

FEDERAL COURT OF AUSTRALIA

BEACH J

BEACH J:

- 1 How to preserve cheese and other foodstuff has challenged indigenous Mediterraneans for millennia. This case concerns a long established Greek company, Flexopack SA Plastics Industry (the Applicant) that has provided one solution. It has sold and distributed its product, thermoplastic packaging films, locally and internationally (including Australia) under the trade mark “FLEXOPACK”. More recently, an Australian company, Flexopack Australia Pty Ltd (the First Respondent) has started up selling a similar product locally, also using the word “FLEXOPACK” to identify the origin of its goods. But it has nothing to do with the Applicant. Does such conduct of the First Respondent amount to trade mark infringement, passing off or misleading or deceptive conduct?
- 2 The Applicant alleges that the First Respondent has infringed Australian Trade Mark Registration No 1239160 (registered from 26 March 2008) for the following logo in respect of “thermoplastic polymers (for packaging)” (the Flexopack Registration):



- 3 It also alleges that the First Respondent has engaged in passing off and misleading or deceptive conduct, including misrepresenting a connection with the Applicant, in contravention of s 18 and s 29(1)(a), (g) and (h) of the Australian Consumer Law (schedule 2 to the *Competition and Consumer Act 2010* (Cth)).
- 4 The Applicant also alleges that the Second Respondent (Mr Katelis), the sole director and shareholder of the First Respondent, acted as a joint tortfeasor with the First Respondent in respect of the First Respondent’s conduct amounting to trade mark infringement and passing off and was a “person involved” in the Australian Consumer Law contraventions.

5 The First Respondent has cross-claimed against the Applicant asserting that the Flexopack Registration should be removed from the Register of Trade Marks pursuant to ss 41 and 88 of the *Trade Marks Act 1995* (Cth). It has also filed with the Registrar of Trade Marks a non-use application against the Flexopack Registration under s 92 of the Trade Marks Act. This application was referred to the Court by the Registrar on 13 January 2015.

6 The trial before me dealt with the Applicant's claims, the cross-claim and the referred application on liability issues only. Questions of relief and ancillary orders are to be dealt with at a second stage. In my view, the Applicant has made out its claims for trade mark infringement, contraventions of the Australian Consumer Law and the tort of passing off. Both the First Respondent's cross-claim and its non-use application should be dismissed.

7 It is convenient to address the issues raised by the parties in the following sequence:

- (a) The Applicant and its business ([8] to [19]);
- (b) The Applicant's activities in Australia ([20] to [31]);
- (c) The First Respondent's business ([32] to [41]);
- (d) The witnesses ([42] to [44]);
- (e) Trade mark infringement — First Respondent's use ([45] to [70]);
- (f) Section 120(1) of the *Trade Marks Act* ([71] to [89]);
- (g) Section 120(2) of the *Trade Marks Act* ([90] to [102]);
- (h) "Own name" defence (s 122(1)(a)) ([103] to [163]);
- (i) "Right to register" defence (s 122(1)(fa)) and responses ([164] to [191]);
- (j) Section 120(2) proviso ([192] to [199]);
- (k) Removal for non-use (s 92(4)(b)) ([200] to [207]);
- (l) Removal for lack of distinctiveness (ss 41 and 88) ([208] to [254]);
- (m) Australian Consumer Law and passing off ([255] to [332]);
- (n) Personal liability of Mr Katelis ([333] to [349]);
- (o) Conclusion ([350] to [353]).

THE APPLICANT AND ITS BUSINESS

8 The Applicant is a publicly listed company on the Athens Stock Exchange. Its manufacturing operations are located in Koropi, outside Athens. It is a manufacturer and supplier of plastic

packaging products. Its primary product(s) is plastic packaging for fresh and processed foods (e.g. cheese, meat, fish and poultry).

- 9 The Applicant was established in 1979 as the corporate vehicle for a family business. In 1980, it started manufacturing a range of films. These were made from different types of polyethylene and sold to other companies to make laminated packaging films for use mainly in food packaging. In 1989, the Applicant commenced manufacturing co-extruded layer barrier films for use in the cheese, meat, poultry and fish industries. These products are manufactured by extruding multiple layers of plastic material simultaneously to create a plastic film.
- 10 The Applicant enjoyed significant growth in its sales, product ranges and personnel. In 1996 it floated on the Athens Stock Exchange for the usual purpose of accessing additional capital to continue its expansion, locally and internationally.
- 11 In terms of its international operations, the practice of the Applicant has been to appoint one or two distributors of its products in each of selected countries outside Greece. This has minimised the costs of supplying small orders that would be prohibitive were the Applicant to supply directly from Greece. The appointment of a local distributor(s) has also allowed the Applicant to benefit from that distributor's local presence and knowledge. This has facilitated the promotion and sale of the Applicant's products in each selected country.
- 12 Since floating in 1996, the Applicant has made a large portion of its sales to customers outside Greece. For example, a company report for the year ending 31 December 2006 showed that at that time, 57.34% of sales were made to export markets and that products were exported to 36 countries including Australia, the United Kingdom, the United States, Poland, France, Switzerland, Hungary, Ireland, Sweden and Norway. The relative significance of its export markets to its overall business has remained substantially unchanged since that time.
- 13 The total volume of exports to Australia has been significant. The Applicant has consistently made significant sales in Australia over the years resulting in sales revenue of many millions of Euros in total (the precise figures are set out in a confidential exhibit). I will elaborate later on its activities in Australia.

Packaging products

- 14 The Applicant manufactures and sells a range of packaging products. They are relevantly defined in the Flexopack Registration as thermoplastic polymers (for packaging). As I will explain later, I have rejected the First Respondent's artificial argument concerning the scope of the goods covered by this registration. The goods are plastic, typically in either a film or bag, which is then used for packaging products such as cheese and meat. It is appropriate to elaborate.

Shrink bags and shrink films

- 15 Since 2001, the Applicant has been supplying shrink bags and shrink films globally. A shrink bag is a bag in which the food product is placed and which shrinks upon application of heat to provide a package that is puncture-resistant and extends the shelf life of the product. A shrink film is a similar product. It is supplied to the customer as a roll which the customer installs in a packaging machine to form packaging around food products conveyed through the machine. Examples of the final packaging are the following:

Picture 1: Shrink Bags as packaged



Picture 2: Shrink Film as packaged



Thermoforming films

- 16 Since 1989, the Applicant has been supplying thermoforming films. A thermoforming film is used to create a tray for food products. The film is fed into a machine and positioned over a series of moulds. The film is heated to become more pliable and a vacuum draws the film into the moulds. A food product is placed in the formed trays, the air in the tray is evacuated and a

top web or lidding film is used to form a closure over the tray. A cheese packaged in a thermoforming film looks as follows:

Picture 3: Thermoforming films as packaged



Skin films

17 Since 1997, the Applicant has been supplying skin films. These are supplied as rolls. They are applied over the top of the food product placed on the tray and heated to form an almost invisible skin-like layer which is moulded over the product. Cheeses packaged in a skin film look as follows:

Picture 4: Skin film as packaged



Vacuum pouches

- 18 Since 1989, the Applicant has been supplying vacuum pouches. The food product is placed in the pouch, the air is evacuated and the pouch is sealed. It is typically used for perishable foods, cured meat or fresh meat that does not require a long shelf life. Meat packaged in vacuum pouches is shown as follows:

Picture 5: Vacuum pouch as packaged



General

- 19 Some of the packaging products are sold as bags (pouches) or in rolls of film as depicted below:



THE APPLICANT'S ACTIVITIES IN AUSTRALIA

- 20 Before proceeding further, it is necessary to set out further detail concerning the nature of the Applicant's business in Australia and the promotion thereof. Exports of the Applicant's packaging products to Australia have substantially grown over the period 2004 to 2014. The total value of such exports over that period amounted to tens of millions of euros. In 2014, exports to Australia constituted a significant proportion of the Applicant's total exports worldwide.

21 In order to promote its business in the Australian market, the Applicant and its Australian distributors have engaged in the following activities.

22 First, the Applicant has regularly exhibited at international food and packaging trade fairs. Such exhibitions have been attended by Australian food processing and packaging companies. The Applicant's Australian distributors have also promoted the Applicant's products at trade exhibitions in Australia.

23 Second, since 2002 the Applicant's website has contained information about its product range and business. From 2002 until 2012, the Applicant operated its website using the domain names "www.flexopack.gr" and from 2012 at "www.flexopack.com". Further, one of the Applicant's Australian distributors directed customers to the Applicant's website and also displayed the Applicant's brand on its own website from 2008.

24 Third, since around 1995 the Applicant has appointed Australian distributors of its products. Its distributors promoted the Applicant and its products in tenders, quotations, specification sheets and quality assurance documents that were provided to existing and potential customers. Further, the distributors regularly met with customers to promote and provide technical support for the Applicant's products (in addition to promoting their own brands). During such visits, the customers were informed that the relevant products were manufactured by the Applicant in Greece. Further, despite having appointed distributors, the Applicant still regularly received direct enquiries from packaging companies in Australia for the supply of products from the Applicant.

25 From 1995 until 2007, the Applicant's Australian distributor was a company located in Queensland called Micris Pty Ltd (Micris). Micris distributed significant quantities of the Applicant's goods to the meat and cheese industries in Australia including film rolls for vacuum pouches, lamination films and skin films. Micris was also involved in customer trials of the Applicant's products.

26 From around 2007 to 2014, the Applicant's main Australian distributor was another company located in Queensland known as Packsys Pty Ltd (Packsys); it was taken over by Amcor Ltd in 2012. Packsys distributed the Applicant's shrink films for making bags, skin films and thermoforming films to the meat and dairy industries in Australia.

27 Since 2008, and at around the same time as the Applicant's supply of goods to Packsys, the Applicant also sold goods to Tribond Packaging Systems Pty Ltd (Tribond) in Australia (which

later became Plantic Tribond Pty Ltd). The Applicant sold lidding films and lid anti fog film to Tribond for on-supply to the meat and cheese industries in Australia. Products supplied to Tribond were also used to produce sheet film for use as a bottom web in thermoforming machines and for producing trays.

28 Fourth, in October 2014 the Applicant established an Australian subsidiary, Flexopack Pty Ltd, as both a conversion and trading company. It commenced operating in Queensland in around February or March 2015. It supplies customers throughout Australia. The Applicant has invested around \$1 million in Flexopack Pty Ltd and has supplied it with over \$2 million worth of stock. The Brisbane facility of Flexopack Pty Ltd has machines which manufacture pouches from film rolls and slitting machines to reduce the size of rolls.

29 Fifth, the Applicant's name and logo has appeared on all of its invoices to its Australian distributors and on labelling that is applied to all rolls of film, including within each roll, boxes of products and pallets that it supplies in Australia. The current form of the logo was adopted in around 2001, a previous version having appeared from around 1994 to 1998.

30 Sixth, since approximately 1994 the Applicant's CEO has been visiting Australia once or so per year, with other personnel from the Applicant visiting more frequently. Such visits have been for the purposes of meeting with the Australian distributors to discuss the business and meeting with existing and potential customers to discuss products and provide assistance with packaging machinery.

31 Seventh, it has been the Applicant's practice, as part of its research and development work, to file patent applications in Australia (among other countries) in respect of its film packaging inventions.

THE FIRST RESPONDENT'S BUSINESS

32 The First Respondent was incorporated on 11 August 2010. Since inception, Mr Katelis has been its sole director, secretary and sole shareholder.

33 Mr Katelis is also the registrant of the domain name www.flexopack.com.au, which is the primary mode through which the First Respondent promotes its business.

34 The First Respondent supplies packaging films for use in the food industry. The First Respondent's website as at 5 May 2014 showed the name, and in my view used as a trade mark,

“FLEXOPACK AUSTRALIA” prominently on the front page with photographs of various packaging films. It described its business as follows:

Flexopack Australia Pty Ltd is a flexible packaging company, specialising in the production and supply of printed, laminated, co-extruded high barrier films, Peelable lidding films, 3 sided vacuum bags, high barrier heat shrink bags and Top and Bottom Web Thermoforming films to the Australian food chain.

We produce a wide range of films for the flexible packaging market and have the knowledge and technical capacity to tailor a packaging solution for our customers.

- 35 As discussed on the First Respondent’s website, the goods sold by it are the same products sold by the Applicant being lidding films, shrink bags, vacuum bags and thermoforming films. In my view they can be generally described as plastic material for packaging, alternatively thermoplastic polymers for packaging.
- 36 In Australia, the First Respondent has endeavoured to sell its products to a similar class of customers that the Applicant sells to, namely, persons in the cheese industry who in turn supply their products to supermarkets such as Coles, Woolworths and Aldi.
- 37 During 2010 and 2011, the First Respondent endeavoured to supply Hudson Pacific Corporation with high barrier film products. It was unsuccessful in that endeavour.
- 38 In July 2011 it marketed flexographic barrier films to the Fresh Cheese Company Pty Ltd (Fresh Cheese Co), a Melbourne-based cheese company. After trialling of those products, it obtained its first order in January 2012.
- 39 Until August 2013 the First Respondent solely supplied its high barrier films to Fresh Cheese Co. In July 2013, apparently as a result of a referral from Fresh Cheese Co, it received its first order from Hellenic Cheese Pty Ltd, another Melbourne cheese company, and the second of its two principal customers. It met that order.
- 40 It has also supplied a small order placed with it by Dijon Foods Pty Ltd and further small orders placed with it by another Melbourne cheese manufacturer customer in 2015.
- 41 Generally, it is fair to say that the scope of the First Respondent’s trading activities has to date been modest in both the number of customers and revenue, although its ambitions are more expansive.

THE WITNESSES

42 The Applicant led evidence from *inter alia* the following witnesses. Mr Stamatis Gkinosatis, Vice Chairman and Deputy CEO of the Applicant, gave evidence as to the ownership of the Flexopack Registration, the business activities of the Applicant and the meaning of the term “thermoplastic polymer”. Mr Clive Robert Jacobs, General Manager of Flexopack Pty Ltd, a subsidiary of the Applicant, provided evidence as to the operations of the Applicant in Australia including through previous distributors. Mr Nathan John Roselt, Supply Chain & Operations Manager of Flexopack Pty Ltd, provided evidence as to the promotion of the Applicant’s products to customers and some confusion he had experienced. Mr Richard Anthony Bardell, Technical Manager of Flexopack Pty Ltd, provided some evidence as to the existence of confusion in the marketplace between the Applicant and the First Respondent’s business. Mr George Georgakakis, Managing Director of Flexbond Pty Ltd, provided evidence as a person formerly associated with Tribond as to reputation. He also provided evidence of a meeting with Mr Katelis. Mr Tony Martin Whelan, Regional Sales Manager of Ulma Packaging (Australia) Pty Ltd, provided evidence as to the operations and recognition of the Applicant in Australia through Micris. He is a long term participant in the food packaging industry who also considered that “flexopack” was an invented word that he had only heard of being used in the packaging industry as referring to the Applicant. Ms Maria Edwards, Director of Dijon Foods Pty Ltd, a customer of the First Respondent, gave evidence as to confusion. Mr Batista de Oliveira, Purchasing Manager at B.E. Campbell (NSW) Pty Ltd, provided evidence as to confusion. Mr Russell John Waters, Trade Marks Attorney, Phillips Ormonde Fitzpatrick Patent and Trade Marks Attorneys, provided evidence as to the searching of the Register of Trade Marks kept under the Trade Marks Act.

