



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' REPLY

Part I: Suitable for publication

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

Part II: Reply

2. This appeal, and the submissions made by the Respondent (**Firstmac**), highlight two significant ways in which the Full Court has departed from the proper application of the doctrine of honest concurrent use. *First*, contrary to the correct approach of assessing honesty *subjectively*, the Full Court has adopted an *objective* approach to honesty. In doing so, it has wrongly applied a distinct line of authority relating to defences based on *good faith*. The Full Court adopted this approach despite the different lineage and purpose of the honest concurrent use and good faith defences. *Secondly*, the Full Court's approach to the time for assessing the honest concurrent use defence precludes the proper assessment of the *concurrent* use which is essential to the defence. This is contrary to the text and purpose of the legislation. The approach taken by the Full Court deprives the honest concurrent use defence of its intended purpose and operation.
3. **Honesty** - The central proposition advanced by Firstmac is that honesty for the purposes of honest concurrent use is to be assessed objectively against all of the relevant circumstances (see Respondent's Submissions (**RS**) [38], [40], [60]). This is contrary to the historical and orthodox approach to the honest concurrent use defence. Historically, the honesty required was subjective honesty, focussing in particular on the adoption of the impugned mark (see Appellants' Submissions (**AS**) [16], [23]-[26]).

4. Like the Full Court (see AS [55]), Firstmac seeks to support an objective approach to honesty by conflating the test for *honesty* (for the purposes of honest concurrent use) with the test for *good faith* (used in other defences under the *Trade Marks Act 1995* (Cth) such as good faith use of own name) (RS [40], [47]-[56]). This conflation of the tests of honesty and good faith is wrong, and unprincipled, for the following reasons.
5. *First*, the language of the Act itself differentiates between these defences. The phrase *good faith* is used in the defences provided by ss 122(1)(a), (b) and (c) of the Act. Those defences concern *use in good faith* of: (1) a person's name or the name of a person's place of business; (2) a sign to indicate the kind, quality, quantity, value, geographical origin, or some other characteristic of a good or service; and (3) a sign to indicate the intended purpose of goods or services. In contrast, ss 122(1)(f) and (fa) do not use the phrase *good faith*. Those defences, when read with s 44(3)(a), refer to *honest* concurrent use. This use of the language "good faith" and "honest" is consistent with predecessors of the Act.¹
6. *Secondly*, the difference in statutory language reflects the distinct purpose and history of the defences and the tests that have been applied by the courts in relation to them.
7. The good faith defences set out limitations placed on the monopoly granted under a trade mark for policy reasons. They recognise that traders should be free to use their own name, or the protected types of descriptive terms, provided that their use is in good faith (see for eg *Parker-Knoll Limited v Knoll International Limited* [1962] RPC 265, 274.50-275.24). It is not a requirement of these defences that the defendant must show any duration and extent of use or the accrual of any goodwill in the impugned mark.² Further, because the good faith defences recognise fundamental rights that traders ought have, if good faith use is established, the likelihood of confusion is irrelevant. As Lord Denning stated in *Parker-Knoll*, "[h]is exercise of this right may cause confusion, but no matter. So long as he makes no false representation, he is safe." (275.16-17). Accordingly, the courts assess good faith against all of the surrounding circumstances to ensure that the operation of the defence fairly balances (on one hand) the rights of traders to use either their own name or other relevant descriptive terms and (on the other hand) the interests of the trade mark

¹ Section 28 of the *Trade Marks Act 1905* (Cth) used the phrase "honest concurrent user" and s 34 of the *Trade Marks Act 1955* (Cth) used the phrase "honest concurrent use". Those sections are predecessors of the current s 44 honest concurrent use provision. Section 64 of the *Trade Marks Act 1955* (Cth) is the predecessor of the current good faith defences and used the phrase "good faith" for that purpose.

² In this regard, see the summary of applicable principles set out at [103]-[118] of *Flexopack SA Plastics Industry v Flexopack Australia Pty Ltd* (2016) 118 IPR 239 which does not refer to any such requirements.

owner and consumers.

8. In contrast, as Firstmac correctly recognises at RS [37], the honest concurrent use defence recognises “the vested right of property of traders in trade marks which they have honestly adopted and which by public use have attracted a valuable goodwill” (*General Electric Co v The General Electric Co Ltd* [1972] 2 All ER 507, 519). As submitted at AS [23]-[26], the gateway to these defences is (and has historically been) *subjective* honesty. This reflects the underlying purpose of the defence – a trader ought not set out to take advantage of the reputation of another trader (AS [24]). If *subjective* honesty is established, it is then balanced by the courts against the *objective McCormick* factors: the extent of use, the degree of confusion likely to ensue, any instances of actual confusion and the relevant inconvenience that would ensue to the parties if the registration were to be permitted (AS [22]). In contrast with the good faith defences, for honest concurrent use to be established, the duration and extent of use must be sufficient and the courts give their own objective consideration to the likelihood of confusion. Thus, subjective honesty is balanced against objective criteria to ensure that a just outcome is achieved.
9. At RS [3], [38], [39] and [60], Firstmac submits that a test which involves the subjective assessment of honesty does not allow a role for “commercial standards of decency and fairness”. This is not so. The orthodox approach to honest concurrent use focuses on the assessment of subjective honesty seen through the eyes of a trader – that is, commercial honesty (AS [23]). That criterion is then balanced by the courts considering as an objective matter the likelihood of confusion. It is that exercise which enables the court to arrive at a just outcome which balances the interests of the parties and consumers.
10. Finally, the fallacy of Firstmac’s approach (and the approach of the Full Court which it seeks to support) is borne out by its reliance on historical cases which do not concern honest concurrent use at all, including authorities which relate to the good faith defences³ and authorities which do not relate to any comparable defence.⁴ Firstmac’s reliance on the more recent decisions of *Anheuser-Busch Inc v Budejovický Budvar, Národní Podnik* (2002) 56 IPR 182 and *Flexopack* does not advance its position for the reasons set out at AS [55] and above. Reliance on those cases merely serves to highlight that the Full Court

