



HIGH COURT OF AUSTRALIA

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IN THE HIGH COURT OF AUSTRALIA
SYDNEY REGISTRY

BETWEEN:

ZIP CO LIMITED
First Appellant

ZIPMONEY PAYMENTS PTY LTD
Second Appellant

and

FIRSTMAC LIMITED
Respondent

APPELLANTS' SUBMISSIONS

Part I: Suitable for publication

1. This submission is in a form suitable for publication on the internet.

Part II: Issues presented by the appeal

2. What constitutes honesty for the purposes of honest concurrent use under ss 122(1)(f) and (fa) (combined with s 44(3)(a)) of the *Trade Marks Act 1995* (Cth):

- (a) is it subjective honesty or is there an objective element and, if so, what is it?
- (b) does the honesty consist of, and is it satisfied by, independent adoption of the impugned mark and the absence of intention to take advantage of the goodwill of another trader in a substantially identical or deceptively similar mark?

3. Is the date for determining the honest concurrent use defence: (1) the date of first infringing use; or (2) a later date, allowing reliance on use which would, but for the defence, be infringing?

Part III: *Judiciary Act 1903* (Cth)

4. The Appellants do not consider that any notice is required to be given in compliance with s 78B of the *Judiciary Act 1903* (Cth).

Part IV: Citations

5. The decision of the Federal Court of Australia is *Firstmac Limited v Zip Co Limited* [2023] FCA 540 (Markovic J) (CAB 5-137) (**PJ**).

6. The decision of the Full Court of the Federal Court of Australia is *Firstmac Limited v Zip Co Limited* (2025) 184 IPR 458; [2025] FCAFC 30 (Perram, Katzmann and Bromwich JJ) (CAB 154-228) (FCJ).

Part V: Narrative statement of the relevant facts

7. The Respondent (**Firstmac**) is a non-bank lender which provides various types of loans, including home loans (PJ [1]; FCJ [22]; CAB 12, 164). It is the owner of trade mark 1021128 for ZIP (**Firstmac Mark**) in respect of “financial affairs (loans)”, with a priority date 20 September 2004 (PJ [2]; FCJ [22]; CAB 12, 164). From about 2005 to 2014, Firstmac offered the “original ZIP home loans” (PJ [19]; FCJ [32] (item 1), [115]-[118]; CAB 18, 166, 197-198). At the beginning of 2014, Firstmac ceased offering further original ZIP home loans, but continued to manage its existing loans (PJ [23], [32], [267]; FCJ [32] (item 14), [118], [124]; CAB 19, 25-26, 95-96, 168, 198, 200). In September 2018, Firstmac launched a new ZIP home loan product (PJ [42]; FCJ [32] (item 48), [129]; CAB 31, 171, 202). The effect of this is that there was a four year hiatus from 2014 to 2018 in any trade mark use by Firstmac of the Firstmac Mark.¹
8. The Second Appellant was incorporated on 24 June 2013 (PJ [61]; FCJ [32] (item 6); CAB 39, 167). The First Appellant is, and has since 2015 been, the ultimate holding company of the Second Appellant (PJ [62]; FCJ [32] (item 18); CAB 39, 168). Since 2013, the Appellants² have used the ZIP mark and ZIP-formative marks (PJ [4], [187], [199], [209], [224]; FCJ [56]; CAB 12, 75-76, 79-81, 84, 179) in respect of the Zip Money (launched 2013) and Zip Pay (launched 2015) products, which provide a credit facility to persons with a Zip account (PJ [3], [116]-[120]; FCJ [23]; CAB 12, 55, 164). By 2019, the ZIP business had more than 16,000 merchants and 1.3 million customers nationally and revenue in that year exceeding \$84 million (PJ [121], [122], [124]; FCJ [160]; CAB 56-57, 218). Since 2013, the ZIP business and its products have been promoted extensively throughout Australia (PJ [129]-[152], [158]-[162]; CAB 58-65, 67-68).
9. The primary judge heard and accepted the evidence of the co-founders of the ZIP

¹ The primary judge and the Full Court found that Firstmac did not use the Firstmac Mark as a trade mark between 2014 to 2018 (PJ [19]-[32], [313(1)], [318], [324]-[328]; FCJ [139], [109(2)], [120]-[122]; CAB 18-26, 110-113, 195, 198-200, 211). The primary judge also found that Firstmac’s conduct in relation to the new ZIP home loans did not amount to trade mark use (PJ [349]; CAB 120). The Full Court overturned that finding and held that Firstmac did use the Firstmac Mark as a trade mark from September 2018 (FCJ [140]-[146]; CAB 211-213), but only for the new 2018 ZIP home loans.

² The First Appellant became involved in the ZIP business in 2015 as described in PJ [98]-[105] (CAB 49-50).

business, Messrs Diamond and Gray,³ regarding the founding and early development of the ZIP business and the adoption and use of the ZIP mark. Based on that evidence, the following findings were made by the primary judge and either endorsed by, or not challenged before, the Full Court.

10. In 2012:

- (a) Mr Diamond conceived the name ZIP in the second half of 2012 (PJ [63]-[65]; CAB 40);
- (b) Mr Diamond recalled that he mentioned the name ZIP to Mr Gray in about November 2012 (PJ [68]; FCJ [32] (item 2); CAB 41, 166);
- 10 (c) also in about November 2012, Mr Diamond registered the domain name zipmoney.com.au (PJ [69], [70]; FCJ [32] (item 3); CAB 41, 166).

