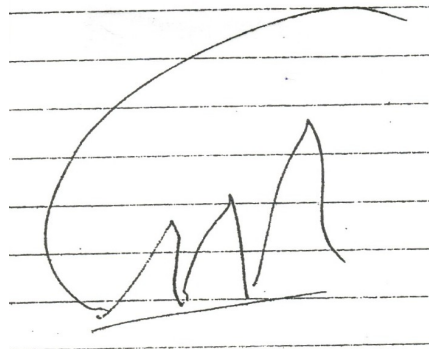
94 Whilst these are questions of some judgment, about which minds could reasonably differ, using the approach discussed above, I cannot agree that handbags are the same kind of

thing as wallets and purses. All three items are receptacles, but wallets and purses tend to be the same object (generally for men and women respectively) used for the same purpose – to carry money, cards (mainly credit cards), receipts and the like. Handbags often fulfil a wider purpose. I accept that wallets and purses are the same kind of thing and, indeed, both sides approached the appeal on this basis. Therefore, I think that handbags, on the one hand, and wallets and purses on the other, should be dealt with separately.

95 From the mid-1980s WtS P/L sold backpacks bearing the word “Colorado” and a multiple peak mountain device. An example of a four or five peak device used with the word “Colorado” on shoe boxes sold as at 1988 is as follows:



96 Mr Beagley drew a logo that he recalled seeing when he began at WtS P/L in 1988 as follows:



97 There was also evidence of the use of something like this device in the advertising and promotion of shoes in the following form:



98 It was agreed that from 1987, WtS P/L sold shoes bearing the word “Colorado” and the simple mountain motif, and that the word “Colorado” appeared by itself on the outside of the shoe near the heel.

99 It was agreed that in the early 1990s, the “Williams the Shoemen” stores displayed products with signage bearing the word “Colorado” and a mountain peak device.

100 Mr Ainsworth gave evidence that from at least early 1994 WtS P/L sold wallets branded using a peaked logo as set out below, with the word “Colorado” in an unspecified relationship. The logo was:



101 From the early 1990s, “Williams the Shoemen” stores displayed products with signage bearing the word “Colorado” and a mountain peak device as follows:



102 Photographs in evidence revealed the use of “Colorado” and this peak logo, by the placement of the peak logo prominently above the printed words “Colorado”. This was a common use by CGL in the 1990s, an example being:



103 The signage in the “Colorado” shops sometimes used the word alone, and sometimes used the word with a logo.

104 It was agreed that from 1991 Edgarlodge sold handbags bearing the word “Colorado” and the Indian head device (as to which, see [58] above). From about 1992, a metal plate bearing the word “Colorado” was affixed inside the handbags and a swing tag was attached to the handbag with the following appearing on it:

BE A
COLORADO
COLLECTOR

105 The issue between the parties about the first use of “Colorado” on wallets and purses concerned both use by CGL and by Edgarlodge. I will deal first with the asserted use by CGL. The “Colorado” retail stores run by CGL opened in mid-1993. Mr Beagley’s evidence was that these stores provided a complete range of clothing, footwear and accessories and that wallets bore the word “Colorado” plus the multi-peak device. The appellants contend that this use was substantially identical to the mark applied for, the word being “Colorado” *simpliciter*. The primary judge dealt with this issue in two places: [30] of his first judgment and [7]-[9] of his second judgment. In the first judgment, the primary judge said that his “impression” was that at least the word component served a distinct function as a trade mark. In his second judgment, the primary judge referred to this as “toying with” the argument. After referring to cases under the *Trade Marks Registration Act 1875* (UK), s 10, his Honour

concluded that one could not disentangle the word “Colorado” from the use in combination with the device and one could not conclude that there had been use of the word alone as a trademark.

106 In *Carnival Cruises Lines v Sitmar Cruises* 120 ALR 495 at 512-513, Gummow J discussed the need for identity of prior use and the claim to registration. He first explained the statutory context of, and reasoning in, *Shell Co of Australia v Rohm and Haas* 78 CLR 601 in rebutting the suggestion made by counsel that something less than substantial identity between the two marks will suffice. Gummow J referred to the phrase “substantially identical” in the infringement context (there, the 1955 Act, s 62) and the discussion by Windeyer J of that concept in *Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 at 414. Gummow J said at 513:

...It requires a total impression of similarity to emerge from a comparison between the two marks. In a real sense a claim to proprietorship of the one extends to the other. But to go beyond this is, in my view, not possible...

107 Though it is potentially dangerous to reason from other facts, it is worth noting that in that case, whilst Gummow J said that there was no material distinction to be drawn between FUN SHIP and FUNSHIP, and that neither the use of the definite article nor of the plural created a material distinction, he concluded that FUN SHIP was for this purpose a different trade mark to SITMAR’S FUNSHIP and FAIRSTAR THE FUNSHIP.

108 This approach is consistent with the cases in the nineteenth century about what could be registered based on prior use: *In re J B Palmer’s Trade Mark* (1883) 24 Ch D 504; *Re Spencer’s Trade Mark* (1886) 54 LT NS 659; *In re Grossmith’s Trade Mark* (1889) 6 PR 180; *Perry Davis & Son v Harbord* (1890) 15 App Cas 316; *Powell v The Birmingham Vinegar Brewery Company Limited* [1894] AC 8; *Re Chorlton and Dugdale’s Trade Mark* (1885) LT NS 337.

109 The appellants relied on various infringement cases in order to support the proposition that the overwhelming or essential element or feature in the use of the word with the multiple peak device (in whatever form) was the word. After referring to *Carnival Cruise Lines v Sitmar Cruises* 120 ALR 495 and *Shell Co v Esso* 109 CLR 407, the appellants referred to *P B Foods Ltd v Malanda Dairy Foods Ltd* (1999) 47 IPR 47. There, Malanda had used

“CHILL” in relation to flavoured milk before PB Foods. PB Foods applied to register “CHOC CHILL”, subject to a claim to vary the first word to indicate a different flavour. Malanda lodged an objection to PB Foods’ application. The delegate and Carr J on appeal both came to the view that Malanda’s prior use of “CHILL” was substantially identical to “CHOC CHILL”. The delegate then exercised a discretion under the honest concurrent user provision (the 1995 Act, s 34(1)). The reasoning of Carr J (at 47 IPR at 52-55) was that the first word “CHOC”, or a word or abbreviation indicating some other flavour, was not distinctive, but was descriptive. He concluded that the essential feature of the trade mark sought to be registered as “CHOC CHILL” was “CHILL”. It was the word “CHILL”, his Honour said “which serves to denote the trade origin of the goods”. Thus the trade mark use was found in the word “CHILL”. The word “CHOC” had, his Honour said, different work to do – describing the flavour. Carr J then discussed other examples from the authorities in which weight had been placed on the existence of another word in one of the marks to destroy the conclusion of substantial identity. Important to his distinguishing of these cases was the descriptive function of the first word “CHOC” or any replacement word or abbreviation to show flavour.

110 Here, though the evidence was less than precise as to what the mark plus device use was by CGL, the examples in evidence reveal an important, perhaps even dominant, effect of the word “Colorado”, but always with a device. That device was part of the trade mark use; it had a capacity to distinguish. It did not, in my view, 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. In these circumstances, I agree with the primary judge’s concluded view that though the word “Colorado” is important in the impression, it cannot be said to have been used alone, rather than as part of a composite mark (with the device) to show origin.

111 Thus, I reject the argument of the appellants that they used the mark “Colorado”, being the registered mark, on wallets from mid-1993.

112 The respondent accepted that its use of the “Indian head” composite mark (see [58] above) was not use of the word “Colorado” alone.

113 Mr Ryan conceded in argument that, leaving the mutual combined use of word and motif or device to one side, Edgarlodge was the first to use the word “Colorado” on wallets

some time after 1995. The evidence disclosed that from 1995 Edgarlodge, began to insert a mock credit card into each wallet which bore the word “Colorado”. There was a dispute as to whether swing tags were used on wallets before mid-1993 by Edgarlodge. The parties were also agreed in the approach to the appeal that wallets and purses could be dealt with together and the references in the evidence to wallets encompassed purses.

114 The appellants argued that the primary judge mistakenly found in [18] of his second judgment that the word “Colorado” on the swing tag (see [104] above) was attached to wallets (and purses) in the early 1990s. The primary judge having found this, then concluded at [19] and [20] that this was a trade mark use of the word (a conclusion that was not challenged). Thus, his Honour concluded at [21] of the second judgment that Edgarlodge’s use of the word “Colorado” on handbags, wallets and purses predated the use by WtS P/L and CGL of the word on those goods.

