FEDERAL COURT OF AUSTRALIA

Moroccanoil Israel Ltd v Aldi Foods Pty Ltd [2017] FCA 823

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| File number: | NSD 1297 of 2015 |
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| Judge: | **KATZMANN J** |
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| Date of judgment: | 31 August 2017 |
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| Catchwords: | **TRADE MARKS** — trade mark infringement — whether respondents’ use of *Moroccan Argan Oil* in relation to hair care products and tools is use as a trade mark — whether *Moroccan Argan Oil* deceptively similar to either or both of applicant’s registered marks — whether hair brushes and hair tools are goods of the same description as the goods in respect of which applicant’s trade marks are registered — whether use of *Moroccan Argan Oil* not likely to deceive or cause confusion  **TRADE MARKS** — cross-claim for rectification of Register — whether either or both of applicant’s registered trade marks inherently adapted to distinguish its goods from the goods or services of other persons — whether either or both of applicant’s registered trade marks to some extent inherently adapted to distinguish its goods — whether, because of extent to which the registered trade marks are inherently adapted to distinguish designated goods, their use or intended use and any other circumstances, they do or will distinguish designated goods as applicant’s goods  **TRADE MARKS** — appeal from decision of delegate of Registrar of Trade Marks — opposition to registration of word mark moroccanoil — whether mark inherently adapted to distinguish applicant’s goods at time of application — ordinary signification of mark — whether mark merely descriptive — whether mark to some extent inherently adapted to distinguish goods — whether, because of extent to which mark inherently adapted to distinguish designated goods, their use or intended use and any other circumstances, it does or will distinguish designated goods as applicant’s goods  **CONSUMER LAW** — misleading or deceptive conduct — get-up and packaging of hair care products and tools — extent of applicant’s reputation — whether name and get-up of respondents’ goods misleading or deceptive or likely to mislead or deceive consumers — significance of evidence of confusion or deception  **CONSUMER LAW** — misleading or deceptive conduct — false or misleading representations —  *naturals* — whether use of *naturals* in branding of hair care products amounts to a representation that products contain substantially natural ingredients — whether representation false, or misleading or deceptive or likely to mislead or deceive  **CONSUMER LAW** — misleading or deceptive conduct — false or misleading representations — *argan oil* — whether references to argan oilon product packaging amount to representation that argan oil makes a material contribution to alleged product benefits — whether representation made that argan oil infused in hair brushes and hair tools makes a material contribution to alleged product benefits — if so, whether representation false, or misleading or deceptive or likely to mislead or deceive  **EVIDENCE** — tendency evidence — whether reasonable notice given of intention to rely on tendency evidence — whether evidence of significant probative value |
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| Legislation: | *Competition and Consumer Act 2010* (Cth), Sch 2 (Australian Consumer Law), ss 18, 29(1)(a), 29(1)(g), 29(1)(h), 33, 232  *Evidence Act 1995* (Cth), ss 55, 56, 94, 95, 97(1), 135, 144  *Industrial Chemicals (Notification and Assessment) Act 1989* (Cth), s 5  *Trade Marks Act 1995* (Cth), ss 6, 7, 10, 14, 17, 31, 33(3), 41, 55, 56, 57, 70, 88, 92, 101, 120, 126(2), 151, 219  *Trade Practices (Consumer Product Information Standards) (Cosmetics) Regulations 1991* (Cth), r 5  *Uniform Civil Procedure Rules 2005* (NSW), r 31.5 |
|  |  |
| Cases cited: | *Aldi Stores Ltd Partnership v Frito-Lay Trading Company GmbH* [2001] FCA 1874; 190 ALR 185  *Angelides v James Stedman Hendersons Sweets Ltd* (1927) 40 CLR 43  *Apple Inc v Registrar of Trade Marks* (2014) 227 FCR 511  *Aristoc Ltd v Rysta Ltd* [1945] AC 68  *Austereo Pty Ltd v DMG Radio (Australia) Pty Ltd* [2004] FCA 968; (2004) 61 IPR 257  *Austin Nichols & Company Inc v Lodestar Anstalt (No 2)* (2012) 202 FCR 490  *Australian Competition and Consumer Commission v 4WD Systems Pty Ltd* (2003) 200 ALR 491; [2003] FCA 850  *Australian Woollen Mills Limited v FS Walton and Company Limited* (1937) 58 CLR 641  *Blatch v Archer* (1774) 1 Cowp 63; 98 ER 969  *Blount Inc v Registrar of Trade Marks* (1998) 83 FCR 50  *Burger King Corp v Registrar of Trade Marks* (1973) 128 CLR 417  *CA Henschke & Co v Rosemount Estates Pty Ltd* [1999] FCA 1561; (1999) 47 IPR 63  *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (2007) 159 FCR 397  *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd (No 8)* [2008] FCA 470; (2008) 75 IPR 557  *Campomar Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45  *Cantarella Bros Pty Ltd v Modena Trading Pty Ltd* (2014) 254 CLR 337  *Cat Media Pty Ltd v Opti-Healthcare Pty Ltd* [2003] FCA 133  *Clark Equipment Company v Registrar of Trade Marks* (1964) 111 CLR 511  *Coca-Cola Company v All‑Fect Distributors Ltd* (1999) 96 FCR 107  *Collins Debden Pty Ltd v Cumberland Stationery Co Pty Limited (No 2)* [2005] FCA 1398  *Commodore Business Machines Pty Ltd v Trade Practices Commission* (1990) 92 ALR 563  *Conagra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302  *Crazy Ron’s Communications Pty Ltd v Mobileworld Communications Pty Ltd* [2004] FCAFC 196; (2004) 209 ALR 1; 61 IPR 212  *Dairy Vale Metro Co-operative Ltd v Brownes Dairy Ltd* (1981) 35 ALR 484  *Davie v The Lord Provost, Magistrates and Councillors of the City of Edinburgh* 1953 SC 34  *de Cordova v Vick Chemical Company* (1951) 68 RPC 103  *Dodds Family Investments Pty Ltd v Lane Industries Pty Ltd* (1993) 26 IPR 261  *Domain Names Australia Pty Ltd v .au Domain Administration Ltd* (2004) 139 FCR 215  *Dr* *Martens Australia Pty Ltd v Figgins Holdings Pty Ltd* [1999] FCA 461; (1999) 44 IPR 281  *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144  *Elomar v R* [2014] NSWCCA 303; (2014) 300 FLR 323  *Flexopack SA Plastics Industry v Flexopack Australia Pty Ltd* [2016] FCA 235; (2016) 118 IPR 239  *Food Channel Network Pty Ltd v Television Food Network GP* (2010) 185 FCR 9  *Fry Consulting Pty Ltd v Sports Warehouse Inc (No 2)* (2012) 201 FCR 565  *Gardiner v R* (2006) 162 A Crim R 233  *General Electric Co (of USA) v General Electric Co Ltd* [1972] 1 WLR 729 at 738; [1972] 2 All ER 507  *Global Sportsman Pty Ltd v Mirror Newspapers Ltd* (1984) 2 FCR 82  *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* (1978) 140 CLR 216  *Humane Society International Inc v Kyodo Senpaku Kaisha Ltd* (2006) 154 FCR 425  *ICI Australia Operations Pty Ltd v Trade Practices Commission* (1992) 38 FCR 248  *IMM v The Queen* (2016) 257 CLR 300  *In Re Diamond T Motor Car Company* [1921] 2 Ch 583  *In the Matter of an Application by Ladislas Jellinek for the Registration of a Trade Mark* (1946) 63 RPC 59  *Interlego AG v Croner Trading Pty Ltd* (1992) 39 FCR 348  *Jaferjee v Scarlett* (1937) 57 CLR 115  *JB Williams Co v H Bronnley & Co Ltd* (1909) 26 RPC 765  *Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326  *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks* (2002) 122 FCR 494  *Kowa Co Ltd v NV Organon* [2005] FCA 1282; (2005) 223 ALR 27; 66 IPR 131  *Lift Shop Pty Ltd v Easy Living Home Elevators Pty Ltd* [2014] FCAFC 75; (2014) 311 ALR 207; 106 IPR 419  *Makita (Australia) Pty Ltd v Sprowles* (2001) 52 NSWLR 705  *Mark Foys Ltd v Davies Coop and Co Ltd* (1956) 95 CLR 190  *Martin v New South Wales* [2002] NSWCA 337  *Moroccanoil Israel Limited v Aldi Stores Limited* [2014] EWHC 1686 (IPEC)  *Nature’s Blend Pty Ltd v Nestlé Australia Ltd* [2010] FCAFC 117; (2010) 272 ALR 487  *New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company* (1989) 14 IPR 75  *NV Sumatra Tobacco Trading Company v British American Tobacco (Brands) Incorporated* (2010) 86 IPR 206  *Optical 88* *Ltd v Optical 88 (No 2) Pty Ltd* [2010] FCA 1380; (2010) 275 ALR 526; 89 IPR 457  *Paragon Shoes* *Pty Ltd v Paragini Distributors (NSW) Pty Ltd* (1988) 13 IPR 323  *Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191  *Philips Electronics NV v Remington Consumer Products* (1997) 40 IPR 279  *Phone Directories Co Australia Pty Ltd v Telstra Corp Ltd* [2014] FCA 373; (2014) 106 IPR 281  *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1979] RPC 410  *Primary Health Care Limited v Commonwealth of Australia* [2016] FCA 313; (2016) 117 IPR 73  *R* *v Lockyer* (1996) 89 A Crim R 457  *Re J Lyons & Co Ltd’s Application* [1959] RPC 120  *Re London Lubricants (1920) Ltd’s Application* (1925) 42 RPC 264  *Re Pound Puppies Trade Mark* [1988] RPC 530  *Reckitt & Colman Ltd v Boden* (1945) 70 CLR 84  *Registrar of Trade Marks v Woolworths Ltd* (1999) 93 FCR 365  *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 RPC 147  *Schweppes Ltd v Gibbens* (1905) 22 RPC 601  *Shell Company of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407  *Southern Cross Refrigeration Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592  *Sports Warehouse Inc v Fry Consulting Pty Ltd* (2010) 186 FCR 519  *State Government Insurance Corporation v Government Insurance Office of New South Wales* (1991) 28 FCR 511  *T Oertli AG v E J Bowman (London) Ltd* [1957] RPC 388  *Taco Co of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177  *Veda Advantage Ltd v Malouf Group Enterprises* (2016) 241 FCR 161  *Verrocchi v Direct Chemist Outlet Pty Ltd* [2016] FCAFC 104; [2016] AIPC ¶92–512, [2016] ATPR ¶42–526  *William Charlick Ltd v Wilkinson & Co Pty Ltd* (1913) 16 CLR 370  *Wingate Marketing Pty Ltd v Levi Strauss & Co* (1994) 49 FCR 89  *Yarra Valley Dairy Pty Ltd v Lemnos Foods Pty Ltd* (2010) 191 FCR 297  *Macquarie Dictionary* (5th ed, Macquarie Library, 2009)  *Macquarie Dictionary* (6th ed, Macquarie Library, 2013)  *Macquarie Dictionary* (7th ed, Macquarie Library, 2017)  *Shorter Oxford English Dictionary* (6th ed, Oxford University Press, 2007)  Davison MJ (ed.), *Shanahan’s Australian Law of Trade Marks and Passing Off* (5th ed, Thomson Reuters, 2012)  *Trade Marks Office Manual of Practice and Procedure* (IP Australia) |
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| Date of hearing: | 3, 6–10, 14–17 and 20–22 June 2016 |
|  |  |
| Date of last submissions: | 25 August 2017 |
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| Registry: |  |
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| Division: |  |
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| Sub-area: |  |
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| Category: | Catchwords |
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| Solicitor for the Applicant: | Ashurst |
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| Counsel for the Respondents: | Mr C Dimitriadis SC with Mr A Fox |
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| Solicitor for the Respondents: | Norton Rose Fulbright |

ORDERS

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|  | | NSD 613 of 2015 |
|  | | |
| BETWEEN: | MOROCCANOIL ISRAEL LTD  Applicant/Cross-Respondent | |
| AND: | ALDI FOODS PTY LTD (ACN 086 210 139) (IN ITS CAPACITY AS GENERAL PARTNER OF ALDI STORES (A LIMITED PARTNERSHIP))  First Respondent/First Cross-Claimant  ALDI PTY LIMITED (ACN 086 493 950) (IN ITS CAPACITY AS LIMITED PARTNER OF ALDI STORES (A LIMITED PARTNERSHIP))  Second Respondent/Second Cross-Claimant | |
|  | | |
| JUDGE: | KATZMANN J | |
| DATE OF ORDER: | 31 AUGUST 2017 | |

**PENAL NOTICE**

**TO:** **THE PROPER OFFICER,** **ALDI FOODS PTY LTD (ACN 086 210 139)**

**THE PROPER OFFICER, ALDI PTY LTD (ACN 086 493 950)**

You will be liable to imprisonment, sequestration of property or other punishment if you:

(a) refuse or neglect to do any act within the time specified in this Order for the doing of the act; or

(b) disobey the order by doing an act which this Order requires you to abstain from doing.

Any other person who knows of this order and does anything which helps or permits you to breach the terms of this order may be similarly punished.

THE COURT DECLARES THAT:

1. By exhibiting, offering for sale, selling, supplying, advertising, and/or promoting each of the:

(a) Moroccan Argan Oil Treatment (Version 1);

(b) Moroccan Argan Oil Treatment (Version 2);

(c) Moroccan Argan Oil Shampoo; and

(d) Moroccan Argan Oil Dry Shampoo

products, in conjunction with the word “Naturals” (including on the packaging and labelling of the products depicted in cells 1–7 and 11 of the **Schedule** to these orders), the First and Second Respondents (together, the **Aldi Partnership**) have represented to the Australian public that each of the products referred to in 1(a) to (d) above contains only or substantially natural ingredients (individually and collectively, the **Natural Representations**).

1. The Natural Representations are misleading.
2. By making the Natural Representations the Aldi Partnership has:

(a) engaged in conduct that is misleading or deceptive or likely to mislead or deceive, in contravention of s 18 of the Australian Consumer Law in Schedule 2 of the *Competition and Consumer Act 2010* (Cth) (**ACL**); and

(b) made misleading representations as to the composition of the products referred to in 1(a) to (d) above, in contravention of s 29(1)(a) of the ACL.

1. By exhibiting, offering for sale, selling, supplying, advertising, and/or promoting each of the products referred to in 4(a) to (g) below, including by use of the packaging and labelling depicted in cells 1–10 and 12–15 of the Schedule, the Aldi Partnership has represented to the Australian public that:
   1. the argan oil in the formulation of the Moroccan Argan Oil Treatment (Version 1):
      1. makes a material contribution to the performance of the product;
      2. helps strengthen hair;
      3. restores shine and provides long term conditioning; and
      4. used regularly leaves hair shiny and healthy;
   2. the argan oil in the formulation of the Moroccan Argan Oil Shampoo:

(i) makes a material contribution to the performance of the product;

(ii) helps strengthen hair and restore shine;

(iii) helps protect hair from styling, heat and UV damage;

(iv) leaves hair soft and silky; and

(v) makes hair feel healthier, soft and silky making it easier to style;

* 1. the argan oil in the formulation of the Moroccan Argan Oil Conditioner:

(i) makes a material contribution to the performance of the product;

(ii) helps strengthen hair and restore shine;

(iii) helps protect hair from styling, heat and UV damage;

(iv) leaves hair soft and silky; and

(v) makes hair feel healthier, soft and silky making it easier to style;

* 1. the argan oil infused in the bristles of the Moroccan Argan Oil Hair Brushes:

(i) makes a material contribution to the performance of the product; and

(ii) aids in delivering shine and hydration;

* 1. the argan oil infused in the heating element of the Moroccan Argan Oil Hair Dryer:

(i) makes a material contribution to the performance of the product;

(ii) delivers high shine and protection;

(iii) provides heat protection against breakages and split ends caused by using heated styling tools; and

(iv) provides conditioning for a smooth and silky styling finish;

* 1. the argan oil infused in the ceramic heating plates of the Moroccan Argan Oil Hair Straightener:

(i) makes a material contribution to the performance of the product;

(ii) protects and nourishes dry or damaged hair;

(iii) provides heat protection against breakages and split ends caused by using heated styling tools; and

(iv) provides conditioning for a smooth and silky styling finish; and

* 1. the argan oil infused in the barrel of the Moroccan Argan Oil Hair Curler:

(i) makes a material contribution to the performance of the product;

(ii) protects and nourishes dry or damaged hair;

(iii) provides heat protection against breakages and split ends caused by using heated styling tools; and

(iv) provides conditioning for a smooth and silky styling finish

(individually and collectively, the **Argan Oil Representations**).

1. The Argan Oil Representations are false.
2. By making the Argan Oil Representations, the Aldi Partnership has engaged in conduct that is misleading or deceptive or likely to mislead or deceive, in contravention of s 18 of the ACL.

THE COURT ORDERS THAT:

1. The reasons distributed confidentially to the parties on 24 July 2017 be withdrawn.

2. As and from four (4) weeks from the date of these orders, the Aldi Partnership, whether by itself, its partners, employees, servants, agents, or otherwise, be permanently restrained from exhibiting, offering for sale, selling, supplying, advertising, and/or promoting in Australia:

(a) the following products depicted in cells 1–7 and 11 of the Schedule:

(i) Moroccan Argan Oil Treatment (Version 1);

(ii) Moroccan Argan Oil Treatment (Version 2);

(iii) Moroccan Argan Oil Shampoo; and

(iv) Moroccan Argan Oil Dry Shampoo

(or the same products by another name) in conjunction with the word “Naturals” or as natural or substantially natural, whether in packaging, on labelling, or otherwise; and

(b) the following products depicted in cells 1–10 and 12–15 of the Schedule:

(i) Moroccan Argan Oil Treatment (Version 1);

(ii) Moroccan Argan Oil Shampoo;

(iii) Moroccan Argan Oil Conditioner;

(iv) the Moroccan Argan Oil Hair Brushes;

(v) the Moroccan Argan Oil Hair Dryer;

(vi) the Moroccan Argan Oil Hair Straightener; and

(vii) the Moroccan Argan Oil Hair Curler

(or the same products by another name) in conjunction with the Argan Oil Representations, whether in packaging, on labelling, or otherwise.

In this order, “the same products” means products containing the same ingredients in the same percentages as the products depicted in the Schedule.

3. The application otherwise be dismissed, save for:

(a) the question of damages and compensation in respect of the contraventions of the ACL by the Aldi Partnership; and

(b) the question of costs.

4. Pursuant to s 92(3) of the *Trade Marks Act 1995* (Cth), the Registrar of Trade Marks be directed to remove the following goods in class 3 from the registration of Trade Mark Registration No 1221017 (the **First Trade Mark**):

skin care products in this class; skin cleansers; skin toners; skin moisturizers; anti-aging cream; eye cream; beauty masks; body creams; hand creams; non-medicated foot cream; eye makeup; foundation makeup; lip liner, lipsticks and lip balms; eyeliners; blushes; eye shadow; nail enamels; toiletries and cosmetics including shaving preparations, shaving creams and soaps, after shave creams and lotions, body massage creams and oils, soaps, bath oils and shower gels, talcum powders; antiperspirants; dentifrices; sunscreen and suntan oils and creams; fragrances in this class, including perfumes, colognes, essences and essential oils.

5. Pursuant to s 92(3) of the *Trade Marks Act 1995* (Cth), the Registrar of Trade Marks be directed to remove the following goods in class 3 from the registration of Trade Mark Registration No 1375954 (the **Second Trade Mark**):

shaving preparations, shaving creams and soaps, after shave creams and lotions.

6. The cross-claimants’ Notice of Cross-Claim filed 15 September 2015 be otherwise dismissed, save for the question of costs.

7. Within five (5) business days, the applicant serve a copy of these orders on the Registrar of Trade Marks.

8. The time for any application for leave to appeal from any of these orders be extended pursuant to r 35.13(b) of the *Federal Court Rules 2011* (Cth) to 4.00 pm on **21 September 2017**.

9. The exhibits be returned to the parties 28 days after the final disposition of the proceedings, including applications for leave or special leave to appeal and any appeals.

10. Within 28 days the applicant file and serve submissions in relation to costs.

11. Within 14 days thereafter the respondents file and serve their submissions in response.

12. Any submissions in reply be filed and served 7 days later.

13. Pursuant to s 37AF(1) of the *Federal Court of Australia Act* *1976* (Cth), in order to prevent prejudice to the proper administration of justice, until further order the following information not be published or disclosed to any person apart from the parties and their lawyers:

(a) The numbers and amount referred to in [363];

(b) The amount referred to in [364];

(c) The percentages referred to in [472] and [473];

(d) All words after “Oval Cushion Brush” in the second sentence, and all words after “Radial Brushes” in the third sentence of [569];

(e) The amounts mentioned in the first sentence and the percentage referred to in the second sentence of [570]; and

(f) The amounts referred to in the second sentence of [571].

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.

Schedule

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| 3. Moroccan Argan Oil Treatment (Version 1/Version 2) | 4. Moroccan Argan Oil Treatment (Version 1) |
| 5. Moroccan Argan Oil Shampoo | 6. Moroccan Argan Oil Shampoo |
| 7. Moroccan Argan Oil Shampoo | 8. Moroccan Argan Oil Conditioner |
| 9. Moroccan Argan Oil Conditioner | 10. Moroccan Argan Oil Conditioner |
| 11. Moroccan Argan Oil Dry Shampoo  **C:\Users\lailynn.choong\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\DSB3BDCJ\IMG_2653.JPG** | |
| 12. Moroccan Argan Oil Brushes | |
| 13. Moroccan Argan Oil Hair Dryer | |
| 14. Moroccan Argan Oil Hair Straightener | |
| 15. Moroccan Argan Oil Hair Curler | |

ORDERS

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|  | | NSD 1297 of 2015 |
|  |  | |
| BETWEEN: | MOROCCANOIL ISRAEL LTD  Applicant | |
| AND: | ALDI FOODS PTY LIMITED (ACN 086 210 139)  Respondent | |
|  | | |
| JUDGE: | KATZMANN J | |
| DATE OF ORDER: | 24 JULY 2017 | |

THE COURT ORDERS THAT:

1. The appeal be allowed.
2. The decision of the Registrar given by her delegate on 9 October 2015 be set aside.
3. The respondent’s notice of opposition to the applicant’s Australian trade mark application no. 1463962 be dismissed.
4. The applicant’s trade mark, moroccanoil, proceed to registration.
5. The respondent pay the applicant’s costs of the appeal and of the opposition proceeding below.

Note: Entry of orders is dealt with in Rule 39.32 of the *Federal Court Rules 2011*.

REASONS FOR JUDGMENT

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1. “Like brands, only cheaper” is both an advertising slogan used by the German supermarket giant, Aldi, and its business model. This proceeding brings these business practices into sharp focus, as its genesis lies in concerns that some of Aldi’s products are not just “like brands” but deceptively like a particular brand and so contravene Australian trade mark and consumer protection laws. That brand is Moroccanoil.
2. The focus of the case is on both the labelling and get-up of Aldi’s “Moroccan Argan Oil” hair care products, brushes and tools, each of which contains some amount of argan oil. Argan oil is the oil extracted from the nut of the argan tree, a tree native to Morocco, which has apparently been used for centuries by Moroccan women as a hair and beauty product. It is reputedly rich in antioxidants, essential fatty acids, and vitamin E.

# BACKGROUND

1. Some years ago two enterprising Israelis established a business selling a product containing argan oil under the sign “Moroccan Oil”.
2. In 2006, on a visit to a hairdressing salon in Israel, a Canadian tourist, Carmen Tal, received a hair treatment with a product called “Moroccan Oil”. Ms Tal was so taken with the product that she purchased all the bottles in the salon and began to distribute it in North America. She later acquired the worldwide rights to the product, including exclusive distribution, manufacturing, customer information, goodwill, and intellectual property. “Moroccan Oil” became “Moroccanoil”, the trade dress was redesigned, and the product took off like wildfire. In October 2007 a new company — Moroccanoil Israel Ltd (**MIL**) — was incorporated, and a range of hair care and beauty products became available for sale in a number of countries under the brand name moroccanoil. MIL’s hair care products, including an oil treatment, shampoo and conditioner, were launched in Australia in September 2009.
3. The business has been remarkably successful. moroccanoil hair care products are currently offered for sale in almost 80 countries. In over 20 of those countries MIL has expanded its line into skin care. In the wake of its success a number of other companies began selling hair and beauty products containing argan oil. Amongst them are the respondents (**Aldi**). Aldi sells a range of hair care products under the name “Moroccan Argan Oil”. Each of those products is also branded “protane® naturals” (**protane naturals**) or visage® (**visage**). MIL sued Aldi, contending that by its use of the “Moroccan Argan Oil” sign Aldi has infringed MIL’s registered trade marks, engaged in misleading or deceptive conduct in contravention of the Australian Consumer Law, contained in Schedule 2 to the *Competition and Consumer Act 2010* (Cth) (**ACL**), and is liable in tort for passing off. Aldi denied the allegations and retaliated with a cross-claim seeking the cancellation of the MIL trade marks.
4. The MIL registered marks are composite marks. The word mark moroccanoil is not registered in Australia. On 7 December 2011 MIL applied to the Registrar of Trade Marks to have the word mark registered but its application was unsuccessful. MIL appealed and the appeal was heard together with MIL’s trade mark infringement/ACL/passing off application.
5. I shall deal first with the trade marks infringement case and cross-claim, then the ACL and passing off case, and finally the appeal. But before doing so, it is necessary to set out some salient facts.

# THE FACTS

1. Some of the facts are agreed, some are not in dispute. Unless otherwise indicated, the summary below is uncontroversial.

## The MIL Business

1. MIL is an Israeli company. Since about late 2007, it has produced and sold hair care products in Israel, and, through distributors, in various other countries including Australia. In Australia sales of MIL products are effected exclusively through Privity Pty Ltd, trading as **Haircare Australia**. As at the time of the hearing the products were distributed to approximately 4,012 accounts. As at 21 August 2015 there were 24 active authorised online resellers in Australia.
2. MIL’s products have been marketed and advertised in Australia by various means including: since about January 2013, through MIL’s websites (www.moroccanoil.com and www.moroccanoil.com/australia); since about July 2012, on MIL’s Facebook page; by press releases sent by email to subscribers; in print and online media publications; and in editorial articles in print and online media publications. Publications in which advertisements have been placed in Australia and overseas include: *Vogue*, *Instyle*, *Harper’s Bazaar*, *Elle*, *Russh*, *Marie Claire* and *L’Officiel*.

## The MIL Trade Marks

1. MIL is the registered proprietor of two Australian trade marks. The **First Trade Mark** bears the registration number 1221017. It has a priority date of 24 January 2008. It looks like this:



1. The **Second Trade Mark** bears the registered number 1375954. It has a priority date of 4 August 2010. It looks like this:



1. Both the First and Second Trade Marks are registered in class 3 in relation to the following goods:

Hair care products, including oil, mask, moisture cream, curly hair moisture cream, curly hair mask, curly and damaged hair mask, rassoul mask, argan and saffron shampoo, hair loss shampoo, dandruff shampoo, dry hair shampoo, hair loss ampoules, dandruff ampoules, gel, glisten spray, mousse, conditioner, hair spray; **skin care products in this class; skin cleansers; skin toners; skin moisturizers; anti-aging cream; eye cream; beauty masks; body creams; hand creams; non-medicated foot cream; eye makeup; foundation makeup; lip liner, lipsticks and lip balms; eyeliners; blushes; eye shadow; nail enamels; toiletries and cosmetics including shaving preparations, shaving creams and soaps, after shave creams and lotions, body massage creams and oils, soaps, bath oils and shower gels, talcum powders; antiperspirants; dentifrices; sunscreen and suntan oils and creams; fragrances in this class, including perfumes, colognes, essences and essential oils**.

(Emphasis added.)

1. In the period between their respective filing dates and 15 August 2015, however, MIL did not use either the First Trade Mark or the Second Trade Mark in respect of any of the goods emphasised in the previous paragraph.
2. On 7 December 2011 MIL filed an application to register the word mark moroccanoil (the **Third Trade Mark**).
3. The application was made in class 3 in relation, amongst other goods, to:

Hair care products, including oil, mask, moisture cream, curly hair moisture cream, curly hair mask, curly and damaged hair mask, argan and saffron shampoo, hair loss shampoo, dandruff shampoo, dry hair shampoo, gel, mousse, conditioner and hair spray.

1. The Third Trade Mark was accepted for possible registration in respect of the above-listed goods and the official notice of acceptance was published in the Australian Official Journal of Trade Marks on 18 October 2012.
2. On 16 January 2013 Aldi filed a notice of opposition.
3. On 9 October 2015, a delegate of the Registrar of Trade Marks refused the application on the basis that the ground of opposition under s 41 of the *Trade Marks Act 1995* (Cth) was established. In short, he found that the Third Trade Mark, which I shall generally refer to as the word mark, was a sign that was not inherently adapted to distinguish MIL’s goods and was not otherwise registrable under s 41(6).
4. MIL filed a notice of appeal on 29 October 2015.

## MIL’s Get-Up

1. “Get-up” refers to the style, appearance and trade dress of goods. In *JB Williams Co v H Bronnley & Co Ltd* (1909) 26 RPC 765 at 773 (CA), Fletcher Moulton LJ defined the get-up of an article as “a capricious addition to the article itself”. It includes colours, shapes, and packaging.
2. MIL asserted, and I accept, that the get-up of its product and packaging is distinctive. In its own words, it “includes the predominant use of turquoise blue with white writing and a prominent letter M in orange on the product labelling and packaging”, featuring, in the case of its hair care products, one or both of the First and Second Trade Marks, and, in the case of its moroccanoil Treatment (**MIL Oil Treatment**), dark brown glass bottles (described in submissions as “apothecary-style”).
3. The table below depicts the get-up of the MIL Oil Treatment from 2010 until the time of the hearing.

**Table 1: MIL Oil Treatment**

|  |  |
| --- | --- |
| **Period of use** | **Product packaging** |
| From September 2009 to around July 2010 |  |
| From around July 2010 to late 2010 |  |
| Between 2011 and 2012 |  |
| From 2012 to the present |  |

1. Images of the other MIL products currently sold in Australia are displayed in Annexure A to these reasons. Descriptions of the products appear in Annexure B.

## The Aldi business

1. The two respondents are, respectively, the general and limited partners of the Aldi stores (the **Aldi Partnership**). The Aldi Partnership is the partnership through which Aldi conducts its business in the Australian market.
2. From about 26 September 2012, the Aldi Partnership has periodically offered for sale and sold in Australia hair care products depicted in the tables in paragraphs 29, 30, 34, and 35 below (collectively, the **Aldi Product Range**). Images of the products in the Aldi Product Range also appear in Annexure A to these reasons, and descriptions of the products appear in Annexure B.
3. With two exceptions, all products in the Aldi Product Range were sold in “Special Buy” promotions. Special Buy products are heavily discounted. They are offered for sale for a limited time on the basis of limited stock and are sold until stock runs out. They are displayed for sale in a dedicated Special Buy area located in the central section of each Aldi store in what one of Aldi’s witnesses described as “the wire cage section”.
4. At all material times the vast majority of products sold in Aldi stores have been Aldi exclusive brand products. As at 30 October 2013, around 8.4% of the core and seasonal goods offered for sale in Aldi stores across Australia did not fall into that category. Twelve months later, the figure was slightly larger at 8.99%. By 30 October 2015, it had risen to 9.45%.

## Aldi’s Get-Up

1. From about 26 September 2012, the Aldi Partnership has periodically offered for sale and sold in Australia a hair treatment product containing argan oil (the **Aldi Oil Treatment**). The table below depicts the variants of the packaging for this product. The product was offered for sale (and sold) in a number of “Special Buy” promotions commencing on the dates indicated in the table.

**Table 2: Aldi Oil Treatment**

|  |  |
| --- | --- |
| **Dates offered for sale** | **Product packaging** |
| 26 September 2012  2 January 2013  11 May 2013 |  |
| 25 September 2013  1 January 2014  23 April 2014 |  |
| 24 September 2014  31 December 2014  25 April 2015 |  |
| 23 September 2015 |  |
|  | |

1. The next table depicts the variants of the packaging for other products in the range as sold in the Special Buy promotions commencing on the dates indicated.

**Table 3: PROTANE NATURALS Product Range**

|  |  |  |
| --- | --- | --- |
| **Product** | **Date offered for sale** | **Product packaging** |
| protane naturals Moroccan Argan Oil Shampoo / Conditioner (each 400ml) | 26 September 2012  2 January 2013  11 May 2013 |  |
| 25 September 2013  1 January 2014  23 April 2014 |  |
| 24 September 2014  31 December 2014 |  |
| protane naturals Moroccan Argan Oil Renewing Treatment Mask (240 ml) | 25 September 2013  1 January 2014 |  |
| 24 September 2014  31 December 2014  25 April 2015 |  |
|  | 23 September 2015 |  |
| protane naturals Moroccan Argan Oil Heat Protection Spray (250 ml) | 23 April 2014 |  |
| 31 December 2014 |  |
| protane naturals Moroccan Argan Oil Hair Spray (213 g) | 23 September 2015 |  |
| protane naturals Moroccan Argan Oil Dry Shampoo (178 g) | 23 September 2015 |  |

1. The products depicted in the above tables are goods in respect of which the First and Second Trade Marks are registered.
2. From 10 April 2015 to approximately 8 December 2015 the protane naturals Moroccan Argan Oil Shampoo and Conditioner were sold as part of Aldi’s “core range” in the following packaging:



1. Core range products are available for sale every day and are regularly stocked in Aldi stores. The Shampoo and Conditioner were sold on shelves in the health and beauty sections, usually on the back wall of the store.
2. The table below depicts the hair brushes included in the Aldi Product Range (**Aldi Hair Brushes**). Each of these products was sold in the Special Buy promotions commencing on the dates indicated.

**Table Four: Aldi Hair Brushes**

| **Date offered for sale** | **Product/Product Packaging** |
| --- | --- |
| 25 April 2015 |  |

1. The next table depicts the Hair Dryer, Hair Straightener and Hair Curler forming part of the Aldi Product Range (**Aldi Hair Tools**). Each of these products was offered for sale in the Special Buy promotions beginning on the dates indicated.

**Table 5: Aldi Hair Tools**

| **Product** | **Date offered for sale** | **Product Packaging** |
| --- | --- | --- |
| visage Moroccan Argan Oil Infused Hair Dryer | 17 September 2014  23 September 2015 |  |
| visage Moroccan Argan Oil Infused Hair Straightener | 17 September 2014  23 September 2015 |  |
| visage Moroccan Argan Oil Infused Hair Curler | 17 September 2014  23 September 2015 |  |

1. As at 15 September 2015 the Aldi Oil Treatment was being sold in 374 Aldi stores in metropolitan and regional centres of New South Wales, the Australian Capital Territory, Queensland, and Victoria.
2. Items from the Aldi Product Range have been advertised in a variety of ways: through catalogues in the case of its Special Buy promotions; on the **Aldi website** at the domain name aldi.com.au; in newsletters; on Aldi’s Facebook page during the period from 31 December 2013 to 23 September 2014; and in NSW, on 23 and 24 April 2015, in a television commercial.
3. The catalogues were distributed to members of the Australian public through Aldi’s stores and delivered to homes in the above-mentioned States and Territories. Each month in the period from July 2013 to September 2015 the Aldi website received between about 900,000 and 1.5 million visits from Australian IP addresses. The newsletters were sent by email to consumers who subscribed to a mailing list via the Aldi website or microsites operated by Aldi for limited promotional periods in connection with the respective Special Buy promotion(s) in which they were sold. As at December 2015 there were approximately 295,000 consumers on the Aldi website mailing list.
4. On 8 December 2015, however, the protane naturals Moroccan Argan Oil Shampoo and Conditioner were replaced by shampoo and conditioner labelled “protane naturals Argan Oil of Morocco”. By January 2016 Aldi had substituted the name “Argan Oil of Morocco” for “Moroccan Argan Oil” on all of the products in the range and, with the exception of the shampoo, also changed the colour of the packaging.

## The development of the Aldi Product Range

1. Evidence about the development of the Aldi Product Range was given on Aldi’s behalf by Meagan Spinks.
2. Ms Spinks began working for Aldi in July 2011. She was employed as a buying assistant in the Corporate Buying Department under the supervision of Deborah Heng, the buying director. Ms Spinks was responsible, among other things, for hair care products. In that role she assisted in the development of new products.
3. Ms Spinks said that, once “a new and interesting trend” is identified, she seeks out what “other competitor products” are available on the market that are part of the trend. She said that in her experience Aldi’s practice was to introduce its own “version” of a product in “an on-trend product category”. In developing “Aldi versions” of these products, the packaging used by competitors is considered in order to ensure that the Aldi “house brand” packaging was “consistent with” the trend. As part of this process, a “benchmark” product is selected from a range of “on-trend products”. The purpose of identifying a benchmark, Ms Spinks explained, is to enable Aldi to identify “cues” that customers may associate with “the product type generally” and then adapt them.In cross-examination she clarified that by cues she meant colour; wording associated with the benchmark product, including product description; claims of benefits associated with the product; and packaging. Ms Spinks was at pains to point out that, when undertaking that process herself, she “consciously set out to ensure that the product being developed is dissimilar to the benchmark product as a brand”. In this respect she adverted to the prominent use of the Aldi brand name protane. The object of the exercise, she said, was to ensure that the Aldi product was consistent with Aldi’s “main ‘pitch’ to its customers”, captured in its advertising slogan: “*Like Brands. Only Cheaper*”.
4. According to Ms Spinks, this was the process deployed in the development of the Aldi Product Range.
5. By mid to late 2011 Ms Spinks concluded that health and beauty products containing argan oil were “on trend”. At the time, she said that the following products containing argan oil were available in Australia:

* Organix Moroccan Argan Oil, Shampoo and Conditioner (and possibly other products in the Organix range);
* MIL’s moroccanoil products, including at least the MIL Oil Treatment, Shampoo and Conditioner;
* Pure Oil of Marrakesh;
* Dontay Aria Argan Gold range of products, including at least an oil treatment, shampoo and conditioner;
* Maijan Moroccan Argan Oil;
* One & Only Argan Oil treatment by Babyliss;
* Showpony Moroccan Argan Oil;
* NAK Aromas Oil, including at least an oil treatment, shampoo and conditioner;
* BabylissPro, including at least an oil treatment, shampoo and conditioner; and
* Lee Stafford ArganOil of Morocco.