11. In 2013:

- (a) Mr Gray did internet searches early in 2013 in relation to the name ZIP and none of the searches identified Firstmac or any of its products (PJ [72], [97]; FCJ [4], [13(1)], [32] (item 4); CAB 42, 49, 158, 160, 167);
- (b) Messrs Diamond and Gray having settled on the name ZIP, Mr Diamond caused the Second Appellant to be incorporated on 24 June 2013 (PJ [75]; FCJ [32] (items 5 and 6); CAB 42, 167);
- 20 (c) also in about June 2013, Mr Gray did further internet searches in relation to the name ZIP and none of the searches identified Firstmac or any of its products (PJ [76], [97]; FCJ [4]; CAB 42, 49, 158);⁴
- (d) prior to August 2013, Messrs Gray and Diamond engaged a designer who produced logos for ZIP MONEY and ZIP (PJ [80]; CAB 43-44);
- (e) on 19 and 20 August 2013, the Second Appellant filed trade mark applications 1575528 and 1575717 for the logos referred to above (**2013 TM Applications**). It did so without any legal advice or conducting a search of the Register (PJ [81]; FCJ [9], [13(3)], [32] (item 9), [66]; CAB 44, 159-160, 167, 182);

³ Mr Diamond was the Managing Director, CEO and a co-founder of the ZIP business (PJ [8(2)]; CAB 15). Mr Gray was the COO, and a co-founder and director of the ZIP business (PJ [8(1)]; CAB 14-15).

⁴ The primary judge also made findings that Mr Diamond did similar searches at various times with results to the same effect (PJ [95], [96], [243], [244], [246], [250]; CAB 48, 90, 92).

- (f) on 3 September 2013, the Second Appellant obtained an Australian Credit Licence under its “Zipmoney” name (PJ [77]; FCJ [32] (item 10); CAB 42-43, 167);
- (g) prior to October 2013, and by no later than August 2013, the Second Appellant had commenced promoting the ZIP business and its products using the ZIP mark as a trade mark (PJ [255], [256]; FCJ [32] (item 4); CAB 93, 167);
- (h) in October 2013, the Appellants received adverse reports from IP Australia in relation to the 2013 TM Applications (**2013 Adverse Reports**), which referred to the Firstmac Mark (PJ [84]; FCJ [9], [13(4)], [32] (item 11), [66]; CAB 44-45, 159-160, 167, 182);
- 10 (i) the Appellants did not seek legal advice in relation to the 2013 TM Applications or the 2013 Adverse Reports (PJ [88], [256]; FCJ [71]; CAB 46, 93, 183-184) and, amidst the pressures of getting the business started, Messrs Diamond and Gray gave them no more than cursory attention (PJ [87]-[93], [256]; FCJ [13(6)-(8)], [71]; CAB 46-48, 93, 161, 183-184);
- (j) in November 2013, the Second Appellant partnered with its first merchant, Chappelli Cycles (PJ [78]; FCJ [32] (item 12); CAB 43, 167);
- (k) the 2013 TM Applications lapsed in February 2015 (PJ [94]; FCJ [32] (item 17); CAB 48, 168).
12. In further elaboration of the matter referred to in paragraph 11(g), the Full Court
- 20 proceeded on the basis that the first use of ZIP as a trade mark did not occur until the Second Appellant partnered with a merchant rather than the anterior conduct of promoting the product to potential partners. Although the issue is not ultimately material to the Appellants’ argument, the unchallenged affidavit evidence of Mr Gray was that the ZIP mark was used from August 2013 in presentations to merchants relating to the ZIP business and its products.⁵ The promotion of the availability of products by reference to a mark is itself a use of the mark (*Anchorage Capital Partners Pty Ltd v ACPA Pty Ltd* (2018) 259 FCR 514, [87], citing *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495, 509; *Malibu Boats West Inc v Catanese* (2000) 180 ALR 119, [27]).
13. In June 2019, Firstmac commenced proceedings against the Appellants for infringement
- 30 of the Firstmac Mark. The Appellants pleaded the defence of honest concurrent use under

⁵ Affidavit of Peter Gray dated 1 May 2020, [40], An PG-12 (Appellants’ Book of Further Material 4-19).

ss 122(1)(f) and (fa) (combined with s 44(3)(a)) of the Act.

14. The primary judge found in favour of the Appellants in respect of: **(a)** their honest concurrent use defence (PJ [271], [301]; CAB 97, 106); **(b)** the removal of the Firstmac Mark for non-use (PJ [365]; CAB 123); and **(c)** the cancellation of the Firstmac Mark under s 88(2)(c) (PJ [395]; CAB 129). The primary judge made orders to give effect to those findings and dismiss the infringement claim on 6 June 2023 (CAB 140-142).
15. The Full Court overturned each of the findings referred to in paragraph 14 above (FCJ [1], [16], [17], [90]; CAB 158, 161-162, 189). Consequently, on 27 May 2025, the Full Court granted (among other relief) a permanent injunction restraining the Appellants from using the trade mark ZIP, an order requiring the Appellants to transfer specified ZIP-formative domain names to Firstmac and an order remitting the matter to the primary judge in relation to pecuniary remedies (CAB 230-236). Those orders have been stayed pending the resolution of this appeal (CAB 233).

Part VI: Argument

A Introduction

16. The Full Court erred in its approach to honesty. The honesty required for honest concurrent use is *subjective* honesty. The inquiry focuses on whether the adoption of the mark was commercially honest in that sense. The critical concept is that a trader ought not set out to take advantage of the reputation of another trader, reflecting the origin of the doctrine of honest concurrent use in the law of passing off. The Full Court erred by approaching honesty *objectively* and through the lens of a lawyer, rather than from the commercial perspective of a trader. The Full Court wrongly equated the concepts of *honesty* and *good faith*. Consequently, it gave little or no weight to the unchallenged evidence establishing the subjective honesty of the Appellants. The Full Court's approach is unknown to the doctrine of honest concurrent use and wrong.
17. The Full Court also erred in proceeding on the basis that honest concurrent use was to be assessed at the date of first infringing use. The Full Court's approach has no foundation in the statutory language and is inimical to the operation of the defence. The correct approach is to assess honest concurrent use at the date of the defence raising it (or alternatively, the date of the hearing when that defence is pressed).
18. Finally, the Full Court erred by exercising its discretion not to cancel the Firstmac Mark. There is an undisturbed finding of the primary judge that the use of the Firstmac Mark is

likely to cause confusion. It should be removed as a consequence.