115 This debate about whether the evidence was sufficient to permit the primary judge to conclude that swing tags bearing the word “Colorado” were used on wallets (and purses) from before mid-1993 falls away if one concludes, as I do, that the use by CGL from mid-1993 of the word “Colorado” with the motif or device was not use of the word alone.

116 For the sake of completeness, lest the matter go further, I will deal with the disputed issue as to what the evidence shows about the use of swing tags on wallets (and purses) before 1995.

117 Ms Malouf-Evans who, with her husband, Mr Evans, was involved in the running of the Edgarlodge business said clearly in cross-examination in a discussion about the use of the swing tags that swing tags were not used on wallets (and, inferentially, purses). She explained that “there was never really anything to attach it to”. Mr Evans in his affidavit in chief said something similar: “For wallets, where it was often not practical to attach swing tags, a credit card shaped card bearing the word ‘Colorado’ was placed inside the wallets.” In cross-examination, however, he divided the period up between the later period of putting the mock credit card in the wallet and an earlier period in which a swing tag was used with wallets. He then said in description of the swing tag that it was the tag which had the Indian head device. He was cross-examined as to the content of this mark by Mr Ryan who gave Mr Evans an opportunity to describe any use of the word “Colorado” alone. Mr Evans only

referred to the Indian head device. So, Mr Ryan submitted before us, without recollection from Mr Evans as to the use of the word “Colorado” on the swing tag, it must have been a swing tag with only the Indian head device with the word. The difficulty with this submission is that the only swing tag referred to in the evidence of Mr Evans was one which had the Indian head device and word on one side and the words “Be a Colorado Collector” (as at [104] above) on the other. Mr Evans in fact exhibited an example of such a swing tag. Further, the cross-examination can be seen to have been conducted on the basis of an assumption that there was only one swing tag. Such a factor is one aspect of the advantage of the trial judge: *Branir* 117 FCR 424 at 437-38 [29].

118 In my view, there was evidence to found the conclusion of the primary judge that swing tags with the word “Colorado” were used on wallets and purses before 1993. I see no error in the conclusion of the primary judge.

Conclusions on ownership (proprietorship)

119 Thus, my conclusions are:

- (a) that WtS P/L made the first use of the word “Colorado” on backpacks in about 1982;
- (b) that said use did not give WtS P/L ownership of the word beyond backpacks to handbags, wallets and purses; and
- (c) that Edgarlodge made the first use of the word “Colorado” on handbags, wallets and purses.

Validity

120 The parties next addressed the question of validity. I will start with distinctiveness.

Distinctiveness

121 In his first judgment, the primary judge held that the word “Colorado” was not used in a geographical sense, but its use in connection with the kind of goods with which he was concerned was arbitrary, making it inherently adapted to distinguish the goods (for s 41(3)) and thus requiring no proof of secondary meaning (under s 41(5) or s 41(6)). The primary

judge relied on a passage from the *Restatement of the Law of Torts* Vol III (1938) in respect of geographic names as follows:

The reasons for the rule that geographical names cannot be trademarks do not weigh heavily when the geographical name has obviously only an arbitrary or fanciful significance in connection with the goods upon which it is used. Thus Gibraltar may be a trade-mark for automobiles since there is no likelihood that such use of the name would lead purchasers to suppose that there is any particular relation between the automobiles and the geographical locations known by that name, or any likelihood that it would seriously interfere with the freedom of merchants at Gibraltar to use that name. Again, Ethiopian may be a proper trade-mark for ladies' stockings; for, while suggestive of a certain color and sheen, it is only fancifully so and there is no likelihood that other merchants may have occasion properly to use the name Ethiopia on stockings since there is no factor of importance associating stockings with Ethiopia. Such is also the case of Pacific for bread or Arctic for refrigerators.

122 His Honour also referred to the following passage in *Hamilton-Brown Shoe Co v Wolf Brothers & Co* 240 US 251 (1916):

... We do not regard the words 'The American Girl,' adopted and employed by complainant in connection with shoes of its manufacture, as being a geographical or descriptive term. It does not signify that the shoes are manufactured in America, or intended to be sold or used in America, nor does it indicate the quality of characteristics of the shoes. Indeed, it does not, in its primary signification, indicate shoes at all. It is a fanciful designation, arbitrarily selected by complainant's predecessors to designate shoes of their manufacture. We are convinced that it was subject to appropriation for that purpose, and it abundantly appears to have been appropriated and used by complainant and those under whom it claims.

123 Using these authorities and *McCarthy on Trade Marks and Unfair Competition* Vol 2 [14.7], the primary judge posed three questions:

...(1) Is the mark the name of the place from which the goods come?; (2) Is the geographic term likely to denote to a reasonable purchaser that the goods come from the place or region named?; (3) Is the place or region noted for the particular goods in question?...

124 In answering these questions the primary judge said:

...The result of such inquiries would likely show, for instance, that consumers would perceive as designating geographic origin the word "Swiss" when applied to watches, the word "Japan" when applied to motor vehicles, the word "Brazil" when applied to coffee beans and, for those with a local

interest, the words "Bank of Melbourne" in relation to banking services. On the other hand, I am certain in my own mind that the word "Colorado" when applied to backpacks or other articles, such as shoes, is not used in a geographical sense. The use of the word "Colorado" in connection with the kinds of goods with which we are concerned is an arbitrary use making it inherently distinctive and thus requiring no proof of secondary meaning.

In reaching this conclusion, I have rejected the possibility, with one slight exception, that the word "Colorado" can be descriptive of backpacks or shoes. I have referred to the evidence which is to the effect that the word "Colorado" conjures up notions of trekking, ruggedness, fashion, Rocky Mountains and so on. For the most part those ideas are concerned with the image of the brand and are not descriptive of the goods themselves. The slight exception is that the word may incidentally say something about quality (for example that the goods are "rugged" or durable) but because the word is only indirectly informative it is not likely to be perceived by many in a descriptive sense. Thus the attack based on lack of distinctiveness is not made out.

125 The respondent (cross-appellant) submitted that this approach contained error. First, it was submitted that the relevant question about geographic origin was stated in *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511 at 513-514, where Kitto J said the following:

That ultimate question must not be misunderstood. It is not whether the mark will be adapted to distinguish the registered owner's goods if it be registered and other persons consequently find themselves precluded from using it. The question is whether the mark, considered quite apart from the effects of registration, is such that by its use the applicant is likely to attain his object of thereby distinguishing his goods from the goods of others. In Registrar of Trade Marks v. W. & G. Du Cros Ltd [1913] AC 624 at pp 634-635. Lord Parker of Waddington, having remarked upon the difficulty of finding the right criterion by which to determine whether a proposed mark is or is not "adapted to distinguish" the applicant's goods, defined the crucial question practically as I have stated it, and added two sentences which have often been quoted but to which it is well to return for an understanding of the problem in a case such as the present. His Lordship said: "The applicant's chance of success in this respect (i.e. in distinguishing his goods by means of the mark, apart from the effects of registration) must, I think, largely depend upon whether other traders are likely, in the ordinary course of their businesses and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connexion with their own goods. It is apparent from the history of trade marks in this country that both the Legislature and the Courts have always shown a natural disinclination to allow any person to obtain by registration under the Trade Marks Act a monopoly in what others may legitimately desire to use." The interests of strangers and of the public are thus bound up with the whole question, as Hamilton L.J. pointed out in the case of R. J. Lea, Ltd. [1913] 1 Ch 446 at p

463; but to say this is not to treat the question as depending upon some vague notion of public policy: it is to insist that the question whether a mark is adapted to distinguish be tested by reference to the likelihood that other persons, trading in goods of the relevant kind and being actuated only by proper motives—in the exercise, that is to say, of the common right of the public to make honest use of words forming part of the common heritage, for the sake of the signification which they ordinarily possess—will think of the word and want to use it in connexion with similar goods in any manner which would infringe a registered trade mark granted in respect of it.

126 Thus, the respondent submitted that the relevant question was not, as the primary judge stated, whether the word was used by the appellants in a geographical sense, but whether the word has a “signification” which it ordinarily possesses (geographic or not) which other traders may wish to use (honestly) for that signification in relation to similar goods. Thus, it was submitted that if, as his Honour found, “*the word “Colorado” conjures up notions of trekking, ruggedness, fashion, Rocky Mountains and so on*” (see [36] of the first judgment), other traders may wish to use the word for the signification of such attributes as well as a simple geographic signification.

