HIGH COURT OF AUSTRALIA

GAGELER CJ,
GORDON, EDELMAN, STEWARD AND BEECH-JONES JJ

ZIP CO LIMITED & ANOR — APPELLANTS

AND

FIRSTMAC LIMITED — RESPONDENT

Zip Co Limited v Firstmac Limited
[2026] HCA 16
Date of Hearing: 12 February 2026
Date of Judgment: 13 May 2026
S140/2025

ORDER

Appeal dismissed with costs.

On appeal from the Federal Court of Australia

Representation

A J L Bannon SC with L Merrick KC, N L Gollan and T E Middleton for the appellants (instructed by King & Wood Mallesons)

H P T Bevan SC with W A Rothnie and G R Rubagotti for the respondent (instructed by Spruson & Ferguson Lawyers)

CATCHWORDS

Zip Co Limited v Firstmac Limited

Intellectual property – Trade marks – Trade mark infringement under s 120(1) of *Trade Marks Act 1995* (Cth) – Where ss 122(1)(f) and 122(1)(fa) read with s 44(3) of *Trade Marks Act* provide for defences of honest concurrent use – Where respondent registered word mark "ZIP" – Where appellants used substantially identical or deceptively similar trade marks – Where appellants aware at date of first potential infringement of likelihood of material impediment to legitimate use of trade marks – Whether appellants had defences of honest concurrent use to potential infringements – Whether defences of honest concurrent use assessed at date of first potential infringement – Meaning of "honest" in s 44(3)(a) of *Trade Marks Act*.

Words and phrases – "application for registration", "blameworthiness", "concurrent use", "deceptively similar", "defence to potential infringement", "dishonest", "first potential infringement", "good faith", "honest", "honest concurrent use", "infringement", "knowledge", "normal and fair use", "objective", "ordinary meaning", "point in time", "potential infringement", "standards of ordinary, decent people", "state of mind", "substantially identical", "trade mark", "would obtain registration".

Trade Marks Act 1905 (5 Edw VII c 15), ss 19, 20, 21.
Trade Marks Act 1905 (Cth), s 28.
Trade Marks Act 1955 (Cth), ss 34, 58.
Trade Marks Act 1995 (Cth), ss 10, 12, 23, 44, 88, 89, 92, 100, 120, 122.

GAGELER CJ, GORDON, EDELMAN, STEWARD AND BEECH-JONES JJ.

Introduction: the defences of honest concurrent use of a trade mark

1 Section 120(1) of the *Trade Marks Act 1995* (Cth) provides that "[a] person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered". The circumstances referred to in s 120(1) can be described as circumstances of "potential infringement" because s 120 is subject to defences, which include the defences of honest concurrent use arising from ss 122(1)(f) and 122(1)(fa), read with s 44(3), of the *Trade Marks Act*. The sub-sections of s 122 provide:

> "(1) In spite of section 120, a person does not infringe a registered trade mark when:
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> ...
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> (f) the court is of the opinion that the person would obtain registration of the trade mark in his or her name if the person were to apply for it; or
>
> (fa) both:
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> (i) the person uses a trade mark that is substantially identical with, or deceptively similar to, the first-mentioned trade mark; and
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> (ii) the court is of the opinion that the person would obtain registration of the substantially identical or deceptively similar trade mark in his or her name if the person were to apply for it ..."

2 Section 44(1) of the *Trade Marks Act* relevantly requires that an application for the registration of a trade mark must be rejected if "the applicant's trade mark is substantially identical with, or deceptively similar to ... a trade mark registered by another person in respect of similar goods or closely related services" and the priority date for the registration of the applicant's mark (which is the date of registration where the trade mark is registered[1]) is not earlier than that of the other

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1 *Trade Marks Act*, s 12.

trade mark. But an exception to this requirement for refusal in s 44(1) is contained in s 44(3).

3 For the purposes of ss 122(1)(f) and 122(1)(fa), a person can establish that they would obtain registration of a trade mark that is substantially identical with, or deceptively similar to, an earlier registered mark if they satisfy the conditions in s 44(3) of the *Trade Marks Act*, which provides as follows:

> "If the Registrar in either case is satisfied:
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> (a) that there has been honest concurrent use of the 2 trade marks; or
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> (b) that, because of other circumstances, it is proper to do so;
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> the Registrar may accept the application for the registration of the applicant's trade mark subject to any conditions or limitations that the Registrar thinks fit to impose. If the applicant's trade mark has been used only in a particular area, the limitations may include that the use of the trade mark is to be restricted to that particular area."

4 This appeal primarily concerns the conditions in s 44(3).[2] In 2004, the respondent, Firstmac Ltd ("Firstmac"), registered the word mark "ZIP" ("the Firstmac Mark") in respect of "financial affairs (loans)" in Class 36. From November 2013, the appellant companies – Zip Co[3] and Zipmoney[4] (described in these reasons as "the Zip Companies") – used, as trade marks, signs containing the word "ZIP", which were substantially identical with, or deceptively similar to, the Firstmac Mark. The central issue on this appeal is whether the Zip Companies have defences of honest concurrent use to their potential infringements of the Firstmac Mark. The trial judge in the Federal Court of Australia (Markovic J) held that the Zip Companies had established those defences to their potential infringements. The Full Court of the Federal Court (Katzmann and Bromwich JJ, Perram J agreeing) held that they had not.

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2 No issue arises as to s 44(4) of the *Trade Marks Act*, where the Registrar may not reject an application that satisfies the conditions of s 44(3) in particular circumstances.

3 Zip Co Ltd.

4 A subsidiary of Zip Co, initially Zipmoney Pty Ltd and renamed Zipmoney Payments Pty Ltd.

5 The principal issues arising for determination by this Court are: (i) the time at which the defences of honest concurrent use are to be assessed; and (ii) the meaning of "honest" in s 44(3)(a) of the *Trade Marks Act*, and therefore the content of what must be affirmatively established for the defences to succeed. For the reasons below, the time at which the defences of honest concurrent use are to be assessed is the time of each alleged potential infringement. And the content of the requirement of honesty under s 44(3)(a) is that an alleged infringer must have a state of mind that is honest by the standards of ordinary, decent people. The Full Court was correct that the Zip Companies did not affirmatively establish their honesty from the time of the first potential infringement in November 2013 onwards.

Background

Firstmac and ZIP

6 Firstmac is a non-bank lender, which, together with the companies in its corporate group, is said to be the largest non-bank lender in Australia. Firstmac offers financial products and services including home loans, car loans, and investment funds. Some loans are offered through agents under Firstmac's own branding and others are offered under the branding of mortgage originators and mortgage managers. Over the last 40 years Firstmac has provided over 100,000 home loans. It currently manages around $12 billion in mortgages and $250 million in cash investments.

7 Since 20 September 2004, Firstmac has been the owner of the Firstmac Mark, a registered trade mark for the word ZIP in respect of "financial affairs (loans)" in Class 36 "services". In early 2005, Firstmac marketed products by reference to that trade mark ZIP. Firstmac's ZIP products comprised home loan products and services, including loans and lines of credit which involved either full documentation, low documentation, or no documentation. The continued servicing of these products required an ongoing relationship between Firstmac and the borrower (and, where relevant, a mortgage originator or mortgage manager).