1. This evidence was not contested and I accept it. In cross-examination, Ms Spinks acknowledged that the MIL Oil Treatment was the market leader in oil treatment products.
2. It is not clear that Ms Spinks was aware of all these products at the time Aldi developed the Aldi Product Range. What is clear is that she was aware at that time of MIL’s products and of the Organix range. She said she had used both the MIL Oil Treatment and the Organix range before her marriage in 2010 and had seen MIL products in magazines and hairdressing salons, sometimes in the windows of the salons.
3. By late October or early November 2011 Ms Heng instructed Ms Spinks to proceed with the development of a range of argan oil hair care products to be sold under the protane naturals brand. To this end Ms Spinks contacted a number of Aldi’s suppliers and invited them to submit proposals for a number of products including a “Moroccan oil ALDI Private Label Protane” product. She received several responses and, in consultation with Ms Heng, settled on one in particular.
4. Ms Spinks then set about preparing product advice statements and arranged for the development of the packaging and labelling. In settling on the artwork for the Aldi products, however, she said that she was concerned to ensure that they looked “sufficiently different”. She deposed that her preferred option answered that description. She nominated 11 points of difference in particular:
5. the prominent M and the name moroccanoil appearing in white in a vertical position on the MIL product;
6. the rectangular label on the MIL product in contrast to the “semi-circular top” on the Aldi label;
7. the presence of the protane logo on the Aldi product, indicating a different brand;
8. differences in the layout of the text on the labels: all horizontal on the Aldi label and a mixture of vertical and horizontal on the MIL label;
9. the greater prominence on the MIL label of the word moroccanoil in comparison to the phrase “Moroccan Argan Oil” on the Aldi label;
10. differences in the respective fonts;
11. the use of ticks instead of bullet points on the Aldi label;
12. the use of black and white in the marketing text on the MIL label in contrast to the use of black only in the text on the Aldi label;
13. the use of a sticker joining the lid to the bottle on the MIL product;
14. the fact that the Aldi product was to be sold with a pump attached whereas the pump for the MIL product was separate; and
15. MIL’s use of a glass bottle when the Aldi product was to be sold in a plastic bottle.
16. Ms Spinks suggested that the phrase “Moroccan Argan Oil” be in lower case (including the “M”) “so that it is not the same as the brand” in order to avoid “legal issues”, although she frankly acknowledged in her affidavit that she did not regard the change of case to be “all that significant”. In the first and second versions of the Aldi Oil Treatment the phrase appeared in this way but in the third and fourth versions of the product upper case letters were deployed and an oil drop was substituted for the first “o” in “Moroccan” and the “o” in “Oil”.
17. Ms Spinks also said that when the colour choice was made, the colour selected was different from the colour in the get-up of the MIL Oil Treatment.
18. In cross-examination Ms Spinks agreed that Aldi’s policy objective was “to match the clear market leader in quality attributes including size and packaging design cues”. Ms Spinks said that it was her intention to replicate the benchmark product but in a way that would distinguish the Aldi product. She said that her rule of thumb was to have “at least 10 points of difference”. She said that her intention was to make the Aldi product look like other products but not exactly like them. Her aim, she claimed, was to ensure that, if the Aldi product was sitting side by side on a shelf with the MIL product, you could tell them apart — notwithstanding that the products are never sold in that way. This was presumably the “sufficient difference” to which she referred in her affidavit.
19. Little evidence was given about the development of the appliances. Ms Spinks said that this was outside her area of responsibility and within the portfolio of another buying director, Chris Raju. She said that Ms Heng told her in about 2013 that she had spoken to Mr Raju, he said that “he could do a range of heated hair styling tools which have argan oil infused in them” and that it would be a good idea to have them sold together with protane naturals Moroccan Argan Oil products in the same Special Buy promotion. She asked Ms Spinks to help Mr Raju’s buying assistants to source the oil and to send her a copy of the latest artwork for use in their products. Ms Spinks said that she provided the assistant with some examples of the artwork for the packaging for the “Protane Oil Range” but nothing more.
20. No evidence was given by either Ms Heng or Mr Raju, and Aldi offered no explanation for their absence. Ms Spinks testified that Ms Heng was alive and well and living in Sydney. I infer that nothing either of them could say would have assisted Aldi’s case.

## Consumer complaints

1. Daniel Gavin Baker, Aldi’s Quality Assurance and Corporate Responsibility Director, gave evidence about Aldi’s electronic record of “feedback” received from customers. Mr Baker deposed that he had reviewed the database at the request of Aldi’s solicitors to see if there was any record indicating that a consumer had confused or otherwise associated any product in the “Moroccan Argan Oil” line with products sold by MIL under the moroccanoil brand. In fact, he delegated that task to the Customer Department Manager, Rania Faraq, who produced a report, which was annexed to Mr Baker’s affidavit. The report showed that there was none. Mr Baker was not required for cross-examination and there is no reason to disbelieve him. Indeed, MIL accepted his evidence. Accordingly, I find that from the time Aldi launched the Aldi Product Range until April 2016, when Mr Baker’s affidavit was filed, Aldi did not receive a single report that a customer had confused any of the products in the range with any MIL product.
2. MIL, on the other hand, adduced evidence from a number of witnesses of apparent “confusion”.
3. Evidence of “confusion” was given by three MIL employees: Violet Sainsbury, MIL’s International Education Manager in the Asia Pacific; Abbie Williamson, an International Brand Manager for MIL; and Kayla Juhasz, MIL’s Director of Brand Managers International and former Brand Manager for Australia and New Zealand. Evidence of this kind was also given by three hair stylists: Nicole Abela, Orla Fogarty, and Courtney Jane Spreen.
4. Further evidence was also given by two employees of Haircare Australia, the sole distributor of MIL products in Australia. They included the NSW State Manager, Thierry Fayard, and a sales representative, Christopher Clegg.
5. Direct evidence of apparent confusion, if not deception, was led from one Mony Royds, a mother of young children, who described an episode when she purchased the Aldi Oil Treatment and Shampoo, claiming to have mistaken them for MIL’s products.
6. Ms Sainsbury reported that from the time she started working for MIL in 2012 and, in particular, during the period from 2012 to the end of 2014 when she was conducting in-salon education, she became aware of “many instances” of consumers mentioning that they had purchased “the MOROCCAN ARGAN OIL Products” from an Aldi supermarket. She was unable to recall any details, however, except for one occasion when she was setting up for an in-salon education class. On that occasion, Ms Sainsbury said, a client of the salon said to her as she was leaving: “Oh, I saw Moroccanoil at Aldi”. Ms Sainsbury disabused her, assuring her that “the MOROCCANOIL Products are not sold at supermarkets”.
7. Mr Fayard deposed that in September 2012 one of Haircare Australia’s customers telephoned to complain that clients had seen the MIL Oil Treatment advertised at Aldi at a cheaper price. Mr Fayard did not keep a record of the conversation and could not recall the identity of the caller. Although he handled inquiries from between 500 and 600 salons, had no record of the conversation, and could not recall the caller’s identity, he said that he recalled a conversation to the following effect:

Caller: “Thierry, I am very disappointed. I have been told by clients of mine that they have seen the MOROCCANOIL Treatment product advertised at Aldi at a cheaper price. If you are going to supply Aldi with the MOROCCANOIL Treatment product, I don't want to deal with your company anymore.”

Fayard: “Hold on. I can guarantee you that we aren't supplying Aldi with the MOROCCANOIL Treatment product. Let me look in to this for you. I will get back to you as soon as I can.”

1. Mr Fayard also said that, within about a month of that call, he received similar complaints from “four or five other customers” in NSW and that “10 to 20” salon owners or employees complained to him about the Aldi Oil Treatment at around the time they were offered for sale as “Special Buys” at Aldi stores in the State. Once again, however, he was unable to recall the names of the people or their businesses.
2. On 11 May 2013 a post appeared on the website www.productreview.com.au concerning the MIL Moisture Repair Shampoo. It read:

This is a great shampoo & conditioner & if you are lucky enough to get it when it is in special at Aldi’s, grab plenty. It is a real bargain. I got some today & should keep me going until the next catalogue. It really does make a difference to you hair, but I couldn’t afford to pay the top dollars. Aldi’s is the same product but quarter then price. Thanks Aldi.

+ It makes my hair feel thick and shiny

1. Mr Clegg, a sales representative at Haircare Australia, visited the Evolve Salon between July and September 2013. Mr Clegg deposed to speaking there with Nerina Schiliro, the mother of the owner of the salon, who told him that they had not been selling many Moroccanoil products recently because Aldi was selling them at a much cheaper price. When Mr Clegg remonstrated with her that Aldi did not sell Moroccanoil products, she insisted that it did, telling him that a customer had told her that she had bought the MIL Oil Treatment from Aldi.
2. In April 2014 after being shown the full range of MIL products at the Zowie Evans Hairdressing salon in Melbourne, a client of Courtney Spreen reported seeing Moroccanoil products at Aldi.
3. Three months later, in July 2014, a client of the salon “Stylize Professional Haircut and Colour” in Little Lonsdale Street in Melbourne, told Abbie Williamson that she had recently bought products in Aldi that “look like MOROCCANOIL products”.
4. Between 15 and 17 July 2014 five salon owners or employees in regional Victoria reported to Ms Williamson that they had clients who told them they had purchased the MIL Oil Treatment from Aldi stores. Consequently, she visited five Aldi stores in Melbourne and purchased some of its Moroccan Argan Oil products. On or about 17 July 2014 she emailed Sarah Linder (of MIL) in Israel, notifying her of these conversations and of her purchases.
5. The following year, in May 2015, during the Sydney Fashion Weekend, which curiously ran for four days, Ms Williamson said that she was told by “at least three clients a day” that they had either bought from Aldi or had seen in Aldi stores, the MIL products, in particular, the MIL Oil Treatment, but also the MIL Shampoo, Conditioner and Mask. Ms Williamson deposed that the conversations were to the following effect:

Comment #1: “I have definitely bought this at Aldi.”

Comment #2: “What I bought from Aldi has the same colour blue packaging and dark brown bottle.”

Comment #3: “They look the same.”

Comment #4: “I didn't know that the MOROCCANOIL Product was available in Aldi until I saw it when I was shopping there recently.”

Comment #5: “Your products are cheaper in Aldi.”

1. Ms Williamson not only disabused these “clients” but encouraged them to photograph the MIL products so that they knew exactly what to look for when they were in a salon.
2. Other MIL employees had similar experiences at the same event.
3. At least five women at this event told Nicole Abela, who was working at the MIL booth (known as the “Moroccanoil Styling Suite”), that they had purchased or seen certain MIL products at Aldi stores.
4. On 16 May 2015 Courtney Spreen, who was also working in the Moroccanoil Styling Suite, asked a woman in her mid-20s whose hair she was styling whether she had used the MIL Oil Treatment before, the woman replied: “Yes, I used to get that from Aldi”.
5. The same day, Kayla Juhasz had a conversation in the Moroccanoil Styling Suite with a woman who insisted that she had purchased both the MIL Oil Treatment and the MIL mask from Aldi and that during the conversation the woman was pointing to those products on the display stand. That conversation was to the following effect:

Ms Juhasz: “Hi, my name is Kayla. Have you heard of MOROCCANOIL?”

Woman #1: “Yes, I've got MOROCCANOIL.”

Ms Juhasz: “Great. Where is the salon you buy it from?”

Woman #1: “No, I buy it from Aldi.”

Ms Juhasz: “MOROCCANOIL Products are only available for sale at salons and are not available for sale at Aldi. If you like, I can provide you with a toll free number to assist you to locate your nearest MOROCCANOIL stockist. Can I ask you which products you purchased?”

Woman #1: “I'm sure that I bought the products from Aldi. I bought the oil and the Mask as well. I bought it for my daughter, she absolutely loves it.”

1. Ms Juhasz said that she also had a conversation with another woman who told her that she bought her daughter the MIL Oil Treatment. Ms Juhasz said that she pointed out the MIL Oil Treatment to the woman’s daughter who told her that it had been recommended by her hairdresser and that she had it at home: “it’s the same brown bottle”. When Ms Juhasz asked where she had bought it, her mother replied that she had bought it at Aldi. When Ms Juhasz told her that the product was not available for sale at Aldi, the mother replied:

Does that mean the one I bought wasn’t the real MOROCCANOIL product? I thought it was a lot cheaper, but thought it must have been on sale.

1. In July 2015 Mony Royds, purchased the Aldi Oil Treatment and Shampoo from Aldi's Leichhardt store believing that they were MIL products.
2. Some time earlier Ms Royds had purchased the MIL Oil Treatment once and used it regularly for a while. She said that she was also aware of other MIL products, including shampoos and conditioners, but had never bought any. One weekend in July 2015, accompanied by her husband and two young children, she was shopping at an Aldi store in Leichhardt, an inner western suburb of Sydney, when she spotted what she believed to be MIL products. She said that the store was “very busy and crowded and difficult to navigate with a trolley”. As she headed towards the section of the store where the toiletry items were displayed, she said she noticed from a distance “a block of turquoise blue products” located just below eye level on one of the shelves. She said she thought immediately of the MIL products and that when she drew closer to the turquoise blue products, she saw the words “Moroccan” and “Oil” on their labels, she concluded that the products on display were the MIL Oil Treatment and a MIL Shampoo. She recognised that the branding and get-up of the products were different, but she thought that the MIL products might have undergone “some rebranding exercise (as brand name products tend to do from time to time) because the shade of blue on the packaging of the products was slightly different from the shade of blue that [she] recalled seeing in the past”. Without any further thought, she put (what she later discovered were) the Aldi Oil Treatment and the Aldi Shampoo into her trolley. She estimated that she spent less than a minute in this part of the store before moving on. She said that she did not recall seeing the prices but assumed that they would be less than the prices of the products in a salon. She paid no attention to the receipt on purchase.
3. Every day for the following two weeks Ms Royds used the Aldi Oil Treatment on her daughter’s hair, still thinking she was using the MIL Oil Treatment. She only realised her mistake two weeks after purchase when she noticed “an unpleasant chemical smell” when using the Aldi Shampoo for the first time. She said:

28 Once I noticed the smell, I inspected the packaging of the Aldi MOROCCAN ARGAN OIL Shampoo product more closely and formed the view that I had not in fact bought a MOROCCANOIL Shampoo product, but a cheaper imitation, which had the words “Protane Naturals” printed on the label.

29 I did not notice the words “Protane Naturals” in the store as the black text of “Protane Naturals” did not jump out at me. The words “MOROCCAN ARGAN OIL” did. The words “Protane Naturals” are also quite small when compared to the words “MOROCCAN ARGAN OIL”. Given the chemical smell of the product, I thought that “Protane” might be a chemical ingredient used in the Aldi MOROCCAN ARGAN OIL Shampoo or a brand name, but did not think much more about it at the time.

30 Once I had realised that I had not purchased a MOROCCANOIL Shampoo Product, I also inspected what I now know to be the MOROCCAN ARGAN OIL Treatment Product more closely. At this point, I realised that the product that I was using in my daughter's hair was not the MOROCCANOIL Original Treatment Product …

1. On 26 August 2015, while Ms Royds was having her hair coloured by Ms Abela at LSG Creative, they had a conversation to the following effect:

[Ms Royds]: “Nicole, I have been using an argan oil product on my daughter’s hair and it has become ridiculously dry and flaky.”

[Ms Abela]: “What product have you been using? You know the MOROCCANOIL Products won’t do that.”

[Ms Royds]: “No, it wasn’t the original, sorry. It was the Aldi version of the MOROCCANOIL Original Treatment Product. I tried to use the oil to detangle the knots in my daughter’s hair and it gave her a really dry scalp.”

[Ms Abela]: “Well the MOROCCANOIL Products are not sold at Aldi, they are only available for sale at salons.”

[Ms Royds]: “I’m aware of that now. The blue was almost exactly the same as the MOROCCANOIL Products. It really did look the same on the shelf![”]

[Ms Abela]: “Alright, don’t throw the product away. I’d actually like to see it. Can I see it when I come to your house next?”

[Ms Royds]: “I already threw the Aldi MOROCCAN ARGAN OIL Treatment product away. I won’t be using it again. I bought the Aldi MOROCCAN ARGAN OIL shampoo though. I can show it to you when you come around for my birthday party.”

1. The final piece of evidence upon which MIL relies to establish confusion came from Ms Fogarty. On or around 23 September 2015 she was using the MIL Oil Treatment on a client’s hair. When she asked the client whether she had used it before, the client told her she had and that she had bought it from Aldi. Although she had a clear memory of the discussion with the client, she could not identify her and, since the client had not previously attended the salon and had not made an appointment, she had no documents to assist her recollection in this respect.

## The expert evidence

1. Expert evidence was adduced in three specialist areas: lexicography, marketing, and industrial chemistry. With the exception of the lexicographers who were prevented by logistical difficulties from doing so, the expert witnesses in each field testified in concurrent session.
2. The two lexicographers, Ghil’ad Zuckermann and Susan Butler, gave evidence touching upon the use of the terms “Moroccanoil” and “Moroccan Oil” as at the priority dates for the three MIL trade marks. A summary of Professor Zuckermann and Ms Butler’s experience and qualifications is set out below at [606] and [607] respectively.
3. Four marketing experts gave evidence about marketing practices and consumer behaviour.
4. MIL adduced evidence from Mr Paul Blanket and Professor Pascale Quester. It would be fair to describe Mr Blanket as a marketing practitioner and Professor Quester as a marketing academic.
5. Mr Blanket is the principal of the company First Impressions Pty Ltd, which, since 1987, has carried on business providing marketing, advertising and promotional consulting services to industry and government. Mr Blanket has a both a Bachelor and a Master of Commerce Degree (Marketing) from the University of New South Wales and completed the University of Melbourne’s Management Program as well as the FCB Advanced Advertising Program in Chicago run by the Massachusetts Institute of Technology (MIT). He is also a Fellow of the Australian Marketing Institute and is a Certified Practising Marketer.
6. Mr Blanket formerly worked as a Group Account Director with the advertising agency Foote, Cone & Belding, and has worked in various marketing positions at Unilever Australia Pty Ltd. He described his work as involving advising on the development of new products and brands or “repositioning” an existing product or brand in a particular market. As part of his commercial experience, Mr Blanket was involved in or commissioned approximately 100 qualitative and quantitative research studies for brands such as British Airways, Vitasoy, Melitta Coffee, New Zealand Natural Ice Cream, Randstad Recruitment, Australian Egg Corporation and Waste Service New South Wales.
7. Mr Blanket is also a lecturer in advertising and marketing at the Macquarie Graduate School of Management, having lectured in various courses since 1992 including “Advertising and Promotions Management” and “Marketing Management”.
8. Professor Quester is the inaugural Professor of Marketing and Head of Discipline (Marketing) in the School of Commerce (now the Adelaide Business School) at the University of Adelaide. She holds a Bachelor of Business Administration from Audencia in Nantes, one of the top three business schools in France, a Master of Arts in Marketing from Ohio State University in the United States of America, and a PhD in Marketing from Massey University in Palmerston North, New Zealand. She is also a Certified Practising Marketer, a Fellow of the Australian Marketing Institute, a Distinguished Fellow of the Australia and New Zealand Academy of Marketing, and Founder of the Franco-Australian Centre for International Research in Marketing.
9. Professor Quester has been employed by the University of Adelaide since at least 1991, initially as a lecturer in marketing in the Graduate School of Management, then senior lecturer and later Associate Professor in Marketing in the School of Commerce, before being appointed in 2002 to her current position. Over the years she has held appointments as a Visiting Professor in a number of universities in France. She has taught various aspects of marketing and a course in consumer behaviour to both undergraduate and postgraduate students. Amongst many publications bearing her name, she is co-author of several leading textbooks on marketing and consumer behaviour. She is the lead author of *Consumer Behaviour: Implications for Marketing Strategy*, first published in 1994 and now in its 7thedition, and of *Marketing: Creating and Delivering Value,* first published in 1994 and now in its 5th edition. For a number of years she has been a member of the editorial boards of several marketing journals.
10. In addition to her academic achievements, Professor Questor is the Director of Hexagon, which, since 1997, has carried on business providing to both government and industry consulting services on consumer behaviour, marketing, advertising, and promotion as well as teaching material on consumer behaviour and marketing. From time to time she has also taken on small scale projects advising local firms on their marketing strategy.
11. Aldi led evidence from Jill Klein and John Heath Roberts, both marketing academics.
12. Professor Klein is a Professor of Marketing at the Melbourne Business School, University of Melbourne, and has occupied that chair since 2009. Since 2015 she has spent half her time as a Professorial Fellow at Melbourne Medical School. She is a member of the Association for Consumer Research and the Society for Consumer Psychology. She currently lectures, amongst other things, in advanced consumer behaviour and decision making. She has conducted research in, amongst other things, how people form impressions of other people and products. Professor Klein has published many papers in the area, including in top tier social psychology and marketing journals. Recently, she has conducted research on consumer perceptions of brand labelling on packages to understand how consumers understand a sub-brand label.
13. From 1990 to 1997, Professor Klein was an Assistant Professor of Marketing at Kellogg Graduate School of Management, Northwestern University, then one of the top business schools in the United States of America. During this period she also spent time as a Visiting Professor at various universities in in Australia, the United States, and elsewhere.
14. Professor Klein’s commercial experience includes consulting and executive education with international firms such as Ericsson, AstraZeneca, Servier, Syngenta, Toshiba, Adidas, Clemenger (an advertising agency) and Accenture. Her executive education teaching covers topics such as consumer behaviour and psychology, including brand image, consumer memory, information processing and consumer decision-making.
15. Professor Roberts is Professor of Marketing at the University of New South Wales School of Business. He is also a Fellow of the London Business School, Shanghai’s Fudan University, the Australian Academy of Social Sciences, the Australia and New Zealand Academy of Marketing, the Australian Institute of Management, the Australian Marketing Institute, the Australian Institute of Advertising, and the Australian Market and Social Research Society. He has worked as an academic since 1984 but he also has managerial experience, for example, in marketing, as Market Planning Director of Telecom Australia (now Telstra), then Australia’s largest company, in consulting as founder and Chairman of Marketing Insights (now part of Nielsen Research), and in market research as a Senior Research Officer in the Sampling and Methodology Branch of the Australian Bureau of Statistics. His areas of expertise include branding, forecasting and models of consumer behaviour, quantitative modelling, and marketing practice, including in the area of packaged goods.
16. His work has been recognised and acclaimed in numerous respects.
17. Professor Roberts also has extensive consulting experience for various companies, including IBM, DHL, Cerebos, Philips Electronics, Unilever, Kellogg (notably concerning “leverage points in the consumer decision process”), and MobilCom.
18. MIL led evidence from two industrial chemists, Dr Graeme Haley and Richard Williams. Dr Haley’s evidence went to the second and third ACL claims (the naturals claim and the performance benefits claim). Mr Williams was retained by MIL late in the piece and his evidence was restricted to the Aldi Hair Brushes and Hair Tools.
19. Dr Haley is an industrial chemist with 36 years’ experience in Australia and overseas formulating and manufacturing a wide variety of hair care products, with particular expertise in shampoos, conditioners, treatments, and hair styling products. He has a Bachelor of Science (Honours) majoring in polymer science and a PhD from the University of New South Wales, and a Graduate Diploma in Administration from the University of Technology Sydney. In 1993 he was elected as a Fellow of the Royal Australian Chemical Institute a professional body for chemical scientists in Australia, and he is a member of the Australian Society of Cosmetic Chemists. He is the author of the Australian chapter of the Cosmetic, Toiletry and Fragrance Association International Regulatory Resource Manual (6th ed.) published in 2007.
20. Dr Haley has held various technical positions in companies that formulate and manufacture hair care products, including Beecham Australia Pty Ltd, Rexona Pty Ltd (working on the development of sunsilk and pears hair care products), and various companies associated with Unilever. Today Dr Haley is a director and consultant of Engel, Hellyer & Partners Pty Ltd, a consultancy firm that provides advice and other services to industry bodies in relation, amongst other things, to hair care products and their labelling. Dr Haley is also a member of two committees of Standards Australia, which concern the standardisation of labelling of personal care and hair care products in Australia.
21. Mr Williams has a Bachelor of Science from the University of New South Wales majoring in pure and applied chemistry and a Diploma of Environmental Studies from Macquarie University. While he does not have a PhD, he boasts 46 years’ experience in the hair care industry, most of which involved all aspects of production of hair care products, from concept to marketing. He said that a substantial part of his work as an industrial chemist has required him to use his knowledge and experience in chemical formulation to create hair care products based on a design and marketing brief. He is also a Fellow of the Australian Society of Cosmetic Chemists. From November 2007 until September 2012 he was the Research and Development Manager for NxGen Pharmaceuticals Pty Ltd in Sydney and since then he has been the business director and principal scientist for Cosmopeutics International, a consultancy specialising in the development, regulation and production of high quality cosmetics and beauty therapies, amongst other things. He has also lectured from time to time in cosmetic chemistry, including in the formulation of cosmetic products.
22. Mr Williams formulated approximately 2000 personal care products across his career, of which a third have been hair care products. Approximately 50 of these products contained argan oil, including shampoos, conditioners, and treatment products, and, in early May 2016, when he swore his affidavit, he was in the process of formulating approximately 20 more.
23. Aldi relied on evidence given by Dr Paul Wynn-Hatton. Dr Wynn-Hatton works as a consultant to chemical manufacturing companies, and has experience in providing specialist advice on cosmetic products including hair care products. He has a Bachelor of Science (Honours) and a PhD in organic chemistry from the University of Sydney. Throughout his career he has been a member of the Australian Society of Cosmetic Chemists, the Royal Australian Chemical Institute and the Association of Therapeutic Goods Consultants.
24. Dr Wynn-Hatton’s experience in hair care products began in 1992 when he was employed by Reckitt & Colman. He worked there until 1997 on the review and improvement of the formulations of the Decore range of products. He later worked for a number of other companies including Glaxo Smith Kline, Pax Australia, and Bristol-Myers Squibb, where he worked on developing new claims for the Herbal Essences range of hair care products.

# THE APPLICATION TO RELY ON TENDENCY EVIDENCE

1. On 18 May 2016 MIL gave notice under s 97(1) of the *Evidence Act 1995* (Cth) of its intention to adduce “evidence of character, reputation, conduct or tendency to prove that the [r]espondents have, or had, a tendency to act in a particular way, or to have a particular state of mind”.
2. Section 97(1) relevantly provides that evidence answering this description is not admissible to prove that a person has or had a tendency to act in a particular way or has a particular state of mind unless:
3. the party seeking to adduce the evidence gave reasonable notice in writing to each other party of that intention; and
4. the court thinks that the evidence will, either by itself or having regard to other evidence adduced or to be adduced by the party seeking to adduce the evidence, have significant probative value.
5. Paragraph (1)(a) does not apply in the circumstances set out in subs (2), but it is not suggested that any of those circumstances obtains here.
6. If the evidence is not admissible to prove the alleged tendency, then it cannot be used to prove it, even if it is relevant for another purpose: Evidence Act, s 95.
7. The rule in s 97(1), known as “the tendency rule”, does not apply to evidence that relates only to the credit of a witness. Nor does it apply to evidence of the character, reputation or conduct of a person or to a tendency that a person has or had if that character, reputation, conduct or tendency is a fact in issue: see s 94. But MIL did not submit that the evidence answered any of these descriptions.
8. The High Court explained in *IMM v The Queen* (2016) 257 CLR 300 at [45]:

The use of the term “probative value” and the word “extent” in its definition rest upon the premise that relevant evidence can rationally affect the assessment of the probability of the existence of a fact in issue to different degrees. Taken by itself, the evidence may, if accepted, support an inference to a high degree of probability that the fact in issue exists. On the other hand, it may only, as in the case of circumstantial evidence, strengthen that inference, when considered in conjunction with other evidence.

1. The evidence in question is contained in annexure PJD-100 to the affidavit of Paul James Dimitriadis, one of MIL’s solicitors, affirmed on 24 December 2015. It consists of photographs of a number of Aldi’s “house brand” products alongside well-known brands, purchased from other supermarkets, which the Aldi products are said to closely resemble.
2. Aldi objected to the evidence. It contended that it was not given reasonable notice of MIL’s intention and that the evidence lacks significant probative value. Alternatively, it invited the Court to exercise its discretion to reject it because of the danger that its probative value is substantially outweighed by the danger that it might be unfairly prejudicial, be misleading or confusing, or cause or result in undue waste of time (see s 135). The parties did not seek a ruling at the time the evidence was adduced and were content for the matter to be dealt with in the judgment.

## The alleged tendency

1. The tendency sought to be proved by this evidence was described in MIL’s notice as follows:

[Aldi] adopt and implement policies and strategies, and engage in consequential conduct, by which **they copy**, for use on Aldi house brand products, **elements of the get-up of Third Party Branded Products**, **and**, further or alternatively, **do so intending that consumers will be attracted to purchasing the Aldi house brand products by the presence of similar diagnostic cues** to those that make the Third Party Branded Products attractive to the same consumers.

(Emphasis added.)

1. In written submissions, however, MIL put the matter somewhat differently. Now, the evidence was said to be “a link in the process of proving that Aldi deliberately copied the get-up including trade marks of MIL’s branded products and/or it did so because those branded products had a reputation”.
2. Necessarily, this means that MIL’s contention is that the evidence in question would support a finding that:
3. Aldi has a tendency to copy elements of the get-up of other brands;
4. because of that tendency, it is more likely that it copied elements of MIL’s get-up on the products the subject of the proceeding; and/or
5. Aldi’s purpose was to appropriate or capitalise on the reputation of the other brands.

## Did MIL give Aldi reasonable notice of its intention?

1. In contrast to the *Uniform Civil Procedure Rules 2005* (NSW) (**UCPR**), the *Federal Court Rules 2011* (Cth) merely prescribe the form of the notice; they do not prescribe what constitutes reasonable notice. Some guidance might come, however, from the NSW position. There, notice must be given 21 days before the proceeding is fixed for trial: see UCPR, r 31.5.
2. The evidence in question was served in December 2015. On 10 May 2016 Aldi notified MIL that it would object to the Court receiving it. It appears that this was the trigger for the issue of the tendency notice for it was eight days later, on 18 May 2016, that the notice was sent. This was months after the time had expired for Aldi to serve its evidence, 12 working days before the trial was due to start, five months after MIL had filed and served its evidence in chief, three months after it served its evidence in reply, and 9 months after the proceeding was fixed for trial.
3. In my view the notice was not reasonable. It should have been given at the latest when MIL served Mr Dimitriadis’ evidence. That would have given Aldi a reasonable opportunity to investigate the allegation, interview relevant witnesses, and file evidence. In the absence of any indication as to the use to which MIL intended to put annexure PJD-100, it was no answer for MIL to say, as it did, that Aldi had been in possession of the evidence for six months. The evidence was prima facie inadmissible.
4. Furthermore, the notice itself was inadequate. A properly drafted notice should “explicitly identify the tendency sought to be proved” (*Gardiner v R* (2006) 162 A Crim R 233 at [128] per Simpson J), outline the specific conduct and its circumstances, and enable the party whose conduct is in question to meet the evidence: *Martin v New South Wales* [2002] NSWCA 337 at [91] (Giles JA). The description of the tendency in the notice lacked the necessary degree of specificity. As Aldi submitted, it did not clearly identify that MIL intended to argue that Aldi deliberately copied third party get-up on the basis suggested in MIL’s written submissions, namely, with the intention of appropriating the reputation of other brands or misleading consumers. Neither, I might add, did it identify the fact or facts in issue to which the evidence was said to relate.
5. For this reason alone I consider that annexure PJD-100 should not be admitted.

## Does the evidence have significant probative value?

1. No evidence is admissible unless it is relevant (Evidence Act, s 56). Evidence is not relevant unless, if it were accepted, it could rationally affect (directly or indirectly) the assessment of the probability of the existence of a fact in issue in the proceeding (s 55).
2. The first task then is to identify the fact or facts in issue which the evidence has been adduced to prove.
3. MIL pointed to the allegations made in the current pleading that:

* in adopting the sign “Moroccan Argan Oil” used on or in relation to each of the allegedly infringing products, Aldi “deliberately copied” the moroccanoil sign and/or one or both of its two registered trade marks;
* the get-up of the Aldi Oil Treatment and the box in which it was packaged were both “deliberately copied” from the MIL counterpart;
* the get-up of all of the products in the Aldi Product Range was “deliberately copied” from the get-up of the MIL products; and that
* in each case Aldi acted in this way for the purpose of appropriating part of MIL’s trade or reputation or that of the authorised distributors and resellers of the MIL products; and
* Aldi “flagrantly” infringed the MIL trade marks.

1. Each of these matters is denied. It follows that each is a fact in issue.
2. I accept that evidence that Aldi has a tendency to copy the get-up of other successful brands in order to appropriate part of their trade or reputation would at least be indirectly relevant to the question of whether it copied MIL’s get-up. If evidence that has been or will be given shows that Aldi copied the get-up of other well-known brands, that could rationally affect the assessment of the probability that it copied MIL’s. While there is no direct evidence in any of these other cases of “deliberate copying”, the similarity in the appearance of each of the 13 Aldi products and its respective third-party branded counterpart might support an inference to this effect. For the inference to be drawn, however, it would be necessary to point to evidence that the third-party branded products came on the market before Aldi’s and to show that the third-party brands had a reputation in the market at the time Aldi copied from them.
3. Evidence was adduced in cross-examination of Ms Spinks that three of the third-party brands — Old El Paso, Garnier Fructis and Lynx — are well-known, but there was no evidence to that effect about the other 10. Be that as it may, I accept that it is common knowledge at least in Sydney, which it is not reasonably open to question, that the other brands (Heinz, SPC, Kellogg’s, Colgate, Palmolive, Sanitarium, CSR, Pantene, Panadol and Arnott’s) are also well-known and well-established brands.
4. The evidence discloses that the first Aldi supermarket in Australia opened in 2001. On the other hand, there is no evidence as to when the third-party branded products came on the market.
5. Similarities in get-up are immaterial to a trade mark infringement claim. For this reason, even if the evidence supports the alleged tendency, the tendency could not be relevant to that claim, let alone be of significant probative value. The alleged tendency however, is, potentially relevant to the first ACL and passing off claims. But is it of significant probative value?
6. “Probative value” refers to the extent to which the evidence could rationally affect the assessment of the probability of the existence of the fact in issue (Evidence Act, Dictionary). “Significant” in the context of the expression “significant probative value” means “important” or “of consequence” though less than “substantial”: *R* *v Lockyer* (1996) 89 A Crim R 457 at 459 (Hunt CJ at CL).
7. The assessment of whether the evidence in question has significant probative value involves two considerations: first, the extent to which the evidence supports the alleged tendency and second, the extent to which the tendency is capable of rationally affecting the assessment of the probability of the existence of these facts in issue: see *Hughes v R* [2017] HCA 20 at [41] (Kiefel CJ, Bell, Keane and Edelman JJ), and [89] (Gageler J).
8. As Aldi submitted, tendency evidence is generally used to prove, “by a process of deduction, that a person acted in a particular way, or had a particular state of mind, on a relevant occasion, when there is no, or inadequate, direct evidence of that conduct or that state of mind on that occasion”: *Elomar v R* [2014] NSWCCA 303; (2014) 300 FLR 323 at [360]. Here, however, there was direct evidence from Ms Spinks of the development process in relation to the goods in question. The evidence MIL wished to adduce as “tendency evidence” consisted merely of samples and images of other, unrelated products. It did not include any evidence as to how or why the get-up for the particular products was selected. It takes the evidence given by Ms Spinks no further. Consequently I am not persuaded that the evidence in question has significant probative value.

## Conclusion

1. For these reasons the evidence is inadmissible to prove either alleged tendency. It is unnecessary in the circumstances to deal with Aldi’s alternative argument.

# THE TRADE MARK INFRINGEMENT CASE

1. Section 120 of the Trade Marks Act relevantly provides that:
2. 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.
3. 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:

(a) goods of the same description as that of goods (***registered goods***) in respect of which the trade mark is registered; …

…

However, the person is not taken to have infringed the trade mark if the person establishes that using the sign as the person did is not likely to deceive or cause confusion.

1. “Use of a trade mark in relation to goods” is defined in s 7 as “use of the trade mark upon, or in physical or other relation to, the goods”.
2. The parties agree that the Aldi Oil Treatment and the Aldi Product Range (except the Aldi Hair Brushes and Aldi Hair Tools) are goods in respect of which both MIL trade marks are registered.
3. MIL alleges that Aldi has used the sign “Moroccan Argan Oil” as a trade mark upon or in relation to the containers and packaging of the Aldi Product Range, the packaging of the Aldi Hair Tools, and the handle and swing-tag of the Aldi Brushes, that they are used in relation to goods in respect of which the First and Second Trade Marks are registered or in relation to goods of the same description, and that the Aldi marks were deceptively similar to MIL’s two registered marks.
4. The following issues arise for consideration:
5. whether Aldi has used the sign “Moroccan Argan Oil” as a trade mark in respect of the relevant products;
6. if so, whether that sign is deceptively similar to MIL’s two registered trade marks (or either of them);
7. whether the Aldi Hair Brushes and Aldi Hair Tools are goods in respect of which either of the MIL trade marks is registered or goods of the same description as the goods in respect of which either of the MIL trade marks is registered;
8. if they are goods of the same description, whether Aldi has established that using the sign as it did is not likely to deceive or cause confusion; and
9. if infringement is made out, whether Aldi is liable to pay additional damages under s 126(2) of the Trade Marks Act.
10. It is to those issues that I now turn.

## Has Aldi used the sign “Moroccan Argan Oil” as a trade mark?

1. To answer the question it is necessary to begin with the definition of “trade mark” in the Trade Marks Act.
2. A trade mark is defined in s 17 of the Act as “a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person”. “Sign” is broadly defined in s 6 to include “the following or any combination of the following”: “any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent”. It is unarguable that the name “Moroccan Argan Oil” (no matter how it is written) is a sign.
3. It is well established that a sign is used or intended to be used as a trade mark if it is used as a badge of the goods’ origin, that is to say, to denote “a connection in the course of trade between goods and the person who applies the mark to the goods”: *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* (2010) 241 CLR 144 at [43], citing *Coca-Cola Company v* ***All‑Fect*** *Distributors Ltd* (1999) 96 FCR 107 at [19]. Aldi contends that it did not use or intend to use the “Moroccan Argan Oil” sign in this way. It claims that the words are descriptive and that descriptive use of a sign is not trade mark use. According to Aldi, the phrase simply refers to oil derived from argan trees grown in, or native to, Morocco. Aldi compared it to “Spanish olive oil” and submitted that the adjectival use of a country’s name in conjunction with a product, ingredient, or other thing, is well known as a matter of ordinary English usage.
4. I accept that the adjectival use of a country name in connection with a product, ingredient, or other thing is well known as a matter of ordinary English usage. I have difficulty, however, accepting that the name “Moroccan argan oil” as used in relation to the Aldi product line is merely descriptive and I consider the analogy with “Spanish olive oil” an imperfect one. A bottle or tin of Spanish olive oil only contains olive oil, whereas “Moroccan Argan Oil” is the label given to a product that contains a combination of several ingredients of which argan oil is but one. That is best illustrated by the Aldi Heat Protection Spray which in the attributes of the product listed below the name states:

* With Organic Argan Oil to provide shine

1. One would no more describe spaghetti or bread as “flour”, although both are made with flour, or a fruit juice “sugar”, although it contains a good deal of sugar.
2. Ingredients other than colour additives or those in concentrations of less than 1% are required to be listed on a product label in descending order by volume or mass: see *Trade Practices (Consumer Product Information Standards) (Cosmetics) Regulations 1991* (Cth), r 5(1) and (2). Careful scrutiny of the list of ingredients on the rear label of the Aldi products reveals that argan oil is the 13th of 30 listed ingredients in the shampoo, 12th in a list of 21 for the conditioner, and 11th in a list of 13 for the hair spray. Even in the case of the Aldi Oil Treatment it is third in a list of seven.
3. Even so, that does not dispose of the question at hand. The answer to the question does not depend on the meaning of the sign; but on the “‘purpose and nature’ of the impugned use”: ***Johnson & Johnson*** *Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326 at 347 (Gummow J), citing ***Shell*** *Company of Australia Ltd v Esso Standard Oil (Australia) Ltd* (1963) 109 CLR 407 at 426 (Kitto J).
4. The submission that Aldi makes appears to be the same submission that was rejected in *Aldi Stores Ltd Partnership v* ***Frito-Lay*** *Trading Company GmbH* [2001] FCA 1874; 190 ALR 185 at [23] (Hill J) and [60] (Lindgren J). That case concerned the use of the names “Cheesy Twists” and “Cheese Twists”, which were alleged to be substantially identical with, or deceptively similar to, “Twisties”. Lindgren J observed at [60] that it is “well established that words which, devoid of any context or which in one particular context may be understood to be descriptive, may nonetheless be used as a trade mark”. His Honour pointed out at [62] that, although it has been said that “general laudatory epithets and geographical terms are inherently incapable of ever being used as trade marks” (referring to a number of authorities), “the trend of modern authority seems to be against a priori categorisation”.
5. Attention was also drawn to the importance of context by the Full Court in ***Nature’s Blend*** *Pty Ltd v Nestlé Australia Ltd* [2010] FCAFC 117; (2010) 272 ALR 487 at [19]:

Consideration of the totality of the packaging, including the way in which the words are displayed in relation to the goods and the existence of a label of a clear and dominant brand, are relevant in determining the purpose and nature (or ‘context’) of the impugned words: *Johnson & Johnson* at 347; *Anheuser-Busch, Inc v Budějovický Budvar, Národní Podnik* (2002) 56 IPR 182; [2002] FCA 390.