127 The submissions of the respondent showed that the evidence was replete with recognition by witnesses that the word was used to conjure up an image of adventure, the outdoors, ruggedness, trekking and the like by association with the Rocky Mountains and Colorado. This, it was submitted was not “arbitrary use making it inherently distinctive” as the primary judge found at [35] of his first judgment. Thus, it was submitted, proof of secondary meaning was required, as the Registrar had found.

128 The appellants relied upon and supported the primary judge’s approach. In particular, they tended to brush away the importance of the geographical indicator by saying that the State of Colorado was not recognised as a place with any reputation for shoes, clothes, bags or wallets. This approach of the appellants rather ignores the possible relationship between backpacks and mountains and trekking – Colorado backpacks, for instance, is a possible signification of backpacks from that State or backpacks that might conjure the images redolent of that State that his Honour found. I have difficulty in accepting that the word “Colorado” is inherently adapted to distinguish backpacks, or even bags, wallets and purses. It is not a fancy or made up word. It is the use of a name being a State of the United States of America which has well-known mountains and is a rugged holiday area. In my view, the honest trader could well wish to make use of the signification of the word for geographic

reasons – especially in relation to backpacks, or to raise a connotation from the geographic attributes of that State. In my view, the primary judge was wrong to conclude that the word was inherently adapted to distinguish.

129 On this basis, the correct next step might be seen to be to examine the position under s 41(6) on the hypothesis that the trade mark is not inherently adapted to distinguish the designated goods or services from those of others: cf *Woolworths Ltd v BP plc (No 2)* (2006) 154 FCR 97. The respondent, however, accepted in submissions in its approach to the appeal that the word was to some extent inherently adapted to distinguish the designated goods or services and submitted that the relevant enquiry was under s 41(5). It is unnecessary, therefore, to consider the application of s 41(6) and whether it would lead to any different result than would the application of s 41(5). Section 41(5) of the 1995 Act is in the following terms:

- ...
- (5) *If the Registrar finds that the trade mark is to some extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons but is unable to decide, on that basis alone, that the trade mark is capable of so distinguishing the designated goods or services:*
- (a) *the Registrar is to consider whether, because of the combined effect of the following:*
 - (i) *the extent to which the trade mark is inherently adapted to distinguish the designated goods or services;*
 - (ii) *the use, or intended use, of the trade mark by the applicant;*
 - (iii) *any other circumstances;**the trade mark does or will distinguish the designated goods or services as being those of the applicant; and*
 - (b) *if the Registrar is then satisfied that the trade mark does or will so distinguish the designated goods or services--the trade mark is taken to be capable of distinguishing the applicant's goods or services from the goods or services of other persons; and*
 - (c) *if the Registrar is not satisfied that the trade mark does or will so distinguish the designated goods or services--the trade mark is taken not to be capable of distinguishing the applicant's goods or services from the goods or services of other persons.*

130 Under s 41(5) it was necessary to examine the extent to which the applicant (CGL, or its predecessors) had used the word “Colorado” to distinguish its goods or services from those of others. In this regard, the respondent relies on the findings of the primary judge at [52]-[55] of the first judgment in dealing with the passing off and s 52 claims. His Honour

was looking at the issue from the perspective of 1998, not 2001. The evidence of sales of the respondent after 1998 make it safe to conclude that his Honour's findings about 1998 can be transposed to 2001. The primary judge found:

- (a) Both the appellants and the respondent had a reputation in the name Colorado.
- (b) Whilst in the 1980s the two groups had separate fields of activity, in the 1990s their fields of activity overlapped.
- (c) This concurrent use created the potential for confusion; though this confusion was limited by the separate locations of the stores and the different devices.
- (d) From the time the Strandbag Group bought the Edgarlodge business, both it and Colorado Group had a strong reputation in the Colorado brand.

131 The appellants first submitted that the respondent's use of "Colorado" as a word or with a device was irrelevant to the enquiry under s 41, and only relevant to an opposition based on s 60 or a rectification application under s 88.

132 If, on the other hand, the respondent's prior use is relevant for the enquiry under s 41(5), then unless these findings by the primary judge are overturned, the clear use of the same mark by both the appellants and the respondent in the same field of goods over some years, enabling the primary judge to say that both had strong reputations in the "brand", would allow the comfortable conclusion that the trade mark use of the word that has taken place does not distinguish the goods or services of the appellant from the goods or services of others (including the respondent). See generally *Blount v Registrar of Trade Marks* (1998) 83 FCR 50; *Canadian Shredded Wheat Co Ltd v Kellogg Co of Canada* (1938) 55 RPC 125 at 145; and *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281.

133 The appellants put that the respondent's use was minor and confined to Queensland and Wagga Wagga. The findings of the primary judge are contrary to this. The notice of contention contains the following at [3]:

If the mark Colorado was only to some extent, or not at all, inherently adapted to distinguish the goods for which it was sought to be registered and thus use of the mark before the date of application for registration was necessary to render it distinctive in fact, then the use of the mark actually made by the Cross-Respondents was sufficient for that purpose.

134 Further, the appellants complained that the primary judge, wrongly, at [54] of the first judgment stated that they did not claim that the respondent should be restricted to a particular geographical area for particular kinds of goods.

135 These issues, as well as the questions involved in the respondent's continuous use of its marks for the possible operation of s 124 of the 1995 Act, the way the various goods were sold by the parties as relevant to whether handbags, wallets and purses are "goods of the same description" for infringement purposes, the passing off claim and the claim for contravention of the *Trade Practices Act* require further examination of the evidence. This is undertaken below for the variety of purposes thrown up by the above issues.

136 Before coming to these factual issues, it is necessary to deal with the appellants' argument that use by the respondent is a circumstance irrelevant to the enquiry under s 41(5) of the 1995 Act. In my view, the use by the respondent of the word "Colorado" is relevant to the inquiry under s 41(5). The "distinguishing" there referred to and required to be found is of the designated goods or services of the applicant from the goods and services of **other persons**. As Lord Russell of Killowen said in *Canadian Shredded Wheat Co v Kellogg Co of Canada* (1938) 55 RPC 125 at 145, the distinctiveness contemplated is that the goods are distinguished as the goods of a particular person, and no other. The evidence of concurrent use may be relevant for s 60, but it also may mean that the applicant is not able to persuade the Registrar (or the Court) that the mark does or will distinguish the designated goods or services as (to use the concluding words of s 41(5)(a)) "*being those of the applicant*".

137 Thus, in my view, for the appellants to succeed on distinctiveness they must satisfy the Court (the primary judge not having dealt with the matter) that s 41(5) is satisfied on the evidence. I will return to the question of the Court's power under s 88 in due course.

Additional Facts

138 I will not repeat what I have earlier set out as to the conduct of the respective businesses of the appellants, the respondents and their respective predecessors.

139 It is convenient to discuss the events chronologically. The first period is conveniently identified as 1982 up to about 1991/1992. In this period WtS P/L and Mathers Shoes Pty

Limited used the word “Colorado” principally in conjunction with a device on backpacks and shoes as described at [47]-[50] above. The backpacks and shoes were sold Australia-wide, though the backpacks sold most successfully in North Queensland. The “Williams the Shoemen” stores sold other bags and items; ladies’ dress bags, casual espadrilles and other items which were differently marked, without the “Colorado” mark in any form.

140 The numbers of “Colorado” branded products (principally with word and some device) ordered by the “Williams the Shoemen” stores and “Mathers for Shoes” stores after they began selling “Colorado” branded shoes in 1987 were:

- (a) 1987: 16,386, it being unclear the division between shoes and backpacks
- (b) 1988: 32,412, including 600 backpacks
- (c) 1989: 33,984, including 4,800 backpacks
- (d) 1990: 33,693, including 2,540 backpacks.

141 The “Williams the Shoemen” and “Mathers for Shoes” stores sold about \$8 million in 1990, \$10 million in 1991, and \$11 million in 1992, worth of “Colorado” branded products, most of which was for the sale of shoes.

142 In 1991, Edgarlodge sold handbags bearing the Indian-head mark, a metal plate bearing the word “Colorado” and a swing tag with the words at [104] above. The appellants were aware of this. It is not possible to say how many of these bags were sold in 1991. Mr Williams said that he recalled seeing a store with signage “Colorado Bag Co” in Sydney in about 1990 or 1991. This may have been 1992 when Edgarlodge opened its Liverpool (NSW) store.