8 At the beginning of 2014, Firstmac ceased to offer its ZIP home loan products to new customers, although it continued to manage and service those loans for existing customers. Later, in September 2018, Firstmac launched a new home loan under the name ZIP ("2018 ZIP home loan") through an online lender called Loans.com.au which promoted Firstmac's financial products and services.

The Zip Companies and ZIP

9 In 2012, about eight years after Firstmac registered the Firstmac Mark, Mr Diamond, an entrepreneur who had worked in retail, information technology, corporate finance and investment banking, began to consider starting a business involving online short-term lending to consumers with rapid processing and therefore fast credit. Mr Diamond considered the name ZIP to be a short and catchy way to "evoke fast movement". In November 2012, Mr Diamond registered the domain name www.zipmoney.com.au.

10 Mr Diamond was joined in his enterprise by Mr Gray, who had worked for much of his career in the finance industry. In early 2013, Mr Gray conducted internet searches for ZIP. None of those searches returned results for Firstmac's ZIP home loan products. From that time, Mr Diamond also conducted frequent internet searches for the name ZIP in the course of planning and developing the business. He did not recall seeing a reference to Firstmac or its use of the name ZIP during those searches.

11 By June 2013, Messrs Diamond and Gray had settled upon using the names "ZIP" and "ZIP MONEY" for their business. Neither of them was aware of Firstmac's use of ZIP for its home loan products or that Firstmac had registered the Firstmac Mark. They had ZIP logos designed for their business at around this time, which contained the words ZIP and ZIP MONEY in stylised forms.

12 On 24 June 2013, nearly a decade after Firstmac registered the Firstmac Mark and while Firstmac was offering its ZIP home loan products to customers, Zipmoney was incorporated. Mr Diamond was the co-founder of Zip Co and Zipmoney and became the managing director and chief executive officer of the Zip Companies. The other co-founder of Zip Co was Mr Gray, who became the chief operations officer of Zip Co and a director of the Zip Companies.

13 Between June and mid-August 2013, Mr Diamond informed himself about trade marks and their registration. On 19 and 20 August 2013, Zipmoney filed trade mark applications No 1575528 and No 1575717 for the ZIP MONEY and ZIP logos that Messrs Diamond and Gray sought to use in the business. Mr Diamond thought that the registration process would be straightforward. Prior to the applications, Mr Diamond did not search the Register of Trade Marks and Zipmoney did not seek legal advice about the registration.

14 In October 2013, Zipmoney received adverse examination reports from IP Australia in relation to its August trade mark applications. The adverse report for the ZIP MONEY logo included the following:

"What are the problems with your trade mark?

Your trade mark is identical to or closely resembles trade mark number 1021128 [the Firstmac Mark]. This trade mark has an earlier priority date and is for the same or similar goods or services.

- Your trade mark closely resembles the earlier trade mark because the prominent and memorable feature of your trade mark is the word ZIP and the earlier trade mark is for the word ZIP.

AND

- The services are similar because you have claimed a variety of services in Class 36 relating to advice in relation to credit and the provision of credit and the earlier mark has claimed *financial affairs (loans)* in Class 36."

The adverse report for the ZIP MONEY logo enclosed the details for the Firstmac Mark. The adverse report for the ZIP logo raised similar issues in relation to the Firstmac Mark as well as a registered word mark ZIPFUND owned by Creative On-Line Technologies Ltd.

15 Mr Gray, who was not responsible for the applications, provided the reports to Mr Diamond. But Mr Diamond gave them only cursory attention. It did not occur to Mr Diamond that Zipmoney should seek legal advice in relation to the adverse reports or the trade mark applications. Nevertheless, from the time of receiving these adverse reports at the latest, Mr Diamond was aware of Firstmac. And, even from his cursory review of the adverse reports, Mr Diamond was aware that IP Australia considered that the existence of the Firstmac Mark precluded Zipmoney's proposed registration of the ZIP and ZIP MONEY logos.

16 Nevertheless, from November 2013, the Zip Companies proceeded to use marks involving the word ZIP as trade marks. There were three different forms of such trade marks used by the Zip Companies (which can be described collectively as "the Zip Companies' marks"). First, the Zip Companies used the word ZIP simpliciter as a mark. Secondly, the Zip Companies used "Stylised Zip Marks" containing only the word ZIP stylised in various colours and fonts. Thirdly, the Zip Companies used "Zip Formative Marks", which included the word ZIP and another word such as "pay" or " money" in word and stylised forms.

17 The first use of any of the Zip Companies' marks was in November 2013 when the Zip Companies offered a consumer credit product to Australian consumers called "Zip Money" (to which offering, in December 2015, was added

a separate product called "Zip Pay"). The Zip Money product involved partnerships with retail merchants and allowed customers to obtain up to $30,000 in a revolving line of credit with interest free terms on purchases. By 25 January 2014, Zipmoney had partnered with five merchants.

18 After the launch of the ZIP business, Mr Diamond regularly did internet searches for the name ZIP to see how the business of the Zip Companies was being referred to online. Mr Gray also regularly undertook internet searches for ZIP and ZIP MONEY as he tracked the progress of the business. Neither Mr Diamond nor Mr Gray could recall seeing any search results which referred to Firstmac or any of Firstmac's products. Nevertheless, on 8 December 2014, after trading for more than a year, Zipmoney (through its lawyers) brought an application in Mr Diamond's name for an extension of time to respond to the adverse reports received in October 2013. The extension of time was granted, but due to difficult commercial circumstances for the Zip Companies, no response to the adverse reports was prepared. In February 2015, Zipmoney's 2013 trade mark applications lapsed.

19 On 25 June 2015, Zipmoney (now styled by the corporate name Zipmoney Payments) again sought trade mark registration including in relation to the words ZIP and ZIPMONEY, again in Class 36. By around this time, the Zip Companies' business had 6,212 customers and revenue of around $400,000.

20 On 21 and 22 July 2015, the Trade Marks Office issued adverse examination reports for the 25 June 2015 applications. The Trade Marks Office reported that the applications again did not meet the requirements of the *Trade Marks Act* because the marks sought to be registered were similar to the Firstmac Mark and, in the case of two of the applications, a trade mark owned by Creative On-Line Technologies Ltd for the word ZIPFUND.

21 On 11 August 2015, Rubianna Resources Ltd, which had acquired Zipmoney earlier that year, issued a prospectus for a public offering in which it identified "[k]ey [r]isks" and "[r]isk [f]actors" including a risk that owners of prior registered trade marks similar to those used by Zipmoney might assert rights against Zipmoney. A trade mark attorney advising Rubianna Resources Ltd sent Mr Diamond an email with a draft letter to Firstmac requesting consent for the use of the ZIP and ZIPMONEY marks.