1. No doubt, the circumstance that the sign consists of ordinary English words may be taken into account in deciding whether the use of the sign is use as a trade mark: *Johnson & Johnson* at 347 (Gummow J). Yet, a sign may be descriptive or contain descriptive elements and still be “a badge of origin”: *Johnson & Johnson* at 347 (Gummow J) and at 339 (Lockhart J); *Nature’s Blend* at [19]. As Hill J put it in *Frito-Lay* at [23], “it is well established that there is no true dichotomy between words capable of being used as a badge of trade origin and words that are descriptive”. In other words, a sign may describe the goods but still be intended to denote a connection in the course of trade between the goods and the person who applied the mark to the goods. This is the point that Dixon CJ made in *Mark Foys Ltd v Davies Coop and Co Ltd* (the ***Tub Happy***case) (1956) 95 CLR 190 at 194–195 when he said that it was a mistake to ask what the words mean. At 194 his Honour explained:

The fallacy of asking what is the meaning of the phrase lies in the basal assumption that the words are intended to convey some definite meaning and perhaps the further assumption that the meaning has reference to the garments or the cottons. The assumption is fallacious because it overlooks the fact that language is not always used to convey an idea. Many uses of words are purely emotive. A word or words are often employed for no purpose but to evoke in the reader or hearer some feeling, some mood, some mental attitude. This is true of much advertising, which common experience shows to be full of meaningless but emotive expressions supposedly capable of inducing a generally favourable inclination in the almost subconscious thought of the passing auditor or hasty reader. Words put forward as trade marks are very likely indeed to be chosen in the same way.

1. In the light of s 219 of the Act (formerly s 66 of the *Trade Marks Act 1955* (Cth) (**the 1955 Act**)), the nature of the use by the alleged infringer may be considered in the light of evidence concerning usage in the trade. Where the mark is a word mark, the relevant context also includes the way in which the word has been displayed in relation to the goods and in advertisements for the goods. See *Johnson & Johnson* at 347 (Gummow J).
2. The question is whether, “in the setting in which the [words are used]”, they would appear to the consumer as “possessing the character of … [a brand]” so as to distinguish the Aldi Product Range in the course of trade from the goods of other traders: *Shell* at 425. Although this question is to be determined objectively, there is authority that the alleged infringer’s intentions are not irrelevant: *Lift Shop Pty Ltd v Easy Living Home Elevators Pty Ltd* [2014] FCAFC 75; (2014) 311 ALR 207; 106 IPR 419 at [38].
3. MIL claims that Aldi used the sign “Moroccan Argan Oil” as a trade mark in each of the following respects:

* on containers and packaging of the Aldi Product Range in various fonts and colours on a turquoise blue background, both with and without the oil drop graphic;
* on the packaging of the Aldi Hair Tools in white/copper stylised font incorporating the oil drop graphic, on a plain or turquoise background;
* on the Aldi Hair Brushes which carry the stylised sign with oil drop graphic on the handles and the swing-tags;
* on display boxes used at point of sale in stylised font and incorporating the oil drop graphic printed in white text on the front and sides of the boxes;
* in Aldi Catalogues advertising the Aldi Product Range; and
* in promotions for the Aldi Product Range on the Aldi Facebook page and website.

1. Notwithstanding its submission as to the descriptive nature of the sign, Aldi appears to accept that whether it has used or intended to use the sign as a trade mark must be decided having regard to contextual matters. It submitted that the following matters of context should be considered:
2. the circumstance that all the products in the Aldi Product Range and the Aldi Hair Brushes also carry the protane trade mark and the Aldi Hair Tools prominently feature the visage trade mark, and that both marks have been used since 2007 as “house brands” in relation to a range of products sold in Aldi stores;
3. the fact that the products were sold alongside other protane and visage branded products in Aldi stores and promoted with them in Aldi’s catalogues and television advertisements; and
4. the fact that third parties marketing similar hair care products containing argan oil have used the same or a similar descriptor (such as “Argan Oil of Morocco” or “Argan Oil from Morocco”) on their products and that this fact was known to Aldi at the time it developed its product line.
5. None of these matters is persuasive.
6. As to the first two matters, a sign may still be used as a trade mark even if another trade mark is also used on the same packaging or advertisement: *Johnson & Johnson* at 349 (Gummow J). In *Tub Happy*, for example, the use by the respondent of the words tub happy was held to be trade mark use although they were used in conjunction with the respondent’s trade mark exacto, as in the phrase “Exacto Cotton Garments – Tub Happy Cotton Fresh Budget Wise”. Aldi’s submission is based on the false premise that, if there is one, albeit frequently used, trade mark on a line of products, then there is no room for another.
7. The third tells us nothing about whether Aldi has used or intended to use the sign “Moroccan Argan Oil” as a trade mark.
8. There was no dispute among the marketing experts that businesses in the hair care market deploy both brands and “sub-brands”. Uncontroversial examples include L’Oréal’s “Elvive”, “Kerastase” and “Professional” sub-brands, Wella’s “System Professional” and “Pro-Series”, and Schwarzkopf’s “Osis” and “Extra Care” sub-brands. But there was disagreement between the marketing experts as to whether the words “Moroccan Argan Oil” would appear to consumers as a brand or sub-brand or product descriptor. Professor Klein said that protane was used as the brand and protane naturals as a sub-brand (although there was evidence from an Aldi employee (Ms Spinks) that both protane and protane naturals were Aldi house brands). The reasons Professor Klein gave were that protane appeared in large font, incorporated a design element, and in “the usual place for a brand name”, that is, at “the top/centre of the bottle”; that it appeared before the words “Moroccan Argan Oil” on the packaging and store signage and also, for the most part, in the catalogues; and that the words “Moroccan Argan Oil” refer to an ingredient. For the same reasons Professor Klein concluded that “Moroccan Argan Oil” was not being used as a brand on the visage products. Mr Roberts considered that “Moroccan Argan Oil” was used to distinguish products containing argan oil from other protane or visage products that do not.
9. I am not impressed by either of these opinions. None of these considerations would necessarily lead to the conclusion that Aldi has not used the words “Moroccan Argan Oil” as a trade mark.
10. First, as I have already observed, in law the fact that a phrase may be descriptive does not mean that its use is not use as a trade mark. In *Frito-Lay* chazoos was the Aldi house brand but the Full Court held that cheezy twists was used as a trade mark. Hill J concluded at [26] that in that case two trade marks were used, “one a generic word used over a product range and the other used as a badge of origin in respect of a particular product”. In my opinion, that is what happened here. protane is the generic word used for a range of Aldi products. protane naturals is also generic. “Moroccan Argan Oil” is used as a badge of origin for those protane naturals products containing argan oil.
11. Secondly, for the reasons I have already given (at [140]), “Moroccan Argan Oil” is not the name of an ingredient. The ingredient is argan oil, albeit that it may be derived from argan trees grown in, or native to, Morocco. Nor, with the possible exception of the Aldi Oil Treatment, could “Moroccan Argan Oil” be taken as identifying a product. Consumers thinking of buying the Aldi shampoo, conditioner, hair spray, mask, brushes, hair dryers, and straighteners would not do so in the belief that they were buying argan oil.
12. Thirdly, Professor Klein proceeded from the position that there may be only one sub-brand per product. There is no necessary reason why a product can have only one sub-brand. In any case, Professor Klein’s evidence is at odds with the evidence of Ms Spinks that protane naturals is an Aldi brand.
13. Mr Roberts presupposed that there may be only one purpose in the selection of a name. While the name “Moroccan Argan Oil” could distinguish protane and visage products containing argan oil from other such products which do not contain argan oil, that may not be the sole purpose in selecting the name. “Argan oil” would serve that purpose. Neither of Aldi’s experts referred to the oil drop in this context, to the products which carry the sign “Moroccan Argan Oil”, but separately, on the same label, refer to the product as containing argan oil or infused with argan oil, or to the products on which the phrase “Moroccan Argan Oil” appears enclosed in a circle.
14. Taking into account all these matters as well as its appearance, place, size, and prominence on each of the Aldi products, including the tools, I consider that the sign “Moroccan Argan Oil” is being used as a brand and not (or not merely) as a description or allusion to the products’ contents or one of its ingredients.
15. The use of both the name “Moroccan Argan Oil” and the phrases “with organic argan oil” on the front label of the heat protection spray and “contains argan oil” on the front labels of the dry shampoo and the hair spray suggests that the composite expression “Moroccan Argan Oil” is not intended to be a descriptor or at least merely descriptive. Similarly, in the case of each of the visage branded products — the hair straightener, curler, and dryer — the sign “Moroccan Argan Oil” appears as well as the words “Moroccan argan oil infused”, the former carrying the stylised “o’s”, depicted as oil drops.
16. The presence of the oil drop is particularly distinctive. It was plainly intended to mark out Aldi’s products from the products of its competitors. In addition, the two signs “protane naturals” and “Moroccan Argan Oil”, with the oil drop replacing the first “o” in “moroccan” and the “o” in “oil”, both appear on the handles of, and swing tags on, all the Hair Brushes in such a way that I am well satisfied that both would appear to the consumer as possessing the character of a brand. This stylised version of the phrase “Moroccan Argan Oil” was also used on the packaging of the other protane naturals products in versions sold from 24 September 2014, including the oil treatment, shampoo, conditioner, mask, and heat protection spray.
17. Furthermore, the contemporaneous evidence indicates that Aldi, itself, regarded the stylised version of “Moroccan Argan Oil” as a brand. In an email sent to Ms Spinks from the quality assurance assistant, Shae Blizzard, on 4 July 2014 entitled “Moroccan Argan Oil Logo”, she was asked whether it was “our product’s logo” and Ms Spinks confirmed that it was. She also confirmed this in answer to questions in cross-examination.
18. The promotion of the products together, whether in catalogues, online or in stores, reinforces the idea that the sign “Moroccan Argan Oil” has been used to distinguish Aldi’s argan oil product line from similar goods sold by other traders.
19. While the case is stronger when the oil drops are used, I am satisfied that at all material times Aldi has used the sign “Moroccan Argan Oil” as a badge of origin to indicate that its hair care products and appliances are made by or with its authority and to distinguish its range of products and appliances which contain argan oil from other products on the market that also contain argan oil.

## Is the sign “Moroccan Argan Oil”, as used, deceptively similar to the MIL registered trade marks?

1. MIL does not complain that “Moroccan Argan Oil” is substantially identical to the MIL registered marks. Its complaint is one of deceptive similarity.
2. One trade mark is taken to be deceptively similar to another if it so nearly resembles the other that it is likely to deceive or cause confusion: Trade Marks Act, s 10. Thus, the question here is whether “Moroccan Argan Oil” has been used in such a way that it is likely to deceive or cause confusion.
3. The legal principles are well established and not in dispute.
4. First,the question of whether a mark is deceptive or likely to deceive is “a jury question”. That is to say it is one for the tribunal of fact and not the expert: ***Interlego*** *AG v Croner Trading Pty Ltd* (1992) 39 FCR 348 at 387 (Gummow J, Black CJ and Lockhart J agreeing at 349) citing *General Electric Co (of USA) v General Electric Co Ltd* [1972] 1 WLR 729 at 738; [1972] 2 All ER 507 at 515 per Lord Diplock. As Diplock LJ explained in that case, in a passage cited by Gummow J in *Interlego* at 388 with evident approval, the judge is a potential buyer of the goods and the judge’s approach should be the same as a jury’s, albeit that the judge should be “alert to the danger of allowing [her or] his own idiosyncratic knowledge or temperament to influence [her or] his decision”. His Lordship continued:

That in issues of this kind judges are entitled to give effect to their own opinions as to the likelihood of deception or confusion and, in doing so, are not confined to the evidence of witnesses called at the trial is well established by the decisions of this House itself.

1. Secondly, in contrast to the position when substantial identity is in issue, the marks are not to be compared side by side. The comparison to be made is between the impression based on recollection people of ordinary intelligence and memory would have of the applicant’s (registered) mark and the impression they would have on seeing the mark or marks of the alleged infringer: *Shell* at 414–415(Windeyer J); ***Australian Woollen Mills*** *Ltd v FS Walton and Company Limited* (1937) 58 CLR 641 at 658 (Dixon and McTiernan JJ). It follows that the Court must make allowance for the imperfect recollection a person may have of the registered trade mark(s): ***Crazy Ron’s*** *Communications Pty Ltd v Mobileworld Communications Pty Ltd* [2004] FCAFC 196; (2004) 209 ALR 1; 61 IPR 212 at [77]; *Saville Perfumery Ltd v June Perfect Ltd* (1941) 58 RPC 147; *Aristoc Ltd v Rysta Ltd* [1945] AC 68 at 86 (applied by the High Court in *Berlei Hestia Industries Ltd v Bali Co Inc* (1973) 129 CLR 353).
2. Thirdly, each mark must be compared “as a whole”: ***Optical 88*** *Ltd v Optical 88 (No 2) Pty Ltd* [2010] FCA 1380; (2010) 275 ALR 526; 89 IPR 457 at [100] (Yates J). As Isaacs ACJ observed in *Angelides v James Stedman Hendersons Sweets Ltd* (1927) 40 CLR 43 at 68 (to which Yates J referred in *Optical 88*):

[I]t is trite law that a registered trade mark means the whole trade mark, the whole device. However prominent a single word in a composite mark may be, the composite registration gives no statutory right whatever to the word alone, and it would be a distinct untruth to tell the world that the single word alone was registered.

1. Fourthly,where a mark consists of a number of elements, it is necessary to consider the elements in their context. That includes “the size, prominence and stylisation of words and device elements used in the mark and their relationship to each other”: *Optical 88* at [100].
2. Fifthly,the marks are to be compared both visually and aurally: *Wingate Marketing Pty Ltd v Levi Strauss & Co* (1994) 49 FCR 89 at 105. This naturally follows from the fact that s 7(2) of the Act relevantly provides that, for the avoidance of doubt, if a trade mark consists of a letter, word, name or numeral or any combination thereof, an aural representation of the mark is a use of the mark for the purposes of the Act.
3. Sixthly, where, as here, the alleged deception or confusion relates to the source of the goods, to deceive means to create an incorrect belief or mental impression or mislead the consumer into thinking that the goods bearing the applicant’s mark come from another source and to confuse means to cause the consumer to wonder whether that might be so: *Pioneer Hi-Bred Corn Co v Hy-Line Chicks Pty Ltd* [1979] RPC 410 at 423 (Richardson J), cited with approval by the Full Court in *All-Fect* at [39]. In the latter instance, it will be enough that the ordinary person entertains a reasonable doubt: *Registrar of Trade Marks v* ***Woolworths*** *Ltd* (1999) 93 FCR 365 at [50] (French J) following ***Southern Cross*** *Refrigeration Co v Toowoomba Foundry Pty Ltd* (1954) 91 CLR 592 (Kitto J).
4. Seventhly, while it is not necessary to prove that it is more probable than not that a trade mark will deceive or confuse, it is necessary to show that there is “a real tangible danger” that a number of people will be deceived or confused: *Woolworths, ibid.*
5. Eighthly, all the surrounding circumstances are to be taken into account, including the circumstances in which the goods will be bought and sold and the character of the probable consumers: *Woolworths, ibid.* As Yates J observed in *Optical 88* at [94], drawing on what was said in *Australian Woollen Mills* at 658:

[T]he comparison takes place in a particular context in accordance with a particular standard: “the course of business and the way in which the particular class of goods are sold” gives the setting and “the habits and observation of men considered in the mass” affords the standard in determining whether the impugned mark is, properly judged, “deceptively similar”.

1. Ninthly, the question of whether the “Moroccan Argan Oil” sign is deceptively similar to either the First or the Second Trade Mark (or both) in relation to goods in respect of which the mark is registered or in relation to goods of the same description, is “never susceptible of much discussion”, since it depends on “a combination of visual impression and judicial estimation of the effect likely to be produced in the course of the ordinary conduct of affairs”: *Australian Woollen Mills* at 659.
2. Tenthly, no intention to deceive or cause confusion is required; s 10 is concerned with the effect of the mark on prospective purchasers: *All-Fect* at [39]. Nevertheless, evidence of intention is not irrelevant. Dixon and McTiernan JJ said in *Australian Woollen Mills* at 657:

The rule that if a mark or get-up for goods is adopted for the purpose of appropriating part of the trade or reputation of a rival, it should be presumed to be fitted for the purpose and therefore likely to deceive or confuse, no doubt, is as just in principle as it is wholesome in tendency … [W]hen a dishonest trader fashions an implement or weapon for the purpose of misleading potential customers he at least provides a reliable and expert opinion on the question whether what he has done is in fact likely to deceive.

1. MIL relied heavily on the following statement of principle by Lord Radcliffe in *de Cordova v Vick Chemical Company* (1951) 68 RPC 103 at 105–6:

[A] mark is infringed by another trader if, even without using the whole of it upon or in connection with his goods, he uses one or more of its essential features. The identification of an essential feature depends partly on the Court’s own judgment and partly on the burden of the evidence that is placed before it. A trade mark is undoubtedly a visual device; but it is well-established law that the ascertainment of an essential feature is not to be by ocular test alone. Since words can form part, or indeed the whole, of a mark, it is impossible to exclude consideration of the sound or significance of those words. Thus it has long been accepted that, if a word forming part of a mark has come in trade to be used to identify the goods of the owner of the mark, it is an infringement of the mark itself to use that word as the mark or part of the mark of another trader, for confusion is likely to result … The likelihood of confusion or deception in such cases is not disproved by placing the two marks side by side and demonstrating how small is the chance of error in any customer who places his order for goods with both the marks clearly before him, for orders are not placed, or are often not placed, under such conditions. It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail, and that marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole.

1. In *Crazy Ron’s* the Full Court endorsed this principle, describing it at [93] as “well‑established”, despite the absence of an explicit reference in the statute to the “essential features” of a trade mark, saying at [79] that:

If a registered trade mark *includes* words which can be regarded as an essential feature of the mark, another mark that incorporates those words may well infringe the registered trade mark. The other mark may also infringe if there is a tangible danger of deception or confusion by reason of consumers retaining an imperfect recollection of the words constituting an essential feature of the registered mark.

(Original emphasis.)

1. MIL’s argument was as follows.
2. First, the (or, at least, a) dominant and essential feature of the MIL marks — both visually and aurally — is the word “moroccanoil”. Whether or not the words “moroccan” and “oil” are conjoined is immaterial; aurally there is no difference. Thus, the sign “Moroccan Argan Oil” is likely to be understood as containing an essential feature of the two MIL marks.
3. Secondly, the fact that Aldi products are fast-moving consumer goods sold in supermarkets increases the likelihood of consumer confusion. The marketing experts agreed that supermarket products tend to be “low involvement” products in that they are associated with a relatively lower level of information search and cognitive decision making as the risks associated with making an “incorrect” purchase decision are relatively low.
4. Thirdly, the signs “Moroccan Argan Oil” and moroccanoil are deceptively similar because they both have a high degree of “diagnosticity as a cue or heuristic that consumers would ordinarily associate with the MIL products”, namely, the common use of the words “moroccan” and “oil” on the labels and the containers of turquoise-coloured hair care products. Once a consumer sees these words against that background, they will assume that the products are, or are in some way associated with, MIL products and are unlikely to enquire further as to the source of the products. The addition of “argan” between “moroccan” and “oil” is unlikely to interrupt the consumer’s recall of the moroccanoil brand, particularly one whose recollection is imperfect or one who has heard about the MIL products but who has not, or who has barely, seen them.
5. Fourthly, the evidence discloses that Aldi periodically promotes or refers to its Moroccan Argan Oil products as “Moroccan Oil”. That can be seen in catalogues, on receipts, and in‑store signage, including price tickets. This circumstance contributes to the likelihood of confusion as to the source of the Aldi products.
6. Fifthly, Ms Royds’ evidence was that, after spending less than a minute selecting the products, she purchased the Aldi Oil Treatment and Shampoo in the erroneous belief that she was buying the MIL products. Her experience is unlikely to be unique. Indeed, it is likely to be common for a not insignificant number of consumers buying Aldi products, and tends to confirm the opinion of the marketing experts that purchases of this kind are low involvement purchases.
7. Sixthly, at least 58 individual consumers in the period between 2012 and 23 September 2015 wrongly believed that the Aldi products were MIL products and purchased the Aldi products under that mistaken belief. The Court can infer that the use of the sign “Moroccan Argan Oil” contributed to that confusion in that consumers would have understood that the sign referred, or was in some way related, to moroccanoil.
8. Seventhly, the evidence supports a finding that Aldi intended to trade off the reputation of MIL’s product including the brand moroccanoil.
9. I turn first to the essential features of the First and Second Trade Marks.
10. First and foremost, the two marks are composite marks (described in the Register as “fancy”) and it is each mark as a whole which must be compared to the Aldi mark: see above at [171]. As Aldi submitted, the rights conferred by registration are limited by the combination of features that constitute the registered marks. Aldi contended that the First Trade Mark includes the word moroccanoil in white text appearing vertically and accompanied by a prominent orange M on a turquoise background, and that the Second Trade Mark also features the word moroccanoil, this time depicted horizontally, with the orange M superimposed. Aldi submitted that the words “Moroccan Argan Oil” are plainly not deceptively similar to either trade mark as they omit entirely the other features including the striking orange M. It said that “the complex of elements” is “apt to leave in the mind of the ordinary consumer a very different impression to that of the three descriptive words “Moroccan Argan Oil”. Aldi also submitted that the two MIL trade marks are both visually and aurally distinct because of the presence in its products of the word “Argan” between “Moroccan” and “Oil”.
11. Broadly speaking, the First Trade Mark consists of the word moroccanoil in a vertical position to the left of a capital M and the Second Trade Mark consists of the word moroccanoil in a horizontal position behind a large capital M. In the First Trade Mark I would say that the two features I have mentioned are equally prominent and in the Second the M is possibly more prominent.
12. Contrary to Aldi’s submission, the colour turquoise appearing in the background of the two marks, the colour orange used to mark out the singular M, and the colour white used in the word “moroccanoil” are not features of the registered mark. A trade mark may be registered so as to create a monopoly in the use of a particular colour through the process of registration with limitations as to colour: Trade Marks Act, s 70(1). To the extent that a trade mark is registered without limitations as to colour, however, it is taken to be registered for all colours: s 70(3). Although the First and Second Trade Marks appear in the Register in the colours described and depicted above, no limitation as to colour is recorded in the Register for either of the marks in question. In particular, there is no endorsement on the Register which defines the scope of registration by reference to colour. The usual form of endorsement, according to the *Trade Marks Office Manual of Practice and Procedure* published online by IP Australia is:

Registration of this trade mark is limited to the colours \_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_ as shown in the representation of the trade mark attached to the application form.

(See Pt 10.3.5.3.)

1. The learned authors of the leading Australian text, *Shanahan’s Australian Law of Trade Marks and Passing Off* (5th ed), state at [45.2005] that a limitation as to colour would not now be inferred merely from the filing of a representation of the mark in particular colours (as it was a century ago in *William Charlick Ltd v Wilkinson & Co Pty Ltd* (1913) 16 CLR 370).
2. I consider that both the large M and the word “Moroccanoil” are essential features of the First and Second Trade Marks.
3. The question here is whether there is a real, tangible danger that a not insignificant number of people with an imperfect recollection of the word “Moroccanoil” might at least wonder, on seeing or hearing the sign “Moroccan Argan Oil” whether it is MIL’s product?
4. At first blush the evidence from Ms Royds might suggest there is.
5. In her affidavit Ms Royds deposed that she had seen “the moroccanoil Original Treatment Product” on prominent display in several shopping centre salons from around late 2010, so much so that it seemed to be “everywhere”. She said that she was struck by the turquoise blue colour on the box and the label but that it was the combination of the coloured box and label with the word moroccanoil in bold text that stood out to her. She purchased the product once only and had never purchased any other MIL product. Ms Royds shops at Aldi about once a month, mostly at its Leichhardt store, but also in the Drummoyne and Canterbury stores. It will be recalled that Ms Royds gave evidence about an occasion when she purchased “Moroccan Argan Oil” products at the Leichhardt Aldi store under the mistaken belief that she was buying MIL’s products. When she approached the section of the store where the Aldi products were situated she said that she saw the words “Moroccan” and “Oil” on the labels and concluded that moroccanoil “may have undergone some rebranding exercise”. While she was not clear about some matters and her evidence was inconsistent in some respects, she adhered to this evidence in cross-examination, saying that “on the day”, she just saw “Moroccan Oil”. She insisted that the words “Moroccan” and “Oil” stood out to her and that she believed that she was looking at “the true moroccanoil product”. I accept that her evidence *might* indicate that a person with an imperfect recollection of the word moroccanoil might be confused or misled into thinking that the product she was looking at was a MIL product.
6. There are, however, difficulties with Ms Royds’ evidence.
7. First, she was an unsatisfactory witness. Under cross-examination she was easily confused and her memory proved to be generally poor.
8. Secondly, she admitted to being distracted at the time by her children and under considerable stress. These circumstances might have caused her to overlook the obvious differences between the two marks.
9. Thirdly, in concluding that moroccanoil might have been rebranded, she volunteered in cross-examination that she had “a background in advertising” and admitted to drawing on that background in assuming that this was a rebranding. There is no evidence to suggest that the ordinary consumer would make the same assumption.
10. Fourthly, Ms Royds insisted that both the Aldi Oil Treatment and the Aldi Shampoo were on a shelf. The evidence was that the Oil Treatment was sold in the “Special Buys” section in the “wire cage section” in the centre of the store. Indeed, that was an agreed fact. Apart from Ms Royds’ account, the evidence is to the effect that this mode of sale was common to all Aldi stores. While it is possible that the position in the Leichhardt store was different, it is unlikely.
11. Fifthly, what Ms Royds took away from the MIL product was the combination of the turquoise colour, the packaging, and the word moroccanoil. It was the colour which drew her to the Aldi product. That this is likely to be the case is supported by the evidence given on MIL’s behalf by Mr Blanket that “colour is regularly a strong diagnostic tool for a brand which is intrinsically linked with the consumer’s perception of that brand within its category”. Mr Blanket cited some obvious examples including the Tiffany blue and the yellow and black deployed by the Commonwealth Bank of Australia. It is also supported to some extent by the evidence of MIL’s marketing strategy, involving as it does the use of the same shade of turquoise on all its products and in all its advertising and its insistence that MIL products always be displayed *en bloc.*
12. Yet, similarities in colour or get-up (assuming colour is not part of the get-up), though relevant to the ACL and passing off claims, are irrelevant to the trade mark infringement case. In such a case “any deceptive similarity arising from get-up or aspects of packaging is to be disregarded”: *Frito-Lay* at [155] (Lindgren J); *Henschke* at [44].
13. Ms Royds did not disregard the similarities arising from the get-up or packaging of the product. Indeed, those similarities may well have convinced her that Aldi sold moroccanoil before she even looked at the products. Ultimately, I am not persuaded that she was misled or confused by an imperfect recollection of either of the MIL Trade Marks or the Moroccanoil name.
14. The other evidence of alleged confusion is unhelpful. That is because the evidence largely consists of reports given to others in a way that makes it impossible to decide what was responsible for the confusion. Certainly, there is nothing to suggest that any deceptive similarity arising from the get-up of the products or aspects of it were disregarded. The evidence provides either no or no sufficient foundation for the conclusion that any purchase of an Aldi product was made because of the deceptive similarity of the respective marks.
15. As Aldi submitted, having regard to the indirect nature of the evidence there is little or no context for the alleged instance of confusion.

Matters such as the following are often left unclear, or are completely unexplained: whether the person was aware of MIL’s products when they encountered the Aldi products, and if so to what extent; which Aldi product(s) were in issue; in what circumstances the alleged confusion occurred, including what level of attention the person gave to the Aldi products at the time; whether there were other factors at play that might have led to the person acting in the way that they did; and any other relevant circumstances. It would be essential to understand these matters in order to accord any weight to the evidence.

1. In view of the way in which the evidence was adduced (predominantly through witnesses to whom the reports were either directly or indirectly made by anonymous consumers), and in the absence of contemporaneous records, it was not possible for these matters to be explored in cross-examination.
2. Furthermore, even at face value a number of the reports do not bespeak of confusion, let alone deception. In one case, reported by Ms Williamson, the consumer said that she had bought products at Aldi that “look like” MIL’s products. While this is illustrative of similarity, it does not denote deceptive similarity. Some of the evidence consists of second-hand hearsay, such as the complaints received by Thierry Fayard. As a matter of common experience this evidence is unreliable and particularly so when Mr Fayard had made no contemporaneous record of any of the complaints and could not remember the names of the complainants. As for Mr Fayard’s evidence of complaints about the Aldi Oil Treatment being offered for sale as “special buys” (see [61] above), without more this is not evidence of consumer confusion. It might just reflect the stockists’ concerns that they were being undercut by Aldi selling similar, though not necessarily deceptively similar, products at a substantially lower price.
3. It is, of course, possible that some or all of the consumers who had purchased Aldi products had an imperfect recollection of the word Moroccanoil and that their imperfect recollection contributed to their confusion but the evidence is too vague to enable me to reach a conclusion either way. Furthermore, in almost all cases, the product the people had purchased was the Aldi Oil Treatment. The similarities in the get-up of the two products are much closer than the similarities in get-up between the respective shampoos and conditioners. If they were confused, it is at least just as likely as anything else that the get-up of the Aldi products was responsible. The position might well have been different if the evidence indicated that even one of them had asked a sales assistant at an Aldi store whether it sold moroccanoil and had been directed to the Moroccan Argan Oil products.
4. In these circumstances the evidence of confusion is not entitled to any weight.
5. The submission that Aldi intended to trade off MIL’s reputation is also problematic. The evidence upon which MIL relied came from Ms Spinks. As I have already observed, neither Ms Heng nor Mr Raju gave evidence and no explanation was offered for their absence. In those circumstances a *Jones v Dunkel* inference may be drawn (see *Jones v Dunkel* (1959) 101 CLR 298, but such an inference (that evidence from them would not have assisted Aldi) does not go very far.
6. It is a serious matter to find that Aldi chose the name “Moroccan Argan Oil” dishonestly and in an attempt to mislead consumers and take advantage of MIL’s trade or reputation in its registered trade mark, and the Court must proceed with caution before making it: *Frito-Lay* at [97] (Lindgren J). As the High Court pointed out in ***Campomar*** *Sociedad Limitada v Nike International Ltd* (2000) 202 CLR 45 at [33], in a passage cited by Lindgren J in *Frito-Lay*, “even an imitation of one product by another does not necessarily bespeak an intention to deceive purchasers”.
7. Ms Spinks’ evidence is insufficient to demonstrate that by the choice of the name “Moroccan Argan Oil” Aldi set out to mislead consumers into thinking that the Aldi brand was moroccanoil. No precise evidence was led as to how Aldi settled on the name “Moroccan Argan Oil” and no questions on this subject were asked in cross-examination. If its object were as alleged, then one would think it would call its products “Moroccan Oil”. The name Aldi chose was different. The name Aldi chose —“Moroccan Argan Oil” — was the name then used by Organix, whose products Aldi had used as the “benchmark” for its shampoo and conditioner. Further, the ultimate product was not taken to market before Aldi had received advice as to compliance with Australian laws. Ms Spinks said that an organisation known as “Silliker” (Silliker Australia Pty Ltd) was retained to undertake “due diligence checks” to ensure that proposed product packaging and labelling complied with relevant “regulations” and the Australian Consumer Law. She was not challenged about this evidence in cross-examination.
8. In any case, as Hill J pointed out in *Frito-Lay* at [34]*,* while the presumption of likely deception from evidence of intention would not lightly be rejected, absent a real, tangible danger of deception or confusion there can be no infringement.
9. Even if the tendency evidence were admissible and should have been received, the tendency alleged in the notice was a tendency to copy “elements of the *getup* of Third Party Branded Products”. As I have already observed, for the purpose of determining whether a trade mark has been infringed, get-up is irrelevant. In these circumstances, an intention to copy the get-up must also be irrelevant.
10. Of course, the mere fact that the evidence of confusion has no probative value and that Aldi may not have intended to confuse does not mean that the sign “Moroccan Argan Oil” is not deceptively similar to the MIL marks. The question is whether it is likely to confuse.
11. “Moroccanoil” is the relevant essential feature of the MIL Trade Marks. “Moroccanoil”, however, whether conjoined or not, does not appear on the Aldi Products. That said, I accept that the presence of the word “Argan” between “Moroccan” and “Oil” may well not interrupt the recall of the brand moroccanoil, as Professor Quester’s evidence indicated.
12. There is authority for the proposition that the first word of a composite mark is usually the most important for comparison: ***NV Sumatra Tobacco*** *Trading Company v British American Tobacco (Brands) Incorporated* [2010] NZCA 24; (2010) 86 IPR 206 at [32]. In *Re London Lubricants (1920) Ltd’s Application* (1925) 42 RPC 264 at 270, cited with approval in *NV Sumatra Tobacco,* Sargent LJ observed that English speakers tend to slur the endings of words and that necessarily means that the beginnings of words are accentuated in comparison, adding that, as a rule, the first syllable of a word is far more important (one might say memorable) for the purpose of distinction. Nevertheless, it is one thing to recall moroccanoil upon seeing the Aldi brand. It is another to confuse the one with the other. There is no necessary correlation between the two.
13. Ultimately, taking all relevant matters into account, I am not persuaded that the Aldi trade mark “Moroccan Argan Oil” is deceptively similar to either the First or the Second Trade Mark. In my view, there is no real, tangible danger that an ordinary or reasonable consumer with an imperfect recollection of one or other or both those marks or, as was argued, the name “Moroccanoil”, would wonder whether a mark called “Moroccan Argan Oil” is or is associated with either of the composite marks that are the First and Second Trade Marks. Ignoring similarities in the get-up of the respective products, including the colour-scheme and packaging, I am not satisfied that the hypothetical consumer would mistake the Aldi “Moroccan Argan Oil” mark for the First or Second Trade Marks or wonder whether the Aldi product is made by the owner of the First and Second Trade Marks. Considering each of the First and Second Trade Marks as a whole, I find that the Aldi mark is not deceptively similar to either of the MIL marks.

## Are the Aldi Hair Brushes and Aldi Hair Tools goods in respect of which the MIL trade marks are registered or goods of the same description?

1. As I noted at [13] above, the First and Second Trade Marks are registered in class 3 in relation to various products including “hair care products”. Aldi correctly submitted that no brushes or mechanical or electrical tools are specified. But MIL did not make any submissions in support of the first alternative (whether the brushes or tools are goods in respect of which the MIL marks are registered); it was content to rely on the second. All other things being equal, subject to the defence, it makes no difference.
2. So what are “goods of the same description” as the goods in respect of which a trade mark is registered?
3. Aldi submitted that the concept of “goods of the same description” is a narrow one and that it must mean “the same kind of thing”. I cannot accept the submission. To be “goods of the same description” goods need not be “substantially analogous in kind” or substitutes or alternatives: *Re J Lyons & Co Ltd’s Application* [1959] RPC 120 at 128. The mere fact that the goods are different in character is “by no means conclusive”: *Southern Cross* at 606. The question must be approached “from a commercial point of view”: *In the Matter of an Application by Ladislas* ***Jellinek*** *for the Registration of a Trade Mark* (1946) 63 RPC 59 at 64 (Romer J). The answer depends on “whether the goods belong to the same or different trades”: *ibid*. In determining the answer in *Jellinek*,Romer J took into account the nature of the goods in question, the uses to which the respective goods were put, and the trade channels through which they were bought and sold. Similarly, in *Reckitt & Colman Ltd v Boden* (1945) 70 CLR 84 at 94 Dixon J said:

What forms the same description of goods must be discovered from a consideration of the course of trade or business. One factor is the use to which the two sets of goods are put. Another is whether they are commonly dealt with in the same course of trade or business … [that is] commonly sold in the same kinds of shops or departments.

In *Southern Cross* the Full Court had regard to the same considerations.

1. Here, the Aldi Hair Brushes and Hair Tools are different in nature from the goods in respect of which the First and Second Trade Marks are registered. The goods for which the First and Second Trade Marks are registered include “hair products” but the list that follows is of various lotions and potions. The goods in question are mechanical devices and electrical equipment. But they are put to the same use as many of the hair products for which the First and Second Trade Marks are registered. They are in this wider sense “hair care products”. Hair brushes, dryers, straighteners and curlers are used to style hair. So, too, are oil, masks, conditioner, mousse, and hair spray. The brushes and tools were developed as an extension of the Moroccan Argan Oil hair products range. They contain argan oil, just like the shampoos, conditioners, and other products. Furthermore, they are sold through the same trade channels.
2. Evidence was given by Arthur Mitroulas, the Chief Executive Officer of Hairhouse Warehouse,which has 142 stores, that it sells both hair care products and “styling tools”, including straightening irons, blow dryers, curlers, tongs, clippers, trimmers, and hair brushes. Samuel Jarred, the Operations Manager of Price Attack, another retailer of hair care products gave evidence to the same effect. He said that since its inception in “around 1985” Price Attack has sold hair styling tools such as straightening irons, blow dryers and hair brushes with shampoos, conditioners, treatments, and other hair care products. Similarly, MILhair brushes are displayed and offered for sale alongside the other MIL products at hair salons. Aldi brushes and hair tools are sold at Aldi stores and advertised in Aldi catalogues, in stores, and online alongside its hair products. An illustration of this kind of advertising appears in a promotion for a “special buy” advertised on 24 September 2014 entitled:

**salon** results

3 steps to beautiful hair with **Moroccan Argan oil**

Step 1 involved washing the hair with Moroccan Argan Oil Hydrating Shampoo, Hydrating Conditioner, and Conditioning Treatment mask. Step 2 involved adding the Aldi Oil Treatment referred to as “serum”. Step 3 was “blow dry” with the Hair Dryer “infused with ‘Moroccan Argan Oil’”. Also depicted were a number of hair brushes and other hair accessories. A copy of this advertisement is annexed to these reasons as Annexure C.

1. It is a matter of common knowledge that the brands L’Occitane, Aesop, and Crabtree & Evelyn all sell products within all four categories of the non-use products listed at [272] below. It is also a matter of common knowledge that the products of each of the three brands are sold in eponymous stores and grouped together by brand in department stores. The Court is required to take knowledge of this kind into account: Evidence Act*,* s 144.
2. I conclude that the Aldi Hair Brushes and Aldi Hair Tools are goods of the same description as the First and Second Trade Mark registered goods.

## Has Aldi established that the use of the signs as Aldi did is not likely to deceive or cause confusion?

1. MIL argued that Aldi had not discharged its burden of proof, relying, in particular, on the evidence of Ms Royds and the other evidence of consumer confusion. As I have already said, however, I am persuaded that that evidence is not entitled to any weight and Aldi received no complaint by a consumer that she or he had bought an Aldi product under the mistaken belief that it was moroccanoil. I do not consider Aldi’s use of the sign is likely to deceive or cause confusion, particularly as it always (or almost always) appears in close proximity to the protane brand, which Aldi customers would recognise as an Aldi house brand *a fortiori* with the adaptation of the sign in 2014. As I found above at [162] and [165], the use of the oil drop in the name “Moroccan Argan Oil” is particularly distinctive and shows an intention by Aldi to mark out its products from the products of its competitors. Contrary to MIL’s submission, I do not consider that the occasional use by MIL of an oil drop in its advertising (never in the brand name itself) is likely to have had any appreciable impact.

## If infringement is made out, is Aldi liable to pay additional damages under s 126(2) of the Trade Marks Act?

1. By agreement this question was deferred. In the light of my conclusions on infringement, however, it is now moot.

## Conclusion

1. I am not persuaded that Aldi’s “Moroccan Argan Oil” mark is deceptively similar to either the First or the Second Trade Mark. The Aldi Hair Brushes and Tools are goods of the same description as the goods in respect of which the First and Second Trade Marks are registered. I am satisfied, however, that Aldi’s use of the mark on or in relation to those goods is not likely to deceive or cause confusion.

# ALDI’S CROSS-CLAIM FOR RECTIFICATION OF THE REGISTER

1. Aldi seeks rectification of the Register by the cancellation of the registration of the First and Second Trade Marks under s 88(1) of the Act. In the alternative, it seeks an order under s 92(4)(b) for the removal from the Register of the registration of the two marks in respect of those goods highlighted in [13] of these reasons. I shall refer to these, as the parties did, as “**the Non-Use Goods**”.