43 The Respondents led evidence from the following witnesses. Mr George Katelis, the Second Respondent and the sole director and shareholder of the First Respondent, gave evidence as to the establishment and operations of the First Respondent, its products and its customers. Mr Christy Kumar Peter, director of a packaging business called FlexoPackaging Australia Pty Ltd, gave evidence as to the nature of his business and its plastic packaging products. Mr Emre Gunsan, Procurement Manager for Provedore Group Pty Ltd and its related company Fresh Cheese Company Pty Ltd, gave evidence as to his understanding of the word “flexopack” and his purchase of products from the First Respondent. A short affidavit was also tendered of Mr Theodoros Skoullou, Mr Katelis’ brother-in-law, as to the use of the phrase “flexo film”. He was not cross-examined.

44 Let me say at the outset that I did not consider Mr Katelis to be a reliable witness. Generally speaking, I have only accepted his evidence as having weight where it was corroborated by other witnesses or documents or dealt with non-contentious matters. I say this for *inter alia* the following reasons, the detail of which I will explain later in context:

- (a) First, his evidence that he had not heard of multilayer films being described as thermoplastic was suspect to say the least.
- (b) Second, much of his evidence was evasive, for example, his evidence concerning his 2004 patent application and his knowledge of IP rights, his evidence concerning his pattern of registering domain names, and his evidence concerning his filing and prosecution of trade mark applications.
- (c) Third, his evidence that he had not heard of the Applicant until May 2014 was quite implausible. Indeed, one aspect of its implausibility required me to accept several otherwise unusual co-incidences. Further, his narrative concerning the appearance on and then removal from the First Respondent's website of a cheese and grapes photograph (which had appeared on the Applicant's website) demonstrated, in my view, the falsity of his evidence that he had not heard of the Applicant until May 2014.
- (d) Fourth, I should say for completeness that I have put to one side the hearsay and collateral evidence concerning the apparent unsatisfactory nature of Mr Katelis' evidence in another court proceeding (*Loebenstein v Mitchell* [2008] FMCA 1711).

TRADE MARK INFRINGEMENT — FIRST RESPONDENT'S USE

(a) General

45 In my view, the First Respondent has used the words "FLEXOPACK" and "FLEXOPACK AUSTRALIA" as trade marks (s 17 and s 6(1) definition of "sign") in Australia in the following ways:

- (a) as the title for its website at www.flexopack.com.au and in that domain name, the context being to identify and link with the First Respondent and its goods;
- (b) on business cards, invoices and quotations;
- (c) on packaging;
- (d) as part of sign-off on emails; and

(e) in advertising.

Title of the webpage at www.flexopack.com.au

46 There has been tendered in evidence print-outs of screen shots of the website www.flexopack.com.au at various times. Take 5 May 2014. The trade mark “FLEXOPACK AUSTRALIA” appears on the front page. The remaining pages include an “ABOUT” page which includes a reference to the relevant goods. The remaining photographs include a product with lidding film, films, bags as well as packaged cheeses. There are also logos for Coles, Woolworths and Aldi.

47 Take 4 June 2014, shortly after a letter of demand dated 15 May 2014 was sent by the Applicant to the Respondents. The front page had been modified to include “FLEXOPACKTM”. A similar modification had been made to the “ABOUT” page. Each of the photographs appearing on the previous version of the website appear except for a particular photograph of cheeses and grapes. Four additional photographs of machines had also been added to the website.

48 Although the First Respondent’s website has taken various forms since that time, it has consistently used the words “FLEXOPACK AUSTRALIA”.

49 A further change to the First Respondent’s website occurred on 13 October 2014. At that time the website displayed a logo with the word “FLEXOPACK” in orange together with the word “AUSTRALIA” in black and the statement “packaging solutions for Australia’s food chain” together with various photographs. A further version of the First Respondent’s website as at 4 December 2014 displayed “FLEXOPACK AUSTRALIA PTY LTD” and the words “packaging solutions for Australia’s food chain”.

50 As at late May 2015, the First Respondent’s website continued to use the words “FLEXOPACK AUSTRALIA” prominently on the front page together with the slogan “packaging solutions for Australia’s food chain”. There was a tab on the website for “packaging” which showed products on supermarket shelves; the last page included a photograph of a roll of film.

Other uses

51 First, the first invoice issued by the First Respondent on 6 March 2012 included the words “Flexopack Australia Pty Ltd” adjacent a stylised logo.

52 Second, the trade mark “FLEXOPACK AUSTRALIA” has appeared on business cards distributed by Mr Katelis.

53 Third, the First Respondent has included the words “Flexopack Australia Pty Ltd” adjacent to the same stylised logo on quotations. These quotations have been signed by Mr Katelis.

54 Fourth, the words “Flexopack Australia Pty Ltd” have appeared on packaging products including on the outside of cartons, inner cores of film rolls and on the outer bag of a bundle of pouches.

55 Fifth, the First Respondent has used the words “Flexopack Australia Pty Ltd” in emails together with its contact information.

56 Sixth, the First Respondent’s business has been promoted on the website Alibaba on 5 May 2014, which advertising represented that the First Respondent supplied “all types of cheese packaging” under the trade mark “FLEXOPACK AUSTRALIA”. The contact information page identifies the supplier as Mr Katelis.

General

57 There can be little doubt that the First Respondent is and has been using the words “FLEXOPACK AUSTRALIA”, or “FLEXOPACK” as it occasionally appeared, as a trade mark in relation to the multilaminate film products that it has sold and offered for sale. It has not used any other designation that has performed the function of a badge of origin. Further, I am not in doubt that the domain name www.flexopack.com.au is and has been used as a trade mark. Let me elaborate on this aspect at this point.

(b) Use of www.flexopack.com.au

58 The domain name appears:

- (a) in the uniform resource locator (URL) of the website www.flexopack.com.au which in turn hosts a presence for the First Respondent’s business on the internet;
- (b) on the First Respondent’s business cards, invoices, quotations and emails;
- (c) in email addresses associated with the domain name such as george@flexopack.com.au and info@flexopack.com.au.

59 In my view, the use of the domain name in this fashion is use as a trade mark. It is used to promote the goods sold by the First Respondent.

60 It is convenient to first refer to *Solahart Industries Pty Ltd v Solar Shop Pty Ltd* (2011) 281 ALR 544; 92 IPR 165 at [50] where Perram J synthesised five general themes:

- (a) Mere registration of a domain name does not establish infringement of a trade mark;
- (b) Where a cybersquatter does not seek to attract customers to the occupied domain name but merely seeks to treat with the owner of the trade mark, it is unlikely that there is trade mark infringement;
- (c) Where a person uses a domain name to attract consumers to a website which promises connections with goods or services relating to the registered mark, infringement may be established even if the owner of the domain name does not sell the goods or services and instead merely benefits from a flow of traffic over the website;
- (d) Where a domain name is used to conduct a website from which goods or services are sold, the same kinds of questions which arise in ordinary trade mark litigation will arise; in such cases the analogy between the sign on the front of a shop and the goods within will be established; and
- (e) Explicit advertising of the website in that context will be relevant, for it will show more clearly the connection between the sign and the service.

61 Applying those principles, Perram J found infringement by the use of the domain name *www.solarhut.com.au* when it was being used to host a website for the relevant goods. See also Reeves J's discussion in *Edgetec International Pty Ltd v Zippykerb (NSW) Pty Ltd* (2012) 98 IPR 1 at [24], Besanko J's analysis in *Bob Jane Corporation Pty Ltd v ACN 149 801 141 Pty Ltd* (2013) 97 ACSR 127 at [112] and *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* (2015) 112 IPR 494 at [81] to [91] per Rangiah J.

62 The issue of trade mark use of a domain name has also been considered by Kenny J in *Sports Warehouse Inc v Fry Consulting Pty Ltd* (2010) 186 FCR 519 at [141] to [156] concluding that in that case there was such use. Further, in *Mantra Group Pty Ltd v Tailly Pty Ltd (No 2)* (2010) 183 FCR 450, Reeves J concluded at [69] that various domain names hosting websites constituted use as a trade mark. It is the use of the domain name on a website containing advertising material that promotes goods or services that can constitute use as a trade mark under s 120.

63 Mr Katelis registered the domain name www.flexopack.com.au in his own name in around August 2010. As I say, mere registration of that domain name is not use as a trade mark. But there is more. The domain name is presently used by the First Respondent as a vehicle to advertise its packaging products. The website is accessed by customers typing the domain name into the browser and being directed to the First Respondent's website which promotes the relevant goods.

64 The domain name www.flexopack.com.au represents the First Respondent's company name which in turn functions as a trade mark. A customer would not see www.flexopack.com.au as being merely descriptive. It is used to identify the website which acts as a virtual reality storefront offering the relevant goods for sale.

65 Further, the First Respondent also presents the domain name on company material. This presentation is clearly to direct customers to the website through the identifier FLEXOPACK albeit with "www." and ".com.au" elements. Further, the presentation of www.flexopack.com.au on invoices is a contraction of "FLEXOPACK AUSTRALIA". This reinforces its indication of origin. It is used as a badge of origin to attract customers to the website featuring those goods.

66 Further, the First Respondent also uses email addresses associated with the domain name including info@flexopack.com.au and george@flexopack.com.au. These are used to engage in transactions relating to the goods and also indicate origin.

67 The Respondents appear to accept that customers would see the domain name as a contraction of the First Respondent's company name. The name in turn is a trade mark. Customers would see the domain name as a contraction of that trade mark which indicates a badge of origin in the same way as the company name.

(c) Use of the word Flexopack alone on 4 and 5 June 2014

68 The First Respondent has also used the word Flexopack alone.

69 There has been such use, albeit for a short time on the First Respondent's website and on a quotation sent to Hellenic Cheese. Mr Katelis has sought to explain the website circumstances. Apparently, on 3 June 2014 the First Respondent, through its then lawyer, filed a trade mark application for the word Flexopack. This was after receiving the Applicant's 15 May 2014 letter of demand. The First Respondent then changed its website the next day to display the word FlexopackTM. But on 4 June 2014 the First Respondent received a further letter of

demand relating to this change. On 5 June 2014 the website was changed back to refer to Flexopack Australia Pty Ltd.

70 The First Respondent asserts that any use of the word Flexopack alone was *de minimis*. One can agree at least that such a use was only for a short time.

SECTION 120(1) OF THE *TRADE MARKS ACT*: THE SCOPE OF “THERMOPLASTIC POLYMERS (FOR PACKAGING)”

71 The trade marks “FLEXOPACK” and “FLEXOPACK AUSTRALIA” used by the First Respondent are deceptively similar to the sign in the Flexopack Registration. Each sign used by the First Respondent includes the word “FLEXOPACK”. The Respondents admit that these names are deceptively similar to the Flexopack Registration. Indeed, if it was necessary so to find, I would also be inclined to the view that they were “substantially identical”. The real question debated between the parties was the goods or services in relation to which the First Respondent’s trade mark was used or applied and whether they fell within the scope of the Flexopack Registration for the purposes of s 120(1).

72 Section 120(1) applies where the infringing use is in relation to goods or services that are the same as those for which the relevant trade mark is registered. Are the goods within the scope of the description of goods for which the trade mark is registered? The question is therefore whether the First Respondent has used its trade mark in respect of “thermoplastic polymers (for packaging)”.

73 As I have said, the Flexopack Registration is registered in class 16 in relation to “thermoplastic polymers (for packaging)” (the Designated Goods). It has been so registered from 26 March 2008. Class 16 includes packaging materials.

74 I should say that I enquired of the parties what the Nice Classification said about the ambit of class 16. As a result, it was tendered in evidence (International Classification of Goods and Services, Part II; World Intellectual Property Organization, Geneva, 2006, Ninth Edition). Class 16 specifically refers to this class as including “plastic materials for packaging (not included in other classes)”. The explanatory note elaborates by giving examples of “plastic sheets, sacks and bags for wrapping and packaging” (page 16). The List of Goods in the Class Order also referred to “[p]lastic film for wrapping” (page 103). Notwithstanding the contents of this Classification, the Respondents suggested that it was unheard of, if not heretical, to construe the scope of the registration in the light of the Nice Classification. I must say that

such a submission surprised me, particularly in light of the Flexopack Registration's express reference to class 16. Now strictly, class 16 first takes its content from Schedule 1 to the *Trade Marks Regulations 1995* (Cth) (see also reg 3.1). But Schedule 1 refers to "plastic materials for packaging (not included in other classes)" and the language of the Schedule reproduces the language of the Nice Classification. I do not see why I cannot refer to the Nice Classification as extrinsic material. But in any event, I am satisfied that the Flexopack Registration was identifying a type of plastic material for packaging.

75 What is embraced by the description of the Designated Goods? Is the description of the Designated Goods wide enough to encompass the relevant products sold, offered to be supplied or advertised by the First Respondent? There is no question that its goods are for packaging. But what is embraced by the description "thermoplastic polymers"?

76 A thermoplastic polymer is a type of plastic material that softens and becomes pliable above a specific temperature and which solidifies again upon cooling. This is distinct from a thermosetting polymer which is a plastic material that does not readily melt or decompose on heating. I have written elsewhere in a little more detail on thermosetting polymers. No further detail is necessary for the present context.

77 The Respondents have sought to draw a distinction between single layer and multilayer products and assert that the Flexopack Registration only applies to the former. But no distinction is made in the Designated Goods as to whether the plastic material is formed from multiple layers or single layers. The question is whether the goods sold have a characteristic of being thermoplastic polymers (plural).

78 In my view the evidence establishes that multilayer films are properly within the definition of thermoplastic polymers. I enquired of Mr Gkinosatis the following:

HIS HONOUR: So just to be clear then, your position is that — say you have got three layers and each of the layers consist of perhaps different types of polymers. Putting all the three layers together, you still describe the whole product which is the three layers as a thermoplastic polymer or thermoplastic polymers?

MR GKINOSATIS: Yes.

79 Initially, the evidence provided by Mr Katelis was that he had never heard of multilayer films described as thermoplastic. But this was shown to be incorrect. Indeed, Mr Katelis had filed a trade mark application for a trade mark specifying "co-ex thermoplastic polymers" being multilayered thermoplastic polymers. Mr Katelis subsequently received an examiner's report

and responded to it by submitting a declaration of accuracy to IP Australia (exhibits A3 and A4). The Respondents have therefore described their own multilayer films as thermoplastic polymers.

80 The Respondents have asserted that a different meaning should be given to “thermoplastic polymers”.

81 First, it is said that to a person familiar with flexible packaging, the word “polymer” naturally refers to a particular type of chemical compound such as polyethylene to take an example. One can agree that a “polymer” can refer to the chemical (indeed the macromolecule itself), but that does not take the matter far. It is divorced from the context that I need to consider where one is looking at a packaging material, rather than the raw chemicals that go to manufacturing the packaging material. Moreover, the use of the description “thermoplastic” makes this clear. It is a reference to the physical properties of the composite material once formed from the chemical(s).

82 Second, it was said that a multilayer film formed from different polymers could be said to be polymeric but not a thermoplastic polymer. But in my view, the evidence did not support the First Respondent’s construction.