22 Mr Diamond did not communicate with Firstmac between August 2015 and the end of 2015. Instead, the strategy was apparently to attack the Firstmac Mark. Mr Diamond sent a calendar invitation to Messrs Gray and Finger (also of the Zip Companies) with the subject line "ATTACK FIRSTMAC TRADEMARK 'ZIP'". And on 19 August 2016, Zipmoney brought an application under ss 92(1)

and 92(4)(b) of the *Trade Marks Act* for the removal of the Firstmac Mark from the Register for non-use. That application was rejected by a delegate of the Registrar of Trade Marks, who found that Firstmac had been offering loan products under the Firstmac Mark from September 2005 and February 2013 and that Firstmac had continued to manage the ZIP home loan products from September 2005 with correspondence and loan statements bearing the Firstmac Mark.[5]

23 On 10 December 2015, Zipmoney applied for a trade mark registration for the word ZIPPAY. The same month, the Zip Companies launched Zip Pay, a new product by which customers could obtain up to $1,500 credit interest free, typically for use for smaller everyday purchases.

24 On 8 March 2016, the Trade Marks Office issued an adverse examination report in relation to Zipmoney's application for registration of the ZIPPAY trade mark. Once again, the adverse examination report provided that the application did not meet the requirements of the *Trade Marks Act* because the proposed ZIPPAY mark closely resembled the Firstmac Mark with similar services as the subject of both marks.

25 By 30 June 2019, the Zip Companies had revenue of more than $84 million with more than 16,000 participating merchants and 1.3 million customers in Australia. On 22 March 2019, Zipmoney filed a second application for the removal of the Firstmac Mark from the Register for non-use under ss 92(1) and 92(4)(b) of the *Trade Marks Act*. In June 2019, Firstmac commenced proceedings in the Federal Court against the Zip Companies for infringement of the Firstmac Mark. The non-use application by Zipmoney was referred to the Federal Court and was heard concurrently.

The decisions of the trial judge and Full Court and the grounds of appeal

The trial judge

26 The trial judge found that, subject to defences, the Zip Companies had infringed the Firstmac Mark contrary to s 120(1) of the *Trade Marks Act* by the use of ZIP simpliciter, as well as the Stylised Zip Marks and the domain name www.zip.co. However, the Zip Formative Marks, including "ZIP PAY" and "ZIP MONEY", were not infringing. The trial judge made three holdings in favour of the Zip Companies which led her Honour to make orders including the dismissal

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5 *Firstmac Ltd v Zipmoney Payments Pty Ltd* (2018) 147 IPR 59 at 62 [24].

of Firstmac's application and that the Firstmac Mark be removed from the Register and cancelled.

27 First, her Honour held that the Zip Companies had defences to infringement of: (i) honest concurrent use under ss 122(1)(f) and 122(1)(fa) together with s 44(3) of the *Trade Marks Act*; and (ii) use of their own name in good faith under s 122(1)(a). The success of the Zip Companies' defence under s 122(1)(a) was based upon the trial judge's findings of honesty concerning honest concurrent use. Since no ground of appeal in this Court is concerned with the defence in s 122(1)(a), the reasoning of the trial judge on that defence can be put to one side.

28 The trial judge held that the "application of [s] 122(1)(f) and (fa) is to be assessed at the date of the alleged infringing conduct". Although the trial judge did not make any explicit finding as to the date of the first potential infringement, there was no dispute in this Court that the relevant date (as found by the Full Court) was November 2013, when the Zip Money product first became available to customers through Zipmoney's partnered merchants. Her Honour found that, from the first half of 2013 when Messrs Diamond and Gray were developing their plans for the Zip Companies' marks, they had acted honestly. Nothing altered that assessment throughout the period of potential infringements of the Firstmac Mark. Her Honour thus concluded that the Zip Companies had acted honestly in a concurrent use of their marks and, after considering the other factors relevant to its exercise, that a discretion would have been exercised to register their marks under s 44(3) of the *Trade Marks Act*.[6]

29 Secondly, the trial judge granted the Zip Companies' second non-use application, made in 2019, under ss 92(1) and 92(4)(b) of the *Trade Marks Act*. Those provisions required Firstmac to rebut the allegation that the Firstmac Mark had not been used as a trade mark in Australia by Firstmac, in relation to the services to which the application related, for the three years ending one month prior to the application being made (22 February 2016 to 22 February 2019). The trial judge found that between 2014 and 2018 Firstmac did not use the Firstmac Mark as a trade mark, and that Firstmac's use of ZIP in relation to the 2018 ZIP home loan was not a use of the Firstmac Mark as a trade mark. Since Firstmac had

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6 *Firstmac Ltd v Zip Co Ltd* [2023] FCA 540 at [271].

not discharged its onus to prove at least a single bona fide use,[7] the trial judge concluded that the Firstmac Mark should be removed from the Register.[8]

30 Thirdly, the trial judge held that the Register should be rectified pursuant to ss 88(1)(a) and 88(2)(c) of the *Trade Marks Act* by cancelling the Firstmac Mark because its actual use at the time of the application by the Zip Companies for rectification in August 2019, when compared with a notional ("normal and fair") use of the Firstmac Mark, was likely to deceive or cause confusion as a result of the Zip Companies' reputation and goodwill.[9]

The Full Court

31 The Full Court, in joint reasons of Katzmann and Bromwich JJ with which Perram J agreed and provided additional reasons, unanimously allowed an appeal by Firstmac. The Full Court upheld the ground of appeal which challenged the trial judge's finding that the Zip Formative Marks were not infringing. As the joint reasons explained, the Zip Companies also infringed the Firstmac Mark by using the word ZIP in conjunction with other words.[10] There is no further dispute about that conclusion in this Court.

32 As to the defences found to have been established by the trial judge, the parties proceeded in the Full Court on the basis that the success of Firstmac's challenge to the Zip Companies' defence under s 122(1)(a) of the use of their own name in good faith would turn upon the conclusion reached in relation to the defences of honest concurrent use under ss 122(1)(f) and 122(1)(fa) together with s 44(3).[11] In their joint reasons, Katzmann and Bromwich JJ held that the trial judge erred, including in her Honour's assessment of honesty for the purpose of s 44(3)(a) prior to the date of the first potential infringement, which was in November 2013. The Zip Companies failed to prove affirmatively that, despite Mr Diamond's knowledge of the Firstmac Mark and the adverse reports from October

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7 *Trade Marks Act*, s 100(1)(c). See *McD Asia Pacific LLC v Hungry Jack's Pty Ltd* (2023) 175 IPR 397 at 429-430 [155].

8 *Firstmac Ltd v Zip Co Ltd* [2023] FCA 540 at [19]-[32], [313(1)], [318], [324]-[334], [349], [365].

9 *Firstmac Ltd v Zip Co Ltd* [2023] FCA 540 at [5(3)], [378], [395].

10 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 479 [56].

11 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 479 [59].

