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Use “as a Trade Mark” as a Threshold Requirement for Infringement: A Trans-Tasman Success Story?

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ABSTRACT

This article provides a critical analysis of a common element in the test for trade mark infringement in the laws of both New Zealand and Australia — the requirement that the defendant’s use of the impugned sign be “as a trade mark”. It shows how the laws in both countries on this requirement have converged, especially since the coming into force of the Trade Marks Act 2002 (NZ), arguing that this is a welcome development and that courts should strive for even further consistency where possible. It explores how Australian case law has, especially in the last decade, come to influence the New Zealand approach to trade mark use and the relationship between the primary infringement provision and the defences to infringement. It also analyses how New Zealand law has shaped, and might shape, the Australian approach to trade mark use in new technological environments involving the use of marks in keyword advertising and in metatags.

I. INTRODUCTION

In 2016, Paul Sumpter observed that “despite the geographical, cultural and economic closeness of Australia and New Zealand, the intellectual property laws of the two countries have remained stubbornly distinct”.¹ To a great extent, this holds true when comparing the trade mark laws of the two countries since the entry into force of the Trade Marks Act 2002 (NZ). Before that time, both countries had trade mark statutes in place that were substantially based on United Kingdom legislation dating back to 1875 and which had come to take on a

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1 Paul Sumpter “Some Observations on Trans-Tasman Trade Mark Law” (2016) 27 AIPJ 88 at 88.

modern form in the 1930s.² There was thus a high degree of consistency as between United Kingdom, Australian and New Zealand law on core issues such as how the similarity of marks and the similarity of goods/services was to be assessed, the test for trade mark distinctiveness, the relevant standards for determining whether a mark should be expunged from the register on the grounds of non-use, and the scope of the action for infringement. When Australia amended its trade mark legislation in the mid-1990s, it continued to adhere to this United Kingdom template,³ notwithstanding that the United Kingdom, as a then-member of the European Union, had recently — and radically — altered its domestic laws to comply with a European harmonisation Directive.⁴ The resulting Trade Marks Act 1995 (Cth) therefore owes a great deal to what might be called “historical” United Kingdom trade mark law. In contrast, when New Zealand came to update its trade mark legislation in the early 2000s, it was heavily influenced by the model that had been recently adopted in Singapore, which was itself based on post-harmonisation United Kingdom law.⁵ New Zealand trade mark law is therefore more “European” in its text and structure, albeit that it contains a number of domestic modifications, some of which can be traced to historical United Kingdom law.

The effect of these developments is that Australian and New Zealand trade mark laws have, in a number of ways, substantially diverged over the last two decades.⁶ Most notably, New Zealand has expanded the scope of its test for infringement to catch conduct that causes “dilution” by blurring or tarnishment, or which takes unfair advantage of the distinctive character or repute of the registered trade mark, even in the absence of consumer confusion.⁷ This test is broadly consistent with European law, and goes well beyond the protection given

2 See DR Shanahan *Australian Law of Trade Marks and Passing Off* (2nd ed, Law Book Co, Sydney, 1990) at 7; and Paul Sumpter *Intellectual Property Law: Principles in Practice* (3rd ed, Wolters Kluwer, Wellington, 2017) at 207.

3 It was said of the Trade Marks Bill 1995 (Cth) that it “represents an evolution from, rather than a revolutionary change” to, the previous Act: Commonwealth, *Parliamentary Debates*, Senate, 30 March 1995, at 2589 (Nick Sherry).

4 Directive 89/104/EEC to approximate the laws of the Member States relating to trade marks [1988] OJ L40/1. This was implemented in the United Kingdom in the Trade Marks Act 1994.

5 See *Crocodile International Pte Ltd v Lacoste* [2017] NZSC 14, [2017] 1 NZLR 679 at [6].

6 See generally Sumpter, above n 1, at 94–107. Further differences between the two countries’ defences to infringement have since emerged, relating to “parallel importation” (compare Trade Marks Act 2022 (NZ), s 97A with Trade Marks Act 1995 (Cth), s 122A, as analysed in Robert Burrell and Michael Handler *Australian Trade Mark Law* (3rd ed, LexisNexis, Chatswood (NSW), 2024) at [12.21]–[12.27]) and the scope of the “own name” defence (compare Trade Marks Act 2002 (NZ), ss 91 and 95(1)(a), as interpreted in *Brands Ltd v Bed Bath ‘N’ Table Pty Ltd* [2023] NZHC 1766, (2023) 174 IPR 261 at [291]–[302], with Trade Marks Act 1995 (Cth), s 122(1)(a)).

7 Compare Trade Marks Act 2002 (NZ), s 89(1)(d) with Trade Marks Act 1995 (Cth), s 120(3).

to owners of well-known marks in Australia.⁸ New Zealand has also adopted an arguably more robust standard when considering whether the registration of a mark should be revoked on the basis of non-use compared to that which applies under Australian law,⁹ and it no longer gives tribunals the discretion to keep an “unused” mark on the register.¹⁰ New Zealand’s test for determining whether two marks are in conflict (that is, whether two marks and the associated goods/services are sufficiently similar, such that the use of the later mark would be likely to deceive or confuse) involves applying something akin to the European “global appreciation” test,¹¹ which differs materially from the more compartmentalised approach mandated by the Australian Act.¹² It is also possible to point to situations where New Zealand courts, faced with competing interpretations of the Trade Marks Act 2002 where one interpretation would be consistent with the position taken under Australian law, have chosen the other available interpretation — the most notable, and problematic, example being the Supreme Court’s decision in *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* on the effect of an order for revocation of registration.¹³

There is, however, one key area where we have seen greater convergence between Australian and New Zealand trade mark law over the past two decades. This relates to the threshold requirement contained in both countries’ Acts that for a registered mark to be infringed a defendant must use a sufficiently similar sign not just in trade but also “as a trade mark”.¹⁴ From a comparative perspective, the maintenance of this requirement of “trade mark use” is unusual. While it formed part of historical United Kingdom trade mark law (and can still be seen in some British Commonwealth countries’ laws¹⁵), it is not a formal element of

8 On the New Zealand provision, see Matthew Sumpter and Paul Sumpter “Has Trade Mark Law Gone Mad?” (2003) 3 NZIPJ 225 (and below n 68). As to why the Australian provision is not an antidilution measure, see Michael Handler “Trade Mark Dilution in Australia?” (2007) 29 EIPR 307.

9 Compare Trade Marks Act 2002 (NZ), s 66(1)(a), considered in *Target Australia Pty Ltd v Target New Zealand Ltd* [2019] NZHC 923, [2019] NZAR 1034 at [44]–[51] and [64]–[76], with Trade Marks Act 1995 (Cth), s 92(4), analysed in Burrell and Handler, above n 6, at [10.5]–[10.6].

10 *Crocodile*, above n 5, at [92]–[97]. Compare Trade Marks Act 1995 (Cth), s 101(3).

11 See Trade Marks Act 2002 (NZ), s 25(1)(b); and *NV Sumatra Tobacco Trading Co v British American Tobacco (Brands) Inc* [2010] NZCA 24, (2010) 86 IPR 206 at [18] (interpreting essentially the same provision under the Trade Marks Act 1953). On the practical application of the test, see *NV Sumatra Tobacco Trading Co v New Zealand Milk Brands Ltd* [2011] NZCA 264, [2011] 3 NZLR 206 at [32].

