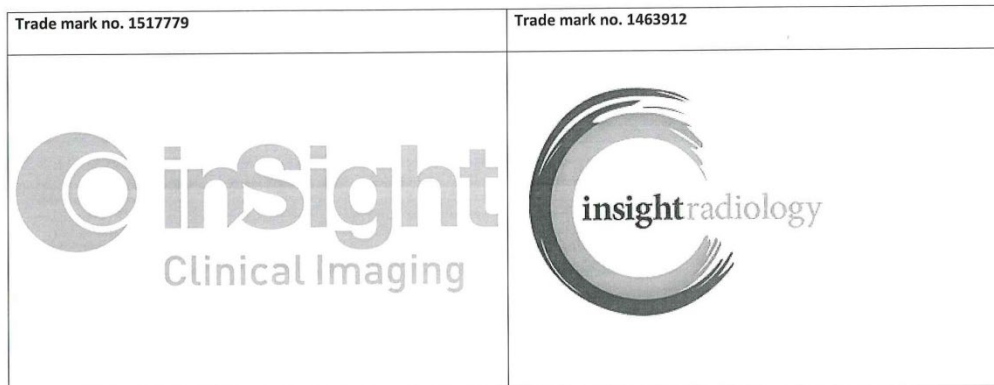


FEDERAL COURT OF AUSTRALIA

GREENWOOD, JAGOT AND BEACH JJ

THE COURT:

1 These applications for leave to appeal concern the following trade marks:



2 The marks are depicted above in black and white given that s 70(3) of the *Trade Marks Act 1995* (Cth) (referred to in the reasons below as the **1995 Act** where used to distinguish earlier versions of the legislation, and otherwise as the **Act**) provides that a trade mark registered without any limitations as to colour is taken to be registered for all colours, and both marks were registered without a colour limitation.

3 The trade mark on the left is registered and has a priority date of 10 October 2012. The respondent, Insight Clinical Imaging Pty Ltd (**ICI**), is the registered owner of this trade mark. It had used this mark (referred to as the **ICI composite mark**), and another word mark “INSIGHT” (also registered and with a priority date of 10 October 2012), to distinguish its radiology services since 2008.

4 The trade mark on the right (referred to as the **IR composite mark**) was the subject of an application for registration filed on 7 December 2011 by the second applicant, Mr Pham. The IR composite mark was first used to distinguish the radiology services of the first applicant in March 2012.

5 By s 19(1) of the Act a trade mark may be registered in respect of goods or services or goods and services. Under s 19(3) goods and services may be divided into classes for the purposes of the Act, by way of regulation. Under reg 3.1 of the *Trade Marks Regulations 1995* (Cth)

goods and services are divided into classes as described in Schedule 1. Schedule 1 includes class 44 which refers to medical services. Both ICI's registered trade marks and IR's application for registration of its mark identified the relevant services as within class 44 for radiological services.

6 Mr Pham is the sole director of the first applicant which is now known as Pham Global Pty Ltd. The company was initially called AKP Radiology Consultants Pty Ltd. On 17 June 2013 Mr Pham caused the name of the company to be changed to Insight Radiology Pty Ltd (**IR**). The further change of name to Pham Global occurred subsequent to the orders of the primary judge which are the subject of this appeal.

7 ICI successfully opposed the registration of the IR composite mark before the Registrar of Trade Marks. IR appealed against this refusal of registration. ICI proceeded against IR for infringement, misleading or deceptive conduct and passing off. IR cross-claimed that ICI's marks ought not to have been registered either at all or without a limitation restricting their use to outside of New South Wales and Tasmania (where IR had been trading under its mark since March 2012). Consequential on reasons for judgment in *Insight Radiology Pty Ltd v Insight Clinical Imaging Pty Ltd* [2016] FCA 1406; (2016) 122 IPR 232, the primary judge dismissed IR's appeal against the Registrar's refusal of its application for registration and found that IR's use of the IR composite mark infringed the ICI composite mark and word mark, involved conduct likely to mislead or deceive in contravention of ss 18 and 29(1)(g) and (h) of the Australian Consumer Law (or **ACL**) as set out in Schedule 2 to the *Competition and Consumer Act 2010* (Cth), and constituted the tort of the passing off of IR's services as services of or associated with ICI. Her Honour also rejected IR's cross-claim against the registration of the ICI marks. Her Honour subsequently ordered IR to pay ICI's costs of each of the appeal and infringement proceedings. This is why there are four applications for leave to appeal. VID1470/2016 is IR's application for leave to appeal against the primary judge's orders in the infringement proceedings. VID1472/2016 is IR's application for leave to appeal against the dismissal of its appeal against the Registrar's refusal of registration of its marks. VID52/2017 and VID53/2017 are applications for leave to appeal against the costs orders in each of the substantive matters. The applications for leave in respect of the costs orders do not raise any independent ground of alleged error and thus depend on the resolution of the substantive matters.

8 We have decided that while IR's applications for leave to appeal in the substantive matters should be granted given the importance of the issues raised, IR's appeals must be dismissed. IR's applications for leave in relation to the orders for costs, accordingly, should be refused.

9 Our reasons follow. For convenience, we will deal first with issues concerning the application for registration of the IR composite mark and second with issues concerning ICI's case for infringement of the ICI marks, passing off and contraventions of the ACL, including IR's cross-claim concerning the ICI marks.

APPLICATION FOR REGISTRATION OF IR COMPOSITE MARK

10 As we have said, the primary judge dismissed IR's appeal against the Registrar's refusal of its application for registration of the IR composite mark. In doing so, her Honour upheld ICI's ground of opposition under s 60 of the Act. Her Honour also upheld a ground of opposition under s 42(b). Otherwise, her Honour rejected ICI's grounds of opposition concerning ownership (ss 27(1)(a) and 58) including whether the IR composite mark was substantially identical to the ICI composite mark.

11 We have determined to dismiss IR's appeal against her Honour's decision concerning the ss 42(b) and 60 grounds of opposition. But we have also determined to uphold ICI's notice of contention concerning her Honour's decision on various ownership questions (ss 27(1)(a) and 58). It is convenient to discuss the ownership questions first.

(a) Section 27(1)(a) questions

12 Mr Pham applied for registration of the IR composite mark on 7 December 2011. As such, pursuant to s 27(1) of the 1995 Act he claimed to be the owner of the mark (s 27(1)(a)) and to be a person who, relevantly, intended to authorise IR to use the mark in relation to IR's radiological services (s 27(1)(b)(ii)).

13 However, the primary judge found that Mr Pham was not the owner of the IR composite mark and never intended to authorise IR to use the mark in relation to IR's radiological services. Rather, IR was the owner of the mark at all times, at least by reason of authorship, and the fact that it was IR which was to use its own mark rather than to do so with Mr Pham's authority (see the primary judge's reasons at [60] – [66]). ICI contended that this meant that its ground of opposition to the registration under s 58 of the 1995 Act, which provides that registration may be opposed on the ground that the applicant is not the owner of the mark, must succeed. The primary judge rejected this contention, adopting the reasoning in *Mobileworld*

Communications Pty Ltd v Q & Q Global Enterprise [2003] FCA 1404; (2003) 61 IPR 98 at [83], ***Crazy Ron's Communications Pty Limited v Mobileworld Communications Pty Limited*** [2004] FCAFC 196; (2004) 209 ALR 1 at [128], and ***Global Brand Marketing Inc v YD Pty Limited*** [2008] FCA 605; (2008) 76 IPR 161 at [131] – [134], the effect of which is that the requirement that the applicant own the mark may be satisfied at any time during the currency of the application. The primary judge concluded that as Mr Pham assigned the trade mark to IR on 1 July 2013, IR was the owner of the IR composite mark during the currency of the application, with the result that this ground of ICI's opposition must fail.

14 ICI contends that the primary judge ought to have accepted its argument that the requirement of ownership must be satisfied when the application was made and cannot be satisfied at any time thereafter. We agree.