2013, they were honest in November 2013.[12] Further, their Honours were not satisfied that at that time there were, within s 44(3)(b), any "other circumstances" to satisfy the Registrar that "it is proper" to exercise a discretion to register the Zip Companies' marks, conditionally or unconditionally.[13]

33 As to the non-use application, the Full Court upheld the finding of the trial judge that between 2014 and 2018 Firstmac had not used the Firstmac Mark as a trade mark.[14] But the Full Court held that Firstmac had used the Firstmac Mark as a trade mark from September 2018 in connection with the 2018 ZIP home loan. The Full Court therefore concluded that the trial judge had erred by removing the Firstmac Mark from the Register on this ground.[15]

34 As to the trial judge's rectification of the Register under s 88(2)(c) of the *Trade Marks Act* by cancelling the Firstmac Mark, the Full Court concluded that the trial judge erred in declining to exercise her discretion not to cancel the Firstmac Mark under s 89(1)(c), and held that the order for rectification was not justified.[16]

The grounds of appeal and contention

35 In this Court, the Zip Companies rely on three grounds of appeal. In terms of logical sequence, the first ground asserts that the Full Court erred by treating the date for assessing honest concurrent use as the date of first potential infringement. The Zip Companies assert that the relevant date should be the date at which they filed their defence or, alternatively, the date of the hearing before the trial judge. The second ground asserts that, contrary to the Full Court's findings, at the relevant date the Zip Companies acted honestly in their concurrent use of the Zip Companies' marks. The third ground is simply consequential upon the other two: that the Full Court erred in dismissing the claims by the Zip Companies for cancellation of the Firstmac Mark under s 88(2)(c) of the *Trade Marks Act*. If the

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12 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 482 [72], 483 [74].

13 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 485-486 [86]-[89].

14 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 491 [109(2)], 494-495 [120]-[122], 503-504 [139].

15 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 504-505 [140]-[146].

16 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 511-512 [168]-[171], 513 [181]-[182].

Zip Companies cannot succeed on the first two grounds, the third ground cannot succeed.

36 Firstmac relies upon two grounds of contention. Neither of those grounds was the subject of substantial argument before this Court. Each is concerned with the trial judge's rectification of the Register under s 88(2)(c) of the *Trade Marks Act* by cancelling the Firstmac Mark. The first ground of contention asserts an alternative basis for impugning the exercise of the trial judge's discretion, namely that the trial judge should have considered the actual use of the Firstmac Mark by Firstmac, which, it was asserted, was not likely to deceive or cause confusion in August 2019. Firstmac accepted that this ground of contention might be resolved by the decision in the then prospective appeal to this Court in *Taylor v Killer Queen LLC*.[17] The decision in that case has since been delivered. Firstmac's contention is inconsistent with the reasoning in that case.[18]

37 The second ground of contention is that even if the Zip Companies' defences of honest concurrent use were upheld, the discretion in s 89(1)(c) of the *Trade Marks Act* should be exercised not to grant the application for rectification of the Register by cancellation of the Firstmac Mark. For the reasons below, the Zip Companies' grounds of appeal concerning the defences of honest concurrent use must be dismissed. In those circumstances, there is no sufficient basis to cancel the Firstmac Mark, and so no issue arises of an exercise of discretion under s 89(1)(c) despite the defences.

The defences of honest concurrent use

38 The statutory defence of honest concurrent use was developed from the principles adopted by the Court of Chancery in deciding whether to restrain the use of a trade mark. Speaking of the "common law of trade marks before 1875", Lord Diplock said of the doctrine of "honest concurrent user" in *General Electric Co v General Electric Co Ltd*[19] that "the interest of the public in not being deceived about the origin of goods had and has to be accommodated with the

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17 [2026] HCA 5.

18 *Taylor v Killer Queen LLC* [2026] HCA 5 at [81], [85], [87], [94], [133]-[134], [206], [218], [241].

19 [1972] 1 WLR 729 at 742-743; [1972] 2 All ER 507 at 518-519. See also Gardiner, "Consumer Interest in Trade Mark Protection" (1973) 36 *Modern Law Review* 300 at 300-301.

vested right of property of traders in trade marks which they have honestly adopted and which by public use have attracted a valuable goodwill". Lord Diplock described two typical circumstances in which protection from equitable restraint by injunction would be given to two honest concurrent users of a mark: (i) where two traders in different localities had innocently used marks that closely resembled each other on goods but those goods later came to be on sale to the same potential purchasers; and (ii) where the goodwill of a business that was conducted from more than one shop or in partnership was divided among successors. A concurrent user of a mark would, however, be refused protection if their "own wrongful conduct had played a part in making the use of the mark deceptive ... This was but a particular application of the general equitable doctrine that he who seeks equity must come with clean hands."[20]

39 In England, the *Trade Marks Registration Act 1875* developed and adapted the common law and equitable rules and principles concerning trade marks. The common law doctrine of honest concurrent user was given effect in the exercise of a general discretion to register and continue registration of a mark.[21] That doctrine of honest concurrent user was made express in United Kingdom legislation and Australian legislation in 1905.[22] The defence of honest concurrent use was incorporated in the *Trade Marks Act 1955* (Cth) in ss 34 ("honest concurrent use" as a basis for registration) and 58(3) (protection for concurrent registered parties).[23] Those sections were said to incorporate "considerations of blameworthiness".[24] The modern statutory defences, part of an "evolution from"

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20 *General Electric Co v General Electric Co Ltd* [1972] 1 WLR 729 at 743; [1972] 2 All ER 507 at 519.

21 *Trade Marks Registration Act 1875* (38 & 39 Vict c 91), s 6. See *General Electric Co v General Electric Co Ltd* [1972] 1 WLR 729 at 745-746, 748; [1972] 2 All ER 507 at 521-524.

22 *Trade Marks Act 1905* (5 Edw VII c 15), ss 19-21; *Trade Marks Act 1905* (Cth), s 28.

23 See *Campomar Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45 at 70 [53], 74 [64].

24 *Riv-Oland Marble Co (Vic) Pty Ltd v Settef SPA* (1988) 19 FCR 569 at 581; *New South Wales Dairy Corporation v Murray Goulburn Co-operative Co Ltd* (1990) 171 CLR 363 at 385-386, 400.

that 1955 Act,[25] now exist in the provisions set out at the outset of these reasons: s 122(1)(f) or s 122(1)(fa), together with s 44(3).

40 On a literal reading of s 122(1)(f),[26] the provision creates a defence to potential infringement only when a person would obtain registration of *the* registered trade mark if an application had been made to register that mark. Hence, a defence of honest concurrent use arising under s 122(1)(f), read with s 44(3), would extend only to a use by the defendant of the same mark as the registered mark. Sub-section (1)(fa) of s 122 was introduced in 2001[27] in response to concerns with this literal interpretation, to "extend[] that defence to apply to a trade mark that is substantially identical with, or deceptively similar to, the registered trade mark".[28] Section 10 of the *Trade Marks Act* provides that a trade mark is taken to be "deceptively similar" to another trade mark "if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion". Since the concept of deceptive similarity will include marks that are identical, it is likely that s 122(1)(f) is now "entirely subsumed by s 122(1)(fa)".[29]

41 The requirement for the defences in ss 122(1)(f) and 122(1)(fa) that a person "would obtain registration" relevantly directs attention to s 44(3), which relevantly confers a discretion upon the Registrar to register a mark if the Registrar is satisfied that "there has been honest concurrent use of the 2 trade marks".[30] That operation of s 122(1)(f) or s 122(1)(fa) together with s 44(3) presents a number of legal issues that were not the subject of argument in this appeal.

42 First, one view of the history of the expression "honest concurrent use" is that the expression is used to exclude any blameworthy or disentitling conduct. No party to this appeal made such a submission. The argument proceeded on the basis

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25 Australia, Senate, *Parliamentary Debates* (Hansard), 30 March 1995 at 2589.

