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Trade Marks Law Update

Lessons in Honesty

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DATE

March 2025



dcc.com

Brand landscape review

- Top Australian brands
- Top international brands
- Filing trends

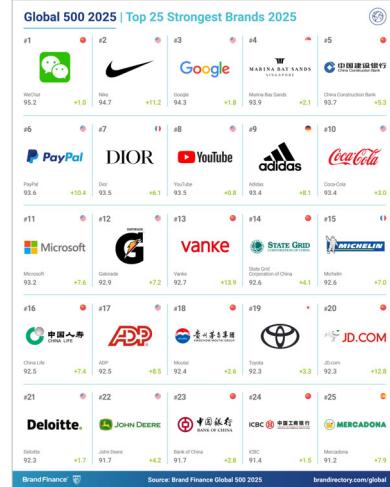
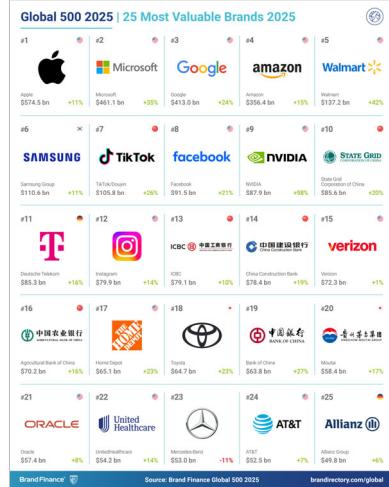
TRADE MARKS UPDATE

Top Australian brands 2025 (Brandfinance)

2025	2024	Logo	Name	Country	2025	2024	2025	2024
1 ▲	3		Commonwealth Bank		\$15,708M	\$10,584M	AAA	AA+
2 ▼	1		Woolworths		\$12,739M	\$15,376M	AAA	AAA
3 ▼	2		Telstra		\$12,122M	\$13,040M	AAA	AAA-
4 ▲	6		ANZ		\$8,828M	\$8,764M	A+	AA
5 ▼	4		Coles		\$8,448M	\$9,848M	AAA-	AAA-
6 ▲	7		NAB		\$7,415M	\$7,078M	AA-	AA
7 ▼	5		BHP		\$7,365M	\$9,548M	AAA	AAA
8 □	8		Bunnings		\$6,847M	\$6,466M	AAA	AAA
9 ▲	10		Macquarie		\$5,753M	\$5,345M	A	A+
10 ▲	12		Atlassian Corporation		\$5,511M	\$4,831M	AA-	A+

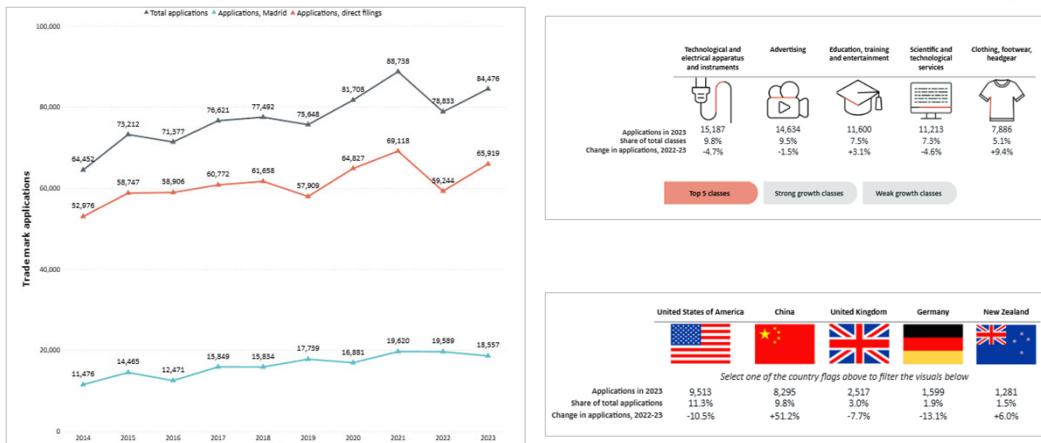
TRADE MARKS UPDATE

Top international brands 2025



TRADE MARKS UPDATE

Filing trends – 2024 IP Australia Annual Report



TRADE MARKS UPDATE

Lessons in honesty

- *Killer Queen, LLC v Taylor* [2024] FCAFC 149
- *The Practice PL v The Practice Business Advisers & Tax Practitioners PL* [2024] FCA 1299
- *Caporaso Pty Ltd v Mercato Centrale Australia Pty Ltd* [2024] FCAFC 156