143 “Williams the Shoemen” and “Mathers for Shoes” spent \$101,000 in 1991 and \$108,000 in 1992 on advertising (not including catalogues) promoting “Colorado” products, mainly shoes.

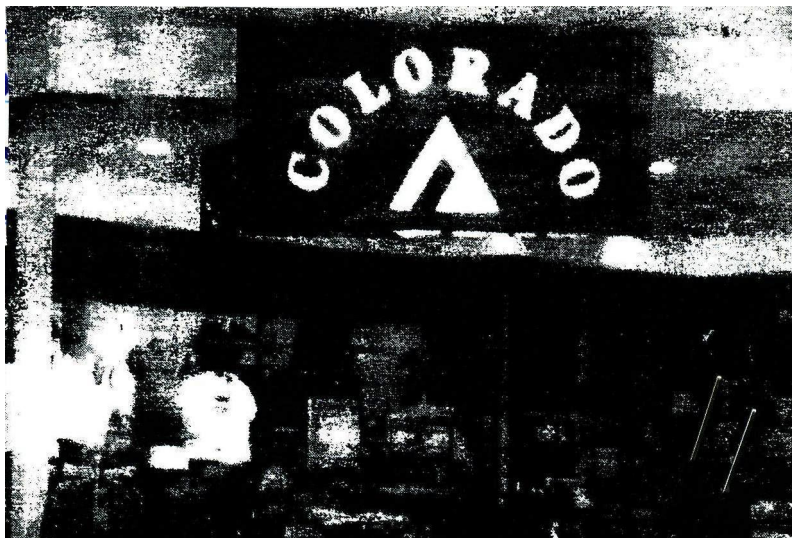
144 On 26 June 1992, Mr Evans applied to register the business name “Colorado Handbags & Travelgoods” in New South Wales.

145 The “Colorado” theme store opened by Edgarlodge in Liverpool in August 1992 was advertised in the Sydney White Pages telephone directory.

146 Thus, up to 1992, the appellants used the word “Colorado”, mainly in conjunction
with a device, in respect of shoes and backpacks, around Australia.

147 In 1991, Edgarlodge began using the business name as the name of stores in
Queensland and in Liverpool in Sydney, selling handbags and wallets. The goods were sold
using a different device to the mountain peak device used by WtS P/L. There is no
suggestion in the evidence that the get up of the Edgarlodge stores was similar to the
Williams the Shoemen” or “Mathers for Shoes” stores.

148 The second period was from about 1993 when CGL began its “Colorado stores”. In
July 1993, CGL’s “Colorado” stores opened in Doncaster (Victoria), Parramatta and Penrith
(New South Wales). The signage of these stores bore the word “Colorado” prominently
displayed at the entrance, curved over a mountain peak logo, as follows:



149 In September 1993, CGL opened another such store in Darling Harbour, Sydney with
similar signage.

150 These “Colorado” stores were stocked with clothing, footwear and accessories. The
mountain peak logo was used consistently on the goods. Mr Beagley said that from July
1993 to 1996 “Colorado” branded bags “would be” marked with the word “Colorado” alone
or with a mountain logo. Wallets had the word and the mountain logo. The evidence other
than this recollection was that bags were marked with the word alone in 2001. (The debate is
not of consequence since it was agreed that Edgarlodge first used the word alone on bags
using the swing tag.) From 1993 to 1996 the signage of these stores prominently displayed

the word “Colorado”. The signage above the entrance was as depicted at [148] above.

151 The sales for the “Colorado” division of CGL (that is the “Colorado” Stores) were:

Year	Sales
1993	\$1,767,000
1994	\$4,016,000
1995	\$6,624,000
1996	\$9,476,000
1997	\$17,153,000
1998	\$31,107,000
1999	\$52,620,000
2000	\$88,240,000
2001	\$106,049,000
2002	\$117,135,000
2003	\$128,737,000

Though it is not possible to say precisely how much of these figures related to bags and wallets, it was a very small proportion.

152 The appellants spent the following on marketing and advertising, though it can be accepted that most related to shoes and clothing:

Year	Amount spent on advertising
1993	\$400,000
1994	over \$1 million
1995	over \$1.5 million
1996	over \$1.7 million
1997	about \$2 million
1998	over \$3.5 million
1999	about \$1.8 million
2000	about \$2.6 million
2001	about \$2.3 million
2002	over \$2.5 million
2003	about \$2.5 million

153 The “Williams the Shoemen” and “Mathers for shoes” stores sold the following amount of branded product, respectively, mostly shoes:

Year	Branded product sold
1993	\$10,000,000
1994	\$27,078,000
1995	\$46,774,000
1996	\$59,196,000
1997	\$64,957,000
1998	\$65,140,000

1999	\$69,439,000
2000	\$75,364,000
2001	\$62,705,000
2002	\$58,400,000
2003	\$61,830,000

154 The “Colorado” Division of CGL sold the following numbers of wallets:

Year	Number of wallets sold
1994	1,146
1995	1,696
1996	2,046
1997	3,250
1998	1,310
1999	3,665
2000	8,324
2001	9,555
2002	10,189
2003	8,092

155 In May 1995, Edgarlodge opened two further “Colorado Bag Co” stores in Queensland (in Indooroopilly and Toowoomba).

156 By August 1996, there were ten “Colorado” stores run by CGL, six in New South Wales, two in Queensland and two in Victoria.

157 By December 1996 there were eleven “Colorado Bag Co” stores run by Edgarlodge; nine in Queensland and two in New South Wales (at Tweed Heads and Wagga Wagga, the Liverpool store having closed in 1994). Edgarlodge also sold its “Colorado” branded bags and wallets at all its other “Bagstop” and “Travel Bug” stores.

158 In 1996 and 1997 Edgarlodge’s sales for “Colorado” branded product (bags and wallets) was \$1,383,678, and \$1,271,790 respectively.

159 By January 1997, CGL operated 14 “Colorado” stores, seven in New South Wales, four in Queensland, two in Victoria and one in South Australia.

160 By October 1997, Edgarlodge operated 15 “Colorado Bag Co” stores, 13 in Queensland and two in New South Wales (Wagga Wagga and Tweed Heads). It continued to sell its “Colorado” branded bags and wallets through its “Bagstop” and “Travel Bug” stores.

161 By January 1998, CGL operated 19 “Colorado” stores, eight in New South Wales,
seven in Queensland, two in Victoria and two in South Australia.

162 In August 1998, the first letters of complaint are sent by the appellants’ then lawyers
to Mr Evans.

163 On 21 September 1998, the respondent acquired the business assets of Edgarlodge.

164 By the end of 1998 or January 1999, CGL operated 30 “Colorado” stores: eleven in
New South Wales, two in the ACT, one in the Northern Territory, eight in Queensland, four
in Victoria, three in South Australia and one in Western Australia.

165 CGL’s Colorado division sold the following numbers of bags and backpacks having
the value of:

Year	Number of Bags & Backpacks	Value of sales
1998	3,316	\$115,159
1999	7,130	\$245,572
2000	13,817	\$362,727
2001	30,524	\$737,621
2002	25,111	\$540,018
2003	26,111	\$586,066

and wallets having a value of:

Year	Number of Wallets	Value of sales
1998	1,310	\$39,036
1999	3,665	\$140,178
2000	8,324	\$259,167
2001	9,555	\$381,506
2002	10,189	\$37,630
2003	8,092	\$283,339

166 In 1999, the respondent, after liquidating the Edgarlodge stock of “Colorado” bags
and wallets designed and placed orders for handbags, wallets, backpacks, travel goods and
business products using the “Colorado” mark. At this time, the respondent had over 200
stores across Australia, each of which sold “Colorado” branded bags and wallets. The value
of the sales by the respondent in 1999 of “Colorado” bags and wallets was \$1,271,790. This
was considerably less than the total sales of the “Colorado” division and Williams the

Shoemen though in fact CGL's sales of "Colorado" branded bags and wallets as distinct from shoes in 1999 was only \$385,750.

167 By January 2000, there were 49 "Colorado" stores operated by CGL; 15 in New South Wales, two in the ACT, one in the Northern Territory, 13 in Queensland, ten in Victoria, three in South Australia, one in Tasmania and four in Western Australia.

168 In 2000, the respondent sold "Colorado" branded bags and wallets at its 192 stores Australia wide, to a value of \$1.2 m. This may be compared with sales by CGL's "Colorado" branded bags and wallets of \$621,894. The respondent continued to operate Edgarelodge's 15 "Colorado Bag Co" stores until the beginning of 2002, 12 until the beginning of 2003 and nine to the beginning of 2004.