26 *Unilever Australia Ltd v PB Foods Ltd* (1999) 47 IPR 358 at 362 [8]. See McDonald, "Sweet (fa): does the time for assessing s 122(1)(fa) render it useless as an honest concurrent use defence?" (2021) 34 *Intellectual Property Law Bulletin* 148 at 148.

27 *Trade Marks and Other Legislation Amendment Act 2001* (Cth), Sch 1, item 27.

28 Australia, House of Representatives, *Trade Marks and Other Legislation Amendment Bill 2001*, Explanatory Memorandum at 9 [40].

29 Burrell and Handler, *Australian Trade Mark Law*, 3rd ed (2024) at 608 [12.13].

30 *Trade Marks Act*, s 44(3)(a).

that the expression simply requires both honesty and a concurrent use. On this approach, other matters such as the extent of use, degree of likely or actual confusion, and perhaps even general blameworthiness or disentitling conduct, are matters which feature only in the broad discretion of the Registrar as to whether the hypothetical registration would occur (subject to the circumstance in s 44(4) where the Registrar may not reject the application). It is unnecessary to consider whether the premise of the argument in this Court is correct because, on any view of s 44(3)(a), honesty is a threshold requirement for the defences.[31]

43 Secondly, the submissions on this appeal did not explore the wider relationship between s 44(3) and other provisions of the *Trade Marks Act*. For instance, no issue arose on this appeal concerning the role of any separate basis for opposing registration in a hypothetical application considered under s 44(3), whether as part of the exercise of the Registrar's discretion under s 44(3) or autonomously.[32] Further, although at points in the submissions of the parties the concept of honesty was equated with that of "good faith" (as contained in s 122(1)(a)), this doubtful assumption was not explored in detail.

44 Thirdly, a further issue which was not raised was whether there could be a "concurrent" use for the purposes of the defences if a registered mark is not being used. In particular, during the period between 2014 and 2018 when the Firstmac Mark was registered but not used as a trade mark by Firstmac, was there a "concurrent" use for the purposes of s 44(3)(a)? The common law origin of the defence concerned circumstances of concurrent actual use, as the doctrine was developed prior to the existence of any register of trade marks. And the Federal Court has assumed that concurrency of use requires some actual use not merely of the mark of the party seeking to rely on the defence but also of a registered mark or mark for which registration is being sought with an earlier priority date.[33] But the assumption upon which this litigation has proceeded is, as the Zip Companies submitted in this Court, that it is sufficient that there was a "notional use" simply by registration of the Firstmac Mark. In other words, a

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31 Burrell and Handler, *Australian Trade Mark Law*, 3rd ed (2024) at 404 [8.9]. See *PB Foods Ltd v Malanda Dairy Foods Ltd* (1999) 47 IPR 47 at 57 [58].

32 *McCormick & Co Inc v McCormick* (2000) 51 IPR 102 at 130-133 [90]-[96]. Compare *New South Wales Dairy Corporation v Murray Goulburn Co-operative Co Ltd* (1990) 171 CLR 363 at 383-384.

33 *Trident Seafoods Corporation v Trident Foods Pty Ltd* (2018) 137 IPR 65 at 100 [201]-[202]; *Trident Seafoods Corporation v Trident Foods Pty Ltd* (2019) 143 IPR 1 at 20 [74].

"concurrent" use in s 44(3)(a) refers to concurrency with a registered mark or with a mark for which an application for registration with an earlier priority date has been made.[34] It is appropriate to proceed on the basis of that assumption, particularly since it would be curious if, in circumstances of honest use of a potentially infringing mark, an infringement of a registered trade mark under s 120 would not occur if the registered trade mark were in use but *would* occur if the registered mark were not in use.

The date for assessing honest concurrent use

45 The Full Court found, and it is not in dispute in this Court, that "the undisputed time of first [potential] infringement is November 2013, being the date of first use [of ZIP as a trade mark] by the [Zip Companies]".[35] Although the Zip Companies faintly attempted to create a fresh dispute in this Court about the date of the first potential infringement, they had no ground of appeal that disputed this unchallenged finding of the Full Court. They did not seek to amend their notice of appeal, properly appreciating that it is too late now for the Zip Companies to challenge that finding.

46 The relevant ground of appeal relied upon by the Zip Companies was instead that the defences of honest concurrent use should not be assessed at the date of first potential infringement for which the defences arise but should instead be assessed at the date at which they filed their defence or, alternatively, the date of the hearing before the trial judge. In other words, although the facts of the first potential infringement occurred in November 2013, the defences of honest concurrent use would be assessed by reference to facts in August 2019 when the Zip Companies raised those defences or in March 2022 when the hearing before the trial judge was conducted.

47 The immediate problem with this submission is that it undermines the purpose of the defences in ss 122(1)(f) and 122(1)(fa). Those statutory defences did not introduce a radical break in the history of the doctrine of honest concurrent use, by transforming the doctrine from one which assessed honesty or blameworthiness at the time of the concurrent use to one which assessed honesty or blameworthiness at the time of filing a defence, or of a trial, and then applied that assessment retroactively. Rather, those paragraphs, together with s 44(3),

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34 See *Trade Marks Act*, ss 44(1)(a)(ii) and 44(1)(b) read with ss 6(1) (definition of "priority date") and 12.

35 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 480 [61].

introduced the doctrine as a defence to achieve coherence with a scheme that: (i) permits registration of marks that are the same, substantially identical, or deceptively similar to each other; and (ii) in that context, precludes action for infringement by one such registered owner against another.[36]

48 The defences in ss 122(1)(f) and 122(1)(fa) maintained coherence with the scheme concerning registration[37] by providing that if a potentially infringing mark *could* have been registered at the time of potential infringement, then no infringement will occur. Like the general approach in the scheme, that assessment necessarily depends upon the date of potential infringement. It would be incoherent for a defence to infringement to arise based upon the potentially infringing mark being capable of registration many years later when actual registration years later would not be sufficient.

49 The Zip Companies' submission that the allegations of facts amounting to a potential infringement could be defended by reference to facts that occurred even many years later was said to be supported by: (i) the text of ss 122(1)(f) and 122(1)(fa); (ii) authority; and (iii) the need to avoid rendering the defences inutile. None of these matters supports a delayed date for assessment of the defences of honest concurrent use. All point strongly against such an approach.

50 As to the text of ss 122(1)(f) and 122(1)(fa), the Zip Companies placed great weight on the use of the phrase "would obtain registration" as speaking to a date in the future following potential infringement, rather than the phrase "would have obtained registration" which would speak to a hypothetical inquiry at the time of potential infringement. A common critique of literal interpretation divorced from intention is that it seeks to make a "fortress out of the dictionary" in the meaning of words.[38] In any event, the use of the phrase "would obtain registration" is consistent with the 1992 report of the Working Party to Review the Trade Marks Legislation, which expressed the suggestion that led to the insertion of s 122(1)(fa), consistently with the other defences in s 122(1) to which it referred, in the present tense. The Working Party described the defence as one where "[a] registered trade

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36 *Trade Marks Act*, s 23.

37 *Smith & Nephew Plastics (Australia) Pty Ltd v Sweetheart Holding Corporation* (1987) 8 IPR 285 at 291.