B The doctrine of honest concurrent use

19. The doctrine of honest concurrent use developed at common law to accommodate the adoption by one trader of a mark which is the same or similar to another trader's mark, but with no intention of trading off any goodwill of the other trader. It recognised that there could be more than one "owner" of a mark: **General Electric Co v General Electric Co Ltd** [1972] 2 All ER 507, 519. The effect of the doctrine was that either "owner" of the mark could take action to enjoin the conduct of a third party infringer, but neither "owner" could restrict the other from using it: *General Electric*, 519; **NSW Dairy Corporation v Murray Goulburn Co-Operative Co Limited** (1990) 171 CLR 363, 405-406. It has long been accepted that the application of the doctrine of honest concurrent use involves a level of potential confusion: *NSW Dairy*, 406; **Campomar Sociedad, Limitada v Nike International Limited** (2000) 202 CLR 45, [50]-[52]; **McCormick & Co Inc v McCormick** (2000) 51 IPR 102, [42].
20. The concept of honest concurrent use first appeared in s 21 of the *Trade Marks Act 1905* (UK) and s 28 of the *Trade Marks Act 1905* (Cth). In the *Trade Marks Act 1955* (Cth) (**1955 Act**), it appeared in s 34(1). It is now found in s 44(3)(a) of the Act. The phrase "honest concurrent use" has never had a definition in the legislation, or been the subject of any statutory criteria.
- 20 21. The Act represented "an evolution from, rather than a revolutionary change of," the 1955 Act.⁶ The Act adopted the recommendations of the Working Party to Review the Trade Marks Legislation in its report.⁷ For honest concurrent use, that report recommended retaining provisions similar to s 34 of the 1955 Act.⁸ The parliamentary materials for the Act contain only very limited discussion in relation to honest concurrent use.⁹ There is nothing in those materials to suggest that the intention of the Act was to reform or modify the operation of the defence of honest concurrent use.
22. The courts have consistently used five criteria in applying the doctrine of honest concurrent use, which were set out by Kenny J in *McCormick* (at [30]): (1) the honesty of

⁶ Commonwealth, *Parliamentary Debates*, Senate, 30 March 1995, 2589 (Senator Sherry).

⁷ Commonwealth, *Parliamentary Debates*, Senate, 30 March 1995, 2590 (Senator Sherry).

⁸ Working Party to Review the Trade Marks Legislation, *Recommended Changes to the Australian Trade Marks Legislation* (July 1992) 5-6, 45-46.

⁹ Explanatory Memorandum, Trade Marks Bill 1995 (Cth), 10.

the use; (2) the extent of the use; (3) the degree of confusion likely to ensue; (4) any instances of actual confusion; and (5) the relevant inconvenience that would ensue to the parties if registration were to be permitted (together, the **McCormick factors**). As we submit below, the first *McCormick* factor, honesty, is to be assessed subjectively, whereas the remaining *McCormick* factors are matters objectively determined by the court as questions of fact.

23. Honesty is a pre-condition to the defence. The courts have focused on the honesty of adoption of the mark (*Re Alex Pirie & Sons Ltd's Trademark Application* (1933) 50 RPC 147, 159; *Re Parkington & Co Ltd's Application* (1946) 63 RPC 171, 182; *McCormick*, [32]; *Killer Queen, LLC v Taylor* (2024) 306 FCR 199, [204], [214]). The honesty which the courts have historically required for the doctrine to be engaged is “commercial honesty”. As Kenny J stated in *McCormick* (at [32]):

The honesty of concurrent use refers to “commercial honesty, which differs not from common honesty”: see *Re Parkington & Co Ltd's Application* (1946) 63 RPC 171 at 182. In that case, Romer J said at 181–2: “[T]he circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been a honest user.”

24. The courts have consistently held that honesty was demonstrated by independent adoption of the mark without any intent to take advantage of the goodwill of another trader. Although a belief by the trader that the mark would not cause confusion has also been stated to be required, it is no more than an incident of the critical concept that a trader ought not set out to take advantage of the reputation of another trader (reflecting the origins of honest concurrent use in the law of passing off) (see for e.g. *Baume & Co Ltd v AH Moore Ltd* [1958] Ch 907, 921). The relevant honesty is the assessment of traders by reference to matters of which they are aware and which they can assess, such as a commercial reputation and the practical likelihood of confusion.
25. These are subjective considerations which a trader can be expected to consider based on its knowledge and experience in its trade. Thereafter, if honest concurrent use arises in a legal context, it is for lawyers and courts to input those subjective considerations into the legal matrix of the *McCormick* factors to determine whether honest concurrent use is made out.

26. If the subjective honesty criteria described above are met, knowledge of an earlier mark has been held to be of little importance (*Alex Pirie*, 159; *McCormick*, [33]; ***Dunlop Aircraft Tyres Limited v Goodyear Tire & Rubber Company*** (2018) 262 FCR 76, [266]). As the Full Court recently (and correctly) stated in *Killer Queen* (at [205]):

Knowledge of the earlier mark is not fatal to a finding as to honesty, particularly in circumstances where there is no “taint” to the adoption of the mark, and there is evidence as to an honestly held belief at the time of adoption of the mark in Australia that no confusion was likely to arise: *McCormick* at [33] (per Kenny J).

27. The honesty which is required to make out honest concurrent use is conveniently illustrated by the facts of some of the foundational authorities referred to above. In particular, the courts have long focused on the honesty of the adoption of the impugned mark as the point at which honesty is to be assessed.

28. In *Alex Pirie*, the respondent adopted a mark including the word “Abermill” in respect of writing paper (p 156.3-5). While the respondent knew of the earlier “Hammermill” brand, the “Abermill” brand was nonetheless adopted without any thought of or reference to the “Hammermill” brand (p 155.9-17). The commercial honesty of the respondent was not in issue in the case (p 158.45-46), but the appellant sought to argue that even so, the respondent could not be seen as an honest concurrent user because of its knowledge of the prior “Hammermill” (p 159.13-20). The House of Lords rejected that submission, stating (at p 159.25-30):

Knowledge of the registration of the opponent’s mark may be an important factor where the honesty of the user of the mark sought to be registered is impugned, but when once the honesty of the user has been established the fact of knowledge loses much of its significance, though it may be a matter not to be wholly overlooked in balancing the considerations for and against registration.