TRADE MARKS UPDATE

Killer Queen, LLC v Taylor [2024] FCAFC 149

TRADE MARKS UPDATE

The Parties

Ms Katie Taylor (born Katie Jane Perry) ("the Designer") has fashion label KATIE PERRY for luxury loungewear:

TRADE MARKS UPDATE
Number
1198609
Words
KATIE PERRY
Status
● Lapsed: Registration fee not paid on time
Priority date
13 Sept 2007 (Filing)
Class
42
Kind
Fancy

Goods & Services
Class 42: Clothing and fashion designing

Dates

Lapsing published	14 Aug 2008
Lapsed	17 July 2008
Acceptance advertised / published	17 Jan 2008
Acceptance	04 Dec 2007
Filing	13 Sept 2007

Owner
Katie Perry
[See full address »](#)
Address for service
Katie Perry
[See full address »](#)
Indexing constituents
Word
KATIE **PERRY**
TRADE MARKS UPDATE
Number
1264761
Pending
Court action pending
Words
Katie Perry
Status
● Registered:
Registered/protected
Katie Perry
Priority date
29 Sept 2008 (Filing)
Class
25
Kind
Word
Goods & Services
Class 25: Clothes

Dates

Renewal due	29 Sept 2028
Registration advertised / published	06 Aug 2009
Entered on Register	21 July 2009
Acceptance advertised / published	29 Jan 2009
Acceptance	16 Dec 2008
Filing	29 Sept 2008
Registered from	29 Sept 2008

Owner
Katie Taylor
[See full address »](#)
Address for service
S&A Law
[See full address »](#)
Indexing constituents
Word
KATIE **PERRY**
Image
[Open details](#)

TRADE MARKS UPDATE

The Parties

Ms Katheryn Hudson (who adopted the stage name Katy Perry (Perry being her mother's maiden name) to avoid confusion with the actress Kate Hudson) ("the Singer") is a US pop star:



TRADE MARKS UPDATE

Timeline of events

DATE	DESCRIPTION
2002	The Singer adopted the stage name KATY PERRY.
Early 2007	The Designer started the fashion label KATIE PERRY.
13 September 2007	The Designer filed first TM application for KATIE PERRY. The application was accepted but it was allowed to lapse.
July 2008	The Designer first became aware of the Singer because she heard, "I Kissed a Girl", on the radio.
September 2008	The Designer filed second TM application for KATIE PERRY for "clothes" in class 25.
	The Singer opposed the second TM application, but the opposition was eventually withdrawn. Mark entered on the Register on July 2009.
October 2008	The Singer performed concerts in Australia and sold KATY PERRY branded merchandise.
May 2009	The Singer's attorneys served a cease-and-desist letter to the Designer. Settlement negotiations fell through.
26 June 2009	The Singer filed a TM application for KATY PERRY in class 25 but withdrew the application. (Mark only registered in classes 9 and 41 in Australia.)
2009 to 2019	The Singer sold clothing in Australia at concerts and online.
24 October 2019	After obtaining litigation funding, the Designer issued Federal Court proceedings for TM infringement against the Singer (and her related corporations). The Respondents (including the Singer) cross-claimed to cancel the Designer's TM registration.

TRADE MARKS UPDATE

Primary Judge's Decision

Markovic J:

- held that the Singer had infringed the KATIE PERRY mark by advertising and selling KATY PERRY clothing during Australian tours.
- distinguished between "clothing" and other items such as footwear, headgear etc., finding that the promotion and sale of these items were not infringing on the Designer's mark.
- dismissed cross-claim by the Singer to cancel the Designer's registration.
 - While acknowledging that the Singer had obtained a reputation in the KATY PERRY mark prior to the priority date of the Designer's KATIE PERRY mark, at the time it was not in relation to clothing but in the entertainment and music industry.

TRADE MARKS UPDATE

The Full Federal Court Decision

Yates, Burley and Rofe JJ unanimously overturned Markovic J's decision and the Designer's KATIE PERRY registration was cancelled under **ss 88(2)(a) and 60, and ss 88(2)(c)**

- KATY PERRY and KATIE PERRY are DS
- By priority date of the (second) application, 29 September 2008, the Singer was an internationally famous pop star
- It was common for musical artists to sell clothing bearing their names
- Markovic J had placed undue weight on absence of evidence of actual confusion (explicable by the small scale of the Designer's use of her own trade mark)
- No discretionary basis established under s 89 *not to* cancel the Designer's registration, even though adopted innocently.
 - When the Designer filed her (second) trade mark application, she knew of the Singer and that musical artists sell clothing bearing their names:

TRADE MARKS UPDATE

Obiter

On infringement of the Designer's KATIE PERRY registration

- KATY PERRY was used as a TM on merchandise sold in AU
- KATY PERRY is deceptively similar to KATIE PERRY
- Markovic J correctly found that registration for "clothes" DOES NOT INCLUDE footwear and headgear.