83 Mr Gkinosatis, who had relevant manufacturing expertise as well as qualifications in polymer chemistry, simplistically explained (I am reciting his evidence rather than endorsing the precision of the explanation):

- (a) that a polymerisation reaction forms a polymer by reacting multiple monomer units together to form a series of linked chains; and
- (b) the polymer chains for a thermoplastic polymer are then “entangled” together when forming a pellet (the form in which the raw material is provided), film, or other product made from that particular polymer.

84 Mr Gkinosatis said that when forming a multilayered film this involved choosing “different polymers for the different layers”. This was also the way that Mr Gkinosatis used the word “polymer” in his affidavits in describing both the Applicant’s and the First Respondent’s multilayered products, repeating variations of phrases including “[e]ach product is made from thermoplastic polymers” and “[a]ll of these materials used in the manufacturing of shrink bags and films are thermoplastic polymers”. Mr Gkinosatis’ affidavits included at least two

references to the multilayer films as being “thermoplastic polymers”. In my view, in context, this was a natural use of the word polymer.

85 The Respondents have referred to the following evidence of Mr Gkinosatis:

COUNSEL FOR THE RESPONDENTS: And if so — turning that around, if someone said to you what polymer is it ---

MR GKINOSATIS: It constitutes from different layers of polymers, thermoplastic polymers. For example, if it’s a polypropylene polyethylene, there is one layer of thermoplastic polypropylene and one layer of thermoplastic polyethylene. So if your question is, is it a polymer, polymeric material this structure — yes, it is a thermoplastic polymeric material. It is — can you name by one name this — if it’s different five layers, no you have to name with different polymeric structures. But all of them, they make a thermoplastic polymer.

COUNSEL FOR THE RESPONDENTS: Your answer to that is that it makes polymeric material not a polymer. That’s correct, isn’t it?

MR GKINOSATIS: In my opinion, the terminology is the same — plastic polymer, polymeric material is the same terminology.

86 The Respondents have submitted that this answer supports their position that while a multilayer film may be “polymeric”, calling it a “polymer” is not a natural use of that word.

87 The Respondents assert that the word “thermoplastic” most naturally applies to an individual polymer rather than to a product made from layers of different polymers. The Respondents assert that the description “thermoplastic polymers (for packaging)” is a natural description of the products that the Applicant originally sold, namely, polyethylene sheets.

88 I reject the Respondents’ arguments limiting the relevant scope to single layer products. In my view they have an air of artificiality for the following reasons:

- (a) First, they seek to decontextualise “polymers” from its context of describing a packaging material rather than the raw chemical(s).
- (b) Second, it is well apparent from the evidence that people in the industry are using “polymers” to refer to the product made from the raw chemical(s). Moreover, it is not confined to a single polymer.
- (c) Third, the contention that the description only includes a single layer film or a film comprised of multiple layers but using the same polymer is too narrow. It is sufficiently broad to include multiple layers, including layers composed of different polymers. Both the text and context of class 16 make that apparent.

89 In summary, and in my view, the First Respondent's clear lidding films, pouches and bags, rewind film and thermoforming film are all goods falling within the scope of the Flexopack Registration. The First Respondent's use of its trade mark in relation to such goods has infringed the Flexopack Registration under s 120(1), subject to any available defences that I will discuss later.

SECTION 120(2) OF THE *TRADE MARKS ACT*: BROADER GOODS AND SERVICES

90 The question also arises as to whether the goods supplied or to be supplied by the First Respondent, if contrary to my view they fall outside the strict definition of "thermoplastic polymers", are in any event goods of the same description; I will deal with the proviso later. In my view such goods would be in any event.

91 *Southern Cross Refrigerating Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 at 606 and 607 adopted the approach of Romer J in *Re an Application by Jellinek* (1946) 63 RPC 59 at 70; (1946) 1A IPR 393 at 403 which required consideration of the nature of the goods including their characteristics and their origin, the uses to which they were put, and the trade channels through which they were bought and sold. No single consideration is itself conclusive. Further, the expression "same description" is not to be construed restrictively and regard is to be paid to the commercial context in which the goods in question are bought and sold; the question is one of impression (*Rowntree plc v Rollbits Pty Ltd* (1988) 10 IPR 539 at 545 and 546 per Needham J).

92 I accept that films made from a thermoplastic polymer can be supplied to conversion companies which can combine films made from different thermoplastic polymers or other materials into a multilaminate film. Multiple thermoplastic polymers can also be co-extruded to form a multilayer film. I also accept that simpler products may also be manufactured directly from thermoplastic polymers such as polyethylene bags.

93 The Respondents have contended that applying the considerations in *Southern Cross*, multilaminate films:

- (a) have different properties to simple thermoplastic polymers and are a specialised product designed to meet specific customer requirements;
- (b) are used for different more specialised applications than simple thermoplastic polymers; and

- (c) are sold through different trade channels being supplied by specialist companies (such as the First Respondent) or by conversion companies.

94 The Respondents have also referred to *Lonza Ltd v Kantfield Pty Ltd* (1995) 33 IPR 396 where the delegate of the Registrar of Trade Marks considered that “modified polypropylene resin and moulding compounds” were not goods of the same description as goods “made of synthetic foam” because the trade channels were different and specialised, notwithstanding that both were types of plastic (at 402 and 403). *Lonza* is not an appropriate analogue for the present case.

95 Further, the Respondents have rightly pointed out that although s 120(2) sets out as separate considerations whether the trade marks are “deceptively similar” and whether the goods are “of the same description”, French J (as he then was) observed in *Registrar of Trade Marks v Woolworths Ltd* (1999) 93 FCR 365 at 379 that s 120(2) requires an overall assessment and stated:

In the end there is one practical judgment to be made. Whether any resemblance between different trade marks for goods and services renders them deceptively similar will depend upon the nature and degree of that resemblance and the closeness of the relationship between the services and the goods in question. It will not always be necessary to dissect that judgment into discrete and independent conclusions about the resemblance of marks and the relationship of goods and services. Consistently with that proposition, the Registrar or a judge on appeal from the Registrar could determine in a particular case that, given the limited degree of resemblance between the relevant marks he or she could not be satisfied, no matter how closely related the goods and services concerned, that the use of the applicant’s marks would be likely to deceive or to cause confusion.

96 It is then said that there are several differences between the trade mark as registered:

and the words Flexopack Australia. It is said that the differences include:

- (a) font;
- (b) capitalisation;
- (c) separation of the “flexo” and “pack” components of the mark;
- (d) colour;

- (e) presence of the dash; and
- (f) presence of the word Australia.

97 The Respondents contend that those differences must be considered together with the effect of the differences between the multilaminate films sold by the First Respondent and the “thermoplastic polymers (for packaging)” the subject of the Flexopack Registration. But accepting the force of these arguments in my view does not deny the conclusion that I have reached concerning the First Respondent’s goods being of the “same description” within the ambit of the terms of s 120(2). Even if the Flexopack Registration was confined to single layer films, multilayer films would in my view be goods of the same description.

98 Let me elaborate on two other goods that I have not discussed in detail, viz., lidding films with an aluminium layer and tubs.

99 Various lidding films sold by the First Respondent included a layer of aluminium between thermoplastic polymer layers. But these lidding films were used for the same purpose as clear lidding film, namely, to package food products. They were sold to the same end users, being those in the cheese industry, and were sold through the same trade channels as multiple layer lidding film containing thermoplastic polymer layers. In my view such aluminium lidding films were goods of the same description as “thermoplastic polymers” within s 120(2).

100 As for tubs, the First Respondent did not discover any invoices showing that it had sold such a product. Nevertheless they were promoted on the First Respondent’s website. These products were packaging products offered for sale with films. They were to be used for packaging food products and were to be sold to the same end users in the cheese industry. In my view they were goods of the same description within the meaning of s 120(2).

101 Let me also discuss the question of services provided by the First Respondent.

102 The First Respondent was involved in acting as a consultant in respect of the packaging of grocery products for customers, which included sourcing, importing and selling packaging materials and packaging machinery. The provision of such services using the trade mark is also an infringement under s 120(2). Moreover, insofar as those services related to machinery, the provision of advice in relation to machinery for methods of packaging complements the provision of packaging films and bags. The packaging films provided are used on the packaging machinery to package food and packaging machinery is provided to the same customers who purchase films. The provision of those services using the trade mark would be

an infringement under s 120(2). Services which provide for the installation, operation or repair of goods can be treated as closely related to goods. See, for example, *Caterpillar Loader Hire (Holdings) Pty Ltd v Caterpillar Tractor Co* (1983) 77 FLR 139 at 150; 1 IPR 265 at 276; 48 ALR 511 at 522 per Lockhart J; see more generally *GSM (Trademarks) Pty Ltd v Blue Star Holdings Pty Ltd* (2005) 67 IPR 194; *Richard James Pty Ltd v Grant Olver Investments Pty Ltd* [2005] ATMO 18.

“OWN NAME” DEFENCE — SECTION 122(1)(a)

(a) Applicable principles

103 The Respondents relied upon the “own name” defence under s 122(1)(a). In my view that defence fails from the inception of the First Respondent’s use. It was for the Respondents to establish, on the balance of probabilities, the requisite good faith. They did not discharge that onus.

104 Section 122(1)(a) relevantly provides:

- (1) In spite of section 120, a person does not infringe a registered trade mark when:
 - (a) the person uses in good faith:
 - (i) the person’s name ...

105 It is appropriate to set out some applicable principles.

106 First, the defence applies to corporations as well as to natural persons: *Optical 88 Ltd v Optical 88 Pty Ltd* (2011) 197 FCR 67 at [70] per Cowdroy, Middleton and Jagot JJ by reference to *Optical 88 Ltd v Optical 88 Pty Ltd (No 2)* (2010) 89 IPR 457; 275 ALR 526 at [160] to [164] per Yates J; see also *Wellness Pty Ltd v Pro Bio Living Waters Pty Ltd* (2004) 61 IPR 242 at [43] per Bennett J.

107 Second, where the respondent is a corporation its use to bring it within the defence may be without the corporate signifiers “Pty Ltd”: *Wellness* at [43] per Bennett J. It may be that even further truncation may not jeopardise the availability of the defence (see *Anchorage Capital Partners Pty Ltd v ACPA Pty Ltd* (2015) 115 IPR 67; [2015] FCA 882 at [17] per Perram J). But that depends on the circumstances. In *Smith & Nephew Plastics (Australia) Pty Ltd v Sweetheart Holding Corporation* (1987) 8 IPR 285, the defence did not prevail for uses of “Sweetheart” where the company name was “Sweetheart Plastics Inc” and “Sweetheart cup division of Maryland Cup Corp” (at 290 and 291) (see also *Optical 88 (FC)* at [65] and [66]).

Sweetheart followed the UK position that an abbreviation of a name could not be protected if it increased the likelihood of deception or confusion. In the present case, in my view, the use of the truncation “FLEXOPACK” and the domain name www.flexopack.com.au could not take the benefit of the defence. It is not enough for the defence if the First Respondent has used only part of its corporate name. To drop “AUSTRALIA” cannot be said not to increase the likelihood of confusion.

108 Third, the requirement that the use be “in good faith” is a requirement of honesty (*Optical 88* at [161] per Yates J). This requires an honest belief at least at the time of adopting the mark that no confusion would arise by reference to the earlier trade mark’s reputation and that there was no intention to divert trade (*Australian Postal Corporation v Digital Post Australia Pty Ltd* (2013) 105 IPR 1 at [73] and [74] per North, Middleton and Barker JJ). But this is a necessary but not sufficient condition.

109 Fourth, an issue that had some focus during the trial was whether use that might once have been in good faith can still be characterised as such once the respondent became aware of the existence of the trade mark owner, the fact of its registration and/or of potential confusion that might arise in the marketplace. I will return to this issue later.

110 Fifth, a lack of good faith may be found where the person acts in a deliberate manner to take advantage of another party’s reputation, in other words, is fraudulent or dishonest. But it does not necessarily follow, however, that in the absence of fraud or dishonesty, good faith is established.

111 The test to be applied is in one sense objective. If a person does not take steps that an honest and reasonable person would take to ascertain the ability to use a trade mark, and has in effect taken a risk, then they are not acting in good faith. If the Respondents are to avail themselves of this defence they must show that their conduct was in good faith. The onus rests on them.

112 Further, good faith might, for example, be shown by showing that legal advice was sought. In the present case, the Respondents do not rely on any such advice.

113 Sixth, the position in the United Kingdom, which deals with analogous legislation enforcing European Community Trade Marks, is not unhelpful in considering what conduct constitutes good faith. Council Regulation (EC) No 40/94 of 20 December 1993 on the Community Trade Mark Article 12 states as follows:

A Community trade mark shall not entitle the proprietor to prohibit a third party from

using in the course of trade:

(a) his own name or address;

...

provided he uses them in accordance with honest practices in industrial or commercial matters. (emphasis added)

114 The United Kingdom applies an objective test. This provision was discussed by Arnold J in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2008] EWHC 3032 (Ch); (2008) 79 IPR 621 at [142] to [152] (confirmed on appeal in *Hotel Cipriani Srl v Cipriani (Grosvenor Street) Ltd* [2010] EWCA Civ 110).

115 *Cipriani* noted at [151] and [152] that the assessment of the defence required an objective consideration of the steps taken by the relevant person in adopting the company name. Such an approach is consistent with the approach taken by Allsop J (as he was then) in *Anheuser-Busch, Inc v Budějovický Budvar, Národní Podnik* (2002) 56 IPR 182 at [193] to [219]. The mere ignorance of the trade mark is not sufficient to enliven the defence. Moreover, a lack of fraud or a lack of conscious dishonesty does not establish the flip-side requirement of good faith. I accept though that *Anheuser-Busch Inc* has distinguishing features that are not present in my case.

116 Seventh, in my view, good faith in s 122 is properly interpreted as requiring reasonable diligence to ascertain that a chosen name does not conflict with a registered trade mark.

117 There are good policy reasons for this. The Agreement on Trade-Related Aspects of Intellectual Property Rights (in effect from 1 January 1995) is administered by the World Trade Organisation (WTO). It arose out of the 1986–1994 Uruguay Round negotiations and the Marrakesh Declaration of 15 April 1994. It sets down minimum standards for intellectual property regulation in respect of WTO members. Both Australia and the United Kingdom are relevant members. Article 17 states:

Members may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

118 If only subjective knowledge was relevant, a person could use the good faith defence despite not having taken any appropriate steps to inform himself of any relevant existing trade marks. This has the potential to undermine the utility of a registered trade mark. The reasonableness

or lack thereof of the steps undertaken by the First Respondent in the choice of its company name is to be considered in light of the effect on the trade mark owner. If good faith were to be construed as merely being satisfied on the basis of a stated subjective belief that one did not know of the other, it could lead to a situation where one could justify trade mark use with one's ignorance. The failure to make proper inquiries should not place a respondent in a better position than if such inquiries had been made.

(b) The Respondents' evidence

119 The Respondents relied predominantly on the evidence in chief of Mr Katelis to establish this defence. As I have indicated, I do not accept the reliability of his evidence on contentious questions. But let me set out the high point of the Respondents' version of events for the moment.