29. In *McCormick*, the respondent sought registration of two marks “McCormick’s” and “McCormick’s Instant Batter Simply Add Water” in respect of instant batter ([2]). The appellant opposed the application on the basis of its trade mark registrations incorporating the word “McCormick” ([11]) and its reputation in those marks. Kenny J found that the respondent knew, when she chose her marks, of the appellant’s use of its marks in relation to herbs etc ([32]). However, the respondent did not think her conduct would cause

confusion ([32]). Kenny J found that the respondent's knowledge of the anterior mark did not preclude a finding of honesty ([33]).

30. In *Dunlop*, the respondent (Goodyear) was the owner in Australia of trade marks consisting of or incorporating the mark "Dunlop", registered in respect of (among other things) tyres and tyre retreading services ([2]). The appellant (DATL) supplied aircraft tyres to Goodyear ([3], [29]). DATL sought to register the mark "Dunlop" in its own name in respect of (among other things) aircraft tyres ([7], [50]). When it did so, DATL was well aware of Goodyear's Australian trade mark registrations for Dunlop, having been a longstanding supplier to Goodyear ([3], [40]-[49]). Nicholas J found DATL's conduct to be honest ([279]), largely because its conduct would not be causative of confusion in the market in question ([275], [276]) and because it was not taking advantage of the goodwill of Goodyear ([278]).

31. In *Killer Queen*, the appellant (and infringer) had actual knowledge of the respondent's trade mark KATIE PERRY (including via co-existence negotiations), but had adopted the KATY PERRY mark independently. As was emphasised in *Alex Pirie* and *McCormick*, the Full Court referred (at [196]) to "... the importance of the circumstances which attend the adoption of a trade mark in the first instance to the consideration of whether the use of that mark has or has not been an honest user" (see also [205], quoted above). The appellant's first use in Australia was *after* it was aware of the prior mark, but the Full Court found that the KATY PERRY mark was honestly adopted and used in Australia (*Killer Queen*, [196], [206]-[209], [214]).

32. In *Parkington*, the applicant sought to register the mark "Del Carmyn" for sherry (p 174.35-36). The opponent owned the mark "Carmen" (p 174.37-38). Importantly, the opponent had previously objected to the applicant's use of "Carmen" and the applicant had undertaken not to use that mark, but at around the same time had commenced to use "Del Carmyn" (p 175.2-24). Romer J stated (at p 181.53-182.2): "... in my judgment the circumstances which attend the adoption of a trade mark in the first instance are of considerable importance when one comes to consider whether the use of that mark has or has not been an honest user". Romer J then found that the applicant's conduct had not been honest because its adoption and original use of "Del Carmyn" had been "deliberately surreptitious" (see p 182.28-183.19).

33. In contrast with the subjective honesty of the trader, the other *McCormick* factors (the likely extent of confusion, any actual confusion, the extent of use and the relevant

inconvenience to the parties) are assessed by the court objectively as questions of fact.

34. The nature of the use which may lead to the application of the doctrine is an important consideration. The concept of use as a trade mark under the Act is itself agnostic as to whether it is *infringing* or *non-infringing* use. However, use which is infringing is not disqualified from supporting a claim for honest concurrent use. It is not “honest concurrent *non-infringing* use”. If infringing use were disqualified, it would make a nonsense of s 44, because one of its key purposes (when coupled with ss 122(1)(f) and (fa)) is to exonerate honest “use” which is otherwise infringing. The very operation of the doctrine presupposes that there are acts of infringement, but that those acts may nonetheless be commercially honest. The doctrine also necessarily presupposes that there is an anterior mark and that the putative honest concurrent user is second in time. It would be illogical for that fact to preclude the defence from operating.

C The reasoning below and the Full Court’s error in focusing on objective “honesty”

C1 The primary judge’s reasoning as to honest concurrent use

35. The primary judge’s reasoning in relation to honest concurrent use was orthodox and rested on long-standing authority.
36. *First*, the primary judge identified and applied the principles set out in paragraphs 19, 22, 23 and 26 above, expressly referencing (among other decisions) *Alex Pirie*, *Parkington*, *McCormick*, *Campomar* and *Dunlop* (PJ [229]-[234], [258]; CAB 85-87, 94).

37. *Secondly*, as to the honesty of the Appellants’ conduct, the primary judge made the following findings:

- (a) (PJ [166]; CAB 69-70) “When Mr Diamond decided to use the ZIP brand, he was not aware that Firstmac had offered a loan product under the description ZIP or that it had a trade mark registration for the word ZIP. ... Firstmac did not cross Mr Diamond’s mind during the planning or launch of the ZIP business and he did not adopt the names ZIP and ZIP MONEY in an attempt to link the ZIP business in any way to Firstmac.” (see also PJ [242], [262], [269]; CAB 89-90, 95-96);
- (b) (PJ [167]; CAB 70) Mr Diamond “... has never attempted to associate [the ZIP business] with Firstmac or its products. To the contrary, he and the team in the ZIP business have attempted to develop a strong and independent brand identity for the ZIP business ...”;

(c) (PJ [168]; CAB 70) “At the time he and Mr Diamond were in the process of planning and launching the ZIP business, Mr Gray did not come across or think about Firstmac and was not aware of the [Firstmac] Mark.” (see also PJ [242]; CAB 89-90);

(d) (PJ [255]; CAB 93) “... I am satisfied that the steps taken by [Mr Diamond] at the time the trade marks ZIP and ZIP MONEY were first adopted were adequate in the circumstances. It follows that at the time of the adoption and initial use of ZIP and ZIP MONEY Messrs Diamond and Gray had no knowledge of the Applicant’s Mark and accordingly their use at that time was honest use.”;

10 (e) (PJ [259]; CAB 94) “Similarly, the mere fact that Messrs Diamond and Gray became aware of the Applicant’s Mark does not prevent a finding of honest use. By the time they acquired that knowledge they had decided to use ZIP and ZIP MONEY and had invested in a designer who produced the ZIP logos ... They had undertaken internet searches and lodged the 2013 trade mark applications. As the Zip Companies submitted it is artificial to suggest that, when Messrs Diamond and Gray became aware of the Applicant’s Mark, their conduct which had been honest up to that point suddenly became dishonest. As a matter of fact there was no other trader using ZIP or ZIP MONEY in relation to the type of business conducted by the Zip Companies (or their predecessors at the time).¹⁰ As the Zip Companies submitted, against that background, the adoption of the marks ZIP and ZIP MONEY can be classified as

20 commercially honest.”

