



## HIGH COURT OF AUSTRALIA

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**Form 27A – Appellant’s submissions**

IN THE HIGH COURT OF AUSTRALIA  
MELBOURNE REGISTRY

No M32 of 2025

BETWEEN: **BED BATH ‘N’ TABLE PTY LTD (ACN 005 216 866)**  
Appellant

and

**GLOBAL RETAIL BRANDS AUSTRALIA PTY LTD (ACN 006 348 205)**  
Respondent

### APPELLANT’S SUBMISSIONS

#### Part I: Certification

1. These submissions are in a form suitable for publication on the internet.

#### Part II: Concise statement of the issues

2. The appeal raises two issues. *First*, what is the role of reputation established through longstanding use of a composite mark in the context of a claim for passing off or contravention of the prohibition of engaging in conduct that is misleading or deceptive, or is likely to mislead or deceive in *Australian Consumer Law*<sup>1</sup> (ACL) in respect of a competing mark which is not identical to the mark which founded the reputation? *Second*, under what circumstances does the “*fitted for the purpose test*” apply in assessing a claim of misappropriation of goodwill by passing off and statutory misleading or deceptive conduct under section 18 of the ACL, and, in particular, is it sufficient to find, as the Primary Judge did, that the conduct of the Respondent was wilfully blind?

#### Part III: Section 78B of the *Judiciary Act 1903* (Cth)

3. No notices under s 78B of the *Judiciary Act 1903* (Cth) are required.

#### Part IV: Citations of the decisions below

4. The decision of the Federal Court of Australia is *Bed Bath ‘N’ Table Pty Ltd v Global Retail Brands Australia Pty Ltd* [2023] FCA 1587 (Rofe J) (PJ) (CAB, Tab 1 pp5-123).

<sup>1</sup> As found in Schedule 2 to the *Competition and Consumer Act 2001* (Cth).

The Primary Judge's decision in respect of relief and costs is *Bed Bath 'N' Table Pty Ltd v Global Retail Brands Australia Pty Ltd (No 3)* [2024] FCA 226 (CAB, Tab 2 pp124-145).

5. The decision of the Full Court of the Federal Court of Australia is *Global Retail Brands Australia Pty Ltd v Bed Bath 'N' Table Pty Ltd* [2024] FCAFC 139 (Nicholas, Katzmann and Downes JJ) (**AJ**) (CAB, Tab 7 pp180-229).

## Part V: Background

6. The Appellant brought a case at trial alleging the Respondent's conduct amounted to passing off and was misleading or deceptive contrary to the ACL (the **reputational based claims**) and further that the conduct was an infringement of registered trade marks comprising the words "BED BATH N' TABLE" (the **BBNT mark**).<sup>2</sup>
7. The Appellant failed at trial on the claims of trade mark infringement with the Primary Judge finding that, on a nominal comparison to the BBNT mark, the House BED & BATH mark (the **House B&B mark**)<sup>3</sup> used by the Respondent was not deceptively similar. Conversely, the Appellant succeeded on the reputational based claims.
8. The Full Court confirmed the findings that there was no registered trade mark infringement but, revisiting the reputational based claims, found error in the Primary Judge's approach. The manner in which the Full Court approached the reputational based claims is the subject of appeal; there is no challenge to the finding that there was no infringement of the statutory rights granted under *Trade Marks Act 1995* (Cth).
9. The Primary Judge found that the Appellant enjoyed a strong reputation in respect of the BBNT mark where the Appellant was, and had been for over 40 years, the only trader in the soft homewares market using the words "Bed" and "Bath" (in that order) as part of its store branding and, importantly here, in the relevant context on a soft homewares shopfront.<sup>4</sup> The Appellant had 30 percent of the Australian market for soft homewares, with 167 physical stores. Other traders in the soft homewares market used names which were completely different, such as Adairs and Sheridan.<sup>5</sup> The detailed findings of fact

<sup>2</sup> AJ [2].

<sup>3</sup> The House B&B mark is found at AJ [1].

<sup>4</sup> Store branding is distinct from category descriptions that might be found within a store: PJ [94].

<sup>5</sup> PJ [494].

establishing longstanding reputation under the composite name are found at PJ [26]-[51]. These findings underpin the contextual findings on the reputational based claims at PJ [509]. Critically, none of these findings were challenged on appeal.

10. Those unchallenged findings (on appeal) resulted in the Primary Judge further finding – in the context of the use by the Respondent on its soft homewares stores bearing signage with the House B&B mark in which the words “House” and “Bed & Bath” were separated (in different fonts, different capitalisation, on different lines and often separated by a dividing line); and the stores being presented in a “*Hamptons style*” (similar to the Appellant’s stores) with trade indicia presented above the store entry and with windows with similar displays<sup>6</sup> – that some consumers would “*question whether there was some kind of association between the two well-known brands*” (PJ [518]). This finding was supported by the further carefully framed findings at PJ [519]-[522]. Notwithstanding that this conclusion reflected a conventional approach, the Full Court found error but in doing so itself failed to properly consider the reputation as found by the Primary Judge. This aspect of the Full Court’s reasoning at AJ [75]-[86] reveals the core of the error identified in Ground 1.
11. The Primary Judge also made critical factual findings as to the conduct of the Respondent in adopting the words “Bed & Bath”, concluding that such conduct was “*fitted for the purpose*” and therefore could stand as evidence further supporting her findings as to the likelihood of deception and confusion. The Primary Judge found in this respect that: (i) the Respondent’s Head of Brand and Media, Ms McGann, “*clearly had BBNT on her mind when selecting the House B&B mark*” and had “*an intention to divert trade away from BBNT*” (PJ [468]); and (ii) Mr Lew, a director of the Respondent and by proxy the Respondent itself (being a person with extensive business experience: PJ [169]), had an “*astonishing level*” of wilful blindness to the possibility of confusion (PJ [469]). By contrast, the Full Court accepted the contention advanced by the Respondent that such findings of wilful blindness fell short of enlivening the “*fitted for the purpose test*”. The approach of the Full Court at AJ [86]-[89] reveals error under Ground 2.

