

IN THE HIGH COURT OF AUSTRALIA  
SYDNEY REGISTRY

No. S67 of 2014

BETWEEN:

**CANTARELLA BROS PTY LIMITED**

(ACN 000 095 607)

Appellant

and

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**MODENA TRADING PTY LIMITED**

(ACN 140 018 015)

Respondent

**APPELLANT'S SUBMISSIONS**



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**THE APPELLANT'S SOLICITOR IS:**

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## Part I: Suitable for Publication

1. The appellant certifies that this submission is in a form suitable for publication on the internet.

## Part II: Issues presented by the Appeal

2. This appeal presents the following issues in relation to the construction and operation of s 41(3) of the *Trade Marks Act* 1995 (Cth) (**Act**)<sup>1</sup>:

- (a) Is the reference to “*the signification which they ordinarily possess*” in the *Clark Equipment test*<sup>2</sup> as to whether a trade mark consisting of words is inherently adapted to distinguish the goods of a person under section 41(3) of the Act, namely the likelihood that other traders in the relevant goods would wish to make honest use of those words for the sake of the signification which they ordinarily possess in any manner which would infringe a registered trade mark granted in respect of those words:
  - (i) a necessary part of the test of inherent adaptability to distinguish;
  - (ii) a reference to an ordinary signification as understood both by members of the relevant public with whom traders trade and by the traders, consistent with *Mark Foy's*<sup>3</sup>;
  - (iii) or alternatively to (ii), only a reference to an ordinary signification as understood by traders alone, contrary to *Mark Foy's*; and
  - (iv) to be applied differently and, if so how, in the case of foreign language words that have not been adopted as part of the English language in Australia and do not have a commonly understood meaning in Australia?
- (b) Is the reference to “*in any manner which would infringe a registered trade mark granted in respect of those words*” in the *Clark Equipment test* a necessary part of the test of inherent adaptability to distinguish?

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<sup>1</sup> The amendments brought about by the Intellectual Property Laws Amendment (Raising the Bar) Act 2012, s.3, Sch [6], Item 113 (which substituted a new s.41) commenced after any material date in these proceedings.

<sup>2</sup> *Clark Equipment Company v Registrar of Trade Marks* (1964) 111 CLR 511.

<sup>3</sup> *Mark Foy's Ltd v Davies Coop & Co Ltd* (1956) 95 CLR 190.

- (c) What is the correct approach to the question of the inherent adaptability of foreign language words that have not been adopted as part of the English language in Australia and do not have a commonly understood meaning in Australia and even when translated into English are at best allusive laudatory metaphors?

### Part III: *Judiciary Act 1903*

3. The appellant has considered whether any notice should be given in compliance with s. 78B of the *Judiciary Act 1903* (Cth). In its view, no notice is necessary.

### Part IV: Citations

- 10 4. The reasons for judgment of the trial judge are published as *Cantarella Bros Pty Limited v Modena Trading Pty Limited* (2013) 299 ALR 752; 99 IPR 492; [2013] FCA 8 and *Cantarella Bros Pty Limited v Modena Trading Pty Limited* (No 2) [2013] FCA 130 (making final orders).
5. The reasons for judgement of the Full Court are published as *Modena Trading Pty Ltd v Cantarella Bros Pty Ltd* (2013) 215 FCR 16; 102 IPR 382; [2013] FCAFC 110.

### Part V: Relevant Facts

6. The Appellant (**Cantarella**) is the registered owner of two Australian Registered Trade Marks ORO (829098) and CINQUE STELLE (878231) in class 30 in relation to coffee and related products. ORO was applied for on 24 March 2000 and CINQUE STELLE on 6 June 2001 (AJ[1]).
- 20 7. Cantarella brought proceedings for infringement of each registered trade mark.
8. The respondent (**Modena**) denied trade mark infringement, asserted a defence under section 122(1)(b)(i) to the effect that it had used the marks merely as an indication of quality, and cross-claimed for cancellation of the two registered trade marks pursuant to section 88(1) and for their removal on the ground of non-use pursuant to section 92 of the Act. The contention in relation to section 88(1) was that the signs had no inherent capacity to distinguish the relevant goods as at the relevant dates of application for registration of each mark.