## The legislative basis for the claim for cancellation of the MIL marks

1. On the application of “a person aggrieved” and only on the grounds set out in s 88(2) of the Trade Marks Act, the Court may order that the Register be rectified by, amongst other things, cancelling the registration of a trade mark. One of those grounds and the ground upon which Aldi relies is “any of the grounds on which the registration of the mark could have been opposed under [the] Act”: s 88(2)(a). Under s 57, registration may be opposed on any of the grounds on which an application for registration may be rejected, except the ground that the trade mark cannot be represented graphically. The grounds on which an application may be rejected are set out in Pt 4 Div 2 of the Act (ss 39-44). Aldi relies on s 41. In substance, s 41 is concerned with whether the mark the subject of an application for registration is capable of distinguishing the goods (or services) in respect of which the mark is sought to be registered (the **designated goods**). As Aldi submitted, it raises questions relating to the capacity of the mark to act as a badge of origin and the central focus of the inquiry is an examination of the mark’s distinctiveness.

## The claim for cancellation

1. Broadly speaking, Aldi alleges that the two marks should be cancelled because they should never have been accepted for registration as they did not satisfy the requirements of s 41 of the Trade Marks Act at their respective priority dates: 24 January 2008 and 4 August 2010. In each case Aldi claims that at its priority date neither the First nor the Second Trade Mark was capable of distinguishing MIL’s goods within the meaning of s 41(2) of the Act and was not otherwise capable of proceeding to registration under s 41(6). Alternatively, if it was to some extent inherently adapted to distinguish MIL’s goods, it was not otherwise capable of proceeding to registration under s 41(5).

## The issues

1. While there was originally an issue about Aldi’s standing, MIL now accepts that Aldi is a “person aggrieved” in respect of all goods for which the First and Second Trade Marks are registered. Initially there was also an issue about whether MIL had an intention in good faith to use either mark in relation to the Non-Use Goods and/or to authorise its use in relation to those goods as required by s 92(4)(a), but this point was abandoned during Aldi’s opening. That leaves the single issue arising under s 41(2) of whether the First and Second Trade Marks are capable of distinguishing MIL’s goods in respect of the designated goods from the goods of others.

## Are the Trade Marks capable of distinguishing MIL’s goods from the goods of others?

1. Section 41 was amended by the *Intellectual Property Laws Amendment (Raising the Bar) Act 2012* (Cth), which, for the most part, commenced on 15 April 2013. It is common ground that the pre-amendment form applies in this case. At that time, insofar as it is relevant, s 41 read as follows:

**41 Trade mark not distinguishing applicant’s goods or services**

1. …
2. An application for the registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant’s goods or services in respect of which the trade mark is sought to be registered (***designated goods or services***) from the goods or services of other persons.

Note: For ***goods of a person*** and ***services of a person*** see section 6.

1. In deciding the question whether or not a trade mark is capable of distinguishing the designated goods or services from the goods or services of other persons, the Registrar must first take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods or services from the goods or services of other persons.
2. Then, if the Registrar is still unable to decide the question, the following provisions apply.
3. If the Registrar finds that the trade mark is to some extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons but is unable to decide, on that basis alone, that the trade mark is capable of so distinguishing the designated goods or services:

(a) the Registrar is to consider whether, because of the combined effect of the following:

(i) the extent to which the trade mark is inherently adapted to distinguish the designated goods or services;

(ii) the use, or intended use, of the trade mark by the applicant;

(iii) any other circumstances;

the trade mark does or will distinguish the designated goods or services as being those of the applicant; and

(b) if the Registrar is then satisfied that the trade mark does or will so distinguish the designated goods or services—the trade mark is taken to be capable of distinguishing the applicant’s goods or services from the goods or services of other persons; and

(c) if the Registrar is not satisfied that the trade mark does or will so distinguish the designated goods or services—the trade mark is taken not to be capable of distinguishing the applicant’s goods or services from the goods or services of other persons.

Note 1: For ***goods of a person*** and ***services of a person*** see section 6.

…

(6) If the Registrar finds that the trade mark is not to any extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons, the following provisions apply:

(a) if the applicant establishes that, because of the extent to which the applicant has used the trade mark before the filing date in respect of the application, it does distinguish the designated goods or services as being those of the applicant—the trade mark is taken to be capable of distinguishing the designated goods or services from the goods or services of other persons;

(b) in any other case—the trade mark is taken not to be capable of distinguishing the designated goods or services from the goods or services of other persons.

Note 1: Trade marks that are not inherently adapted to distinguish goods or services are mostly trade marks that consist wholly of a sign that is ordinarily used to indicate:

(a) the kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services; or

(b) the time of production of goods or of the rendering of services.

…

1. Section 6 defines “goods of a person” to mean “goods dealt with or provided in the course of trade by the person”. “Services of a person” has a corresponding meaning.
2. The question of whether a mark is inherently adapted to distinguish the goods (or services, as the case may be) of one trader from those of another must be considered “quite apart from the effects of registration”: ***Kenman Kandy*** *Australia Pty Ltd v Registrar of Trade Marks* (2002) 122 FCR 494 at [85] (Lindgren J), citing *Registrar of Trade Marks v W & G Du Cros Ltd* [1913] AC 624 at 635. In other words, the answer to the question “depends on the nature of the trade mark itself”; the necessary distinction cannot be acquired by use or otherwise: ***Burger King*** *Corp v Registrar of Trade Marks* (1973) 128 CLR 417 at 424 (Gibbs J). That said, the Court is required to take into account the nature of the range of goods within the class in respect of which registration is sought and the ways in which, within the terms of the registration, the mark might be used in relation to those goods: *Kenman Kandy* at [84].
3. MIL asserted and Aldi did not deny that Aldi bore the burden of proof on all questions. MIL’s assertion is supported by Middleton J’s reasons in ***Yarra Valley*** *Dairy Pty Ltd v Lemnos Foods Pty Ltd* (2010) 191 FCR 297 at [32]–[41]. There, his Honour held at [39] that there is “no basis for inferring a legislative intention that the evidentiary burdens imposed on an applicant for registration should be imposed on a registered owner seeking to defend a cancellation action”. Consequently, it is for Aldi to satisfy the Court that the First and Second Trade Marks are not capable of distinguishing MIL’s goods from the goods of others and in the first instance that they are not to any extent inherently adapted to do so. If Aldi fails to discharge its burden, and the Court is satisfied that the marks are to some extent inherently adapted to this end, then Aldi must show that, even if regard is had to their actual and intended use and other relevant circumstances, the marks are incapable of distinguishing the goods.
4. In ***Clark Equipment*** *Company v Registrar of Trade Marks* (1964) 111 CLR 511 at 514: Kitto J said

[T]he question whether a mark is adapted to distinguish [is to] be tested by reference to the likelihood that other persons, trading in goods of the relevant kind and being actuated only by proper motives—in the exercise, that is to say, of the common right of the public to make honest use of words forming part of the common heritage, for the sake of the signification which they ordinarily possess—will think of the word and want to use it in connexion with similar goods in any manner which would infringe a registered trade mark granted in respect of it.

1. This statement was described by MIL in its written submissions as the “governing principle”. Yet, Kitto J was referring to word marks. Here, while the marks in question include words, they are not word marks.
2. Nevertheless, Aldi submitted that a significant feature of both the MIL marks is that they contain the words moroccan and oil joined in the single word moroccanoil. It claims that this is descriptive of both an oil product deriving, or originating, from Morocco and of oil derived from argan trees, grown in, and native to, Morocco. Up to a point, the first proposition may be accepted, but not the second. “Moroccan oil” describes oil from Morocco. The single word is coined and does not. Nevertheless, as aurally there is no difference, I accept that when moroccanoil is spoken it may (depending on the context) merely signify oil from Morocco. For the reasons given below in relation to the appeal, however, I do not accept that, at the relevant times, it had any ordinary meaning in Australia in relation to argan oil.
3. Aldi also submitted that the use of the letter M and the colour turquoise are not elements of either the First or the Second Trade Mark which gives the mark, considered as a whole, the requisite capacity to distinguish. Aldi submitted that the colour turquoise (in similar shades) was used in respect of the packaging of other hair care, skin care, and personal care products available in Australia, and the use of the letter M is merely a repetition of the first letter of moroccanoil.
4. As I have already observed, each of the First and Second Trade Marks is a composite or stylised mark. As MIL described them, both are comprised of a shaded square tile. Each square contains the single word “Moroccanoil” in capital letters. The large M is in a font with distinctive, sharp corners. In the First Trade Mark, the M is perpendicular to the text moroccanoil”. In the Second Trade Mark, the text “moroccanoil” overlays the large M.
5. In such a case, the question is not whether the component parts are adapted to distinguish the owner’s goods but whether the mark in its “totality” is: *In Re* ***Diamond T*** *Motor Car Company* [1921] 2 Ch 583at 589 (PO Lawrence J); ***Fry Consulting*** *Pty Ltd v Sports Warehouse Inc (No 2)* (2012) 201 FCR 565 at [81] (Dodds-Streeton J). In *Diamond T* at 588 Lawrence J stated that:

[I]t has often been said that it is wrong, in judging whether a combination mark is distinctive or not, to dissect the mark and to show that each of its component parts is not distinctive in itself and then, as the result of this process, to conclude that the mark as a whole is not distinctive.

1. In *Diamond T* the applicants’ trade mark was described (at 587) as a combination mark composed of three elements: a double diamond-shaped border; the word “Diamond” in block type placed horizontally within the border; and the letter “T” in larger block type also placed within the border in such a position that the down stroke of the “T” intersects with the letter M in the word Diamond. In finding (at 588), contrary to the decision of the Registrar, that the mark was distinctive in the sense that it was adapted to distinguish the vehicles of the applicants from those of other manufacturers, Lawrence J pointed to the combination of features and the fact that the mark was proposed to be used upon and in connection with goods for the purpose of indicating that they were the applicants’ goods. His Lordship noted (at 589) that whether it actually becomes distinctive would largely depend on “whether other traders are likely in the ordinary course of business and without improper motive” to want to use it (or one resembling it) on, or in connection with, their goods.
2. It was pressed upon the judge that there were six marks on the Register in the same class featuring a diamond shaped border and that the inclusion of the word “Diamond” did not take the matter any further as it was merely descriptive of the border. It was also argued that the addition of the letter “T”, “which is open to the trade, [did] not make the mark as a whole distinctive to the eye or to the ear” (see 590). But his Lordship was unmoved by this submission, even though he accepted that certain traders with the initial letter “T” might use the initial on or in connection with their goods. He described the mark in question as a “Diamond T” mark. He said that there was no other “Diamond T” mark presently in use in the trade and he thought it unlikely that in the future other manufactures in the ordinary course of business and without improper motive would desire to use a “Diamond T” mark on or in connection with motor cars or trucks. Consequently, he concluded that the mark was adapted to distinguish the vehicles of the applicants from those of other manufacturers.
3. Dodds-Streeton J put the matter this way in *Fry Consulting*:

61 It is established that a combination mark may be capable of distinguishing by the overall impression it creates, even if the individual elements in isolation lack any such capacity, because, for example, they are commonplace in a trade, or, by parity of reasoning, merely or highly descriptive. When assessing whether a combination trade mark … is adapted to distinguish, it is necessary to consider the combination as a total composition, rather than the individual constituent elements in isolation.

…

81 As *Diamond T* establishes, a combination mark should not be dissected into its individual elements in the context of assessing the distinctiveness of the totality, so even a collection of entirely commonplace elements could achieve distinction to the requisite degree. While Sports Warehouse submitted that, in *Diamond T*, the idea of combining the commonplace elements was novel, the reasoning did not depend on the novelty of combining the elements selected, but on the distinctive impression created. If that result be accomplished, it is irrelevant that the elements themselves are not distinctive and that it is not novel to combine elements of that kind.

1. In *Fry Consulting* a delegate of the Registrar had refused an application to register a trade mark in class 35 in relation to certain retail services over the opposition of Sports Warehouse. The antagonists were companies in the business of selling tennis goods. The mark in question was a combination of a stylised depiction of a tennis ball and the words “Tennis Warehouse Australia” in bold sentence case in a horizontal line to the right of the ball, depicted thus:



1. Her Honour held that the mark was capable of distinguishing Fry’s Consulting services within s 41(3) of the Trade Marks Act.
2. Here, the First Trade Mark consists of a square tile in which the word “moroccanoil” appears vertically, slightly to the left of centre, beside a capital M, which occupies approximately one quarter of the length of the word. The letter M is much more prominent in the Second Trade Mark, but then so is the word “moroccanoil”. Both designs are simple, but striking. Each of the background, the word and the letter M appears in a different colour.
3. I am not persuaded that either of the registered marks is not capable of distinguishing MIL’s goods from the goods of other traders. Indeed, I conclude from the overall impression created by the particular combination of features, simple though the designs may be and notwithstanding what might be said about their component parts, that they are so capable. I cannot see why other traders not actuated by improper motives (that is to say, not seeking to benefit from MIL’s reputation — see *Clarke Equipment* at 517) would wish to use the same combination.
4. Even if that conclusion be wrong, I am well satisfied that at least to some extent each is inherently adapted to distinguish the designated goods from those of other traders and that the combined effect of the extent to which it is inherently adapted to distinguish the designated goods and the use and intended use of the mark by MIL, each of the First and Second Trade Marks does and will distinguish those goods as MIL’s goods. It follows that the two Trade Marks are taken to be capable of distinguishing MIL’s goods from the goods of others.
5. There is a wealth of evidence concerning the use of the Trade Marks on or in relation to the designated goods, both before and after their respective priority dates. It is not disputed that, for the purpose of considering whether the mark possessed the requisite capacity at the priority date, evidence of what has occurred since the priority date is relevant: see ***Flexopack*** *SA Plastics Industry v Flexopack Australia Pty Ltd* [2016] FCA 235; (2016) 118 IPR 239at [262] and ***Austereo*** *Pty Ltd v DMG Radio (Australia) Pty Ltd* [2004] FCA 968; (2004) 61 IPR 257 (Finn J)at [32]–[33]. In *Austereo* Finn J adopted what was said in *Re Pound Puppies Trade Mark* [1988] RPC 530 at 533:

[I]t is permissible when deciding whether the mark was capable of distinguishing to take into account use after the date of application. If a mark has in fact become distinctive, then it is at least likely to have had a capacity to distinguish.

His Honour said that this view reflects the proper construction of s 41(5) and “expresses ‘the cold common sense’ which commended itself to Burchett J in *Conde* *Nast Publications* [*Pty Ltd v Taylor* (1998) 41 IPR 505] at 509 of seeing actual events as being ‘capable of illuminating the probabilities already inherent in [a prior] situation’”.

1. In the present case, there is no room for doubt that each mark has become distinctive.
2. The MIL products were launched in the Australian market in September 2009. Over 150 people attended the launch. The invitation to the event prominently featured each of the two Marks. At the time of the launch, Haircare Australia began distributing the MIL Oil Treatment in 25ml, 100ml, and 200ml containers, and the MIL Frizz Control in a 100 ml container. In November 2009 Haircare Australia started distributing the MIL Restorative Hair Mask, Hydrating Styling Cream, Intense Hydrating Mask, Intense Curl Cream, and Glimmer Hold (Shine Spray). The following month it started distributing the MIL Moisture Repair Shampoo and Conditioner and the MIL Curl Defining Cream. Other products were added over time. All the MIL products carry both the First and the Second Trade Marks with the exception of the four hair masks (the Restorative Hair Mask, the Smoothing Mask, the Intense Hydrating Mask and the Weightless Hydrating Mask), and the Molding Cream which carry only the Second Trade Mark.
3. Most of the MIL products that have been and are offered for sale in Australia feature the First Trade Mark on the front of the container and the Second in a prominent position on the back at the top before the product description. The boxes similarly feature the First Trade Mark on the front and the Second on the back. Similarly, the brushes, which were introduced in May 2011, feature the Second Trade Mark on the product identification label sealing the cellophane wrapping encasing the brush or on the top of the box in which it is sold.
4. Anyone looking at the product would see the Trade Mark as a badge of origin.
5. Since 2010 MIL has sponsored a variety of public relations events in Australia, including the Sydney Hair Expo in June 2010 and the Sydney Fashion Weekend in 2015, and spent hundreds of thousands of dollars on advertising.
6. Women’s magazines have been full of promotions, many, if not most, unpaid. MIL products have featured in more than 1,000 editorials in print and online publications in Australia. Almost all contain a depiction of at least one MIL product featuring either the First or the Second Trade Mark. Print and online advertisements featuring the Trade Marks have appeared in numerous publications including *Marie Claire* and marie-claire.com.au, *OK!*, *Who*, *Bazaar*, *Vogue Australia*, *Cosmopolitan*, *The Sydney Morning Herald*, the *West Australian*, and the *Sunday Mail* in Adelaide and Brisbane. MIL’s press releases depict the products and therefore also feature the Trade Marks.
7. With the expansion of the range and the increased publicity, the number of sales has soared. There is a confidentiality order attaching to the quantum and value of those sales. It is sufficient for present purposes to note that Mr Lampert’s unchallenged evidence was that the MIL products have achieved “significant” sales in Australia and that sales were “impressive” from the beginning. Currently MIL products, the overwhelming majority of which brandish the First and Second Trade Marks, are sold by, 4012 outlets across the country. Sales of the MIL products are in the millions. Aldi submitted that MIL had to prove that consumers recognise the marks to be used as trade marks, that is, that they are functioning as badges of origin. Senior counsel queried whether there was any direct evidence of that but conceded during final submissions that it was obvious.
8. For all these reasons the cross-claim for rectification of the Register by the removal of the two registered trade marks must be dismissed.

## The claim for removal for non-use

1. This claim relates to the non-hair care products in respect of which the First and Second Trade Marks are registered, previously defined as the Non-Use Goods.
2. Section 92 of the Trade Marks Act deals with removal of trade marks from the Register for non-use. It provides:
3. Subject to subsection (3), a person may apply to the Registrar to have a trade mark that is or may be registered removed from the Register.
4. The application:

(a) must be in accordance with the regulations; and

(b) may be made in respect of any or all the goods and/or services in respect of which the trade mark may be, or is, registered.

(3) An application may not be made to the Registrar under subsection (1) if an action concerning the trade mark is pending in a prescribed court, but the person may apply to the court for an order directing the Registrar to remove the trade mark from the Register.

Note: For ***prescribed court*** see section 190.

(4) An application under subsection (1) or (3) (***non-use application***) may be made on either or both of the following grounds, and on no other grounds:

(a) that, on the day on which the application for the registration of the trade mark was filed, the applicant for registration had no intention in good faith:

(i) to use the trade mark in Australia; or

(ii) to authorise the use of the trade mark in Australia; or

(iii) to assign the trade mark to a body corporate for use by the body corporate in Australia;

in relation to the goods and/or services to which the non-use application relates and that the registered owner:

(iv) has not used the trade mark in Australia; or

(v) has not used the trade mark in good faith in Australia;

in relation to those goods and/or services at any time before the period of one month ending on the day on which the non-use application is filed;

(b) that the trade mark has remained registered for a continuous period of 3 years ending one month before the day on which the non-use application is filed, and, at no time during that period, the person who was then the registered owner:

(i) used the trade mark in Australia; or

(ii) used the trade mark in good faith in Australia;

in relation to the goods and/or services to which the application relates.

Note 1: For ***file*** and ***month*** see section 6.

Note 2: If non-use of a trade mark has been established in a particular place or export market, then instead of the trade mark being removed from the Register, conditions or limitations may be imposed under section 102 on the registration of the trade mark so that its registration does not extend to that place or export market.

(5) If the right or interest on which a person relied to make an application (under subsection (1) or (3)) to obtain the removal of a trade mark from the Register becomes vested in another person, the other person may, on giving notice of the relevant facts to the Registrar or the court (as the case requires), be substituted for the first‑mentioned person as the applicant.

1. Section 101 provides:

**101 Determination of opposed application—general**

(1) Subject to subsection (3) and to section 102, if:

(a) the proceedings relating to an opposed application have not been discontinued or dismissed; and

(b) the Registrar is satisfied that the grounds on which the application was made have been established;

the Registrar may decide to remove the trade mark from the Register in respect of any or all of the goods and/or services to which the application relates.

(2) Subject to subsection (3) and to section 102, if, at the end of the proceedings relating to an opposed application, the court is satisfied that the grounds on which the application was made have been established, the court may order the Registrar to remove the trade mark from the Register in respect of any or all of the goods and/or services to which the application relates.

(3) If satisfied that it is reasonable to do so, the Registrar or the court may decide that the trade mark should not be removed from the Register even if the grounds on which the application was made have been established.

(4) Without limiting the matters the Registrar may take into account in deciding under subsection (3) not to remove a trade mark from the Register, the Registrar may take into account whether the trade mark has been used by its registered owner in respect of:

(a) similar goods or closely related services; or

(b) similar services or closely related goods;

to those to which the application relates.

Note 1: If the registered owner of the trade mark has authorised another person to use it, any authorised use of the trade mark by that person is taken to be a use of the trade mark by the registered owner (see subsection 7(3)).

Note 2: For ***registered owner*** see section 6.

1. In s 101, all relevant powers are conferred on the Registrar but, having regard to the terms of s 92(3), the references to the Registrar should be read as “or the Court (as the case may be)”.
2. Section 102 is irrelevant for present purposes.
3. Aldi’s case is relatively straightforward. There is no question that the application is brought in accordance with s 92. On the first day of the trial Aldi abandoned its claim under s 92(4)(a) and the elements of s 92(4)(b) are admitted. Consequently the Court has the power to remove the First and Second Trade Marks from the Register in respect of those goods: s 101(1). The Court may decide otherwise, however, if it is satisfied that it is reasonable not to do so: s 101(3). The effect of these provisions, like those under the former Act, is that “the public interest in the integrity of the Register entitles the applicant to an order for removal from the Register unless sufficient reason appears for leaving the registration there”: *New South Wales Dairy Corporation v Murray Goulburn Co-Operative Company* (1989) 14 IPR 75 at 79 (Gummow J). There is no requirement that Aldi’s demonstrate exceptional circumstances: *Kowa Co Ltd v NV Organon* [2005] FCA 1282; (2005) 223 ALR 27; 66 IPR 131 (Lander J) at [98].
4. Aldi submitted that “[t]he proper exercise of the discretion depends essentially on public interest considerations”. To the extent that the submission suggests that the interests of the trade mark owner are irrelevant, it must be rejected. The discretion conferred by s 101(3) is a broad one, limited only by the subject matter, scope and purpose of the Act and, in particular, of Pt 9 of the Act (the Part relating to the removal of trade marks for non-use): *Austin Nichols & Company Inc v Lodestar Anstalt (No 2)* (2012) 202 FCR 490 at [35]. In that case, the Full Court held at [35]that the Act does not, either expressly or by implication, exclude from consideration the interests of the trade mark owner. Indeed, the Full Court went on to say at [38]:

The purpose of Pt 9 is to provide for the removal of unused trade marks from the Register. In that regard it is plainly designed to protect the integrity of the Register, and in this way, the interests of the consumer. At the same time, however, it seeks to accommodate, where reasonable, the interests of the registered trade mark owners. Otherwise, there would be no need for the discretion.

1. It is true, however, as Aldi pointed out, that the provisions in the Act for removal for non-use reflect a policy to limit trade marks to marks actually in use. It is true, too, as Aldi also pointed out, that the First and Second Trade Marks have not been used in Australia upon (or for that matter in relation to) the Non-Use Goods for much longer than the statutory three year period — in the case of the First Trade Mark for more than eight years and in the case of the Second Trade Mark for more than six years. Weight must be accorded to the public interest in the purity of the Register.
2. It is convenient at this point to recall what the Non-Use Goods are. They are:

skin care products in this class; skin cleansers; skin toners; skin moisturizers; anti-aging cream; eye cream; beauty masks; body creams; hand creams; non-medicated foot cream; eye makeup; foundation makeup; lip liner, lipsticks and lip balms; eyeliners; blushes; eye shadow; nail enamels; toiletries and cosmetics including shaving preparations, shaving creams and soaps, after shave creams and lotions, body massage creams and oils, soaps, bath oils and shower gels, talcum powders; antiperspirants; dentifrices; sunscreen and suntan oils and creams; fragrances in this class, including perfumes, colognes, essences and essential oils.

1. MIL abandoned its case with respect to the skin toners, non-medicated foot cream, nail enamels, talcum powders, antiperspirants, dentifrices and sunscreen and suntan oils (but not creams), following Mr Lampert’s concessions in cross-examination that MIL had not supplied any of them anywhere in the world and had no intention of doing so. It follows that there is no reason why the Trade Marks should remain on the Register with respect to those goods and they should therefore be removed to that extent. But what of the other goods in this class?
2. As MIL submitted, the remaining goods can be grouped into four categories:
3. **skin care** for the body: skin care products in this class; skin cleansers; skin moisturizers; body creams; hand creams; body massage creams and oils, soaps, bath oils and shower gels; sunscreen and suntan creams;
4. **facial products**: anti-aging cream; eye cream; beauty masks; eye makeup; foundation makeup; lip liner, lipsticks and lip balms; eyeliners; blushes; eye shadow;
5. **fragrances**: fragrances in this class, including perfumes, colognes, essences and essential oils; and
6. **toiletries**: toiletries and cosmetics including shaving preparations, shaving creams and soaps; after shave creams and lotions.
7. First, MIL submitted that:
8. the skin care products have been on sale overseas “at least under the Second Trade Mark and the name moroccanoil since 2012”;
9. MIL intended to launch the range in Australia at the time it filed its applications to register the First and Second Trade Marks;
10. MIL has been making plans to launch the range for some time and expects those plans to come to fruition in the near future; and
11. while MIL has not yet supplied facial products, fragrances or toiletries, either in Australia or overseas, facial products and fragrances are currently in production and toiletries are in the “PD [Product Development] calendar”.
12. Secondly, MIL submitted that it has a significant reputation in Australia in respect of its use of the First and Second Trade Marks (and the name moroccanoil) in respect of hair care products and, in view of that reputation, the removal of the First and Second Trade Marks in respect of the remaining Non-Use Goods may cause a degree of confusion especially in circumstances where MIL intends to launch its body skin care products in the near future.
13. Thirdly, MIL argued that consumers are well-accustomed to a variety of hair care and skin care products under well-known brands being sold alongside one another. In particular:
14. body skin care and facial products, fragrances and toiletries are sold through the same trade channels as hair care products in respect of which MIL has used both the First and Second Trade Marks; and
15. body skin care and facial products and fragrances, are commonly discussed and promoted to Australian consumers alongside or on the same page as hair care products, particularly in fashion and beauty publications.
16. Fourthly, MIL submitted that, since the Second Trade Mark is used on the body skin care products internationally, the Court can infer that it will likely be used at promotional events for MIL’s body skin care products, as it has been in relation to the hair care products.
17. Finally, MIL submitted that the First Trade Mark is used on MIL’s website where the Court can infer the skin care products, and ultimately, the facial products, fragrances and toiletries will be promoted, and where hair care products bearing the First Trade Mark are likely to be sold with MIL’s body and skin care products.
18. Aldi did not submit that these matters were irrelevant to the exercise of the discretion. Nor did it cavil with most of these submissions. Indeed, apart from the submission concerning MIL’s plans to launch the body skin care range in the near future, it barely engaged with them.
19. The evidence bears out most of MIL’s submissions.
20. It is beyond question that MIL has a substantial reputation in Australia in both marks. I doubt, however, that removal of either of them in relation to products upon which it has not been used here would be likely to cause confusion, certainly not in relation to those products which have not yet been manufactured. On the other hand, there is no evidence that any member of the public has been deceived or confused by their non-use in relation to the Non‑Use Goods. This is a relevant consideration: *CA Henschke & Co v Rosemount Estates Pty Ltd* [1999] FCA 1561; (1999) 47 IPR 63 at [170] (Finn J); see, too, ***Paragon Shoes*** *Pty Ltd v Paragini Distributors (NSW) Pty Ltd* (1988) 13 IPR 323at 345 (Woodward J). It plainly bears upon the public interest. While the likelihood of deception or confusion is also relevant (see *Paragon Shoes*), Aldi did not contend that deception or confusion is likely if the First and Second Trade Marks were to remain on the Register.
21. MIL’s skin care products are sold in some 23 countries. They were first offered for sale in the United States and Canada in 2012. Mr Lampert listed some 25 products included in the range: Pure Argan Oil; Dry Body Oil; Shimmering Body Oil; After-Sun Milk; Sun Oil SPF 15; Sun Lotion SPF 30; Sun Lotion SPF 50; Cleansing Bar–Fleur De Rose; Body Buff–Fleur De Rose; Body Soufflé–Fleur De Rose; Body Butter–Fleur De Rose; Hand Cream–Fleur De Rose; Cleansing Bar–Fleur D'Oranger; Body Buff–Fleur D'Oranger; Body Soufflé–Fleur D'Oranger; Body Butter–Fleur D'Oranger; Hand Cream–Fleur D'Oranger; Cleansing Bar–Fragrance Originale; Shower Gel–Fragrance Originale; Body Buff–Fragrance Originale; Body Soufflé–Fragrance Originale; Body Butter–Fragrance Originale; Hand Cream–Fragrance Originale; Intense Hydrating Treatment; and Candle–Fragrance Originale,
22. Mr Lampert’s uncontradicted evidence is that the packaging for each of these products includes not only the name moroccanoil but also the Second Trade Mark. Mr Lampert referred to these products as MIL’s “body line”. That evidence was supported by the tender of a luxury pack of moroccanoil products which includes moroccanoil Body Butter and Body Buff where the Second Trade Mark appears on the lid of the jar and on the top of the cardboard carton in which the jar is packaged.
23. This is the soap featuring the Second Trade Mark:



1. Mr Lampert said (and I accept) that the skin care products have been a success. He attributed the success, unsurprisingly, “primarily [to] consumers recognising and trusting the moroccanoil brand”. He said that, at the time of the registration applications for the First and Second Trade Marks, MIL intended to launch a range of skin care products in Australia under the moroccanoil brand name. He maintained that that was still MIL’s intention and that the launch would occur “in the near future”.
2. In his affidavit Mr Lampert attributed the delay in introducing the skin care products to “extensive research into skin care products and the skin care market”. It is difficult to accept this evidence. No documents were submitted to support the assertion. As the skin care line is sold in 23 other countries, I am at a loss to understand what further research would be necessary and why these products are not imported and sold here. Aldi sought discovery of “all Documents which record or evidence any decision by MIL to delay the sale or offering for sale in Australia of any Non-Use Goods bearing any of the MIL Trade Marks by reason of conducting research into skin care products and the skin care market in Australia”. No documents answering this description were discovered.
3. Evidence was tendered through Mr Lampert of email communications with executives of Haircare Australia (mostly Geoff Gauvin, the Managing Director and co‑founder of the company) to support his statements as to MIL’s intention. Those emails begin in August 2011 and end abruptly on 10 April 2013. I interpolate that the index, which is misleading, suggests a much earlier end date. No explanation for the abrupt ending was offered.
4. The initial email was sent by Mr Gauvin on 22 August 2011 to Ofer Tal of MIL. It is entitled “Moroccanoil Body”. It reads:

Brad [Gauvin] informed me of this exciting news to Launch in early 2012. I saw the original concept in New York on our visit in April. I confirm that our company is very keen to launch this range into the Australian market via Spa, Departmental Stores and Beauty salons. I would like to meet you either in Israel or New York at your convenience to discuss this opportunity…

1. The enthusiasm for the range is apparent throughout the emails.
2. Mr Gauvin discussed the matter with Mr Lampert in a lengthy telephone conversation on 26 August 2011. Mr Lampert reported on this conversation in an email to Brad Gauvin (copied to Geoff) soon afterwards. He said that the two had reached an agreement to launch the body line in Australia — four to six months after the US launch “somewhere in June–August 2012”. He expressed the hope that they could meet in Israel during October or November “to finalise a business plan for the body line”.
3. There is no evidence to indicate whether the hoped-for meeting took place but in December 2011 Geoff Gauvin sent an email to Mr Lampert advising that he would be flying to Tel Aviv for a week at the beginning of March 2012 with his “very excited” accountant and his accountant’s wife. He also forwarded an email and brochure concerning the Sydney International Spa & Beauty Expo which was scheduled to take place on 11–12 August 2012 and told Mr Lampert that this would be a “perfect platform to launch the Moroccanoil Spa range”. He asked whether stock would be available “to international market in June 2012 for ordering”.
4. Mr Lampert replied to this question by stating that he would “revert as soon as possible” as he first needed to advise their spa and skin care division. If there was a further email from Mr Lampert responding to Mr Gauvin’s question, it was not tendered.
5. The next email in the bundle was dated 28February 2012. It was from Brad Gauvin to Andrea Garvey, MIL’s “Director of Hospitality”. Brad informed Ms Garvey that Haircare Australia wanted to develop its business further “in respect of the spa market for MO hair and the new body”. He asked her to share with Haircare Australia the marketing strategy and approach in the US “and any other relevant input” she may have. He also thanked her for “connecting with” Kirien Withers of Spa Australasia, which, I gather, is a magazine, and forwarded with his email an email from Ms Withers which suggests that magazine was to have something to do with the proposed launch. Ms Garvey replied with news that MIL was “currently launching the US market and looking at the roll out plan for the International markets”. She indicated she would check with Carmen Tal and Mr Lampert “on the rollout for Australia”.
6. The next document chronologically purportedly consists of minutes of a meeting in Bologna in 2012. The document is entitled “Australia March 12th 2012”. The “minutes” do not indicate what the meeting was, who organised it, or who was in attendance. They contain no reference to MIL or moroccanoil. Nevertheless, they do refer to “Haircare”, “Haim”, who I infer is Mr Lampert, and “Geoff”, who I infer is Geoff Gauvin, and they refer to hair and “body” products and the Sydney International Spa & Beauty Expo. Another document in the bundle (the email mentioned below) refers to a meeting between Mr Gauvin and Mr Lampert in Bologna. Consequently, I conclude that the minutes refer to that meeting. The relevant part reads as follows:

Spa and beauty show:

* is in August 11–12 (Not October)
* We can use the booth we had in Vegas
* Haim asked to be reminded to see if can create a body line booth in a short (*scil.*) time – speak to carmen
* Geoff to send business plan
* Department stores buy in cycles
* We can use the same strategy as US in spa and retail
* We can go to the most luxury places and push to spas and combine the hair and body in the spa
* If launch in August then need to do a PR event for the body line
* Can do a different PR event or same for hair and body
* They would like to find a different PR agent
* They need to find an agency that doesn’t have a competing luxury brand

1. On 22 March 2012 Gil Serfaty, the International Sales Director of MIL’s Skincare Division, introduced himself by email to Geoff Gauvin. He advised that MIL was “happy about [his] plan to launch [MIL’s] Skincare products in Australia”, adding “I am here to support you”. He also said:

1. Further to your meeting with Haim in Bologna, look forward to receiving your Business Plan. As you surely understood, our strategy is to develop the Retail and SPA channels. We should discuss about the structure necessary to support such distribution.

2. Referring Sydney International SPA & Beauty Expo on 11–12 August: we are still discussing this opportunity, and we will come back to you very soon.

3. As to the Strategic Plan of launching Skincare products in US and Internationally: Regis Haberkorn will supply you with the Skincare line Strategic Plan, and Andrea Garvey will share with you how we have successfully approached the Luxury SPA market.

4. We are waiting from you for the dates of your visit in NY. We will arrange for you different meetings, with Regis and Andrea.

I am at your service for any question or request might have.

We believe very much the potential of Australia and in you, to conquer the market with our Skincare Line.