38 *Cabell v Markham* (1945) 148 F 2d 737 at 739, quoted in *Residual Assco Group Ltd v Spalvins* (2000) 202 CLR 629 at 644 [27].

mark is not infringed by ... the use of a trade mark ... where the court is of the opinion that the mark is entitled to ... registration".[39]

51 By contrast with ss 122(1)(f) and 122(1)(fa), the opening words of s 122(1) ("[i]n spite of section 120, a person does not infringe a registered trade mark when") direct attention to the date of potential infringement, which is the date of the relevant use of the trade mark as a trade mark.[40] Hence, the "concurrent" use to which s 44(3)(a) refers must be concurrent use at the date of potential infringement. Moreover, as the Zip Companies properly accepted, every paragraph of s 122(1) that precedes ss 122(1)(f) and 122(1)(fa), as well as the paragraph which comes after ss 122(1)(f) and 122(1)(fa), is concerned with a defence that operates at the time of potential infringement.

52 There is also an obvious affinity between the defence in s 122(1)(e) where "the person exercises a right to use a trade mark given to the person under [the *Trade Marks Act*]" and the defences in ss 122(1)(f) and 122(1)(fa) where the person would have obtained such a right if an application for registration had been made. The defence in s 122(1)(e) asks whether, at the time of the potential infringement, the person had a right to use the trade mark in the way it was used. As has been observed, it would be an odd result for a person to have the benefit of defences under ss 122(1)(f) and 122(1)(fa) which are broader than that which the person would have had under s 122(1)(e) if the person were exercising an actual right to use that trade mark.[41]

53 A further textual problem with the submission of the Zip Companies is that ss 122(1)(f) and 122(1)(fa) operate to provide defences to a hypothetical registration that would have been achieved at the date of potential infringement in the same way that s 23 precludes one registered owner from preventing the use by another registered owner of a substantially identical or deceptively similar trade mark. If the Zip Companies were correct about the careful use of the phrase "would obtain registration" in ss 122(1)(f) and 122(1)(fa), then the same tense would have been used in s 23. But the text of s 23, which applies the common law principle to

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39 Working Party to Review the Trade Marks Legislation, *Recommended Changes to the Australian Trade Marks Legislation* (1992) at 77-78.

40 *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* (2023) 277 CLR 186 at 201 [7], 205-206 [22].

41 cf *Anchorage Capital Partners Pty Ltd v ACPA Pty Ltd* (2018) 259 FCR 514 at 562 [215].

a system of registration,[42] is concerned with two marks that "have been registered" and, subject to the terms of registration, denies that the owner of one of those marks "ha[s] the right" to prevent the other from using their mark. The Zip Companies' submission that s 23 itself has retrospective effect should be rejected. That construction is not open on the text of the provision.

54 As to the Zip Companies' reliance upon authority, although a decision as to the date for assessment of a defence under s 122(1)(fa) was left open in 2010 in *Optical 88 Ltd v Optical 88 Pty Ltd [No 2]*,[43] that issue was subsequently decided, and treated as settled,[44] after the Full Court of the Federal Court unanimously held in *Anchorage Capital Partners Pty Ltd v ACPA Pty Ltd*[45] that the time for assessment of the defences under ss 122(1)(f) and 122(1)(fa) is "the date of the alleged infringing conduct".

55 The only remaining argument of the Zip Companies is that an assessment of the defences of honest concurrent use at the date of potential infringement would eviscerate the defence, leaving it only with "inconsequential" operation. But the defences could still operate at least in the two typical circumstances in which the common law principle of honest concurrent user had operated.[46] And, as will be seen below, even in the circumstances of this case, the defences of honest concurrent use could have operated if the Zip Companies had been able positively to establish honesty at the date of first potential infringement in November 2013 or later for any subsequent potential infringements.

56 For these reasons, just as the time of the application for registration determines the time for the operation of s 44(3) for the purposes of the "application

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42 *New South Wales Dairy Corporation v Murray Goulburn Co-operative Co Ltd* (1990) 171 CLR 363 at 385-386.

43 (2010) 89 IPR 457 at 491 [175]-[176].

44 See especially *Sensis Pty Ltd v Senses Direct Mail and Fulfillment Pty Ltd* (2019) 141 IPR 463 at 478-480 [58]-[65], 506 [155]. See also *Swancom Pty Ltd v The Jazz Corner Hotel Pty Ltd [No 2]* (2021) 157 IPR 498 at 561 [267]; *Henley Arch Pty Ltd v Henley Constructions Pty Ltd* (2021) 163 IPR 1 at 157 [671]-[672]; *Cantarella Bros Pty Ltd v Lavazza Australia Pty Ltd [No 3]* (2023) 181 IPR 313 at 456 [631]; *The Practice Pty Ltd v The Practice Business Advisers & Tax Practitioners Pty Ltd* (2024) 185 IPR 348 at 365 [80].

45 (2018) 259 FCR 514 at 562-563 [217].

46 Above at [38].

for the registration" to which s 44(1) relates,[47] so too the time of infringement under s 120 determines the time for the operation of the defences of honest concurrent use under s 122(1)(f) or s 122(1)(fa) read with s 44(3). Contrary to some of the submissions of the parties, the defences do not operate once and for all potential infringements based on the first potential infringement. In other words, since every occasion of the use of a mark in trade in Australia within s 120 can be a separate potential infringement,[48] the defences apply separately to each such occasion. It may be likely that the same answer will be given to whether uses are honest concurrent uses if the uses are similar and closely related in time. But this will not always be the case.

The meaning of "honest" in s 44(3)(a)

57 "Honest" is an ordinary English word which will generally be taken in legislation to have its ordinary meaning.[49] In *Peters v The Queen*,[50] Toohey and Gaudron JJ held that in determining whether an act is dishonest in the ordinary sense of that word it is necessary to identify "the knowledge, belief or intent which is said to render that act dishonest" and to assess dishonesty by reference to that knowledge, belief, or intent. The standard of dishonesty is assessed by "the standards of ordinary, decent people"[51] and not, as a "Robin Hood test",[52] by reference to the subjective standard of honesty held by the person alleged to have been dishonest. Their Honours also rejected the approach taken by the Court of Appeal of England and Wales in *R v Ghosh*,[53] in which dishonesty was said also

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47 *McCormick & Co Inc v McCormick* (2000) 51 IPR 102 at 111 [31].

48 See *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144 at 165 [51].

49 See *Peters v The Queen* (1998) 192 CLR 493 at 531 [86].

50 (1998) 192 CLR 493 at 504 [18].

51 *Peters v The Queen* (1998) 192 CLR 493 at 504 [18].

52 *Twinsectra Ltd v Yardley* [2002] 2 AC 164 at 172 [27].

53 [1982] QB 1053 at 1064. But compare *Barlow Clowes International Ltd (in liq) v Eurotrust International Ltd* [2006] 1 WLR 1476 at 1479-1480 [10]; [2006] 1 All ER 333 at 336-337.

to require that a person realised that they were dishonest by the standards of ordinary, decent people.[54]

58 The ordinary meaning of dishonesty that is usually intended was unanimously endorsed by this Court in *Macleod v The Queen*.[55] As Callinan J explained in that case, that ordinary meaning requires focus upon the person's state of mind.[56] That state of mind might be the subject of direct evidence by the person. Or it might be inferred from other facts and circumstances. But the state of mind must be identified before it is assessed against the standards of ordinary, decent people to determine whether it involves dishonesty.