120 After Mr Katelis decided in 2010 to start a business that would supply high barrier, multilaminate films to food manufacturers in Australia, and to incorporate a company for that purpose, he gave consideration to a name for that company.

121 He wanted to choose a name that would communicate to customers the nature of the products that his company would be supplying and he wanted a name that had a relevant domain name available.

122 Apparently Mr Katelis' brother-in-law had described a product to him called "flexo film". Mr Katelis then considered names that involved variations of the words flexographic, flexo, flexible, packaging and pack.

123 One of the names that he searched, using a domain name supplier website ("Crazy Domains"), was "flexopack". That search showed that the .com.au domain name was available. Apparently, Mr Katelis also deduced from this that it was unlikely that anyone else was trading under that name in Australia. The search also showed that the .com domain name was not available. When Mr Katelis entered that domain name into a browser apparently there was no website active for that address.

124 Mr Katelis also saw from the domain name supplier website that the word "flexopack" was registered in a number of overseas domains. He looked at a number of such websites (he does not recall specifically which ones) and saw that there appeared to be a number of different packaging companies using a "flexopack" name, and those companies appeared to be

unrelated. Because of the existence of such companies, Mr Katelis decided to include the word “Australia” in the name of the company he incorporated.

125 Mr Katelis also performed a search of the ASIC register of company and business names for the name “Flexopack Australia Pty Ltd”. He saw that the name Flexopack Australia Pty Ltd was available and he found two other companies with similar names — FlexoPackaging Australia Pty Ltd and Flexo Australia Pty Ltd. He conducted internet searches on those two businesses and concluded that while they were both connected with the packaging industry, one was focused on flexographic printing services and the other did not appear to have a focus on food. Mr Katelis formed the view that confusion was therefore unlikely.

126 As at 2010, Mr Katelis knew of the concepts of trade marks, but he asserts that he was not knowledgeable about trade marks. He asserts that he did not know that a search could be conducted for trade marks and he did not perform such a search. His asserted incorrect understanding at that time was that trade marks were mainly owned by large companies and related to trade marks applied to goods and for branding. In the three businesses that Mr Katelis had previously operated, he said that he had not sought to register any trade marks. He did not seek to register any trade mark for his current business until receiving the letter of demand and obtaining legal advice. I must say that his whole evidence based upon this professed and profound ignorance was unconvincing to say the least.

127 Mr Katelis was cross-examined about a patent application he had filed in 2004, and it was suggested to him that it was implausible that he would understand what a patent was but not what a trade mark was. As I say, Mr Katelis said that he understood, in general terms, what a trade mark was, but thought that it was something that was used by large companies and used when physically applied to branding goods, which he would not be doing in selling unmarked clear plastic film or film with the manufacturer’s details on it.

128 Mr Katelis’ evidence is that he was not aware of the Applicant’s use of a flexopack trade mark in Australia at the time of incorporating the First Respondent. The Respondents say that such a position is “inherently likely” given the limited nature of the Applicant’s use of its trade mark in Australia prior to August 2010. In this respect, the Respondents said that there is no evidence that the Applicant engaged in any advertising or other promotion of its business in Australia. Further, there was evidence that the Applicant directly supplied its products to only three distributors, although those distributors disclosed to some customers that the manufacturer was

the Applicant. Further, the Applicant did not have any staff in Australia, although from 1994 it had members of its management team visit customers in Australia.

(c) The Applicant's response to Mr Katelis' evidence

129 The Applicant contends that Mr Katelis' evidence should not be accepted. It is said that he was unwilling to directly and truthfully answer the questions put to him in cross-examination. I generally agree with that assessment.

130 For example, Mr Katelis was evasive when asked questions about the patent application he filed in 2004. His initial evidence was that he had not dealt with IP Australia until much later. It is implausible that he would have no memory of drafting and filing a patent specification which is a complex intellectual property right. Other areas where he refused to frankly answer questions include where he initially refused to acknowledge that his company conducted any advertising, he sought to understate how many domain names he had registered, and, further, he sought to avoid questions about whether he had filed any trade mark applications on behalf of the First Respondent. It emerged during cross-examination that he himself had filed and prosecuted some of the First Respondent's trade mark applications, albeit in 2014. There are other difficulties with his evidence which are appropriate to discuss at this point.

131 Mr Katelis gave evidence that he had not heard of the Applicant prior to receiving the letter of demand in May 2014. I do not accept that evidence. It is quite improbable.

132 First, Mr Katelis has a background in business having filed his own business names and operated small businesses for over 17 years. He completed year 12 and commenced a diploma at RMIT. He has operated a pizza restaurant and also a bar, Chief's Pizza and Loft 245, which involved him registering business names. He was warned during the business name registration process that there were no established rights in those names although he said that he was not aware of that.

133 Second, Mr Katelis had the sophistication to prepare and file a patent application which included a detailed description of an invention together with claims over five pages. Although he could not remember the details, he knew about this intellectual property right as he was the applicant, address for service and inventor cited in the patent application.

134 Third, Mr Katelis is of Greek background. He attended a Greek school until year 12 and can speak and write fluent Greek. He has conducted business with companies selling Greek food. The Respondents suggest that it is merely a coincidence that they now find themselves in

litigation with a Greek company over the use of the same trade mark “Flexopack” applied to the same products. I am not convinced by the Respondents’ assertion of a mere coincidence.

135 The First Respondent has commenced using a trade mark which is deceptively similar to that of the Applicant and is being used in respect of similar goods as the Applicant’s and in respect of similar types of customers as are targeted by the Applicant.

136 Fourth, the First Respondent’s website as at 5 May 2014 included a photograph of cheese and grapes which in my view originated *from the Applicant*. The cheese and grapes photograph appeared on the website www.flexopack.gr; there is evidence showing the website as it appeared in 2007 and 2008 and the website as it appeared up to around 2012. There are many millions of photographs on the internet. It is an unlikely coincidence that the Respondents received this photograph from another source. Mr Katelis said that he received the photo in 2014 along with specifications from a Chinese manufacturer that sells shrink bags. I do not accept that remarkable coincidence. Moreover, it does not explain the next point.

137 Mr Katelis received a letter of demand from the Applicant on 15 May 2014 and subsequently removed the cheese and grapes photograph from the First Respondent’s website very shortly after receiving that letter. Numerous other photographs remained including other photographs of packaged cheese. The cheese and grapes photograph was *not mentioned* in the letter of demand. It can be inferred that Mr Katelis removed this photograph because he knew at the time that it came from the Applicant’s website. It establishes the falsity of the assertion that Mr Katelis did not know of the Applicant prior to the letter of demand. It also points out the falsity of the evidence that he received the photo from a Chinese manufacturer. If so, why remove the photo? Why that particular photo? In my view this conduct amounts to consciousness of guilt.

138 Fifth, it remains open on Mr Katelis’ evidence that he visited the website of the Applicant at www.flexopack.gr in 2010. He stated that it was possible that he had visited it, but he did not recall, although he did not believe he visited it in 2010.

139 Sixth, no contemporaneous documents supportive of Mr Katelis’ version of events were provided by the Respondents to show precisely what was considered when adopting the company name.

140 Generally, I found Mr Katelis' evidence to be unreliable. I am not prepared to accept that Mr Katelis did not know of the Applicant at the time the First Respondent adopted its company name and of the potentiality for confusion.

141 Moreover, whatever their actual knowledge of the Applicant, in any event the Respondents have failed to demonstrate that they acted in good faith. They failed to place themselves in a position of good faith in that they failed to make all reasonable inquiries that an honest and reasonable person would have made.

142 Mr Katelis gave evidence that he never conducted a Google search when ascertaining the company name. But this is a quick and simple process and there is no explanation why such a search could not have been conducted to identify anyone conducting business under that name. The series of narrow searches referred to by Mr Katelis in his affidavit are not realistic. A person seeking to identify whether a name is available for use could have quickly and simply conducted a Google search. I have significant doubts as to the veracity of Mr Katelis' denial on this aspect that he did not carry out such a search. It was not disputed, as I understood it, that a general Google search would have thrown up the Applicant.

143 Mr Katelis also gave evidence that after securing the domain name he visited the Australian Securities and Investments Commission website where he considered information about registering a company name. This information is entitled "How to register a company". It includes specific warnings that you may also need to consider pending and registered trade marks and that action may still be taken against you if your name conflicts with names already on the Register. The same page provides a link to the IP Australia website. Whilst Mr Katelis visited this ASIC page before registering the First Respondent, he refused to concede that he had read the passages advising that a trade mark search should be conducted. He did however acknowledge that he "possibly" should have read the document. Again, if he did not read the document properly or heed the warnings, I do not consider that he acted reasonably. He engaged in knowingly risky behaviour.

144 Mr Katelis also gave evidence that he registered the First Respondent through the internet website www.onlinecompany.com.au. This website included a similar warning to that contained on the ASIC website stating that it was advisable to avoid company names similar to a registered or pending trade mark. Mr Katelis acknowledged that he should have read this warning as well. This was a further alert for a person acting in good faith to conduct further searches.

145 Further, Mr Katelis did not make any enquiries of cheese manufacturers before choosing his company name. Further, he did not make any enquiries of any company selling the same type of product as he was proposing to sell before choosing a company name. These would have been straightforward steps to take if he wanted to avoid infringing the rights of others.

146 Further, I do not accept that Mr Katelis had no or insufficient knowledge of trade marks as of 2010. He had already prepared and filed an innovation patent with IP Australia. He knew about such a complex intellectual property right. It is difficult to accept that he did not have any knowledge of trade marks and the registration thereof.

147 Furthermore, albeit in 2014, Mr Katelis was sufficiently competent to file his own trade mark applications. He corresponded as an address for service with IP Australia in a similar manner to that which he had previously done with his patent application. He prosecuted one of his trade mark applications by responding to an examination report dated 11 September 2014 and filing a declaration with IP Australia. He had the capacity to understand trade marks at that time. In my view, there is no probative and reliable evidence to suggest that he did not have such an appreciation at an earlier point. Business proprietors would usually know of the importance of trade marks. It is common for new business owners to conduct basic trade mark searches using the IP Australia website. The IP Australia website included as of 2010 basic information directed to people unfamiliar with trade marks. It included information about trade marks, searching for trade marks and suggested contacting a patent and trade marks attorney or legal practitioner for assistance if necessary.

148 The ASIC website also provided significant information about choosing a company name. It warned company registrants that they did not have the absolute right to use a company name and that they should consider if the proposed name was similar or identical to any registered or pending trade marks. Similar information was also provided by the Australian Government through the website www.business.gov.au.

149 The experience of Mr Waters, a trade marks attorney, was that many small to medium-sized businesses he advised had already conducted their own trade mark searches before seeking his advice. He explained how such a search was conducted and concluded that if the Respondents had carried out a search, the Flexopack Registration would have been identified as a highly relevant entry on the Register in 2010.

150 In my view, an experienced business person would have conscientiously considered the type of information set out above and, if acting in good faith, would have conducted further inquiries including a search of the trade marks register. Mr Katelis failed to do this and his excuses were unconvincing. If he was ignorant of the Applicant and the Applicant's trade mark, it was only due to his own indifference and his failure to make the inquiries that an honest and reasonable person would have made in his position.

151 Further, and I will expand upon this later in the context of ss 41 and 88, Mr Katelis asserted that he adopted "FLEXOPACK AUSTRALIA" because he considered the term "flexopack" to be descriptive and because "flexo" was a commonly used abbreviation of "flexographic" and "pack" an abbreviation of "packaging" in order to identify his product. But the use made by the Respondents was *not* descriptive; it was to identify the First Respondent. Mr Katelis could not point to anything called a FLEXOPACK other than a packaging product using film that is printed. The contention that he thought the word to be descriptive is inconsistent with his own evidence that he saw fit to at least consider the existence of others using the same or a similar company name. It is also inconsistent with his own trade mark applications.

152 The Respondents have referred to other evidence. It is pointed out that people who had considerable involvement in the flexible packaging industry, albeit at different points in time, gave evidence that they were unaware of the Applicant. The following examples all post-date the Applicant's entry into the Australian market in about 1994:

- (a) Mr Jacobs only learnt of the existence of the Applicant in around 2007. Mr Jacobs had by that time been working in the packaging industry in Australia for two to three years, having moved from New Zealand in 2004, and he was the General Manager from September 2004 of Packsys. Even during the preceding ten year period, from 1995 until 2004, Mr Jacobs visited Australia for work and had many dealings with the Australian packaging industry during that time, including attending Australian packaging conferences;
- (b) Mr Georgakakis only learnt of the existence of the Applicant in around 2003. By that time Mr Georgakakis had had more than ten years' experience working in the food packaging industry in Australia;
- (c) Mr Peter was unaware of the Applicant in 2015 despite operating a business supplying packaging products since 2008;

(d) Mr Gunsan, who has been the procurement manager for the Provedore Group Pty Ltd (including Fresh Cheese Co) since 2011, including in relation to its flexible packaging requirements, had not heard of the Applicant.

153 Other witnesses were only aware of the Applicant as a result of direct dealings with it.

154 But accepting all such evidence for present purposes does not in my view assist the Respondents. It was for the Respondents to make proper inquiries, if they did not know, rather than to take the risk. They ought to have done so. I am not satisfied that good faith has been established. That view is also fortified by the unreliability of Mr Katelis' evidence.

155 Finally, and as I have said, the First Respondent has used the word "FLEXOPACK" without "AUSTRALIA" in its domain name, on the First Respondent's website and on a quotation. The "own name" defence does not apply to that use.

(d) Failing to cease conduct once put on notice of the Applicant and the Flexopack Registration

156 Further, even if the First Respondent initially adopted its name in good faith, it and Mr Katelis were on notice of the Applicant and its rights by at least 15 May 2014 and the potentiality for confusion. Moreover, Mr Katelis must have known by the conversation with Mr Georgakakis in early 2014 that the Applicant was conducting business in Australia. From that time, the "own name" defence was not available. There was knowledge at that time of the Applicant's position and the potentiality for confusion.

157 Under s 120, each act (or use) is a potential infringement. The statutory defence under s 122(1)(a)(i) applies to excuse particular "uses" made in good faith rather than *all* uses undertaken after adopting a particular company name.

158 It is open to consider good faith for each use or act of infringement.

159 In *Optical 88* at first instance, it was noted at [163] that the trade mark owner did not submit that use otherwise in good faith could, after the alleged infringer acquired the relevant knowledge, cease to be use in good faith. This point was sought to be raised on appeal but the Full Court precluded the argument from being run on the basis that it was not raised below (see at [71] to [79]).

160 Can such later "own name" use be in good faith where a respondent has been put on notice? In the United Kingdom, in *Cipriani* at [149] referring to *Reed Executive plc v Reed Business*

Information Ltd [2004] EWCA Civ 159; [2004] RPC 40, Arnold J discussed that it was necessary to stop once placed on notice. I take a similar position and would, generally speaking, answer such a question in the negative. If the defence does apply to an earlier period, it would not apply to continued use such as to excuse future conduct after receipt of the letter of demand where a respondent was put on notice of the applicant's position and the potentiality for real confusion.