The trade mark owner has the obligation to clearly specify the registered goods and thereby define the claimed monopoly.

(There is also a discussion of the Singer being liable as a joint tortfeasor)

TRADE MARKS UPDATE

Obiter

On defences to infringement of the Designer's KATIE PERRY registration

'good faith use of own name' defence under s 122(1)(a)(i)

- Markovic J correctly found that defence is only available to the person who goes by that name, in this case the Singer with respect to her *adopted* name KATY PERRY (a name by which she is usually known, as opposed to her legal name)
- Defence DOES NOT extend to related corporate entities using the same name



TRADE MARKS UPDATE

Obiter

'would obtain registration if were to apply for it' defence under s 122(1)(fa) based on s44(3)(a) (honest concurrent use)

- Defence is assessed at date of first alleged infringing conduct, 26 June 2009
- At that time, the Singer had honestly adopted the KATY PERRY trade mark
 - She knew of the Designer's Mark at 26 June 2009. However, knowledge of the earlier mark is not fatal to a finding as to honesty, particularly in circumstances where:
 - It was the Singer's own name
 - Honestly adopted in 2002
 - Used as stage name and on merchandise, etc. prior to knowledge of the Designer's mark
 - Singer honestly held belief that no confusion was likely to arise and any confusion might benefit the Designer due to the Singer's popularity
- But since the Singer had not used the TM, she could not establish honest concurrent use and rely on this defence

TRADE MARKS UPDATE

The Practice Pty Ltd v The Practice Business Advisers & Tax Practitioners Pty Ltd [2024] FCA 1299

TRADE MARKS UPDATE

Background

- The Applicant has provided accounting and related services under THE PRACTICE since 1999, and the following composite mark has been registered since 2016:



- The Respondent has provided accounting and related services under the following composite mark since 2017:



- The Applicant sued for trade mark infringement

TRADE MARKS UPDATE

The Decision**Use as a trade mark**

- The Respondent was using its mark as a trade mark on website, social media accounts, invoices and email signature as a trade mark:

"In my view it is as plain as a pikestaff that the respondent used the words THE PRACTICE as a trade mark."



- The consumer would not view the use of the words THE PRACTICE as merely descriptive.
 - The use of the definitive article "The" indicates the mark is intended to refer to only one practice (the Respondent's), rather than a generic use to describe any accounting practice.

TRADE MARKS UPDATE

The Decision**Substantial Identity**

- The parties' composite marks are substantially identical because they share the same essential feature or "dominant cognitive clue", i.e., the words THE PRACTICE

TRADE MARKS UPDATE

The Decision**Deceptively Similar****THE PRACTICE**

- Recollection of reg TM by notional consumer is likely to be THE PRACTICE. Triangles device is unlikely to be recalled
- Evidence shows that word of mouth referrals are particularly important

The Decision

S122(1)(b)(i) defence of good faith descriptive use: Rejected

"a person does not infringe a registered trademark when ... the person uses a sign in good faith to indicate the kind, quality, or intended purposes of the services" that that person offers

- Whether a person uses a sign "in good faith" is a question to be assessed both subjectively and objectively:

Beach J in *Flexopack* at [118]

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.

- The Respondent did not conduct reasonable or diligent searches = steps that an honest and reasonable person would have
 - Respondent only conducted searches for the entire phrase "THE PRACTICE (IT AND ACCOUNTANCY)" and "The Practice Business Advisers and Tax Practitioners"
 - "Mr Hassan's evidence was that all his searches returned no results, and little wonder when the search terms were so lengthy and specific."
- The Respondent tried to argue "no more could reasonably be expected of a "one-man company" and that it "... should not be held to the same standard of what might be expected from a large multinational corporation or business."
 - "I cannot accept this submission. In my view, a person in the respondent's position acting honestly and reasonably would have conducted far more extensive and thorough searches...."