15 First, we do not accept that *Crazy Ron's* at [128] was anything other than *obiter dicta*. The Full Court had determined that the appeal must be allowed on the basis that the purported amendment of the application to substitute the name of the owner of the mark as the applicant was not authorised by the 1995 Act (at [117] – [127]). The statement at [128] apparently endorsing the reasoning in *Mobileworld* at [83] was not necessary to the result and orders.

16 Second, *Mobileworld* at [83] and *Global Brand* at [131] – [134] do not refer to all relevant provisions of the 1995 Act and authorities. *Mobileworld* and *Global Brand* appear to be based both on the fact that the 1995 Act introduced a definition of “applicant” in s 6(1) which means, in relation to an application, “the person in whose name the application is for the time being proceeding” and the use of the present tense “is” in s 58 (“The registration of a trade mark may be opposed on the ground that the applicant is not the owner of the trade mark”). Taken in isolation, these matters support the conclusion that the ground in s 58 is to be determined at the time the opposition is decided. But in our opinion, when the scheme of the 1995 Act is considered as a whole and in the context of established common law principles relating to trade marks, a different conclusion is necessary. Accordingly, the *obiter dicta* in *Crazy Ron's* at [128] and the reasoning in *Mobileworld* at [83] and in *Global Brand* at [131] – [134] are incorrect.

17 Section 58, as noted, provides that:

The registration of a trade mark may be opposed on the ground that the applicant is not the owner of the trade mark.

18 By s 27(1)(a) an application may be made by a person who “claims to be the owner of the trade mark”. In *Food Channel Network Pty Ltd v Television Food Network GP* [2010] FCAFC 58; (2010) 185 FCR 9 the Full Court, in considering the issue of contested ownership and intention to use (a requirement imposed by s 59), said:

49 At common law, rights in a trade mark are established by use. The Act allows an applicant to obtain title to a trade mark prior to use, so long as the requirements in s 27 are met. Two requirements must be satisfied by an applicant who seeks to register a trade mark:

1. s 27(1)(a) requires that an applicant ‘claims to be the owner of the trade mark’, and
2. s 27(1)(b) requires that an applicant is either using or intends to use (or authorises or intends to authorise another to use) the mark in relation to the goods or services concerned.

50 The judge interpreted the requirement in s 27(1)(a) as being equivalent to proven, rather than claimed, ‘ownership’. Her Honour said at [78]: “The application of s 27(1)(b)(ii) is only relevant if s 27(1)(a) is satisfied, namely that the trade mark applicant is also the owner.” The terms of s 27(1)(a) do not support that approach.

51 McTiernan J explained in *Shell Co of Australia Ltd v Rohm and Haas Co* (1948) 78 CLR 601 (at 631):

the lodging of the application for the registration of [the mark] gave [the applicant] an inchoate title to that trade mark and an inchoate right to its exclusive use; the title and the right would cease if registration were refused, but if granted the title and the right would be confirmed and endure for the term of the registration. ... For a very long time it has been a fundamental principle of the legislation providing for the registration of trade marks that the lodging of an application for registration gives to the applicant certain rights in respect of the user of the trade mark of which registration is sought.

52 In the same case, Dixon J said that (at 627):

The basis of a claim to proprietorship in a trade mark so far unused has been found in the combined effect of authorship of the mark, the intention to use it upon or in connection with the goods and the applying for registration.

53 In the United Kingdom, insertion of the phrase “claiming to be the proprietor” into the equivalent section of the *Patents, Designs and Trademarks Act 1883* (UK) was considered to ameliorate the confusion over whether the previous Act did no more than provide for the registration of marks, ‘proprietorship’ in which had already vested via the common law, through use. So much was explained by Gummow J in *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 31 IPR 375 (at 385-6):

The phrase ‘claiming to be the proprietor’ had not appeared in the comparable provisions of the first of the modern British statutes, the *Trade Marks Registration Acts 1875-1877* (UK). After the passage of the 1875 legislation, there had been doubts as to whether the

legislation did no more than provide for the registration of marks already distinctive by reason of use and, as such, protected at common law, or whether it enabled a person who had coined a trade mark to obtain registration and treat that registration as equivalent to prior public use; see, eg *Edwards v Dennis* (1885) 30 Ch D 454 at 473, 479. The doubt was resolved in favour of the wider construction of the 1875 legislation by *Re Hudson's Trade-Marks* (1886) 32 Ch D 311 at 319–20, 325–6. In the meantime, s 62 of the 1883 statute had come into force. The introduction of the phrase ‘claiming to be the proprietor’ was treated in the Sebastian’s, *The Law of Trade Marks*, 3rd ed, 1890, p 361, as having clarified the situation. The learned author said that ‘By “claiming to be the proprietor” nothing more is meant than “claiming to be the first to adopt”, whether there has been any user or not’. He added that ‘Since by s 77 a trade mark cannot be protected until either it has been registered or registration has been refused, it hardly seems that there can be any effective proprietorship until registration has been granted...’

...

- 55 Section 58 of the Act provides that registration of a trademark may be opposed on the ground that the applicant is not the owner of the mark. In this context, the term ‘owner’ derives meaning from its common law origins relating to prior use. As explained in *Shanahan’s Australian Law of Trade Marks And Passing Off* (4th Ed) (at 380):

The first user is the person entitled to claim to be the owner and if the applicant is shown not to be the first user, the ground of opposition will be established.

- 19 In either case, be it ownership by authorship and prior use or ownership by the combination of authorship, the filing of the application and an intention to use, the scheme of the legislation under both the 1995 Act and its predecessors, the *Trade Marks Act 1905* (Cth) (the **1905 Act**) and the *Trade Marks Act 1955* (Cth) (the **1955 Act**) provide for “registration of ownership not ownership by registration” (*PB Foods v Malanda Dairyfoods Ltd* [1999] FCA 1602; (1999) 47 IPR 47 at [78] – [80] per Carr J cited in *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* [2017] FCAFC 56 at [170]).

- 20 In *Shell Co of Australia Ltd v Rohm and Haas Co* (1949) 78 CLR 601 at 624, a case under the 1905 Act which did not contain a definition of “applicant”, Dixon J referred to the:

well-settled general principle that the title of a mark to registration is to be determined on the state of facts existing when the application is lodged.

- 21 In another case under the 1905 Act, *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 at 595, Kitto J, applying *Re Jellinek’s Application* (1946) 63 RPC 59, said that in respect of “applications for registration, the rights of the parties are to be determined as at the date of the application”.

22 The same approach has been taken in a number of cases under the 1995 Act. The Full Court in *Registrar Of Trade Marks v Woolworths* [1999] FCA 1020; (1999) 93 FCR 365 at [50] approved of Kitto J's statements of principle in *Southern Cross Refrigerating* insofar as the issue of deceptive similarity is concerned saying that the "essential elements of those propositions continue to apply to the issue of deceptive similarity under the 1995 Act". Further, in *Lomas v Winton Shire Council* [2002] FCAFC 413 at [36] – [44] the Full Court assumed that ownership at the application date was required. In *Food Channel* at [67] and [74] the Full Court, having referred to *Shell* and *Lomas*, also said that the issue of intention to use under s 59 of the 1995 Act must be determined at the date of the application.

23 It is true that the 1995 Act introduced a definition of "applicant" which is expressly ambulatory in its operation (that is, the applicant is the person in whose name the application is "for the time being proceeding"). At the same time the 1995 Act introduced a capacity for assignment of a trade mark whose registration was being sought. No such provision appeared in the 1905 Act or the 1955 Act. Section 58 of the 1905 Act and s 82 of the 1955 Act permitted only a registered trade mark to be assigned.

24 Thus, s 106(1) of the 1995 Act provides that:

A registered trade mark, or a trade mark whose registration is being sought, may be assigned or transmitted in accordance with this section.