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<sup>6</sup> PJ [507] and [510].

## Part VI: Argument

### Ground 1: error in approach to assessing reputational based claims

12. **Introduction:** The reputational based claims and the trade mark claim were decided on the same overall body of facts, but with the necessary exclusion of reference to the Appellant's reputation in the trade mark claim. As this Court recently confirmed in *Self Care IP Holdings Pty Ltd v Allegan Australia Pty Ltd* (2023) 277 CLR 186 at [3], [36] and [50], reputation in the registered mark, and actual use of such mark, are legally irrelevant to the trade mark infringement enquiry. The inquiry as to registered trade mark infringement takes place without any recourse to the use, if any, that the trade mark owner might have made of their trade mark and the circumstances of that use. Hence, whilst in many cases the result is the same, the result of the trade mark infringement assessment is based on different matters and that inquiry cannot logically foreclose the reputational based claims (or vice versa).<sup>7</sup>
13. The reputational based claims had a different juridical basis with reputation lying at their heart; based on matters of impression from evidence of the Appellant's reputation and the context in which the Respondent operated its stores. The Primary Judge correctly perceived and applied this critical distinction, going so far as to explain why on the facts that the Appellant's failure on the narrower trade mark infringement enquiry did not preclude success on the broader reputational based claims.
14. The Primary Judge expressly observed, at PJ [536], that "*a different conclusion follows with respect to misleading and deceptive conduct and passing off. It is the reputation of BBNT, which could not be considered in assessing trade mark infringement, that is crucial in leading to a conclusion that GRBA [the Respondent] engaged in misleading and deceptive conduct in circumstances where the House B&B mark was not found to be deceptively similar to the BBNT mark.*"
15. The reputational based claims upheld by the Primary Judge comprised two causes of action, namely passing off and statutory misleading or deceptive conduct under the ACL.

<sup>7</sup> Note also the position in the United Kingdom where it is recognised that cases of passing off can, and do, succeed where a trade mark infringement claim may fail: see *Kerly's Law of Trade Marks and Trade Names 17<sup>th</sup> Ed*, Chapter 20, Section 2, 20-035. See in the UK for example, *United Biscuits v Asda Stores* [1997] RPC 513.

16. **Passing Off:** A passing off claim protects the property in goodwill. Goodwill is property because it comprises the legal right or privilege to conduct a business in substantially the same manner and by substantially the same means that have attracted custom.<sup>8</sup> It is derived from the use of the assets or other elements of a business and may have different aspects of components corresponding to its sources. It may be derived from the use of a trade mark, registered or unregistered, or a particular get-up. The law of passing off arose principally to protect traders and prevent commercial dishonesty.<sup>9</sup> The tort has developed through decisions resting on the premise that dishonest trade rivals must be prevented from attempting to gain the advantage of a reputation in the marketplace built up by a trader by hard work, advertising and the quality of his or her product. Proof of the tort requires that the trader “*must establish a goodwill or reputation attached to the goods or services which he supplies in the mind of the purchasing public.*”<sup>10</sup>
17. **ACL claims:** ACL claims can be brought in an infinite variety of circumstances. Where brought in the present context of a trader’s use of a particular get-up and name, the claim relies upon an assessment of whether the conduct, in the context as a whole, is likely to mislead or deceive. Whilst the claim does not always require proof of reputation, in the present case considerations similar to those pertaining to passing off apply because the Court is required to assess that likelihood of consumers being misled or deceived in light of the knowledge of the relevant consumers. This latter aspect brings into focus the Appellant’s prior reputation in, and use of, any mark that helps found the reputation.<sup>11</sup>
18. **The Appellant’s Reputation:** This ground challenges the manner in which the Full Court approached unchallenged factual findings that led the Primary Judge to conclude that the reputational claims were made out. In doing so, the Primary Judge made the unchallenged findings about the Appellant’s strong reputation as set out in Part V above.

<sup>8</sup> *Commissioner of Taxation v Murry* (1998) 193 CLR 605 at 615 [23] per Gaudron, McHugh, Gummow and Hayne JJ. See footnotes 75 and 76 at [39] in *JT International SA v Commonwealth* [2012] HCA 43; 250 CLR 1. *Commissioner of State Revenue (WA) v Placer Dome Inc* (2018) 265 CLR 585 at [87] & [91].

<sup>9</sup> *JT International SA* at [39], citing *Conagra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302 at 308.

<sup>10</sup> *Reckitt and Coleman Products Ltd v Borden Inc* (1990) 17 IPR 1 at 7; endorsed in *Peter Bodum A/S v DKSH Australia Pty Ltd* (2011) 92 IPR 222 at [212].