169 By January 2001, CGL operated 64 "Colorado stores" in all Australian States and Territories.

170 In 2001, the respondent sold \$2,151,682 worth of "Colorado" branded bags and wallets in its 190 stores Australia-wide and the 15 "Colorado Bag Co" stores.

171 On 16 February 2001, WtS P/L applies for registration of Trade Mark No 866291.

172 By January 2002, there were 77 "Colorado" stores operated by CGL.

173 In 2002, the respondent sold "Colorado" branded bags and wallets through its 185 stores Australia-wide and 12 "Colorado Bag Co" stores, selling \$5,261,952 worth of "Colorado" branded goods; compared to \$907,648 of sales by CGL of "Colorado" branded bags and wallets.

174 By January 2003, there were 83 "Colorado" stores operated by CGL.

175 In 2003, the respondent continued to sell "Colorado" branded bags and wallets from its 189 stores Australia-wide and from nine (by early 2004) "Colorado Bag Co" stores. In 2003 it sold \$9,614,789 of "Colorado" branded bags and wallets.

176 By January 2004, there were 89 "Colorado" stores operated by CGL.

177 In 2004, the respondent continued to sell “Colorado” branded bags and wallets from its 190 stores Australia-wide and now nine “Colorado Bag Co” stores.

Conclusions to be drawn from all the facts on distinctiveness

178 In 1991, both WtS P/L and Edgarlodge used the word “Colorado”. The predominant use of both was with different logos. Edgarlodge had a trade mark which included the (disclaimed) word “Colorado”. The word and marks were employed in relation to goods in different fields (backpacks and shoes as compared to wallets and bags and accessories). Edgarlodge was the first (from 1992) to set up a “Colorado” themed store.

179 In the 1990s, until 1998, WtS P/L and CGL and Edgarlodge actively promoted stores of a “Colorado” kind. Signage with the word, and with the word and logo, was placed on the shops. From 1993, the appellants moved into a wider field of goods, including wallets and handbags, which had been sold from 1991 by Edgarlodge using the word and the word and Indian head device. Thereafter, the appellants expanded their stores throughout Australia, while the stores operated by Edgarlodge were located in Queensland, Sydney (from 1992 to 1994), Tweed Heads (on the border with Queensland) and Wagga Wagga in south central country New South Wales. From 1998, the respondent sold goods (bags and wallets) using the word “Colorado” and the word with the device all over Australia.

180 In all these circumstances, unless one is to put to one side all the use by Edgarlodge and the respondent, it cannot be said that the use by the appellants of the word or the word in conjunction with any device was such that the word, as at 2001, did or would distinguish the goods claimed in the application as being those of the appellants or one of them, and no other. This is so even if one included under “any other circumstances” (for the purposes of s 41(5)(a)(iii)) the use of the word plus device, the shop signage, advertising and use on shoes and clothes. Whilst WtS P/L had first used the word on backpacks in 1982, by 2001 it could not be concluded that the trade mark sought, the word “Colorado”, was capable of distinguishing the goods or services of the appellants in respect of bags, backpacks or wallets (including purses).

181 For these reasons, in my view the trade mark does not satisfy the requirements of s 41. Subject to there being power in the Court to do so, I would uphold the cross-appeal on backpacks and order the cancellation of the registration of the trademark in respect of

backpacks. I would dismiss the appeal insofar as it complained about the orders of the Court made on 7 July 2006, ordering that the Register be rectified by deleting all references to bags, wallets and purses.

False suggestion

182 As to false suggestion, the complete answer to the allegation, in the view of the primary judge, was that s 41(5) was irrelevant. The appellants' submission that the respondent's prior use was irrelevant to the determination of the s 41(5) question would also be a complete answer. My view is, however, that the respondent's use was relevant for s 41(5). Therefore, it is necessary to examine what happened.

183 The primary judge dealt with the issue at [37]-[41] of the first judgment as follows:

To deal with the allegation that the trade mark registration was obtained by false suggestion or misrepresentation I need to say a little more about the facts. Following the examination of the application for the registration of the trade mark it appeared to the examiner that there were grounds for rejecting it. On 29 June 2001 the Registrar wrote to Colorado Group advising it of those grounds (by providing it with a copy of the examiner's report) and giving it a reasonable time within which to address those grounds. One issue raised by the examiner was that the trade mark was not distinctive. Relevantly the examiner's report stated:

"To be registrable, your trade mark must be capable of distinguishing your goods/services from the similar goods/services of other traders in the market place.

Your trade mark is not capable of distinguishing your goods and services because it has insufficient inherent adaptation to distinguish.

COLORADO is the name of a state in the USA. Other traders are likely to need to use this name to indicate an obvious or potential connection with their goods and services.

However, I may be able to reconsider this matter if you provide evidence of use of your trade mark under sub-section 41(5)."

On 8 October 2002 Colorado Group provided the Registrar with additional information in support of its application. After considering the additional information the Registrar accepted the application and, there being no opposition to its registration, the mark was registered with effect from the date of lodgement.

The information provided to the Registrar, and upon which the Registrar presumably relied to grant registration, included a statement of Mr Williams

made a year earlier. When it provided the additional information Colorado Group was well aware of the activities of Strandbags Group. More importantly, it knew about the activities of Strandbags Group as at February 2001, which was the relevant time for the purpose of considering whether the trade mark was distinctive of Colorado Group's goods. Colorado Group also appreciated that it had to provide some information to the Registrar about the use to which the word "Colorado" had been put by Strandbags Group. Mr Williams' statement dealt with that matter. He said:

"My recollection is that the first Colorado Bag Store opened in Sydney in 1990 or 1991. This coincided with the introduction of the new Colorado logo. At the time, the company [Williams the Shoemen] was concerned about its branding of the word 'Colorado' given the opening of the Colorado Bag Co Store.

At the time Colorado Bag Co Store started in the market, the public was familiar with 'Colorado' as a brand. The brand had a reputation for quality built by the sale of its upmarket shoes. At this time, the Colorado shoes had a minimum point of sale price of \$60 and the \$100 range of Colorado shoes was being sold in all stores. The minimum \$60 price was implemented to ensure that the Colorado brand was associated with quality."

This was much less information about Strandbags Group's activities than was actually known to Colorado Group. Partly for that reason it is said that Mr Williams' statement was misleading, and did in fact mislead the Registrar. The statement is said to have been misleading in the following respects (and here I quote from Strandbags Group's submissions): "(a) at least, as to the 2001 status of the Respondent's uses, and/or (b) very possibly, so as to think that there was some relationship between the trade mark applicant and the Colorado Bag Co." As to (b) it is not being alleged that what was said was untrue (a direct misrepresentation) but, rather, that there was an implied or inferred representation to the effect that all that was known about Colorado Bag Co was being disclosed. Further, this is not a case of omission because an omission (if there be any) must render an actual statement false for it to be a misrepresentation: Arkwright v Newbold (1881) 17 Ch D 301, 309. I propose to proceed on that view.

I do not accept that the Registrar would have read Mr Williams' statement as indicating that there was some relationship between Colorado Group and Colorado Bag Co. The last sentence of the first quoted paragraph only makes sense if there were no relationship between the two. The other alleged misrepresentation, however, cannot be dismissed out of hand. If what was said by Mr Williams would naturally lead the Registrar to suppose that Mr Williams had disclosed all that he knew about the activities of Colorado Bag Co he has made a representation to that effect: Lee v Jones (1864) 17 CB (NS) 482, 510. In deciding what the Registrar would suppose, I am required to assume the Registrar is a reasonable person in that position: Krakowski v Eurolynx Properties Ltd (1995) 183 CLR 563, 576-577. The view I take is that a reasonable Registrar would likely think that Mr Williams was providing him with information about the situation in 1991 and not as

things stood in 2001. The first paragraph is in terms confined to events in 1991 — “The first Colorado Bag Store opened [in] 1990 or 1991” — “At the time” this was a cause for some concern but not a major concern because “at that time” the brand was characteristic of Colorado Group’s goods. The reference in the second paragraph to “At the time” and “at that time” likewise points the Registrar to 1990 or 1991. In both paragraphs Mr Williams is making what he no doubt thought was an important point (whether it was or not being irrelevant), namely, that nothing of relevance happened after 1990 or 1991 because the mark had already acquired distinctiveness. I do not accept that Mr Williams’ statement would have been understood by the Registrar as referring to “the 2001 status of [Strandbags Group’s] uses.”