12 See Trade Marks Act 1995 (Cth), s 44(1)–(2); and Burrell and Handler, above n 6, at [6.9].

13 *International Consolidated Business Pty Ltd v SC Johnson & Son Inc* [2020] NZSC 110, [2021] 1 NZLR 92. On the problems with this decision, see Michael Handler and Robert Burrell “Zombie Marks Invade New Zealand! How Scared Should the Rest of the World Be?” (2021) 21 OUCLJ 275.

14 See Trade Marks Act 2002 (NZ), s 89(2); and Trade Marks Act 1995 (Cth), s 120(1)–(3).

15 See, for example, Trade Marks Act 1976 (Malaysia), s 38(1)(a). It has also been read into the test for infringement in South Africa (*Verimark (Pty) Ltd v Bayerische Motoren Werke Aktiengesellschaft* [2007] SCA 53 (RSA), 2007 (6) SA 263 at [5]–[7]) and Singapore (*City Chain Stores (S) Pte Ltd v Louis Vuitton Malletier* [2009] SGCA 53, [2010] 1 SLR 382 at [14]–[36]).

the European Union’s or United Kingdom’s current legal regimes¹⁶ and it plays only a very limited role in United States law.¹⁷ Notwithstanding this, the trade mark use requirement has a critical function, in recognising the social and commercial value in permitting the use of signs that would be understood by consumers as operating *other* than as badges of origin, that is, to serve a “non-trade mark” purpose. This might involve use to describe the properties or characteristics of a party’s goods or services, as a decorative or ornamental feature, or to indicate that the party is dealing with or comparing its goods or services to those of the registered trade mark owner.¹⁸

This article analyses the increasing convergence between New Zealand and Australian law on trade mark use since the turn of the century, arguing that not only should this be welcomed, but also that courts in both countries should look even more closely to each other’s interpretations of this doctrine. It starts in part II by providing a historical overview of trade mark use in New Zealand and Australia, and an explanation of the role it has come to play in both countries’ statutory tests for infringement. Part III then explores how Australian law on trade mark use has influenced the development of New Zealand law, showing how New Zealand courts have been increasingly willing to draw on Australian authorities and principles, and to embrace what might be called an “Australian” interpretation of the test for infringement and its relationship with the defences under the Trade Marks Act 2002 (NZ). It then turns in part IV to consider how New Zealand cases have influenced the development of Australian law in relation to complex issues involving the use of marks in new technological contexts, such as in keyword advertising, as metatags or in HTML code. Part V concludes by touching on a number of emerging issues relating to trade mark use where it would be desirable for New Zealand and Australia to adopt a common approach.

16 Under s 10 of the Trade Marks Act 1994 (UK), and both art 10(2) of Directive (EU) 2015/2436 to approximate the laws of the Member States relating to trade marks [2015] OJ L336/1 and art 9(2) of Regulation (EU) 2017/1001 on the European Union trade mark [2017] OJ L154/1, infringing use need only be “in the course of trade”. But see Lionel Bently and others *Intellectual Property Law* (6th ed, Oxford University Press, Oxford, 2022) at 1137–1138 on the potential for some descriptive and decorative uses of marks to be found to be non-infringing under United Kingdom and EU law.

17 Trade mark use does not form part of the core test for infringement (Lanham Act 15 USC §§ 1114(1) and 1125(a)). It will, however, be relevant where the defendant seeks to rely on a “fair use” defence to an action for dilution by blurring or tarnishment under § 1125(c)(3)(A) or, following *Jack Daniel’s Properties, Inc v VIP Products LLC* 599 US 140 (2023), on the “noncommercial use” defence to such an action in § 1125(c)(3)(C) or a First Amendment defence to infringement based on the use of the mark in an “expressive work”.

18 In addition, it has been argued that “trade mark use” is a useful efficiency tool for resolving disputes without needing to address more fact-intensive considerations of consumer confusion: Vicki T Huang “Empirical Analysis of Australian Trademark Infringement Decisions: Implications for the US Trademark Use Debate” (2019) 35 Santa Clara High Tech LJ 1 at 29–30.

II. A BRIEF HISTORY OF TRADE MARK USE IN NEW ZEALAND AND AUSTRALIA

The trade mark legislation in force in the United Kingdom, New Zealand and Australia in the 1920s did not specify the types of use that would amount to infringement of a registered mark.¹⁹ It was in this context that United Kingdom courts came to impose a requirement, in cases involving defendants using signs for allegedly descriptive purposes, that only use “as a trade mark” would amount to infringement,²⁰ with this requirement being entrenched by the House of Lords in its 1934 decision in *Irving’s Yeast-Vite Ltd v Horsenail*.²¹ In that case the defendant’s use of “Yeast tablets a substitute for ‘Yeast-Vite’” on its goods was held not to infringe the registered YEAST-VITE mark, since such use was not for “the purpose of indicating in relation to the goods ... the origin of such goods *in the user of the mark*”²² — that is, it was not being used as the *defendant’s* badge of origin. Shortly afterwards, the United Kingdom and New Zealand sought to amend their legislation to specify the types of use that would amount to infringement. Both countries provided that a use “in such manner as to render the use of the mark likely to be taken ... as being use as a trade mark” would infringe.²³ Doing so enabled courts to continue to develop a body of law differentiating between (infringing) uses of signs that indicated the origin of goods/services in the defendant and (non-infringing) use for descriptive or nominative purposes.²⁴ However, both countries also provided, as a separate possibility, that infringement could occur by a use on goods or in certain advertisements “likely to be taken ... as importing a reference” to the registered proprietor or its goods.²⁵ The intended effect of this second category was to ensure that the sort of “comparative” (but “non-trade

19 Trade Marks Act 1905 (UK) 5 Edw VII c 15, s 39; Trade Marks Act 1905 (Cth), s 58; and Patents, Designs, and Trade-marks Act 1921 (NZ) 12 Geo V No 18, s 104.

20 For early examples, see *Edward Young & Co Ltd v Grierson Oldham & Co Ltd* (1924) 41 RPC 548 (CA) at 577; *Carless, Capel & Leonard v F Pilmore-Bedford & Sons* (1928) 45 RPC 205 (Ch) at 215–216; and *JB Stone & Co Ltd v Steelace Manufacturing Co Ltd* (1929) 46 RPC 406 (CA) at 417–418.

21 *Irving’s Yeast-Vite Ltd v Horsenail* (1934) 51 RPC 110.

22 At 116 (emphasis added).

23 Trade Marks Act 1938 (UK) 1 & 2 Geo VI c 22, s 4(1)(a); and Patents, Designs, and Trade-marks Amendment Act 1939 (NZ) 3 Geo VI No 26, s 6(1)(a). See also Trade Marks Act 1953 (NZ), s 8(1)(a) (as enacted) (by 1994 this provision had been amended and renumbered s 8(1A)(d)).

24 Leading New Zealand cases on trade mark use in this period included *Mainland Products Ltd v Bonlac Foods (New Zealand) Ltd* [1998] 3 NZLR 341 (CA) and *Anheuser Busch Inc v Budweiser Budvar National Corp* [2002] NZCA 264, [2003] 1 NZLR 472.

