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Practice Group:
Intellectual Property

High Court of Australia Determines Landmark Trade Mark Case in *Cantarella Bros Pty Ltd v Modena Trading Pty Ltd*

Australia Intellectual Property Alert

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Decision in *Cantarella Bros* Clarifies Test for Distinctiveness of Trade Marks in Australia and Treatment of Foreign Word Marks

The High Court of Australia (High Court) this week handed down only its third decision considering trade mark law since the enactment of the *Trade Marks Act 1995 (Cth)*. This decision could reduce barriers to registration for foreign language words as trade marks.

In *Cantarella Bros Pty Ltd v Modena Trading Pty Ltd* [2014] HCA 48, the High Court was called upon to determine the correct test for assessing whether a particular trade mark, filed in Australia, is sufficiently distinctive to warrant registration. Under the *Trade Marks Act 1995*, trade marks that are not "inherently adapted to distinguish" the claimed goods and/or services of the applicant from those of other traders face additional barriers to registration.

Coffee Wars: Litigation History

Cantarella Bros and Modena Trading are competing suppliers of coffee products in Australia. Cantarella Bros was the registered owner of trade marks for the words 'ORO' and 'CINQUE STELLE' in respect of coffee and coffee related products. Both 'ORO' and 'CINQUE STELLE' are Italian words, meaning 'gold' and 'five stars', respectively.

Modena Trading was successful in the Full Court of the Federal Court of Australia in its attempt to have the trade marks cancelled on the basis that they were merely descriptive, and did not distinguish Cantarella Bros' coffee products from those of other traders.

In the High Court decision, the majority of the High Court held that the trade marks 'ORO' and 'CINQUE STELLE' were distinctive, and should be reinstated on the Register of Trade Marks.

The High Court's Interpretation of the Test for Distinctiveness

The majority of the High Court found that the test applied by the Full Court, which asked whether other traders would be at least likely, in the ordinary course of business and without improper motive, to want to use the words in connection with the same goods, was incorrect.

Instead, the High Court proposed a two-stage test for determining whether a trade mark is inherently adapted to distinguish the claimed goods or services, under which decision makers must determine:

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1. What is the 'ordinary signification' of the words proposed as trade marks, to any person in Australia concerned with the relevant goods claimed by the trade mark?
2. Will other traders legitimately need to use the word in respect of their own goods?

To answer the first question, the High Court found that a decision maker must consider whether the ordinary meaning of the word is *prima facie* (at first appearance) unregistrable on the basis that it is:

"not an invented word and it has 'direct' reference to the character and quality of goods, or because it is a laudatory epithet or a geographical name, or because it is a surname, or because it has lost its distinctiveness, or because it never had the requisite distinctiveness to start with."

Each of these categories of words is likely to be considered to lack the ability to distinguish the relevant goods or services. Examples of marks that would fall foul of this requirement include applications for trade marks for words such as 'SOAP', 'BEAUTIFUL', 'SMITH' or 'MELBOURNE' for a brand of soap.

Crucially, foreign words which by their 'ordinary signification' have only a metaphorical or allusive reference to the goods or services claimed, were considered likely by the High Court to be capable of distinguishing those goods, and therefore, registrable.

The High Court's Decision: ORO and CINQUE STELLE are Distinctive

In the High Court's view, the words 'ORO' and 'CINQUE STELLE' would not be understood by ordinary Australians as having a direct or tangible reference to the quality of the relevant goods sold by Cantarella Bros, being coffee products. The Court also found that there was not sufficient evidence that honest rival traders needed to use the marks to describe the quality of their products. For those reasons, it appears that the trade marks were considered to have the quality of distinctiveness required to establish that they were *prima facie* registrable.

Effects of the Decision for Trade Mark Applicants

The effects of this decision could be wide reaching. While in our experience, applicants have faced significant challenges when attempting to register many foreign language trade marks, it seems likely that words not commonly used in Australia will now generally be considered registrable for a wide range of goods and services. Similarly, words that are only tangentially connected to the goods and services claimed may be more likely to pass examination than previously.

Watch this space!

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