<sup>11</sup> *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (2007) 159 FCR 397; 239 ALR 662 at [99]: “The question is whether the use of the particular get-up or name by an alleged wrongdoer in relation to his product is likely to mislead or deceive persons familiar with the claimant’s product to believe that the two products are associated, having regard to the state of knowledge of consumers in Australian of the claimant’s product”.

19. Notwithstanding that this conclusion reflected a conventional approach, the Full Court found error but in doing so itself failed to properly consider the reputation as found by the Primary Judge. This aspect of the Full Court's reasoning at AJ [75] to [86] reveals the core of the error identified in Ground 1.
20. ***Error in the Full Court:*** The Full Court erred in its assessment of reputational based claims: (a) by failing to afford protection to the valuable goodwill accruing to the Appellant in circumstances where a rival trader had adopted part of the trade indicia in which the Primary Judge found that the Appellant enjoyed a significant reputation; and (b) by failing to conduct the assessment of whether consumers were likely to be misled or deceived in all of the circumstances, which included that longstanding reputation and use of the Appellant's branding in an exclusive manner.
21. *First*, the Full Court erred at AJ [79] in considering wrongly that the Primary Judge's finding that the Appellant had no independent reputation in "BED BATH" or "BED & BATH" (PJ [120] and [423]) was inconsistent with the Primary Judge's overall conclusions about the taking of part of the Appellant's branding. There was no need to show, as the Full Court found, that it was necessary for the Respondent to take the *whole* of the Appellant's branding for misleading or deceptive conduct to be made out.
22. The Appellant did not need to establish such a reputation. Rather the question, correctly asked and answered by the Primary Judge, required consideration of the reputation in the trade indicia as a whole and, in that context the effect of that indicia on the ordinary reasonable consumer, and consideration whether there was a likelihood of consumers being misled or deceived by the taking of a key part of the Appellant's branding – being the first two words used by it.
23. It was beside the point that the Primary Judge found elsewhere in the Judgment that she was not satisfied that there was formal or institutional use of "BED BATH" alone (without the N' TABLE suffix) by the Appellant.<sup>12</sup> This was not a logical prerequisite to her finding that when the reputation of the Appellant was considered, which included the totality of the words 'BED BATH N' TABLE', there was, at least, a likelihood of consumers being misled or deceived. Such a finding was consistent with the evidence that given BED BATH N' TABLE was a "lengthy brand name" and that consumers, being "cognitive misers",

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<sup>12</sup> PJ [124].



were likely to rely on “bed” and “bath” as cues in quickly identifying and recognising the brand, especially having regard to the length and extent of use of the Appellant’s brand name.<sup>13</sup> The association was readily identified in the “running scared” email to which reference is made below in relation to Ground 2.

24. The Primary Judge’s factual findings were sufficient to rise to the level of there being, at least, a likelihood of misleading or deceiving consumers. She went significantly further finding that consumers would have been enticed into House B&B stores in the belief that there was an association with the BBNT stores stating at PJ [519]: *“Whilst the effect of the conduct may dissipate over time as consumers learn that there is no association between House B&B and BBNT, and that House B&B is actually a House sub-brand, there are likely to be consumers who have been enticed into the House B&B store in the belief that it has some association with BBNT. I consider that any confusion that may arise is more than “merely transitory or ephemeral” or “likely to be readily or quickly dispelled” ... but rather may have, on occasion, led a consumer to purchase products from House B&B in the mistaken belief that it was a BBNT, or BBNT-related, store.”*
25. The Full Court failed to consider these factual findings in light of the relevant reputation in the brand as a whole, and failed to engage with the principle that misappropriation of goodwill and likelihood of consumers being misled or deceived can readily be found where part of a trader’s trade indicia is misappropriated.<sup>14</sup> The Full Court’s approach failed to give sufficient protection to the valuable goodwill that a trader enjoys, following long-standing and extensive usage of its brand, and wrongly endorsed the taking of a key part of very well-established branding on the footing of some requirement that the whole of a brand must be taken.
26. *Second*, the reasoning of the Full Court at AJ [75] and [107] is based on a perceived disconformity in the result achieved in respect of the reputational based claims and that in

<sup>13</sup> PJ [248] - [252]; observe at AJ [130] the Full Court appears to consider the evidence of Professor O’Sullivan observing that such evidence is not relevant to the trade mark infringement aspect of the proceeding but rather the reputational claims. See also PJ [423(i)] being a finding taken into account in respect of the trade mark infringement claim. This finding applies equally to the reputational based claims.

<sup>14</sup> See for example, *R&C Products Pty Ltd v Hunter Products Pty Ltd* (1988) ATPR 40-839 at 49,054-49,055 (Full Court)– manufacturer of “blue and fresh” toilet cleaner and deodoriser succeeded in restraining the use of “Fresh & Blue” for a similar product; and *Sydneywide Distributors Pty Ltd v Red Bull Australia Pty Ltd* (2002) 55 IPR 354 where the Full Court accepted that there was contravening conduct in circumstances where there were similarities in colouring and design of the two cans (despite differences such as the presence of unique brand names) see [78] for a description of the products and [133].



respect of infringement of the Appellant's registered trade mark. There was a different result, but there was no disconformity calling for reconciliation, once one accepts, as the Primary Judge correctly did, that the two causes of action were based on different legal tests and different bodies of evidence (in that the trade mark case considered only the Appellant's mark as registered): see paragraphs 16 and 17 above.