38. Before the Full Court, Firstmac did not challenge any of the findings of subjective honesty referred to in paragraph 37 above.

39. *Thirdly*, the primary judge also found that awareness of the 2013 Adverse Reports did not prevent a finding of honesty (PJ [257], [258]; CAB 93-94). By that time, Messrs Diamond and Gray had invested money in the zipmoney.com.au domain name and the Zip logos. The Second Appellant had also commenced to promote the business to potential trading partners prior to the receipt of the 2013 Adverse Reports (see paragraphs 11(g) and 12 to 14 above). Further, they had previously undertaken internet searches which did not reveal any relevant use of the ZIP brand and there was (in fact) no other trader using ZIP in

30 relation to the type of business conducted by the Appellants (see paragraphs 11(a) and (c) and 37(c) above).

¹⁰ See also the findings made by Perram J at FCJ [13(10)] (CAB 161) and the plurality at [39] (CAB 174).

40. *Finally*, as to the other *McCormick* factors, there was no evidence of any confusion despite the parties trading concurrently for eight years (PJ [270]; CAB 96-97). The primary judge took into account the extensive use by the Appellants of the ZIP mark up to 30 June 2019 (PJ [264], [266]; CAB 95), consistently with the need to consider the extent and nature of the “concurrent” use. The primary judge found that any relevant inconvenience favoured the Appellants because Firstmac would not lose the benefit of its mark or lose business to the Appellants given the different markets in which the parties were operating and the absence of confusion (PJ [268], [270]; CAB 96).

C2 The Full Court’s reasoning as to honest concurrent use

10 41. In contrast with the primary judge’s reasoning, the Full Court’s reasoning was both unorthodox and erroneous.

42. The Full Court found that the independent adoption and use of ZIP by the Appellants, without any intention to take advantage of the goodwill of another trader, was insufficient to establish honesty. In doing so, the plurality approached honesty on the basis that it is to be assessed *objectively*, albeit with the possibility that it may be informed by *subjective* considerations (FCJ [63], [75], [84]; CAB 181, 185, 187-188). The reasoning which was said to support that conclusion was as follows.

43. *First*, the plurality found (at FCJ [63]; CAB 181, emphasis added):

20 The honesty required to be established by the respondents for the defences to apply was not merely an absence of dishonesty, but **the presence, objectively ascertained,¹¹ of honesty** ... An absence of sufficient care and diligence can be sufficient to find the evidence relied upon is inadequate to establish either honesty or good faith ...¹²

44. Perram J put the matter differently, stating that honesty is a *subjective* inquiry, albeit with an *objective* element, but his Honour nonetheless agreed with the plurality (FCJ [1], [12], [16]; CAB 158, 160-162).¹³

¹¹ See also the reference to “all the circumstances” in FCJ [65] (CAB 182). See also the reference in FCJ [84] (CAB 187-188) to the inquiry being objective, but which may be “informed by” subjective considerations.

¹² The Full Court relied by analogy on *Anheuser-Busch Inc v Budějovický Budvar, Národní Podnik* (2002) 56 IPR 182, [217]-[218]; *Flexopack S.A. Plastics Industry v Flexopack Australia Pty Ltd* (2016) 118 IPR 239, [110]-[111], [118] and *Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd* (2017) 251 FCR 379, [103].

¹³ In doing so, Perram J relied on *Flexopack*, [111] and *Pham*, [103] (FCJ [12], [16]; CAB 160-162).

45. *Secondly*, the plurality then stated (at FCJ [67]; CAB 182-183):¹⁴

Knowledge of the existence of an earlier registered trade mark is not necessarily fatal to a finding of honesty, but a finding of knowledge will ordinarily weigh strongly against a finding of honesty ...

46. However, despite referring to *Killer Queen* in other parts of the FCJ, the plurality did not refer in this context to [205] of *Killer Queen* (quoted at paragraph 26 above).¹⁵ In this way, the plurality failed to recognise that the significance of knowledge of the anterior mark is diminished where “there is no ‘taint’ to the adoption” of the mark by the putative honest concurrent user. This creates an obvious inconsistency between the FCJ and *Killer Queen*, both at the level of principle and in the outcomes as to honesty.

47. *Thirdly*, the Full Court then placed determinative weight on the receipt by the Second Appellant of the 2013 Adverse Reports (FCJ [9], [10], [68]-[73]; CAB 159-160, 183-184), finding that they informed the Second Appellant that there was a “material impediment to the legitimate use” (FCJ [70]; CAB 183) of the marks. The plurality reasoned that, by receipt of the 2013 Adverse Reports, the Second Appellant was fixed with the means of knowing why its trade mark applications had been refused and it was untenable to rely on a failure to consider that matter (FCJ [68]; CAB 183). The plurality found that it could be inferred that the Second Appellant was aware of the likelihood that there was a material impediment to the legitimate use of the ZIP marks, relying on cases dealing with knowledge and wilful blindness in the importation of drugs (FCJ [70]; CAB 183), ie constructive knowledge.¹⁶ On the same basis, the plurality reasoned that the Second Appellant was aware that IP Australia considered its marks so nearly resembled the earlier marks such that their use was likely to cause confusion (FCJ [71]; CAB 183-184).