25 Trade Marks Act 1938 (UK) 1 & 2 Geo VI c 22, s 4(1)(b); and Patents, Designs, and Trade-marks Amendment Act 1939 (NZ) 3 Geo VI No 26, s 6(1)(b). See also Trade Marks Act 1953 (NZ), s 8(1)(b) (as enacted) (by 1994 this provision had been amended and renumbered s 8(1A)(e)–(f)).

mark”) use in issue in *Yeast-Vite* would now infringe, subject to any defences.²⁶ This reading was subsequently confirmed by the Courts of Appeal in both England and Wales²⁷ and New Zealand.²⁸

In contrast, Australian policy-makers in the mid-twentieth century were not convinced that infringement should extend to uses that merely “imported a reference” to the registered proprietor or its goods,²⁹ and did not consider that Australian legislation needed to specify that infringing use needed to be “as a trade mark”. Instead, Australian courts continued to apply *Yeast-Vite* in interpreting the scope of the infringement provision in the Trade Marks Act 1955 (Cth), meaning that only the use of a sign that was understood by consumers as being the defendant’s badge of origin would infringe.³⁰ This approach ensured that use for descriptive purposes,³¹ as a decorative feature of goods,³² in a nominative sense,³³ and in the course of product comparisons,³⁴ remained permissible.

Australia’s current Trade Marks Act 1995 now provides, in s 120, that “[a] person infringes a registered trade mark if the person uses *as a trade mark* a sign”³⁵ that is sufficiently similar to the registered mark, under various conditions, building on the long-standing approach under the former law. Sections 122 and 122A afford a range of defences (covering, for example, the defendant’s use of its name or place of business, descriptive or nominative use, use in comparative advertising, and use in the course of parallel importation) that apply “in spite of s 120”. New Zealand, in its Trade Marks Act 2002, has come to adopt a similar position. Section

26 See Board of Trade *Report of the Departmental Committee on the Law and Practice Relating to Trade Marks* (Cmd 4568, 1934) at [185]; and TA Blanco White *Kerly’s Law of Trade Marks and Trade Names* (9th ed, Sweet & Maxwell, London, 1966) at 278, n 7.

27 *Bismag Ltd v Amblins (Chemists) Ltd* [1940] Ch 667 (CA) at 680–683 per Sir Wilfrid Greene MR (noting specifically at 681 that s 4(1)(b) dealt with “a type of use which is not a use indicating the origin of the goods in the infringer”) and 694–695 per Clauson LJ.

28 *Villa Maria Wines Ltd v Montana Wines Ltd* [1984] 2 NZLR 422 at 430, following *Bismag*, above n 27.

29 See *Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider What Alterations Are Desirable in the Trade Marks Law of the Commonwealth* (1954) at [26]–[27] (noting criticisms of the United Kingdom provision made in *Bismag*, above n 27, at 677–678 per Sir Wilfrid Greene MR and 687 per MacKinnon LJ dissenting).

30 *Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 at 422 and 425, following the approach taken under the Trade Marks Act 1905 (Cth): *Mark Foy’s Ltd v Davies Coop & Co Ltd* (1956) 95 CLR 190 at 203–204.

31 See, for example, *Shell v Esso*, above n 30; *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326 (Full Ct); and *Pepsico Australia Pty Ltd v Kettle Chip Co Pty Ltd* (1996) 33 IPR 161 (FCA, Full Ct).

32 See, for example, *Top Heavy Pty Ltd v Killin* (1996) 34 IPR 282 (FCA).

33 See, for example, *Wingate Marketing Pty Ltd v Levi Strauss & Co* (1994) 49 FCR 89 (Full Ct); and *Musidor BV v Tansing* (1994) 52 FCR 363 (Full Ct).

34 See, for example, *Mark Foy’s*, above n 30, at 204–205 (but finding there not to have been a product comparison on the facts).

35 Emphasis added.

89(1), in a manner broadly consistent with European law, provides that the use of a sign in relation to certain goods or services “in the course of trade” will infringe under various conditions. However, s 89(2), drawing explicitly on the language of the former United Kingdom and New Zealand Acts, stipulates that “Subsection (1) applies only if the sign is used in such a manner as to render the use of the sign as likely to be taken as being use *as a trade mark*.”³⁶ Subsection (3) states that ss 92–98 override s 89, with these sections setting out circumstances where the use of a mark will not infringe that are similar to the defences to infringement available under Australian law, outlined above.

The Australian and New Zealand legislative approaches to infringement are thus closer now than at any time since the mid-1930s. Subject to one potential qualification, in both countries the well-established concept of use “as a trade mark” (the essential meaning of which was established in *Yeast-Vite*) operates as a core, threshold requirement for prima facie infringement, and the relationship between the main infringement provision and the defences to infringement is structurally similar. Although the wording of s 120 of the Australian Act and s 89(2) of the New Zealand Act is not identical, there is no functional difference in how trade mark use ought to be assessed under either provision, because the Australian test looks to whether consumers would “take” the defendant’s use to indicate the origin of goods or services in the defendant.³⁷ Further, the New Zealand statute no longer explicitly provides that a (non-trade mark) use that is likely to be taken as “importing a reference” to the registered proprietor or its goods will infringe. These factors strongly point to the desirability of New Zealand and Australian courts adopting a consistent approach to the interpretation of their Acts — something that will be explored in the following two parts. The potential qualification to all of this lies in s 94 of the New Zealand Act, which provides:

A registered trade mark is not infringed by the use of the registered trade mark for the purposes of comparative advertising, but any such use otherwise than in accordance with honest practices in industrial or commercial matters must be treated as infringing the registered trade mark if the

36 Emphasis added. In the Trade Marks Bill 2001 (142-1), cl 89(2) provided that subclause (1) would apply only if the use was “taken as being use of the registered trade mark”. The Ministry of Economic Development was persuaded that this language unduly narrowed the scope of the “trade mark use” requirement in s 8 of the 1953 Act, leading to the adoption of s 89(2) in the 2002 Act: Ministry of Economic Development *Clause by Clause Analysis of Submissions on the Trade Mark Bill: Clause 71 to 205* (2001) at 12. The intention of the revision was to ensure the “scope of infringement right ... provided under section 8(1A)(d) of the [1953] Act [was] carried over” to the new Act: Trade Marks Bill 2001 (142-2) (select committee report) at 5.

37 For recent confirmation see *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* [2023] HCA 8, (2023) 97 ALJR 388 at [24] (assessment by reference to how the signs “would present themselves to persons who read them and form a view about what they connote”).

use, without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.

The unusual drafting of s 94, which differs from the Australian comparative advertising defence, and its relationship with the primary infringement provision in s 89 call into question the appropriateness of applying an “Australian” interpretation in New Zealand cases involving comparative advertising, something that will be considered in detail at the end of part III.

III. THE AUSTRALIAN INFLUENCE ON NEW ZEALAND LAW

Given that use “as a trade mark” has been a long-standing element of the test for infringement in both Australia and New Zealand, and given that the issue has fallen for consideration far more frequently in Australia, it is unsurprising that the New Zealand courts’ approach to trade mark use has come to be shaped significantly by Australian law. Since the High Court of Australia’s decision in *Shell Co of Australia Ltd v Esso Standard Oil (Australia) Ltd*,³⁸ and especially since the Full Federal Court’s decision in *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd*,³⁹ Australian courts have developed a substantial body of law outlining a range of factors to be considered in determining whether a defendant has engaged in trade mark use, these being recently rearticulated by the High Court in *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd*.⁴⁰ The expanding, and positive, impact of this body of law will be analysed in sub-part A below. Further, Australian courts have also developed a particular understanding of the relationship between the primary infringement provision and the defences to infringement under the Trade Marks Act 1995 (Cth). The influence of this understanding on New Zealand law will be critically assessed in sub-part B.