This conclusion makes it unnecessary to consider whether the Registrar was in fact misled by any implied misrepresentation. It goes without saying that it would have been near to impossible for this allegation to be made out in the absence of the Registrar, who was not called to give evidence.

184 The respondent submitted that the statement of Mr Williams plainly contained the implicit representation that nothing of relevance happened after 1990 or 1991. Equally plainly, it was submitted, that was not correct. The construction of the letter as limited to the events of 1990 or 1991 did not overcome the difficulty, it was submitted, that the letter led the Registrar to the false impression that there were no facts of relevance after 1991. It can be inferred, it was submitted, that the Registrar acted on this basis.

185 The appellants submitted that there was no duty upon CGL to bring to the attention of the Examiner the use by other traders. They emphasised that there was no request for such information in the report of the examiner.

186 I am troubled by the sparseness of the information contained in Mr Williams’ statement. The report of the examiner did only refer to “evidence of use of your trade mark”. However, that was in the context of distinguishing goods **from other traders**. As the primary judge found, “Colorado Group also appreciated that it had to provide some information to the Registrar about the use to which the word ‘Colorado’ had been put by Strandbags Group”. (See [38] of the first judgment.) The provision of the information in the form it was provided gave an impression, or was apt to create the assumption, that the four paragraphs about the Colorado Bag Co, dealing with its activity in the early 1990s, amounted to the relevant information about use by others for the purposes of the enquiry. Plainly it was not. It was, however, no more than an impression. The statement gives no clear information

as to how long the activity lasted, and where other stores were opened. The information was incomplete, but I do not think that it clearly conveyed that this was all the information about the use made by others. It was not put that the information was put forward with the intention of creating a false impression. There was no request by the examiner for further information about the use by others. In all the circumstances, not without hesitation, I am not prepared to conclude that the acceptance of the application for registration was on the basis of false evidence or false representation.

Infringement

187 The primary judge found no infringement other than in respect of backpacks. In coming to this conclusion his Honour rejected the propositions:

- (1) that handbags, wallets and purses were goods “of the same description” as backpacks for the purposes of s 120(2) of the 1995 Act;
- (2) that these goods were “closely related” to the service of bringing together backpacks for the benefit of customers;
- (3) that the service of bringing together handbags, wallets and purses for the benefit of customers was “closely related” to backpacks;
- (4) that the service referred to in (3) above was a service of the same description as the service referred to in (2) above.

188 The primary judge’s reasons for rejecting the proposition in (1) above were at [24]-[26] of the second judgment:

I can dispose of the “same description” inquiry fairly swiftly. Whether goods are “of the same description” is a question of fact. According to the authorities, the three principal factors to be considered are: (1) the nature of the goods, including their origin and characteristics; (2) the uses made of the goods, including their intended purposes; and (3) the trade channels through which the goods are bought and sold. It is not essential that all criteria be met. See Re Jellinek’s Application for a Trade Mark (1946) 63 RPC 59; John Crowther & Sons (Milnsbridge) Ltd’s Application for a Trade Mark (1948) 65 RPC 369; Reckitt & Colman (Australia) Limited v Boden (1945) 70 CLR 84; McCormick & Co Inc v McCormick (2000) 51 IPR 102. The expression “same description” is not to be construed restrictively and regard is to be paid to the business or commercial context in which the goods in question are

bought and sold: Rowntree plc v Rollbits Pty Ltd (1988) 10 IPR 539, 546; Australian Wine Importers' Trade Mark (1889) 6 RPC 311, 318. Goods are not of the same description simply because they can be used for the same purpose, for example for personal adornment: Ritz Hotel Ltd v Charles of the Ritz Ltd (1988) 15 NSWLR 158, 220; Camiceria Pancaldi and B Srl v Le Cravatte Di Pancaldi Srl (1994) 30 IPR 547.

I do not think it can be said that handbags, purses and wallets are of the same description as backpacks. Backpacks, especially those in respect of which Colorado Group or its predecessor applied the mark (being school backpacks), are not put to the same use as handbags, wallets or purses. The nature of the products is, to my mind, quite different. Backpacks are highly functional and directed toward comfort, weight-bearing, support and durability while wallets and purses have a predominant fashion purpose. While perhaps not decisive, a person wishing to buy a backpack would not find a handbag, wallet or purse to be an acceptable substitute or alternative: see San Remo Macaroni Company Pty Ltd v San Remo Gourmet Coffee Pty Ltd (2000) 50 IPR 321, 330; Canon Kabushiki Kaisha v Brook (1996) 69 FCR 401, 410-411. In any event, a consumer is not likely to think that these goods originate from the same source. That is, I do not accept that either the trade or the public would regard the goods as similar.

I do not treat as relevant, as Colorado Group asserted it was, that both it and Strandbags Group sell these goods from the same stores and to the same sorts of customers. The fact that goods may be found in the same shop or in the same department within a department store is more a symptom of modern marketing methods which "tend to unify widely different types of products in the same retail outlets or distribution networks", than any great similarity in the goods: Continental Connector Corp v Continental Specialities Corp, 492 F.Supp 1088, 1096-1097(1979). In my view, correspondence in the channels of trade is no longer a very helpful line of inquiry in relation to many goods, although there may be exceptions.

189 The primary judge's reasons for rejecting the proposition in (2)-(4) above were at [27] of the second judgment:

The final question is whether the service of bringing together handbags, wallets and purses for sale is a service "closely related" to backpacks or whether it is "of the same description" as the service of bringing together backpacks for sale. I think these claims are hopeless. I do not understand how it can be said that the service of bringing handbags, wallets and purses together is "closely related" to backpacks. There is no relationship between the two. In my opinion, speaking generally it is only when retailing services consist of supplying the very goods in respect of which it is said the services are related that the services and goods will be closely related: see Warnaco US Inc v Estee Lauder Cosmetics Ltd (2001) 50 IPR 143, K Mart Corporation v Artline Furnishers Supermarkets Pty Ltd (1991) 23 IPR 149. Put another way, I cannot imagine that the public would expect the same business to supply handbags, wallets and purses as well as backpacks:

Winglide Pty Ltd v Corporate Express Inc (1999) 46 IPR 627, 630. For much the same reasons, I reject the submissions that the service of bringing together handbags, wallets and purses for the benefit of customers is a service “of the same description” as the service of bringing together backpacks for sale and that handbags, wallets and purses are goods “closely related” to that service.

190 No complaint was made by the appellants about the principles which the primary judge applied to analyse the questions. It is unnecessary to repeat what his Honour said, set out at [188]-[189] above. Even giving somewhat greater weight to the question of channels of trade, I am unable to identify any error in the primary judge’s approach beyond what flows from coming to a different conclusion. To a degree, the conclusion about this is one of impression and judgment and due weight should be given to the primary judge’s conclusion: *Branir* 117 FCR at 437-38 [29]. I certainly agree with the primary judge that wallets and purses are not goods of the same description as backpacks. It might be said, however, that a backpack is a species of general bag. I am less convinced that there is no error in relation to bags or handbags, given the more general purpose of such items for carrying things as a backpack.

191 Given my view on s 41, this conclusion is strictly unnecessary, but I tend to think that bags and handbags (but not wallets and purses) are goods of the same description as backpacks.

192 Subject therefore to the operation of s 120(4) of the 1995 Act, if I am wrong about distinctiveness, I would find infringement not only by the use of the word “Colorado” (other than by use of the prior registered trade mark with the Indian head) on backpacks, but also on bags and handbags.

Defences

193 The primary judge dealt with a defence under s 122(1)(f) at [29]-[32] of the second judgment. This was an error. The respondent had abandoned this defence.

194 The respondent did however put forward a defence under s 124 of the 1995 Act. Section 124 is in the following terms:

(1) A person does not infringe a registered trade mark by using an unregistered trade mark that is substantially identical with, or

deceptively similar to, the registered trade mark in relation to:

- (a) goods similar to goods (**registered** goods) in respect of which the trade mark is registered; or*
- (b) services closely related to registered goods; or*
- (c) services similar to services (**registered** services) in respect of which the trade mark is registered; or*
- (d) goods closely related to registered services;*

if the person, or the person and the person's predecessor in title, have continuously used in the course of trade the unregistered trade mark in relation to those goods or services from a time before:

- (e) the date of registration of the registered trade mark; or*
- (f) the registered owner of the registered trade mark, or a predecessor in title, or a person who was a registered user of the trade mark under the repealed Act, first used the trade mark;*

whichever is earlier.