1. On 2 April 2012 Regis Haberkorn sent Mr Serfaty and Geoff Gauvin a document setting out the US strategy and on 8 May 2012 Geoff Gauvin forwarded to Mr Serfaty his marketing plan for the “Moroccanoil Body Range”. Geoff Gauvin’s proposal included offering the retail range (including shower gel, shower scrub, cleansing bar, and various skincare products) through Australia’s “premier department store”. The marketing plan listed the proposed date of the launch as August 2012, but then referred to a “Spa” launch in August 2013. In an email to Mr Serfaty commenting on the plan, Mr Haberkorn noted that the timeline was not clear, because it seemed that Mr Gauvin was contemplating sales at the department store as early as August 2012, but not launching the products in spas for a further 12 months, something Mr Haberkorn did not think feasible.
2. On 10 April 2012 Geoff Gauvin wrote to Andrea Garvey asking for assistance with the “new opportunity” and foreshadowing that she would be invited to Australia to help him launch “this new division into the Spa and retail market”.
3. On 7 June 2012 Mr Gauvin wrote again to Ms Garvey in an email entitled “Skincare”. He said that he was “in Vegas” for a few days and that they needed to “catch up and get the ball rolling in Australia”. He said that he was “very excited to put the launch together” and suggested running a stand at “the beauty show in Melbourne normally in April”, to be “backed up by the Spa and Beauty Show in Sydney in August”. He asked whether she had “selling materials merchandising and suggested opening orders” he could see before their proposed meeting.
4. Ms Garvey replied the following day expressing her desire to meet in Las Vegas to discuss “launching the hospitality market in Australia”. She said that “[w]e have had tremendous success in the US in the luxury hospitality market and have over 300 luxury partners”. She indicated that MIL would not be participating in the “Beauty Expo” that August but would like to confirm MIL’s participation for the following year.
5. An email from Ms Garvey indicates that the two did meet in Las Vegas but the outcome of the meeting was not the subject of evidence.
6. The next chain of emails in the bundle begins with an email from Ms Garvey addressed to “Garth G” but beginning “Hi Geoff” (presumably Geoff Gauvin). This is dated 29 August 2012. It attaches “marketing tools” created for MIL’s Hospitality Division as well as a “room drop card” for review. The so-called marketing tools include a “spa and salon menu” which details various treatments with MIL hair care, facial and skin care products. The email was copied to a number of MIL employees and executives, including Mr Lampert and one Ursula Orsene, who is said to be MIL’s “body line marketing manager”. Ms Garvey inquired as to how the search was going for “a designated spa consultant” and advised that Ms Orsene might assist.
7. Geoff Gauvin replied the same day, saying that he was currently interviewing and had issued instructions to one of his staff, Hayley Gordon, to contact her with “launch plans and information re the body range for our marketing dept”.
8. Hayley Gordon wrote the following day to Ms Garvey and Ms Orsene expressing her delight that MIL would be launching the body range in Australia and, “[t]o get the process started”, asked them to send through “collateral” they might have in relation to information on each of the body products, price lists, and “creative concepts” for advertising. She also asked for three samples of each of the products in the body range. She said that they were looking to launch the body range in Australia “around February 2013”, which she acknowledged was “an aggressive timeline”, and asked whether they were able to receive stock so that they could meet the timetable.
9. The next chain of emails in the bundle begins on 10 April 2013 with an email from Rotem Ravid, Project Manager for MIL, on behalf of Mr Lampert, addressed to Geoff Gauvin entitled “Body line products study”. In it Ms Ravid requested a price study of comparable products to 10 named MIL body line products and pleads with him to include in the study six well-known international skin care and makeup brands. The same day Mr Gauvin instructed Ms Gordon to “complete” that task as a matter of urgency. Ms Gordon responded within hours, attaching “the price study for the Moroccanoil Body Range in the Australian market”, which Mr Gauvin forwarded to Mr Lampert.
10. What happened then is a mystery. The email from Mr Gauvin is the last in the bundle comprising the exhibit and no questions were asked of either Mr Gauvin or Mr Lampert to bring the email discussion up to date or to explain the absence of further emails on the subject. Having said that, it is highly unlikely that the correspondence or the contact ceased so abruptly at this point and there is nothing to suggest that the plan to sell the products in Australia was abandoned. Moreover, annexed to Mr Lampert’s third affidavit was a statement to the effect that MIL was in negotiations with another company with a view to opening a store at Sydney Airport, which “will stock the full range of moroccanoil Skin Care Products”, and that the intention was to open the store in the first quarter of 2016. In further evidence given orally Mr Lampert said that the plan has had to be postponed “a few times … for different reasons”. One was that MIL did not find “a right partner … in Australia”. Mr Lampert stated, however, that MIL was intending to launch the product offer “in the next three or four months duty free and also in department stores”. Aldi did not put to Mr Lampert or submit that this evidence was a fabrication. In these circumstances, I accept it.
11. Mr Lampert also gave evidence that the MIL body range of skin care products is available for sale over the internet and that Australians may purchase the products by placing an order on the net. Since some of those products bear the Second Trade Mark, that circumstance is relevant to the question of whether that Trade Mark, at least, should remain on the Register.
12. I conclude that MIL has not abandoned its intention of using the Second Trade Mark either upon or in relation to the skin care products or of using the First Trade Mark, at least in relation to the goods. Furthermore, as the Second Trade Mark has been used at MIL’s promotional events for its hair care products and on its price lists, I would infer it is likely to be used at all future MIL promotional events and in other MIL documentation, including when the much anticipated launch of the body line products takes place. In addition, having regard to the contents of the luxury pack and the marketing proposals, once the products come on the market in Australia it is highly likely that they will be sold with MIL’s hair care products or, at least some of them, for the most part bearing both the First and Second Trade Marks. Moreover, once available for sale, they are likely to be promoted on MIL’s Australian website where the two Trade Marks frequently appear in relation to the hair care products.
13. In relation to the other Non-Use Goods, MIL acknowledged that they were yet to be supplied either in Australia or overseas. In cross-examination Mr Lampert said that MIL has no current plans to supply facial products in Australia. Indeed, no such products presently exist, although Mr Lampert testified that facial products and fragrances have been in product development for about a year and a half. If that were so, then it is surprising that Mr Lampert said nothing about the matter in his evidence in chief, in spite of the fact that he had sworn three affidavits and MIL had been given leave to adduce additional evidence orally. No documentary evidence was adduced to support the statement. Nevertheless, it was not suggested to him that the evidence was false and so I accept it. The lack of detail, however, gives me little confidence that any such products will be available for sale any time soon. Mr Lampert’s evidence was that production can take several years and it seems unlikely that they would be offered for sale in Australia before the market is first tested overseas, as in the case of the skin care products.
14. MIL submitted that, although it had not supplied toiletries anywhere, “this category of goods is in the PD [Product Development] calendar”. The evidence in support of that submission was said to come from Mr Lampert. The evidence was extremely vague, to say the least, and, as I mentioned earlier, Mr Lampert later said that MIL had no intention of supplying talcum powder, antiperspirants, or dentifrices. He was not asked specifically about shaving preparations, shaving creams, or after-shave creams and lotions.
15. Without limiting the matters the Court may take into account in deciding under s 101(3) not to remove a trade mark, however, the Court may take into account whether the mark has been used by its registered owner in respect of similar goods. For the purposes of the Act, goods are similar to other goods if they are the same as those goods or of the same description: s 14(1). The relevant principles for determining whether goods are of the same description are discussed above at [223].
16. I am satisfied that the remaining Non-Use Goods are all “goods of the same description” as the hair care products in respect of which the MIL marks are registered.
17. First, generally speaking, both the haircare products and the remaining Non-Use Goods can properly be classed as beauty or grooming products.
18. Secondly, the MIL skin care products, at least, like the hair care products (except for the brushes), contain argan oil.
19. Thirdly, the products are commonly sold through the same trade channels.
20. Both Hairhouse Warehouse and Price Attack, for example, sell not only hair care products but also skin care and beauty products. In addition, evidence was adduced that Dermalogica, a well-known American skin care brand, also markets hair care under its trade mark. Moreover, MIL’s own luxury pack in the body line range, which it calls “Luxurious Body Essentials”, includes a tube of moroccanoil Hand Cream, a jar of moroccanoil body butter, a jar of moroccanoil body buff, and a 50ml bottle of the MIL Oil Treatment.
21. Some hair salons stock both hair care and beauty products. The Valonz group of salons in Sydney, for example, sell the “Miss Frou Frou” brand of nail polish and a range of skii skin products with hair care products. In the last four to five years, Helen Hair Concepts in Arncliffe and Sharron’s Hairline in Young, both moroccanoil stockists, have sold hair care and skin care products, including makeup. Barberdollz Hair & Makeup, a Queensland salon where Orla Fogarty works, also sells cosmetics and hair care products.
22. Aesop’s range of products includes shampoos, conditioners, hand creams, body lotions, toiletries and the like, including shaving products, sold together in Australia in its eponymous shops and also in department stores. Crabtree & Evelyn and L’Occitane sell skin and body care products and toiletries, including fragrances, oils, and shaving products, in the same way. All three cater for both women and men.
23. Aldi itself sells its hair care items alongside its skin care and facial products. Photographs of the Waterloo, Eastlakes and Bondi Junction Aldi stores taken by one of Aldi’s solicitors, Thomas John Kelly, on 25 February 2016 and annexed to his second affidavit, show hair and skin products, as well as toiletries such as soaps and deodorants displayed for sale under a sign reading “health & beauty”. A photograph of Aldi’s Westfield Eastgardens store taken on 3 May 2016 annexed to an affidavit from MIL’s solicitor, Julie Cheeseman, shows hair products displayed with skin products as well as soaps, deodorants, and dental products.
24. Fourthly, a combined “hair and body wash” is not uncommon. One such product, produced by Keune, appears in the September/October 2008 issue of the magazine “*INhair*”, annexed to Mr Kelly’s affidavit. The facing page promotes a brand called “ecokid”, which is described as “an Australian made range of hair and body products specifically created for the hair, scalp and skin of children aged three to 12 years”.
25. Fifthly, hair, facial and skin care products are often advertised in the same publications and on the same page of those publications. So, too, are fragrances. In the December 2013 issue of *Harper’s BAZAAR* magazine, for example, the MIL Oil Treatment was promoted alongside Acqua di Parma cologne, St Tropez body and face bronzing mousse and Kiehl’s body moisturiser. Mr Gauvin annexed to his affidavit evidence indicating that some authorised online resellers sell both hair care and skin care products and advertise them together, such as the Skincare Store and Fountain Cosmetics.
26. Aldi’s evidence included other examples. An Australian issue of *Marie Claire* magazine in 2013, for instance, depicts the MIL Oil Treatment alongside other “Vacation Essentials”, ModelCo Daily Face Mattifying Sunscreen & Lip Balm and Bobbi Brown Pot Rouge being amongst them. On the same page Aveeno Daily Moisturising Lotion, Kiehl’s Ultra Facial Oil Free Gel Cream, Biore Blemish Clearing Scrub and Becca Mineral Tint can also be seen.
27. I am satisfied that MIL intends to bring to market in Australia in the near future the skin care products presently offered for sale by MIL under the moroccanoil brand name in 23 overseas countries. While there has been a delay, which has not been satisfactorily explained, there is no apparent reason why MIL would not do so, having regard to the success of its hair care range. I am satisfied, too, that MIL also intends to produce and sell in Australia at some time in the future facial products and fragrances. I am not however satisfied that MIL has any present intention of producing shaving preparations, shaving creams and soaps, after-shave creams and lotions, let alone selling them in Australia. To all intents and purposes it has abandoned the two registered trade marks in this respect. The evidence, however, indicates use of the Second Trade Mark upon the skin care products and use of that mark to promote MIL products generally.
28. MIL resisted the application to remove the First Trade Mark for non-use with respect to the Non-Use Goods, arguing that the Court should infer that both Trade Marks will be used in relation to the goods in that all the MIL products are promoted on its websites and the First Trade Mark adorns most of the hair care products displayed there. The problem with this argument is that, where the First Trade Mark appears on the website, it is on the hair care products and nowhere else. Use of a trade mark upon certain goods is not use of the trade mark in relation to other goods.
29. Aldi submitted that the Court should take into account in the exercise of the discretion evidence that MIL has extensively used the word moroccanoil together with the ® symbol (denoting registration) as part of the marketing and promotion of its hair care products. As the word mark is not registered in Australia, Aldi submitted that the use of the symbol is “plainly misleading”, contrary to the Trade Marks Act, and “capable of giving rise to offences under s 151 of [the] Act”. While the moroccanoil word mark is registered elsewhere in the world, s 151(1) provides that a person must not make a representation that a trade mark is a registered trade mark unless the person knows, or has reasonable grounds to believe, that the trade mark is registered in Australia. Doing so attracts a maximum penalty of 60 penalty units.
30. There is evidence that MIL used the mark moroccanoil® on various occasions, such as on certain products, hairdressing towels at MIL styling events, a 2015 product guide, and at in-salon promotional displays. Those uses amount to representations that the word mark is registered in Australia (see s 151(5)), when it is not. But Aldi did not bring a claim against MIL for making a false representation in contravention of s 151(1) (assuming it has standing to do so). Nor did Aldi’s cross-claim extend to allegations that MIL had contravened the ACL by making false representations or engaging in misleading or deceptive conduct. It merely asserted that MIL’s conduct in this regard was relevant, without explaining why. For my part, I see no logical connection between, on the one hand, MIL’s use of the ® symbol (whether intentional or unintentional) in relation to the unregistered word mark, concerning as it does a different trade mark, and, on the other, the question of whether the First or Second Trade Marks should be removed from the Register for non-use.

## Conclusion

1. On balance, taking all relevant matters into account, I am persuaded that it is reasonable not to remove the Second Trade Mark from the Register in relation to the skin care, facial products, and fragrances but, I am not satisfied that it is reasonable not to remove the Second Trade Mark from the Register in relation to “shaving preparations, shaving creams and soaps, after shave creams and lotions”. Nor am I persuaded that it is reasonable not to remove the First Trade Mark in relation to any of the Non-Use Goods, given the lengthy period since registration when it has not been used in relation to those goods, the evidence suggesting that MIL has no intention of using it upon or in relation to them, and the absence of use of that mark upon or in relation to the skin care products since they were introduced to the US market in 2012.

# THE CLAIMS MADE UNDER THE AUSTRALIAN CONSUMER LAW

1. Three claims are brought under the ACL.
2. The first relates to the get-up of the entire Aldi Product Range, including the Aldi Hair Tools and Hair Brushes. MIL alleges that Aldi has made some 10 representations to the effect that the products in the range are, or are related to, MIL’s products and are being sold and promoted by Aldi on behalf of MIL and/or its licensees, or that in respect of these products Aldi’s business is affiliated with or conducted with their licence, sponsorship or approval (**the first ACL claim**).
3. The second concerns the use of the word “naturals” on and in connection with the Aldi “Moroccan Argan Oil” range of products sold under the protane naturals brand. MIL alleges that the use of the word amounts to a representation that the products contain only or substantially natural ingredients and that the representation is false (**the second ACL claim**).
4. The third concerns the use of the words “argan oil” on and in association with the following products in the Aldi Product Range: the Aldi Oil Treatment, Shampoo, Conditioner, Hair Brushes, and Hair Tools. MIL’s allegations are to the effect that certain representations as to the performance benefits of argan oil used in the various products are false (**the third ACL claim**).

## The first ACL claim — relationship

### The allegations

1. MIL alleges that from at least 24 September 2012 Aldi made the following representations through the get-up it used for the products it sold under the sign “Moroccan Argan Oil”:
2. that Aldi’s Oil Treatment is, or is related to, the MIL Oil Treatment or a product sold under the moroccanoil brand;
3. that Aldi’s Oil Treatment is exhibited, offered for sale, sold, supplied, advertised and/or promoted by or on behalf of MIL and/or its licensees or authorised sellers;
4. that Aldi’s Oil Treatment is exhibited, offered for sale, sold, supplied, advertised and/or promoted by Aldi with the licence, sponsorship or approval of MIL and/or its licensees;
5. that, insofar as Aldi’s Oil Treatment is concerned, Aldi’s business is, or is in some way affiliated with, the business of MIL and/or its licensees;
6. that, insofar as Aldi’s Oil Treatment is concerned, Aldi’s business is conducted with the licence, sponsorship or approval of MIL and/or its licensees;
7. that each of the products in the Aldi Product Range is, or is related to, MIL’s products or a product sold under the MIL brand;
8. that each of the products in the Aldi Product Range is exhibited, offered for sale, sold, supplied, advertised and/or promoted by or on behalf of MIL and/or its licensees or authorised sellers;
9. that each of the products in the Aldi Product Range is exhibited, offered for sale, sold, supplied, advertised and/or promoted with the licence, sponsorship or approval of MIL and/or its licensees;
10. that, insofar as each of the products in the Aldi Product Range is concerned, Aldi’s business is, or is in some way affiliated with, the business of MIL and/or its licensees; and/or
11. that, insofar as each of the products in the Aldi Product Range is concerned, Aldi’s business is conducted with the licence, sponsorship or approval of MIL and/or its licensees.
12. MIL pleaded that these representations were conveyed as a matter of impression by reason of the similarities in the get-up of the respective products and also by Aldi’s use of the term “Moroccan Oil” on receipts provided to customers after sales of some of the Aldi products. MIL claimed that, by these representations, Aldi engaged in conduct which is misleading or deceptive or likely to mislead or deceive, contrary to ss 18, 29(1)(g) and 29(1)(h) of the ACL.
13. This claim is said to be “cognate” with the passing off claim. In other words, the case MIL brings, stripped to its bare bones, is that, through the adoption of a trade dress for the products in the Aldi Product Range, which shares features of MIL’s trade dress, Aldi has passed off its own goods as MIL’s. Since they are not MIL’s goods and, indeed, have no association with MIL, to the extent that Aldi is making such a representation, the representation is necessarily false and therefore also misleading or deceptive or likely to mislead or deceive.

### The legislative provisions

1. Section 18(1) of the ACL provides that a person must not, in trade or commerce, engage in conduct that is misleading or deceptive or likely to mislead or deceive.
2. Section 29(1) relevantly provides that:

A person must not, in trade or commerce, in connection with the supply or possible supply of goods … or in connection with the promotion by any means of the supply or use of goods

…

(g) make a false or misleading representation that goods … have sponsorship, approval, performance, characteristics, accessories, uses or benefits; or

(h) make a false or misleading representation that the person making the representation has a sponsorship, approval or affiliation.

### The issues

1. Here, it is undeniable that the impugned conduct occurred in trade or commerce. The dispute relates to the nature of the conduct.
2. In broad terms the issues arising from this claim are first, whether any or all of the pleaded representations have been made, and if so, whether by making the representation(s) Aldi contravened the ACL as alleged.
3. In deciding whether the mark or get-up is so similar as to be misleading or deceptive or likely to mislead or deceive, the approach discussed by Gummow J in *Interlego* at 387–8 (see above at [169]) applies equally here. The question is one for the Court and the expert evidence on this subject is of limited assistance. In *Cat Media Pty Ltd v Opti-Healthcare Pty Ltd* [2003] FCA 133 at [55], Branson J observed, in a passage cited with approval by the Full Court in *Domain Names Australia Pty Ltd v .au Domain Administration Ltd* (2004) 139 FCR 215 at [21]:

[E]vidence of opinions based on market research and expert appreciation of consumer behaviour will rarely be of assistance in litigation where the Court’s primary concern is with the behaviour to be expected of, and the judgments likely to be made by, ordinary (even if it might be thought, somewhat credulous) members of the community intent on making a relatively modest purchase in a conventional way. I endorse the comment of Beaumont J in *Pacific Publications Pty Ltd v IPC Media Pty Ltd* [2003] FCA 104 at [92] that where a claim is essentially a matter for the Court’s impression, expert views which are merely “impressionistic” can be given no more than nominal weight.

### The legal principles

1. Conduct will be misleading or deceptive only if it leads or is capable of leading someone into error: ***Parkdale*** *Custom Built Furniture Pty Ltd v Puxu Pty Ltd* (1982) 149 CLR 191 at 198–199 (Gibbs CJ). Whether that is so must be determined objectively in the context of all the surrounding circumstances: ***Taco******Co*** *of Australia Inc v Taco Bell Pty Ltd* (1982) 42 ALR 177 at 199, 202 (Deane and Fitzgerald JJ); *Parkdal*e at 199. Those circumstances include:
2. the strength of the applicant’s reputation and the extent of distribution of its products;
3. the strength of respondent’s reputation and the extent of its advertising;
4. the nature and extent of the differences between the products, including whether they are in direct competition;
5. the circumstances in which the respective products are offered to the public; and
6. whether the respondent has copied the applicant’s products or intentionally adopted prominent features and characteristics of them.

See ***Verrocchi*** *v Direct Chemist Outlet Pty Ltd* [2016] FCAFC 104; [2016] AIPC ¶92–512, [2016] ATPR ¶42–526 at [69].

1. Evidence of deception is admissible but not always probative. At the same time, evidence of deception is not essential; a finding may be reached in its absence: ***Global Sportsman*** *Pty Ltd v Mirror Newspapers Ltd* (1984) 2 FCR 82 at 87.
2. Conduct may be misleading or deceptive or likely to be such regardless of the intention of the alleged wrongdoer: *Global Sportsman* at 88. But where an intention to deceive is established, a court may more readily infer that the intention has been realised: *Campomar* at [33].
3. The question is to be determined by reference to the likely effect of the impugned conduct (here, the representations) on an ordinary or reasonable member of the class of consumer to whom it is directed: *Campomar* at [102]. The class includes the experienced and the inexperienced, the astute and the gullible, but it does not include those who fail to take reasonable care of their own interests: *Parkdale* at 199 (Gibbs CJ). In a case such as this, where the representations were not made to particular individuals, it is necessary “to isolate by some criterion” a representative member of the class: *Campomar* at [103].
4. Put another way, it is necessary to consider whether the alleged misconceptions or deceptions should be attributed to the ordinary or reasonable member of the class. Extreme or fanciful assumptions are to be disregarded because the ordinary or reasonable member of the class would not make them. See *Campomar* at [102]–[105].
5. Further, as I observed in *Veda Advantage Ltd v Malouf Group Enterprises* (2016) 241 FCR 161 at [206]:

In some decisions of this Court, in determining whether a contravention has occurred, it has been said that “the focus of the inquiry” is on “whether a not insignificant number of persons within the cohort being ordinary or reasonable members of the class … would have been misled or deceived or are likely to be misled or deceived by the impugned conduct”: *Global One Mobile Entertainment Pty Ltd v Australian Competition and Consumer Commission* [2012] FCAFC 134 at [108]. …[H]owever, these are not separate tests: see *National Exchange Pty Ltd v Australian Securities and Investments Commission* (2004) 49 ACSR 369; 61 IPR 420; [2004] FCAFC 90 (*National Exchange*) at [23] (Dowsett J), [70] and [71] (Jacobson and Bennett JJ). As Dowsett J put it in *National Exchange* at [23]:

To speak of a reasonable member of a class necessarily implies that one is speaking of a significant proportion of that class. It is impossible to postulate a situation in which the reasonable member of a class is not representative of such a proportion.

1. Aldi submitted that the ordinary or reasonable consumer for the purpose of the ACL claims would be female. She shops or may shop at an Aldi supermarket. She would be attracted to Aldi’s value propositions and she would be aware that there is a predominance of house brand products in Aldi supermarkets. Aldi also submitted that she would be aware of the MIL products and aware they are part of a “salon-only professional high-end prestige brand that’s not available in [a] supermarket”.
2. At first, MIL submitted that the ordinary or reasonable consumer is part of a “very broad demographic”, a “very, very broad set of people”, being those who go into an Aldi store, not just women, and not necessarily someone “ingrained with wanting all the time to hunt for a bargain, and not buying anything unless it’s a bargain”. Ultimately, however, MIL accepted that the ordinary or reasonable consumer would be a woman who shops at Aldi (either occasionally or often) and who buys hair care products. Importantly, MIL acknowledged that the ordinary consumer would be someone who would be attracted by, but not looking for, a bargain, and who would have “some broad notion that in Aldi things are likely to be cheaper than they are elsewhere”.
3. In my view, for present purposes the ordinary or reasonable consumer is someone who shops or may shop at an Aldi supermarket, is aware of the MIL brand and MIL’s products, and is attracted by the prospect of purchasing them at a bargain price. No doubt more often than not this consumer will be a woman and, while uninstructed I might not have limited the class in this way, for this reason I am prepared to accept the agreed position taken by the parties that the notional consumer is a woman. Some members of this cohort will be unaware that the products are not available for sale in a supermarket like Aldi. Some will be frequent or regular Aldi shoppers. Some will be infrequent or casual Aldi shoppers. Others may never have previously set foot in an Aldi store. Consequently, many will know that Aldi sells predominantly house branded products. Some will (or may) not.

### The question of reputation

1. MIL’s case depends on its reputation. That is important because, unless the relevant consumers were aware of its products, there is no prospect of them being misled or deceived by the conduct of an imitator. As Toohey J put it in *Dairy Vale Metro Co-operative Ltd v Brownes Dairy Ltd* (1981) 35 ALR 484 at 501, for a deception to occur the relevant consumers must have in their minds “some established truth against which the notion of misleading or deceptive conduct can be measured”.
2. It is well established that a trader can acquire a reputation in the get-up of its products.
3. To make out its case, MIL must prove that by use in Australia its get-up has become distinctive of its goods (***Cadbury*** *Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd* (2007) 159 FCR 397 at [99]), “so that the use in relation to any goods of the kind dealt in by [MIL] of that … get-up will be understood by the trade and the public in this country as meaning that the goods are [MIL’s] goods” (*T Oertli AG v E J Bowman (London) Ltd* [1957] RPC 388 at 397 (Jenkins LJ)), are related to MIL’s products, or have the sponsorship or approval of MIL. This is what reputation means in this context: see, for example, *S* *& I Publishing Pty Ltd v Australian Surf Life Saver Pty Ltd* (1998) 88 FCR 354 at 362 (Hill, Nicholson and Emmett JJ). It is unnecessary that the reputation be exclusive: *Cadbury* at [99]. Thus, here, if the colour turquoise alone or in combination with other features is likely to be associated by Australian consumers with MIL’s goods, its use by another trader may mislead ordinary or reasonable members of the class into thinking that the other trader’s goods are connected in some way with MIL.

### What was MIL’s reputation?

1. MIL claims that it has a substantial, valuable and exclusive reputation and goodwill in each of the First and Second Trade Marks, the sign moroccanoil, the get-up of the MIL Oil Treatment, the box in which it is sold, and the get-up of all MIL products in the range. The distinctive elements of the get-up were said to include the use of the sign moroccanoil and the registered trade marks, the colour described as “turquoise blue”, and the colours used for the text (white and/or copper and black). In the case of the MIL Oil Treatment they are said to extend to the “apothecary style brown-tinted clear bottle” and the dispensing nozzle consisting of “a metallic silver body and plastic black top”. The distinctive elements of the get-up of the MIL Oil Treatment are also said to include the use of a cardboard box.
2. While there was no consensus on whether it was possible to draw a conclusion as to the overall strength of MIL’s reputation, the marketing experts agreed that the current market share held by MIL is “a significant share” in a crowded market, that is to say, a market with a multitude of brands and sub-brands. MILrelied on this evidence. But reputation has to be determined for present purposes as at the date the impugned conduct started: *Taco Co* at 196 (Deane and Fitzgerald JJ); *Optical 88* at [333]. That date is September 2012. The current state of the market could only be relevant if there was evidence to connect it with the position at that time. MIL did not point to any such evidence. Rather, MIL relied on a report dated November 2015, from Cummins&Partners, annexed to an affidavit from Samantha Czajka, the marketing manager for Haircare Australia. Ms Czajka described Cummins&Partners as “a creative media agency”, which was commissioned by MIL to undertake consumer research “for commercial purposes” unrelated to the proceedings. The research included consumer habits and perceptions of the MIL brand and other brands in the professional hair care market. It follows that the findings in the report reflected the position at that time. Furthermore, the report did not concern itself with consumer awareness of the get-up of the MIL product. It was concerned only with familiarity with the brand and nowhere do the authors indicate that the report’s findings were derived from association with the MIL get-up. For these reasons the Cummins&Partners report is of little, if any, relevance. If relevant, it is not entitled to any weight.
3. So what was the position in September 2012?
4. Aldi accepted that, through “large volumes of sales and significant marketing and promotional activities since July 2009”, MIL has acquired a reputation in its product range in the Australian marketplace. That is a meaningless concession in the present context.
5. Be that as it may, I am satisfied that, as at September 2012, when the Aldi products first went to market, MIL had a substantial, valuable and exclusive reputation and goodwill in each of the First and Second Trade Marks, the sign moroccanoil, the get-up of the MIL Oil Treatment and Box, and the get-up of all MIL products in the range.
6. Each of the stylists who gave evidence became aware of the MIL Oil Treatment in or around late 2009. All commented on the distinctiveness of the get-up and none of what they said in this respect was challenged.
7. By late 2009 Ms Spreen became aware of the MIL Oil Treatment and saw advertisements for it in magazines. She was struck by “the unique brand name and product packaging”. She said that its presentation in a box gave it the appearance of being “luxurious” and “high-end”. She was also struck by the colour, which she said was unique in the market at the time. She remembered thinking that the particular shade of blue used on the box gave the product an exotic appearance.
8. When she first saw a sample of the product Ms Abela thought that the box packaging looked expensive and luxurious. She, too, thought the blue colour was distinctive because she was unaware of it being used on any other hair care product at the time. Furthermore, she considered that the brown glass bottle was unique. The turquoise blue of the packaging stood out to her in comparison with other products. Ms Abela also noticed the magazine advertisements and remembered the association of the MIL brand with fashion, fashion labels, and celebrities. She said that the MIL Oil Treatment was extremely popular. As soon as it went on sale, she said it “walked out the door”. Passers-by who saw the display in the window would often walk in off the street to buy it. The salon sold out of the product more than once and it was consistently the salon’s top selling product.
9. When Ms Juhasz first became aware of the MIL Oil Treatment, she, too, was struck by the distinctive packaging. She was unaware of turquoise blue being used on any other hair care product. She thought that the glass bottle was unique for a hair care product, but said nothing about its colour. She also said that packaging the product in a box was a novelty in the hair care industry. She said that pumps were not a common feature of the hair product market when MIL introduced a pump to the MIL Oil Treatment in early 2011 and that, when it did, other traders followed suit.
10. Ms Williamson described the turquoise packaging as “iconic”. She said that it really stood out because of its bold colour against the neutral or earthy colours and the bright pinks and greens in use at the time. She, too, described the glass bottle as unique in the hair care market.
11. Ms Sainsbury also commented on the blue colour, the unique use of the colour on the packaging, and the novel use of a glass bottle. She said that when she returned to Australia from London in September 2010, there was a “buzz” in the hair care industry about MIL products and they were “flying off the shelves”. She said that it was immediately apparent whether a salon stocked them because “the beautiful banners and the blue colour” could be seen from outside salon windows and were recognisable from a distance as MIL products.
12. Geoff Gauvin thought that the brand name moroccanoil was distinct because it conjoined the words “Moroccan” and “oil” and he had not previously heard the words used together or in association with hair care products. He also thought the name was interesting and, by inference, memorable because of the popularity of Morocco as a tourist destination and the inclusion of oil, which clients generally wanted to remove from their hair. His uncontradicted evidence was that MIL was the first company to create the category of oil-based retail hair care products and the first to use argan oil in them.
13. Ms Royds became aware of the MIL Oil Treatment in around late 2010. She saw it on display in several “shopping centre salons”, including Westfield Burwood and Norton Street Plaza in Leichhardt. It was prominently displayed in windows and in promotional posters in the salons. She said it seemed to be “everywhere”. When she first saw the product in salon windows she was struck by the colour of the box and label. She said that the combination of the coloured box and label with the word moroccanoil in bold text stood out to her.
14. By the end of the calendar year 2012, MIL had sold XXXXX units of the MIL Oil Treatment and a total of XXXXXX units of all MIL Products, earning over $XXXXXXX in retail sales. The products were prominently displayed in salons and stores. MIL was assiduous to ensure that the products were always displayed together, which was more likely to attract a consumer’s attention than if they had been displayed with other brands. The get-up is striking and the display eye-catching.
15. MIL invested heavily in marketing its products. In the 2011–12 calendar year MIL and Haircare Australia spent more than $USXXXXXXX on marketing. Advertisements featuring its products appeared in several prominent glossy magazines like *Vogue*, *Cleo,* *Harper’s Bazaar*, *Instyle* and *Marie Claire* and in daily metropolitan newspapers. MIL tendered circulation numbers for these publications (provided by iSentia), as follows:

|  |  |  |
| --- | --- | --- |
| **24 January 2008 to 4 August 2010** | | |
| Sunday Telegraph | 13 June 2010 | 632,009 |
| **4 August 2010 to 7 December 2011** | | |
| Australian Women’s Weekly | August 2010 | 486,179 |
| Cleo | March 2011 | 120,051 |
| Instyle | November 2010 | 61,804 |
| Marie Claire | September 2010 | 112,682 |
| OK! | 4 April 2011 | 100,253 |
| Woman’s Day | 17 January 2011 | 408,508 |
| **7 December 2011 to date** | | |
| Cosmopolitan | December 2013 | 105,212 |
| Herald Sun Weekend | 26 January 2013 | 455,197 |
| Marie Claire | June 2015 | 80,618 |
| New Idea | 2 March 2015 | 271,237 |
| Sunday Telegraph | 20 April 2014 | 516,584 |
| The Australian | 4 November 2014 | 116,854 |
| Who | 5 August 2013 | 121,708 |

1. In both 2011 and 2012, MIL exhibited at the Sydney Hair Expo, an event attracting tens of thousands of people each year. Between 5 August 2009 and 13 February 2011, MIL’s website had received more than 270,000 Australian visitors and more than 5,000,000 visitors worldwide. Over 150 invited guests attended the Australian launch of the MIL products on 29 September 2009. In January 2011 more than 250 women attended a pop-up salon on Bondi Beach and had their hair treated with the MIL Oil Treatment.
2. Based on the evidence of marketing expenditure, unit sales and revenue derived from both wholesale and retail sales, Professor Quester concluded that MIL had achieved “a not insubstantial degree of brand awareness at least among consumers who visit hair salons for hair appointments — irrespective of whether they purchase hair care products from those salons; purchase hair care products from specialty hair care stores such as Hairhouse Warehouse and Price Attack; or are otherwise exposed to the moroccanoil products through MIL’s advertising and promotional activities”.
3. According to Ms Spinks, by November 2011 Aldi had identified the MIL Oil Treatment as the market leader.
4. Based on this evidence I am satisfied that by September 2012 the get-up of the MIL products was distinctive and that use of MIL’s get-up or its marks in relation to the same kind of products would be understood by the trade and the public in Australia as signifying that those products were MIL’s products.
5. As the Full Court emphasised in *Cadbury* at [99], however, it is not enough for an applicant to show that it has the necessary reputation:

The question is not whether an applicant has shown a sufficient reputation in a particular get-up or name. The question is whether the use of the particular get-up or name by an alleged wrongdoer in relation to his product is likely to mislead or deceive persons familiar with the claimant’s product to believe that the two products are associated, having regard to the state of the knowledge of consumers in Australia of the claimant’s product.

### Were any of the alleged representations made? If so, were they false, misleading or deceptive etc?

1. In theory these are distinct questions. But the parties made no real attempt to distinguish them. This is entirely understandable. If the alleged representations were made, they would have been false. It is common ground that there is no connection between MIL and Aldi. Consequently, despite the way in which the issues were framed, the question to be resolved is whether the get-up and/or branding of the Aldi products or any of them was so similar to the MIL products that a not insignificant number of ordinary or reasonable consumers in the relevant class would, or would be likely to, mistake the Aldi products for the MIL products or would, or would be likely to, believe that the Aldi products were related or affiliated in some way with MIL or that they were sold under licence from MIL or with its approval or sponsorship.

#### The representations

1. The first five alleged representations relate to the Aldi Oil Treatment. The substance of the allegations is that, by its selection of the name “Moroccan Argan Oil” to brand or label its product and, by its choice of packaging, including the colour scheme, Aldi misled or deceived consumers into thinking that its product was the same as, or related to, the MIL Oil Treatment or that its sale or promotion was sponsored by, licensed to, or approved by MIL, or that the Aldi and MIL businesses were related to each other. In particular, MIL alleges that the get-up Aldi adopted for the bottles and the boxes is apt to mislead or deceive Australian consumers by falsely representing that:
2. the Aldi Oil Treatment, is or is related to, the MIL Oil Product or a product sold under the MIL brand;
3. the Aldi Oil Treatment is exhibited, offered for sale, sold, supplied, advertised and/or promoted by or on behalf of MIL and/or its licensees or authorised sellers;
4. the Aldi Oil Treatment is exhibited, offered for sale, sold, supplied, advertised and/or promoted by Aldi with the licence, sponsorship or approval of MIL and/or its licensees;
5. Aldi’s business is, or is in some way affiliated with, the business of MIL and/or its licensees; and/or
6. Aldi’s business is conducted with the licence, sponsorship or approval of MIL and/or its licensees.
7. These representations are alleged to have been conveyed “as a matter of impression” because of the alleged similarities of the signs moroccanoil and “Moroccan Argan Oil” and/or the get‑up of the respective oil products. The features of the get-up of the Aldi Oil Treatment which are said to be deceptively similar to the MIL Oil Treatment are the use on the labels applied to the bottles of “a variety of turquoise blue”, the use of white and/or copper and black in the text, and (except in the case of the September 2015 variation) an “apothecary style” brown-tinted clear bottle, and a dispensing nozzle consisting of a metallic silver body and plastic top. MIL also relies on the use of the same colour scheme on the cardboard box in which the product is sold and the very deployment of a cardboard box.
8. In relation to the other products in the Aldi Product Range (the shampoo, conditioner, dry shampoo, hair spray, heat protection spray, and renewing treatment mask) MIL relies on Aldi’s extensive use in its packaging of the sign “Moroccan Argan Oil”, the colour turquoise, and white and/or copper and black text. MIL also alleges that Aldi made extensive use of these elements on the body of, and the labels accompanying, its hair brushes. MIL alleges that, having regard to these elements, Aldi made the same representations of identity, relationship, sponsorship and so forth that are said to have been conveyed by the Aldi Oil Treatment in relation to all the products in the range. The allegation in the pleading (the Third Amended Statement of Claim) is that the representations are made because of similarities in the get-up of all respective products in the range.
9. The same representations are said to have been conveyed on receipts given to customers after the sale of the Aldi products where the term “Moroccan Oil” is used.
10. MIL submitted that, by adopting the particular get-up for the Aldi Oil Treatment and the Product Range as a whole, Aldi conducted itself in a way that is likely to mislead and deceive a not insignificant number of consumers because:

* it adopted features of the MIL get-up;
* the adoption and presentation of the sign “Moroccan Argan Oil” is such that consumers are likely to perceive the sign to be a brand name “and, accordingly, the products as a brand extension of the MIL range”; and
* the words “protane naturals” or “visage” appear as sub-brands on the Aldi Product Range and do not adequately distinguish the rival products.

#### Did Aldi copy a MIL trade mark or the MIL get-up?

1. MIL submitted that, in adopting the sign “Moroccan Argan Oil”, Aldi “deliberately copied one or more of the MIL Trade Marks” and did so for the purpose of appropriating part of the trade or reputation of MIL or that of the authorised distributors of its products.
2. I cannot accept this submission. The registered trade marks are composite marks each of which consists of the word moroccanoil with a superimposed large orange M. Aldi did not copy either of them. Nor did it copy the unregistered word mark; it came up with a different name, albeit with arguable allusions to the MIL brand.
3. MIL also contended that Aldi intentionally adopted a get-up for its products in order to appropriate part of its trade or reputation. MIL urged the Court to infer that Aldi’s intention was realised and the deception accomplished.
4. I accept the contention insofar as it relates to the Aldi Oil Treatment but not in relation to the other Aldi products and certainly not in relation to the Aldi Shampoo and Conditioner. Whether the inference should be drawn, however, even in relation to the Aldi Oil Treatment, is another question.
5. Aldi unquestionably modelled its Oil Product on the MIL Oil Treatment. Ms Spinks referred to it as “the benchmark” product. Aldi copied several of its “diagnostic cues”, including the use of a bottle very similar in style, size, shape, and colour, the same pump mechanism for the extraction of the oil from the bottle, the use of a cardboard box, and the prominent use of a similar colour for both the bottle’s label and the box. Ms Spinks accepted in cross-examination that Aldi’s object was to achieve an exact colour match with the bottles and conceded that consumers would associate the colour of the bottle and the type of packaging with the MIL product. John Papas, the National Business Manager for Jalco, informed Ms Spinks in an email dated 30 January 2012, that it had achieved an exact colour match with the benchmark bottle. Ms Heng asked that a pump (and box) be added to the Aldi version, which Ms Spinks acknowledged would make the Aldi version “closer in appearance”. It is true that the blue used by Aldi is not an exact match. The turquoise of the MIL products is more vivid and more eye-catching than the Aldi colour, which is closer to aqua than turquoise. But they are sufficiently close that, unless the two products were lined up side by side, some consumers might not notice any difference. Indeed, Ms Spinks did not list the colour difference as a point of distinction.
6. This approach conformed to the objective identified at the Aldi Australia corporate buying strategy meeting held in May 2010, attended by Aldi senior management. According to the minutes of that meeting, Aldi “should not make significant (noticeable) departures from the market in areas such as … visual appearance profiles as this may risk losing customers through not meeting expectations”. This evidence points to an intention on Aldi’s part to copy MIL’s get-up in order to appropriate part of its trade or reputation.
7. It will be recalled that Ms Spinks’ evidence was that, in coming up with the get-up for the protane naturals range, she set out to ensure that, if the products in that range were placed alongside the MIL products, you could tell them apart. But she well knew that the products were never going to be sold or advertised in this way. The question of whether consumers are likely to be misled by the appearance of the Aldi products depends on what they recall of the MIL products. Ms Spinks set out to create points of distinction when the products were lined up alongside each other but there is no evidence to indicate that she paid any regard to whether consumers could mistake the Aldi version for the MIL one when they were not. At least in the case of the Aldi Oil Treatment, the evidence suggests that Aldi was not interested in avoiding this kind of mistake.
8. The evidence indicates, however, that the Aldi Shampoo and Conditioner were not modelled on the MIL product but on the Organix range and there is no evidence about the design decisions concerning the other products in the Aldi range.
9. The evident purpose of copying important features of the MIL Oil Treatment was to remind consumers of that product. It would be naïve to believe that in doing so Aldi was not seeking to capitalise on MIL’s reputation and attract to itself some of its custom. I find that in adopting the particular get-up for the Aldi Oil Treatment bottle and box, Aldi copied from the get-up of the MIL Oil Treatment and box and that it did so in order to appropriate part of MIL’s trade or reputation or the trade of MIL’s authorised distributors and resellers.
10. The mere fact that one trader copies aspects of the get-up of another, however, does not mean that the rival trader’s conduct is misleading or deceptive or likely to mislead or deceive. That will depend on whether the copyist “has sufficiently distinguished its products and made it clear that they are not the goods of the manufacturer whose design or get-up is copied”: see *Dr* *Martens Australia Pty Ltd v Figgins Holdings Pty Ltd* [1999] FCA 461; (1999) 44 IPR 281 at [336]–[337] (affirmed on appeal: see (1999) 95 FCR 136), citing *Parkdale* at 196, 199–200 (Gibbs CJ), 209–210 (Mason J), 225–226 (Brennan J). One obvious way of distinguishing the products is to brand them differently. I appreciate that correct identification of the source may not save a strikingly similar get-up: ***Collins Debden*** *Pty Ltd v Cumberland Stationery Co Pty Limited (No 2)* [2005] FCA 1398 at [26] (Lindgren J). Whether it does will depend on a range of circumstances, including the prominence given to the source. Generally speaking, however, the sale by one manufacturer of goods that closely resemble the goods of another is not caught by the ACL if the goods are properly labelled: *Parkdale* at 199.
11. So has Aldi sufficiently distinguished its argan oil products from MIL’s? Does the adoption of the sign “Moroccan Argan Oil” and/or design features of, or similar to, the MIL products mean that Aldi has made the pleaded representations and engaged in misleading or deceptive conduct?
12. A consumer with an imperfect recall of the First and/or Second Trade Marks might well see the name “Moroccan Argan Oil” and think of “Moroccanoil”. In my view, in combination with some of the distinctive features of the MIL products, particularly the MIL Oil Treatment, Aldi’s use of the sign “Moroccan Argan Oil” could well have led a not insignificant number of consumers to conclude that they were looking at the same or a related product — but only if the differences between the respective products are put to one side. In substance, this is the way MIL approached the evidence. It focussed on the similarities between the products and ignored the differences. Yet, Aldi’s conduct must be viewed as a whole. As Gibbs CJ observed in *Parkdale* at 199*,* it is not right to select some words and ignore others which give context and meaning to those words.
13. This was the vice identified by Lord Lindley in *Schweppes Ltd v Gibbens* (1905) 22 RPC 601 at 607, in a passage cited with approval by the Full Court in *Verrocchi* at [66]:

It appears to me that the real answer to the Appellants' case is this — that they invite your Lordships to look, not at the whole get-up, but at that part of the get-up which suits their case. The resemblances here are obvious enough, but, unfortunately for the Appellants, so are the differences. The differences are not concealed; they are quite as conspicuous as the resemblances. If you look at the whole get-up, and not only at that part of it in which the resemblances are to be found, the whole get-up does not deceive.