161 The First Respondent accepts that use of a trade mark could *cease* to be in good faith. It accepts that this could occur where it could be shown that the respondent was seeking to target the trade mark owner's customers by creating an impression that there was an association. The respondent might, for example, have adopted a font or other get-up that was similar to that of the trade mark owner. But it is submitted that provided the trade mark was adopted honestly and the respondent was not seeking to use that trade mark to attract the trade mark owner's customers, then a developed awareness of the trade mark owner and of a risk of confusion arising did not mean that the respondent's use of its name ceased to be use in good faith. I would reject such a contention. The Respondents state the matter at too high a level. The Respondents assert that such an approach is consistent with the approach taken in relation to the related issue of "honest concurrent use". I doubt it. It is said that a requirement of honesty also forms part of the consideration of whether "honest concurrent use" in s 44(3) applies to the facts before a court. A court will be aware that in upholding an application for registration by relying on s 44(3) it will be giving that party a defence to trade mark infringement either directly (by application of s 122(1)(e) read with s 20(1)) or indirectly (in the context of upholding a right to register defence in s 122(1)(fa)). It is said that once the fact of the pre-existing registration is brought before the court, the second-in-time party will usually be aware of facts giving rise to a likelihood of confusion. However, that does not preclude a finding of honesty. It is said that in *McCormick & Co Inc v McCormick* (2000) 51 IPR 102, Kenny J referred with approval at [32] to authority emphasising the circumstances around the adoption of the trade mark as being relevant to any assessment of honesty. It is said that in *Campomar Sociedad, Limitada v Nike International Ltd* (2000) 202 CLR 45, the High Court considered the operation of provisions of the *Trade Marks Act 1955* in the context of a dispute between two users of a Nike trade mark. The High Court observed that the *Trade Marks Act 1955* "sanctioned a system the operation of which involved a measure of likely deception or confusion" (at [56]), including because of the existence of the "honest concurrent use" provisions. The Court also cited with approval (at [61]) a statement by Deane J in *New South*

Wales Dairy Corporation v Murray Goulburn Co-operative Co Ltd (1990) 171 CLR 363 at 396 and 397, in the context of whether a trade mark should be removed from the register, that such considerations were moderated by consideration of the availability of civil relief where passing off could be established. Further, reference was made to Dawson and Toohey JJ's explanation in *NSW Dairy Corporation* at 406:

The doctrine of honest concurrent user meant that a degree of confusion had to be tolerated within the system. The mere fact that the use of a mark would be likely to deceive or cause confusion was not necessarily sufficient to support an injunction restraining that use.

162 In summary, it is said that the concept of honest concurrent user would have no practical application if the requirement of honesty were to be gainsaid by establishing that the second-in-time trader had become aware of the other trader and of a risk of confusion.

163 All this is very well, but I have to construe and apply the “good faith” requirement for the “own name” defence after a respondent has been put on notice and has knowledge of the potentiality for real confusion. In my view, once those conditions are satisfied, it is difficult to see how the requirement of good faith could be made out. It certainly has not been made out here. The argument by parity of reasoning with “honest concurrent user” was not that helpful in this context.

“RIGHT TO REGISTER” DEFENCE — SECTION 122(1)(fa)

164 The Respondents have also sought to rely upon the “right to register” defence.

165 Section 122(1)(fa) relevantly provides:

In spite of section 120, a person does not infringe a registered trade mark when:

...

(fa) 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; ...

166 If, contrary to the First Respondent's submissions seeking removal of the trade mark as I discuss later, the word Flexopack is sufficiently distinctive, then it also follows that the First

Respondent may *prima facie* be able to register its name as a trade mark in respect of the multilayer high barrier films that it supplies. However, the Applicant's earlier trade mark registration would "block" such a hypothetical registration by reason of s 44(1). But s 44(1) is expressed to be subject to s 44(3), which relevantly provides:

If the Registrar in either case is satisfied:

(a) that there has been honest concurrent use of the 2 trade marks;

...

the Registrar may accept the application for the registration of the applicant's trade mark 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.

167 Before discussing the honest concurrent user point I should also note that in addition to s 44, the Applicant says that the hypothetical trade mark application would be rejected on each of the grounds in ss 42(b), 60 and 62A as well. I will discuss s 44(3)(a) first and then these other matters.

HONEST CONCURRENT USE — SECTION 44(3)(a)

168 In *McCormick & Co Inc v McCormick* (2000) 51 IPR 102 at [30] Kenny J listed the principal criteria relevant to the exercise of the s 44(3)(a) discretion being:

- (a) the honesty of the concurrent use;
- (b) the extent of the use in terms of time, geographic area and volume of sales;
- (c) the degree of confusion likely to ensue between the marks in question;
- (d) whether any instances of confusion have been proved; and
- (e) the relevant inconvenience that would ensue to the parties if registration were to be permitted.

169 The requirement for honesty has been described as the most important criterion.

170 As to the extent of use, there is no minimum requirement for time and as little as five weeks has been sufficient to support a finding of honest concurrent use (see for example *PB Foods Ltd v Malanda Dairyfoods Ltd* (1999) 47 IPR 47). The First Respondent says that it has concurrently used its trade mark for more than four years, with its use to date being limited to Melbourne.

171 As to the degree of confusion, the Respondents submit that little to no relevant confusion has arisen.

172 Further, the Respondents contend that the evidence shows that the market for the parties' products is primarily relationship-driven. The Respondents assert that there is no evidence to show that each party cannot effectively continue to supply their products to their customers and grow their respective markets unimpeded by the other's existence.

173 Further, the Respondents assert that each party has chosen a trading name that is relatively descriptive of their respective goods. It is said that the price for the choice of such a name is the potential for a degree of confusion with other traders who have similarly selected a descriptive name.

174 In summary, the Respondents submit that when these factors are considered together, they favour an exercise of the discretion provided for by s 44(3).

175 I reject the Respondents' arguments.

176 In my view, any trade mark application filed by the Respondents would be rejected under s 44(1) on the basis that it was deceptively similar to the Flexopack Registration and applied for in relation to similar goods or closely related services. Moreover, this objection would not be overcome by s 44(3).

177 First, in my view it has not been shown that the First Respondent honestly adopted a trade mark. The evidence of Mr Katelis has not demonstrated honest adoption. In any event, whilst honesty is essential it is not conclusive. A mere finding of honesty does not mean that registration may be granted.

178 Second, the First Respondent has not shown sufficient use in terms of time, geographical area and volume of sales to justify registration. In *PB Foods Ltd v Malanda Dairyfoods Ltd* (1999) 47 IPR 47, five weeks was the minimum time to justify registration. But the facts of that case were that the respondent commenced use five weeks *before* the trade mark owner used. That is not the present case.

179 Third, the potential for confusion is high given that the parties sell the same goods to the same segments of the Australian market. The trade marks are virtually the same incorporating the sign "FLEXOPACK" albeit the Respondents use "AUSTRALIA" as well. There is a high likelihood of confusion.

180 Fourth, instances of confusion have been proven as I will discuss later in these reasons.

181 Fifth, one needs to consider the relative inconvenience to each of the parties if registration was to occur. Any registration would cause significant disruption to the Applicant and its business. The trade mark "FLEXOPACK" is its primary branding and it is a long established company. Conversely, the First Respondent has not led any evidence to suggest that any real prejudice would be caused to it if it were to change its trade mark. Rather, the evidence shows that there would be little, if any, inconvenience. The First Respondent's business could continue unaffected under a different trade mark. It was acknowledged by Mr Gunsan (of Fresh Cheese Co) and Mr Katelis that the trade mark could be changed without customers ceasing to deal with the First Respondent.

182 In my view, the elements of s 44(3) have not been established. Further, even if they were to apply, there would not in all likelihood be an exercise of discretion in favour of the First Respondent for the foregoing reasons.

SECTION 60 AS A GROUND OF REJECTION

183 Moreover, even if the First Respondent could overcome the problems of satisfying s 44(3), it would be barred registration by the operation of s 60.

184 Section 60 provides:

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.

185 Any finding under s 60 is not read subject to s 44(3); in other words, if any trade mark applied for by the First Respondent is rejected under s 60 then it could not secure registration even if s 44(3) were to apply (*McCormick & Co Inc v McCormick* (2000) 51 IPR 102 at [93] and [96] per Kenny J). Section 44(3) does not act as an exception to s 60.

186 Let it be assumed that the operation of s 60 applied at the time of the infringing conduct, at that time the Applicant had a reputation in Australia sufficient to enliven that ground of objection. For the reasons explained later when dealing with the causes of action in passing off and under

the Australian Consumer Law, I reject the First Respondent's submission that the Applicant did not have a sufficient reputation to give rise to a likelihood of deception or confusion.

187 Further, the use by the First Respondent of its name is likely to deceive or cause confusion for reasons that I will explain later.

SECTION 42(b) AS A GROUND OF REJECTION

188 Section 42(b) relevantly provides:

An application for the registration of a trade mark must be rejected if:

...

(b) its use would be contrary to law.

189 The Applicant relies on its Australian Consumer Law case in support of this ground, a case which I accept for the reasons that I explain later. Accordingly, s 42(b) is also a bar to this hypothetical registration.

SECTION 62A AS A GROUND OF REJECTION

190 Section 62A is established if bad faith is established in the making of the application. Section 62A provides:

The registration of a trade mark may be opposed on the ground that the application was made in bad faith.

191 The question is whether what the Respondents knew or ought to have known of the Applicant at the relevant time would support a finding of bad faith when they hypothetically applied for registration. I do not need to consider this ground further in light of the other grounds set out above which would deny the hypothetical registration in any event.

THE SECTION 120(2) PROVISIO

192 The Respondents have also sought to rely upon the proviso under s 120(2). Of course, this proviso does not apply to infringement under s 120(1) which I have already found in any event.

193 Section 120(2) is relevantly in terms:

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

194 This proviso allows consideration of the particular manner in which the trade mark was used.

195 The Respondents contend that the First Respondent has primarily supplied its products to two customers, Fresh Cheese Co and Hellenic Cheese, in relation to goods that have been the subject of initial trials by the customer, and that those sales have not involved any confusion with the trade mark owner. In *Optical 88*, Yates J considered that the reputation of the trade mark owner may be relevant for consideration of this proviso (at [98]).

196 In my view, the First Respondent does not fall within the terms of this proviso.

197 The First Respondent must show that there is no likelihood of deception or confusion. In my view, it has not so demonstrated. The similarity between the trade marks is significant. One difference is that the First Respondent also uses the geographical designation “AUSTRALIA”. This adds little to distinguish. Indeed, for some, it is conceivable that it may in fact reinforce the perception that the First Respondent is associated with the Applicant as an Australian subsidiary or distributor. Further, the parties sell the same types of goods. This makes confusion all the more likely. Further, the First Respondent represents that it is a manufacturing and packaging company producing a wide range of films. This is how the Applicant is also seen by its customers. Further, the First Respondent operates in the same field as the Applicant and further services similar clientele, namely, customers in the cheese industry. Further, there is evidence of confusion which I discuss later in my reasons.

198 Further, in my view the Respondents’ assertion that they have only conducted business with a small number of customers does not alleviate the likelihood of confusion by the First Respondent’s use of “FLEXOPACK AUSTRALIA” on its website and so on.

199 In summary, the s 120(2) proviso does not apply.

REMOVAL FOR NON-USE — SECTION 92(4)(b)

200 The First Respondent seeks removal of the trade mark registration pursuant to s 92(4)(b). The question is whether the Applicant used the Flexopack Registration in Australia between 3 May 2011 and 3 May 2014 (the asserted non-use period). Although the First Respondent accepts that the Applicant has used its Flexopack trade mark as a trade mark in Australia during the asserted non-use period, it does not accept that it has done so in relation to “thermoplastic polymers (for packaging)”. It is said that pursuant to s 100, the onus is on the Applicant to establish that it has made relevant use of the mark.

201 The Respondents contend that because the Applicant has not sold thermoplastic polymers (for packaging), but rather has sold various films made from thermoplastic polymers, it has not made the required use of its trade mark.

202 I reject the contention that the Applicant has not sold goods falling within the scope of the Flexopack Registration. I have previously explained why I have rejected the artificiality of the Respondents' construction of the relevant phrase.

203 The Applicant has provided various invoices confirming sales of the registered goods in Australia during the asserted non-use period. The goods sold under these invoices were shrink films for making bags, lidding films, lamination films for lidding and skin films. These are all thermoplastic polymers and intended for packaging. Even where a film is made of a number of layers of thermoplastic polymers (being a laminated or co-extruded film), such a film is a thermoplastic polymer.

204 The abovementioned goods, when supplied in Australia, were supplied by reference to an invoice bearing the Flexopack logo and when supplied they had a label bearing that same logo.

205 Further, in relation to the relevant invoices, the evidence of Mr Gkinosatis was that:

The goods the subject of these invoices that were supplied to our distributors in Australia were shrink films for making bags, lidding films, lamination films for lidding and skin films. They are all thermoplastic polymers. All of the goods are intended to be used for packaging.

206 In my view the Applicant has established that it has used the Flexopack Registration, in other words the Flexopack logo, in relation to the goods of registration in the asserted non-use period.

207 Further and in any event, even if such goods did not fall within the registration, they were goods of the same description. Accordingly, if it was necessary to do so, I would exercise my discretion under s 101 not to remove the Flexopack Registration (*Pioneer Computers Australia Pty Ltd v Pioneer KK* (2009) 176 FCR 300 at [167] per Bennett J).

REMOVAL FOR LACK OF DISTINCTIVENESS (SECTIONS 41 AND 88)

208 Pursuant to s 88, a person may apply to remove a registered trade mark on any ground on which the trade mark could have been opposed (s 88(2)(a)). The Flexopack trade mark could have been opposed on the ground that it was arguably insufficiently distinctive pursuant to s 41 (as it stood at the relevant time) as provided for by s 57.

209 The Flexopack Registration was applied for on 26 March 2008. Accordingly, s 41 in its form prior to the commencement of the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth) is relevant in the present case.

210 The relevant date for assessing the trade mark is the priority date of the trade mark application for the Flexopack Registration being 26 March 2008 (*Yarra Valley Dairy Pty Ltd v Lemnos Foods Pty Ltd* (2010) 191 FCR 297 at [47] per Middleton J; see also *Chocolaterie Guylian NV v Registrar of Trade Marks* (2009) 180 FCR 60 at [54] per Sundberg J).

211 The Flexopack Registration was examined and accepted by the Registrar. The burden of proof lies on the First Respondent to establish the relevant ground of invalidity (Middleton J in *Yarra Valley Dairy Pty Ltd v Lemnos Foods Pty Ltd* (2010) 191 FCR 297 at [39] to [41]).

212 The steps to be followed in the assessment of a trade mark and its capability to distinguish are discussed by Middleton J in *Yarra Valley Dairy* at [50] to [52]. The starting point is an assessment of the inherent adaptability of the trade mark to distinguish.