25 It is apparent from the terms of s 106(1) that it is the trade mark, not the application for the trade mark, which is being assigned. Section 106(1) thus pre-supposes ownership of the mark in the assignor that is to be transferred to the assignee which, under established principle, is ownership either by authorship and prior use or by the combination of authorship, the filing of the application and an intention to use.

26 By s 107(1) an application for the assignment of a trade mark whose registration is being sought is required to be recorded on the Register. By s 107(2) this application is to be in accordance with the regulations. Regulation 10.1 of the *Trade Marks Regulations 1995* (Cth) requires, as a prescribed document to accompany such an application, "a document that establishes the title to a trade mark of the assignee". By s 108(2):

On and after the day on which the Registrar records the particulars of the assignment or transmission, the person to whom the trade mark has been assigned or transmitted is taken, for the purposes of this Act, to be the applicant for the registration of the trade mark.

27 Equivalent provisions apply to registered trade marks in ss 109 and 110. In the case of registered trade marks and trade marks whose registration is being sought, s 111 applies and provides that:

If an application made under section 107 or 109 in relation to the assignment or transmission of a trade mark complies with this Act, the Registrar must notify in accordance with the regulations any person recorded under Part 11 as claiming an interest in, or a right in respect of, the trade mark.

28 These provisions are relevant in two ways.

29 First, and as noted, the scheme of the 1995 Act (in common with the 1905 Act and the 1955 Act) is that the person claiming to be the owner is permitted to file an application under s 27(1). Such a person may claim to be the owner as at the application date either by reason of authorship and prior use or by reason of authorship, filing the application and an intention to use. The mark the subject of an application may be assigned but, consistent with this scheme, ss 106 – 109 assume that the applicant, who is able to file an application only by reason of a claim to be the owner when the application is made, is in fact the owner of the mark and thus able to assign the mark. In that event, ss 106, 107, 108 and 111 ensure that the new owner, the assignee, becomes the applicant for registration and that the Register reflects this position.

30 Second, it is apparent that this scheme requires a definition of “applicant” which is ambulatory in its operation. The capacity to assign trade marks the subject of a pending application for registration explains the introduction of the definition of “applicant” as the person in whose name for the time being the application is proceeding. The definition is necessary to enable ss 106 – 111 to operate in respect of the assignment of trade marks the subject of a pending application.

31 In the context of this scheme, where the capacity to file an application depends on a claim of ownership (s 27(1)(a)) and use or an intention to use the mark (s 27(1)(b)), the ground of opposition in s 58 should be construed as applying at the time the application is made. If it were otherwise, the provisions regulating the capacity to file an application, s 27(1)(a) and s 27(1)(b), need not require the applicant to be a person claiming to be the owner of the mark who is using or intends to use the mark as at the application date. Similarly, as held in *Food Channel* with respect to s 59 (which provides that registration may be opposed on the ground that the applicant “does not” intend to use or authorise the use of the mark or to assign the mark to a body corporate for use), if the requisite intention need not exist as at the filing of the application then there would be no purpose in s 27(1)(b) imposing such a requirement.

32 Once it is understood that the legislative scheme operates in the context of established principle that the alternative sources of ownership of a trade mark are authorship and use before filing an application for registration or the combination of authorship, filing of an application for registration and an intention to use or authorise use, the relationship between s 27 and ss 58 and 59 of the 1995 Act becomes apparent. The grounds of opposition in ss 58 and 59 reflect the requirements of s 27. Only a person claiming to be an owner may apply for registration. That claim may be justified at the time the application is made based on either alternative source of ownership. But if the claim is not justified at that time, ss 58 and/or 59 are available grounds of opposition. Moreover, if the applicant is not the owner of the mark at the time of the filing of the application, the assignment provisions in ss 106 – 111 do not assist because they authorise the assignment of the mark and thus pre-suppose, consistent with established principle, that the applicant owns the mark.

33 In *Shell* at 624 Dixon J said that the fact that registration gives rights back to the date of application is consistent with the requirement that the applicant own the mark at the application date. We agree. Under s 72 of the 1995 Act (in common with the 1905 Act and 1955 Act) the registration of a trade mark is taken to have had effect from (and including) the filing date in respect of the application. The “filing date” is defined in s 6(1) to mean, relevantly, the day on which the application is filed or, for a divisional application, the filing date of the parent application. The rights given to a registered owner to use a registered mark by s 20 of the 1995 Act, being the exclusive right to use and authorise the use of the mark and to obtain relief for infringement, thus relate back to the filing date of the application.

34 Section 28, relating to joint owners, is also consistent with this approach. Section 28 provides that:

If the relations between 2 or more persons interested in a trade mark are such that none of them is entitled to use the trade mark except:

- (a) on behalf of all of them; or
- (b) in relation to goods and/or services with which all of them are connected in the course of trade;

the persons may together apply for its registration under subsection 27(1).

35 Section 28 thus also pre-supposes ownership of a mark at the time of application, albeit ownership subject to other legal relations between those interested in the mark.

36 Contrary to the submissions for IR, the definition of “registered owner” does not assist its case. “Registered owner” is defined in s 6(1) to mean the person in whose name the trade mark is registered. Before registration, there is no such person. By s 68(1), the Registrar must register the trade mark accepted for registration “within the period provided under the regulations”. The period is 6 months from the day on which the acceptance is advertised in the *Official Journal* (regulation 7.1). By s 69(1) the trade mark must be registered in the name of the applicant for registration. Given ss 106 – 111, this must mean the applicant in whose name the application is proceeding at the expiry of the six month period.

37 IR submitted that the period for which Mr Pham was the “applicant” for the IR composite mark was irrelevant as only a registered owner has the exclusive rights under s 20 and thus may sue for infringement and related relief (such as damages or an account of profits) under ss 120 and 126 respectively. It is true that s 20 vests the exclusive rights in the registered owner, but nothing in ss 120 or 126 identifies that the only possible plaintiff on an action for infringement and consequential relief is the registered owner at the time the action for infringement is commenced or otherwise. This reflects the legislative scheme which permits assignment of a trade mark, including one subject to a pending application for registration, and gives rights on registration back to the filing date of the application.

38 In *Hunter Douglas Australia Pty Ltd v Perma Blinds* (1970) 122 CLR 49 at 59 and 60, in respect of the provisions of the 1955 Act, Barwick CJ said:

Indeed, it would appear that once registered, the proprietor's exclusive rights granted by s 58 are exercisable in respect of acts done by other persons in the interim between application for registration and the registration with the consequences fixed by s 53(1). It seems to have been accepted by the Court of Appeal in *Tavener Rutledge Ltd v Specters Ltd* (1959) RPC 355 that an applicant for registration might properly commence a suit for infringement of his mark in respect of acts done in the period after the date of his application for registration of the mark and before the entry of its registration. Doubtless, such proceedings could not succeed unless before the time for the making of the order or decree the mark had been registered. But having been registered, the former applicant for registration who had commenced suit before registration was held entitled to succeed in respect of the acts I have referred to, regarded as infringements of a registered mark.

39 Further, in *Colbeam Palmer Ltd v Stock Affiliates Pty Ltd* [1968] HCA 50; (1968) 122 CLR 25 Windeyer J dealt with a case in which a trade mark had been assigned, the consequence of which for the infringement suit and claimed relief of an account of profits was that the assignor and assignee both had rights to an account relating to the period for which they were each the registered owner of the infringed mark.