59 The history of precedent concerning s 44(3)(a) and its predecessor provisions in England and Australia reveals the same approach to honesty, with its usual meaning involving a state of mind assessed against the standards of ordinary, decent people. In *In the Matter of an Application by Alex Pirie and Sons Ltd to Register a Trade Mark*,[57] the House of Lords held that Alex Pirie and Sons Ltd had acted honestly in their use of the mark "Abermill Bond made in Great Britain" despite the existence of the registered mark "Hammermill" owned by Hammermill Paper Co.[58] Evidence was given by officers of Alex Pirie and Sons Ltd that the name "Hammermill Bond" was "in no way present to our minds" when the "Abermill Bond" mark was adopted.[59]

60 Hammermill Paper Co argued that it was not sufficient for honesty within the meaning of the *Trade Marks Act 1919*[60] that, in the circumstances of the case, Alex Pirie and Sons Ltd "were honest in their user in the sense that they never intended to cause confusion or to pass off their goods as the goods of [Hammermill

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54 *Peters v The Queen* (1998) 192 CLR 493 at 503-504 [15]-[17].

55 (2003) 214 CLR 230 at 242 [37]-[38], 256 [99], 264-265 [130].

56 *Macleod v The Queen* (2003) 214 CLR 230 at 267-268 [137]-[138].

57 (1933) 50 RPC 147.

58 *In the Matter of an Application by Alex Pirie and Sons Ltd to Register a Trade Mark* (1933) 50 RPC 147 at 158.

59 *In the Matter of an Application by Alex Pirie and Sons Ltd to Register a Trade Mark* (1933) 50 RPC 147 at 155.

60 9 & 10 Geo V c 79.

Paper Co]".[61] Hammermill Paper Co submitted that it was sufficient that Alex Pirie and Sons Ltd used their mark on the same goods with knowledge of the Hammermill mark. The House of Lords rejected this suggested specialised meaning of honesty, with Lord Tomlin (with whom Lord Russell of Killowen and Lord Wright agreed) saying:[62]

> "I should be sorry to place upon this Statute a construction which would brand as statutory dishonesty conduct justified in the eyes of honourable men. There is in fact no ground for doing so. 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 [the exercise of discretion by] balancing the considerations for and against registration."

61 It has been rightly said that Lord Tomlin's standard for an honest state of mind appears to require that a person seeking to establish honest concurrent use "had a genuine belief that use and adoption of its mark would not be likely to cause confusion, or in some way trade off the goodwill of the earlier registered trade mark".[63] But proof of such a belief will not always be sufficient to establish an honest state of mind. No fixed list can be prescribed of the circumstances that can give rise to doubts about whether a person's state of mind was honest. A different example is *In the Matter of an Application by J R Parkington and Coy Ltd*.[64] In that case, J R Parkington and Coy Ltd adopted the mark "Del Carmyn" without any purpose "of filching [Frederick Robinson Ltd's] trade" in Frederick Robinson Ltd's competitor product bearing the mark "Carmen". Nevertheless, the Del Carmyn mark was "secretly adopted ... and secretly put ... to commercial use".

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61 *In the Matter of an Application by Alex Pirie and Sons Ltd to Register a Trade Mark* (1933) 50 RPC 147 at 159.

62 *In the Matter of an Application by Alex Pirie and Sons Ltd to Register a Trade Mark* (1933) 50 RPC 147 at 159.

63 Batty, "Recalibrating Honest Concurrent Use under New Zealand's Trade Marks Act 2002" (2016) 27 *New Zealand Universities Law Review* 1 at 8-9.

64 (1946) 63 RPC 171 at 182-183.

Romer J held that J R Parkington and Coy Ltd had "signally failed" to discharge their onus of proving honesty.

62 In assessing whether a person has proved their honesty, an important factor will be whether they knew of the competing mark. But mere knowledge of the competing mark will not preclude a finding of honesty. For instance, in *McCormick & Co Inc v McCormick*,[65] a finding of honesty was made in circumstances in which, at the time of Mrs McCormick's application for registration, she had used her mark while aware of the competing mark but did not believe that any confusion would be caused.

63 A person may have an even stronger case to establish honesty if the person had no knowledge of another's mark at the date of the alleged infringing use of that other mark. The person seeking to prove honesty may have to convince a court that they did not deliberately abstain from searching the Register for fear of what it might reveal, since the use of the Register for inquiry before seeking registration of a mark is its obvious and intended function.[66] A careless failure to search the Register will not, by itself, establish a lack of honesty.[67] A person might therefore establish that they had honestly overlooked the importance of such an inquiry before using an adopted mark in an otherwise honest manner. Hence, in *Flexopack SA Plastics Industry v Flexopack Australia Pty Ltd*,[68] Beach J rightly said that a subjective lack of knowledge of another's mark "could lead to a situation where one could justify trade mark use with one's ignorance". As MacKinnon LJ once said in a different context, a person's honesty might be vindicated at the expense of their intelligence.[69]

The approach applied in this case

How the trial was run on the issue of date of potential infringements

64 Firstmac's submissions in this Court focused upon the circumstances in November 2013, the date of first potential infringement, as determining, once and

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65 (2000) 51 IPR 102 at 111-112 [32]-[33].

66 *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* (2023) 277 CLR 186 at 212 [39].

67 *Walton International Ltd v Verweij Fashion BV* [2018] RPC 19 at 754 [214].

68 (2016) 118 IPR 239 at 260 [118].

69 *British Industrial Plastics Ltd v Ferguson* [1938] 4 All ER 504 at 513.

for all potential infringements, whether the defences of honest concurrent use could apply. As explained above, that approach is incorrect. The defences of honest concurrent use, by s 122(1)(f) or s 122(1)(fa) read with s 44(3), are defences to each occasion of alleged potential infringement. They are not collective defences to be assessed once and for all.

65 The parties before this Court disputed whether the trial was run on the same, incorrect, all-or-nothing basis. It is not clear, in the absence of the full record of trial, including the pleadings, whether the trial was run on this all-or-nothing basis. Ultimately, however, it is not necessary to decide this issue. Although the trial judge plainly reached conclusions as to multiple different dates of potential infringement, there appears to have been no submission made by the Zip Companies that, if they had failed to prove honesty at the date of first potential infringement in November 2013, then some subsequent event could be sufficient to establish their honesty for the purpose of later potential infringements. As Katzmann and Bromwich JJ added in their joint reasons, "[i]f honest concurrent use cannot be established as at the time of first *use*, a ... subsequent state of affairs could not ordinarily assist, and did not do so in the present case".[70]

The error in the approach of the trial judge

66 In an otherwise meticulous judgment, the trial judge's assessment of honesty contained one significant error. The trial judge started the assessment at the wrong point in time. A central part of the trial judge's reasoning to the conclusion that the Zip Companies had acted honestly was that Messrs Diamond and Gray had acted honestly in the first half of 2013, when they were developing their plans for the Zip Companies' marks, unaware of the Firstmac Mark.[71] Other than in two limited respects, her Honour did not further consider the honesty of the Zip Companies at any time from the first use of the Zip Companies' marks as part of trading with customers in November 2013, that being after Messrs Diamond and Gray had received the initial adverse reports and knew of the Firstmac Mark. One respect was that her Honour accepted the submission of the Zip Companies that "it is artificial to suggest that, when Messrs Diamond and Gray became aware of the [Firstmac] Mark, their conduct which had been honest up to that point suddenly

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70 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 483 [75] (emphasis in original).