27. While the Full Court nominally acknowledged the differences in the bodies of evidence to be considered in respect of trade mark infringement and reputational based claims at AJ [122] and [128] to [130], it then gave undue, indeed irrelevant, consideration to the fact that the trade mark case resulted in a different outcome.

10 28. The Full Court erred in the assessment conducted at AJ [81] and [82] in that, rather than considering the unchallenged reputation found by the Primary Judge in the composite name and brand, the Full Court conducted a reassessment seeking to compare and assess the similarities and differences between the two trade marks. The required comparison for purposes of the reputational based claims is not "*mark-on-mark*". It is what consumers might believe from the Respondent's use of the House B&B mark in comparative contexts as a whole. In light of the reputation the Appellant has built up, her Honour made appropriate findings about there being an actual belief of association as illustrated in PJ [519]. No basis was identified upon appeal to disturb this finding.

20 29. The finding, not challenged here, that the House B&B mark was not deceptively similar to the Appellant's registered trade mark cannot logically guide the analysis of the reputational based claims and it ought not to have been used by the Full Court to inform the outcome of those claims.

30. *Third*, the Full Court engaged in a reconsideration of the question of the likelihood of consumers being misled or deceived without proper consideration of the unchallenged factual findings: AJ [80]-[84]. This has relevance in two aspects in particular.

30 31. The first aspect is that, when considering the conduct of the Respondent, the Primary Judge carefully considered the evidence and found that the reasonable consumer would *not* see the words "*bed*" and "*bath*" "*primarily as category descriptors*" PJ [516]. Notwithstanding this finding and its acknowledgment by the Full Court at AJ [84], the Full Court went on to draw a contradictory factual conclusion, namely that a consumer seeing those words presented together would "*do no more than infer that both businesses are involved in the*

*supply of soft homewares for bedrooms and bathrooms*” AJ [84]. There was no basis for such a conclusion in light of unchallenged factual findings. The observation that the differences between the two marks was substantial and “obvious to anyone”, with the reputation of the BBNT mark having “little, if any, bearing on the matter”,<sup>15</sup> is in marked contradistinction to the findings on reputation at trial. The Full Court’s effective rejection of the Primary Judge’s findings on reputation received no proper consideration in the outright rejection of “bearing on the matter”. In effect, four decades of consumer experience of a leading brand in an important consumer sector have been set aside without any proper explanation, on the basis that the marks have differences in appearance.

- 10 32. The further aspect is that the Full Court sought to support its reasoning on the likelihood of consumers being misled or deceived by distinguishing the reasoning of branding expert, Professor O’Sullivan, as being predicated on the Appellant having an independent reputation in the words “BED” and “BATH”. However, his opinions were not based on such an assumption. As revealed in PJ [248] his opinion of association was “*consumers will associate the words “bed” and “bath” as **part of a brand name with BBNT***” and further, that opinion was based on the facts that “*(a) BBNT is a well-established brand in the soft homewares category; and (b) prior to May 2021, the words had **only been used as part of a brand name by BBNT in the soft homewares category.***” [bolding added].
- 20 33. ***Importance of Proper Consideration of Reputational Claims:*** This appeal raises important questions as to how the reputation central to the reputational based claims must be considered. If the decision remains uncorrected then, notwithstanding powerful and unchallenged findings of fact, the Full Court has substantially limited the reputational based claims and curtailed the means by which a trader can protect the valuable goodwill generated through its extensive trading. In turn, the Full Court has, in effect, wrongly contracted the scope of consumer protection under the statutory claim. It has done so without the benefit that the Primary Judge had in having heard all of the witnesses and surrounding circumstances.
- 30 34. This Court should reaffirm that, in the reputational based claims, the starting point is the reputation that an applicant has built up in its name or brand taken as a whole. If the respondent has appropriated part, but not all, of the name or brand, the question is whether

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<sup>15</sup> AJ [82].

the respondent's use of its name and get up is likely to create the relevant risk of deception, in the minds of consumers who will bring to the table their reasonably based knowledge of the applicant's reputation and use.

35. Conversely, what the court must not do is take the Full Court's approach of limiting the enquiry into whether there is a separate reputation in the particular parts of the applicant's indicia which have been taken in full; or doing a "mark-on-mark" enquiry, in which the applicant's reputation and use recede into the background, as they would in a trade mark enquiry. It should also not start from a proposition that having failed in a different cause of action, namely trade mark infringement, that a different result reveals disconformity.

- 10 36. **Conclusion:** Once the Full Court's errors are corrected, the Primary Judge's findings as to the likelihood of consumers being misled or deceived were, in light of the overall circumstances, soundly based in principle (AJ [66]-[74], PJ [486]-[492]) and underpinned by significant and unchallenged factual findings. The finding as to the likelihood of consumers being misled or deceived was in the range of ordinary and reasonable consumer reactions,<sup>16</sup> as properly understood (PJ [517]-[520]). Such circumstances considered the overall trade of the parties and included a careful assessment of a combination of factors including (a) the nature of the relevant class of consumers (PJ [493]-[495]); (b) the broader context (PJ [509], including the reputation the Appellant had built up through 40 years of "unique" use as the only retailer in Australia using "bed" and "bath" in its store name or  
20 external signage); (c) the immediate context (PJ [510]) which included, *inter alia*, the same "Hampton's style" store front being used by the parties; (d) the matter dealt with next under Ground 2 (PJ [511]-[514]); and (e) the similarities in store get up (PJ [515]-[517]).