A. *The emergence of common principles on trade mark use*

Initially, the influence of Australian principles on trade mark use on New Zealand law was somewhat muted. In its 1998 decision in *Mainland Products Ltd v Bonlac Foods (New Zealand) Ltd*,⁴¹ the Court of Appeal was required to consider whether a defendant’s use of

38 *Shell v Esso*, above n 30.

39 *Johnson & Johnson*, above n 31.

40 *Self Care*, above n 37. See generally Burrell and Handler, above n 6, at [11.13]–[11.25]; Huang, above n 18; and Janice Luck “A Study of the Ubiquitous Concept of Use as a Trade Mark in Australian Trade Marks Law – Determining When a Use Is as a Trade Mark and Who Is a User” (2023) 34 AIPJ 17.

41 *Mainland*, above n 24.

“Vintage” on the packaging of its cheese was to be taken as merely referring to a type of cheese with particular qualities, or constituted trade mark use, such that it infringed the plaintiff’s registered VINTAGE mark. In the course of finding the latter, the Court referred in passing to the Australian decisions in *Pepsico Australia Pty Ltd v Kettle Chip Co Pty Ltd* (on the possibility of prima facie descriptive words being used as trade marks)⁴² and *Johnson & Johnson* (on the possibility of a word that had not entered the common parlance as being descriptive being used by a defendant in a descriptive sense, and on the fact that signs can operate as “sub-brands”).⁴³ However, the Court’s articulation of the key factors relevant to assessing trade mark use was made without any reference to prior Australian (or United Kingdom) law. These factors relate to the persons who need to be considered in determining what the defendant’s use will be “taken” to signify; and the circumstances of the defendant’s use, including the normal meaning of the sign, how the defendant used the sign in relation to the particular goods, the nature of the market and the consumers for those goods, and the general circumstances of the trade.⁴⁴ Further, in contrasting the defendant’s infringing use of “Vintage” with a hypothetical non-infringing statement “The perfect complement to vintage wine”, the Court stated:⁴⁵

While care must be taken not to extend unduly the ambit of protection of registered marks which are known words with meanings suggestive of relevant goods or services, care also must be taken to prevent erosion of the distinctiveness of a good trade mark by competitors with strategic motives claiming descriptive use.

Mainland is still described as the leading New Zealand decision on trade mark use⁴⁶ and, at first glance, it might appear that the Court, in making limited reference to Australian law, intended to develop an autochthonous interpretation of trade mark use. However, this overlooks the fact that (with the exception of the “erosion of distinctiveness” comment), the principles as expressed were entirely consistent with the Australian law on trade mark use that had developed by that time.⁴⁷

42 *Pepsico*, above n 31, referred to in *Mainland*, above n 24, at 347.

43 *Johnson & Johnson*, above n 31, referred to in *Mainland*, above n 24, at 347 and 349.

44 *Mainland*, above n 24, at 345–346. A useful summary of these principles is contained in *Coca-Cola Co v Frucor Soft Drinks Ltd* [2013] NZHC 3282, (2013) 104 IPR 432 at [131].

45 *Mainland*, above n 24, at 351.

46 *Zuru New Zealand Ltd v Lego Juris A/S* [2023] NZHC 1808, (2023) 173 IPR 145 at [56].

47 See, in particular, *Shell v Esso*, above n 30, at 422 and 425; and *Johnson & Johnson*, above n 31, at 347–348. That the *Mainland* approach is similar to Australian law (as at 2014) was recognised in *Tasman Insulation New Zealand Ltd v Knauf Insulation Ltd* [2014] NZHC 960, (2014) 108 IPR 162 [*Tasman (HC)*] at [197],

Since the 2010s, the influence of Australian cases on the New Zealand approach to trade mark use has become more explicit and more extensive.⁴⁸ The five key New Zealand decisions on trade mark use in this period — *Coca-Cola Co v Frucor Soft Drinks Ltd*,⁴⁹ *InterCity Group (NZ) Ltd v Nakedbus NZ Ltd*,⁵⁰ *Tasman Insulation New Zealand Ltd v Knauf Insulation Ltd* in the High Court⁵¹ and the Court of Appeal,⁵² and *Zuru New Zealand Ltd v Lego Juris A/S*⁵³ — contain numerous references to Australian case law. Even within these decisions, one can see a growing comfort with the very idea of looking to and drawing on Australian principles for interpretative guidance. Thus, while in *InterCity* Asher J asserted that it would be “dangerous to apply” Australian tests given the two countries’ “different statutory frameworks”,⁵⁴ less than two years later the Court of Appeal in *Tasman* recognised that Australian authorities on trade mark use provide “useful guidance”, with there being only “slight differences in the wording” of the two countries’ provisions.⁵⁵ The approach taken in *Tasman* is to be preferred, since it better reflects the shared history and operation, and the similar statutory formulations, of the doctrine in Australian and New Zealand law.

Looking more closely at these five decisions, it is possible to identify at least eight principles on trade mark use (some of which flesh out those articulated in *Mainland*) that have been articulated with explicit reference to Australian law. These principles are:

1. trade mark use is a “threshold” issue, which should be assessed before the court considers the similarity of the marks and the similarity of the goods/services;⁵⁶
2. the use is to be assessed objectively, by reference to how consumers would understand the use;⁵⁷

implicitly suggesting that there is no difference between the *Mainland* approach that looks to what the use conveys to a “substantial number” of consumers, and the Australian approach that looks to notional consumer response.

48 This stands in contrast to the position more generally, where it appears that Australian cases were cited in decisions reported in the New Zealand Law Reports in the 2010s with about as much frequency as was the case in the 1990s: Stephen Kós and Diana Qiu “Parallel Universes: The Curious Dearth of Trans-Tasman Citation” [2023] NZ L Rev 61 at 68–69.

49 *Coca-Cola v Frucor*, above n 44.

50 *InterCity Group (NZ) Ltd v Nakedbus NZ Ltd* [2014] NZHC 124, [2014] 3 NZLR 177.

51 *Tasman (HC)*, above n 47.

52 *Tasman Insulation New Zealand Ltd v Knauf Insulation Ltd* [2015] NZCA 602, [2016] 3 NZLR 145 [*Tasman (CA)*].

53 *Zuru*, above n 46.

54 *InterCity*, above n 50, at [72].

55 *Tasman (CA)*, above n 52, at [162]. See also *Zuru*, above n 46, at [76].

56 *Tasman (HC)*, above n 47, at [179], citing *Global Brand Marketing Inc v YD Pty Ltd* [2008] FCA 605, (2008) 76 IPR 161 at [49].

57 *Coca-Cola v Frucor*, above n 44, at [72] and [135], citing *Shell v Esso*, above n 30, at 425. See also *Zuru*, above n 46, at [73] and [77], drawing on *Self Care*, above n 37, at [24].