71 *Firstmac Ltd v Zip Co Ltd* [2023] FCA 540 at [72]-[76], [242], [255]. See also *Firstmac Ltd v Zip Co Ltd [No 2]* [2023] FCA 1074 at [30].

became dishonest".[72] The other respect was that her Honour held that merely applying, over the years, to register the trade mark ZIP did not make the Zip Companies dishonest.[73]

67 The error in her Honour's approach was to start the assessment of honesty at a time earlier than the date of first potential infringement and then to ask whether conduct that was proved to be honest at that earlier point had become dishonest at a later point. That approach distorted the onus of proof that the Zip Companies bore, which was to prove honesty at the time of potential infringements, beginning from the first potential infringement in November 2013. Although the honest adoption by Messrs Diamond and Gray in June 2013 of the Zip Companies' marks and the honest development of the Zip Companies' marks before that time were relevant matters to an assessment of honesty in November 2013, so too was the knowledge of Mr Diamond by that time of the adverse reports from IP Australia. All of the facts proved about the states of mind of Messrs Diamond and Gray needed to be assessed from the time of first potential infringement in November 2013 to determine whether the Zip Companies had established that, at that time (and subsequently for each further potential infringement), their states of mind (to be attributed to the Zip Companies) were honest by the standards of ordinary, decent people.

The approach of Katzmann and Bromwich JJ

68 The joint judgment of Katzmann and Bromwich JJ correctly identified that honesty fell to be assessed at the date of potential infringement and that, in this case, the failure to establish honesty at the date of first potential infringement in November 2013 was fatal to the application of the defences to later potential infringements because no subsequent event could otherwise establish honesty.[74] Their Honours also correctly identified the "cornerstone" of, and error in, the trial judge's reasoning, being that the Zip Companies had used the Zip Companies' marks honestly and concurrently with the Firstmac Mark at the time of adoption of their marks and before they knew of the adverse reports received in

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72 *Firstmac Ltd v Zip Co Ltd* [2023] FCA 540 at [259].

73 *Firstmac Ltd v Zip Co Ltd* [2023] FCA 540 at [260].

74 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 483 [75].

October 2013.[75] Their Honours thus concluded that "[t]he failure to prove honesty at first use infects the findings in relation to subsequent uses as well".[76]

69 In assessing honesty for themselves, the joint judgment rightly noted that the issue, and Firstmac's case, was not whether the Zip Companies were dishonest but was instead whether the Zip Companies had discharged their onus of positively proving their honesty.[77] In this respect, the joint judgment correctly focused upon the findings of the trial judge about what had been proved about Messrs Diamond's and Gray's states of mind, including Mr Diamond's knowledge that the Zip Companies had been refused registration of the Zip Companies' marks.[78] The joint judgment correctly referred, by analogy, to passages in reasons of this Court supporting an approach which permitted an inference to be drawn that the Zip Companies were aware of "a material impediment to the legitimate use of [their] marks".[79] The passages to which they referred included statements that "actual knowledge ... may be established as a matter of inference from the circumstances"[80] and "the existence of the requisite intention is a question of fact and ... in most cases the outcome will depend on an inference to be drawn from primary facts".[81]

70 The joint judgment reasoned that although knowledge of an earlier registered trade mark is not necessarily fatal to a finding of honesty, a finding of knowledge will ordinarily weigh strongly against a finding of honesty.[82] The Zip Companies had not proved their honesty in circumstances in which they were aware of the likelihood of a material impediment to the legitimate use of the Zip

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75 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 480 [62].

76 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 483 [76].

77 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 485 [83].

78 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 481-482 [68]-[69], [71].

79 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 482 [70].

80 *Pereira v Director of Public Prosecutions* (1988) 63 ALJR 1 at 3; 82 ALR 217 at 219.

81 *Kural v The Queen* (1987) 162 CLR 502 at 505.

82 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 481 [67], citing Burrell and Handler, *Australian Trade Mark Law*, 3rd ed (2024) at 404 [8.9].

Companies' marks and they had chosen not to engage with the adverse reports.[83] That reasoning was correct. Unlike the finding in *McCormick & Co Inc v McCormick*,[84] the Zip Companies did not lead evidence sufficient for a finding that, despite knowing of a material impediment to the legitimate use of the Zip Companies' marks, in November 2013 (or subsequently for later potential infringements) Mr Diamond nevertheless considered that consumers would experience no confusion between the Zip Companies' marks and the Firstmac Mark which might enure to the benefit of the Zip Companies. Nor did the Zip Companies lead evidence sufficient for a finding that although Mr Diamond had not turned his mind to these matters, he had not been reckless in his failure to do so. These gaps in the evidentiary record and findings precluded a conclusion that the Zip Companies had proved their honesty.

Some matters of caution

71 There are, however, some passages in the reasons of Katzmann and Bromwich JJ that should be approached with caution. For instance, their Honours said that "[t]he necessary evaluative inquiry is objective, but may be informed by subjective considerations".[85] An objective approach to matters involving intention or purpose generally describes one that is abstracted from a particular person, such as by reference to the intention or purpose of a reasonable person in the position of the relevant party.[86] That would be an erroneous approach to honesty in s 44(3)(a), which is concerned with the state of mind of the relevant party. But, read as a whole and in light of the focus by Katzmann and Bromwich JJ upon the views of Messrs Diamond and Gray themselves, this does not seem to be what was meant by the joint judgment.

72 One possible, and correct, understanding of what they meant by the inquiry being "objective" is that honesty is assessed from the subjective state of mind of a person by reference to the objective standard of ordinary, decent people. Another possibility is that what their Honours meant was to describe the attribution of the state of mind of Mr Diamond to the Zip Companies. Thus, their Honours elsewhere referred to the Zip Companies, through Mr Diamond, being "fixed with"

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83 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 481-482 [67]-[71], 485 [83].

84 (2000) 51 IPR 102 at 111-112 [32]-[33].

85 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 485 [84].

86 *Automotive Invest Pty Ltd v Federal Commissioner of Taxation* (2024) 98 ALJR 1245 at 1266 [115]; 419 ALR 324 at 352.

knowledge of the refusal of registration of the Zip Companies' marks by IP Australia because the marks were considered to closely resemble the Firstmac Mark.[87]

73 The approach of Perram J should also be approached with caution in one respect. His Honour correctly said, when describing the issue of a person's state of mind, that "the concept of honest use is in terms of a subjective inquiry". But his Honour also added that the inquiry into honesty "has an objective element" such that conduct will not be honest if "the allegedly infringing party does not take steps that an honest and reasonable person would take to ascertain its ability to use the trade mark and has in effect taken a risk".[88] That addition, if read literally and by itself, would incorrectly substitute carelessness for dishonesty.

Conclusion

74 The appeal must be dismissed with costs.

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87 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 482 [72].

88 *Firstmac Ltd v Zip Co Ltd* (2025) 184 IPR 458 at 464 [12].