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<sup>16</sup> *Self Care* at [83].

## Ground 2: Misapplication of the “fitted for the purpose test” by the Full Court

37. **Introduction:** Justices Dixon and McTiernan in this Court in *Australian Woollen Mills*<sup>17</sup> at 657 observed that:

“...The rule that if a mark or get-up for goods is adopted for the purpose of appropriating part of the trade or reputation of a rival, it should be presumed to be fitted for the purpose and therefore likely to deceive or confuse, no doubt, is as just in principle as it is wholesome in tendency. In a question how possible or prospective buyers will be impressed by a given picture, word or appearance, the instinct and judgment of traders is not to be lightly rejected, and when a dishonest trader fashions an implement or weapon for the purpose of misleading potential customers he at least provides a reliable and expert opinion on the question whether what he has done is in fact likely to deceive.” (“the fitted for the purpose test”)

38. Notwithstanding that the assessment of reputation for the purposes of reputational based claims is objectively determined, the fitted for the purpose test allows evidence of the defendant’s purpose to be called into consideration on the ultimate question on whether the conduct is likely to deceive. The experienced trader’s judgment as to the impact of the conduct on consumers has evidential weight and can inform the Court on that question; the trader ought to know at least as much about likelihood of deception as the trier of fact.<sup>18</sup>

39. The Primary Judge applied the fitted for the purpose test finding, that the state of wilful blindness (as her Honour found), taken together with the reputational and other evidence discussed above, allowed her more comfortably to infer that the taking by the Respondent was “fitted for the purpose and therefore likely to deceive or confuse”; as a consequence, the conduct of the Respondent constituted a reliable and expert opinion on the question of whether what occurred was in fact likely to deceive.<sup>19</sup>

<sup>17</sup> *Australian Woollen Mills Ltd v FS Walton & Co Ltd* (1937) 58 CLR 641.

<sup>18</sup> In *Hashtag Burgers Pty Ltd v In-N-Out Burgers, Inc*, [2020] FCAFC 235, (2020) 385 ALR 514, (2020) 159 IPR 186 at [103] the Full Court said “Plainly enough, the rationale for the “rule” is based on the supposition that a trader will be well placed, as an expert in the field, to predict the reactions of consumers”. Such is also implied from the High Court’s statement set out in the previous paragraph from *Australian Woollen Mills* and also the Full Court’s focus on “knowledge of a particular market” that Sydneywide’s director had: *Sydneywide* at [117]-[118]. See also *Telmak Teleproducts (Australia) Pty Ltd v Coles Myer Ltd* [1989] FCA 370; 89 ALR 48 at [64] where Wilcox J, sitting on the Full Court, said “The Courts have long recognised that traders best know their trade”.

<sup>19</sup> PJ [511].

40. This appeal raises for first time in this Court since *Australian Woollen Mills* in 1937 the motivation of an alleged wrongdoer with significant expertise in retail marketing and the subjective actions taken in selecting trade indicia in reputational based claims and, more particularly, whether a finding of “wilful blindness” will be sufficient to enliven the principle.
41. The Full Court erred in that it upheld the appeal in accepting the Respondent’s submission that the findings of the Primary Judge being limited to “wilful blindness” fell short of a “commercially dishonest intention” to “appropriate part of [the Appellant’s] trade or reputation” and as such the fitted for the purpose test ought not apply.<sup>20</sup>
- 10 42. In doing so, the Full Court failed to give effect to the Primary Judge’s unchallenged factual findings in respect of the director of the Respondent, Mr Lew, and the Respondent’s highly experienced marketing manager, Ms McGann, which were sufficient to support the application of the fitted for the purpose test.
43. The Full Court, in overturning the Primary Judge on this ground, held that her Honour erred in giving weight to the evidence as to the circumstances in which the Respondent’s branding was developed. The Full Court erred in overturning the Primary Judge’s use of this evidence to inform her ultimate opinion on the likelihood of deception and confusion.
- 20 44. ***Factual findings of the Primary Judge:*** As set out above, the Primary Judge observed that the evidence showed that the person who developed the House B&B mark, Ms McGann, the marketing manager for the Respondent, “clearly had BBNT on her mind when selecting the House B&B mark” and had “an intention to divert trade away from BBNT” (PJ [468] and AJ [61])<sup>21</sup> and this was well-illustrated by the “running scared” email (PJ [146]).
45. Further, Mr Lew, having been presented with that option by Ms McGann, had an “astonishing level” of wilful blindness to the possibility of confusion (PJ [469]). The wilful blindness arose in the context of findings that:

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<sup>20</sup> AJ [85]-[89].

<sup>21</sup> The Full Court acknowledged that her Honour’s findings in relation to Ms McGann’s and Mr Lew’s state of mind were based on impression of credibility and should be treated with deference: AJ [103]. However, contrary to this position, proceeded to adopt at [104]-[105] a purely textual reading of the “running scared” email of 3 May 2021 without the appropriate deference to the benefit that the Primary Judge had on hearing the witnesses.