40 The point that ICI was making is that the legislative scheme assumes that the applicant for registration will be the owner of the mark and thus capable of assigning it, either before or after registration. Once registered, there will be a registered owner. The registered owner might change over time by assignment of the mark. The assignee will then become the registered owner. The registered owner's rights include those under s 126(1)(b) to claim relief for infringement by way of an account of profit or damages. While there may be only one or joint registered owners at any one time, infringements may and usually will occur over time. The plaintiff entitled to relief within the meaning of s 126(1)(b) by way of an account of profits or damages necessarily will be the registered owner of the mark at the time of the infringement. Within such a scheme, where the rights of the registered owner extend back to the filing date of the application, it is essential that the initial applicant on the filing date be the owner of the mark. Otherwise, the applicant cannot transfer ownership of the mark by an assignment in accordance with the legislative provisions on and from the filing date and can claim on becoming the registered owner an account of profits or damages for infringement when not in fact the owner of the mark.

41 The importance of ownership at the application date is also reinforced by the multiple stages at which the requirement operates. First, only an applicant claiming to be an owner may file an application (s 27(1)(a)). Second, registration may be opposed on the ground that the applicant is not the owner of the mark under s 58 which, as we have said, must be understood as the owner of the mark at the time of the filing of the application. Third, under s 88 an aggrieved person may apply to have a trade mark revoked on any ground on which the registration of the trade mark could have been opposed.

42 Apart from these considerations, it would be surprising if more than a century of law to the effect that an applicant for a trade mark must own the mark were to be swept away by a side-wind because of the introduction of provisions which are explicable by the more limited object of permitting the assignment of trade marks the subject of a pending application.

43 For these reasons, we consider that the *obiter dicta* in *Crazy Ron's* at [128] is wrong and, if it be necessary to say so, is plainly wrong. It follows that *Mobileworld* at [83] and *Global Brand* at [131] – [134] are also wrong. It also follows that a further ground on which IR's appeal against the Registrar's refusal to register the IR composite mark had to be dismissed was that the applicant for registration, Mr Pham, did not own the IR composite mark at the time of his application. He was not then the author of the mark, as IR was the author. He did not intend

to use or authorise IR to use the mark. He intended only that IR use the mark. The consequence is that ICI's ground of opposition under s 58 was established and ought to have succeeded before the primary judge.

44 A necessary consequence of our conclusions above is that the purported assignment of the trade mark from Mr Pham to IR after the filing of the application, on 1 July 2013, was immaterial. The requirement for ownership applied at the filing date of the application on 7 December 2011. Nothing which happened after that date could cure the deficiency in ownership at the application date.

45 We also agree with ICI that, in any event, the purported assignment by Mr Pham to IR could not have been effective to transfer ownership of the IR composite mark as, for the reasons the primary judge gave which are not the subject of this appeal, IR not Mr Pham owned the mark. Mr Pham could not assign that which he did not own. As noted, ss 106 to 111 concern the assignment of a trade mark, not the assignment of an application for a trade mark. But even if there could be an assignment of an application for a trade mark, it would not overcome the problem in the present case that the owner of the IR composite mark was IR and IR did not apply for registration of the mark.

46 Finally on this aspect of the appeal, the belated attempt on behalf of IR to assert some kind of constructive trust need not be considered for two reasons.

47 First, it cannot cure the fact that Mr Pham, who did not own the mark, made the application. On the unchallenged facts as found by the primary judge, Mr Pham did not have any legal or equitable interest in the IR composite mark. Mr Pham made the application claiming to be the owner when he was not. The inchoate right which he obtained by reason of the mere filing of the application was not a right of ownership, which given the lack of prior use of the IR composite mark depended on the combination of authorship, filing and an intention to use or authorise the use of the mark, a combination found on the facts by the primary judge not to be satisfied. It was Mr Pham who had to own the mark by one of the two available means at the time the application was filed. He satisfied neither means. Moreover, her Honour's factual findings are not consistent with any division between the legal interest and the equitable interest in the IR composite mark at the time of the filing of the application. It is not apparent how a constructive trust could therefore assist in avoiding the effect of the statutory provisions. Moreover, to talk of a constructive trust over the application, as distinct from the mark, lacks conceptual coherence for other reasons that we do not need to dwell on.

48 Second, the assignment issue was raised before the primary judge who dealt with it at [70]. It is apparent that the possibility of a constructive trust was not raised before the primary judge. Further, the assignment was in issue in the appeal, yet IR made no reference to seeking refuge in a constructive trust argument in its written or oral submissions until its oral reply. Leave to rely on this ground would be required. Given that it was raised only in oral reply, the point was not developed in any meaningful way. As a result it would not be appropriate to say more about the issue.

(b) Substantially identical marks

49 In addition, ICI contends that the primary judge ought to have found that the IR composite mark was substantially identical to the ICI composite mark, with the consequence that ICI (not IR) owned the IR composite mark at the date the application was filed, providing another basis upon which the ground of opposition under s 58 of the 1995 Act was established. The primary judge reached a contrary view for the reasons given at [13] – [20] of her reasons for judgment. We respectfully disagree with her Honour’s conclusions.

50 It is not in dispute that the primary judge correctly identified the applicable principles, noting the following:

13 It was common ground that to succeed on the ground of opposition under s 58 of the Trade Marks Act, Insight Clinical Imaging must establish that:

- (a) the IR composite mark is identical or substantially identical to the ICI composite mark: *Carnival Cruise Lines Inc v Sitmar Cruises Limited* (1994) 120 ALR 495;
- (b) the ICI composite mark has been used in respect of goods or services as “the same kind of thing” as the IR composite mark: *Re Hicks’ Trade Mark* (1897) 22 VLR 636 at 640; and
- (c) it had the earlier claim to ownership based on its use of the ICI composite mark before the filing of the IR composite mark application or any use of the IR composite mark by Insight Radiology: *Settef SpA v Riv-Oland Marble Co (Vic) Pty Ltd* 10 IPR 402 at 413.

...

15 The well accepted test for determining whether a mark is substantially identical to a registered trade mark was expressed by Windeyer J in *The Shell Co. of Australia Ltd v Esso Standard Oil (Australia) Ltd* [1963] HCA 66; (1963) 109 CLR 407 at 414:

In considering whether marks are substantially identical they should, I think, be compared side by side, their similarities and differences noted and the importance of these assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison. “The

identification of an essential feature depends”, it has been said, “partly on the Court’s own judgment and partly on the burden of the evidence that is placed before it”: *de Cordova v. Vick Chemical Co.* (1951) 68 R.P.C. 103, at p 106. Whether there is substantial identity is a question of fact: see *Fraser Henleins Pty Ltd v. Cody* (1945) 70 CLR 100, per Latham C.J. (1945) 70 CLR, at pp 114, 115, and *Ex parte O’Sullivan; Re Craig* (1944) 44 S.R. (NSW) 291, per Jordan C.J. (1944) 44 SR (NSW), at p 298 , where the meaning of the expression was considered.

Thus, if a total impression of similarity emerges from a comparison between the two marks, the marks are “substantially identical”: *Carnival Cruise Lines Inc v Sitmar Cruises Limited* (1994) 120 ALR 495 at [62].

51 ICI contends that the primary judge erred in her application of the principles, in particular at [18] of her reasons in which her Honour explained her conclusion that the marks were not substantially identical. These reasons, said ICI, disclose that the primary judge focused on visual differences between the marks which were immaterial once regard is had to the “essential features of the registered mark”. The essential features of the ICI mark are the word “Insight” and the circular device to the left of the words evocative of an eye which alludes to the clinical imaging activity. ICI submitted that given that the words “clinical imaging” and “radiology” are agreed to be merely descriptive and incapable of distinguishing one radiological service from another, the primary judge’s approach could not be said to have involved a side-by-side comparison having regard to the essential features of the mark. Adopting the language in *Accor* at [206] the word “Insight” (and, to a lesser extent perhaps, the eye device) are the “dominant cognitive cues” and in both marks these are substantially identical. There is no doubt in our view that the Full Court in *Accor* in using the phrase “dominant cognitive cues” was making analogical reference to the “essential features” of the mark for the purposes of a side by side comparison in determining whether marks are substantially identical consistent with the observations of Windeyer J in *The Shell Co. of Australia Ltd v Esso Standard Oil (Australia) Ltd* [1963] HCA 66; (1963) 109 CLR 407 at 414 as earlier recognised by the court in the reasons. The dominant cognitive cues are the essential features striking the eye in a side by side comparison so as to determine whether marks are substantially identical.