1. It is also the vice that infects MIL’s case.
2. Here, there are a number of differences in the get-up of the respective products. Some of the differences to which Ms Spinks referred are of little moment, such as the use of ticks rather than bullet points to denote the attributes of the products. But several of them are not. The most remarkable differences are these.
3. First, all the Aldi products prominently display either the protane naturals sign or the visage sign, which is absent from all the MIL products. Both the protane and the visage trade marks have been used since 2007 as “house brands” in relation to a range of products sold in Aldi stores. They are not “sub-brands”, as MIL submitted. The Moroccan Argan Oil range was sold alongside other protane and visage branded products in Aldi stores and promoted with them in Aldi’s catalogues and television advertisements. protane and visage would be well-known to Aldi customers as Aldi brands. I see no reason why the ordinary or reasonable consumer who had not previously or who had rarely shopped in Aldi would be likely to surmise that they were related to MIL.
4. Second, all the MIL products and a good deal of MIL’s promotional material prominently feature the large orange “M”. The M is the dominant feature of MIL’s Second Trade Mark. None of the Aldi products carry the signature M. I do not agree with Professor Quester that there would be “zero chance” that a consumer would describe the MIL products as the products “with a large M in orange” or words to that effect. But even if that were the case, it does not mean that they would not consider the large orange M as one of the features of the get-up.
5. Third, in all MIL’s products, except for the masks, moroccanoil has always appeared vertically, whereas “Moroccan Argan Oil” has always appeared on the Aldi products horizontally.
6. Fourth, there are differences in the packaging of the respective products, most notably in the shampoos and conditioners. The Aldi products bear no resemblance, let alone a deceptive resemblance, to the MIL products. If they are similar to anything, it is to the Organix range against which they were benchmarked. Confronted by the obvious, MIL submitted that the get-up of these products was misleading because the products were part of the same range as the Oil Treatment. MIL also submitted that MIL’s products “had clearly been the origin of Organix’s products” and that therefore, even if Aldi copied the get-up of the Organix products, Aldi’s products nevertheless “retained diagnostic cues” shared by MIL’s products. It is not clear whether these submissions are open on the pleading. Even if they are, however, I cannot accept them.
7. Fifth, the products which are most similar are the competing oil treatment products. Even in this case, there is another significant difference. The MIL product has always been sold in a glass bottle. Many of the MIL lay witnesses described the glass bottle as a novel and distinctive feature of the MIL Oil Treatment. Yet, Aldi has never sold its Oil Treatment in a glass bottle. The bottle in which the Aldi Oil Product is sold is plastic.
8. None of these differences is concealed. They are as conspicuous as the similarities. If you look at the whole of the Aldi get-up, and not just that part of it in which the resemblances are to be found, the get-up does not deceive. Moreover, considered as an entire range as they are sold and generally marketed, the Aldi products look cheaper and the ubiquitous presence of the protane naturals branding marks them out as a different brand. I do not believe that a not insignificant number of consumers in the relevant class would not notice or have regard to the protane name or assume that protane is associated, as alleged, with MIL.
9. As Aldi submitted, MIL relies on the proposition that ordinary or reasonable consumers will recall the common elements but overlook the distinguishing features, including the prominent orange M on the MIL products and the protane naturals label on the Aldi products. I am not persuaded that this is likely.
10. There are other differences of note.
11. First, although there are undoubtedly some consumers who have their hair done at salons that sell MIL products but who buy their groceries at Aldi stores, MIL and Aldi are not in direct competition. MIL has always marketed the moroccanoil brand as a “salon only” brand and they have only ever been available for sale in this country in salons or stores with associated hairdressing salons. The Aldi products are not available in salons. They are only sold in Aldi supermarkets.
12. Second, MIL promotes its products in salons through hairdressers, at trade fairs, and in fashion magazines. Aldi does not. Aldi’s products are promoted through advertising brochures and (occasionally) television commercials, in common with standard supermarket goods.
13. Third, the target markets are different. Witness after witness gave evidence to the effect that MIL’s products are pitched as high end, luxury, prestige, or premium products. Consumers would not expect to find products of this kind in an Aldi store. As Aldi itself put it, Aldi sells “low end” products. Consistent with its pitch, MIL is assiduous about ensuring that its products are presented to consumers in a way that reinforces the status of its brand. Aldi is less concerned with presentation and its “Moroccan Argan Oil” products are displayed in the same way as standard supermarket items.
14. Fourth, there is a vast disparity in the prices at which the respective products are sold. The recommended retail price for MIL’s 100ml Oil Treatment, for example, has been roughly six times the price of the Aldi Oil Treatment — ranging from $49.50 in 2009 to $59.95 in 2015, in contrast to the Aldi product, which sold at $7.99 and $9.99 in the same period. There were similar disparities between the prices of the other products. In April 2015 the recommended retail price for the MIL Shampoo and Conditioner was $35.95 to $43.95 each (compared to $4.99 for the Aldi Shampoo and Conditioner); for hair masks, $51.95 to $55.00 (while the Aldi Renewing Mask sold for $6.99); for the heat styling protection spray, $51.95 ($4.99 for the Aldi version); for hair spray, $37.95 (also $4.99 for Aldi’s product); and for the hair brushes, between $28.95 and $109.50 (compared to $9.99 for each of the Aldi brushes). While it is theoretically possible that MIL might produce a cheaper version of its own brand under a different label, there is nothing on or about the get-up of the Aldi brand to suggest to the relevant consumer that this is what has occurred here. In the absence of a targeted advertising campaign by MIL or Aldi to alert consumers to the availability of a MIL line at Aldi (such as occurred when a number of leading designers designed clothes for sale by Target), there is no reason why the notional consumer would be likely to think that the Aldi product was associated with MIL.
15. MIL submitted that Aldi promotes products bearing the “Moroccan Argan Oil” mark without referring to the protane brand and that Professor Roberts agreed at the hearing that, if there was a reputation in the brand, one would expect Aldi to promote the goods using the brand name.In support of the argument, MIL relied on six pages in the evidence of Aldi advertisements for the “Moroccan Argan Oil” products in which there was said to be no reference to the protane mark (E3973, 4003, 4025, 4066, 4112, and 4125, and the same pages in G315–334). In cross-examination Professor Roberts was taken to another (G1110).
16. There are a number of difficulties with these submissions.
17. First, they misrepresent Professor Roberts’ opinion. A proposition was put to him in cross‑examination that the absence of the protane mark at the top of a page of an advertisement is “slightly unusual behaviour for a trader … wanting to promote a brand, and have that brand have independent awareness in consumers’ minds, to leave it out occasionally”. Professor Roberts’ reply was:

Yes, I would agree with you that more often than not you would expect to see Protane there.

1. More often than not, protane does appear at the top of the advertisements. And, contrary to MIL’s submissions, protane did appear at the top of advertisements on each of the following pages of the court book: E3973, 4003, 4025, and 4112, and at G317, 320, 326, 328, and 330. In any event, it appeared on all of the products displayed in the advertisements and in the overwhelming majority of cases, if it did not appear at the top of the page, it was included in a description of the products. From time to time, for example at E4025, Aldi also promoted the “Moroccan Argan Oil” range alongside a “keratin” range, both carrying the protane naturals branding. protane is prominent in these advertisements. It appears no fewer than 12 times in the advertisement at E4025.
2. Aldi’s evidence demonstrates that sales of products under the protane brand were not insignificant. By the end of 2010 Aldi had sold several million protane branded units generating millions of dollars in retail sales. Between 2010 and 2015, Aldi sold millions of units of protane products, generating tens of millions of dollars. This indicates that Aldi shoppers would likely recognise protane as an Aldi brand.
3. Professor Quester considered that there were two classes of consumer who were “particularly susceptible” to “being confused into perceiving that a relationship exists between the [MIL] and the [Aldi] products”. They were consumers who have seen the MIL products but have an imperfect recollection of their get-up and consumers who had heard about the MIL products but who had never or hardly ever seen them.
4. The difficulty with the inclusion of the second category of consumers, as Professor Klein pointed out, is that these are people with little or no familiarity with the MIL products and so are those with whom MIL and its products do not enjoy any significant reputation.
5. As Professor Klein also pointed out, for a consumer to mistake an Aldi product for a MIL product, the consumer would have to be aware of the MIL products, but also have failed to notice the prominent orange M, although it is “a highly diagnostic cue”; the presence of the protane or visage brand name; the differences in the shapes of the shampoo and conditioner bottles; and the other differences in the packaging, such as the matte gold caps that characterise many of the Aldi products but are absent from the MIL products; be unaware that “salon level” hair care products are not sold at Aldi supermarkets; and fail to notice the substantial price differentials in the products. It is most unlikely that a not insignificant number of consumers in the relevant class would make such a mistake.
6. The slogan “like brands, only cheaper” signifies that the Aldi products might look like well‑known brands or have the same or similar properties as those brands, but they are not the same.
7. Moreover, I accept Professor Klein’s evidence that there is no sound reason to expect that a consumer who sees the Aldi products would assume that they represent a downward vertical extension of MIL’s products and so take the protane label to be a sub-brand of moroccanoil, since:

(a) The MIL logo does not appear on the ALDI Protane or Visage Products, as would typically be the case if Protane was a sub-brand of MOROCCANOIL.

(b) The get up of the Protane Products is far more like other supermarket brands, such as the OGX brand argan oil of Morocco product. In my view, if a consumer did think that ALDI was carrying a sub-brand of another shampoo because the get up is similar they would be much more likely to think PROTANE is a sub-brand of the OGX brand.

(c) Downward vertical sub-brands in the haircare market generally do not use the same package get up as the salon-level brand. Thus, … there is no sound reason for consumers to expect that the colour turquoise would appear on the ALDI Protane or Visage Product if it were a MIL sub-brand.

1. Colour-blind, inattentive consumers, and consumers with an imperfect recollection of the MIL products might confuse the colours. I accept Professor Quester’s evidence that consumers are unlikely to detect subtle differences in colour between two sets of products as they would not ordinarily engage in a side-by-side comparison. Indeed, I am prepared to accept that a not insignificant number of consumers might think the colours are the same. On the other hand, as Ms Spinks’ evidence shows, at the time Aldi entered the market with “Moroccan Argan Oil”, at least one other company, Organix, was selling hair care products in turquoise containers and also under the name “Moroccan Argan Oil”. Other products, like Pure Oil of Marrakesh, were sold in cartons, bottles and other containers featuring various shades of blue.
2. Knowledge of third-party usage of a particular get-up or name can affect the chances that a consumer might be misled or deceived. As Heerey J observed in *Cadbury Schweppes Pty Ltd v Darrell Lea Chocolate Shops Pty Ltd (No 8)* [2008] FCA 470; (2008) 75 IPR 557 at [57].

The hypothetical reasonable chocolate consumer could think along these lines:

Purple makes me think if Cadbury chocolate. But I know that other chocolate makers’ products such as Violet Crumble use purple. So Cadbury does not have a monopoly in the use of purple for chocolate. Seeing chocolate in a purple wrapper with Darrell Lea’s name on it in a Darrell Lea shop does not make me think it comes from Cadbury.

1. Similarly, here, the hypothetical reasonable consumer of hair care products might say that turquoise makes me think of moroccanoil, but I know that at least one other brand apart from MIL uses turquoise. So MIL does not have a monopoly in the use of turquoise for hair care products. Seeing hair care products in an Aldi supermarket packaged for sale in turquoise containers with the Aldi house brand, protane or protane naturals, does not make me think it comes from MIL, even if it also carries the name “Moroccan Argan Oil”. It might remind me of MIL; but it does not make me think it comes from MIL or, for that matter is associated or related to MIL.
2. I accept that there are some similarities in the get-up of the respective oil treatment products. Aldi certainly adopted features of the MIL get-up, particularly in relation to the Aldi Oil Treatment. I have already found (see [160] above) that Aldi used “Moroccan Argan Oil” as a brand name. It does not follow, however, and I do not accept, that consumers are likely to regard products sold under that brand as a brand extension of the MIL range.
3. Features, such as a cardboard box or a pump dispenser, which are purely functional, are not distinctive of any particular trade source: *Collins Debden* at [29] (Lindgren J).
4. In my opinion, the get-up of the MIL and Aldi Oil Treatments are similar, but not deceptively so. For the most part, however, the get-up of the other products, particularly of the shampoos and conditioners, are not even similar.
5. Thus, when the question is considered objectively and in the context of all the surrounding circumstances, I do not consider that the get-up of any of the Aldi products is misleading or deceptive or likely to mislead or deceive a not insignificant number of ordinary or reasonable consumers in the class in the manner MIL alleges. To the extent that Aldi copied from MIL, I find that it did not intend to deceive consumers; its purpose was to take advantage of MIL’s concept, not to pass off its goods as MIL’s: *Conagra Inc v McCain Foods (Aust) Pty Ltd* (1992) 33 FCR 302at 345 (Lockhart J).
6. The only evidence pulling in the other direction is the evidence of “confusion”. For the following reasons, I consider that that evidence should not be accorded any weight. Indeed, I think it would be dangerous to rely on it.
7. First, confusion is not enough. In contrast to the position in a trade mark infringement case, for conduct to be misleading or deceptive, it is not enough that it is or could be confusing or “causes some uncertainty in the minds of relevant members of the public”: *Parkdale* at 209, 210 (Mason J).
8. Secondly, and in any event, evidence of actual deception is not conclusive: *Parkdale* at 199 (Gibbs CJ).
9. Thirdly, as French J observed in *State Government Insurance Corporation v Government Insurance Office of New South Wales* (1991) 28 FCR 511 at 529:

Generally speaking, in cases of alleged misleading or deceptive conduct which is analogous to passing-off, evidence from consumers that they have been misled by the impugned conduct is of limited utility. It has no statistical significance and the court cannot draw inferences from it that any section or fraction of the population will have similar reactions. But if the inference is open, independently of such testimonial evidence, that the conduct is misleading or deceptive or likely to mislead or deceive, then it may be that the evidence of consumers that they have been misled can strengthen that inference.

1. Fourthly, except in the case of Ms Royds, all the relevant evidence is hearsay, some second-hand. None of those who were allegedly misled or deceived was identified and the evidence was incapable of being tested. The evidence consisted of conversations that occurred years before the witnesses’ affidavits were prepared in circumstances where none of the witnesses who reported them had made a contemporaneous note. In some cases where clients were said to have reported seeing “Moroccanoil” at Aldi, they could have been referring to “Moroccan Oil”, which had been used by other traders to describe their products. It might also have been used as shorthand for “Moroccan Argan Oil”.
2. Furthermore, as Aldi submitted, except for Ms Royds, no context was provided. One simply does not know, for example, whether those who were allegedly misled had any prior knowledge of the MIL products before encountering the Aldi products and, if they did, what was the extent of their awareness. Nor does one know the circumstances in which any of the suggested confusion or deception occurred, what, if any, attention was paid to the products’ features and, as Aldi put it, what other factors were at play.
3. As for Ms Royds, it will be recalled that for the reasons given at [199]–[203], I found her to be an unsatisfactory witness. Moreover, as she was plainly distracted at the time of purchase, she would fall into the category of a person who failed to take reasonable care of her own interests. She also made an assumption, to which I referred above at [201] in the context of the trade mark infringement claim, which I do not consider the ordinary or reasonable consumer would make. In any case, on the basis of her evidence alone I could not be satisfied that a not insignificant number of consumers in the relevant class are likely to have been misled or deceived.
4. Fifthly, even if the other consumers had been misled, it is necessary in each case to ask why the misconception arose: *Hornsby Building Information Centre Pty Ltd v Sydney Building Information Centre Ltd* (1978) 140 CLR 216 at 228. Except for Ms Royds, this is an inquiry MIL does not appear to have undertaken. Certainly, if it did, it did not share the results with the Court. The evidence is too vague to enable me to come to any conclusion on the matter.
5. It seems to me that the use of the phrase “Moroccan Oil” on the Aldi receipts does not assist because, if any deception is likely to occur it must precede the purchase of the products. In other words, MIL is unable to draw a connection between the representation and the consumer’s conduct. Put another way, there is no evidence to indicate that a not insignificant number of consumers in the relevant class would place any reliance on the representation made on the receipts. At most, if they were misled or deceived by something else Aldi had done, their misconception would be reinforced upon reading the receipts.
6. On occasion, it is true, in advertising in its brochures (such as in the brochure issued on 26 September 2012) and in banners in its stores, Aldi also referred to some of its products as “Moroccan Oil”. I am not persuaded, however, that this use was misleading or deceptive or likely to mislead or deceive. That is because, on the evidence, the name was always used together with the protane naturals branding and in close proximity to either a photograph of the products or the products themselves.
7. MIL also relied on the changes made to the branding and get-up of the Aldi products in December 2015/January 2016 as an admission by Aldi that it believed that the previous branding and get-up were “too close” to MIL’s branding and get-up. I have taken that evidence into account but, since the question at hand is to be determined objectively, I do not give it much weight.

### Conclusion

1. I am not persuaded that Aldi made any of the alleged misrepresentations. The first ACL claim must therefore be dismissed.

## The second ACL claim — “naturals”

### The dispute

1. This claim relates to all products in the protane naturals Moroccan Argan Oil range except, for no apparent reason, the Aldi Hair Brushes. The word “naturals” appears on the main and rear display panels of all the products, and on the packaging. It also appears on in-store advertising signs and on the cartons in which the goods are displayed. MIL alleges that, by its use of the word “naturals”, including on packaging, Aldi has represented that each of those products contains only or substantially natural ingredients, that such a representation is false, and that, in making the representation, Aldi has engaged in misleading or deceptive conduct (or conduct likely to mislead or deceive), contrary to s 18(1) of the ACL. MIL also alleges that, by its use of the word “naturals”, Aldi has represented that the products are of a particular standard, quality or composition that they do not have, contrary to s 29(1)(a); and/or engaged in conduct that is liable to mislead the public as to the nature of the manufacturing process or the characteristics of the products, contrary to s 33.
2. The primary claim — that Aldi represented that each of the products in the range (excluding the Aldi Hair Brushes) is natural — was not pressed in final submissions.
3. Thus, the remaining issues are:
4. whether, by its use of the word “naturals” in relation to each of the protane naturals products (excluding the hair brushes), Aldi conveyed to consumers that the products contained only or substantially natural ingredients; and
5. if such a representation was made, whether by doing so Aldi contravened ss 18(1), 29(1)(a) and/or 33 of the ACL in this respect.
6. I have already referred to s 18(1). Section 29(1)(a) relevantly provides that:

A person must not, in trade or commerce, in connection with the supply or possible supply of goods … or in connection with the promotion by any means of the supply or use of goods … make a false or misleading representation that the goods are of a particular standard, quality, value, grade, composition, style or model or have had a particular history or particular previous use[.]

1. Section 33 provides:

A person must not, in trade or commerce, engage in conduct that is liable to mislead the public as to the nature, the manufacturing process, the characteristics, the suitability for their purpose or the quantity of any goods.

1. MIL alleges that the representation is, and at all material times has been, false in that the majority of the ingredients in the Aldi “Moroccan Argan Oil” range do not contain only or substantially natural ingredients.
2. Notwithstanding the differences in the statutory language, it appears to be common ground that, if MIL’s allegations are made out, each of the pleaded sections has been contravened.

### Were the alleged representation made?

1. Aldi denied making the alleged representations. Its position was that the word “naturals” does not convey anything about the nature or composition of the products and that, even if it did, it does not connote that the products contain only or substantially “natural” ingredients. It submitted that:
2. the word “naturals” appears as part of the composite mark “protane naturals” and consumers would only understand that it is part of a brand name;
3. it is not in dispute that the Aldi Shampoo and Conditioner contain at least one natural ingredient — argan oil — and that other ingredients which are properly regarded as “natural” are “present”; and
4. the expert evidence did not suggest that a product which contained one or more “natural” ingredients as well as synthetic ingredients could not still be regarded as a natural product.
5. I accept that “naturals” is part of Aldi’s composite mark. Nevertheless, the first contention must be rejected because it is outside the scope of Aldi’s pleading. In its defence Aldi admitted that the word “naturals” on the products in question is intended to convey to consumers that the products contain or feature one or more ingredients derived from a plant or animal source. No application was made to withdraw the admission. It is beside the point that the word is included in the brand name.
6. I will deal with the second and third contentions together.
7. The first contention raises a question as to the meaning of “natural”.
8. In their joint report, Drs Haley and Wynn-Hatton said that there is no universal scientific definition of a “natural ingredient”. They pointed out that there are several definitions available, offering three examples.
9. One example derived from the *Industrial Chemicals (Notification and Assessment) Act 1989* (Cth) (**Industrial Chemicals Act**), s 5. Yet, the Industrial Chemicals Act does not speak of “natural ingredients” as such. It refers to “naturally-occurring chemicals”, defined as:

(a) an unprocessed chemical occurring in a natural environment; or

(b) a chemical occurring in a natural environment, being a substance that is extracted by:

(i) manual, mechanical or gravitational means; or

(ii) dissolution in water; or

(iii) flotation; or

(iv) a process of heating for the sole purpose of removing uncombined water;

without chemical change in the substance.

1. Dr Haley drew on this definition. Having been asked by MIL’s solicitors to distinguish between “naturally occurring” or “chemically synthetic” materials, Dr Haley identified what he regarded as naturally occurring substances in each of the relevant Aldi products. He identified argan oil and linseed extract as the only naturally occurring ingredients in the Oil Treatment. Apart from water, Dr Haley said that of the 30 listed ingredients in the shampoo and 21 in the conditioner, only five were naturally occurring, while two could be either naturally occurring or chemically synthetic; of the 17 in the heat protection spray and 13 in the hair spray, only one (argan oil) was naturally occurring, and one (alcohol) could be either. Of the 26 ingredients in the renewing treatment mask, five were naturally occurring and six could be either, and of the 16 in the dry shampoo only two were naturally occurring and four could be either.
2. Dr Wynn-Hatton considered that the division of ingredients in this binary way was overly simplistic and potentially misleading as it “does not adequately reflect the complexity involved in manufacturing”. In the joint report he expressed the opinion that the term “natural ingredient” “can incorporate ingredients that have an unspecified percentage of a natural component or components, with a natural component being described by the definition provided above from the Industrial Chemicals Act”. He said that there may be a significant number of ingredients that can be classified as “natural” or “naturally derived”, depending on the originating source of the constituents of the ingredient.
3. Drs Haley and Wynn-Hatton referred to two additional sources for definitions of “natural”. One was a position paper issued by the Australian Society of Cosmetic Chemists entitled “Natural” prepared by John R Warby B Sc, Grad Dip (Ind Eng), ASTC, FRACI, published on 14 January 2011 (**the position paper**). The other was a set of guidelines produced by the International Organization for Standardization: ISO 16128–1 “Guidelines on technical definitions and criteria for natural and organic cosmetic ingredients and products”, the first edition of which was published on 15 February 2016 (**ISO Guidelines**).
4. The position paper acknowledged that there had been “much discussion, debate and confusion” about the meaning of terms like “natural”, “naturally derived”, and “organic” when applied to personal care products and said that there were no guidelines in the area. It observed that:

The marketing of products is such that there is often the inference that if it is ‘natural’ … then the product is better for you, better for the environment, or safer or more effective or some combination of these factors. There may be some of these benefits but often it is an inferential claim to induce a feeling of well being rather than based upon valid scientific data.

1. It proposed the following definitions “as a source of informed, reliable information for the lay person (as well as for the cosmetic scientist)”.
2. A “natural” ingredient is “any material which has been harvested, mined or collected, and which subsequently may have been processed, **without chemical reaction**, to yield a chemical or chemicals that are identifiable in the original source material” (emphasis added). That would permit washing, decolourising, distilling, grinding/milling, separation and/or concentration of the material by physical means.
3. A “natural product” is one in which 95% or more by weight of the ingredients (excluding water) are natural.
4. The introduction to the ISO Guidelines explains their purpose:

ISO 16128 provides guidelines on definitions and criteria for natural and organic cosmetic ingredients and products. These guidelines are specific to the cosmetics sector, taking into account that most existing approaches written for the agricultural and food sector are not directly transferable to cosmetics. They apply scientific judgment and offer principles towards a consistent logical framework for natural and organic cosmetic ingredients and products incorporating common approaches employed in existing references. The purpose of these guidelines is to encourage a wider choice of natural and organic ingredients in the formulation of a diverse variety of cosmetic products to encourage innovation[.]

1. “Natural ingredients” are defined in cl 2.1 in the following way:

Natural ingredients are cosmetic ingredients obtained only from plants, animals, micro-organisms or minerals, including those obtained from these materials by

* physical processes (e.g. grinding, drying, distillation),
* fermentation reactions occurring in nature and leading to molecules which occur in nature, and
* other procedures of preparation including traditional ones (e.g. extraction using solvents) without intentional chemical modification (Annex A includes the definition of solvents and the categories of extracts using solvents for ingredient processing and manufacturing).

1. Annexure A defines a solvent as “a substance, usually a liquid, capable of dissolving or dispersing one or several ingredients”. It provides that there are two categories of solvents: “ingredient solvents” and “process solvents”. “Ingredient solvents” are solvents in which ingredients have been dissolved or disbursed before and/or during the manufacture of an ingredient and which remain in the final ingredient. For the purpose of cl 2, table A.1 lists two categories of ingredient solvents: natural and water on the one hand and derived natural solvents of wholly natural origin on the other. In the case of natural and water solvents, the final ingredient is categorised as “natural”. In the case of derived natural solvents of wholly natural origin, the final ingredient is categorised as a “mixture of natural and derived natural ingredients”. “Process solvents” are solvents used in the manufacture of ingredients which do not remain in the ingredient except as traces. In the case of “natural ingredients” or “natural mineral” ingredients, a note to table A.2 provides that:

Renewable solvents that pose minimal safety or environmental risk should be used for the purpose of extraction or reaction processes. If renewable alternatives are not available, non-natural solvents that pose minimal safety or environmental risk can be used”.

1. Clause 2.1 goes on to state that the following materials “and materials originating from them” “shall be considered to fall under the general heading of natural origin”:
2. plants including fungi and algae;

NOTE 1 Ingredients coming from genetically modified plants can be considered as natural ingredients in certain regions of the world.

NOTE 2 In the context of these guidelines, the term “herb” can be used as a synonym for the word plant.

1. minerals;
2. animals;
3. micro-organisms.

Ingredients obtained from fossil fuels are excluded from the definition.

1. The ISO Guidelines distinguish between “natural ingredients” and “derived natural ingredients”. Clause 3.1 defines “derived natural ingredients” as:

cosmetic ingredients of greater than 50% natural origin, by molecular weight, by renewable carbon content, or by any other relevant methods, obtained through defined chemical and/or biological processes with the intention of chemical modification.

1. In the joint report Dr Wynn-Hatton expressed the view that the word “naturals” in the context of Aldi’s protane naturals products is used “as a product benefit statement, in that the product either contains an unspecified proportion of ‘natural components’, or helps to produce a natural feel or look when the product is used as directed”. This evidence was to the same effect as para 55 of Dr Wynn-Hatton’s affidavit, one of several paragraphs that Aldi did not read after objection was taken to them. This paragraph from the joint report is equally objectionable. It amounts to opinion evidence which was outside the witness’s expertise. Thus, although no objection was taken to it, the parties jointly requested that it be struck out from the report. That request should be accepted and the paragraph will be struck out.
2. It seems to me that a good deal of the evidence adduced on this question is of little, if any, assistance. That is because the ultimate question is whether the representation is misleading or deceptive to the ordinary or reasonable member of the relevant class of consumer. That requires attention to what the word “natural” or “naturals” in the context in which it is used connotes to *that* person, not to a scientist. That must depend, not on any particular scientific meaning, but on the ordinary English meaning.
3. The latest edition of the *Shorter Oxford English Dictionary* (6th ed, Oxford University Press, 2007) (**Shorter Oxford**) relevantly defines the word “natural” exists in or is formed by nature and which has not been processed or manufactured. The definition is as follows:

*noun* … **2.** A natural thing or object; a matter having its basis in the natural world or in the usual course of nature. Usu. in *pl.* … ***in one’s naturals, in one’s pure naturals*** [after medieval Latin *in puris naturalibus*], in a purely natural condition, not altered or improved in any way[.]

…

*adjective & adverb* … **4.** Existing in or formed by nature; consisting of objects or material of this kind; not artificially made or constructed; not manufactured or processed[.]

(Original emphasis.)

1. The definition in the online version of the Oxford English Dictionary (**OED**) is not materially different.
2. The first and most pertinent definition in the Macquarie Dictionary has been, and still is:

existing in or formed by nature; not artificial.

See *Macquarie Dictionary* (5th ed, Macquarie Library, 2009) and *Macquarie Dictionary* (7th ed, Macquarie Library, 2017).

1. All of the products in question have been manufactured. In this sense none of them could be called “natural” products. But it was not MIL’s case that in the present context “natural” or “naturals” should be taken to refer to the final product. Its case was that “naturals” alludes to the ingredients used to make the product. If most of those ingredients were processed or manufactured, then the ordinary or reasonable member of the class of consumer would not consider them to be “natural”. In effect, Ms Spinks agreed. When asked whether consumers who saw the word “natural” would thereby take a message from the product that it contained natural ingredients or an ingredient” she answered unequivocally “yes”. Aldi’s position, as articulated through Ms Spinks, was that as long as there was some amount, no matter how small, of at least one ingredient that could be described as natural, that was enough to justify the product’s inclusion in the protane naturals range. She was never concerned with the percentage of argan oil in the products.
2. In my opinion, the ordinary or reasonable consumer shopping for hair care products, seeing the reference to “naturals” on the bottles or their containers, would consider that they were made, either wholly or substantially from natural ingredients. There is no logical reason why a trader would choose to call a product line “naturals” unless it intended to convey to the consumer that the product was “natural” or was comprised of substantially natural ingredients.

### Is the representation misleading or deceptive?

1. All of the products except for the Aldi Oil Treatment contain water. In all but the hair spray and the dry shampoo it is the largest ingredient by weight. MIL submitted that water should be excluded for two reasons: first, because it avoids a debate about whether water is natural when mains water is often treated with chemicals, such as fluoride; and secondly, if it were taken into account it would “artificially inflate the percentage of so-called natural ingredients”. Aldi took issue with this approach but I regard it as a sensible one. In my opinion, consumers would appreciate that products of this nature would contain water but would not consider them to be natural if water was the only or the predominant natural ingredient. No reasonable consumer, for example, would consider Coca-Cola a drink containing substantially natural ingredients because it has a high water content. The approach is also consistent with the position taken by the Australian Society of Cosmetic Chemists. Its explanation for excluding water is as follows:

The reason for excluding water is to remove debate over whether water is ‘natural’ (mains water is often treated with biocid/fluoride etc), and at the same time removes a means of artificially inflating the percentage of so-called natural ingredients.

1. Besides water, MIL also excluded “alcohol denat” (denatured alcohol) from its calculations in three of Aldi’s products: the heat protection spray, hair spray, and dry shampoo. Literally “denature” means “to make unnatural” (Shorter Oxford). In the context of alcohol, however, it means “to make unfit for consumption” by adding a poisonous substance (Macquarie). Dr Haley classified denatured alcohol in these three products as either naturally occurring or chemically synthetic. MIL argued that its inclusion would be misleading and artificially inflate the percentage of naturally occurring ingredients in the same way as water. Aldi objected to this exclusion without engaging with the argument. Unlike water, however, which is addressed in the Australian Society of Cosmetic Chemists’ position paper, there is no evidence to support its exclusion. Neither Dr Haley nor Dr Wynn-Hatton was asked to express an opinion on whether the inclusion of denatured alcohol would artificially inflate the percentage of natural ingredients. For these reasons I am not persuaded that denatured alcohol should not be taken into account.
2. Water and alcohol aside, the common types of ingredients in the protane naturals Moroccan Argan Oil range were fragrances; colouring; preservatives; pH adjusters; humectants; surfactants; foam boosters; conditioning agents; opacifiers or pearlescent agents; chelating agents; emollients; protectants; propellants; suspending agents; polymers; absorbing materials; solvents; anti-caking agents; botanicals; and anti-oxidants.
3. Dr Haley deposed that, of these 21 types of ingredients, 10 are typically chemically synthetic and the rest could be either natural (or naturally occurring) or chemically synthetic. There was no relevant disagreement except in the case of propellants, which Dr Haley classed as “typically chemically synthetic”. Dr Wynn-Hatton disagreed with the classification but offered no reason for doing so. In his affidavit in reply Dr Haley adhered to his original position, this time offering an explanation. He said that aerosol propellants typically used in hair care products are typically produced from cracking or fractionation processes on petroleum (crude oil) or natural gas, and since this requires a number of chemical processes, they can no longer be regarded as “naturally occurring” or “natural”. The question was not re-visited at the hearing. Having regard to the ordinary meaning of “natural” and in the absence of any reasoned opinion to the contrary, I accept Dr Haley’s opinion.
4. Dr Haley classified all the ingredients in each product. He prepared tables indicating which were “naturally occurring”, which were “chemically synthetic”, and which could be either, assigning each ingredient a generic descriptor, such as “surfactant” (a cleaning agent), a “foam booster”, or a “humectant” (a substance used to retain moisture). Dr Wynn-Hatton quarrelled with the use of the term “naturally occurring” and in some instances with Dr Haley’s description of some of the ingredients as “chemically synthetic”. He also took issue with 10 of Dr Haley’s descriptors, including water as a solvent and argan oil and linseed oil as conditioning agents in the Aldi Oil Product.
5. A difficulty with the expert evidence on this subject is that, for the most part, neither expert gave reasons for classifying a particular ingredient as either chemically synthetic or natural. In some cases the experts were in agreement. But where they were not, I was not taken to any evidence to indicate which conclusion was more likely to be right. For an expert’s opinion to be given any weight, it must at least comply with one of the “prime” duties of an expert in giving opinion evidence. That is to furnish the trier of fact with criteria to enable the validity of his or her conclusions to be evaluated: see ***Makita*** *(Australia) Pty Ltd v Sprowles* (2001) 52 NSWLR 705 at [59] (Heydon J). In the result, where there is a dispute as to whether an ingredient is chemically synthetic or natural or could be one or the other, Dr Haley asserts that the ingredient is chemically synthetic without offering reasons for that classification and there is no other relevant evidence, I have found that MIL has failed to discharge its burden of proof.
6. Another difficulty with this evidence is that, although Dr Wynn-Hatton often stated that he disagreed with Dr Haley’s classification of an ingredient, he also stated that he disagreed with the binary division of ingredients into either naturally derived or chemically synthetic. That is because Dr Wynn-Hatton was of the opinion that the term “naturally occurring” is apt to mislead “as this term is general in nature and does not adequately reflect the complexity involved in manufacturing such ingredients”. He said that it was more accurate to describe the source of such ingredients as being “naturally derived with synthetic modification”.
7. Dr Haley’s response to this evidence was that there is no difference between the phrase “naturally derived with synthetic modification” and “chemically synthetic”, save that the former classification encompasses a chemically synthetic ingredient that may have originally had one or more naturally occurring ingredients. He said that, even though an ingredient was sourced from a natural product, such as a coconut, where there has been a synthetic reaction that creates an ingredient with a different chemical composition (for example, from coconut to cocamidopropyl betaine) the product is no longer natural because it is a different chemical to the original. I accept Dr Haley’s evidence. It accords with the ordinary meaning of the word “natural”. Furthermore, I do not believe that the ordinary or reasonable consumer would consider a product that has been chemically altered to be a natural product. “Naturally derived with synthetic modification” is not a synonym for “natural”.
8. At this point it is relevant to note that there are two versions of the Aldi Oil Treatment. The first (**Version 1**) contains XX% argan oil and X% linseed extract, the other (**Version 2**) substantially more at XX% argan oil and XX% linseed extract. Version 2 was only sold in some regions of Australia and only during the Special Buy promotion commencing in September 2014. Version 1, containing the substantially lower amounts of argan oil and linseed extract, was sold at all other times.
9. On the basis of Dr Haley’s classifications and excluding water and denatured alcohol, the percentage of naturally occurring ingredients by weight to the total weight of each of the relevant Aldi products is:
10. The oil treatment (Version 1): XX%.
11. The oil treatment (Version 2): XX%.
12. The shampoo: XX%.
13. The conditioner: XX%.
14. The heat protection spray: XX%.
15. The renewing treatment mask: XX%.
16. The hair spray: XX%.
17. The dry shampoo: XX%.

There was no issue about the figures.