- (a) BBNT had acquired an extensive reputation in the BBNT mark in Australia which had been accumulated over 40 years of use in the soft homewares market: PJ [509(a)];
- (b) BBNT's use of "bed" and "bath" in their store name or external signage was "unique" for over 40 years: PJ [509(i)];
- (c) consumers tended to shorten the words "BED BATH N' TABLE" to "BED BATH" or "BED & BATH": PJ [114], [124] and [423(i)].<sup>22</sup>

- 10 46. The Primary Judge found that the Respondent was "adopting a brand name that appropriated two words from one of its leading competitors": PJ [237]. She considered the evidence of adoption presented by the Respondent ought to be rejected entirely, observing: "Mr Lew's and Ms McGann's common refrain that "the words bed and bath are common descriptors in the category of all soft furnishings" came across as contrived and an attempt to reverse engineer the thought process behind selecting the House B&B name": PJ [241].<sup>23</sup>
47. The Primary Judge further found that at worst, and more plausibly, Mr Lew was "wilfully blind" to the "similarities" in names because "he perceived that there was a commercial benefit in using part of a well-known brand name in the new soft homewares store": PJ [242].
- 20 48. It was in these circumstances that the Primary Judge categorically rejected their explanation that they adopted the words "BED & BATH" to indicate a product category or navigation descriptor finding as not "truthful or plausible" PJ [513]; instead finding that their selection arose because of use of those words by the Appellant and the reputation it had developed in the market: PJ [512]-[514].
49. This was a sound and unchallenged conclusion on the facts before the Primary Judge. Both Mr Lew and Ms McGann were experienced in retail marketing and, in that context, the reasons behind their choice of indicia, compounded by the fact that they gave untruthful evidence about it, is highly persuasive as compelling expert evidence on the likely effect

<sup>22</sup> There was also evidence that the Respondent's staff shortened the name "BED BATH N' TABLE" to "BED BATH": PJ [119].

<sup>23</sup> The Primary Judge also rejected Ms McGann's evidence that her contemporaneous email request to "check with legal?" had nothing to do with a concern about using "BED & BATH" as a brand, as "frankly unbelievable": PJ [154]-[156].

of the adoption of the impugned store name. Here, wilful blindness was compounded by wilful and implausible denial.

50. In addition to rejecting the reasons for adoption put forward by the Respondent, the Primary Judge went further with her factual findings. She also observed that the Respondent had been motivated to “leverage” the well-known pairing of the words originating from the Appellant in the following terms at PJ [514]:

“....Notwithstanding that BBNT does not have an independent reputation in the words “BED BATH” alone, BBNT’s longstanding reputation in its name which included the words “bed” and “bath” (and in that order) is undoubtedly part of the reason that those words appealed to GRBA, which could leverage off that well-known pairing of words in entering a new market for the first time.”

51. The fact that the Respondent adopted its indicia because it perceived “a commercial benefit in using part of a well-known brand name”<sup>24</sup> or wanted “leveraging of that well-known pairing of words”<sup>25</sup> were findings that can only be properly understood as seeking to take advantage (ie. leveraging) the reputation enjoyed by the Appellant.

52. It did not fall to the Full Court effectively to reject the significant import of this evidence and introduce alternative and unsupported explanations about the meaning to be given to the “running scared” email,<sup>26</sup> not least in the face of unchallenged findings that explanations sought to be given about the email and the motivation for selection of the “BED & BATH” brand were rejected as “contrived” and an attempt to “reverse engineer” what had occurred.<sup>27</sup> Rather the Primary Judge correctly found that the email reflected an intention by Ms McGann “to divert trade away from BBNT” and was not illustrative of “a category description” PJ [468].

53. ***Application of the fitted for the purpose test by the Primary Judge:*** The fitted for the purpose test was articulated by this Court in *Australian Woollen Mills*. This Court considered the role of intention in the context of a passing off and trade mark infringement observing that where a mark or get up is adopted “for the purpose of appropriating part of the trade or reputation of a rival” (here, the Primary Judge used the word “leveraging”)

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<sup>24</sup> PJ [242].

<sup>25</sup> PJ [514].

<sup>26</sup> AJ [104].

<sup>27</sup> See PJ [241].



then such conduct should be “presumed to be fitted for the purpose and therefore likely to deceive or confuse” noting that such conduct provides a “reliable and expert opinion” that what has been done is in fact likely to deceive.

54. The Full Court has previously found in *Sydneywide* that the fitted for the purpose test may well apply in circumstances where, like the present, only part of a competitor’s get-up or brand has been copied (even possibly non-distinctive parts). The question is ultimately what the facts disclose about the defendant’s belief as to the effect of copying.<sup>28</sup> *Sydneywide* was cited by the Primary Judge at PJ [511] and then applied at PJ [512]-[514].

10 55. Those findings of the Primary Judge were applied in conformity with the principles set out in *Australian Woollen Mills*. These findings in turn allowed the Primary Judge to rely on the instinctive and experienced judgment of Ms McGann and Mr Lew in selection of indicia including the words “BED & BATH” as “reliable expert opinion” on the question of the effect of the copying and, more particularly, whether the conduct of the Respondent would, in fact, be likely to mislead.

56. The consideration of the Respondent’s state of mind in the context of the fitted for purpose test appears at PJ [511]-[514], noting that the Primary Judge correctly recognised at PJ [511] that even if the conduct were to fall short of a finding of actual intention it could still enliven application of the fitted for purpose the test stating:

20 “Although GRBA’s wilful blindness may not amount to an intention to deceive consumers, it provides a similarly “reliable and expert opinion on the question of whether [GRBA’s conduct] is in fact likely to deceive”: *Australian Woollen Mills at 657 (per Dixon and McTiernan).*”

57. ***Wilful blindness and the fitted for the purpose test:*** There are sound reasons why a finding of “wilful blindness” as the Primary Judge found should be treated in the same way, in effect, as a positive finding of intention.