3. trade mark use is use that appears to consumers as possessing the character of a brand,⁵⁸ that is, as a badge of origin,⁵⁹ to indicate a connection in the course of trade between the defendant's goods/services and the defendant;⁶⁰
4. the purpose and character of the impugned use are key;⁶¹
5. it is important to consider the context of the use, including how the sign appears on the defendant's goods or packaging (such as its prominence and placement), and whether another clear or dominant brand is being used;⁶²
6. whether the sign being used has an ordinary English meaning is relevant,⁶³ with it being more likely that a coined term will be used as a trade mark compared with a term that has a descriptive meaning;⁶⁴
7. it is possible for a sign to serve multiple, mutually non-exclusive functions, in that the sign may have a descriptive element but still also operate as an indicator of origin;⁶⁵ and
8. the test is not whether the use indicates a connection between the alleged infringer and the owner of the registered mark.⁶⁶

These principles are essentially the same as those that would be applied by an Australian court in assessing trade mark use — as Lang J recognised in *Zuru*, the approach recently taken by the High Court of Australia in *Self Care* does not differ “in *any material way* from that taken in the New Zealand authorities”.⁶⁷ This convergence in the law, leading to outcomes in the two

58 *Tasman (HC)*, above n 47, at [197], citing *Nature's Blend Pty Ltd v Nestlé Australia Ltd* [2010] FCAFC 117, (2010) 87 IPR 464 at [19]; and *Tasman (CA)*, above n 52, at [163], citing *Shell v Esso*, above n 30, at 422.

59 *Tasman (CA)*, above n 52, at [163], citing *Coca-Cola Co v All-Fect Distributors Ltd* [1999] FCA 1721, (1999) 96 FCR 107 (Full Ct) at [19] and *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* [2010] HCA 15, (2010) 241 CLR 144 at [43].

60 *Tasman (HC)*, above n 47, at [198], citing *Johnson & Johnson*, above n 31, at 348 (quoting *Shell v Esso*, above n 30, at 425).

61 *Coca-Cola v Frucor*, above n 44, at [128], citing *Johnson & Johnson*, above n 31, at 347; and *Tasman (HC)*, above n 47, at [197], citing *Nature's Blend*, above n 57, at [19].

62 *Tasman (CA)*, above n 52, at [163], citing *Johnson & Johnson*, above n 31, at 347–349, *Anheuser-Busch Inc v Budějovický Budvar, Národní Podnik* [2002] FCA 390, (2002) 56 IPR 182 at [191], and *Nature's Blend*, above n 58, at [39]–[42]. See also *Zuru*, above n 46, at [73], [75], [77] and [86]–[91], drawing on *Self Care*, above n 37, at [24]–[25] and [56]–[57].

63 *Tasman (HC)*, above n 47, at [198], citing *Johnson & Johnson*, above n 31, at 347.

64 *InterCity*, above n 50, at [104], citing *Pepsico*, above n 31, at 162.

65 *Coca-Cola v Frucor*, above n 44, at [133], citing *Johnson & Johnson*, above n 31, at 347; *Coca-Cola v All-Fect*, above n 59, at [26]; and *Adidas AG v Pacific Brands Footwear Pty Ltd (No 3)* [2013] FCA 905, (2013) 103 IPR 521 at [61]. See also *Zuru*, above n 46, at [65] (deriving assistance from this paragraph in *Coca-Cola v Frucor*) and [74] (citing *Self Care*, above n 37, at [25] on this principle).

66 *Tasman (CA)*, above n 52, at [164], citing Mark Davison and Ian Horak *Shanahan's Australian Law of Trade Marks and Passing Off* (5th ed, Thomson Reuters, Sydney, 2012) at [85.560]. The correctness of this statement (which is the obverse of principle 3, outlined above) was confirmed in *Self Care*, above n 37, at [59]–[60].

67 *Zuru*, above n 46, at [77] (emphasis added).

countries that can easily be reconciled with each other,⁶⁸ is to be welcomed. The common principles provide clear, flexible guidelines for courts in both countries to employ in seeking to differentiate between use that would objectively be understood as indicating the origin of goods or services in the defendant and use for a “non-trade mark” purpose. They should also address lingering concerns about the uncertainty over the scope of the trade mark use doctrine outside cases of descriptive use⁶⁹ — the first five principles in particular clearly demonstrate that the use of another party’s registered mark that would be understood in context as simply making reference to a feature (such as the content or function) of the defendant’s own goods or services will not constitute trade mark use.⁷⁰

If anything, courts in New Zealand might seek to close up any remaining differences between the two countries’ approaches. In this regard, a note of caution should be sounded about the statement in *Mainland* that care “must be taken to prevent erosion of the distinctiveness of a good trade mark by competitors with strategic motives claiming descriptive use”,⁷¹ which has no analogue in Australian law. To the extent that this statement suggests that courts should be alive to the fact that even a sign that is claimed to have a descriptive meaning can still be used as a trade mark, such a statement is unobjectionable and consistent with Australian law.⁷² However, if the statement is meant to suggest that a defendant’s motives are relevant to the inquiry, some care is needed. As the High Court held in *Self Care*, “[w]hether a sign has been ‘use[d] as a trade mark’ is assessed objectively without reference to the subjective trading intentions of the user”.⁷³ In an earlier decision the Full Federal Court had considered that regard may be had to the defendant’s intentions, but only in the course of “considering,

68 Of the New Zealand decisions, the finding in *Zuru*, above n 46, at [113] that the proposed use of “COMPATIBLE WITH LEGO BRICKS” in Proposed Statement 1 would constitute trade mark use of LEGO is perhaps the most borderline. Having said this, in cases involving claims to compatibility, Australian courts are likely to take a similarity conservative approach: see *Nokia Corp v Mai* [2003] FCA 924, (2003) 59 IPR 413 at [52].

69 Compare Paul Sumpter “What Exactly Does a Registered Trade Mark Protect? A Fresh Look at the ‘Use as a Trade Mark’ Defence” (2008) 14 NZBLQ 255 at 266–269.

70 For recent Australian examples of nominative, non-trade mark use, see *Hells Angels Motorcycle Corp (Australia) Pty Ltd v Redbubble Ltd* [2019] FCA 355, (2019) 140 IPR 172 at [470]; *AGL Energy Ltd v Greenpeace Australia Pacific Ltd* [2021] FCA 625, (2021) 159 IPR 336 at [102]; and *State Street Global Advisors Trust Co v Maurice Blackburn Pty Ltd* [2022] FCAFC 57, (2022) 166 IPR 29 at [80]–[85]. The finding in *Solid Energy New Zealand Ltd v Mountier* HC Christchurch CIV-2007-409-441, 26 July 2007 that there was an arguable case that the nominative use in question was infringing should be regarded as having been wrongly made.

71 *Mainland*, above n 24, at 351.

72 See *Self Care*, above n 37, at [25]. For recent examples, see *Bohemia Crystal Pty Ltd v Host Corp Pty Ltd* [2018] FCA 235, (2018) 129 IPR 482 at [277]–[288]; *Swancom Pty Ltd v The Jazz Corner Hotel Pty Ltd (No 2)* [2021] FCA 328, (2021) 157 IPR 498 at [218]–[219]; and *Halal Certification Authority Pty Ltd v Flujo Sanguineo Holdings Pty Ltd* [2023] FCAFC 175 at [85]–[86].