### *The trial judgment*

9. The primary judge found that Modena had infringed each of the registered marks by using the marks in respect of its own goods as trade marks, that is to say, so as to indicate a connection in the course of trade between the goods and Modena (PJ[132]-[134]). Further, the primary judge rejected Modena's section 122(1)(b)(i) defence, finding that the marks were **not** used by Modena as an indication of the quality of their products (PJ[176]). There was no appeal against the findings related to infringement.
10. The primary judge dismissed the cross claim for non-use finding that Cantarella had used and was using its trade marks (PJ[129]). In reaching that conclusion the primary judge analysed the packaging and other material of the Appellant on which the trade marks appeared and applied long established tests which focus on how such material would present to ordinary consumers, including the prominence of use and other wording and signs on the material.<sup>4</sup>
11. The primary judge also dismissed the cross claim under section 88(1) finding that each of the signs ORO and CINQUE STELLE was sufficiently inherently adapted to distinguish Cantarella's goods from those of other traders (PJ[118]).
12. There was no allegation that Cantarella was not the owner of the marks (section 58) and hence there was no allegation (and no finding at trial or on appeal) that any other trader had used either sign as a trade mark in Australia in respect of the relevant goods before the dates of Cantarella's applications for registration of the marks.
13. The primary judge found that "oro" in Italian means "gold". The Italian dictionary in evidence gave its only meaning as gold. To be precise, the evidence was that "oro" in Italian was a noun meaning the mineral gold. The adjective gold in Italian is "dorato" and "d'oro" means "of gold" or "golden".<sup>5</sup> The words "cinque stelle" in Italian mean "five stars". The primary judge found that neither "oro" nor the expression "cinque stelle" appeared in any relevant English dictionary. The word "cinque" appeared in two dictionaries as meaning "the five at dice or cards" citing a French origin (PJ[83]-[88]). The primary judge also referred to Census evidence that in 2001 there were 218,718

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<sup>4</sup> PJ[122]; *Shell Co of Australia Limited v Esso Standard Oil (Australia) Limited* (1963) 109 CLR 407 at 422-6.

<sup>5</sup> Molinari xx at T220 lines 25-30; T223 lines 31-33; T223 lines 41-43.

people living in Australia who identified themselves as having been born in Italy and 353,605 people living in Australia who spoke Italian at home (PJ[116]).

14. The primary judge found that while it may be “clear enough” to an Italian speaker that *cinque stelle* signifies five stars and that *oro* “signifies some connection with gold”, neither *cinque stelle* nor *oro* “means anything in English”. His Honour also found that no “more than a very small minority of English-speaking people in Australia would understand the allusions made by *Cinque Stelle* and *Oro*”. Further, his Honour was not persuaded that the Italian language was so widely spread that a conclusion should be drawn that *cinque stelle* and *oro* would be generally understood in Australia as having those meanings (PJ[117]). Those findings were not challenged or disturbed on appeal.
15. The primary judge relied on *Mark Foys* in two respects: firstly, the statements in that case (at 194) to the effect that it is an erroneous approach to assume that a word or phrase conveys a meaning either to people in general or to a particular class of persons and then inquire precisely as to that meaning instead of recognizing the potential for a word to evoke an emotion rather than a precise meaning (PJ[27]); and secondly, the statement in that case (at 195), in connection with words having direct reference to the character or quality of goods, as to the probability of ordinary persons understanding the words as describing, indicating or calling to mind either their nature or some attribute they possess (PJ[107]). At PJ[28] the primary judge relied on the test stated by Kitto J in *Clark Equipment* at 514 as referred to in *F H Faulding & Co Ltd v Imperial Chemical Industries of Australia and New Zealand Ltd* (1965) 12 CLR 537 at 555.