1. According to the ingredients list on both versions of the Aldi Oil Treatment, this product is made from seven ingredients: cyclopentasiloxane, dimethiconol; argania spinosa (argan) kernel oil; linseed (linum usitatissimum) extract; fragrance; CI 47000 (colour); and CI 26100 (colour). Dr Haley’s evidence, which does not appear to have been disputed, was that all seven ingredients, with the exception of the argan oil and the linseed extract, are chemically synthetic. Having regard to the quantities of argan oil and linseed extract used in the two versions of the product, I conclude that both are predominantly synthetic and that the “naturals” representation is therefore misleading or deceptive or likely to mislead or deceive.
2. There are 30 ingredients in the shampoo. Excluding water, five of them (all botanical ingredients), according to Dr Haley, are naturally occurring, although two others (glycerine and citric acid) could be. Dr Wynn-Hatton did not dispute this evidence. He suggested, however, that 14 of the ingredients, all of which Dr Haley said were chemically synthetic, could be obtained from either chemical or natural sources. One of these ingredients — cocamidopropyl betaine — I have already accepted to be chemically synthetic, based on Dr Haley’s evidence.
3. No further evidence was given in relation to the remaining 13 contested ingredients. Nine of these ingredients, however, were classified as a surfactant. A surfactant is a cleaning agent, designed to remove oils, dirt and debris from the hair and for creating foam in the product. Dr Haley’s uncontradicted and unchallenged evidence was that surfactants commonly used in hair care products are chemically synthetic. If each of these nine surfactants was indeed chemically synthetic, then it follows that the product is substantially chemically synthetic. Aldi was in the best position to demonstrate, if it be the case, that the surfactants used in its shampoo were not chemically synthetic. It could, at least, have inquired of the manufacturer. Having regard to the common position and in the absence of evidence to suggest that Aldi’s product was an exception, I conclude that it is more likely than not that the surfactants used in the Aldi Shampoo were chemically synthetic. Consequently, I find that the product itself is predominantly synthetic and that the “naturals” representation was therefore misleading or deceptive or likely to mislead or deceive.
4. As for the conditioner, of the 20 ingredients, excluding water, it was not in dispute that five (all botanical ingredients) were naturally occurring. It was common ground that another five — amodimethicone (a conditioning agent); tetrasodicum EDTA (a chelating agent); perf‑celestrial 0717 (a fragrance); methylchloroisothiazolinone (a preservative); and methylisothiazolinnone (a preservative) — were chemically synthetic and that glycerine and citric acid could be either naturally occurring or chemically synthetic.
5. The experts were at odds about whether the remaining eight ingredients were chemically synthetic (Dr Haley) or were either chemically synthetic or naturally derived (Dr Wynn-Hatton). These ingredients include five conditioning agents (behentrimonium chloride, cetrimonium chloride, guar hydroxypropyltrimonium chloride, quaternium-80, and polyquaternium-10), one emollient (cetearyl alcohol), one emollient/conditioning agent (panthenol), and one surfactant (trideceth-12). Dr Haley’s evidence, which was not contested, was that (like surfactants) conditioning agents commonly used in conditioners are chemically synthetic but that emollients can be either chemically synthetic or naturally occurring. Even assuming that the surfactants and conditioning agents are chemically synthetic, if the two emollients cetearyl alcohol and panthenol are both classified as naturally derived, then by their weight alone the proportion of the product that is naturally occurring is substantial. No evidence was led which would enable me to choose between the alternatives. In contrast to the position with the surfactants and the conditioning agents, Dr Haley did not say that emollients in hair products were commonly chemically synthetic. Consequently, in this case, I am not satisfied that the representation was misleading or deceptive or likely to mislead or deceive.
6. I have come to the same conclusion with respect to the renewing treatment mask.
7. The renewing treatment mask contains 25 ingredients (not including water), five of which the experts agree are naturally occurring (being botanical ingredients), nine chemically synthetic and three could be either. The eight contentious ingredients include four conditioning agents (cetrimonium chloride, behentrimonium methosulfate, behentrimonium chloride, and cetearyl olivate), one surfactant (trideceth-12), two emoillients (cetearyl alcohol and cetyl alcohol) and one emollient/conditioning agent (panthenol). Dr Haley classified these eight ingredients as chemically synthetic, whereas Dr Wynn-Hatton argued they could be either chemically synthetic or naturally derived. As with the conditioner, even if it is accepted that the surfactant and conditioning agents are chemically synthetic, if the three emollients cetearyl alcohol, cetyl alcohol, and panthenol can be classified as naturally derived, then by their weight the proportion of the product that is naturally occurring is substantial.
8. The heat protection spray contains 16 ingredients, excluding water. The experts agreed that, water apart, one only — argan oil — is naturally occurring. It was not disputed that nine of the 16 are chemically synthetic and that denatured alcohol could be either naturally derived or chemically synthetic. Of the remaining ingredients, Dr Haley considered that three surfactants (PEG–40 hydrogenated castor oil, undeceth–11, and undeceth–5), one emollient/conditioning agent (panthenol), and one conditioning agent (polyquaternium–11), are chemically synthetic but Dr Wynn-Hatton said that they could also be naturally occurring. Putting aside the dispute over these five ingredients, given the significant proportion of denatured alcohol in this ingredient, I am not satisfied that MIL has discharged its burden of proving that this product is not substantially natural.
9. The dry shampoo contains 15 ingredients, six of which the experts agreed are chemically synthetic, two naturally occurring, and four (including denatured alcohol) could be either. One ingredient — distearyldimonium chloride — Dr Haley classified as chemically synthetic while Dr Wynn-Hatton said it could also be naturally occurring. Neither expert provided a reason for his opinion but the percentage is so small as to be inconsequential for present purposes at least. The remaining two ingredients — butane and propane — Dr Haley classified as chemically synthetic. As these two ingredients, both propellants, make up the bulk of the product, their classification is determinative of whether the product is made up of substantially natural ingredients. Dr Wynn‑Hatton asserted that “it is well known that they are naturally derived”, providing not a single reference to support his assertion. It is no more than a “bare *ipse dixit*” and as such, is entitled to little weight (*Davie v The Lord Provost, Magistrates and Councillors of the City of Edinburgh* 1953 SC 34 at 40, cited with approval in *Makita* at [59]). In any case, if, by “naturally derived” he meant “naturally derived with synthetic modification”, I have already said that I would not regard such a substance as “natural”.
10. Having accepted Dr Haley’s evidence on propellants, I find that it is more likely than not that the butane and propane used in the dry shampoo were chemically synthetic. Given the very high proportion of these two propellants in this product, it follows that in this case the “naturals” representation was misleading or deceptive or likely to mislead or deceive.
11. The 12 ingredients in the hair spray include seven chemically synthetic substances, one naturally occurring substance (argan oil), and one substance that could be either naturally occurring or chemically synthetic (denatured alcohol). The remaining two ingredients are butane and propane, which I have found not to be natural. The contentious issue for this product, however, is the classification of denatured alcohol. If denatured alcohol is not taken into account, the proportion of naturally occurring ingredients is inconsequential. If it is, the percentage of naturally occurring ingredients in this product is dramatically increased. For the reasons given earlier, however, I am not prepared to exclude it. I am therefore not satisfied on the evidence that the hair spray is not substantially natural.

### Conclusion

1. In sum, MIL has failed to discharge its burden of proof in relation to the conditioner, the renewing treatment mask, the heat protection spray, and the hair spray. I am persuaded, however, on the balance of probabilities that the oil treatments, the shampoo and the dry shampoo are each made up of substantially synthetic ingredients and that the representation that they are natural is misleading or deceptive or likely to mislead or deceive. None of these products would satisfy the Australian Society of Cosmetic Chemists’ definition of a natural product or the dictionary definitions of “natural”. While it may not be false to describe the product line as “naturals” because they did contain one or more “natural” ingredients, having regard to the very small percentage of “natural” ingredients apart from water, it was misleading for Aldi to represent that they were natural by including them in a range of products called “naturals”. In so doing Aldi contravened s 18(1) of the ACL. As this was a misleading representation that the goods were of a particular composition, Aldi also contravened s 29(1)(a). In all the circumstances it is unnecessary to decide whether it additionally contravened s 33 because it is liable to mislead the public as to the nature, the manufacturing process or the characteristics of the products as alleged. In the absence of submissions from either party as to the scope of the section, I decline to do so.

## The third ACL claim — performance benefits

1. The third ACL claim is pleaded as an alternative to the trade mark infringement claim. There are two parts to it. The first relates to Version 1 of the Aldi Oil Treatment, Shampoo and Conditioner, the second to the Aldi Hair Brushes and Hair Tools. In substance MIL alleges that Aldi has falsely claimed that the argan oil in each of the products makes a material contribution to the product’s performance, including, where relevant, by contributing to the performance benefit claims listed on the product.
2. The issues here are:
3. whether Aldi, by its conduct, has conveyed to consumers one or more of a number of representations to the effect that:

(a) the argan oil in the formulation of the Aldi Oil Treatment (Version 1) and the Aldi Shampoo and Conditioner makes a material contribution to the performance of those products in various ways such as strengthening and conditioning the hair, and leaving it healthy, stronger, shiny, soft, silky etcetera (depending on the product);

(b) the argan oil infused in the Aldi Hair Brushes and Aldi Hair Tools makes a material contribution to the performance of the product in various ways such as shine, hydration, condition, and finish (depending on the product); and

1. whether, if any such representation was made, it was false, or misleading or deceptive or likely to mislead or deceive in contravention of ss 18(1), 29(1)(a) and/or 33 of the ACL.

### The Aldi Oil Treatment, Shampoo and Conditioner

#### Did Aldi represent that argan oil made a material contribution to the performance benefits of these products?

1. MIL alleges that Aldi has represented that the argan oil used in the Aldi Oil Treatment makes a material contribution to the performance of the product, in particular, by helping to strengthen hair and restore shine, by providing long term conditioning, and, when used regularly, leaves hair shiny and healthy. MIL also alleges that Aldi has represented that the argan oil used in the formulation of both the shampoo and the conditioner makes a material contribution to their performance, in particular, by strengthening hair and restoring shine, and by protecting hair from styling, heat and UV damage. The expert evidence went beyond the terms of the pleading to express opinions concerning the contribution of argan oil to the performance of other Aldi hair care products but no application was made to amend the statement of claim to add allegations relating to the other Aldi hair products and no submissions were made concerning them. Consequently, I have disregarded this evidence.
2. The claims made on the front of the boxes in which the Aldi Oil Treatment has been and is sold include:

* Helps strengthen hair
* Instantly absorbed without leaving any residue
* Restores shine and provides long term conditioning

1. The claims made on the front of the Aldi Shampoo and Conditioner bottles include:

* Helps strengthen hair and restore shine
* Helps protect hair from styling, heat and UV damage
* Leaves hair soft and silky

1. Each also makes the following claims on the back of the bottle:

It strengthens hair, restores shine and helps protect hair from heat damage and UV damage. Your hair will feel healthier, soft and silky, making it easier to style. Gentle enough to use every day.

1. Aldi’s primary submission was that it had not made a representation of the kind pleaded. Aldi submitted that the performance claims relate to the products as a whole rather than the performance characteristics of any one ingredient. This submission was supported by Dr Wynn-Hatton but it is doubtful whether his expertise as an industrial chemist would extend to such a subject. Aldi noted that MIL did not attempt to establish that the products as a whole did not confer such benefits.
2. MIL contended that the representations are conveyed by the use of the phrase “Moroccan Argan Oil” on the packaging of each product. The phrase appears in large font on the front of the bottles and the cardboard boxes in which the bottles are sold and on the rear of each as part of the longer name “protanenaturals Moroccan Argan Oil”.
3. I accept MIL’s contention. I have little doubt that ordinary and reasonable members of the relevant class of consumer would infer from the product name that it is the argan oil which is wholly or largely responsible for the touted benefits. Indeed, I think it likely that Aldi intended to create that impression.
4. Aldi’s internal records include a document purporting to provide “validation/substantiation” of some of the claims made with respect to the Aldi Oil Treatment by reference to the known properties of argan oil. Under the heading “Validation/Substantiation”, against the claim that the product “helps strengthen hair”, Aldi makes this statement:

Argan oil is known to have hair strengthening properties.

1. Against the claim that the product “restores shine and provides long term conditioning”, Aldi makes the following statement:

Argan oil provides shine and has conditioning properties.

1. These claims are common to all three hair products.
2. The inference to be drawn from these statements is that Aldi intended to convey to the consumer that it was the argan oil in the products which was responsible for the performance attributes or claims. That intention was realised.

#### Are the representations false, misleading or deceptive?

1. In essence, MIL’s complaint is that there is insufficient argan oil in the formulation of any of the Aldi products to make a material difference to their performance.
2. The evidence to support the complaint was less than optimal. MIL’s expert evidence was not based on any product testing. Rather, Dr Haley drew on his training and experience.
3. Dr Haley said that he would have reviewed the formulation of approximately 50 cosmetics, including hair care products, containing argan oil. He said that, in his experience, the performance benefit that may be expected from the inclusion of argan oil and chemically similar oils in hair care products will depend largely on the product type, for example whether it is a shampoo or conditioner (and, I infer, whether the conditioner is designed to be rinsed off or left in the hair), and the percentage of oil in the formulation. He said that from time to time in the course of his consulting work he had advised clients that the amount of oil contained within a product formulation was insufficient to produce any tangible performance benefit to a consumer and, where necessary, to remove or amend a proposed claim. Dr Haley acknowledged that he would usually have the benefit of reviewing salon test results in providing such advice. In the absence of such evidence, he was nonetheless prepared to provide an opinion based upon his experience in reviewing the formulations of hair care products containing argan oil and chemically similar oils, his training as an industrial chemist, and his experience in the hair care industry. DrWynn-Hatton was not.
4. The evidence as to the amounts and percentages of argan oil used in the various products is subject to a confidentiality order. For this reason I will refer to the numbers only where necessary and the figures will be redacted. It is sufficient to note at this point that with respect to the shampoo and conditioner the percentage components of argan oil are negligible.
5. Dr Haley considered that only the percentage of argan oil in Version 2 of the Aldi Oil Treatment “*could* contribute meaningfully to the performance claims identified” (emphasis added); the other products contain an insufficient percentage of argan oil to support those claims. In cross-examination he explained that the percentage was at such a low level that, when combined with much higher levels of other ingredients, he would not expect it to contribute to the performance of the product.
6. Dr Haley also gave evidence about the purpose of different hair products, including relevantly to this claim, shampoos, conditioners, and oil treatments. He explained that shampoo is designed to rid the hair of dirt, soil, and oily deposits, and that it is therefore likely that any amount of argan oil in the Aldi Shampoo would be “washed off” by the surfactants, which are chemical cleaning agents. Dr Haley identified nine different surfactants in the Aldi Shampoo. On the other hand, conditioners are designed to leave deposits on the hair, rather than remove them. Dr Haley stated that unless there is a sufficient amount of a material to be deposited in the conditioner, that material will not make any measureable difference to the hair. As for oil treatments, Dr Haley commented that even though it is a leave-in product, it will eventually be removed from the hair with washing.
7. With respect to the Aldi Shampoo, Conditioner, and Oil Treatment (Version 1), Dr Haley concluded that the amount of argan oil contained in each product is too low to contribute to strengthening the hair or restoring shine. In of the case of the Oil Treatment, Dr Haley considered that the low amount of argan oil would be instantly absorbed into the hair without leaving any residue. With respect to the Shampoo and Conditioner, Dr Haley considered that the amounts of argan oil are insufficient to protect the hair from styling damage and that, no matter the amount, argan oil would not protect hair from heat or UV damage as argan oil is not a protective polymer that could protect hair from heat or act as a UV filter.
8. In his affidavit, Dr Wynn-Hatton did not take issue with Dr Haley’s opinions on the subject. He merely criticised his assumptions. He wrote:

The primary difficulty with all of Dr Haley’s observations regarding whether each of the Performance Benefit Claims are appropriate with respect to each of the Aldi Products mentioned, is that he has assumed that each and every Performance Benefit Claim … is being made on the packaging by reference to the presence of the argan oil ingredient only.

1. Notwithstanding his deployment of the adjective “primary”, Dr Wynn-Hatton identified no other difficulty. This is only a difficulty if (contrary to the conclusions I have reached) MIL has misconstrued Aldi’s message.
2. Despite this, in the joint report Dr Wynn‑Hatton expressed the opinion that “there *could* be a contribution to some of [the] performance claims from the argan oil in all of the [relevant] products” (emphasis added). But he refused to venture an opinion as to whether on the balance of probabilities there was or was not, stating that in the absence of “scientifically valid comparative data” it was impossible to separate the potential contribution of the argan oil from the contribution of the other selected ingredients. He did not, however, explain how, having regard to the small quantities of argan oil used in the formulation of the products, they could make any contribution to the performance claims.
3. I accept Dr Haley’s opinion. He is an industrial chemist of some 36 years’ experience in formulating and manufacturing a wide variety of hair care products in Australia and overseas. In that time he has advised on the formulation and manufacture of hundreds of hair care products and has reviewed and advised in relation to hundreds of hair care product labels and ingredient lists. While there is no doubt that both industrial chemists were qualified to give evidence on this subject, unlike Dr Wynn-Hatton, Dr Haley professed “*particular* expertise in the formulation of, and manufacturing processes applicable to, all categories of shampoos, conditioners, treatments, and hair-styling products” (emphasis added). This claim was not questioned and Dr Haley’s expertise was unchallenged. Moreover, his evidence on this question easily withstood cross-examination.
4. It was common ground that botanical ingredients like argan oil are “very expensive” and are often used for an “emotive effect”. It was put to Dr Haley that it is not uncommon for such ingredients to be present at “very low levels” where they are used for this purpose. Dr Haley conceded that that was possible. But whether argan oil is commonly used for emotive purposes or whether it was used by Aldi for this purpose is beside the point. The question is not whether it might have had some placebo effect or whether it might have been an effective marketing ploy. The question is whether it is false or misleading to claim that, in the amounts used in the manufacture of the products in question, argan oil makes a material contribution to the properties promoted on the containers and the packaging. Dr Haley readily acknowledged that, in the absence of tests, he could not say with certainty that the argan oil was unlikely to contribute to the performance of the various products. But the Court is not concerned with absolutes.
5. I accept MIL’s submission that Dr Wynn-Hatton’s evidence on this topic was unconvincing and certainly at times tendentious.
6. Dr Wynn-Hatton testified that “[t]he presence of exotic ingredients, such as botanical extracts, … can also contribute to performance if the botanical ingredient is selected appropriately and used appropriately” — whatever that means. This testimony was unhelpful. It distracts attention from the issue.
7. Dr Wynn-Hatton also testified that he had seen, even at low levels, that similar ingredients have built up over time and have given a measurable effect. Consequently, he said that he did not “necessarily rule out” that “over a period of time”, the argan oil used in the relevant Aldi products would contribute. This was despite the fact that under cross-examination he estimated that, in the case of the shampoo and conditioner, the amount of argan oil per application of each product would be a miniscule amount, the precise details of which are confidential. He said that he could not rule out the possibility that with prolonged use, such as 20 consecutive uses of the shampoo and conditioner, there might be some measurable effect. DrHaley emphatically rejected such a proposition when it was put to him in cross-examination:

MR DIMITRIADIS: … And just finally, Dr Haley, would you accept or not that with products such as the three we’ve looked at, the oil treatment, the shampoo and the conditioner, are that over time with repeated uses of the products, and also using the various products, use of the various products by the same person together, as directed, you wouldn’t discount that there could be a build up of specific components, such as argan oil, that have an affinity with hair, in the person’s hair, and that this can achieve a level that can produce a measurable contribution to the effect?

DR HALEY: No … No, I would not agree with that. I believe argan oil is not an ingredient that will build up on hair over time. If I was looking at the list for the conditioners and I was looking at a product listed there as Jaguar C14S, which is a polar molecule, which adheres to the damaged parts of hair, I would say, yes, that – that could well build up and that could possibly remain during a rinse/wash cycle ... So some ingredients can build up, but – but I don’t regard argan oil as being one ingredient that will build up.

HER HONOUR: But why is that so?

DR HALEY: Because it hasn’t got any polarity to be able to stick to the hair throughout quite a severe wash cycle with a shampoo as the next cycle through – in the performance.

HER HONOUR: Where you accept that a certain percentage of argan oil may have an effect on the properties of the product at a particular level and above, repeated use is likely to have a certain effect?

DR HALEY: Yes. That’s true, and the level will - - -

…

DR HALEY: The quantity will be different for different ingredients. If I take an example, when a well-known company launched a hair product some years ago – a shampoo some years ago, it contained an ingredient called dimethicone which they found built up over time. And they, at the time, reduced the level to an acceptable consumer level for that – for that ingredient. That ingredient provided very good sort of wet and dry combing and some contribution to shine. So yes, the level is quite important, and the ingredient itself is quite important.

HER HONOUR: And you say in relation to argan oil, do you, that because of its lack of polarity you require more of the product to get the result?

DR HALEY: We may never get, at these low levels we’re talking about, any effect at all. So we need to get up to a level sort of … well above one per cent in a rinse-off product to have any benefit at all.

1. I found this evidence persuasive. It was not effectively rebutted.
2. When pressed, Dr Wynn-Hatton agreed with Dr Haley on the question of polarity but maintained that there was another factor at play: the ability of the molecules to get into the hair follicle. He said that “papers” (which he did not identify) were available to show that different oils can have different “affinities for” different hair types by which I understood him to mean different effects on different hair types. Dr Haley acknowledged that this was possible if peroxide use had damaged the cuticles, but not generally. He said:

DR HALEY: … Now, we’re not talking about that sort of product in the context of normal consumer hair. The other thing is that shampoos don’t go to the follicle. The follicle is – is part of the scalp. Hair is a dead substance. It’s not growing, and it generally gets damaged over time. So I still believe that polarity is – is the main effect, and it will be dependent, to some extent, on hair type, and it will be dependent, to some extent, on damage to the hair. But what we’re talking about generally is undamaged hair, and we’re talking about a compromise across all – mainly Caucasian hair types.

HER HONOUR: I don’t understand your answer when you said that “hair doesn’t grow”. Why do I spend all that money at the hairdresser?

DR HALEY: Sorry. It doesn’t live. It – it – what’s extruded from the scalp is dead. The live part of it is the base of it that’s still in the scalp which is called the follicle.

HER HONOUR: And that’s what’s growing?

DR HALEY: That’s where it grows from. Yes. The other end of it is – is sitting there being damaged basically.

1. I accept this evidence. Aldi’s claims, however, were unrestricted and unqualified. They extended to all hair types. They were at least to this extent misleading.
2. Dr Wynn-Hatton summarised his position in the following way:

My bottom line on this particular matter is that I’m not prepared to discount that these products work, because I have seen in the past similar things happen and I believe that testing is necessary in this case to determine whether or not this actually works.

1. Dr Wynn-Hatton conceded that it was possible as a matter of general principle in the absence of testing to express an opinion as a matter of likelihood, but he was unwilling to do so in this case. He did, however, concede that it was “unlikely in a single application that you would actually be able to measure a performance difference”.
2. Dr Haley has never done any tests on argan oil but has tested, albeit “some years ago” canola oil, which he said (without contradiction) is “very similar” to argan oil, and olive oil, which he said was “not greatly dissimilar” to argan oil.
3. The only documents in evidence referring to the amount of argan oil that should be included in hair care products do not assist Aldi.
4. One is a Product Data Sheet on argan oil produced by Silliker and published by a company calling itself DSM. The “recommended use level” for oils was 1‑3%. This exceeds the amount used in the Aldi Oil Treatment (Version 1). In shampoos the recommended use level was 0.1% and in conditioners/treatments 0.5%, respectively, hundreds of times greater than the amounts used in the Aldi products. The Product Data Sheet included the following “legal notice”:

The information given in this publication is based on our current knowledge and experience, and may be used at your discretion and risk. It does not relieve you from carrying out your own precautions and tests…You must comply with all applicable laws and regulations, and observe all third party rights.

1. Another document, entitled “ARGAN OIL”, also produced by Silliker on subpoena and published byDSM (**the DSM Document**), contained a list of “unique features” of argan oil. The first of these features was:

Superior shine enhancer over leading market formulations **when used in a specific concentration** range

(Emphasis added.)

1. The DSM Document included a section entitled “Application and benefits for hair care products”. The section reads:

**Application and benefits for hair care products**

Shampoos, conditioners, treatments, colorants and styling products

* Natural shine enhancer
* Extra care for dry or brittle hair
* Protects stressed and aged hair

**Concentration recommendations 0.1% in shampoo and 0.5% in conditioner/treatments**

(Emphasis added.)

1. The DSM Document also referred to testing conducted by an independent panel, Institut Fresenius. The results were summarised as follows:

A panellist study revealed excellent shine enhancement in shampoos and conditioners with best results at 0.1% and 0.5% ARGAN OIL respectively. Test formulations containing ARGAN OIL were ahead of leading market formulations for shine as shown in the shampoo formulation example below.

1. A bar graph then appears which compares the percentages of positive rankings from panellists about different types of shampoos. In this graph, the shampoo with the highest percentage of positive rankings was the shampoo containing 0.1% argan oil. The second highest was the “leading market brand” shampoo. Tied for third were the shampoos containing 0.3% argan oil and 0.1% mineral oil.
2. Underneath the graph the following statement is made:

An independent panel test (Institute Fresenius) assessed both a shampoo and a conditioner formulation comparing ARGAN OIL, a standard mineral oil and a market formulation as benchmark for shine. Caucasian middle brown hair switches were used. Ingredients were tested at 0.1% and 0.3% in shampoo and 0.5% and 1.0% in a conditioner based on ingredient composition from market brand (basic shampoo). Single comparison tests each vs. each (20 times) were performed in 2 blocks according to the different formulation types. The sum of positive ratings of panellists is given in percent and the results from shampoo assessment shown above.

1. Neither of the experts relied on, or referred to, either of these documents. Dr Wynn-Hatton, however, was taken to the DSM Document in cross-examination. He was asked by MIL’s senior counsel whether he knew of the company DSM, and when he responded that he did not, no further questions were asked in relation to the document.
2. MIL made two submissions on the significance of the recommended concentrations of argan oil in the document. First, it argued that these recommendations support the evidence of Dr Haley that the amount of argan oil contained in the Aldi shampoo and conditioner makes “no contribution” to product performance. MIL contended that the recommended concentrations of 0.1% and 0.5% are “in stark contrast” to the percentages of argan oil in Aldi’s shampoo and conditioner. Second, MIL argued that the recommendation of 0.5% argan oil in treatment products supports Dr Haley’s evidence that the argan oil in the Aldi Oil Treatment (Version 1) was for “emotive effect” and did not materially contribute to its performance.
3. Aldi submitted that, if the packaging of its products does convey representations about the characteristics of argan oil, then this document confirms that MIL has failed to discharge its onus of proving that the amount of argan oil in each product does not make a material contribution to its performance. That is because:
4. the study suggests that a low level of argan oil present in shampoo and conditioner (being as low as 0.1% in the shampoo) is able to provide a performance benefit by enhancing hair shine; and
5. the bar graph shows that, at least in the shampoo formulations, better results were achieved with a formulation containing a third of the amount of argan oil used in another formulation, indicating that one cannot assume that a lower amount of argan oil will contribute less to a claimed property of the product such as hair shine.
6. It is difficult to draw any firm conclusions from the DSM Document. The fact that optimum results were achieved at the levels mentioned does not mean that at the lower levels used in the Aldi shampoo and conditioner the argan oil would necessarily have no effect. Nevertheless the document indicated that the benefits were attainable “when used in a specific concentration range”. For each of the products, the DSM recommended range exceeded the concentration range in the relevant Aldi product. The inference is open that in the concentrations in which it was used in the Aldi Shampoo and Conditioner, the argan oil is unlikely to have had anything more than a placebo effect.
7. The DSM Document certainly demonstrates that it was possible to test for the contribution made by argan oil to the performance attributes — if, indeed, evidence were needed. Here, however, no evidence was adduced to support the notion that argan oil in the concentrations in which it was used in the products in question had any effect on the performance of the products. Aldi’s position is that the absence of such evidence is sufficient to defeat MIL’s case, as MIL carries the onus of proof. But this ignores the expert evidence as to the probabilities. It also ignores the principle that, in determining whether MIL has discharged its burden, “all [the] evidence is to be weighed according to the proof which it was in the power of one side to have produced, and in the power of the other to have contradicted”: *Blatch v Archer* (1774) 1 Cowp 63; 98 ER 969 at 970. If anyone had that evidence or access to it, it was Aldi.
8. Silliker, the company Aldi engaged to perform “due diligence” checks and ensure that the proposed product packaging and labelling complied with the legal requirements informed Aldi that “[the] supplier must be able to substantiate claims if challenged”.
9. Aldi’s claims were squarely challenged in this proceeding. Yet, it failed to substantiate them. Aldi could have had the products tested to see whether the claims were justified. One would expect a trader to do this before taking the product to market. But there was no evidence to indicate that Aldi had done so then or at any time. Certainly, it did not produce any. The discovery orders made on 20 May 2016 required Aldi to produce, amongst other things:

All documents that evidence whether or not the presence or amount of argan oil on or in (as the case may be) any of the products referred to in subparagraphs 28FA(a) – (g) of the SFASC makes a contribution to the performance of that product.

1. It is reasonable to assume that, if Aldi had discovered documents answering this description, which necessarily would have included test results if testing had been conducted, either MIL or Aldi would have tendered them.
2. In cross-examination Ms Spinks conceded that at no stage did she concern herself with what percentage of argan oil there might be in the treatment product, the shampoo, or the conditioner.
3. In all these circumstances I conclude that no testing was undertaken to determine whether the argan oil used in the manufacture of the Aldi products made any material contribution to their performance and, in particular, to the attributes the subject of the representations.
4. Moreover, Aldi did not adduce any evidence to show that it had relied upon any expert opinion as to the effect of the quantities of argan oil it used in the formulation of its products before making the claims.
5. As MIL put it, Aldi provided no evidence that it conducted any meaningful due diligence on the quantifiable benefits of argan oil as an ingredient in hair care products or the amount of argan oil required as a percentage in the Aldi hair care products in order for those benefits to be enjoyed by the consumer.
6. To make a representation about the performance benefits of an ingredient of a product without any proper foundation is reckless and apt to mislead the consumer. That was not the misrepresentation pleaded. Nevertheless, having regard to all the evidence, I am satisfied that there was no reasonable foundation for the performance claims made with respect to Version 1 of the Aldi Oil Treatment and the Aldi Shampoo and Conditioner. In all likelihood the argan oil was used for emotive effect, the claims were made for marketing purposes, and Aldi was indifferent to the truth of them.
7. Consequently, I find that the representations that argan oil makes a material contribution to the performance properties listed on the bottles and boxes containing these products are misleading or deceptive or likely to mislead or deceive in that they are likely to cause consumers to think that it does when on the balance of probabilities it does not. It follows that in these respects Aldi has contravened s 18(1) of the ACL. Neither party made any submissions directed to s 29(1)(a) or s 33. In the circumstances it is unnecessary to decide whether those allegations are made out, but I will say this. I cannot see how the representations in question contravene s 29(1)(a). It is s 29(1)(g), not s 29(1)(a) of the ACL which deals with false or misleading representations concerning, relevantly “performance characteristics, … uses or benefits”, not s 29(1)(a). I expect that I would have found a contravention of s 29(1)(g) proved, had it been pleaded, but it was not.

### The Aldi Hair Brushes and Hair Tools

1. There are four hair brushes — a Paddle Brush, an Oval Cushion Brush, a Vented Brush, and a Radial Brush, offered for sale under the protanenaturals Moroccan Argan Oil brand — and three hair tools or appliances — a hair dryer, a hair curler, and a hair straightening iron, offered for sale under the visage Moroccan Argan Oil brand.
2. The Paddle Brush is comprised of approximately 150 to 200 nylon bristles mounted on a rectangular cushion which is attached to a plastic backing plate and handle. The handle contains a plastic pull-out hair sectioning pin that is inserted at the base. The Oval Cushion Brush consists of approximately 200 nylon bristles, with an oval-shaped cushion pad, but in all other respects it is identical to the Paddle Brush. The Vented Brush is made up of approximately 75 bristles mounted on a metallic-looking base which is described on the swing tag of the product as “ceramic” and which has a series of “vents” or slits across the width of the base. The Vented Brush also has a plastic handle with a plastic sectioning pin attached. Finally, the Radial Brush is comprised of hundreds of fine bristles, thinner than the bristles of the other three brushes, which are mounted on a hollow cylindrical ceramic base also metallic in appearance.
3. Each brush has a swing tag attached to it which reads:

Bristles are infused with Argan Oil to aid in delivering shine and hydration – perfect for dry to normal hair.

1. The Vented and Radial Brushes are marketed for use with an external heat source (such as that provided by a hair dryer). The swing tags on those two brushes include the following text:

The ceramic coated head heats up quickly and the head is designed with vents to increase air circulation for fast drying and styling.

1. The hair straightener is an electric heating device comprising a plastic outer shell with two inner smooth heating plates (20 x 100 mm) made out of tourmaline ceramic and painted a gold colour. The device has a variable heat setting of between 120 and 210 degrees.
2. The hair curler is an electric heating device comprising a barrel (of approximately 150 mm in length) with a levered clamp. It has a variable temperature setting with the option to vary the temperature of the barrel (but not the clamp) between 120 to 210 degrees.
3. The hair dryer is an electronic device for drying hair and includes two attachments referred to in the instruction manual as a diffuser for reduced air flow when drying and styling curly hair and a slimline concentrator nozzle for concentrated airflow when drying and styling long, thick hair. The dryer itself consists of a heating element, approximately 25mm from the nozzle of the hair dryer, and a fan. At the end of the nozzle is an air outlet grille which is 50mm in diameter with fourteen small plates across the diameter in parallel (these plates average approximately 2mm x 5mm). The plates are covered in black paint and the surface area of the plates is small.
4. The instruction manual for each of the Hair Tools refers to the infusion of “Moroccan Argan Oil” under “Technical specifications and features”. For each product it states that argan oil is “transformed into a powder” and infused into the ceramic tourmaline heating plates (for the hair straightener) the ceramic curling barrel (for the hair curler), and the air outlet grille (for the hair dryer). It then reads:

This combination can assist in protecting hair against heat breakages and split ends, and give extra conditioning resulting in shinier, silkier, easier to style hair.

#### Were the representations made?

1. In relation to the hair brushes, MIL alleges that Aldi represented that the argan oil infused in the bristles makes a material contribution to the performance of the product including, in particular, that it aids in delivering shine and hydration.
2. In relation to the hair dryer, MIL alleges that Aldi represented that the argan oil infused in the heating element makes a material contribution to the performance of the product including by:

* delivering high shine and protection;
* providing heat protection against breakages and split ends caused by using heated styling tools; and
* being a conditioner for a smooth and silky styling finish.

1. In relation to the two other appliances, MIL alleges that Aldi represented that the argan oil infused in the ceramic heating plates of the hair straightener and the barrel of the hair curler makes a material contribution to the performance of the product, including by:

* protecting and nourishing dry or damaged hair;
* providing heat protection against breakages and split ends caused by using heated styling tools; and
* being a conditioner for a smooth and silky styling finish.

1. MIL alleges that these representations are conveyed in the context of the overall packaging, statements made on the bottles of the Aldi Oil Treatment, Shampoo and Conditioner, on the box of the Oil Treatment, on the labels of the brushes, on the boxes in which the appliances were sold, and in “the appearance and layout” of the products which link the words “Moroccan Argan Oil” and the statements.
2. There is no dispute as to the representations that the products are said to be infused with argan oil. Once again, Aldi’s primary submission is that, “sensibly construed”, the performance claims are not directed to the argan oil but to the whole product. Once again, I reject the submission. The plain words tell a different story.
3. Each of the brushes is sold with a swing tag upon which the following text appears:

Bristles are infused with Argan Oil to aid in delivering shine and hydration – perfect for dry to normal hair.

1. The boxes in which the hair dryers are sold are replete with references to argan oil. The product itself is called “Moroccan Argan Oil Infused HAIR DRYER” and, in a prominent position on the back of the boxes, the following statement appears:

Moroccan Argan Oil infused heating element delivers high shine and protection

1. Read in context, it is obvious that Aldi is making the claim that it is the argan oil that is responsible for these properties, for above these words and also in a prominent position on the front of the box is this statement:

Argan oil is produced from the kernels of the **argan tree** native to **Morocco**[.]It is used as a **heat protective** against breakages and split ends caused by using heated styling tools, and a **conditioner** for a smooth and silky styling finish

(Original emphasis.)

1. In addition, the following image appears on the front panel of the boxes:



1. As MIL contended, the message conveyed by the image is that when the hair dryer is used, the infused argan oil, depicted by the round particles or droplets in the image, will be transferred to the hair strands.
2. The construction for which Aldi contends is not sensible. Indeed, it is untenable. The obvious purpose of the product claims is to persuade consumers to buy appliances infused with argan oil instead of comparable appliances not infused with argan oil. The particular product benefits touted on the packaging are attributed to the infusion of argan oil. This conclusion is consistent with the representations expressly made by the manufacturer of all the Hair Tools, **Tempo** Australia (Tempo (AUST) Pty Limited), in a letter dated 22 August 2014 that, when heated, each of these products transfers particles of argan oil to the hair during use.
3. The specifications for the hair curler and straightener alike include a statement that the appliance is “[i]nfused with Aldi Moroccan Argan Oil to nourish and protect hair”.
4. I take the same view about the hair curler and straightener. The emphasis throughout is on argan oil. As with the hair dryer, the phrase “Moroccan Argan Oil Infused” appears in the product names. The statement concerning the properties of argan oil that appears twice on the boxes for the hair dryers also appears twice on the boxes of the other appliances. The boxes in which the curlers have been sold and displayed contains the boast that:

The 19mm barrel is infused with Moroccan Argan Oil which is well known for its ability to protect and nourish dry or damaged hair.

1. Similarly, the boxes in which the hair straighteners have been sold carry the statement:

The ceramic coated heating plates are infused with Moroccan Argan Oil, which is well known for its ability to protect and nourish dry or damaged hair.

1. An image similar to that depicted on the hair dryer boxes appears on the side panel of the hair straightener boxes, this time with specific reference to the argan oil:



1. The message that drops of argan oil are deposited on the hair is reinforced by the incorporation of droplets in various other places on the boxes as illustrated in the following table included in MIL’s submissions:

|  |  |
| --- | --- |
| Dryer (side panel) |  |
| Curler (front panel) |  |
| Radial Brush (handle) |  |
| Radial Brush (swing tag inside, red box added for ease of reference) |  |

1. For these reasons I am well satisfied that the alleged representations were made.

#### Are the representations false or misleading?

1. The evidence MIL relied upon was based on physical examination and expert opinion. Once again, no scientific testing was performed to determine the extent to which, if at all, argan oil would be exuded from the brushes or appliances on use, let alone to determine whether any of the claimed performance benefits could be achieved.
2. Aldi contends, in effect, that this undermines MIL’s case. I do not accept the contention. In my view the evidence is sufficient to establish on the balance of probabilities that the performance claims are untrue.
3. Evidence on this question was given, not only by Dr Haley and Dr Wynn-Hatton, but also by Mr Williams.
4. There was no dispute that argan oil had indeed been infused into the nylon on the bristles of the four brushes. The evidence from the manufacturer is that in the Paddle Brush and the Oval Cushion Brush XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXX. In the Vented and Radial Brushes, XXXXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXX XXXXXX. Thus the bristles are not coated with oil.
5. The amounts of argan oil varied from XXg to XXg. The experts’ joint opinion is that this translates into approximately X% argan oil in the nylon for each brush. But the experts noted that the amount of exposed nylon in the brush is undocumented.
6. No evidence was led, and the experts said that there was no available data, on the amount of argan oil that can be released during normal use. Thus, the range is from zero to XXg or XXg.
7. Dr Haley said that, unless there are perceptible visual, olfactory or tactile traces of argan oil, the amount of argan oil contained within the product will not only be small, but it will not transfer to the hair. He said that that is because the bristles are nylon and the tools ceramic. He explained that these materials are inert and will form a solid matrix around any argan oil infused into them, thereby trapping the oil. Dr Haley added that, even if a small amount of argan oil was able to escape, the amount delivered to the hair would be negligible, and would also diminish with each use as any reservoir of oil would be depleted.
8. Mr Williams said that a large portion of available argan oil would not be released from the bristles so that any performance benefits would be much less than the maximum possible. In his opinion, more than 99% of the argan oil would be trapped in the bristles and not contribute to any performance benefit. Based on the available information, Dr Haley and Mr Williams considered that, even if the maximum amount of argan oil was deposited in one use, that would be insufficient to have any demonstrable effect on the performance of the product on hair strands, even with multiple strokes. Mr Williams described the amount of argan oil likely to come into contact with the hair as “minute”.
9. In relation to the appliances Mr Williams explained in his affidavit:

35 In my opinion as a chemist, the materials that make up the Hair Tools, with the exception of metal, have formed a structure that would physically lock in additives to the material such as argan oil. These materials include nylon, ceramic, or [paint] … These materials do not exude, shed, or leach significant amounts of their additives, such as argan oil, in any significant amount.

36 In the case of metal, there would be no argan oil that could be ‘locked in’ because there would be none present. The formation of metal into a finished product involves extreme heat that would evaporate or decompose any argan oil in the metal.

1. In oral evidence Mr Williams said that it is likely that the high temperature of the liquid nylon (well above the argan oil boiling point of 100° Celsius) would vaporise the argan oil during the moulding process, such that it would completely disappear.
2. Dr Wynn-Hatton considered that, in the absence of any “testing data”, “it is unlikely (*sic*) that the argan oil released will contribute to the performance of the product”. When pressed in cross-examination, he conceded, that it was “very unlikely” that any argan oil “exudes off the bristles [of the brushes] onto the consumer’s hair”.
3. What is more, when pressed, Dr Wynn-Hatton also said that the only circumstance in which the brushes could deliver shine and hydration to the hair is if there is argan oil on the surface of the bristles which was capable of being transferred. Once again, however, in the absence of test results, he refused to rule out the possibility.
4. In cross-examination Dr Wynn-Hatton also accepted, in effect, that the claim that the infusion of argan oil in the bristles of the hair brushes aids in delivering hydration could not be sustained, as hydration “in a technical sense” is the delivery of water, not oil.
5. Aldi, however, also relied on an unsigned letter from Tempo, the manufacturer of the hair straightener, curler and dryer, dated 22 August 2014. The letter appears to be addressed to Chris Raju of Aldi, seemingly in response to an inquiry. It was forwarded to him by the Sales Coordinator for Tempo, Josh Terrey. Aldi submitted that the letter demonstrates that Aldi had “a credible basis” for reasonably believing that the Hair Tools operated consistently with the representations contained on the product packaging. The Tempo letter stated:

Tempo is confident in the below statements regarding the infusion and transferal of the Moroccan Argan Oil to hair through the [Hair Straightener, Hair Curler and Hair Dryer].