73 See *Self Care*, above n 37, at [24].

objectively, the purpose and nature of its use of a particular sign in particular circumstances”.⁷⁴ An approach that gives any greater significance to the defendant’s motives should not be taken — a defendant ought not to be prevented from using a sign in a manner that would, objectively, be understood as descriptive, even if the defendant knows that such a sign is another party’s registered mark, and even if its use might mean that the distinctiveness of the registered mark is in some way “eroded”.

B. *The decisiveness of trade mark use?*

A different feature of Australian law that has proven to be influential in New Zealand relates to the conceptualisation of the relationship between the primary infringement provision and the “defences” to infringement, although the full implications of this in New Zealand are still to be worked through.

In Australia, it is well established that in the ordinary course of litigation the starting point of the infringement inquiry is s 120 of the Trade Marks Act, which itself starts with an assessment of whether the defendant has engaged in use of the impugned sign “as a trade mark”. It is thus only if the court finds that there has been prima facie infringement under s 120 that it needs to consider any pleaded defences. Three such defences, which explicitly apply “in spite of s 120”, are the use in good faith of a sign to indicate certain properties or characteristics of goods or services (such as their nature or geographical origin) (s 122(1)(b)), the use of the trade mark in good faith to indicate the intended purpose of goods or services (for example, as accessories or spare parts) (s 122(1)(c)), or the use of the trade mark for the purposes of comparative advertising (s 122(1)(d)). However, the effect of the trade mark use threshold in s 120 is that a use that is understood to be for a descriptive purpose, or for a nominative purpose, or in a comparative advertisement, will not pass this threshold and will not be prima facie infringing, such that the defences do not fall to be considered.⁷⁵ This raises the converse question: when will a use that is “as a trade mark” be saved by one of these defences? The requirement of “good faith” in ss 122(1)(b) and 122(1)(c) raises the possibility that those

⁷⁴ *Lift Shop Pty Ltd v Easy Living Home Elevators Pty Ltd* [2014] FCAFC 75, (2014) 106 IPR 419 at [38].

⁷⁵ In *Allergan Australia Pty Ltd v Self Care IP Holdings Pty Ltd* [2021] FCAFC 163, (2021) 286 FCR 259 at [126] it was said that “Whilst it is common to describe the matters in s 122 as ‘defences’, and that is an apt description, it does not follow that s 122(1)(d) implicitly assumes that the relevant use would otherwise infringe or that one must examine [ss 120 and 122] consecutively”. While this is technically correct, s 122(1)(d) could only ever be considered without a prior consideration of s 120 in the rare case where the user initiates proceedings seeking a declaration of non-infringement. The Court’s subsequent statement at [133] that a use falling within s 122(1)(b) “would not have been use as a trade mark” should, however, be seen as a slip, as explained below.

defences have work to do where it is found objectively that consumers would think that a defendant's use is as a trade mark, but where the defendant can establish that it genuinely and honestly believed that it was using the sign in question for a descriptive or nominative purpose — an interpretation that has received some support in recent Federal Court cases.⁷⁶ More complex is whether the comparative advertising defence in s 122(1)(d) has any independent work to do, since it is difficult to envisage circumstances where a use would be “as a trade mark” but separately be considered to be for the purpose of comparative advertising (an outcome that would fly in the face of *Yeast-Vite*), and given that the defence is not subject to a “good faith” requirement.⁷⁷

The key point for present purposes is that the Australian approach to the relationship between ss 120 and 122 gives primacy to the “trade mark use” requirement in the former provision, leaving the more detailed defences very little work to do. It appears that New Zealand courts have come to adopt a similar interpretation of the Trade Marks Act 2002. Not only have they found that s 89(2) sets up a “threshold” requirement for infringement,⁷⁸ they have also held that the correct approach is to start by determining whether there is prima facie infringement under s 89(1)–(2) before turning to the question of whether the defendant seeks to make a case that its use is non-infringing under one or more of ss 92–98. Two cases have considered the relationship between s 89 and the “defences” — the first in relation to s 95 (use of a sign for honest purposes to indicate certain properties or characteristics of goods or services), the second primarily in relation to s 94 (use for the purposes of comparative advertising).

In the *Tasman* litigation, both Brown J in the High Court and the Court of Appeal started by addressing the question of whether the defendant's use of “batt” in a range of contexts was as a trade mark and thus infringing under s 89, and only afterwards turning to consider s 95. As Brown J held, “[t]he defence only arises for consideration if the use of the sign in question would otherwise constitute trade mark infringement”.⁷⁹ At trial, in relation to the one instance where prima facie infringement was found, it was held that the s 95 defence was unavailable. While Brown J was unpersuaded by the plaintiff's argument that a finding of trade mark use

76 See *Bohemia*, above n 72, at [296]; and *Halal*, above n 72, at [125]–[126].

77 See Mark Davison and Ian Horak *Shanahan's Australian Law of Trade Marks and Passing Off* (7th ed, Thomson Reuters, Sydney, 2022) at [85.1825] (suggesting the defence is otiose). It may, however, be that the defendant's purpose can be taken into account in assessing the defence, as distinct from whether the use would be taken to be as a trade mark: *Burrell and Handler*, above n 6, at [12.10] (citing *Allergan*, above n 75, at [128]).

78 See above n 56, and see also *InterCity*, above n 50, at [65].

79 *Tasman (HC)*, above n 47, at [244].

under s 89(2) was “determinative” of the issue under s 95, which would make the defence redundant,⁸⁰ his Honour found that the defence did not apply as the use did not fall within the terms of s 95(c)(i)⁸¹ (and that even if it had, the defendant had not engaged in “honest practices”⁸²). On appeal, the Court found that the use in question was *not* in fact as a trade mark, and in considering whether the s 95 defence would nevertheless have been available focused only on whether the defendant had engaged in “honest practices”, agreeing with the trial judge that it had not.⁸³ The important point to note from the *Tasman* litigation is that the approach taken by both Courts is one that gives primacy to s 89(2) and significantly limits the role played by s 95, consistent with the position adopted in Australia. This should be regarded as an uncontroversial interpretation of the inter-relationship between the two provisions, albeit one that raises questions as to what independent work s 95 might do.⁸⁴

More complex is the approach taken in *Zuru* on the relationship between ss 89 and 94. In this litigation Zuru was seeking declarations that its proposed use on its toy products of “compatibility statements” that featured Lego’s registered mark did not infringe as a result of ss 94 and/or 95. Although, following a procedural skirmish, it appeared to have been decided that ss 94 and 95 would be considered first, without the need to consider s 89,⁸⁵ a different approach was taken at trial. There, it was accepted that the starting point was whether Zuru’s use of the sign “LEGO” in its compatibility statements involved trade mark use under s 89(2), and that only “if so” would the issues under ss 94 and 95 arise (that is, whether the use was in accordance with honest practices and for comparative advertising / a descriptive purpose).⁸⁶ After a detailed inquiry, consistent with the approach taken in *Self Care*, Lang J considered that Zuru’s statements, in the circumstances, did or would involve trade mark use of “LEGO”, and thus were *prima facie* infringing.⁸⁷ Having made such a finding, it was inconceivable that Zuru would have succeeded under s 94 — the finding of trade mark use under s 89(2) effectively precluded a finding that the use was for the purposes of comparative advertising.