48. *Fourthly*, the Full Court then relied on its finding that the first relevant use by the Appellants of the ZIP mark occurred *after* the Second Appellant received the 2013 Adverse Reports (see FCJ [8]-[10], [14], [16], [74]; CAB 159-162, 184-185) to support its conclusion that the Appellants had not established honesty (FCJ [75], [82]; CAB 185,

¹⁴ See also Perram J at FCJ [11] (CAB 160).

¹⁵ *Killer Queen* was delivered after the hearing before the Full Court, but about four months before delivery of the FCJ. *Killer Queen* is otherwise referred to at FCJ [3], [61] and [76] (CAB 158, 181, 185).

¹⁶ In respect of this reasoning, the plurality relied on three criminal law cases: *Pereira v Director of Public Prosecutions* (1988) 82 ALR 217, 219-220; *Kural v The Queen* (1987) 162 CLR 502, 505; *Saad v The Queen* (1987) 70 ALR 667, 669.

187). However, Perram J also stated that honesty would have been established had there been relevant use prior to the Second Appellant receiving the 2013 Adverse Reports (FCJ [8], [14]; CAB 159, 161).

49. *Fifthly*, the plurality sought to distinguish and diminish the relevance of the long-standing authorities *Alex Pirie*, *Dunlop* and *McCormick* (FCJ [77]-[80]; CAB 185-186), primarily on the basis that they related to an actual application for registration, rather than a defence to infringement. Conversely, and inconsistently, the Full Court placed reliance on *Parkington*, a case relating to an application for registration (FCJ [81]; CAB 186-187).

D The errors in the Full Court's approach to honest concurrent use

- 10 50. The Full Court's reasoning was erroneous, and the primary judge's reasoning ought be upheld, for the following reasons.
51. *First*, the Full Court erred by assessing honesty objectively, with the effect that subjective honesty was given little or no role. That approach has no foundation in the Act and is contrary to long-standing authority, including *Alex Pirie*, *McCormick*, *Dunlop* and, recently, *Killer Queen*.
52. The Appellants submit that honesty is honesty of adoption, independently of another trader's mark and in the absence of any intention to take advantage of the goodwill of another trader. This is consistent with the authorities referred to above and, notably, the recent decision of the Full Court in *Killer Queen* (at [205]). This is subjective honesty.
- 20 However, objective analysis does have a role in honest concurrent use – the other *McCormick* factors (the extent of the impugned use, any actual or likely confusion and any relevant inconvenience) are to be assessed objectively by the court. Those objectively assessed criteria operate as a counter-balance to the subjective honesty in the court's assessment of the defence. The interests of the holder of the anterior mark are protected by the court's consideration of these objective matters.
53. In contrast with that orthodox approach, the plurality reasoned that honesty is to be objectively ascertained and that an absence of reasonable care and diligence can prevent a conclusion of honesty (relying on *Anheuser*, *Flexopack* and *Pham* (FCJ [63]; CAB 181)). Similarly, Perram J reasoned that honesty required the taking of steps that an honest and
- 30 reasonable person would take to ascertain its ability to use the mark (relying on *Flexopack*, [111] and *Pham*, [103] (FCJ [12]; CAB 160)).

54. Applying that approach, the Full Court placed determinative weight on the receipt by the Second Appellant of the 2013 Adverse Reports. It was an error to do so.

- (a) On the facts of this case, the weight placed on the 2013 Adverse Reports cannot be reconciled with *Killer Queen*, where knowledge of the anterior mark was held to be of little significance where the adoption of the mark was not “tainted”. Here, the unchallenged findings of the primary judge as to subjective honesty readily demonstrate that there was no “taint” on the adoption of the mark.
- (b) The 2013 Adverse Reports themselves did no more than inform the Second Appellant that there may be an impediment to registration of its marks. The 2013 Adverse Reports did not themselves say anything about infringement. Further, the 2013 Adverse Reports expressly stated that the Second Appellant could put forward evidence to show that its “trade mark was chosen honestly” to seek to overcome the reports (FCJ [66]; CAB 182).
- (c) The Full Court’s approach makes it practically impossible for any party to take the benefit of the defence, even in circumstances where the party has acted in a subjectively honest fashion. The Full Court considered the Second Appellant did not “take steps that an honest and reasonable person would take to ascertain its ability to use the trade mark” (FCJ [12], [63]; CAB 160, 181). “Ability” must mean “legal right” in this context, but the legal right to use the mark depends on an assessment of the defence. An obligation to search for a prior mark would invariably lead to it being found, thereby vitiating honesty on the Full Court’s analysis. The suggestion an honest concurrent user must take diligent and reasonable steps to search for the earlier mark is illogical. If knowledge of the earlier mark is likely to preclude honesty, an obligation to search for (and likely find) the earlier mark would render the potential operation for the defence vanishingly small.

55. The Full Court’s reliance on *Anheuser*, *Flexopack* and *Pham* was misplaced. The aspects of those cases relied upon by the Full Court relate to defences based on good faith (see s 122(1)(a) of the Act) rather than honesty. The concept of good faith (as reflected in the cited authorities) requires an assessment of the alleged infringer’s conduct in “all of the relevant circumstances” – that is, an objective analysis. For the reasons outlined above, that is a different, and much broader, inquiry than an assessment of subjective honesty for the purposes of honest concurrent use. The Full Court was wrong to adopt this broader, and unprincipled approach to honesty.

56. The Full Court's reliance on the concept of constructive knowledge taken from the criminal cases of *Pereira*, *Kural* and *Saad* was also misplaced. Constructive knowledge does not form any part of the law relating to honest concurrent use – see, by analogy, *Baume*, 921.

57. *Secondly*, the Full Court erred because it failed to recognise that the subjective honesty required for the honest concurrent use defence to apply was established in this case. Here, the findings of the primary judge were that: (1) the ZIP marks were subjectively honestly adopted; (2) the Appellants had no awareness of any relevant reputation of Firstmac; (3) the Appellants had no intention to trade off any such reputation; and (4) the fact was that no other trader was using ZIP in relation to the Appellants' services (see paragraph 37 above and PJ [166], [255], [259], [262], [269]; CAB 69-70, 93-96). The primary judge's findings of subjective honesty were not challenged at all in the Full Court. Relatedly, the primary judge's finding that there was no confusion and no likelihood of confusion given the different markets in which the two businesses operated was also unchallenged (PJ [269], [270]; CAB 96). Those findings give commercial context and force to the Second Appellant's subjective honesty.