TRADE MARKS UPDATE

The Decision

s 122(1)(f) and/or (fa) defence of entitlement to registration: Rejected

- Honest concurrent use not established

"However, for the reasons I have explained above in relation to the s 122(1)(b) defence, Mr Hassan's use of the Logo was not honest within the meaning of s 44(3)(a). The respondent has therefore not made out its case, as it was put, that there are "other circumstances" under which it would have obtained registration of the Logo. Accordingly, the respondent has not discharged its onus with respect to the defences under s 122(1)(f) or (fa)."

Caporaso Pty Ltd v Mercato Centrale Australia Pty Ltd [2024] FCAFC 156

The Parties

At the time of the trial:

- **Caporaso** operated an Italian-themed supermarket, restaurant and wine retail business in South Australia under the name MERCATO. Caporaso owned three registered trade marks that incorporate the word *MERCATO*.
- **Mercato Centrale (MC)** intended to operate a business of providing retail food and beverage services under the name IL MERCATO CENTRALE in Melbourne. MC had no registered trade marks and one pending trade mark application which had been opposed by Caporaso. MC commenced trading in September 2024.



Caporaso Pty Ltd v Mercato Centrale Australia Pty Ltd [2024] FCAFC 156

The Trade Marks

Caporaso's registered marks	Mercato Centrale's unregistered marks
MERCATO (Plain Word Mark) AUTM 1760112 filed 21 March 2016 covering classes 29 (foodstuffs), 30 (breads and pastries), 35 (retail and franchising services) and 43 (provision of food and drink). Accepted under section 41(4) of the Act.	MERCATO CENTRALE AUTM 2272358 filed 25 May 2022 in classes 35 and 43. Withdrawn on 10 May 2023.
MERCATO (Fancy Word Mark) AUTM 1255041 filed 4 August 2008 covering class 35 (retail, business administration, franchising).	IL MERCATO CENTRALE AUTM 2272266 filed 25 May 2022 in classes 35 and 43. Withdrawn on 10 May 2023.
 (Red Man Logo) AUTM 1299144 filed 14 May 2009 covering class 43 (provision of food and drink).	 (Mercato Centrale Logo) AUTM 2199554 filed 3 August 2021 in classes 35 and 43. Opposed by Caporaso (suspended pending court matter)

Caporaso Pty Ltd v Mercato Centrale Australia Pty Ltd [2024] FCAFC 156

Claim and Cross-claim

- **Caporaso** claimed that the use/proposed use by Mercato Centrale of its MERCATO CENTRALE trade marks infringed its MERCATO registered trade marks.
- **Mercato Centrale** cross-claimed, seeking orders for the cancellation of the Plain Word Mark and the Fancy Word Mark (and rectification of the Red Man Logo) on the basis of:
 - Lack of distinctiveness at the time of filing;
 - Use of the mark would cause confusion as MERCATO is in common descriptive use by other traders;
 - Caporaso was not the owner of the MERCATO trade mark for certain class 43 services;
 - **The mark was registered on the basis of evidence or representations that were false in material particulars, namely as to the duration of use of the MERCATO mark (ss 88(2)(a) and 62(b)).**

Caporaso Pty Ltd v Mercato Centrale Australia Pty Ltd [2024] FCAFC 156

Primary judgment (Charlesworth J)

- **Distinctiveness/confusion:** MERCATO not a word understood by the relevant Australian consumers as having a recognised descriptive meaning and is therefore inherently distinctive and not likely to deceive or cause confusion
- **Lack of ownership:** The Plain Word Mark should be cancelled in respect of some class 43 services ("services for providing food and drink including services relating to the provision of food and drink at cafes, restaurants") due to third party prior use of MERCATO @ Daylesford by a third party
- **Misrepresentation:** While the evidence relating to the prior use of the word *mercato* as a trade mark was false, it was not material to the acceptance of the registration (the mark was distinctive so the application should have been accepted without the need for the false evidence to be filed)
- **Infringement:** MERCATO CENTRALE not deceptively similar to MERCATO due to presence of the CENTRALE element

Issues on Appeal

Caporaso –

- The primary judge failed to consider the discretion under section 88 of the Act not to amend the registration of the Plain Word Mark in respect of certain services in class 43
- The primary judge erred in finding that the marks were not deceptively similar and that there was therefore no trade mark infringement

Mercato Centrale –

- The primary judge erred in refusing to cancel the Plain Word Mark under section 88(1)(b) and section 62(b) on the ground that it had been accepted for registration on the basis of evidence or representations that were false in material particulars:
whether the word "material" relates to the Registrar's acceptance of the application, or whether it relates to the registrability of the mark upon a true analysis of the material that was before the Registrar. (at [61])

Distinctiveness was not in issue in the appeal.