52 We do not accept IR’s submission that ICI was positing a new and unprincipled test for determining substantial identity. The required exercise of side-by-side comparison is not carried out in a factual and legislative vacuum. The purpose of the exercise is to decide if two trade marks are substantially identical, where a trade mark is “a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person” (s 17). Given this

context, it is unlikely that the essential elements of a mark or its dominant cognitive clues are to be found in mere descriptive elements, which are not apt to perform this distinguishing role in respect of the relevant goods or services. While this does not mean that differences, including descriptive differences, may be ignored, it does mean that the side-by-side comparison is to be carried out cognisant of the essential elements of the mark.

53 We acknowledge that a conclusion of substantial identity or not is one of fact about which reasonable minds may differ. Further, the mere fact that the appellate court might have reached a different conclusion on the same material is insufficient to justify appellate intervention. Error must be identified. We consider, however, that the primary judge’s reasoning in [18] does expose an erroneous approach to the required task. The primary judge in [18] first noted the conclusion of the Registrar’s delegate in these terms:

The Registrar’s delegate was of the opinion that devices in the two marks appeared to be differing versions of the same thing, both having an inner and outer circle and a break on the right hand side and both having some contrast between the inner and outer circle. The delegate reasoned that as the word “insight” was also an essential feature of both marks, the marks were substantially identical.

54 Her Honour then continued as follows:

Whilst acknowledging these similarities, I am not of the same view as the delegate and I do not consider that the IR composite mark is substantially identical to the ICI composite mark. Whilst both composite marks use the word “insight”, there are clear visual differences in presentation. The appearance of the words “insight” and “radiology” in the IR composite mark run into each other, are equally prominent (the same font and size) and appear all in lower case. This is quite distinct from the words in the ICI composite mark where the letter “S” is capitalised in “inSight” and the words “Clinical Imaging” are secondary and beneath “inSight” in smaller and unbolded font. The capitalisation of the word “Sight” in “inSight” has the effect of emphasising the word “Sight”. There are also distinct visual differences in the appearance and positioning of the device. The ICI composite mark has a complete inner circle and is all in green with clear lines whereas the IR composite mark does not have a complete inner circle, the outside circle is in black and the lines are different. There is not a “total impression of resemblance”. The visual differences combined with the different wording, albeit that “imaging” and “radiology” may be interchangeable in relation to the services to which the marks relate, make the marks sufficiently different on a side by side comparison.

55 The primary judge’s analysis, in contrast to the description of the reasoning of the Registrar’s delegate, does not refer to the essential elements of the marks or assess the relative importance of the differences and similarities having regard to those essential elements. The process of evaluation thereby miscarried. It is thus necessary that this Court carry out its own evaluation.

56 The essential elements are the words “Insight” and the device. The word is the same in both marks. The device appears to the left of the word in both marks. While the differences which

her Honour noted do exist, the dominant cognitive clues in both marks is a device which is circular in shape evoking an eye to the left of the word “Insight”, in circumstances where the other words “clinical imaging” and “radiology” are descriptive of the services offered. The importance of the visual differences which her Honour noted, and which we accept exist, must be assessed having regard to these essential elements of the marks. Once this necessary exercise is undertaken, we consider that not only is there a total impression of resemblance between the marks, but also that the differences between the marks are slight having regard to their essential elements or the dominant cognitive clues which they present.

57 For these reasons we accept ICI’s contention that the primary judge ought to have found that the IR composite mark was substantially identical to the ICI composite mark, which ICI had used for a number of years before IR filed its application. As a result, ICI’s ground of opposition under s 58 on this basis was established (that is, that ICI owned the IR composite mark) and ICI also ought to have succeeded on his ground.

(c) Section 60

58 IR contends that the primary judge erred in her approach to the ground of opposition in s 60 of the 1995 Act. Given our conclusions above, it is not necessary to resolve the s 60 question as such, but we provide our conclusions given that the dispute raises a number of important issues about the operation of the Act and also that our analysis concerning the factual substratum is relevant to ICI’s claims concerning passing off, contraventions of the ACL, and also the s 42(b) ground of opposition to the registration of the IR composite mark.

59 Section 60 provides that:

The registration of a trade mark in respect of particular goods or services may be opposed on the ground that:

- (a) another trade mark had, before the priority date for the registration of the first-mentioned trade mark in respect of those goods or services, acquired a reputation in Australia; and
- (b) because of the reputation of that other trade mark, the use of the first-mentioned trade mark would be likely to deceive or cause confusion.

60 None of her Honour’s primary factual findings relevant to this provision are challenged. It was common ground that the ICI composite mark had acquired a reputation in and around Perth before Mr Pham applied to register the IR composite mark (at [74]). IR, however, contended that the ground of opposition under s 60 was not established because, as her Honour recorded also at [74] by way of summary of IR’s case:

- (a) Insight Clinical Imaging did not have a reputation in its marks beyond Western Australia as at 7 December 2011 (and still does not);
- (b) there can be no likelihood of deception or confusion from Insight Radiology's use of the IR composite mark outside Western Australia; and
- (c) the IR composite mark has the voluntary endorsement that registration of the mark "gives no exclusive rights to use or authorise the use of the words INSIGHT RADIOLOGY in the State of Western Australia".

61 It seems to us that there was some confusion in the parties' submissions, or at least those of IR, about this issue. Section 60(a) refers to a "reputation in Australia". It was not in dispute that ICI's composite mark had acquired a significant reputation in and around Perth, which is undoubtedly in Australia. As a result, we do not accept IR's submission that the issue is whether the primary judge erred in finding that the ICI composite mark also had acquired a reputation outside of Western Australia or, more particularly, in New South Wales and Tasmania where IR used its mark (albeit many years after ICI had commenced to use its mark). As ICI submitted, this invites an erroneous approach to s 60. The fact that it was common ground that the ICI composite mark had acquired a reputation in and around Perth before IR used the IR composite mark means that s 60(a) was satisfied. The issue was whether, on the facts of the case, it could be concluded that "because of the reputation of that other trade mark [the ICI composite mark], the use of the first-mentioned trade mark [the IR composite mark] would be likely to deceive or cause confusion" as required by s 60(b).

62 The primary judge found that s 60(b) was satisfied because:

- (1) "The evidence clearly established that Insight Clinical Imaging had extended its marketing and advertising beyond the boundaries of its operations within Western Australia through its website and promotions at national conferences" (at [87]).
- (2) "...whilst the Google analytics data results may have their limitations... they have some evidentiary value in that they do confirm exposure of Insight Clinical Imaging and its marks throughout parts of Australia, other than Western Australia, through the website. What the data showed is that there were a substantial number of visits to the websites from locations outside Western Australia" (at [87]).
- (3) "...the fact that Insight Clinical Imaging received referrals of patients from various interstate practitioners in different States and Territories shows that Insight Clinical Imaging had some market recognition beyond Western Australia and, given Insight Clinical Imaging's use of its marks in distinguishing its business as a radiology

provider, is cogent evidence establishing a reputation in its marks outside Western Australia” (at [88]).

63 IR challenged the cogency of this evidence. In so doing IR focused on the primary judge’s observation at [146], when discussing the issue of misleading or deceptive conduct, that “the market for radiology services is broadly two tiered: namely the referrers and patients, with referrers being the predominant market” and ICI’s acceptance of that proposition in its written submissions. Based on this IR contended that there was no cogent evidence of the ICI composite mark having acquired any or a sufficient reputation amongst patients and referrers outside Western Australia. In particular, IR noted that the conferences to which the primary judge referred involved radiologists, not referrers or patients. It was submitted that the data from an analysis of Google did not indicate that it was patients or referrers who were accessing ICI’s website outside of Western Australia and, in any event, involved very small numbers over a three year period. Further, it was submitted that as a patient was not bound to attend the clinic to which he or she was referred, it is not the case that inter-State referrers must have known about ICI’s composite mark before making the referral.