(2) If the unregistered trade mark has continuously been used only in a particular area of Australia, subsection (1) applies only to the use of the trade mark by the person in that area.

195 The primary judge did not deal with s 124. His Honour perhaps did not need to. Given his views on “goods of the same description” for s 120(2) and that he found infringement in respect of backpacks only, the ability of the respondent to prove the matters in s 124(1)(f) was problematical.

196 There was no debate but that the respondent had used the mark substantially identical with or deceptively similar to the word “Colorado” in respect of backpacks, bags and handbags and that these were “similar goods” for s 14 of the 1995 Act and the expression “goods similar to goods in respect of which the trade mark is registered” for s 124(1)(a).

197 There were a number of questions debated in respect of s 124. The first question is whether the respondent and Edgarelodge (which was agreed to be its predecessor in title for s 124(1)), continuously used in the course of trade the unregistered mark (that is substantially identical to or deceptively similar to the registered mark) in relation to those similar goods from the relevant date.

198 The second question concerned the relevant date in s 124(1)(f) and whether the first use of the trade mark by WtS P/L on backpacks in 1982 marks the relevant date for bags and handbags, as well as for backpacks.

199 The third question concerned the effect on s 124(1) of s 124(2) and whether the continuous use has to be shown sufficiently widely over Australia to invoke the operation of s 124(1), even before s 124(2) is engaged.

200 The fourth question was as to the engagement of s 124(2) and the extent of the responsibilities of the parties to the litigation to plead and prove the matters there contained.

201 It is convenient to deal with the second of these questions first, because if the relevant date is 1982, not only for backpacks but also for bags and handbags, the attempted invocation of s 124 fails *in limine*. The question then is, is the use of s 124(1) excluded in respect of infringement on bags and handbags, when it is agreed that Edgarlodge was the first to use the mark (the word “Colorado” alone) on bags and handbags, but not backpacks? The question did not arise in Mr Ryan’s written submissions. In those submissions, he approached the issue on the basis that one looked to s 124(1)(f) in relation to bags and handbags separately or differentially from backpacks. In oral address he refined the argument to take this point.

202 Section 124 uses the definition in s 14. “Similar goods” from s 14 are two kinds of goods – goods that are the same, and goods that are of the same description. Section 124 uses this combined definition to provide a defence to both ss 120(1) and (2). If, as here, the registered proprietor first used the mark on the goods, and the unregistered user first used the mark on other goods which are of the same description (but not sufficiently identical to be considered the same goods covered by the ownership of the mark), and s 124 is otherwise satisfied, one would have thought that there is reason to think that the defence would apply to the infringement by the use of the mark on goods of the same description, but not the same goods. Another construction (and one put by Mr Ryan in oral address) would be that the putative infringer must use the mark on the same goods or goods of the same description before any use of the mark by the registered owner or its predecessor.

203 These two alternatives raise some difficulties. Use by the putative infringer of the mark on the same goods would, one would have thought, enable it to challenge the ownership of the registered proprietor to the mark. Putting that complexity to one side, if “first used” in s 124(1)(f) relates to any first use and if s 124(1) is to be read by reference to similar goods (through s 14) as a composite whole, then any first use by the putative infringer (even on goods that are only of the same description) will protect it in relation to all use after the

proprietor's first (and later) use on the goods for which the mark is held. Thus, here, if it be the case that Edgarlodge must show (which it cannot) use before 1982 on goods of the same description, it cannot invoke s 124(1) in this case. This construction, however, would mean that if Edgarlodge could show some use on handbags (being goods not the same as backpacks, but goods of the same description) before 1982, that would protect it from infringement on goods, not only of the same description as backpacks, but also the same goods, backpacks, themselves.

204 I prefer Mr Ryan's considered first impressions in his written submissions. The sensible construction of s 124(1)(f) is to assess the first use of the registered proprietor by reference to the "same goods" and "goods of the same description", they being the separate components of "similar goods" or "goods similar". Thus, if someone has been using the mark before the proprietor on goods (though not the same goods) of the same description as those for which registration is obtained, s 124(1) is available to that person, even if the proprietor was the first to use the mark on the goods themselves for which registration is obtained.

205 I should add that not only are these views *obiter*, they have been reached in the absence of detailed argument by counsel on the history and context of s 124, including its relationship with other provisions of the 1995 Act. I only express the view such that the approach that I would take is clear should I be wrong on distinctiveness and on the successful fate of the cross-claim.

206 I turn then to the third question. In his written submissions, Mr Ryan submitted:

As to defences, section 124 would apply if his Honour was correct in holding that bags, wallets and purses should be removed from the scope of registration of the mark in suit but infringement is nevertheless found on the basis that such goods are goods of the same description as backpacks. However, even then, as the Appellants submitted at trial, s. 124(2) would confine the operation of the defence to Queensland, Tweed Heads and Wagga Wagga.

There was an attempt in oral argument to propound a construction of s 124(1) that the effect of s 124(2) was to require proof of continuous use of the mark over all of Australia, and to disengage different uses in different parts of Australia and require them to be looked at individually. I think that is an unreal and overly complicated way of looking at s 124. If

there has been use by the parties identified that can be said to be “continuous”, that is sufficient unless someone wishes to invoke the limitation on the defence in s 124(2). That deals with the third question.

207 As to the first question, there was no real attempt to argue that there had not been continuous use. There was some evidence of Mr McNabb about the change of stock. His evidence was that by about March 1999, the respondent had sold all of the stock acquired from Edgarlodge of handbags, backpacks, travelgoods and business goods, including satchels. Designing replacements had already begun. These became available in the stores in June 1999. From early 1999 until mid-1999, there was communication between the respondent and manufacturing agents about the new proposed use of the word on handbags and bags and other goods. No detailed analysis of this evidence was undertaken and no assertion was put that there had been any sufficient break in the relevant trade mark use such that the respondent had not satisfied s 124(1).

208 I turn then to the fourth question concerning s 124(2). The defence to the Second Further Amended Statement of Claim at [9] pleaded the use by Edgarlodge and itself from at least 1992 to fall within, so it was pleaded, s 124 of the 1995 Act. There was no fresh reply filed. The earlier reply merely joined issue with the defence. There was no pleading by the applicant of s 124(2).

209 Whether by pleading of s 124(2) or by some sufficient step to raise the issue, it was for the applicant to place reliance on s 124(2). If the hearing had been conducted on the basis that “use” (that is use as a trade mark) had only occurred in a particular area, the parties would then have been in a position to address the issue. There was, it was true, no debate about where the various shops of Edgarlodge were (Queensland, Tweed Heads, Liverpool and Wagga Wagga). There was otherwise no investigation of the width of any “use” beyond the location of those shops. There were also, however, the “Bagstop” and “Travel Bug” stores. The use by the respondent from 1999 was Australia-wide. It was, it seems to me, for the appellants (applicants at the trial) to raise this issue.

210 The appellants submitted that at the trial they raised this geographical limitation, not only for the purposes of s 124(2), but also for the purposes of the scope of injunctive relief. At [54] of his first judgment the primary judge said:

For the sake of completeness I should mention that Colorado Group did not in the action pursue a claim that Strandbags Group should be restricted in the use of its "Colorado" mark to a particular geographic area (for example, Queensland) or to particular kinds of goods (say, handbags). There are many cases where a party using a mark has been restrained from extending its use in a way that will encroach upon the established reputation of a competitor either in a particular geographical area or in a particular line of business. I mention this not to suggest that the pursuit of such a claim could have provided the applicants with some relief, but simply to show that the point has not been overlooked.

211 Mr Ryan submitted that he had pursued a claim for a geographical limitation to the orders and to the application of s 124(2). He first pointed to his opening submissions, where he said to the primary judge:

Your Honour, what Strandbags did from September 1988 was to liquidate all stock on hand bearing the Colorado mark and then towards the end of the next year in 1998 recommenced use of the Colorado mark on their product, but with this important difference to what had happened previously: Strandbags is a very large organisation with hundreds of stores Australia-wide and what Strandbags did, which Mr Evans hadn't done previously, was then to sell Colorado brand of products Australia-wide and thereby bring itself into direct conflict with my client. As well, from about 2004 up until the time of issue of this application, they substantially increased their volume of sales.

Your Honour, the direct result of that has been that consumers buy Colorado products from Strandbags and when they fall apart they send them back to us and we will be calling to give evidence a number of consumers who have had that problem, they've bought something from Strandbags, the zip has broken or whatever it might be and they come complaining to us.