58. The approach taken by the Full Court placed determinative weight on the 2013 Adverse Reports which informed the Second Appellant of a potential impediment to the registration of its marks. In giving primacy to that piece of information, the Full Court wrongly disregarded, and in effect gave no weight to, the unchallenged body of evidence establishing subjective honesty. That approach is inconsistent with the historical and orthodox operation of the doctrine of honest concurrent use, including as stated in *Killer Queen* (at [205]).

59. In effect, the Full Court's approach assumed that honesty was precluded by awareness that the impugned use may be within the scope of another trader's earlier registration. In itself, this misunderstands the purpose and operation of honest concurrent use. Sections 122(1)(f) or (fa) are only engaged if the conduct is *prima facie* infringing. If the honest concurrent use criteria are met, the fact that the conduct might otherwise be infringing is the very thing addressed by the defence.

60. *Thirdly*, the Full Court erred by failing to recognise that, on its own findings (and on the

findings of the primary judge),¹⁷ the Second Appellant's first use of the ZIP mark as a trade mark occurred before the Second Appellant received the 2013 Adverse Reports. Ultimately, the Appellants submit that this error is, itself, of limited, if any, relevance because the critical issue is the honesty of the adoption by the Appellants of the ZIP mark. However, we address it below for completeness.

61. The Full Court's approach was erroneous. The Full Court failed to appreciate that the finding made by the plurality that Messrs Diamond and Gray were "pitching" the business in "early 2013" and in doing so were "using the name 'ZIP' to refer to the business" was, in fact, a finding of use of the mark ZIP as a trade mark. This occurred at a point in time where investment in the ZIP business had already commenced by way of, for example, domain name registration and logo design. Consequently, the Full Court erred in finding that the Second Appellant's first use occurred in November 2013 and with knowledge of the Firstmac Mark, when in fact the first use occurred no later than August 2013 and without knowledge of the Firstmac Mark. The Full Court also elided two distinct issues: (i) the first use by the Second Appellant of the mark ZIP as a trade mark; and (ii) the date of the first use which was alleged by Firstmac to constitute infringement. The Full Court gave primacy to the latter date, without recognising that it was chosen as matter of convenience by Firstmac.
62. Once this error is understood, the fundamental basis for the Full Court's reasoning is removed and its conclusion is necessarily erroneous (even on the assumption that the relevant issue is first use, rather than adoption).
63. *Fourthly*, contrary to the plurality's approach (at FCJ [77]-[80]; CAB 185-186), cases such as *Alex Pirie* (where an honestly adopted mark was used despite knowledge of the other trader's earlier trade mark rights (at 159.15)) are relevant. That is subjective honesty. Cases such as *McCormick* and *Dunlop* are also plainly relevant. As the Full Court itself acknowledged, ss 122(1)(f) and (fa) depend on s 44(3) for their operation

¹⁷ The primary judge found that the initial use by the Second Appellant occurred *before* it became aware of the Firstmac Mark in October 2013 via the 2013 Adverse Reports (PJ [255], [256]; CAB 93). PJ [255] (CAB 93) refers to both the "adoption" and "use" of the ZIP mark prior to the Appellants having any knowledge of the Firstmac Mark. The Full Court found that the initial use by the Second Appellant occurred *after* it became aware of the Firstmac Mark in October 2013 via the 2013 Adverse Reports. The plurality found that Messrs Diamond and Gray were "pitching" the business in "early 2013" and in doing so were "using the name 'ZIP' to refer to the business" (FCJ [32] (item 4); CAB 167). However, the Full Court went on to find that first relevant use occurred in November 2013, when the Second Appellant partnered with its first merchant (Chapelli Cycles). See FCJ [61], [72], [74], [75] (CAB 181, 184-185) and see also FCJ [2], [4], [5], [8], [10], [15] (CAB 158-161).

(FCJ [60], [61]; CAB 180-181). It was wrong to disregard those cases because they relate to registrability.

64. In contrast, *Parkington* (relied upon at FCJ [81]; CAB 186-187) is of limited relevance because the facts of that case are so different. In *Parkington*, the alleged infringer's conduct involved "deliberate concealment" (at 182) because it well knew that the owner of the earlier mark would object and that confusion was likely (at 183). None of those damning factors apply in this case.

E Full Court's error in respect of the date for assessing honest concurrent use

65. The Full Court also erred in finding that the date for determining the honest concurrent use defence is the date of first infringing use. The Appellants submit that the date for determining the honest concurrent use defence is at the time of the defence raising the issue (ie filing the defence) or alternatively the date of the hearing.
66. The Full Court adopted an *obiter* view expressed in *Anchorage* (at [217] in the context of [209]-[216]) that honest concurrent use is assessed at the date of the first alleged infringement (FCJ [3], [61], [74]-[76]; CAB 158, 181, 184-185). This view renders the defence useless, is contrary to the statutory language and prior authority (*Optical 88 Ltd v Optical 88 Pty Ltd (No 2)* (2010) 275 ALR 526, [173]-[176]) and should be rejected.
67. First, the language of ss 112(f) and (fa) (ie "would obtain registration" and "if the person were to apply for it") speaks of a future outcome and uses present subjunctive language. It does not speak of the past (ie "would have obtained"). The language of s 44(3) ("there has been honest concurrent use") uses the present perfect tense reflecting both past and also continuing use up to the point in time of determination. This interpretation is consistent with the ordinary application of s 44(3) (*McCormick*, [31]), and the view of the two first instance decisions not addressed on appeal by the Full Court (*Insight Radiology Pty Ltd v Insight Clinical Imaging Pty Ltd* (2016) 122 IPR 232, [118]; *Optical 88*, [175]).
68. Secondly, the first use of the mark honestly adopted which infringes a prior registered mark cannot obtain the necessary extent of *concurrent* use to support the defence. It also results in an assessment of the defence being made at each point of infringement, with each date of use notionally triggering consideration by the court. The doctrine of honest concurrent use recognises the accrual of goodwill by such use of the trade mark consistent with the Act and common law. The proper construction of the defence then immunises the honest concurrent user from infringement. By logic and as a matter of language, honest

concurrent use arises due to the use of the impugned trade mark over time. If the defence is determined by the date of first infringement, then in most cases no concurrent use will have occurred rendering the defence useless. The exception may be where some early use is rendered non-infringing by the expiry of a limitation period, but that cannot possibly drive the proper construction of the defence. The wording is not honest concurrent *non-infringing* use.