80 At [252]–[253].

81 At [257]–[258].

82 At [259].

83 *Tasman (CA)*, above n 52, at [205]–[213]. Although the Court did not deal with Brown J’s finding that the use fell outside the terms of s 95(c)(i), this finding was arguably based on too narrow a reading of “kind ... of goods”, since this language would seem to encompass a sign used to identify the goods themselves.

84 Compare Sumpter, above n 1, at 92 (suggesting that an alternative interpretation would involve reading s 89(1) as conferring a broad exclusivity right, with ss 95 and s 89(2) both operating as “defences”, with the latter performing a “sweeping up” role beyond s 95).

85 *Zuru New Zealand Ltd v Lego Juris A/S* [2022] NZHC 1549, [2022] NZCCLR 16 at [65]–[68].

86 *Zuru*, above n 46, at [47]. See also at [108].

87 At [78]–[113].

The more interesting feature of *Zuru* is the unexplored consequence of the Court applying s 89 before turning to s 94. Had *Zuru*'s use *not* constituted trade mark use in the first place (because it was for the purposes of comparative advertising), the clear implication from the approach taken is that there would have been no need to consider s 94 at all — the inquiry would have ended with s 89. But here it is worth noting the unusual wording of s 94. One way of reading this provision (whose drafting has rightly been described as “convoluted” and lacking certainty⁸⁸) is that it is not in fact a defence to prima facie infringing conduct under s 89. Rather, it arguably sets up a “species of ‘deemed infringement’”⁸⁹ that is separate from s 89(1)–(2) (noting that, by virtue of s 89(3), subss (1)–(2) are explicitly “overridden” by s 94). That is, s 94 can be read to provide that if the registered mark is used for the purposes of comparative advertising, it “must be treated as infringing” if that use is “otherwise than in accordance with honest practices in industrial or commercial matters” and, “without due cause, takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark” — *even if* such use is not “as a trade mark”.⁹⁰ In other words, the effect of ss 89 and 94, read together, might be that the use of a registered mark in comparative advertising is only non-infringing when it is “honest and non-dilutive”.⁹¹ If so, it would seem that New Zealand has adopted something of a halfway position between its former law (where use for comparative advertising infringed because of the old “importing a reference” element of the test for infringement)⁹² and the long-standing Australian position (where use for comparative advertising does not infringe by virtue of the primary “trade mark use” requirement). This interpretation would involve a justified departure from the Australian approach to the relationship between the primary infringement provision and the “defences”, and it is hoped that New Zealand courts have the opportunity to revisit and clarify this issue in the future.

IV. THE NEW ZEALAND INFLUENCE ON AUSTRALIAN LAW

The influence of New Zealand case law on the development of the Australian approach to use “as a trade mark” has been more subtle. Australian courts have tended to look inward, primarily

88 Kevin Glover “Comparative Advertising” [2003] NZLJ 133 at 135.

89 Sumpter, above n 69, at 263.

90 At 265; and Glover, above n 88, at 135.

91 The effect of this is that s 94 needs to be considered in all cases involving use for the purposes of comparative advertising, irrespective of the outcome under s 89.

92 That some types of use in comparative advertising would continue to infringe under the 2002 Act was suggested by the Ministry of Economic Development, above n 36, at 12 (responding to a submission by NZ Rugby Union).

to their own decisions, when considering trade mark use. It is even possible to point to cases where Australian courts did not refer to earlier New Zealand decisions involving near-identical parties and fact patterns.⁹³ However, there is one area where the New Zealand approach to trade mark use has helped shape the law in Australia. This relates to the use of marks in new technological environments, specifically in keyword advertising, and in metatags or HTML code in websites.

Australia was the first of the two countries to confront the issue of whether the use of a registered mark as a metatag — that is, as a word hidden in the code of a website, intended to improve the likelihood of that website appearing high in search results when a search is made using that word — could constitute trade mark use. Early Federal Court decisions were in tension on this issue. In *Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd*, one reason given for the finding that the use of a mark in a metatag was not as a trade mark was that it would be “invisible to the ordinary internet user”,⁹⁴ thus communicating no information to consumers about the origin of the defendant’s goods or services. However, four years later, in *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd*, the trial judge accepted evidence that the source data of websites is potentially visible to those who know how to look for it, finding that the registered mark, when used as a metatag in such source data, was being used as a trade mark on the facts.⁹⁵

Before *Accor*, the New Zealand High Court had come to decide the first case in either country involving the potential liability for trade mark infringement through keyword advertising — a practice involving one party bidding on and purchasing certain words, which when used as Internet search terms results in advertisements for that party’s goods or services appearing in search results. In *InterCity*,⁹⁶ which involved a dispute between competing bus companies, Nakedbus had purchased keywords through Google’s AdWords scheme, including “inter city”, which were used to generate advertisements that appeared in Google search results for “intercity” and “intercity bus”. One of InterCity’s arguments was that Nakedbus’s act of

93 See *Coca-Cola Co v PepsiCo Inc (No 2)* [2014] FCA 1287, (2014) 109 IPR 429, on whether PepsiCo had used the shape of a bottle as a trade mark. The judge did not refer to the detailed analysis of PepsiCo’s use of the same bottle shape in *Coca-Cola v Frucor*, above n 44, at [132]–[141]. For criticism of both decisions, see Michael Handler “What Should Constitute Infringement of a Non-Traditional Mark? The Role of ‘Trademark Use’” in Irene Calboli and Martin Senftleben (eds) *The Protection of Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press, Oxford, 2018) 165 at 181–182.

94 *Complete Technology Integrations Pty Ltd v Green Energy Management Solutions Pty Ltd* [2011] FCA 1319 at [62]. See also Vicki Huang “Liability for ‘Invisible’ Use of Trade Marks on the Internet” (2017) 28 AIPJ 51 at 60.

95 *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* [2015] FCA 554, (2015) 112 IPR 494 at [432]–[433] and [435]–[436].

96 *InterCity*, above n 50.

bidding on and purchasing the keywords infringed InterCity’s registered INTERCITY mark. While Asher J had no difficulty finding that this conduct involved use of the “inter city” signs in the course of trade,⁹⁷ his Honour found that because the question of use “as a trade mark” is to be determined from the perspective of potential consumers, the fact that the purchase involved a use that was not seen by consumers doomed InterCity’s argument to failure.⁹⁸ Asher J was unpersuaded by the fact that a potentially different outcome would be reached under European law, noting the different statutory test that applies in New Zealand.⁹⁹

InterCity has been influential in Australia. In *Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd*,¹⁰⁰ the Federal Court was required to address a similar argument that the defendant’s selection and nomination of keywords featuring the plaintiff’s registered mark or close variations constituted use of those signs as trade marks. Faced with competing decisions on metatag use, Katzmann J gave extensive consideration as to why a use “as a trade mark” needs to be visible or discernible to consumers, such that information communicated to them would denote a connection in the course of trade between the defendant and its goods or services.¹⁰¹ In doing so, her Honour cited and drew on Asher J’s reasoning in *InterCity*, noting its consistency with the Australian approach to trade mark use.¹⁰² Katzmann J rejected the approach that had been adopted in the European Union, and was fortified by the similar rejection of this body of law in *InterCity*.¹⁰³

It is thus clear under both New Zealand and Australian law that the mere purchase (and, by implication, the sale by a search engine operator) of a keyword containing a third party’s registered trade mark will not infringe,¹⁰⁴ and Katzmann J’s willingness to look to and apply New Zealand law in the course of reaching this result is to be welcomed.¹⁰⁵ It is also worth noting that the decisions in both countries on keyword advertising involve orthodox interpretations of “trade mark use”, notwithstanding the novelty of the fact patterns. Even if consumers conducting searches including words that are registered marks who are confronted

97 At [66].

98 At [82] and [85].

99 At [76] and [87] (noting the different outcome in *Interflora Inc v Marks and Spencer plc* [2013] EWHC 1291 (Ch), [2013] WLR (D) 206).