³ For eg, *Adrema Ld v Adrema-Werke GmbH* [1958] RPC 323, *George Ballantine & Son Ltd v Ballantyne Stewart & Co Ltd* [1959] RPC 47, *Parker-Knoll Ltd v Knoll International Ltd* [1962] RPC 243, *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326.

⁴ For eg, *Cochrane v MacNish & Son* [1896] AC 225, *Ronson Products Ltd v James Ronson Pty Ltd (No 2)* [1957] VR 731.

has misconstrued the doctrine of honest concurrent use by wrongly applying the concept of good faith, rather than the concept of honesty.

11. ***Date for assessing honest concurrent use*** - Section 120 of the Act identifies circumstances when a registered trade mark is infringed. Section 122 qualifies the operation of s 120 with the heading “When is a trade mark not infringed?”, and then states “[i]n spite of section 120, a person does not infringe a registered trade mark...” and sets out defences in ss (a) to (g).

12. Sections 122(1)(f) and (fa) provide a defence if the alleged infringer “would obtain registration” for the relevant mark if it “were to apply for it”. This language makes it clear that any putative application is not a past event, either notionally or in fact. It does not posit a notional application in the past by using language such as if the alleged infringer “had applied for it”. Similarly, it does not provide any mechanism under the Act whereby an infringer could obtain a priority date in the past. Accordingly, to the extent a notional priority date is required, the date of the defence is consistent with the language of the section (ie if a person “were to apply for it” at the date of the defence).


13. The proper interpretation of s 122 is that it provides a defence to infringement. If the alleged infringer “would obtain registration” (ie speaking of a notional application pursued at the time the defence is raised), the alleged infringer is absolved from liability. This is clear from the introductory wording of s 122 (“a person does not infringe”). This interpretation is consistent with the operation of the doctrine of honest concurrent use whereby the concurrent users cannot enjoin each other (AS [19]).

14. Once the defence is raised, the notional application falls to be considered under s 44(3)(a). That subsection requires consideration of past, but on-going, concurrent use (ie “there *has been* concurrent use”). This language posits a priority date after a period of notionally infringing use. Reliance on the defence pre-supposes a period of notionally infringing conduct which may be exonerated by the defence, which is the purpose of s 122(1)(f) or (fa) when combined with s 44(3)(a) (AS [34]).

15. Firstmac does not address the Appellants’ construction set out above and in the AS (at [65]-[70]). Rather, Firstmac proceeds on the basis that ss 122(1)(f) and (fa) create a notional past priority date (ie the date of first infringement) (RS [21]-[22]). However, to achieve this outcome, the section would need to use words such as “had they applied for it”. Firstmac’s submission is, therefore, incompatible with the text of the Act itself.

16. Firstmac's further argument is that even where the Appellants were honest, the defence would nonetheless not be available to them (RS [33], [36]). The RS references *Killer Queen LLC v Taylor* (2024) 306 FCR 199 where the Full Court (at [193], [204], [215]-[216]) upheld the primary judge's finding that s 122(1)(fa) was not available as there was no concurrent use of the mark. This highlights the practical difficulty in applying *Anchorage Capital Partners Pty Ltd v ACPA Pty Ltd* (2018) 259 FCR 514, [217] (RS [31], [33], [36]) and its incompatibility with the proper operation of the doctrine of honest concurrent use. Firstmac fails to grapple with the fact that this renders the defence largely useless as submitted by the Appellants (AS [68]; RS [36]).
- 10 17. Contrary to RS [21] and [22], the Appellants' interpretation does not create any tension or disconformity between ss 122(1)(f) and (fa) and s 122(1)(e) (AS [70]). Firstmac submits that there is no policy reason why ss 122(1)(f) and (fa) should be construed more broadly (or presumably differently) than s 122(1)(e) (RS [22], [26]). That submission is wrong. The defences provided by each of those subsections have different purposes and spheres of operation. The honest concurrent use defence looks to conduct prior to any registration, but which is to be exonerated because of the existence of concurrent common law rights. By contrast, s 122(1)(e) is necessarily forward looking because it rests on the creation of statutory property which may have no foundation at all in any prior use. Thus, this defence operates prospectively and concerns a different species of right (AS [70]).
- 20 18. Firstmac also refers to Davies J's analysis in *Sensis Pty Ltd v Senses Direct Mail and Fulfilment Pty Ltd* (2019) 141 IPR 463 to support its position (RS [29]-[30]). For the reasons provided in [11] to [17] above and in AS [65] to [70], *Sensis* is erroneous as it rests on the analysis in *Anchorage*.

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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