**Evidence of other traders.**

16. The primary judge also referred to evidence of the use by traders other than Cantarella of ORO in connection with coffee in Australia. That evidence was tendered by the Respondent on the basis that it was relevant to the question of the inherent capacity of the marks to distinguish. It was admitted over objection. The evidence was not tendered to support an argument to the effect that the relevant marks lacked distinctiveness in fact because of any alleged other prior uses. No argument of lack of distinctiveness in fact was advanced at trial or on appeal by the Respondent. This evidence fell into two categories.
17. The first category was use by traders other than importers from Caffè Molinari SpA, which is Modena’s supplier. In that category there was no evidence of any use in

Australia of the word "oro" alone by a trader prior to the application date for the ORO registration. The primary judge's findings in that regard were all in the present tense, reflecting the evidence as speaking only at the date of trial. There is one reference to a Lavazza website which "asserts" that its *Qualità Oro* product was imported into Australia in 1955 (PJ[93]). The reference reflects an agreed limitation on the evidence of the printout of the website as not proving the asserted fact.<sup>6</sup> Further, all of the uses identified were in various combinations of words none of which was ORO on its own (PJ[93]-[99]). There was no analysis or finding to the effect that any of such uses constituted a use of ORO *simpliciter* as a trademark or a use of ORO as part of a larger composite trademark<sup>7</sup> or a use of "Oro" in a descriptive way and if so in what way.

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18. The second category was evidence as to use by persons importing *Caffè Molinari Oro* coffee into Australia between 1996 and 2001 (PJ[67]). There was no evidence or finding as to the form of its packaging or how it was sold or promoted at that time, whether there were sales or the extent of any sales. *A fortiori* there was no analysis or finding as to whether ORO was used as trademark on its own or as part of a composite mark or descriptively.

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19. In relation to the words *cinque stelle* there was evidence that in about January 2001 Espresso Group Pty Limited began distributing *Caffè Molinari Cinque Stelle* coffee in Australia (PJ[67]). Again, there was no evidence or finding as to the form of its packaging or how it was sold or promoted at that time, whether there were sales or the extent of any sales or as to whether any use was a trademark use or otherwise. There was no evidence that any trader, other than the parties to these proceedings, had ever used *cinque stelle* in any fashion. There was evidence only as to current usage of Five Star coffee and also a *Caffè Guglielmo Bar 5 Stelle* coffee (PJ[100]).

### ***The Full Court judgment***

20. On appeal, the Full Court of the Federal Court set aside the primary judge's orders and ordered that the Register be rectified by cancelling each of the appellant's registrations. It did so on the basis of a finding that neither ORO nor CINQUE STELLE was inherently adapted to distinguish the relevant goods of Cantarella (AJ[103]). The Full

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<sup>6</sup> T171 lines 34-35.

<sup>7</sup> See for example *Wellness Pty Ltd v Pro Bio Living Waters Pty Ltd* (2004) 61 IPR 242 at [22]-[28]

Court also determined that the marks should be removed for non-use. That finding was expressly said to be a finding consequential upon the finding of lack of distinctiveness of the relevant marks (AJ[105]).

21. The Full Court held that the primary judge's approach in considering whether the words *cinque stelle* and *oro* were commonly or generally understood in Australia by ordinary English speaking persons as meaning "five stars" and "gold" involved "demonstrable error" (AJ[82], [83]). This was said to be so because the expressions "the common right of the public" and "common heritage" by Kitto J in *Clark Equipment* "refer to the knowledge base, primarily, of the traders in the particular goods or services" (AJ[84]).
- 10 The Court found that this was the effect of *Faulding* and a first instance NSW Supreme Court decision *Eutectic Corporation v Registrar of Trade Marks* (1980) 32 ALR 211 (AJ[78], [83]).
22. The Full Court listed five factual findings in support of its conclusion of lack of distinctiveness:
- (a) First, the translation of Italian words as "gold" and "five stars" "which signify the highest quality" (AJ[92]).
  - (b) Second, the association of coffee with Italy (AJ[93]).
  - (c) Third, there are many Italian speakers in Australia (AJ[94]).
  - (d) Fourth, Cantarella uses the marks "to describe according to their known ordinary
  - 20 significance its highest quality brands" (AJ[95]).
  - (e) Fifth, "and most importantly, other coffee traders have used the words ORO and CINQUE STELLE" (AJ[97]).
23. The Court held that the findings of the primary judge supported a conclusion that these Italian words were known in the coffee trade according to their ordinary signification as words descriptive of the quality of the coffee products and have been used in that sense, although not as trade marks, for a significant period of time extending well before Cantarella's registration of its marks and afterwards" (AJ[97]). The Court did not set out an analysis of any such uses to indicate how it arrived at that conclusion.