100 *Veda Advantage Ltd v Malouf Group Enterprises Pty Ltd* [2016] FCA 255, (2016) 241 FCR 161.

101 At [127]–[128].

102 At [138]–[141] and [157].

103 At [158].

104 Leave to re-open the correctness of *InterCity* was refused in *NZ Fintech Ltd t/a Moola v Credit Corp Financial Solutions Ltd t/a Wallet Wizard* [2019] NZHC 1210 at [14]–[19].

105 Notably, *Veda* has been cited in New Zealand in recognition of its consistency with *InterCity*: *NZ Fintech Ltd t/as Moola v Credit Corp Financial Solutions Ltd t/as Wallet Wizard* [2019] NZHC 654, (2019) 144 IPR 156 at [41].

with the defendant's advertisements might know that this is the result of the defendant having purchased signs that are, or are similar to, those registered marks as part of the process of keyword advertising, it is implausible to think that such consumers would consider that that act of purchase would somehow be understood as indicating the origin of the defendant's goods or services.¹⁰⁶ While the outcomes in the keyword advertising cases have been criticised on the basis that defendants are "exploiting the goodwill" in the selected registered marks,¹⁰⁷ the infringement tests in both countries have long been circumscribed, and are not designed to catch all conduct that might loosely be described as "misappropriation" or involve free riding on an owner's reputation. If it is considered that there is a problem in allowing a party other than a registered owner to purchase a registered mark as a keyword,¹⁰⁸ this is a matter for the legislature.

As a final point, it is worth noting that *Veda* has not entirely clarified the position in Australia as regards the use of marks in metatags, and here there is an opportunity for Australia to draw even further on New Zealand law. Katzmann J considered that *Accor* was "at odds" with the "correct" approach taken in *Complete Technology*,¹⁰⁹ but her Honour did not state that use of a mark in a metatag should be equated to the purchase or sale of a keyword containing a registered mark, and she emphasised that in *Accor* there was evidence that the metatags could be accessed by those with the requisite knowledge.¹¹⁰ Indeed, when *Accor* subsequently went on appeal, the Full Court did not disturb the trial judge's finding that the use in metatags was trade mark use, although the defendants did not appear to put this issue in dispute.¹¹¹ Thus, it appears that use in a metatag cannot be dismissed as being non-infringing solely on the basis that the use is imperceptible to consumers. The position in Australia could be clarified if courts were to adopt the approach taken by the Court of Appeal in *Tasman*, where one issue was whether the use of a sign similar to a registered mark in HTML code on the defendant's website infringed. The Court reiterated that the test for trade mark use turns on how a notional consumer would respond to the sign in context, holding that on the facts before it:¹¹²

106 Contrast Earl Gray "AdWords and Trade Mark Infringement (Again) – A Response to the Honourable Raynor Asher QC" (2021) 126 IPF 41 at 45.

107 See generally Gray, above n 106.

108 Empirical research casts doubt on this: see David J Franklyn and David A Hyman "Trademarks as Search Engine Keywords: Much Ado about Something?" (2013) 26 Harv JL & Tech 481.

109 *Veda*, above n 100, at [133] and [137].

110 At [132].

111 *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* [2017] FCAFC 56, (2017) 124 IPR 264 at [323]–[325] and [341]. Notably, the Court did not consider *Veda*.

112 *Tasman (CA)*, above n 52, at [193].

... the impugned words appear in a single line of source code along with numerous other lines of code of a highly disjointed nature and are unlikely to have any meaning or significance to a prospective purchaser. Even assuming the notional internet user might for some unexplained reason access the source code, the words would appear to be entirely random and essentially meaningless.

This approach — which focuses on how consumers would respond in the circumstances of the case, and specifically on whether there is evidence that they might access the code in question and whether they would understand what is being communicated as indicating trade origin — provides helpful guidance on metatag use and a useful way of potentially reconciling the approaches taken in *Complete Technology* and *Accor*.

V. FUTURE DIRECTIONS

Since at least 2002 there has been productive, mutual cross-pollination of Australia’s and New Zealand’s laws on trade mark use. New Zealand’s development of a clear, robust set of principles that can be employed to help differentiate between use “as a trade mark” and use for descriptive or nominative purposes has been helpfully shaped by the larger body of Australian law, while Australia’s approach to trade mark use in the context of keyword advertisements has been aided by the New Zealand courts’ careful prior treatment of the same issue. It is hoped that both countries’ courts continue to draw on each other’s approaches to trade mark use in the future. This is not to suggest that they should do so uncritically — indeed, over recent years it is possible to point to problems with the approaches taken in some Australian cases on the use of three-dimensional signs,¹¹³ on the use of “style names” for goods sold under primary brands in the fashion sector,¹¹⁴ and on whether “authorisers” can themselves be said to engage in trade mark use.¹¹⁵ Rather, the goal is to aim for as much consistency as possible in the articulation and application of the key principles on trade mark use and (where appropriate) on

113 See Michael Handler “Disentangling Functionality, Distinctiveness and Use in Australian Trade Mark Law” (2018) 42 MULR 55 at 85–87 and 95–98. For a recent illustration of some of the complexities see *RB (Hygiene Home) Australia Pty Ltd v Henkel Australia Pty Ltd* [2024] FCAFC 10 at [89]–[95].

114 See *Pinnacle Runway Pty Ltd v Triangl Ltd* [2019] FCA 1662, (2019) 148 IPR 211 (giving too much weight to evidence that consumers would pay limited attention to style names and to the defendant’s lack of an intention to promote those names as sub-brands).

115 See *Southcorp Brands Pty Ltd v Australia Rush Rich Winery Pty Ltd* [2019] FCA 720, (2019) 141 IPR 238 (finding a mere authoriser of a third party user to have engaged in trade mark use and thus infringed). This decision relied on an erroneous reading of the Act and was overturned in *PDP Capital Pty Ltd v Grasshopper Ventures Pty Ltd* [2021] FCAFC 128, (2021) 285 FCR 598.

the relationship between the primary infringement provision and the defences to infringement. This is especially important as courts in both countries come to address unresolved issues in relation to their tests for infringement — the two most important perhaps being the issue of when use in international trade will constitute use within the jurisdiction,¹¹⁶ and the role that the reputation of the registered mark might play in an assessment of whether the defendant is using its sign as a trade mark.¹¹⁷ In dealing with these and other new challenges involving trade mark use, Australian and New Zealand courts would do well to seek to continue to develop a common, consistent approach.

¹¹⁶ See Burrell and Handler, above n 6, at [11.11]; and Luck, above n 40, at 64–69.

¹¹⁷ See Burrell and Handler, above n 6, at [11.15]–[11.16]; and Luck, above n 40, at 25–27.