69. *Thirdly*, the *obiter* approach in *Anchorage* is erroneous. *Anchorage* is not based on the text of the Act. The Full Court’s statement at [217] that the defences under ss 122(1)(f) and (fa) are “... to be assessed as at the date of the alleged infringing conduct” is difficult to understand or apply by reason of the matters raised in paragraphs 67 and 68. As Professors Burrell and Handler have observed, that approach “comes close to eviscerating” the honest concurrent use defence.¹⁸

70. The Full Court in *Anchorage* was also concerned that any assessment of honest concurrent use after the first infringing act “would lead to the rather odd result that the respondent would have the benefit of a defence under [ss 122(1)(f) and (fa)] that was broader than that which it would have under [s 122(1)(e)]” (at [215]). However, these sections reflect different rights – s 122(1)(e) for registration and ss 122(1)(f) and (fa) for common law rights. There is no principled reason to read these defences in this manner as s 122(1)(e) is not tied to the concept of honest concurrent use.

20 ***F Full Court’s error in relation to cancellation of the Firstmac Mark (s 88(2)(c))***

71. The primary judge upheld the Appellants’ claim that the Register be rectified by cancelling the Firstmac Mark pursuant to s 88(2)(c) of the Act on the ground that, because of circumstances applying at the time of the application for rectification (15 August 2019), the use of the trade mark is likely to deceive or cause confusion (PJ [368], [378], [395]; CAB 123, 126, 129). The primary judge:

- (a) found that as at that date, the Appellants had been using the ZIP mark for almost six years and had developed a business and reputation of some significance (PJ [375], [376]; CAB 125-126);
- (b) found that the normal and fair use of the Firstmac Mark would include use in relation to services of the type provided by the Appellants and if that were to occur, such use

¹⁸ Robert Burrell and Michael Handler, *Australian Trade Mark Law* (LexisNexis, 3rd ed, 2024) 609, [12.13].

would cause confusion of the relevant kind (PJ [377], [378]; CAB 126);

- (c) rejected Firstmac’s contention that the discretion ought be exercised against cancellation because the Appellants were “assiduous infringers” in light of the honest concurrent use defence (PJ [380], [381]; CAB 126).

The primary judge also noted that there was scope for limiting Firstmac’s registration, but Firstmac rejected any such limitation (PJ [393]; CAB 128).

72. The Full Court did not disturb the primary judge’s finding that the Firstmac Mark was likely to cause confusion as at 15 August 2019 on the basis of notional use of the mark (FCJ [165]; CAB 220-221 and see also [49]; CAB 177). However, the Full Court
10 determined that the primary judge erred in failing to exercise the discretion not to cancel the Firstmac Mark because the Appellants’ reputation was the consequence of infringing conduct, given the rejection of the honest concurrent use defence. The Full Court re-exercised the discretion not to cancel the registration (FCJ [169], [172], [177], [181]; CAB 221-223). If the Appellants succeed on appeal in relation to the honest concurrent use defence, the s 88(2)(c) decision of the primary judge ought also be restored. The exercise of discretion went hand in glove with the finding as to honest concurrent use. If the Full Court erred in respect of honest concurrent use, the basis for its exercise of discretion is removed and it will have been exercised in error.

Part VII: Form of order

- 20 73. The Appellants seek the orders set out in their notice of appeal (CAB 250-252).

Part VIII: Time required for presentation of oral argument

74. The Appellants estimate that they require two hours to present their oral argument in chief and 30 minutes in reply.

Dated: 23 October 2025



A J L Bannon
(02) 9233 4201
bannon@tenthfloor.org



N Gollan
(02) 8039 7210
nicola.gollan@omniachambers.com



L Merrick
(03) 9225 8837
luke.merrick@vicbar.com.au



T Middleton
(03) 9225 6777
thomas.middleton@vicbar.com.au

ANNEXURE – LEGISLATION REFERRED TO IN SUBMISSIONS

	<i>Description</i>	<i>Version</i>	<i>Provision(s)</i>	<i>Reason for providing this version</i>	<i>Applicable date or dates (to what event(s), if any, does this version apply)</i>
10	1 <i>Trade Marks Act 1905</i> (Cth)	Compilation 28 June 1949 to 31 July 1958	s 28	Comparison of similar provisions in previous Act to form of current <i>Trade Marks Act 1995</i> (Cth).	1958
	2 <i>Trade Marks Act 1955</i> (Cth)	Compilation 29 June 1994 to 31 December 1995	s 34	Comparison of similar provisions in previous Act to form of current <i>Trade Marks Act 1995</i> (Cth).	1995
20	3 <i>Trade Marks Act 1995</i> (Cth)	Compilation No. 38 (24 February 2019 to 17 December 2020)	ss 44, 88, 122	Version in force at the time proceedings were commenced and at the time the cross-claim was filed. The relevant provisions remain unchanged.	20 June 2019, being the date the proceedings were commenced. 15 August 2019, being the date the cross-claim was filed.
30	4 <i>Trade Marks Act 1905</i> (UK)	11 August 1905 (as enacted)	s 21	Comparison of similar provisions in this Act to form of current <i>Trade Marks Act 1995</i> (Cth).	1905