## Part VI –Argument

### *The meaning of inherently adapted*

24. The expression “*inherently adapted*” in section 41(3) of the Act is one that as a matter of statutory construction requires consideration of the inherent nature of the mark in issue.
25. Whether the sign or mark be a word, an image or a shape, in each case the inherent nature of it is such as to either convey an obvious meaning or message or not. If it does not do so, it will likely have inherent capacity to distinguish. If it conveys an obvious meaning that does not directly describe or identify the goods in question or their qualities, it will also likely have inherent capacity to distinguish.
26. Whilst there has been no consideration under the current Act, the approach taken by this Court in relation to the *Trade Marks Act* 1955 (Cth) (**the 1955 Act**) is consistent with and provides compelling support for the approach contended for by the appellant in the present case.
27. Sub-sections 26(1) and (2) of the 1955 Act relevantly provided:
26. (1) *For the purposes of this Act, a trade mark is not distinctive of the goods of a person unless it is adapted to distinguish goods with which that person is or may be connected in the course of trade from goods in respect of which no such connexion subsists, either generally or, where the trade mark is sought to be registered, or is registered, subject to conditions or limitations, in relation to use subject to those conditions or limitations.*
- (2) *In determining whether a trade mark is distinctive, regard may be had to the extent to which-*
- (a) *the trade mark is inherently adapted so to distinguish; and*
- (b) *by reason of the use of the trade mark or of any other circumstances, the trade mark does so distinguish.*
28. The current Act has translated that test into sub-sections 41(2) and (3) (set out in paragraph 57 of these submissions).

### *The principle in practice*

29. In *Clark Equipment* Kitto J (at 515 and after stating the general test at 514) referred to a name of a place (MICHIGAN) as “plainly not inherently, ie in its own nature, adapted



to distinguish”. In *Burger King Corporation v Registrar of Trade Marks* (1973) 128 CLR 417 at 424 Gibbs J said: “Inherent adaptability is something which depends on the nature of the trade mark itself – see *Clark Equipment Co v Registrar of Trade Marks* – and therefore is not something that can be acquired.”<sup>8</sup>

30. Hence, the determination of any inherent meaning of a word mark is an essential step in any decision as to its inherent capacity to distinguish. So understood, that part of the test stated by Kitto J in *Clark Equipment* (at 514) as referring to the likelihood of other traders wanting to use words for the signification that the words “ordinarily possess”, is an essential part of the test. It reflects the approach of Dixon CJ in *Mark Foys* at 194  
 10 relied on by the primary judge, that the paramount consideration is the understanding of ordinary persons.<sup>9</sup> That statement is a reference to the ordinary signification as understood by the buying public.
31. The Full Court’s finding that *Faulding* regarded the meaning of words understood by traders as the key is in error (AJ[78]). At first instance in *Faulding*, the defence against the claim of infringement of the mark BARRIER in relation to creams, included reliance on section 56 of the then act which, if satisfied afforded a defence where there was a proven use of the mark as the description of an article by a trader other than the registered proprietor of the mark (at 546). On appeal, the Full Court determined that section 56 could not apply and focussed on the inherent capacity of “barrier” to  
 20 distinguish hand creams. In that regard, it was held that the word “barrier” had a direct reference to the character of creams under the old section 24(1)(d) and hence could only have been a validly registered mark if it was otherwise “distinctive” (at 554). Kitto J (with whom the other members of the Court agreed) held that it was extremely difficult for a directly descriptive word such as “barrier” to be distinctive, but was impossible “where the descriptiveness of the word refers to the distinguishing characteristic of a whole class of goods” (at 555). It was in that context that the Court referred to evidence of the trade being the evidence which had been led on the section 56 issue. But the starting point for the discussion was the finding that the word “barrier” as a matter of ordinary meaning had a direct reference to the character or quality of the relevant goods.