(a) Inherent adaptability to distinguish

213 There is a continuum of distinctiveness, from highly descriptive trade marks to highly distinctive trade marks. This continuum has been described in *Dodds Family Investments Pty Ltd v Lane Industries Pty Ltd* (1993) 26 IPR 261 at 269 quoting Hill J in *Equity Access Pty Ltd v Westpac Banking Corporation* (1989) 16 IPR 431 at 448 in the following terms:

Just as the distinction between descriptive and fancy names is not a distinction of law so too it is wrong to see the distinction in black and white terms. The reality is that there is a continuum with at the extremes purely descriptive names at the one end, completely invented names at the other and in between names that contain ordinary English words that are in some way or other at least partly descriptive. The further along the continuum towards the fancy name one goes, the easier it will be for a plaintiff to establish that the words used are descriptive of the plaintiff's business. The closer along the continuum one moves towards a merely descriptive name the more a plaintiff will need to show that the name has obtained a secondary meaning, equating it with the products of the plaintiff (if the name admits of this — a purely descriptive name probably will not) and the easier it will be to see a small difference in names as adequate to avoid confusion.

214 *Cantarella Bros Pty Ltd v Modena Trading Pty Ltd* (2014) 254 CLR 337 at [59] per French CJ, Hayne, Crennan and Kiefel JJ made a distinction between a trade mark that:

- (a) contains a “direct reference” to the relevant goods (*prima facie* not registrable);
- or

- (b) makes a “covert and skilful allusion” to the relevant goods (*prima facie* registrable).

215 The Court, although addressing the issue of trade marks comprising foreign words, gave as examples of words that are inherently adapted to distinguish words which “in relation to the goods are allusive or metaphorical” (at [59]).

216 A wholly invented word — a common example is Kodak — will clearly be inherently adapted to distinguish. An invented word that is not wholly meaningless, but which contains a “covert and skilful allusion to the character or quality of the goods” may be registrable (*Cantarella* at [47] quoting from Dixon J’s judgment in *Howard Auto-Cultivators Ltd v Webb Industries Pty Ltd* (1946) 72 CLR 175 at 181).

217 At the other end of the continuum are words that make a “direct reference” to the relevant goods and which are *prima facie* not inherently adapted to distinguish (*Cantarella* at [59]).

218 The Respondents rely on *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks* (2002) 122 FCR 494 and the discussion regarding absence of associations in shape trade marks. But *Kenman* does not change the position as set down in *Cantarella*.

219 In *Mark Foy’s Ltd v Davies Coop & Co Ltd* (1956) 95 CLR 190, consideration was given to the registrability of the words “Tub Happy”. It was held that the words “Tub Happy” did not refer to a quality of the fabric in question and that it was a mistake to assume that the words convey a meaning and then seek to institute a search for that meaning.

220 It is necessary to consider the trade mark as a whole, rather than its constituent parts, and then assess whether there is a direct reference to the character or quality of the goods.

221 Examples of trade marks held to be inherently adapted to distinguish include:

- (a) “perfectly you” in respect of a range of cosmetics and hair care products;
- (b) “T.G.I Friday’s” (being an acronym for “Thank God It’s”) for restaurant services;
- (c) “Click & Roll” for cigarettes;
- (d) “Baby-Dry” for nappies;
- (e) “Sizzle & Stir” for sauces and flavourings.

222 An invented word is capable of distinguishing because it does not deprive any member of the public from using their existing vocabulary. An invented word may contain a covert and skilful allusion to the character of the goods. For an invented word, let me also add the following observations:

(a) First, the fact that the word is not in a dictionary or newly constructed does not make it invented *per se*.

(b) Second, mis-spellings or variations of ordinary words do not amount to variation *per se*.

(c) Third, as Dixon J said in *Howard Auto-Cultivators* at 181:

if [the word] is compounded of elements of which the source is manifest and the intended meaning is transparent, it becomes a question whether there is anything more than a colourable attempt at reproducing some of the sounds and all the sense of an expression belonging to common speech.

(d) Fourth, and as Dixon J went on to say, novelty is looked for. The word should be “clearly and substantially different from any word in ordinary and common use”. Trivial variations are not enough. A “mere combination of two known words” is not enough or a word with a “meaningless syllable added to it”. But the word need not be “wholly meaningless”.

(b) Background

223 Let me begin with a discussion of some background matters. It may be accepted that the description “flexible packaging manufacturer” is a natural description of the Applicant’s business. The Applicant has so described its business on its current website. The Applicant’s Australian subsidiary, Flexopack Pty Ltd, has also described itself in such terms in its advertisements for staff.

224 More generally, the Applicant and its competitors have operated in one or more markets supplying flexible packaging products. For example, Mr Whelan had formerly worked for Leigh Mardon Flexibles, which he agreed was a flexible packaging company, before working for Micris which he agreed was also a flexible packaging company. He agreed that there was a range of other flexible packaging suppliers in Australia. Mr Jacobs confirmed that Packsys was a flexible packaging company. Mr Roselt explained that he previously worked for Flexibles, a division of Amcor Ltd, which he agreed operated in the flexible packaging market. Mr Georgakakis agreed that his company, Flexbond Pty Ltd, sold flexible packaging products.

225 The terms flexographic and flexo were also well understood in the relevant market(s). But such terms described, and were understood as describing, a popular method of *printing* on flexible packaging products.

226 The Applicant referred to “flexo” printing on its own website as an option for its vacuum pouches and shrink bags. Mr Whelan, who gave evidence for the Applicant, confirmed that as part of his involvement in the food packaging industry in Australia he was familiar with the term “flexographic” and its sometimes used abbreviation “flexo” as referring to a type of *printing* used on plastic films. Mr Peter, Mr Gunsan and Mr Katelis confirmed a similar awareness of these terms, as did Mr Gkinosatis and Mr Jacobs.

227 Further, there was evidence of third party use of the terms “flexo” and “flexographic”. Such uses appeared in articles and webpages from an Australian “Flexo” magazine which was published by the Australia New Zealand Flexographic Technical Association. The magazine was directed to a range of people involved in what was described as the “flexo industry” and the “flexographic industry”, from suppliers to end-users. There was also some use of the abbreviation “flexo” in the context of printing for packaging as well as at least one example of the use of the term “flexo packaging”.

(c) Discussion of evidence

228 In my view, the word “FLEXOPACK” is not descriptive of any goods. There is no such thing as a flexopack and no witness identified any such product, save that Mr Katelis asserted in cross-examination that flexopack is a product that is a pack using flexofilm or film that is printed, an assertion which in my view was unreliable.

229 Mr Whelan, Regional Sales Manager of Ulma Packaging (Australia) Pty Ltd, gave more probative evidence on this question. He has been a member of the Australian Institute of Packaging since around 1989 and the former Chairman of the Queensland branch of that organisation between around 1998 and 1999. He has had extensive experience in the packaging industry going back well before 2008. He has received an award recognising service to the packaging industry over 25 years. His evidence was that:

- (a) he had only ever heard of “Flexopack” as a term referring to the Applicant;
- (b) he did not consider that the term described any product; and
- (c) he understood the word to be a “made up word”.

230 This evidence was reinforced by the evidence of Mr Jacobs, of Flexopack Pty Ltd, whose evidence was that to his knowledge “Flexopack” was only used in the packaging industry to refer to the Applicant and its Flexopack-branded products.

231 Similar evidence was given by Mr Gunsan of Fresh Cheese Co who agreed that “Flexopack” was an invented word. This is consistent with his evidence that he understood that “Flexopack Australia” was a trade mark being used for relevant goods and services that he was purchasing from the Respondents. In addition, Mr Peter gave evidence that he does not sell any product which is called a “flexopack”.

232 The Respondents in cross-examination sought to explore only part of the trade mark “FLEXOPACK” and focused their attention on “FLEXO”. The cross-examination did not demonstrate that “FLEXOPACK” *as a whole* had any natural meaning. The search for meaning supports the conclusion that “FLEXOPACK” is an invented word without meaning.

233 The Respondents focused on two phrases, “flexible packaging” and “flexographic” film or packaging.

234 As I have said, there is a flexible packaging industry. However, “flexo” is not a direct or proper abbreviation of the phrase “flexible packaging”. Flexible packaging is not directly or aptly described as being “flexopack”. If there is any reference to flexible it may be a covert or skilful allusion in circumstances where the trade mark includes a prefix “FLEXO”, rather than “FLEXI”.

235 The second phrase that the Respondents focused on was “flexographic packaging” and in particular “flexo” film. But this did not address the question whether the combination with the word “PACK” directly described the relevant goods.

236 The existence of “FLEXO” magazine did not affect the analysis. First, there is little evidence of its circulation in 2008. Second, the adoption of a name for a magazine does not show that it is in turn a descriptor for any or the relevant goods.

237 The Respondents have also relied on numerous recent websites in an attempt to assert common use of “FLEXO” prefixed trade marks. But it has not been shown whether and how most of those businesses operated in Australia in 2008.

238 In my view, the evidence from witnesses such as Mr Whelan is more probative on this issue given his long involvement in the packaging industry.

239 The Respondents have also relied on alleged use by other traders of the word “FLEXO” in company names in countries other than Australia. But such companies do not compete with the Applicant and do not sell the same types of films and bags. There is no evidence that they operate in or are known in Australia. The fact that these other companies might use “FLEXOPACK” as part of their own trade mark, and to the extent that that is shown as of 2008, does not entail that the term is *descriptive* of any goods.

240 The Respondents have sought to divide the registered trade mark



and to give emphasis to its separate components “flexo” and “pack”.

241 So, they say that in the context of “thermoplastic polymers (for packaging)” it seems uncontentious that the word “pack” would be understood as either being short for packaging, or for some customers, a reference to a pack made of such materials.

242 So, they say that the word “flexo” is likely to be understood by many customers of such products to refer to:

- (a) the flexo (or flexographic) printing process that may be used on flexible packaging products; and/or
- (b) the fact that the products are part of the category known as flexible packaging products.

243 They then conclude with the submission that in either case, the mark is not allusive or metaphorical such as, for example, the “TUB HAPPY” trade mark for cotton garments, alluding to the fact that such garments could be washed in a tub (referable to the parlance of the golden age of the 1950s).

244 I disagree with such an atomistic approach. This disassembled explication is artificial.

245 The evidence shows that the word “FLEXOPACK” is an invented word and is not directly descriptive of any particular product. If there was something called a “flexopack” then the evidence did not reveal precisely what such a thing might be. The Respondents adduced no probative evidence of such a thing.

246 The Respondents' search for meaning of "FLEXO" amongst alternatives such as "flexographic" or "flexible" just confirmed that there was no directly descriptive meaning attributable to the prefix.

247 Further, the evidence demonstrated that both the Applicant and the First Respondent were using the word "FLEXOPACK" as a trade mark to distinguish their goods. No party has used "FLEXOPACK" to directly describe some characteristic of their goods.

248 In summary "FLEXOPACK" is an invented word and inherently adapted to distinguish. It has little in the way of an accepted "ordinary signification". Moreover, it could not be said that other traders might legitimately need to use the trade mark in respect of their goods (see *Telstra Corporation Ltd v Phone Directories Company Pty Ltd* [2015] FCAFC 156 at [126] per Besanko, Jagot and Edelman JJ).

(d) Application of s 41(5) (original form) of the Trade Marks Act (if necessary)

249 The Applicant has also contended that if I were to find that the trade mark of the Flexopack Registration lacks inherent adaptability to distinguish, it could still maintain the registration under s 41(5) (original form). This would require me to consider the extent to which the trade mark is inherently adapted, the use and intended use made before the filing date and other circumstances. I need only be satisfied as of March 2008 that the trade mark could distinguish the goods of the Applicant.

250 In my view, the following factors also support registration under s 41(5) if necessary.

251 First, there has been the use and promotion of a trade mark comprising "FLEXOPACK" in Australia prior to March 2008 from 1995 when "FLEXOPACK" was used and from around 2001 when the current logo was used.

252 Second, there has been the use of "FLEXOPACK" after March 2008 showing that it has become distinctive, from which it can be inferred that the trade mark could be taken as at March 2008 as being capable of distinguishing the goods of the Applicant; this has not just been because the relevant community thereafter have been "educated" to see the mark as such an indicator.

253 Third, there was evidence from persons in the trade that they understood before (indeed after) March 2008 that "FLEXOPACK" designated the Applicant. It functioned as a badge of origin, reinforcing the fact that as at March 2008 it was capable of distinguishing.

254 Fourth, the Applicant has been able to secure registration of a trade mark for “FLEXOPACK” in other jurisdictions (including Europe (EU), Mexico, the United States and international registrations (IR) designating Australia, China, Korea, Russia, Turkey and Ukraine). This tends to show that it does distinguish its goods in those places.

AUSTRALIAN CONSUMER LAW AND PASSING OFF

255 The Applicant has asserted causes of action under s 18 and s 29(1)(a), (g) and (h) of the Australian Consumer Law.

256 Section 18(1) provides:

A person must not, in trade or commerce, engage in conduct that is misleading or deceptive or is likely to mislead or deceive.

257 Sections 29(1)(a), 29(1)(g) and 29(1)(h) provide:

A person must not, in trade or commerce, in connection with the supply or possible supply of goods or services or in connection with the promotion by any means of the supply or use of goods or services:

(a) make a false or misleading representation that goods are of a particular standard, quality, value, grade, composition, style or model or have had a particular history or particular previous use; or

...

(g) make a false or misleading representation that goods or services have sponsorship, approval, performance characteristics, accessories, uses or benefits; or

(h) make a false or misleading representation that the person making the representation has a sponsorship, approval or affiliation; or

...

258 It has also asserted a cause of action for the tort of passing off.

(a) Applicable principles — Australian Consumer Law

259 It is appropriate to state a number of non-contentious principles applicable to the present case, some of which I have set out in *Comité Interprofessionnel du Vin de Champagne v Powell* (2015) 115 IPR 269; [2015] FCA 1110.

260 First, there is no meaningful difference between the words and phrases “misleading or deceptive”, “mislead or deceive” or “false or misleading”; see *Australian Competition and*

Consumer Commission v Dukemaster Pty Ltd [2009] FCA 682 at [14] per Gordon J and *Australian Competition and Consumer Commission v Coles Supermarkets Australia Pty Limited* (2014) 317 ALR 73 at [40] per Allsop CJ.

261 Second, where the issue is the effect of conduct on a class of persons (rather than identified individuals to whom a particular misrepresentation has been made or particular conduct directed), the effect of the conduct or representations upon ordinary or reasonable members of that class must be considered (*Campomar Sociedad, Limitada v Nike International Ltd* (2000) 202 CLR 45 at [102] and [103]). This hypothetical construct avoids using the very ignorant or the very knowledgeable to assess effect or likely effect; it also avoids using those credited with habitual caution or exceptional carelessness; it also avoids considering the assumptions of persons which are extreme or fanciful. Third, the objective characteristics that one attributes to ordinary or reasonable members of the relevant class may differ depending on the medium for communication being considered. There is scope for diversity of response both within the same medium and across different media.

262 Fourth, for the purposes of s 18, one must identify the relevant *conduct* and then consider whether that conduct, considered as a whole and in context, is misleading or deceptive or likely to mislead or deceive. Such conduct is not to be pigeon-holed into the framework or language of representation (cf the language of s 29).