Caporaso Pty Ltd v Mercato Centrale Australia Pty Ltd [2024] FCAFC 156

Misrepresentation

Held: *Registration of the Plain Word Mark should be cancelled in its entirety (not just Class 35)*

- The focus of section 62(b) is the "process of examination and acceptance".
- The purpose cannot be to ensure only registrable marks are registered, as this is achieved by other provisions.
- Section 62(b) cannot be limited to misrepresentations relevant to the proper application of Act, as this would require applicants "to distinguish in advance between facts that are objectively relevant ... and those that are not", which is difficult given registration "so often depends on questions of fact, degree and value judgment on which reasonable minds might differ".
- Parties should not benefit from their misleading conduct.
- The Examiner had read the evidence (including the false representations) and based the decision to accept the Application based on all of that material – therefore the Application was accepted on the basis of representations that were false in material particulars for the purposes of s 62(b) of the Act.
- Discretion on rectification avoids automatic cancellation due to representations "that were false in material, but properly irrelevant, particulars" (at [94]).
- Full Court found no basis for exercise of discretion.

Caporaso Pty Ltd v Mercato Centrale Australia Pty Ltd [2024] FCAFC 156

Outcome

- MERCATO CENTRALE mark would have been considered deceptively similar to Registration 1760112 MERCATO – **BUT**
- Registration 1760112 MERCATO cancelled due to misrepresentation.
- MERCATO CENTRALE mark **not** considered deceptively similar to Caparoso's other registrations.
- **Special leave to appeal refused 6 March 2025.**
- **Round 2?**

MARK	NUMBER	OWNER	FILING DATE	CLASSES	STATUS
MERCATO	2373734	Caporaso Pty Ltd as Trustee for Diversity Trust	21 JUL 2023	35	Accepted January 2025, Opposed by Mercato Centrale Australia Pty Ltd
MERCATO	2373735	Caporaso Pty Ltd as Trustee for Diversity Trust	21 JUL 2023	43	
Il Mercato Centrale	2507010	Mercato Centrale Australia Pty Ltd	13 DEC 2024	35, 43	Pending

Honesty and searching

- **Why search?**
 - Avoid risks/establish risk mitigation strategy
 - Awareness of competitor landscape and brands
 - Limit infringement exposure
 - Establish "honesty" – *Katy Perry*
 - Fraction of cost of rebranding/defending complaint
- **Search options**
 - Knockout/screening – *The Practice*
 - Full availability search



Rebranding costs (conservative)



AVERAGE RE-BRANDING COSTS FOR A SMALL BUSINESS

Logo	\$1,000-5,000
Website	\$6,000-20,000+
Stationery	\$5,000+
Brochures/collateral	\$5,000+
Packaging	\$15,000+
Advertising campaign	\$5,000-10,000+
Costs associated with responding to cease and desist letter and resolving by agreement	\$5,000-10,000
TOTAL	\$42,000-70,000+

TRADE MARK CLEARANCE SEARCH AND REGISTRATION (1 mark 1 class) \$3,000 (approx.)

davies.com.au

And speaking of honesty...new scam alerts

- NEW - "Someone else wants to register your mark" scam.
- NEW - Address for service change scam
- +Acceptance/registration/"journal" scams
- Stay alert!

From: [REDACTED]@patentregistryhub.com>
 Date: 5 December 2024 at 10:51:25 am AEDT
 To: [REDACTED]
 Subject: Trademark Infringement Final Notice For Business Name
 Dear [REDACTED]

I trust this message finds you well.

We are contacting you with an urgent final notice regarding the trademark application for "[REDACTED]". As previously mentioned, another party has initiated the trademark filing for this name. However, after conducting thorough research, we discovered that they are a recent startup with only a few months of use. In contrast, your business has a proven, longstanding history associated with this name.

In line with our company policy, we are giving you first priority to file the trademark due to your legitimate and established use. However, time is of the essence, and we require a response within the next 24 hours if you wish to proceed with the filing.

Here's the situation:

- **If you proceed:** We will immediately file your trademark application through IP Australia, ensuring you secure exclusive ownership and legal protection of the name.
- **If you do not respond:** We will move forward with the other party's filing, as IP Australia operates on a first-to-file basis.

Scammers often try to impose a sense of urgency.

Presenters



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