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<sup>8</sup> A concept approved in *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks* (2002) 122 FCR 494 at [48] per French J (as his Honour then was), [83] per Lindgren J, [144] per Stone J.

<sup>9</sup> See also *Johnson and Johnson Australia Pty Limited v Sterling Pharmaceuticals Pty Ltd* [1991] 30 FCR 326 at 335-336 (referred to by the primary judge at PJ[107]).

The conclusion (at 556) was that by the date of the application for registration “the word Barrier had caught on as a word peculiarly apt, **according to its ordinary signification**, for descriptive use in connexion with skin protective creams, so that any trader in such creams would be very likely indeed” to desire to use the word. That conclusion contradicts the approach of the Full Court in the present case.

32. Similarly the Full Court’s reliance on *Eutectic Corporation v Registrar of Trade Marks* (1980) 32 ALR 211 also involved error. In that case, there were English dictionary meanings of the word “eutectic” which described the subject goods (at 213 line 25 – 214 line 15). That is not the case here.

10 33. The central importance of the ordinary signification of a mark in determining inherent capacity to distinguish is apparent from the fact that the question will necessarily be determined under the Act in many if not most cases without evidence of any other trader using the mark either before or after the application date, in any form whatsoever. The absence of such evidence does not determine that the mark has any inherent capacity to distinguish the goods the subject of the application.

34. The primary judge addressed the correct question, the Full Court did not. The Full Court did not disturb the primary judge’s conclusion that the words had no ordinary signification amongst the putative Australian buying public of the relevant goods.

20 35. The approach of the primary judge reflects and gives meaning to the statutory language of the “inherent capacity” of a mark to distinguish.

36. The approach of the Full Court is encapsulated in its conclusion at AJ[97] that the words were Italian words known in the coffee trade according to their ordinary signification as words descriptive of the quality of the coffee products and had been used in that sense “*not as trade marks for a significant period of time extending well before Cantarella’s registration of its marks and afterwards*”. The process is at fault for a number of reasons but firstly because it starts with a consideration of other uses rather than the inherent meaning of the marks.

30 37. Further, the reference by the Full Court to uses before the date of Cantarella’s registrations could only be references to the Caffé Molinari transactions. The Full Court did not analyse the nature of such uses if any (sole or composite trademark or descriptive use if any). That would have been an impossible task since the form of any

use was not before the Court. The basis of the Full Court's conclusion that any such use was descriptive is without any foundation and there is no exposition of the reasoning process in any event. Nor did the Full Court advert to the fact that the only evidence of the manner of use by Caffè Molinari of ORO or CINQUE STELLE were the current uses on those products. Those were the uses the subject of the infringement case and the primary judge found that they were trademark uses and **not** descriptive uses in good faith.<sup>10</sup> Those findings were not appealed by the Respondent.

- 10 38. Similarly in relation to the evidence of other uses by other traders, which, in the case of ORO, all postdated the ORO registration, and, in the case of CINQUE STELLE, did not exist, the Full Court did not analyse any such use to consider composite or single trade mark use or descriptive use. The analysis is the same as that required in an infringement case. It requires a careful consideration of the relevant packaging or other material taking account of the relative prominence of the subject words and other words used in combination with, or in proximity to, the relevant words. None of that occurred.
39. Further, there was no evidence from any other trader as to how or why any of the marks were used or what they were understood by them to mean or to convey. There was however, trade evidence that there was no gold or star classification system for coffee in Australia.<sup>11</sup>
- 20 40. The mere fact that more than one trader might use ORO or CINQUE STELLE or variants thereof does not dictate a conclusion of descriptive use and less so lack of inherent capacity to distinguish. Analysis is required. The same word, or variants of it, can appeal to more than one trader as a trade mark because of its allusive, laudatory metaphorical quality rather than any descriptive quality.
41. Any approach to foreign word trademarks which mechanically considers their translated meaning and then applies the relevant test to the translated words has the potential to overlook the evocative non-descriptive quality of the untranslated word or words.

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<sup>10</sup> PJ[132]-[134]; [176]

<sup>11</sup> McKay [43]-[44].