64 There are a number of difficulties which confront these submissions.

65 The primary judge’s observation in [146] that the market is “broadly” two tiered involving referrers and patients is not a definitive identification of the relevant class of persons against which to assess the likelihood of deception or confusion for any purpose, let alone the purpose of s 60(b). As ICI submitted, obvious components of the relevant class, and ones which we do not consider her Honour overlooked, included the radiographers taking the images and the radiologists who examined the images bearing or associated with the ICI composite mark. We do not think the primary judge overlooked these components of the relevant class of persons likely to be deceived or confused because she made the following important observations:

- (1) “The evidence clearly showed that whilst some radiology providers may carry on business in a localised area, they operate in a national industry so that there is a potential for deception or confusion even if Insight Clinical Imaging’s marks had not acquired a reputation beyond Western Australia” (at [89]).
- (2) “...the evidence did not show that Insight Clinical Imaging had developed a substantial reputation in its marks outside of Western Australia but the likelihood of deception or confusion is not mitigated by the different geographical locations in which the parties have been conducting business because they operate in a national industry” (at [146]).

66 These findings are not challenged. They were based on the evidence before the primary judge which included that:

- (1) registration as a radiographer is national (the relevant body being the Medical Radiation Practice Board of Australia);
- (2) the relevant industry association of radiographers is national (being the Australian Institute of Radiography); and
- (3) the relevant body regulating radiologists is national (being the Royal Australian and New Zealand College of Radiologists).

67 The evidence also included material use of teleradiology services in the industry which involves images being taken in one location, transmitted via the internet to another location for assessment by a radiologist in that other location, with the results then provided to the clinic at which the images were taken. By 2006 67% of radiologists in Australia had been involved in teleradiology, 22% having been involved with inter-State teleradiology. ICI's use of teleradiology services before 7 December 2011 involved ICI sending its images to Victoria for radiologists to analyse and report on to ICI in circumstances where the head office of the company employing or contracting those radiologists was based in Sydney. While the primary judge did not refer to teleradiology, there was evidence of this arrangement which must have meant that the relevant personnel in Victoria and Sydney providing radiological services to ICI in respect of images taken by ICI were aware of ICI providing its services under its mark.

68 The primary judge did note that the evidence included the evidence of inter-State referrals to ICI and, as referred to in [77(e)] of her Honour's reasons, "use of an online recruitment function "Seek" to advertise for professional staff, many of whom were recruited from interstate". The absolute numbers of inter-State patients is not large compared to the number of referrals within Western Australia (around 440 people compared to 131,680 people of those whose address has been recorded), but this is also evidence which supported the inference of awareness of the ICI mark in relation to its services outside Western Australia. The same must be said of the national recruitment undertaken by ICI.

69 This evidence provided an ample basis to support the primary judge's conclusions that radiological services are provided as part of a national industry.

70 In its draft notices of appeal, grounds 1(c) and 3(d), IR contended that the primary judge erred in taking into account the national nature of the industry, characterising this as an irrelevant

consideration which did not mitigate against the finding in [146] that ICI had not developed a substantial reputation in its marks outside of Western Australia. In oral submissions IR did not pursue the concept of irrelevant consideration. No aspect of these appeal grounds can withstand scrutiny.

71 The primary judge at [146] was not dealing with the sufficiency of ICI's reputation for the purposes of s 60 as such. When sufficiency is in issue, the nature of the class is always relevant. As noted in *Conagra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 at 346, for there to be a "a sufficient reputation in the forum requires something more than a reputation among a small number of persons, although the size and extent of the class may vary according to the circumstances of the case". The nature of the good or service in question which the mark is to distinguish necessarily informs the identification of the relevant class of persons who may be deceived or confused. It also informs an understanding of the characteristics of that class which will be relevant to the potential for deception and confusion. As a result it necessarily informs an evaluation of the sufficiency of the number of persons within the relevant class who are likely to be deceived or confused. Accordingly, an evaluation of the sufficiency of ICI's reputation across Australia necessarily called for consideration of the nature of the service which ICI's marks distinguished. The national nature of radiological services, as found by her Honour and not challenged in this appeal, was (and is) fundamental to the issue of the sufficiency of ICI's reputation across Australia.

72 We do not accept that the primary judge overlooked or disregarded the evidence on which IR relied to contend that ICI's reputation in its mark was confined to Western Australia. She was cognisant of the evidence which showed that ICI's mark had developed a substantial reputation in Western Australia. But her observation that the evidence did not show ICI had a "substantial reputation" in its mark outside of Western Australia (at [146]), in a context outside of s 60, does not mean that ICI should have failed in its ground of opposition under s 60. This is based on a misconception about the operation of the provisions of the Act and the evidence in the case.

73 First, subject to consideration of IR's proposed disclaimer, condition or limitation in respect of the use of IR composite mark, there is no justification for excluding members of the relevant class within Western Australia from an assessment of whether the requisite threshold of substantiality or significance has been reached (that is, whether a substantial or not insignificant number of people within the relevant class are likely to be deceived or confused). According

to the evidence 10% of medical practitioners (and thus potential referrers) in Australia are located in Western Australia. In such a specialised industry, this itself is a substantial number of the relevant class.

74 Second, given the evidence before the primary judge of inter-State referrals, ICI advertising for recruitment inter-State, and the inter-State visits to the ICI website (as well as of ICI using teleradiology to enable its images to be assessed by radiologists in Victoria) there was a proper evidentiary foundation for the primary judge's conclusion that the ICI composite mark had acquired a reputation across Australia, including, of course, outside Western Australia (see the reasons at [88] and [145]). Radiological or clinical imaging services, as the primary judge said at [88], involve a specialist field of health service. The relevant forum is Australia but the relevant class of consumers consists of those working in a specialist national market, being radiographers, radiologists, and medical practitioners, as well as patients.

75 Given the specialist nature of the field, to posit that every person in Australia is a potential patient of a radiography service so that ICI had to prove a substantial number of all Australians would be likely to be misled by the use of the IR composite mark, in our view, invites error. The assessment of the sufficiency of reputation, in a case such as the present, must have regard to the nature of the class where, as noted, the predominant members are those dealing with the clinical images in the course of their professional activities, being radiographers, radiologists, and medical practitioners.

76 For these reasons, and contrary to the submissions for IR, evidence of the attendance of ICI representatives at national conferences of radiologists was relevant. It supported ICI's case that it had acquired a reputation amongst the relevant class across Australia.

77 So too was the Google analytics data which indicated that around 20% of the visits to ICI's website before December 2011 were by people located outside Western Australia. Further, the average duration per visit was around 1.5 minutes with the average pages viewed per session being three. Now we accept that the absolute numbers of visits to the website whether from Western Australia or nationally were modest over the period 1 July 2008 to 7 December 2011, but this is unsurprising given the specialist nature of the services. Further, this evidence cannot be dismissed as merely incongruous with the evidence of the number of actual inter-State referrals to ICI by that time. While the absolute number of attendances at an ICI clinic may not have been large the evidence disclosed a more than merely trivial attendance by inter-State

patients. While the reason for this is open to question, the fact of it cannot be dismissed. It is another fact which supported the primary judge's conclusion.

78 IR's point about referrals is also without force. While a patient may use a referral for clinical imaging services at any clinic which offers the relevant service, so that a referrer may not necessarily know the provider of the service before the service is provided, the evidence established that the results are always provided to the referrer. Accordingly, while not all of the inter-State medical practitioners whose patients attended ICI for their clinical imaging service may have heard of ICI before the referral, they undoubtedly must have become aware of ICI's service, under its mark, when they received the results.