58. The finding of wilful blindness is to the effect that Mr Lew, a highly experienced trader with intimate knowledge of the Appellant’s business, foresaw the obvious outcome in using “BED & BATH” within the Respondent’s new branding and wilfully or deliberately shut his eyes to the consequences. Closing one’s eyes does not make the conduct any less

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<sup>28</sup> See AJ [117].

reliable as an expert opinion on the likely impact that conduct will have on consumers. Rather, Mr Lew knew enough of the implications of his conduct in approving the adoption of the “BED & BATH” to wilfully or deliberately shut his eyes to the obvious consequence of the choice by Ms McGann to use “BED & BATH”.

59. In *Farah Constructions Pty Ltd v Say-Dee Pty Ltd*<sup>29</sup>, in the context of equitable claims, this Court accepted that at least four of the five categories of mental states found in *Baden v Société Générale pour Favoriser le Développement du Commerce et de l'Industrie en France*<sup>30</sup> support the knowledge requirements for knowing assistance (the second limb of *Barnes v Addy*). The second highest category, after actual knowledge, is “wilfully shutting one’s eyes to the obvious”: *Baden* [250].

60. As noted in *Farah Constructions*, citing Lord Justice Nourse in *Bank of Credit and Commerce International (Overseas) Ltd v Akindele*, the first three categories of knowledge have been taken to involve “actual knowledge”, as understood both at common law and in equity.<sup>31</sup> This actual state of mind is able to be inferred from the person who “abstains from making further inquiry because he knows what the result would be.”<sup>32</sup> The High Court also found support for what can be described as the three categories sufficing to establish actual knowledge in the earlier decision of *Consul Development Pty Ltd v D.P.C. Estates Pty Ltd*.<sup>33</sup>

61. **UK Authorities:** The Court of Appeal in the United Kingdom recently confirmed the applicability of the fitted for the purpose test as having evidential significance in cases concerning passing off in that jurisdiction: *EasyGroup Limited v Easy Live (Services) Ltd & ors.*<sup>34</sup> In doing so, the Court of Appeal referred to *Australian Woollen Mills* with approval. The Court of Appeal also indicated in obiter that something less than a formed

<sup>29</sup> [2007] HCA 22; 230 CLR 89 at [174]- [176].

<sup>30</sup> [1983] BCLC 325 at [250].

<sup>31</sup> *Farah Constructions* at [174] citing *Bank of Credit and Commerce International (Overseas) Ltd v Akindele* [2001] Ch 437 at 454.

<sup>32</sup> *English Scottish Mercantile Investment Co Ltd v Brunton* [1892] 2 QB 700, 708. Gummow J (in extra curial writing) positively citing this case has stated that “it is misleading to characterise the evidentiary concept of ‘blind eye knowledge’ as a species of constructive notice”: “Case Note: Fraud, wilful blindness, and dishonest assistance”, William Gummow (2020) 48 *Australian Bar Review* 427, 428.

<sup>33</sup> (1975) 132 CLR 373 at 398 per Gibbs J, 412 per Stephen J; Barwick CJ concurring at 376-377.

<sup>34</sup> [2023] EWCA Civ 1508 at [16]-[22] (per Lord Justice Arnold, with Lady Justice Falk and Lord Justice Lewison agreeing).

intention may be relevant evidence in a case of passing off when it approved of Lord Justice Arnold's statement in *Glaxo Wellcome UK Ltd v Sandoz Ltd*<sup>35</sup> that:

*"If it is proved that the defendant was aware of the risk of deception and proceeded recklessly, then that is capable of supporting the conclusion that deception was likely even if the defendant did not intend to deceive."*

62. Thus, in the UK, the practice is that the "fitted for the purpose test" applies to at least the first three categories of knowledge in *Farah Constructions* although, for present purposes, it is sufficient to note that it could apply beyond the first category of actual knowledge in *Farah Constructions*. The differentiation between wilful blindness and intention to mislead, as proposed by the Full Court in the present matter, is not supported by the analysis of the UK authorities, which ought to be followed by this Court, consistently with the views expressed in the context of an equitable claim in *Farah Constructions*.
63. **Errors in the Full Court:** The Full Court focused only on the knowledge of Mr Lew, ignoring the findings of Ms McGann's state of mind (AJ [86]), thereby allowing the decision maker to avoid the consequences of its senior employee's actions by manifesting an "astonishing level" of wilful blindness.
64. This exposes overall error: notwithstanding an experienced marketer within the Respondent chose to use the words "Bed & Bath" with recourse to the Appellant, and for the purpose of leveraging that well known pairing of words with the intention to divert trade, that conduct is not to be taken into account on the test as applied by the Full Court because the relevant decision maker was *only* wilfully blind (even to an astonishing level) to that conduct.
65. The Primary Judge referenced the Appellant's use in that context as stretching back 40 years and being "unique" in nature and that those words were otherwise "not the natural order" nor in the "usual sequence".<sup>36</sup> The finding at AJ [80] as to the "large number" of retailers using the phrase "Bed & Bath" was in error. This finding is inconsistent with the only evidence identified by the Primary Judge (see PJ [92]) which showed limited uses of

<sup>35</sup> [2019] EWHC 2545, [2019] RPC 27 at [188]. The UK Court of Appeal also approved the correctness of that statement in the context of considering the relevance of intention to cases of trade mark infringement in *Thatchers Cider Company Limited v Aldi Stores Limited* [2025] EWCA Civ 5 at [91] (per Lord Justice Arnold, with Lord Justice Phillips and Lady Justice Falk agreeing).