42. In the present case, the English words “gold” and “five stars” when used in relation to coffee or related products are allusive laudatory metaphors in any event. They are not descriptive.
43. Even in relation to the small number of Australian consumers familiar with Italian, the mental processes involved for such a consumer when confronted with ORO or CINQUE STELLE in an Australian market place is a matter of speculation. However, even if one was to infer that some Italian language speakers would recognise the letters ORO as matching the Italian word for the mineral gold, the mental processes required would be a conclusion that, notwithstanding their use in an Australian market, the trader was using the letters to convey the same meaning they conveyed in Italian and further that the literal English translation of the Italian word for the mineral gold would carry the same colloquial laudatory metaphorical use of “gold” as appears in English language dictionaries. Consistently with *Mark Foys*, the assumption that such mental processes occur involves error. It fails to consider that the letters might be being used as an evocative exotic message in a foreign language without precise meaning. The same can be said of CINQUE STELLE. The very need for a mental process is contraindicative of an absence of inherent capacity to distinguish. Thus, even if it could be assumed that Italian speakers would translate ORO and CINQUE STELLE in an Australian market context, that very need to translate merely adds to the allusive metaphorical features of the words.
44. The absence of any ordinary English meaning of the relevant words, the fact that they are to be used in an Australian market, the speculative nature of any assessment of likelihood of translation by a few as opposed to simply seeing the words as marks and the fact that even if translated the words are metaphorical in any event, all confirm a conclusion that in understanding the test for inherent capacity to distinguish as a “practical evaluative judgment about the effects of the relevant mark in the real world”<sup>12</sup>, the marks had an inherent capacity to distinguish.

### *International approaches*

45. The test contended for by the appellant is consistent with international practice in at least the United States and the European Union.

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<sup>12</sup> *Kenman Kandy Australia Pty Limited v Registrar of Trade Marks* (2002) 122 FCR 494 at [47] per French J (as his Honour was)

46. The United States has a doctrine of foreign equivalents. In *Palm Bay Imports Inc v Veuve Clicquot Ponsardin Maison Fondée En 1772* 396 F.3d 1369 at 1377 right column it was said: "*The doctrine should be applied only when it is likely that the ordinary American purchaser would "stop and translate [the word] into its English equivalent" ... This court agrees with the TTAB that it is improbable that the average American purchaser would stop and translate "VEUVE" into "widow"*."
47. *The Modern Law of Trade Marks* (3<sup>rd</sup> Ed) Morcom at [5.104] refers to the European Manual's treatment of foreign words as following an ECJ ruling: According to that ruling, a mark is not necessarily open to objection because it is descriptive or non-distinctive in a foreign language, even where the language concerned is that of another Member State of the EU. The question that must be considered is whether the word(s) would be likely to be understood by the "relevant parties". In the Manual, the registry treats 'relevant parties' as including the relevant trade **and** the relevant average UK consumer.

***Additional reasons why the Full Court's reasoning should not be permitted to stand***

48. The Full Court's reliance on other traders using ORO and CINQUE STELLE in combination with other words is flawed for additional reasons.
49. The Kitto J statement of the test in *Clark Equipment* includes a requirement that the trader must desire to use the relevant words in a manner that "*would infringe a registered trade mark granted in respect of those words*".<sup>13</sup> Contrary to this requirement, the Full Court found that none of the other uses were trade mark uses of the words (AJ[97]). While this finding of the Full Court is criticised above, the absence of analysis by the Full Court of this requirement involves error. Further, the relevant uses must be of the mark, not as part of a composite mark. Uses of "Qualità Oro" or "D'Oro" or other variants are not uses of the mark Oro and hence cannot inform the test in *Clark Equipment* on any view.<sup>14</sup> Similarly, uses of Oro and Cinque Stelle as part of some composite mark are also not uses of the relevant marks.<sup>15</sup>

<sup>13</sup> A requirement identified and confirmed by Lindgren J in *Kenman Kandy* at [88]-[95].