79 But apart from this, there is another fundamental point which must be made. This is not a case where, as in *Conagra*, ICI's business was not in Australia. ICI was conducting a business in Australia in a specialised field which operates at a national level. The fact that the evidence established that patients generally attend the radiological practice most convenient to them which offers the relevant service does not undermine the primary judge's acceptance of the national character of the service given the matters identified above. In *Conagra* itself the utility of evidence of travel between the United States and Australia was questionable given that the mere fact of travel could not substantiate awareness of the trade mark (at 347). The present case is different from *Conagra* but, contrary to IR's submissions, specific evidence of the fact that people, be they patients, referrers, radiographers or radiologists, are free to and frequently do move around Australia for leisure, family and work purposes was neither necessary nor appropriate. In particular, in the present case:

- (1) it was common ground that ICI had a substantial reputation in its mark in Western Australia;
- (2) the primary judge found that ICI's mark distinguished its services in the specialised field of radiological or clinical imaging service (at [88]), and there is no challenge to that finding;
- (3) the primary judge found that this specialised market operated on a national basis (at [89] and [146]), and there is no challenge to that finding; and
- (4) it is common knowledge and not reasonably open to question that people travel freely between the States and Territories in Australia and, as such, proof of that fact was unnecessary under s 144 of the *Evidence Act 1995* (Cth).

80 In *Conagra* at 342 Lockhart J explained why issues of reputation could not be divorced from the reality of everyday life, noting that:

Modern mass advertising through television (which reaches by satellite every corner of the globe instantaneously), radio, newspapers and magazines, reaches people in many countries of the world. The international mobility of the world population increasingly brings human beings, and therefore potential consumers of goods and services, closer together and engenders an increasing and more instantaneous awareness of international commodities. This is an age of enormous commercial enterprises, some with budgets larger than sovereign states, who advertise their products by sophisticated means involving huge financial outlay. Goods and services are often preceded by their reputation abroad. They may not be physically present in the market of a particular country, but are well known there because of the sophistication of communications which are increasingly less limited by national boundaries, and the frequent travel of residents of many countries for reasons of business, pleasure or study.

81 *Conagra* was decided 25 years ago. In 1992 the World Wide Web was in its infancy. There were no publicly available internet browsers. There was no Google, no Seek, no web browsing or the like. With the internet and travel both overseas and within Australia now ubiquitous in the lives of Australian people, the essential conceptual underpinning of IR's case is unsound. IR accepted that, before IR conceived of the IR composite mark, ICI had acquired a substantial reputation in its marks in Western Australia. IR's case depended on the proposition that ICI's reputation in its marks did not extend outside Western Australia and IR would accept any condition or limitation not to use its marks in Western Australia. We accept that the Act permits a condition or limitation to this effect to be imposed (discussed below). But the reality of modern life, with widespread use of the internet for advertising, job seeking, news gathering, entertainment, and social discourse and free and frequent movement of people across Australia for work, leisure, family and other purposes, necessarily impacts on both the acquisition of a reputation in a mark and the likelihood of the use of another mark being likely to deceive or confuse because of that reputation. Given current modes of communication and discourse and free and unfettered rights of travel within Australia, a substantial reputation in Western Australia in this national industry constituted a sufficient reputation in and across Australia for s 60(b) to be engaged. IR's attempts to subdivide the nation into its component States and Territories, in the present context at least, could not succeed. Its approach resonates with sentimental notions of pre or early Federation train track gauge differences.

82 With these matters in mind, we consider that the primary judge correctly concluded that ICI's reputation across Australia was sufficient to render IR's proposed disclaimer, condition or limitation irrelevant for the purpose of s 60. ICI's reputation within Western Australia, given

the national market and its specialised nature, was itself a reputation in Australia because of which IR's composite mark would be likely to deceive or cause confusion amongst a sufficiently substantial number of the relevant class which, as we have said, must have included radiographers and radiologists, and was not confined to referrers and patients; further, her Honour correctly held that ICI's marks also had some reputation outside Western Australia.

83 Given these conclusions, it is not necessary to consider ICI's alternative arguments that IR's proposed disclaimer, condition or limitation was invalid or otherwise ineffective. Given the importance of the issue, however, we make the following observations.

84 IR's application included an endorsement that:

Registration of this trade mark gives no exclusive right to use or authorise the use of the words INSIGHT RADIOLOGY in the State of Western Australia

85 We accept ICI's proposition that s 74 of the Act cannot assist IR. A disclaimer under s 74(1) is a disclaimer in respect of the right to the exclusive use or to authorise the use of a "specified part of the trade mark". This does not contemplate the disclaimer of the right to the exclusive use of a trade mark in an area or areas of Australia.

86 However, s 33(2) provides that the Registrar may accept an application subject to conditions or limitations and s 55(1) provides that the Register must decide to refuse to register the mark (s 55(1)(a)) or to "register the mark (with or without conditions or limitations)" (s 55(1)(b)). Section 6(1) includes a definition of "limitations" which means limitations of the exclusive right to use a trade mark given by the registration of the trade mark, including limitations of that right as to, relevantly, "use within a territorial area within Australia". From this it follows that a limitation to the effect set out in the endorsement could be imposed as contemplated by ss 33(2) and 55(1)(b). It is also relevant that s 44(3) of the Act, which permits registration of substantially identical or deceptively similar marks if certain conditions are satisfied, provides that the registration may be subject to:

...any conditions or limitations that the Registrar thinks fit to impose. If the applicant's trade mark has been used only in a particular area, the limitations may include that the use of the trade mark is to be restricted to that particular area.

87 These are sufficient indicators for us to accept that the Act contemplates a condition or limitation, including one to the effect that a trade mark not be used outside a particular area. As a result we do not accept ICI's submission that it is beyond power for a condition or limitation on use (as opposed to exclusive use) to be imposed on a registered trade mark.

88 This, however, does not provide an answer to IR's problem in the present case.

89 The national nature of the market and the fact of free and unfettered movement around Australia cannot be ignored. Despite IR's express willingness not to use the IR composite mark at all in Western Australia, there is one national specialist market for radiological services of which Western Australia forms a substantial part. Given the facts set out above, use of the IR composite mark outside Western Australia will not ameliorate the likelihood of a substantial number of people in the relevant class around Australia being deceived or confused. As a result, the use of the IR composite mark in Australia is a use which would be likely to deceive and cause confusion. Moreover, enforcement of any such condition would be problematic. The prospect that IR's behaviour could be disciplined by infringement or other proceedings at the suit of ICI if IR used its mark in Western Australia contrary to the condition may not be a satisfactory answer to the deception or confusion that might be caused in the interim. IR's submissions did not satisfactorily confront any of these matters.

90 In summary, we do not consider that IR's proffered endorsement, with or without modification, is any answer to the s 60 ground.

(d) Section 42(b)

91 For the reasons that we will explain in a moment, we would dismiss IR's appeal concerning her Honour's decision on trade mark infringement, passing off and contraventions of the ACL.

92 Accordingly, her Honour's reasoning and conclusions at [92] and [93] concerning the availability of the s 42(b) ground of opposition is correct.

THE INFRINGEMENT PROCEEDINGS AND CROSS-CLAIM

93 It is convenient to now address the appeal questions concerning the primary judge's findings on ICI's claims for:

- (1) passing off and contraventions of the ACL; and
- (2) trade mark infringement.

94 In relation to the latter question, the only appeal issues that arise concern various defences asserted by IR and also one aspect of its cross-claim for rectification.

(a) Passing off and Australian Consumer Law

95 IR relied on the same arguments to support its case that the primary judge also erred in relation to ICI's causes of action for passing off and contravention of the ACL. The primary judge dealt with these contentions at [140] – [150]. Her Honour found that, for the same reasons as set out in respect of s 60 of the Act, IR's use of the IR composite mark (which commenced in February/March 2012) involved a contravention of s 18 (proscribing conduct that is misleading or deceptive or is likely to mislead or deceive) and ss 29(1)(g) and (h) of the ACL (proscribing making "a false or misleading representation that goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits" or making "a false or misleading representation that the person making the representation has a sponsorship, approval or affiliation").