<sup>36</sup> PJ [509(i)] and [514].

the words “Bed & Bath” together – two instances of instore usage and four instances of online (but not branded) usage – but no instances of usages as a brand or on the outside the physical store. In that regard, the “running scared” email did not identify any retailer other than the Appellant, even though there were other such competitors at a significant level of trading, such as Adairs and Sheridan.

66. The Full Court accepted that the state of mind of Mr Lew, as found by the Primary Judge, amounted to a finding that he knew some confusion would occur (at AJ [86]) yet notwithstanding found that this was insufficient to enliven the fitted for the purpose test. The was in error in three particular aspects.
- 10 67. The first aspect of error under this ground arises from the unchallenged findings of the deliberate adoption of a phrase which was exclusively and uniquely used by the Appellant and, in those circumstances particularly where Mr Lew is an expert marketer. This was sufficient for her Honour to draw the inference that the borrowing was fitted for the purpose and therefore likely to deceive or confuse. In this way, she found the inference to be confirmatory of her view that the conduct was misleading.<sup>37</sup>
- 20 68. There was no error shown in the Primary Judge’s analysis; she was correct in finding as she did at PJ [511] that wilful blindness is sufficient to enliven the “fitted for the purpose test”. It was not necessary for the Appellant to challenge those findings or to show that the Respondent’s conduct, through Mr Lew, went “beyond” wilful blindness. Rather, that finding was sufficient.<sup>38</sup>
69. The Full Court focused unduly on the contention that the Primary Judge stopped short of finding a positive finding of dishonest intention by Mr Lew and purported “limitations in her findings” (AJ [88]). This assumes, without adequate explanation, that conduct so classified as “wilfully blind” cannot provide supportive evidentiary value when, properly understood, the conduct as a whole involved a deliberate borrowing from the Respondent’s branding to obtain a perceived commercial benefit, and the effect of the conduct being deliberately ignored. There can hardly be advantage to be obtained by engaging in wilful conduct with consequences being wilfully ignored as compared with deliberately engaging in such conduct without wilful blindness as to the consequences.

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<sup>37</sup> PJ [513]-[514] and [522].

<sup>38</sup> Taken with PJ [512] – [514].

70. The second aspect of error under this ground arises in failing to consider reasoning of the Primary Judge which includes uncontested factual finding on the deliberateness of the leveraging conduct; in particular those findings at PJ [512] to [514] as noted above. The Full Court does not explain with any clarity why the unchallenged findings contained there would be insufficient to enliven the fitted for the purpose test, instead directing attention away from the implausibility of Mr Lew’s position on the deliberate adoption of similar names by referring to the application of the trade mark test for infringement of “deceptive similarity”.<sup>39</sup>
- 10 71. The third aspect is that the Full Court purported to contextualise the findings as to wilful blindness by reference to some confusion occurring because “the use of trade names that consist of or include descriptive words frequently give rise to confusion” AJ [86]. This approach flew in the face of the unchallenged findings that the Respondent’s evidence that the words were chosen merely as “navigational descriptors” was not truthful or plausible.<sup>40</sup> It is also contrary to the finding of the Full Court which accepted that the ordinary reasonable consumer would not see the words “BED & BATH” within the House B&B mark “purely” as category descriptors but that those words have assumed a branding function – “[t]his is because they form part of a trade mark and function when placed next to the word “House” as a trade mark.” AJ [84].
- 20 72. Further, in another aspect under this ground, there was no proper basis for adopting the explanation at AJ [104] and [105] that the critically important “running scared” email (PJ [146]) was to be understood as other than an effective admission of adoption of the Respondent’s branding by the taking of part of the Appellant’s branding, as found by the Primary Judge at PJ [405].
73. **Conclusion:** Accordingly, the finding of the Respondent being wilfully blind to the consequences of the selection of the “House B & B” name should be found to be indicative of misleading conduct, or “fitted for the purpose”, in the same manner as a finding of intention to mislead, and here strongly supportive of the ultimate finding that the conduct was in fact misleading.

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<sup>39</sup> AJ [107].

<sup>40</sup> PJ [513].

**Part VII: Form of order**

74. The Appellant seeks the following orders:

- (1) The appeal be allowed.
- (2) Orders 1, 3 and 4 of the Full Court of the Federal Court made on 31 October 2024 be set aside, and in lieu thereof, the appeal to the Federal Court be dismissed with costs against the appellant (the Respondent in this proceeding) for the appeal and costs against the respondent (the Appellant in this proceeding) for the cross-appeal.
- (3) Orders 1-12 made by the Primary Judge on 13 March 2024 be re-instated.
- (4) The matter be remitted to a judge of the Federal Court for determination of the remaining issues, including the Appellant's claim for pecuniary relief.
- (5) The Respondent pay the Appellant's costs of and incidental to the appeal.

**Part VIII: Time required for presentation of oral argument**

75. The Appellant estimates that it requires two hours to present its oral argument in chief and 30 minutes in reply.

Dated: 22 May 2025



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