263 Fifth, conduct is misleading or deceptive or likely to mislead or deceive if it has the tendency to lead into error (*Australian Competition and Consumer Commission v TPG Internet Pty Ltd* (2013) 250 CLR 640 at [39] per French CJ, Crennan, Bell and Keane JJ). But conduct causing confusion or wonderment is not necessarily co-extensive with misleading or deceptive conduct (*Google Inc v Australian Competition and Consumer Commission* (2013) 249 CLR 435 at [8] per French CJ, Crennan and Kiefel JJ). Mere confusion or wonderment will not establish misleading or deceptive conduct (*Taco Company of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177 at 201 per Deane and Fitzgerald JJ). In *SAP Australia Pty Ltd v Sapient Australia Pty Ltd* (1999) 169 ALR 1 at [51], the Full Court accepted that there may be evidence of initial confusion that did not result in any person seeking to commence negotiations, which would fall short of amounting to misleading or deceptive conduct.

264 Sixth, the question is whether there was a real but not remote chance or possibility that the relevant conduct was misleading or deceptive or likely to mislead or deceive. To assess this one looks at the potential practical consequences and effect of the conduct.

265 Seventh, for the purposes of s 18, the words “likely to mislead or deceive” demonstrate that it is not necessary to show actual deception. Relatedly, it is not necessary to adduce evidence from persons to show that they were actually misled or deceived.

266 Eighth, there must be a sufficient nexus between the impugned conduct or apprehended conduct and the customer’s misconception or deception. As was said in *SAP Australia Pty Ltd v Sapient Australia Pty Ltd* (1999) 169 ALR 1 at [51] by French, Heerey and Lindgren JJ:

The characterisation of conduct as “misleading or deceptive or likely to mislead or deceive” involves a judgment of a notional cause and effect relationship between the conduct and the putative consumer’s state of mind. Implicit in that judgment is a selection process which can reject some causal connections, which, although theoretically open, are too tenuous or impose responsibility otherwise than in accordance with the policy of the legislation.

267 Subject to one qualification, the error or misconception must result from the respondent’s conduct and not from other circumstances for which the respondent was not responsible. But conduct that exploits or feeds into and thereby reinforces the pre-existing mistaken views of members of the relevant class may be misleading or deceptive or likely to mislead or deceive.

268 Ninth, conduct that is merely transitory or ephemeral where any likely misleading impression is likely to be readily or quickly dispelled or corrected does not constitute conduct that would infringe s 18 (*Knight v Beyond Properties Pty Ltd* (2007) 242 ALR 586 at [58] per French, Tamberlin and Rares JJ).

269 Tenth, and relatedly, it is one thing to say that the conduct must be more than transitory or ephemeral, but it is another thing to say that the conduct or its effect must endure up to some “point of sale”. There is no such requirement to establish a s 18 contravention. Relatedly, it is not necessary to show any actual or completed transaction entered into.

270 Eleventh, in determining whether a contravention of s 18 has occurred, the focus of the inquiry is on whether a not insignificant number within the class have been misled or deceived or are likely to have been misled or deceived by the respondent’s conduct. There has been some debate about the meaning of “a not insignificant number”. The *Campomar* formulation looks at the issue in a normative sense. The reactions of the hypothetical individual within the class are considered. The hypothetical individual is a reasonable or ordinary member of the class. Does satisfying the *Campomar* formulation satisfy the “not insignificant number” requirement? I am inclined to the view that if, applying the *Campomar* test, reasonable members of the class would be likely to be misled, then such a finding carries with it that a significant proportion of

the class would be likely to be misled. But if I am wrong and that a finding of a “not insignificant number” of members of the class being likely to be misled is an additional requirement that needs to be satisfied, then I would make that finding in the present case. For a discussion of these issues, see Greenwood J’s analysis in *Peter Bodum A/S v DKSH Australia Pty Ltd* (2011) 280 ALR 639 at [206] to [210] and *National Exchange Pty Ltd v Australian Securities and Investments Commission* (2004) 61 IPR 420 at [70] and [71] per Jacobson and Bennett JJ.

271 Twelfth, in the case of a descriptive or generic word, for an applicant to make good an allegation of affiliation it may need to demonstrate that the word has acquired a secondary meaning and become distinctive of the applicant’s business. Whether a secondary meaning exists is a question of fact to be determined having regard to all the relevant contextual circumstances. It is also said that it may be difficult to establish that a descriptive name, as opposed to a concocted or invented name, has become distinctive of the applicant’s business.

272 Relatedly, however, there is no requirement under the Australian Consumer Law to show an exclusive reputation (*Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (2007) 159 FCR 397 at [99] per Black CJ, Emmett and Middleton JJ). Indeed, query whether it is necessary to show a reputation at all (see Heerey J in *Woodtree Pty Ltd v Zheng* (2007) 164 FCR 369 at [34]). But perhaps it may be said that one need show only “[v]ery slight activities” and it can be established even without retail sales (*Miki Shoko Co Ltd v Merv Brown Pty Ltd* [1988] ATPR 40-858 at [49,278] per Lockhart J).

273 Thirteenth, while s 18 and s 29(1)(a), (g) and (h) have a broader scope of operation than the tort of passing off, when those sections are applied to facts asserted to give rise to a passing off then in practice a court may be guided by similar principles (see *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* (1978) 140 CLR 216 at 227 per Stephen J).

274 In the present case, the focus of the inquiry is on the effect of the conduct or representation, in this case the use by the Respondents of “FLEXOPACK” and “FLEXOPACK AUSTRALIA”, on the relevant class of persons to whom the conduct or those representations are directed.

275 The relevant date for assessing whether a respondent’s conduct amounts to misleading or deceptive conduct is the date the conduct commenced.

276 In the present case, the relevant class are those that purchase (or may purchase) products from the Applicant or the First Respondent, being purchasers of films and bags for the packaging of cheese and other food products who are producers or wholesalers of such food products.

277 It is not a requirement of s 18 for the Applicant to prove actual damage. In any event, any damage will be quantified separately.

(b) Applicable principles — tort of passing off

278 The elements of this tort are:

- (a) the existence of a reputation in the mind of the relevant purchasing class for the applicant's goods;
- (b) a misrepresentation by the respondent, whether intentional or inadvertent, that its goods are those of the applicant; and
- (c) that the applicant has suffered or is likely to suffer damage.

279 It need only be shown that the Applicant has suffered or is likely to suffer damage to meet the elements of this tort. Damage can be inferred; see *Madden v Seafolly Pty Ltd* (2014) 313 ALR 1; [2014] FCAFC 30 at [116] and [117] per Rares and Robertson JJ.

280 The relevant date for assessing the reputation of a party alleging the tort of passing off is the date when the respondent's relevant conduct commenced. But two points. First, because the respondent's conduct may have eroded an applicant's goodwill, it should not have the benefit of any such erosion. Second, if the respondent's conduct was lawful when commenced, it is not to be made unlawful by the applicant subsequently building upon its existing goodwill.

281 Yates J in *Optical 88* said in relation to the latter consideration at [333]:

If, on the other hand, the applicant cannot establish that, as at the date of commencement of the impugned conduct, it had a sufficient reputation to sustain its claim, I cannot see how any after-acquired reputation can assist it in the face of what would otherwise have been the legitimate commencement and continued conduct of the first respondent's business.

282 The required reputation is something more than a reputation among a small number of persons; there must be "a substantial number of persons who are aware of the plaintiff's product" (*ConAgra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 at 346 per Lockhart J).

(c) Evidence of reputation

283 In summary, the following evidence in my view demonstrates the Applicant's substantial reputation in Australia as of and from 2010:

- (a) Sales of its products since 1994 through Micris, Tribond and Packsys;
- (b) Sales and on-supply to customers of roll stock branded "Flexopack";
- (c) Promotion through Micris, Tribond and Packsys referring to the relevant products as originating from the Applicant;
- (d) Visits to Australia by the Applicant to promote its products which included meetings with distributors and customers;
- (e) Reference to "Flexopack" on tenders and paperwork associated with the products;
- (f) Promotion by Packsys at exhibitions in Australia;
- (g) Promotion by the Applicant at international exhibitions attended by Australians; and
- (h) Promotion through websites including the Packsys website and the Applicant's website.

Distribution of the Applicant's goods in Australia

284 The Applicant appointed Micris to distribute its packaging in 1995. Micris distributed its product until 2007. It sold products including film rolls for forming vacuum pouches, lamination films and skin films to customers in the meat and cheese industries.

285 The Applicant appointed Packsys as a distributor in 2008. Packsys continued as the main Australian distributor up until the Applicant established its own distribution and conversion company, Flexopack Pty Ltd, in 2014.

286 The Applicant also sold packaging goods to the company Tribond. Products supplied included lidding films, lamination films as well as lid anti-fog film.

Sales into Australia by the Applicant

287 The Applicant first visited Australia in 1994 for the purposes of selling its products because it was receiving enquiries from all over the world including Australia. Sales figures for the years from 2004 to 2014 are shown in a confidential annexure for sales of packaging goods to customers outside Greece. The Applicant has made considerable sales outside Greece.

288 The Applicant did not place magazine advertising directly in Australia. Promotion occurred through international exhibitions and the efforts of its distributors. It conducted business in Australia by appointing distributors who purchased and on-sold its products to Australian customers in the meat and cheese industries.

289 The Flexopack logo or brand appeared on labelling that was applied to all products supplied by the Applicant. Labels were applied to the rolls and boxes. All of the films were branded with "FLEXOPACK". The labels were outside on each roll and in the roll.

290 The Applicant provided extensive information about its product range and its business on its website at www.flexopack.com. It previously operated www.flexopack.gr.

Sales and promotions in Australia since 1995 to 2007 through Micris

291 Sample invoices showing the products distributed by Micris were contained in a confidential annexure. These demonstrated substantial sales.

292 Mr Whelan, who was employed by Micris between 1996 and 2004, gave evidence that Micris was selling a large amount of the Applicant's barrier films and bags to the meat and cheese industry when he started employment. He had conducted trials of the Applicant's products with customers and discussed the product and its origin with new and existing customers over the telephone and in personal visits.

293 The Applicant's products were supplied to Micris labelled "Flexopack" with a label on the rolls of film. Some of the film was supplied to customers on rolls and some converted into bags by Micris. Where the Applicant supplied rolls (roll stock), Micris would leave the labels and the product would be supplied to customers with the Flexopack branding.

294 Promotion of the Flexopack brand was also done by word of mouth. Since 1996 Mr Whelan has spoken to many industry contacts about the Applicant and its products. He considered that it had a wide exposure and became well known in the food packaging industry.

295 Micris promoted Flexopack products at the FoodPro exhibition around 13 years ago (being around 2002). This exhibition was held at the Melbourne Exhibition Centre with exhibitors from the food processing industry. Mr Whelan was present at the exhibition and told customers that the film supplied was from the Applicant.

296 Examples of Micris' customers who purchased the Applicant's products at that time during 1996 to 2004 included Cargill Australia (a major meat processing company located in

Victoria), Thomas Foods (an abattoir located in South Australia), Peters Meat (a butcher chain based in Melbourne), Chef Choice Meats (a supplier of meat and smallgoods to the hospitality industry located in Melbourne), Pinnacle Foods (a contract packaging business which packaged cheese located in Sydney), and Portion Packers (a contract packaging business which packaged cheese and small goods located in Victoria).

297 I am able to infer that these customers were aware that the product that they were being supplied with originated from the Applicant.

Sales and promotions in Australia from 2008 through Packsys

298 The Applicant's products being supplied through Packsys included shrink films for making bags and thermoforming films. These were used to package red meat, poultry, cheese, fish and processed meats. The product supplied to Packsys was supplied with labelling displaying the "Flexopack" brand.

299 The "Flexopack" name was also promoted by Packsys visiting customers on a monthly to six-monthly basis depending on how much product each customer was purchasing. Customers visited included Coles, Teys Australia, Stanbroke, Swickers, Bega Cheese, Bunzl, JBS, Fletchers, Gundagai and Frewstal.

300 Promotion was also done by word of mouth to Packsys' customers. Apparently, if an existing or new customer did not know that the packaging was manufactured by the Applicant, they would generally ask.

301 Packsys further promoted the "Flexopack" brand on tenders, in meetings and sometimes used the Applicant to strengthen the case if they were doing tenders. Tenders which included Flexopack products usually made reference to the Applicant as a manufacturer of the products.

302 The "Flexopack" brand was also promoted by Packsys through quotes. These quotes either included a reference to product from the Applicant or, if not referenced, the customer almost always asked where the packaging was manufactured. A customer would often request a specification sheet and was provided with such a sheet setting out that the product was manufactured by the Applicant.

303 Some products were passed directly through Packsys to the end customer. For example, Stanbroke, a meat producer, received rolls branded "Flexopack". The evidence of Mr Bardell was as follows:

HIS HONOUR: --- And if rolls of film are supplied from [Packsys] to Stanbroke, are you able to say what brand or label would appear on those rolls?

MR BARDELL: --- Yes. There would have been Flexopack branding on them — well, Flexopack is the name; it would have said Flexopack trial film. And the customer was aware of this.

304 The “Flexopack” brand was also promoted at trade exhibitions in 2008, 2011 and 2014 through Packsys. These were held at the Sydney Convention and Exhibition Centre. In 2014 such an exhibition was held at the Melbourne Convention and Exhibition Centre.

305 The “Flexopack” brand was also promoted by Packsys directing customers to either www.flexopack.com or www.flexopack.gr. It was also promoted on the Packsys website from around 2008.

306 The promotion through Packsys was further discussed by Mr Roselt who gave evidence as a current employee of Flexopack Pty Ltd and a former employee of Packsys from June 2012. He became aware of the Applicant’s products when he commenced in the packaging industry with Packsys. He considered that the “Flexopack” brand had a good reputation. He spoke about Flexopack products on many occasions to current and potential customers who apparently knew that the product they were being supplied was from the Applicant. These included customers such as Swickers, Teys Australia, Primo, JBS, Frewstal and B.E. Campbell. These in turn supplied product direct to supermarkets such as Coles, Aldi, Woolworths and IGA. He also directed existing and potential customers to the website www.flexopack.com.

Sales in Australia through Tribond

307 Mr Georgakakis gave evidence as to sales of the Applicant’s product purchased by and on-sold to customers of Tribond. He has been aware of the Applicant’s business and its products since around 2003.

308 Tribond began importing the Applicant’s high barrier films and selling them to customers in 2008. It would typically purchase and import between seven or eight high barrier rolls per shipment with each shipment being around one tonne of the Applicant’s products. Tribond also purchased laminating films and lidding films. All of the products supplied to Tribond by the Applicant had “Flexopack” branding on them on the labels.

309 The quantities sold to Tribond are shown in invoices in a confidential annexure. These included 98 pallets of materials supplied to Tribond to the value of over one hundred thousand euro.

The labelling of the product provided to Tribond was on the outside of the pallet, a label on the rolls or on the box and on the inside of the rolls.

310 Mr Georgakakis would regularly visit existing and potential customers and tell all of those customers that the film and bags supplied by Tribond were from the Applicant.

311 Mr Georgakakis also identified the Applicant as the source of film in tenders, specification sheets and quality assurance documents provided with the products. Apparently, it was important for customers to know the source of the film to make sure that they were satisfied with its quality. Mr Georgakakis gave the following evidence in respect of tender documentation:

HIS HONOUR: --- Sorry would that paperwork make reference to the fact that you sourced your film from Flexopack?

MR GEORGAKAKIS: --- Yes. That's correct.

HIS HONOUR: --- And would it actually identify Flexopack?

MR GEORGAKAKIS: --- Yes, we had to identify Flexopack, your Honour, and we had to show them what structure was in the film.