96 As the primary judge noted at [144], IR conceded that it contravened these provisions if ICI had developed a reputation in its marks extending to the places in which IR was operating (New South Wales and Tasmania). Given the analysis above, this was effectively a concession that IR contravened these provisions of the ACL. The same conclusion applies to the tort of passing off.

97 Accordingly, the appeal in respect of these grounds must also fail.

(b) IR's defences to trade mark infringement and its cross-claim

98 IR contended that the primary judge erred in rejecting three of its defences to infringement of the ICI composite mark.

99 First, s 122(1)(e) provides that a trade mark is not infringed if "the person exercises a right to use a trade mark given to the person under this Act". IR's defence in this respect was predicated on the registration of IR's composite mark. But as ICI's opposition to registration of the IR composite mark rightly succeeded, no defence under s 122(1)(e) could arise.

100 Second, s 122(1)(a), on which IR also relies, provides that a person does not infringe a registered trade mark when the person uses in good faith, relevantly, the person's name.

101 IR refused to confront the significance of the fact that it only changed its name from AKP Radiology Consultants Pty Ltd to Insight Radiology Pty Ltd on 17 June 2013, after Mr Pham was on notice that ICI alleged that the IR composite mark infringed the ICI composite and word marks.

102 IR's submission is that its use of the trading named "Insight Radiology" commenced in good faith and the continuation of that use could not become use of a name other than in good faith after 17 June 2013 merely by reason of the change of name. This submission should not be accepted. Leaving aside the fact that it assumes that the primary judge erred in finding that the searches carried out by Mrs Pham were not sufficiently diligent to characterise the initial use as honest, by changing its name IR must be inferred to have been seeking to take advantage of 122(1)(a) irrespective of whether, in so doing, it thereby accrued to itself the goodwill which ICI had in its composite mark since 2008. These facts are different from those considered in *Optical 88 Ltd v Optical 88 Pty Ltd (No 2)* [2010] FCA 1380; (2010) 89 IPR 457 and *Optical 88 Ltd v Optical 88 Pty Ltd* [2011] FCAFC 130; (2011) 197 FCR 67. They mean that the change of name was not in good faith. Use of the name thereafter was also not in good faith because it was use of a name taken other than in good faith. On the facts of the present case, the change of name necessarily infected the subsequent use of the name.

103 Thus, IR's use of its name from 17 June 2013 was not in good faith. This is so whether or not the test of good faith is purely subjective or also contains some objective element (see *Flexopack SA Plastics Industry v Flexopack Australia Pty Ltd* [2016] FCA 235; (2016) 118 IPR 239 at [107]–[118]). The primary judge was correct to reject IR's contention. Her Honour was also, in our view, correct to reject the contention of honest concurrent use given the unchallenged finding that there had been "a lack of diligence and reasonable care in carrying out adequate searches before the marks were adopted for use by Insight Radiology" (at [125]), based on the reasoning in *Flexopack*.

104 Third, s 122(1)(fa) provides that a person does not infringe a registered trade mark when:

both:

- (i) the person uses a trade mark that is substantially identical with, or deceptively similar to, the first-mentioned trade mark; and
- (ii) the court is of the opinion that the person would obtain registration of the substantially identical or deceptively similar trade mark in his or her name if the person were to apply for it...

105 The primary judge rejected the defence under s 122(1)(fa) at [117] – [139] of her reasons. We do not accept that at [117] the primary judge erred by assuming that in order to succeed in establishing this defence IR had to have succeeded in its cross-claim seeking revocation of ICI's marks (both the ICI composite mark and the word mark). Her Honour was merely

recording that if IR had succeeded in its appeal and on the cross-claim then the defence under s 122(1)(fa) would succeed.

106 Further, if the point was raised below (which ICI denies) the primary judge did not fail to consider s 44(3)(b). Her Honour's consideration of a range of discretionary considerations at [128] – [139] is expressed as relevant to s 44(3) generally.

107 In any event, we consider that the primary judge reached the correct result in rejecting IR's defence under s 122(1)(fa). Section 122(1)(fa)(i) was satisfied in the present case. But the issue was s 122(1)(fa)(ii) which IR did not satisfy. The primary judge correctly recognised that in order to reach an opinion that IR would "obtain registration of the substantially identical or deceptively similar trade mark in [IR's] name if the person were to apply for it" as provided for in s 122(1)(fa)(ii), it was necessary to consider s 44(3). Section 44(3) permits registration of a substantially identical or deceptively similar trade mark if the Registrar is satisfied that either (a) "there has been honest concurrent use of the 2 trade marks" or (b) "because of other circumstances, it is proper to do so". IR does not challenge the primary judge's conclusion against honest concurrent use but contends that she ought to have concluded that the use of the IR composite mark in New South Wales and Victoria and its application for registration of that mark before ICI applied for registration of its mark were circumstances that meant it would be proper to register the IR composite mark.

108 We disagree. The contention is based on the false premise which infects the entirety of IR's appeal that the substantial reputation of ICI's mark in Western Australia from 2008 (before IR used its mark) was insufficient to mean that, because of that reputation, persons within the relevant class interacting with ICI's services outside of Western Australia would not be misled, deceived or confused.

109 To the extent IR relied on s 88(1)(c) to support this argument (and otherwise relied on it independently from s 44(3)(b)), the following points should be made. Section 88(1)(c) permits an application to rectify the Register, relevantly, by the entering of any condition or limitation affecting the registration of a trade mark that ought to be entered on the grounds specified in s 88(2). These grounds include "any of the grounds on which the registration of the trade mark could have been opposed" (s 88(2)(a)), "an amendment of the application for the registration of the trade mark was obtained as a result of fraud, false suggestion or misrepresentation" (s 88(2)(b)), "because of the circumstances applying at the time when the application for rectification is filed, the use of the trade mark is likely to deceive or cause confusion"

(s 88(2)(c)), and “if the application is in respect of an entry in the Register - the entry was made, or has been previously amended, as a result of fraud, false suggestion or misrepresentation” (s 88(2)(e)). IR relied on s 88(2)(a) on the basis that the registration of ICI’s marks could have been opposed on the ground that they would be likely to mislead and deceive in New South Wales and Tasmania (by reason of IR’s reputation in its mark before ICI applied for registration) and thus the use of the ICI marks would be contrary to law as provided for in s 42(b). As such, a condition or limitation ought to be entered against ICI’s marks preventing their use in New South Wales and Tasmania.

110 As discussed above, we accept that a “condition or limitation” may include a limitation as to the use of a mark within a particular area. It will be apparent, however, that IR’s contentions cannot be sustained having regard to our conclusions above.

111 First, the IR composite mark is substantially identical to the ICI marks. ICI had used its marks since 2008, before IR commenced to use its mark. It follows that ICI owns the IR composite mark and any reputation acquired in Leeton, Griffith and Narellan in New South Wales and Devonport in Tasmania was ICI’s reputation, not that of IR’s reputation.

112 Second, and in any event, it is not the case that the ICI marks had not acquired a or a sufficient reputation in New South Wales and Tasmania before IR commenced to use its mark. We have explained our reasons for concluding that ICI had acquired a reputation Australia-wide in its marks before IR commenced to use its mark.

113 For these reasons it is unnecessary to consider the discretion in s 89 which provides that the court may decide not to rectify the Register, “if the registered owner of the trade mark satisfies the court that the ground relied on by the applicant has not arisen through any act or fault of the registered owner”.

CONCLUSION

114 For the reasons given on the substantive issues, IR should be granted leave to appeal, but its appeals must be dismissed, with costs. IR’s applications for leave to appeal on costs must accordingly be dismissed, with costs.