He then pointed to his oral address before the primary judge on 22 July 2005:

Your Honour, we say that must have been the position when Edgar Lodge [sic] started its trading activities in 1991-1992. As my friend has said this morning, we agree that one must look at the conduct complained of at the time of its commencement. If they are Edgar Lodge's [sic] successor in title, one looks at the conduct complained of at the time Edgar Lodge [sic] engaged in that conduct. But my friend elides over the second relevant date, which is 1999-2000.

It's not as if they just took over Edgar Lodge's [sic] business and happily carried on, as Mr Evans was in Queensland and Wagga Wagga. The point, as we have made numerous times before, is that in 1999-2000, Strandbags, being the new purchaser of the business, then started selling Colorado brand bags and wallets all over Australia, at 200 outlets.

So even if they had an answer in Queensland and maybe Wagga, on the basis that people in those places had some prior experience of Colorado Bag Co and there weren't confused as to the source of bags bearing the mark Colorado, that could never be said of consumers in Melbourne, for example. So our position is it was passing off in 1991-1992, but even more obviously so in 1999-2000 and thereafter.

In his written submissions to the primary judge Mr Ryan said:

Consumers are well aware of the brand Colorado by reason, inter alia, of their knowledge of the footwear sold by the Applicants under the mark and, because of that awareness, they think that wallets and bags bearing the mark also come from the Applicants. That must have been the position as well in mid-1991/1992 when Edgarlodge commenced its activities in Queensland, and it must have been the position, a fortiori, in 1999/2000 when the Respondent moved the brand Australia-wide.

212 No pleading of s 124(2) was made. No claim for injunctive relief based on passing off and the *Trade Practices Act* was made other than general relief undifferentiated by geography in Australia.

213 The issues as to “use” for s 124(2) may, perhaps, be different from the issues that might arise as to reputation based on commercial activity in a particular region. At least in respect of the latter, questions as to travel from people outside the particular areas to those areas, scope of advertising and extent of reputation would arise. These were not investigated. Mr Catterns QC, who appeared at the trial and on the appeal for the respondent, said that they did not arise because they were not an issue and if it had been there may well have been further evidence. I accept that submission. If a geographical limitation on use (for s 124(2)), reputation or deception (for the scope of the injunctive relief) is to be part of the resolution of the controversy, it should be raised by the party relying on it. That is the function of pleadings, particulars and case management. There was no clarity about these issues from the applicant. The case may have been conducted differently. The Court on appeal should not entertain the issue. I refer to what I said in this context in *Branir* 117 FCR at 439-40 at [38] and especially the second and third considerations there referred to.

214 In my view, if one gets to infringement on bags and handbags under s 120(2), s 124 provides a defence to the respondent.

Passing off

215 I do not repeat what I have said above about the geographical reach of an injunction to
an area less than that claimed: the whole of Australia.

216 The parties were agreed that the primary judge was in error in directing himself to
1998 and not 1991, when Edgarlodge began using the word “Colorado”. I therefore approach
the matter on this basis.

217 Before Edgarlodge began using the word and word and device, the use by the
appellants had been, principally, of the word with device on shoes and backpacks. Whilst I
am prepared to find that a use of the word alone was made in 1982, the evidence was that the
overwhelming use was with the devices employed.

218 Edgarlodge used an Indian head device and also the word in combination and the
word alone. It used it in respect of bags, wallets and purses.

219 I am not prepared to conclude that this was likely to mislead the public in 1991.
There may or may not have been confusion, but there is an inadequate foundation to conclude
passing off in 1991. I take comfort in this respect (but draw no further assistance than that)
from the failure of the appellants even to challenge the conduct of Edgarlodge until 1998.

220 After Edgarlodge began to sell in the field of handbags, wallets and purses, the
appellants dramatically expanded their participation using themed shops. To a degree no
doubt some confusion was caused; but if it was caused it can be seen as the development of
the appellants’ business outside shoes and backpacks and into the field in which Edgarlodge
was engaged – themed stores, bags, wallets and purses.

221 To the extent that the submissions of the appellants then sought to complain about
1998, I think that the primary judge’s reasoning at [52] and [53] of the first judgment are
amply supported by the evidence:

*Now, coming back to September 1998, the position was this. At that time both
Colorado Group and Strandbags Group had a reputation in the name
Colorado. I rather think that if one were to go back to the 1980s when
Williams the Shoemen’s use of the name was confined to backpacks and shoes
it and Edgarlodge occupied different fields of trade and it is unlikely, except*

for those consumers who were careless, that confusion would arise. By the time the companies' fields of activity began to overlap (that is when Colorado Group was opening its Colorado stores and Edgarelodge was operating its Colorado Bag Co stores) there was the potential for confusion. In the early years the different locations in which the parties operated would suggest that any confusion would not be substantial. Moreover, the fact that Colorado Group's combination mark (word and mountain logo) was different from Edgarelodge's combination mark (word with Indian head) would also minimise the possibility of confusion.

Whatever be the position in the years leading up to 1998, from the time Strandbags Group purchased the Edgarelodge business both it and Colorado Group had a strong reputation in the Colorado brand. I think this finding must put an end to the passing off claim. In a trade mark case General Electric Co of USA v General Electric Co Ltd [1972] 1 WLR 729, 743, Lord Diplock said: "In cases of honest concurrent user [and Strandbags Group's use is concurrent], neither of the owners of [a common law trade mark] could restrict the other from using it, but as against a usurper who infringed it either owner of the mark could obtain an injunction". In a passing off case when two traders have a reputation in the same or similar names that are concurrently being used "neither of them can be said to be guilty of any misrepresentation. Each represents nothing but the truth, that a particular name or mark is associated with his goods or business": Habib Bank Ltd v Habib Bank AG Zurich [1981] 1 WLR 1265, 1275 per Oliver LJ. If in such circumstances there might be confusion that is just "one of the misfortunes which occur in life", but it is not actionable as a passing off: Marengo v Daily Sketch and Daily Graphic Ltd [1992] FCR 1, 2.

222 I should add that some members of the public were called to prove deception. This evidence is all consistent with the proposition discussed by the primary judge in [53] of his first judgment.

Trade Practices Act claims

223 The appellants did not direct submissions to the *Trade Practices Act* claims different to passing off.

Court's power and s 88

224 The Court raised with the parties its authority to act under s 88 of the 1995 Act to order the Register to be rectified if the Court were of the view that the mark was not distinctive for the purposes of s 41. The respondent filed submissions to the effect that the Court has authority under s 88. No issue was taken by the appellants in respect of that approach. The respondent submitted that the proper question before the primary judge (and

so before this Court on appeal) is whether the Court is satisfied that the respondent (cross-claimant) had established on the balance of probabilities that the mark was not capable of distinguishing “Colorado’s” goods or services from the goods or services of other persons having regard to the matters in s 41(3)-(5).

225 Various cases were referred to by the respondent cross claimant in its submissions: *Unilever Australia Limited v Karounos* (2001) 113 FCR 322 in particular [31], *Unilever Australia Limited v Société des produits Nestle SA* [2006] FCA 782, *MID Sydney Pty Ltd v Australian Tourism Co Ltd* (1998) 42 IPR 561, *TGI Friday’s Australia Pty Ltd v TGI Friday’s Inc* (2000) 48 IPR 513 at [39] and *Blount v Registrar of Trade Marks* (1998) 40 IPR 498 at 502-509.

226 In *TGI Fridays’* case the Full Court said the following at [39]:

The grounds for rejection of an application therefore include the grounds for rejection of an application therefore include the ground in s 41 dealing with a trademark that is not capable of distinguishing an applicant’s services from the services of other persons. Accordingly, lack of distinctiveness is a ground for cancellation under s 88.

227 In the light of these authorities and in the light of the approach of the parties it is unnecessary to deal with the matter beyond stating the position that the Court has held to date that lack of distinctiveness is, as the parties submit, a ground for rectification under s 88 of the 1995 Act.

Slip as to belts

228 The parties were agreed that the orders made on 7 July 2006 should not have dealt with belts on the registration.

Orders

229 I would order that the parties bring in orders conformable with these reasons. Those orders should deal with the following:

1. the dismissal of the appeal;
2. the allowing the cross appeal;
3. the setting aside the declarations 1 and 2 and orders 3, 4, 5, 8, 11 and 12 of the

orders of the primary judge made on 7 July 2006;

4. the amending order 6 of the orders of the primary judge made on 7 July 2006 to delete reference to belts and to add a reference to backpacks;
5. the ordering that the appellants pay the costs of the appeal and of the hearing below.