312 The majority of products utilising the Flexopack film were sold to suppliers of Coles and, to a lesser extent, suppliers to other supermarket chains being Costco and IGA supermarkets. They were used for packaging meat, cheese and fish and other fresh foods.

Customer visits by the Applicant

313 Mr Gkinosatis visited Australia from 1994 at least once per year; other personnel from the Applicant came to Australia more often. The purpose of these meetings was to discuss the conduct of the business with distributors and to expand the business. Mr Gkinosatis also met with key customers to obtain feedback.

314 The Applicant's representatives were taken out by Packsys to see potential and existing end-user customers and formed a good relationship with these customers. Examples of customers visited were Teys Australia (the second largest meat processor and exporter in Australia), Stanbroke Beef Pty Ltd (a beef processor) and Swickers Kingaroy Bacon Factory Pty Ltd (a pig processing facility which wholesales hams, bacon and other smallgoods).

315 Packsys would also host representatives from the Applicant by taking them out for dinner with customers or visiting customers.

General

316 The Respondents have sought to diminish the force of this evidence. For example, they submit that each of Micris and Packsys were based in Brisbane and that most of Mr Gkinosatis' visits were to Brisbane. Contrastingly, they asserted that the First Respondent operated in Melbourne. They therefore contended that the Applicant had not established a particular reputation in Melbourne.

317 Further, they asserted that:

- (a) no direct advertising was engaged in in Australia;
- (b) there were fewer than 20 or so customers of the Applicant (directly or indirectly) identified in the affidavit material.

318 In my view, the Respondents' arguments were thin and did not grapple with the weight of the evidence as a whole. In my view there is more than adequate evidence establishing the Applicant's reputation generally in Australia under and associated with the name "Flexopack".

(d) Misrepresentation or confusion

319 The requirement that there be likely deception or confusion or indeed a misrepresentation is established by reason of the following in the context of the evidence of reputation.

320 The parties have used the same dominant element in their respective trade marks, namely, FLEXOPACK. The presence of "Australia" in the First Respondent's name would not distinguish its business. The relevant class of purchasers are likely to see "Australia" as merely representing an Australian subsidiary of or associated business with the Applicant.

321 The parties have sold the same types of goods being high-barrier laminated, or co-extruded, multilayer films and bags for food packaging. The parties have offered the goods to the same types of customers being cheese producers. There is no material difference in the market that each seeks to service. The fact that the goods may have different technical specifications does not alleviate any deception or confusion or likelihood thereof. It is enough if, for example, a potential customer were to contact the First Respondent in the belief that there was a connection. An association would give the First Respondent an opportunity to secure that custom.

322 Mr Roselt, as I have said, is an employee of Flexopack Pty Ltd and a former employee of Packsys. He was previously employed at Amcor Ltd which purchased Packsys in 2012 and

wished to find a new role in November 2014. He saw a Flexopack Pty Ltd job advertisement and conducted a search and wrongly identified the internet site www.flexopack.com.au which displayed an “under construction” message. It was put to him in cross-examination that he might have made a mistake putting the address in. The way the website was described at that time is, however, consistent with an “under construction message” appearing at that website for a period as shown in a screenshot dated 16 July 2014 taken by Magda Bramante. Mr Roselt gave evidence about persons who sought employment at Flexopack Pty Ltd and his observations in around May 2015 in interviewing candidates. He estimated that of the twenty people interviewed, approximately half of the people interviewed appeared to have visited www.flexopack.com.au believing that it was associated with the Applicant.

323 Mr Georgakakis, as I have said, is a former customer of the Applicant through Tribond. He gave evidence of a conversation with Mr Katelis in 2014 (Mr Katelis said that it was in 2012) where he believed that the Applicant had “given the work” to Mr Katelis. Mr Georgakakis, an experienced person from the packaging industry, believed that there was a connection between the parties. His evidence was:

COUNSEL FOR THE RESPONDENTS: --- At paragraph 26 ... you refer to voicing your concerns about Mr Katelis. What were those concerns?

MR GEORGAKAKIS: --- Concerns. Well, before when Mr Gkinosatis gave the work to him, I believed he gave him the work, and that was my concern. There was nothing else. It was Mr Gkinosatis’ decision he gave the work — the work to, and I had nothing to say on that.

324 The Respondents have submitted that Mr Georgakakis’ evidence is unreliable. I do not agree. There were inconsistencies between Mr Georgakakis’ and Mr Katelis’ recollections of their conversation. But in my opinion that says more about the unreliability of Mr Katelis’ evidence.

325 Further, Mr Georgakakis in March 2015 raised with Mr Gkinosatis the fact that he had met Mr Katelis, who had told Mr Georgakakis that he represented Flexopack in Australia. Mr Gkinosatis was surprised by that information and then told Mr Georgakakis that he was in fact involved in proceedings against Mr Katelis. I prefer this account as being more accurate than that given by Mr Gkinosatis.

326 Mr Bardell of Flexopack Pty Ltd gave evidence that he received a telephone call in around early 2015 from Shane Hawley of Stanbroke Beef. Stanbroke has been a customer of the Flexopack films since 2010. Mr Hawley mistakenly believed that the Applicant’s products

were being offered through www.flexopack.com.au. Mr Bardell also had a similar conversation on 25 May 2015 with another customer, Mr Damian Cleary, of Sunpork Fresh Foods.

327 Mr de Oliveira is an employee of B.E. Campbell. He gave evidence about the circumstances in which in June 2015 he contacted the Respondents for the potential sale of polyethylene bags. This witness was in a transition role in purchasing at B.E. Campbell (he had been in the new role for three months and had sent emails to Mr Jacobs of Flexopack Pty Ltd in March 2015). He had mistakenly emailed the Respondents after conducting a Google search. The First Respondent submits that the evidence of Mr de Oliveira cannot be given any weight; again I disagree.

328 Mr Jacobs, as I have said, is the General Manager of Flexopack Pty Ltd and the former General Manager of Packsys. He gave evidence that in March 2014 there was talk in the industry that the Applicant was going to set up a company in Australia. He therefore conducted a search on Google using the word "Flexopack". He found the website www.flexopack.com.au and the brand "Flexopack" appeared on that website. Mr Jacobs took this to mean that it was the Australian arm of the Applicant. However, the website did not look very professional and as Mr Jacobs was dealing with the Applicant for many years he was surprised it would develop this website. He immediately raised the website with the Applicant and asked whether it had set up a company in Australia. Mr Jacobs also gave evidence of a telephone call he received on around 14 April 2015 from Chris Smith of JBS Australia, "the largest meat processing company in Australia". Mr Jacobs had known Mr Smith since at least 2013 when Mr Smith was buying Flexopack products from Packsys. The evidence shows that Mr Smith mistakenly tried to contact Mr Jacobs using the telephone number provided on the First Respondent's website www.flexopack.com.au. He intended to deal with Flexopack Pty Ltd, the Applicant's subsidiary, but was confused by the First Respondent's website.

329 Ms Edwards is a Director of Dijon Foods Pty Ltd. She gave evidence about the circumstances in which she purchased packaging from the First Respondent. This witness was provided with the name "Flexopack" and "Packaging Traders" from a representative at Amcor. She subsequently did a Google search for "flexopack". She saw two websites being www.flexopack.com and www.flexopack.com.au, and was impressed by the www.flexopack.com website. She mistakenly believed that the websites belonged to different branches of the same Flexopack business, viz., one overseas and one in Australia. She

subsequently purchased packaging from the First Respondent. Again, the Respondents challenged the weight to be given to her evidence, but in my view it was probative of the general point concerning confusion.

330 I accept that some of the evidence was hearsay. It was admitted pursuant to s 64(2) of the *Evidence Act 1995* (Cth) and the weight of some of this evidence is accordingly diminished.

331 Now I accept that in *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* (1978) 140 CLR 216 at 229, Stephen J noted that there is a “price to be paid” for the advantages of choosing a descriptive trade mark. But that is not the present case.

(e) Conclusion

332 I have little doubt that the requisite misrepresentation and misleading or deceptive conduct has occurred with relevant confusion created by the First Respondent’s use of “FLEXOPACK”. Moreover, no “own name” defence applies to these causes of action. I should also add several other points. First, the present case is not one involving rival traders using predominantly descriptive trade marks or concurrent use where both traders have built up their respective reputations largely concurrently. Second, the fact that the First Respondent had what it described as a “disclaimer” on its website (and it was hardly that) did not dispel any association. In any event, customers had been led into the “marketing web” once they had visited the website. Third, it was not necessary for the Applicant to show that any person *actually* sought to conduct business with the First Respondent under a false impression; alternatively, if it was necessary to do so, then one has the evidence of Ms Edwards. Fourth and finally, whatever be the limitations in the evidence in terms of the effect or likely effect of the conduct on actual customers of the Applicant, one also needs to consider the effect on *potential* customers.

PERSONAL LIABILITY OF MR KATELIS

(a) Relevant principles

333 Let me first deal with what is required to establish that an individual director is a joint tortfeasor with the company. *Keller v LED Technologies Pty Ltd* (2010) 185 FCR 449 elaborates on a

number of different approaches to establishing such joint liability. They are variously that the alleged joint tortfeasor must have:

- (a) done something more than acting as a director and been involved in invading the applicant's rights (at [83] and [84] per Emmett J);
- (b) had a close personal involvement in the infringing acts of the company (at [291] per Besanko J); or
- (c) made the company's tort his own (at [405] per Jessup J).

334 The variation between these particular formulations is of little moment in the present case although I note that there are conceptual differences but generally broad consistency (see *Sporte Leisure Pty Ltd v Paul's International Pty Ltd (No 3)* (2010) 88 IPR 242; 275 ALR 258 at [108] to [118] per Nicholas J).

335 In *Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd* [2011] FCA 1319 at [94] to [105], Kenny J accepted (albeit in the context of a summary judgment application) that there was a strong *prima facie* case that two of the directors of the respondent who were "in effective control of the business of [the company]" and who were "intimately involved in the company's activities" were liable as joint tortfeasors and as persons involved in contraventions of applicable consumer law provisions. Relevantly, Kenny J found that the directors knew that the company's use of the applicant's trade mark on business cards and letterhead was, or was likely to be, infringing. Her Honour concluded that there was a strong case that the directors were personally involved in the trade mark infringements, passing off and statutory breaches of the applicable consumer law provisions by the company and used the company for their own wrongdoing.

336 Similarly, in *Taleb v GM Holden Ltd* (2011) 94 IPR 459; 286 ALR 309 at [18] to [23] per Finn and Bennett JJ, the Full Court upheld the conclusion of the primary judge that the appellant was liable as a joint tortfeasor for the trade mark infringement and passing off of the company. The appellant had established the business and directly controlled it until his son took over its day-to-day management.

337 A further example of the manner in which these principles have been applied can be found in *Bob Jane*. Besanko J found that there was sufficient evidence to find both Mr Jane (who set up the companies) and Mr Rigon (who oversaw the impugned website), both directors of the relevant company, to be joint tortfeasors. His Honour summarised the various formulations in

Keller at [142] to [148] and considered the liability of Mr Jane to follow from his involvement in the company to be “quite plain”, his Honour apparently applying his preferred formulation of “a close personal involvement”.

338 In relation to accessorial liability concerning the contraventions of the Australian Consumer Law, the following may be noted. The grant of an injunction may include any person who is involved in a contravention. The Australian Consumer Law defines a person involved in a contravention in the following terms (s 2(1)):

involved: a person is involved, in a contravention of a provision of this Schedule or in conduct that constitutes such a contravention, if the person:

- (a) has aided, abetted, counselled or procured the contravention; or
- (b) has induced, whether by threats or promises or otherwise, the contravention;
or
- (c) has been in any way, directly or indirectly, knowingly concerned in, or party to, the contravention; or
- (d) has conspired with others to effect the contravention.

339 Further, damages can be awarded against persons involved in a contravention.

340 It is necessary to show *inter alia* that the person had knowledge of the essential matters that make up the contravention: *Yorke v Lucas* (1985) 158 CLR 661 at 670 per Mason ACJ, Wilson, Deane and Dawson JJ. Knowledge of each of the essential elements of the contravention on the part of the individual must be established: *Keller* at [334] to [337] per Besanko J.

(b) Application of the principles

341 The role of Mr Katelis in the affairs of the First Respondent and its business extends well beyond merely acting as a director or secretary.

342 First, Mr Katelis was involved in the First Respondent’s business leading to its incorporation and adoption of its company name. His state of mind, even prior to incorporation, has been relied upon for the purposes of showing good faith. He chose the name.

343 Second, he is the sole director, shareholder, secretary and directing mind of the First Respondent. He was responsible for incorporation, in complete control of the day-to-day management, responsible for the conduct, aware of the conduct, involved in the conduct, directing the conduct and knowingly concerned in the conduct of the First Respondent. It is

not unfair to describe the circumstances as involving a “one-man company” (*Wellness* at [39] per Bennett J).

344 Third, the domain name www.flexopack.com.au was registered by Mr Katelis in his own name prior to incorporation of the company. It remains in his name. He has permitted the First Respondent to use that domain name for the purposes of conducting its business regardless of whether or not that domain name is use as a trade mark. Mr Katelis provided a virtual store front for conducting that business.

345 Fourth, Mr Katelis has been involved in each of the contraventions the subject of this proceeding. The website at www.flexopack.com.au was owned by Mr Katelis, quotations were signed by Mr Katelis and business cards were distributed by him. His own Facebook page further includes photographs showing the First Respondent’s products marked “Flexopack Australia Pty Ltd”. There is no other person involved.

346 Fifth, even after he was placed on notice of the Applicant’s claims by the letter of demand in May 2014, the First Respondent, as directed by him, continued to infringe the Flexopack Registration. Such conduct included the quotation sent by him on 5 June 2014 which bore the trade mark “FLEXOPACKTM” and which was signed by him. He had the requisite knowledge of the infringement from at least May 2014.

347 Sixth, in my view Mr Katelis used the First Respondent as the instrument of his own wrongdoing.

348 Seventh, it is difficult to see any distinction between the acts of Mr Katelis in forming the First Respondent as being significantly different to the directors in *Bob Jane*.

349 Generally, I have little doubt that Mr Katelis was a joint tortfeasor with the First Respondent in relation to the trade mark infringement conduct and the tort of passing off. Further, in terms of the contraventions of the Australian Consumer Law, he had knowledge of the essential elements of such contraventions by no later than May 2014.

CONCLUSION

350 In my view, the Applicant has established its trade mark infringement case against the First Respondent, with the Second Respondent being a joint tortfeasor. The First Respondent’s claims for the removal of the Applicant’s trade mark from the Register fail.

351 In addition, the Applicant has made out its case against the First Respondent in relation to contraventions of the Australian Consumer Law and also for the tort of passing off. Further, in my view, the Second Respondent was knowingly concerned in the former conduct and a joint tortfeasor in the latter conduct.

352 A further hearing will be necessary to deal with the question of relief. I should say that my preliminary view, having heard the evidence to date, is that appropriate declaratory and injunctive relief may be available. But I doubt whether, at present, the Applicant has suffered substantial damage by reason of the Respondents' conduct to date.

353 I will give the parties an opportunity to submit appropriate orders to give effect to these reasons and for the further hearing of the matter.