<sup>14</sup> In the context of the analogous issue of proprietorship, in *Carnival Cruise Lines Inc v Sitmar Cruises Limited* (1994) 31 IPR 375 at 391 Gummow J held that "fun ship is for this purpose a substantially different trade mark to sitmar's funship and fairstar the funship". See also *TGI Friday's Australia Pty Ltd v TGI Friday's Inc* (2000) 100 FCR 358 at [50]-[60].

<sup>15</sup> See for example *Wellness Pty Ltd v Pro Bio Living Waters Pty Ltd* (2004) 61 IPR 242 at [22]-[28].

50. Both this requirement, and the required evaluation referred to in paragraph 30 above, were implicitly rejected by the Full Court, contrary to *Clark Equipment*. But they are important requirements because they underpin the concern that traders be free to use the common heritage. If other traders' only likely uses of the words are not uses that would infringe a registered mark in relation to those words, such traders are not impeded in their use of the common heritage by the grant of registration.

***Distinctiveness in fact is not to be equated with adaptation to distinguish***

51. The question as to whether a trade mark is adapted to distinguish is necessarily anterior to the question of distinctiveness in fact. In the context of s 41(3), the question cannot  
10 be answered by reference to after occurring conduct.

52. Uses by other traders of the same mark before the date of application for registration can affect the **distinctiveness in fact** of the mark, with the consequence that despite a mark having an inherent capacity to distinguish, it is not registrable because it is not distinctive in fact. In the present case the only uses of the relevant words by any trader before the application dates, and not as trade marks, were the uses by Caffè Molinari. There was no evidence as to the form of its packaging or the precise nature or extent of the use. Such use was not relied on at trial or on appeal as denying distinctiveness in fact. It could not do so.

53. The only issue before the primary judge and on appeal was whether the marks were  
20 devoid of any inherent capacity to distinguish. It was not suggested or argued that even if they had any inherent capacity to distinguish, they were still not registrable.

***Full Court's finding of non use by the Appellant***

54. It follows from the preceding paragraphs that the Full Court erred in making the consequential finding that the appellant has not used, and was not using ORO or CINQUE STELLE as trade marks. If this Court overturns the Full Court's finding on the lack of inherent capacity to distinguish, it would follow that the Full Court's finding as to non-use would also be overturned. The reasons of the Full Court did not address or cavil with the primary judge's analysis of the way in which the Appellant used the marks to demonstrate trade mark use.

## Conclusion

55. The Full Court's approach to inherent adaptability does not reflect the words of the statute and contradicts *Clark Equipment* and *Burger King*. Its finding that the relevant ordinary signification of the mark is that understood by traders rather than the relevant market is at odds with the accepted interpretation of *Clark Equipment*, conflicts with *Mark Foys* and is based on a misinterpretation of *Faulding*.
56. The primary judge's reasons as to the registrability of the appellant's two trade marks in suit were correct and the Full Court was in error. The Full Court's orders should be set aside and the orders made by the primary judge should be restored.

## 10 Part VII: Applicable statutory provisions

57. The Applicable provisions of the Act as they existed at the relevant time (the dates upon which the appellant made application for each of the trade marks) were as follows:

### 41 Trade mark not distinguishing applicant's goods or services

...

- (2) *An application for the registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant's goods or services in respect of which the trade mark is sought to be registered (designated goods or services) from the goods or services of other persons.*

20 *Note: For goods of a person and services of a person see section 6.*

- (3) *In deciding the question whether or not a trade mark is capable of distinguishing the designated goods or services from the goods or services of other persons, the Registrar must first take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods or services from the goods or services of other persons.*

## Part VIII: Orders sought

58. The appellant seeks the following orders:
- (a) An order that the appeal be allowed.
- (b) An order that paragraphs 1 to 6 of the orders made by the Full Court of the Federal Court of Australia be set aside.
- (c) An order that paragraphs 1 to 12 and 17 of the orders made by Emmett J on 25 February 2013 be reinstated.

- (d) An order that the respondent pay the appellant's costs of and incidental to the proceedings in this Court and in the Federal Court of Australia both at first instance and on appeal.

**Part IX: Oral Argument**

59. The appellant estimates that approximately 2 hours (including reply) will be required for the presentation of its oral argument.

**Dated: 22 April 2014**

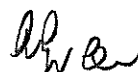
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