We are also confident that there will be no repercussions due to these statements being false or any claims attempting to disregard the below.

**Hair Straightener**

Transformed into a powder, the Argan Oil is infused into the ceramic tourmaline heating plates creating extremely smooth plate surfaces. This combination of the Argan Oil and the ultra-smooth ceramic coating can assist in protecting hair against heat breakages and split ends, and give extra conditioning resulting in shinier, silkier, and easier to style hair.

When heated, the particles of the Argan Oil infused in the plates are released from the ceramic surface and are then transferred to the hair during the straightening process. The particles in the oil do not have the same desired effect if they are not heated.

**Hair Dryer**

Transformed into a powder, it is infused into the air outlet grille. This combination of Argan Oil and the (*sic*) can assist in protecting hair against heat breakages and split ends, and give extra conditioning resulting in shinier, silkier, and easier to style hair.

When the hot air blows through the ceramic coated outlet grille it releases the blend of infused argan oil particles and as a result is transferred onto the hair through the hair drying process.

**Hair Curler**

Transformed into a powder, it is infused into the ceramic curling barrel creating an extremely smooth surface. This combination can assist in protecting hair against heat breakages and split ends, and give extra conditioning resulting in shinier, silkier, and easier to style hair.

When heated, the particles of the Argan Oil infused in the ceramic barrel are released from the ceramic surface and are then transferred to the hair during the curling process. The particles in the oil do not have the same desired effect if they are not heated.

1. I note that the statement on the hair dryer boxes that the dryer has a “Moroccan Argan Oil infused heating element”, is apparently at odds with the manufacturer’s advice that it is “infused into the air outlet grille”, which is the claim made in the instruction manual.
2. The basis for Tempo’s confidence, however, is not disclosed. No evidence was adduced from any Tempo employee or agent. These are no more than claims.
3. On 22 August 2014 Carlo Soligo of Tempo sought to reassure Mr Raju saying (without alteration):

I have had a good conversation with Ian [presumably Ian Aikman, someone else from Tempo] this evening and basically there is not an issue with the claims.

To simplify it, there [are] oil particles infused in the product, when heated is transferred to the hair.

**All brands make the claim** and how the factory has applied the oil is the same as of the brand.

Ian will provide you with more detail in my absence however Tempo is sure and confident that this is not an issue.

Birgitt during the IM process has done extensive work with the factory on this process too that will be reverted to you tomorrow.

(Emphasis added.)

1. No evidence was adduced from “Ian” or “Birgitt”. How, if at all, Tempo was privy to the manufacturing processes used to make other brands’ products was not disclosed. If there is any evidence to substantiate the claims, it was not tendered.
2. On 26 August 2014, Mr Soligo emailed Mr Raju saying that “[t]his method is mature and established with hair products so no one will question its functionality”.
3. On 12 September 2014 Mr Raju emailed Bronwyn Gallacher of CCL Consultants “to double check the attached packaging with [her] regarding [Aldi’s] explanation of Argan Oil infusion into [its] haircare products”. He said that he was “comfortable with the wording and the packaging” and had “gained confirmation from [the] supplier”. He added that “the market in this segment is not dissimilar with its claims in respect to “things like keratin therapy etc.” While he said he did not think that Aldi had anything to be concerned about, he said that he would like a second opinion. He noted that the products were “on sale” in two weeks’ time. Ms Gallacher told him that from her “personal perspective, the communications from Tempo clarify the product claims”, adding that, if the ACCC were to raise any concerns, the Tempo letter could be sent to substantiate the product claims. She assured him that she doubted that it would be “an issue”.
4. On 20 October 2014 Sadia Bhuiyan, a Technical Services Consultant for Silliker, wrote to Meena Song, Product Development Manager at McPhersons, seeking documentation “to confirm the [brushes were] indeed ‘infused’ with ‘argan oil’”. Ms Song sent her “an official statement from the [Taiwanese] manufacturer”, which provided information answering this description. But whether or not the brushes were infused with argan oil is not to the point. It is not alleged that that representation was false or misleading. Importantly, no confirmation appears to have been sought to the effect that the amounts of argan oil used in the manufacturing process had any effect on the performance of the products. Certainly, my attention was not drawn to any evidence to suggest that Aldi sought or obtained any such information.

### Conclusion

1. On the preponderance of the evidence, I consider that each of the performance claims is unjustified and that the representations are false and likely to mislead or deceive consumers.

# PASSING OFF

1. As I indicated earlier, the passing off claim is cognate with the First ACL Claim. In other words, the conduct relied upon to constitute the tort of passing off is the same conduct relied upon to support the First ACL Claim. It necessarily follows from the dismissal of the First ACL claim that the passing off claim must also be dismissed.

# THE APPEAL

## The proceeding before the Registrar of Trade Marks

1. On 7 December 2011 MIL applied to register the word mark moroccanoil in Class 3 in relation to the following goods:

Hair care products, including oil, mask, moisture cream, curly hair moisture cream, curly hair mask, curly and damaged hair mask, argan and saffron shampoo, hair loss shampoo, dandruff shampoo, dry hair shampoo, gel, mousse, conditioner, hair spray

1. Once the application was made, the Registrar was required, in accordance with the Regulations, to examine and report on whether it was made in accordance with the Act and whether there were grounds under the Act for rejecting it: Trade Marks Act, s 31. After the examination, the Registrar was obliged to accept the application, with or without conditions or limitations, unless he or she was satisfied that it had not been made in accordance with the Act or there were grounds for rejecting it. If satisfied of either matter, however, the Registrar was obliged to reject the application, subject to affording the applicant with an opportunity to be heard. See Trade Marks Act, s 33(3).
2. If the Registrar accepts an application for registration, a person may oppose the registration on any of the grounds specified in the Act and on no other grounds (s 52). Unless the proceedings are discontinued or dismissed, after affording the applicant and the opponent an opportunity to be heard, the Registrar must decide to refuse to register the trade mark or to register it (with or without conditions or limitations) in respect of the goods and/or services specified in the application having regard to the extent (if any) to which any ground of opposition has been established (s 55).
3. All of these powers may be delegated: see Trade Marks Act, s 206.
4. MIL’s application was accepted for possible registration and on 18 October 2012 official notice of acceptance was published in the *Australian Official Journal of Trade Marks*.
5. **Aldi Foods** Pty Ltd filed a notice of opposition raising most of the grounds available under the Act. At the hearing, however, it relied only on s 41, arguing that the moroccanoil word mark was not capable of distinguishing MIL’s hair care products from the goods or services of other persons. In particular, it maintained that “moroccanoil” was not inherently adapted to distinguish the designated goods.
6. The hearing took place before a delegate of the Registrar.
7. In that proceeding MIL submitted that the trade mark was a coined name, emphasising that the mark relates to the conjoined name “moroccanoil”, not “moroccan oil”. But the delegate considered the joinder of the two words was only a minor alteration as moroccanoil and moroccan oil consist of the same two words and are pronounced the same.
8. MIL also submitted that Moroccan oil was not an alternative name for argan oil, pointing out that oil from the argan tree is not generally known as Moroccan oil as the argan tree is also grown in other countries including Israel. But the delegate noted the definitions of “argan oil” in the Macquarie Dictionary and Wikipedia which indicated that Moroccan oil is a synonym for argan oil and internet searches to like effect included in Aldi’s evidence. She also referred to a MIL advertisement which stated, in effect, that the argan tree only grows in southwest Morocco. She concluded:

Considering the goods claimed in the specification I am satisfied that the Trade Mark is indicative of the fact that the specified hair care products feature Moroccan oil which is understood by the average Australian consumer to be synonymous with argan oil when applied to hair care products. I believe that the Trade Mark is a term which is relatively straightforward, easily defined and well understood by the Australian consumers of hair care products. More than that, I find that other traders trading in the same goods are likely to think of this expression and want to use it without improper motive.

1. Consequently, the delegate was satisfied that the moroccanoil word mark was not inherently adapted to distinguish MIL’s goods from the goods of other traders. She then turned to consider (in accordance with s 41(6)) whether MIL had established, through use before the filing date, that the mark does in fact distinguish the goods and so should be taken to be capable of distinguishing the goods. She found on the evidence that MIL had traded in the “expanded hair care products in its specification” for “a little under two years” before the priority date and in the oil treatment for “a little over two years”.
2. The delegate said that “the vast majority” of the evidence showed the use of the First and Second Trade Mark and the following composite mark:



1. The delegate considered that there was limited use of the word mark and then only “in close conjunction” with the above three marks or descriptively, including in one case in relation to the pantene brand. She pointed to a number of references in magazine articles and to press releases in which MIL’s products are identified by reference to “the bright turquoise blue label with large copper M in the moroccanoil logo rather than the Trade Mark *solus*”. She said that this indicated that the word mark alone was not acting as a badge of origin in the marketplace.
2. The delegate concluded that MIL’s evidence was insufficient to show that at the filing date the word mark was being used to distinguish its goods from the goods of other persons and for this reason took it as not capable of doing so.
3. As Aldi had discharged its onus, the delegate refused to register the moroccanoil word mark.

## The nature of the appeal

1. The appeal is brought under s 56 of the Trade Marks Act in the original jurisdiction of the Court. It is a hearing de novo: **Blount** Inc v Registrar of Trade Marks(1998) 83 FCR 50 at 59 (Branson J)*;* Woolworths at 377 (French J). A hearing de novo, of course, is a new hearing. That means that MIL need not establish error on the part of the delegate. The Court’s task is “to determine judicially whether the application [for registration] should succeed on the merits, and not whether [the] administrative officer has lawfully discharged his duties”, although weight is to be given to the delegate’s opinion “as a skilled and experienced person”: *Jaferjee v Scarlett* (1937) 57 CLR 115 at 126 (Dixon J); see, too, *Woolworths* at 377. As Jagot J observed in *Primary Health Care Limited v Commonwealth of Australia* [2016] FCA 313; (2016) 117 IPR 73 at [9], however, differences in the evidence necessarily affect the weight to be attached to that opinion.
2. Having regard to the terms of s 55 of the Act, the onus of proof lies with the opponent (here, Aldi): Food Channel Network Pty Ltd v Television Food Network GP (2010) 185 FCR 9at [34]. If, however, the mark is not to any extent inherently adapted to distinguish the designated goods, then the onus shifts to the applicant to prove that, because of the extent to which it used it before the filing date, it does distinguish them: s 41(6).

## The evidence of the lexicographers

1. The parties relied on expert lexicographers for “the ordinary signification” of the mark. Neither of these witnesses gave evidence before the delegate.
2. Professor Zuckermann has such an impressive array of qualifications and experience that it is impossible to do justice to it in any summary. His resume runs to 40 pages, although he is only in his forties. It is sufficient, however, for present purposes to note the following. Professor Zuckermann is an internationally renowned linguist. He has a doctorate in modern languages and linguistics from the University of Oxford and a doctorate (titular) in linguistics from the University of Cambridge. He currently holds the chair of Linguistics and Endangered Languages at the University of Adelaide. Between 2013 and 2015 he was the president of the Australasian Association for Lexicography and he has 20 years’ experience in a number of fields of linguistic research, including lexicography (the practice of compiling dictionaries), lexicology (the study of words), lexical borrowing (the borrowing of words or expressions), and language contact and revival. Since 1998 he has been a consultant to the OED.
3. Ms Butler has more modest credentials. She graduated in 1968 from the University of Sydney with a Bachelor of Arts, majoring in Latin and Greek. She was recruited to work on a project that culminated in the production of the Macquarie Dictionary and since it was first published in 1981 appears to have worked exclusively for the dictionary as an editor, initially I gather as one of several before rising to the rank of “The Editor” in 2005. She describes herself as “a practical lexicographer”. In 2011 she approved “Moroccan oil” for inclusion in the Macquarie Dictionary, after concluding that the term had “gained currency” in Australia and was used by “the Australian English language community” to describe oil from the seed of the argan tree.
4. The thrust of Professor Zuckerman’s evidence was that neither “Moroccanoil” nor “Moroccan Oil” was in use in Australia to describe hair care products before MIL marketed its hair care products under the former name. Ms Butler’s evidence was to adhere to the position she had reached in 2011. The reasons for their differences will be revealed when their evidence is explored in context. In large part, those differences can be explained by the different techniques they employed.

### Professor Zuckermann’s evidence

1. Professor Zuckermann was the only expert called in the case to have conducted both a quantitative and a qualitative analysis of the “lexical items” “Moroccanoil” and “Moroccan Oil” in Australian English.
2. He was a colourful witness. He was dogmatic and uncompromising under cross-examination, but not to such a point that it could be said that he failed to make reasonable concessions. Indeed, Aldi made no such submission. Overall, I was impressed with his evidence.
3. Professor Zuckermann conducted a search of Australian English databases and corpora (collections of language text in electronic form selected according to external criteria to represent, as far as possible, a language or a language variety as a source of data for linguistic research). They included Factiva, a global news database owned by the American publishing house, Dow Jones; Trove (operated by the National Library of Australia); and Australia/New Zealand Reference Centre (**ANZRC**) (hosted by EBSCO, an information services business). Each of these corpora, with which Professor Zuckermann was very familiar, allows for a diachronic analysis of lexical items, that is, an analysis of the use of words or expressions over time.
4. Factiva, which Professor Zuckermann had used for the purpose of lexicographic and lexicological research “hundreds of times” since 2003, provides access to 32,000 sources including, relevantly, *The Australian Associated Press (AAP) Newswire*, *The Sydney Morning Herald*,and *The Australian* newspapers, as well as transcripts of television and radio broadcasts of Australian Broadcasting Corporation (**ABC**) programs. He had used ANZRC for the same purpose since 2008 and Trove since 2009. The ANZRC corpus consists exclusively of Australian and New Zealand sources, although the search cannot be limited to Australian sources. The ANZRC corpus also has a wide coverage of modern sources including newspapers and magazines such as *Cleo, Belle, Women’s Day Australia*, and the *Australian Women’s Weekly*. Trove contains nearly 500 million sources that are publicly available in Australia. It includes newspapers, books, journal articles, diaries, audio and video files, and a web archive known as “PANDORA” (Preserving and Accessing Networked Documentary Resources of Australia). As at 26 February 2016 the archive contained over 44,000 titles, including websites (either in part or in whole) and discrete internet publications, and covers a wide range of subjects.
5. As MIL submitted, these corpora contain a broad cross-section of Australian English sources, including examples of spoken Australian English and informal or colloquial language. Factiva, for example, includes transcripts of ABC television and radio programs. It also has “a vast coverage of contemporary newspapers”, in particular, newspapers published in Australia in recent years, including, relevantly, between 2007 and 2011 and it contains hyperlinks to the sources. It also includes the free commuter magazine *MX Australia.*
6. Professor Zuckermann searched the terms “Moroccanoil” and “Moroccan Oil”, each within 15 “tokens” of the word “hair”.
7. He identified references to one or more of the search terms in a total of 1312 documents of which more than half were duplicates. Of the 630 distinctive documents, MIL’s lawyers, Ashurst, obtained copies of 482 through freely available public databases and paid subscription services, reviewed them, and placed them into categories according to whether the references “Moroccanoil” or “Moroccan Oil” were to a brand name for MIL’s products and/or to MIL itself (**category A**), whether the references were uncertain (**category B**); whether they related to the brand of a third party hair care product (**category C(a)**), whether they were descriptive of an ingredient of a hair care product (**category C(b)**), or whether they did not relate to hair care products (**category C(c)**). They also identified a number of documents which contained no reference to either “Moroccanoil” or “Moroccan Oil” and were deemed to be anomalous (**category D**). Ashurst prepared tables recording the numbers of documents falling into the respective categories by reference to three periods ending on the filing dates for registration of MIL’s three trade marks: 24 January 2008 (the filing date for the First Trade Mark), 4 August 2010 (the filing date for the Second Trade Mark), and 7 December 2011 (the filing date for the Third Trade Mark).
8. With one qualification, Professor Zuckermann was provided with these documents which were assembled and grouped according to category, and asked to review each of them and indicate whether Ashurst’s classification was correct.
9. The qualification is that with respect to category A, which consisted of documents in which “Moroccanoil” or “Moroccan Oil” were used to describe a MIL product and/or MIL itself, Professor Zuckermann was only provided with a sample, consisting of every 10th document in the category. That said, all the documents were made available to Aldi and to the Court as an exhibit to Mr Dimitriadis’ second affidavit (Ex PJD-116). It was not suggested that the sample was unrepresentative. Indeed, Ms Butler’s opinion was that, provided documents were not omitted merely because they could not be found (no such suggestion was made here), reviewing every 10th document ordered chronologically would result in a representative sample. In the absence of any argument to the contrary, I accept that the sample was representative.
10. Professor Zuckermann did as he was asked. In considering whether the references were descriptive or whether the terms were used to refer to a brand, he had regard to the form of the word or words, the “definiteness”, that is, whether the definite or indefinite article was used (the latter more likely to denote a descriptive use), and the context in which the words appeared. The contextual clues he identified included references to, and/or photographs of, specific MIL products; references to specific MIL employees; references to prices of “Moroccanoil” or “Moroccan Oil” products identical to those on the MIL recommended retail prices listed in the briefing letter from Ashurst; references to “Moroccanoil” or “Moroccan Oil” products in hair salon advertisements and salon promotions, which accord with MIL’s marketing and sales activities; and references to those products in interviews containing recommendations from celebrities, which accord with MIL’s marketing activities. In other words, he recognised that “the descriptive capacity of words … will vary depending on occasion and circumstance”: ***Apple*** *Inc v Registrar of Trade Marks* (2014) 227 FCR 511(Yates J) at [16].
11. The searches yielded the following results.
12. Between 1 January 1950 and 24 January 2008 there were no references to “Moroccanoil” and 10 documents referring to “Moroccan Oil”, none of which related to hair.
13. Between 25 January 2008 and 4 August 2010 83.8% of the references to both “Moroccanoil” and “Moroccan Oil” were to MIL’s products and/or MIL and only 1.7% of references were to an ingredient of a hair care product, with 5.8% of the references uncertain.
14. Between 5 August 2010 and 7 December 2011 91.5% of the references to “Moroccanoil” and “Moroccan Oil” were to MIL’s products and/or MIL and only 2.7% to an ingredient in a hair product, with a further 5.5% where the references were unclear.
15. Professor Zuckermann said that none of the references to either “Moroccanoil” or “Moroccan Oil”, which were brand references, were to brands other than MIL.
16. On the basis of his research Professor Zuckermann concluded that neither the word “Moroccanoil” nor the term “Moroccan Oil” was “present” in the English language in Australia between 1950 and 2007 (inclusive) and that it first appeared in 2008. I take that to mean that, while the material did include references to “Moroccan Oil” before 2008, the expression was not used in Australia and certainly not to refer to a hair care product. He also concluded that the use of “Moroccan Oil” in eight of the 40 sample documents in category A was “a de-compounding back-formation of the compound lexical item ‘Moroccanoil’”. He observed that many brand names consist of “a non pre-existent compound” of two pre‑existing words, such as “Facebook”. He expressed the opinion that when one of the words making up a brand name consisting of a compound is an adjective, it is “much more likely” that listeners will split the compound into two words.
17. Professor Zuckermann was taken in cross-examination to the definition of “Moroccan oil” in the Macquarie Dictionary. Based on his own research, which ended in December 2011, he described the definition as “false”. He rejected the proposition that as at each of the filing dates ordinary Australians hearing or reading the word “Moroccanoil” would regard it as a descriptive term. Ultimately, however, by reference to the instances in which “Moroccanoil” or “Moroccan oil” was used to describe an ingredient in a hair care product he conceded that the term was capable of being used in that sense.

### Ms Butler’s evidence

1. Ms Butler was asked by Aldi’s lawyers, Norton Rose Fulbright, to provide an overview of the criteria for including words or expressions in the Macquarie Dictionary and of the process of reviewing prospective entries for inclusion including lexicographical research methods. She was then asked to describe her recollection of the inclusion in the Dictionary of the entries for “Moroccan oil” and “argan oil” and the events surrounding correspondence with MIL’s lawyers in 2012 and 2013, to comment on Professor Zuckermann’s searches, and to provide her opinion on the ordinary meaning of the expression “Moroccan oil” as at May 2016. It is not clear why she was asked for an opinion on the ordinary meaning of “Moroccan oil” in May 2016 as the meaning at that time is strictly irrelevant. Be that as it may, no objection was taken to this evidence.
2. Ms Butler said that in November 2011 the editorial team approved for inclusion in the Dictionary entries for both “Moroccan oil” and “argan oil”. Those definitions first appeared in the online version of the Macquarie Dictionary in January 2012 and in the 6th edition of the print version in October 2013: see *Macquarie Dictionary* (6th ed, Macquarie Library, 2013). “Moroccan oil” was defined as a synonym for argan oil. The entry is in the following terms:

*noun* →**argan oil**.

Also, **Moroccan argan oil**.

(Original emphasis.)

1. “Argan oil” was defined as:

*noun* the oil from the seed of the tree *Argania spinosa*, now growing only in semidesert soil in Morocco; used in cooking, cosmetics, and medicine.

Also, **Moroccan oil**.

(Original emphasis.)

1. In her affidavit, however, Ms Butler said (at [104]):

[The] Australian English language community would use and understand the meanings of the constituent words “Moroccan” and “oil” and recognise (*scil.*) that combination of adjective and noun so that the words “Moroccan oil” would describe “oil from Morocco”.

1. That opinion accords with common sense. It does not accord with the definition of “Moroccan oil” in the Macquarie Dictionary.
2. Ms Butler was critical of Professor Zuckermann’s approach and of the categories selected to classify the documents.
3. She adhered to the position she adopted in 2011 when the definitions of “Moroccan oil” and “argan oil” were approved for inclusion in the Macquarie Dictionary. But she conceded in cross-examination that at that time the term “Moroccan Oil” had no ordinary meaning or general currency in either UK or US English.

## Issues

1. The appeal raises the same questions of principle as those which arose in Aldi’s claim for rectification of the Register with respect to the First and Second Trade Marks. It is to be determined in accordance with the terms of s 41 of the Act, reproduced above at [235]. Here, too, it was common ground that the section was to be applied in the form it took before the amendments to the Act inserted by the Intellectual Property Laws Amendment (Raising the Bar) Act.
2. The issues as formulated by the parties are:
3. whether the word mark moroccanoil is inherently adapted to distinguish MIL’s goods in respect of which the mark is sought to be registered from the goods of other persons;
4. if not, whether the word mark moroccanoil is to some extent inherently adapted to distinguish the goods and is otherwise capable of registration (under subs 41(5));
5. if not (1) or (2), whether, because of the extent to which MIL used the mark before the filing date, it does distinguish MIL’s goods from the goods of others (under subs 41(6)).
6. All these questions are to be determined as at the filing date: *Apple* at [40], [42]; *Sports Warehouse Inc v Fry Consulting Pty Ltd* (2010) 186 FCR 519 at [75] (Kenny J). The filing date here, it will be recalled, was 7 December 2011.

## Is the moroccanoil word mark inherently adapted to distinguish MIL’s goods in respect of which the trade mark is sought to be registered from the goods of other persons?

1. In truth, the question posed by the Act is whether the trade mark is not capable of distinguishing the applicant’s goods etc. If it is not so capable, then it must be rejected. As I said earlier, the onus is on Aldi to prove this. The question is answered by first considering the extent to which the mark is inherently adapted to distinguish the designated goods. If, having regard to that consideration, the Court (standing in the shoes of the Registrar so to speak) is unable to decide whether the mark is not capable of distinguishing the applicant’s goods, then it moves on to the question posed by s 41(5).
2. The governing principle is to be found in Kitto J’s statement in *Clark Equipment* set out above at [240].As Yates J explained in *Apple* at [11], before referring to *Clark Equipment*:

Where the mark consists solely of words, attention is directed to whether those words are taken from the common stock of language and, if so, the degree to which those words are, in their ordinary use, descriptive of the goods or services for which registration is sought, and would be used for that purpose by others seeking to supply or provide, without improper motive, such goods or services in the course of trade.

1. As I have already observed, the question of inherent adaptability to distinguish does not depend on the way the mark has been used or, as Murphy J put it in *Phone Directories Co Australia Pty Ltd v Telstra Corp Ltd* [2014] FCA 373; (2014) 106 IPR 281 at [163], “any acquired secondary meaning”; it turns on the nature of the mark itself. The manner in which the mark has been used is only relevant if Aldi proves that the mark is not to any extent inherently adapted to distinguish MIL’s hair care products. Speaking of s 26(2) of the 1955 Act, which was in different terms to s 41 of the current Act but to like effect, Gibbs J explained in *Burger King* (at 424) that two matters had to be considered: “inherent adaptability to distinguish”, on the one hand (which, under the 2012 version of the Trade Marks Act, is the subject of the inquiry required by subs 41(3)) and “distinctiveness in fact acquired by use or otherwise”, on the other (which is the subject of subss 41(5) and (6)).
2. For this reason Aldi submitted that the evidence of Professor Zuckermann was irrelevant because it only went to show that the term “Moroccan oil” was not widely used before MIL’s product was released. The submission appears to be an afterthought for no objection was taken to the evidence and no application made for an order limiting the use to which it could be put. In any case, I do not accept it.
3. The question of whether a trade mark is inherently adapted to distinguish one trader’s goods from another’s depends on the “ordinary signification” of the mark, that is to say, what it means (or more accurately what it would have meant at the time the applicant filed its application for registration) to anyone ordinarily purchasing, consuming or trading in the relevant goods: ***Cantarella*** *Bros Pty Ltd v Modena Trading Pty Ltd* (2014) 254 CLR 337at [28], [30], [70], [71]. Professor Zuckermann’s evidence (like Ms Butler’s) goes to the ordinary signification of the mark.
4. There is a continuum of distinctiveness — from highly descriptive trade marks to highly distinctive trade marks. There is a distinction between a trade mark that contains a “direct reference” to the relevant goods (*prima facie* not registrable) and one that makes a “covert and skilful allusion” to the relevant goods (*prima facie* registrable): *Cantarella* at [58]-[59]; *Flexopack* at [214], [216]. As the Full Court (Gummow, French and Hill JJ) put it in *Dodds Family Investments Pty Ltd v Lane Industries Pty Ltd* (1993) 26 IPR 261 at 269:

There is, of course, a range of classes of commercial designation from the purely descriptive with no identifying elements to a unique identifying designation with no descriptive element. Between these poles are hybrid terms such as “motorcharge” used to designate a petrol credit and purchase system: *Motorcharge Pty Ltd v Motorcard Pty Ltd* (1982) 42 ALR 136. In *Equity Access Pty Ltd v Westpac Banking Corp* (1989) 16 IPR 431 ; 12 ATPR 40–994 ; Hill J said at IPR 448 ; ATRP 50,956 :

Just as the distinction between descriptive and fancy names is not a distinction of law so too it is wrong to see the distinction in black and white terms. The reality is that there is a continuum with at the extremes purely descriptive names at the one end, completely invented names at the other and in between names that contain ordinary English words that are in some way or other at least partly descriptive. The further along the continuum towards the fancy name one goes, the easier it will be for a plaintiff to establish that the words used are descriptive of the plaintiff's business. The closer along the continuum one moves towards a merely descriptive name the more a plaintiff will need to show that the name has obtained a secondary meaning, equating it with the products of the plaintiff (if the name admits of this — a purely descriptive name probably will not) and the easier it will be to see a small difference in names as adequate to avoid confusion.

1. A mark may have a descriptive flavour but still be inherently capable of distinguishing a trader’s goods. As Lockhart J observed in *Johnson & Johnson* at 335–336:

If a word is prima facie descriptive the difficulty of establishing that it is distinctive of the plaintiff’s goods is considerably increased. Also, if the plaintiff has not used the word simply for the purpose of distinguishing his own goods from those of others but primarily for the purpose of describing the particular kind of article to which he has applied it and only secondarily, if at all, for the purpose of distinguishing his own goods, it will be more difficult for him to establish that it is distinctive of them.

A word may be so totally descriptive of the goods concerned as to be unregistrable, for example, electrics for electrical apparatus: see *Electrix Ltd’s* *application for the registration of trade marks* [1959] RPC 283 at 288 . In less extreme cases the question is one of degree. There must be a sufficient degree of distinctiveness to counterbalance the descriptive character of the word: see *Re application by J & P Coates Ltd for registration of a trade mark* (1936) 53 RPC 355 at 368 and *Yorkshire Copper Works Ltd v Registrar of Trade Marks* [1954] 1 WLR 554; [1954] 1 All ER 570. A word which is prima facie descriptive may become distinctive in connection with particular goods and yet retain its descriptive meaning: see *Burberrys v J C Cording & Co Ltd* (1909) 26 RPC 693 at 704, per Parker J and the *Perfection* case (supra) (at 857–858). But the word must, in order to become distinctive, have a new and secondary meaning different from its primary descriptive one and thus cease to be purely descriptive: see *Reddaway v Banham* [1896] AC 199 at 213, per Lord Herschell.

Distinctive means distinctive in the sense that the mark distinguishes the registered proprietor’s goods from others of the same type in that market, though it does not mean that the goods must specifically identify the plaintiff as the source of those goods. Often the identity (*scil.*) of the supplier will be unknown, but what is important is that a significant number of consumers in the relevant market identify the plaintiff’s goods as coming from one trade source[.]

1. A geographical name, when used as a trade mark for a particular category of goods, may be saved by the nature of the goods or by some other circumstances from carrying its *prima facie* geographical signification, and for that reason it may be held to be adapted to distinguish the applicant’s goods: *Clark Equipment* at 514*; Yarra Valley* at [58], [59]. A trade mark that contains a geographical element, like all marks, must be considered as a whole: *Bavaria NV* at [74]*.*
2. I would add that the question is not whether moroccanoil is inherently adapted to distinguish any goods MIL might produce from the goods of any other person; it is whether it is inherently adapted to distinguish the goods described in the application for registration. As Yates J emphasised in *Apple* at [17], “the registrability of a mark … must be assessed by reference to the scope of the registration that is sought”. Thus, here, the question is whether moroccanoil is inherently adapted to distinguish the goods described in the specification, which I shall call “hair products”, from the goods or services of other persons.
3. Aldi submitted that there is no doubt that the sign constituting the moroccanoil word mark is “descriptive of the product and its key ingredient”. Consequently, Aldi contended, it is obvious that other traders might legitimately desire to use the same sign in relation to their goods. Indeed, Aldi submitted, the evidence demonstrates that others, acting legitimately, used the phrase “Moroccan oil” or something like it, such as “argan oil of Morocco” or “Moroccan Argan Oil” as part of the branding and promotion of their goods. Aldi also relied on the meaning given in the Macquarie Dictionary.
4. The evidence of the lexicographers was useful, but only to a point. Moreover, each had some shortcomings.
5. It was not clear whether the corpora to which Professor Zuckermann had regard included any social media, although he acknowledged that in order to understand whether a term is part of the language, social media would be a very important resource. On the other hand, he pointed out that some of the language (“slangism” was the word he used) is transient or ephemeral. He explained:

I think that if you want to know what the youngsters use, then it would be very good to look at Facebook and blogs like that. You see, the only things that – slangisms are transient, so the half-life or a word these days is much shorter than the half-life of a word 100 years ago. So you can have a word that comes to reality of speakers within a day and then it dies within a day, as well. So this is kind of the – this is why a lexicographer, in this era, must be very different from how lexicographers used to be 50 years ago. You see, even the Oxford English Dictionary definition is going to be revised. I have actually complained about it because what is independent instances? How many independent instances – what is the general currency? I mean, who – just a bunch of Facebook – I mean, you know, in Facebook, you can have a viral Facebook – you know, and then within a day everybody sees it in the world and then the next week nobody remembers. So as a lexicographer, you have – it’s a very – actually, the lexicographic work becomes more and more responsible and onerous in a way, because you need to be very, very cautious. This is the reality. We are changing lexicography. Corpus lexicography is extremely important. I mean, the technological evolution is so important for lexicography because we have mass data these days. It’s not just about looking for – you know, for a couple of books and – it’s actually huge. I mean, you can see the incidents of a word all over the world in a mass data but, of course, you need to be very, very rigorous (*scil.*).

1. Ms Butler was critical of the corpora Professor Zuckermann had selected because she considered that it was skewed in favour of published news and information sources and those with a business focus (Factiva), weighted towards published magazines, newspapers, newswires, and reference texts (ANZRC) or weighted towards published journals, newspapers, articles and research (Trove). As a result, she expressed the opinion that advertising materials, advertorials, paid content, and professionally written and edited contact were overrepresented and the spoken word, informal language, unpaid publications, and “language used by Australian consumers” underrepresented.
2. In cross-examination, Ms Butler accepted that the corpora contained publications in which informal language was used and that, because the ABC is a public broadcaster, its publications were unpaid. She was also asked to concede that all three corpora contain examples of “language of Australian English used by consumers”. Her reply is surprising, having regard to her evidence in chief. She said:

I’m not sure what language used by consumers is as a sort of different entity to language used by any Australian.

1. If that is the case, why did Ms Butler consider the corpora selected by Professor Zuckermann suffered from a “significant limitation” because they “contain[ed] relatively few samples of informal language, spoken language, language used by unpaid publications, and *language**used by Australian consumers*(emphasis added)”? No explanation was given in evidence or offered in submissions.
2. Ms Butler also considered there was too much overseas content in Professor Zuckermann’s corpora. She claimed that overseas documents not written by Australians or targeted to Australian audiences are likely to have had low circulation in Australia and were therefore irrelevant to evaluating the English language in Australia.
3. In fact, Professor Zuckermann limited his search in the Factiva corpus by altering the default region setting (“all regions”) and selecting Australia. The ANZRC corpus did include New Zealand results but Professor Zuckermann was alive to this. He readily acknowledged in his affidavit that this was a disadvantage with this corpus but he felt that there were offsetting advantages.
4. In any case, I do not accept that the overseas material included in the corpora selected by Professor Zuckermann was irrelevant.
5. First, putting aside the fact that all Australian English comes from overseas, it is a notorious fact that many words are adopted into other languages, including (Australian) English, from other countries. American television and film are particularly influential. According to the Shorter Oxford, “truck”, for example, the word we use to describe a motor vehicle for carrying goods or troops by road, originated in the United States. The (UK) English word is lorry.
6. Secondly, Professor Zuckermann chose not to limit his search of the Trove corpus to Australian content because Trove is an Australian corpus operated by the Australian National Library. Consequently, he assumed for the purpose of the task he was undertaking, that all the sources in the database were relevant, either because they were published in Australia or because they were available in Australia at the relevant time. I consider Professor Zuckermann’s approach entirely reasonable and unlikely to detract from the value of his evidence.
7. Ms Butler’s evidence suffers from a number of shortcomings, not least because her decision to include “Moroccan oil” in the Macquarie Dictionary is largely inscrutable since she did not keep a record of the source material upon which she relied. In contrast to the practice of the compilers of the OED, Ms Butler (apparently in conformity with the longstanding practice of the editorial team at the Macquarie Dictionary) did not keep a record of the lexicographical sources to which she referred in mid-2011 when she made the decision to include “Moroccan oil” in the Dictionary. Nor did she have a recollection of what those sources were.
8. Ms Butler gave no evidence about the number of publications she consulted in 2011 or the number of occasions in those publications that “Moroccan oil” was used descriptively and not in relation to MIL or MIL’s products. In cross-examination she said that she would have looked for more than one example, but two would be good. Without knowing the number it is impossible to determine whether the references upon which she relied were rare or anomalous. Without knowing the sources to which she had regard, it is impossible to decide whether the references were obscure or whether the citations of “Moroccan oil”, when read in context, referred or could well have referred only to MIL or a MIL product. Ms Butler acknowledged in her affidavit the possibility of “instances” of Australian use of the lexical items “Moroccan oil” or “Moroccan Oil” to refer to the MIL brand. The documentary evidence is replete with examples.
9. It may be true, as Aldi submitted, that Ms Butler was not obliged to keep records. But that is not to the point. As MIL contended, because the sources are incapable of being scrutinised and Ms Butler was unable to recall what they were, the mere fact that she chose to include the lexical items in the Dictionary does not assist Aldi to discharge its burden of proving that the Third Trade Mark was not inherently capable of distinguishing the designated goods as at 7 December 2011.
10. It is common ground that the Oxford and the Merriam-Webster are internationally well-respected dictionaries, which reflect the ordinary meaning and general currency of UK English and American English respectively. Yet neither contains the lexical term “Moroccan Oil”. Ms Butler accepted that the term had no ordinary meaning or general currency in either the UK or the US English languages as at the filing date of the Third Trade Mark. So why would the position be any different in Australia?
11. Professor Zuckermann said (and I accept) that the determination of the meaning of a lexical term at any given point in time depends upon “a rigorous search methodology and a careful analysis of the relevant linguistic search data”. While there may have been gaps in the searches he conducted, there was no evidence to suggest that Ms Butler had adopted a “rigorous search methodology” or undertaken “a careful analysis of the relevant linguistic search data”.
12. Ms Butler said that when conducting research into the matter in 2016, she analysed “a large number of documents returned from searches of the internet” but she did not say how many she cited and produced only seven, describing them as “non-exhaustive”. Although she said that she conducted searches over three periods (1 January 2000–1 January 2005, 1 January 2005–1 January 2010, and “after 1 January 2010”), six are dated (in an unidentified hand) between 2013 and 2016 and the seventh carries a handwritten notation (also in an unidentified hand) of “2013 – 2016”. Assuming the dates written on the documents are accurate, none addresses the ordinary meaning of “Moroccanoil” or “Moroccan oil” at the date MIL applied to register the word mark, thus none is relevant to the present inquiry.
13. In addition, Ms Butler’s view was that it was essential to conduct internet searches through a search engine like Google. She said that Google searches were her primary resource for research. In fact it would seem from her evidence that it was her only resource. Either way, it is unreliable. As Professor Zuckermann pointed out:

Google Search, unlike other corpora (including Factiva, ANZRC, Trove and Google services such as Google Books and Google Trends) is not a reliable tool for a diachronic analysis of the usage of a lexical item. The content of websites returned by Google Search is current (i.e. live) and not necessarily fixed at a point in time (i.e. cached). Websites returned in response to searches for Period 1, for example, may have been edited as recently as last month.

1. Professor Zuckermann’s opinion, which I accept, was that, since Google Search is not specifically designed for lexicographic analysis, “a lexicographer needs to exercise a high degree of care when selecting such search parameters on Google Search and in analysing each of the search results returned”. It is not apparent that Ms Butler exercised any particular care.
2. In her affidavit Ms Butler observed that “if a sample is not representative of how English language is used [in] Australia, a quantitative analysis of that sample will not provide information of how English language is used in Australia”. She said that a constructed corpus can only be indicative; it cannot be conclusive. However, she also said that “the larger the constructed corpus, the smaller the issue of representativeness”, but that even very large corpora will have “issues in relation to representativeness”. Consequently, she said that it was necessary for the lexicographer to “qualitatively review how a lexical term is used” before he or she could draw any conclusion as to whether a lexical item has “gained currency … in Australia … in respect of a particular meaning” or, if it has, as to its accepted and understood meaning.
3. I accept this evidence. It appears, however, that Ms Butler did not apply these principles to her own research. The sample she produced was far too small to enable her to come to an informed opinion as to the meaning of the lexical item, “Moroccan oil”, in 2016 and the qualitative review she carried out was wanting in nearly half the cases. If this was the kind of material upon which she drew in 2011 and if this was the kind of evaluation she undertook, then it was an insufficient foundation for her conclusion as to the ordinary meaning of the lexical item at that time.
4. Professor Zuckermann noted that Ms Butler did not define what she meant by “the ordinary meaning” and the citations she gave did not evidence a single definition. He said that if one were to interpret “the ordinary meaning” as the meaning most frequently used, then Ms Butler’s evidence provides no support for the proposition that the meaning she settled on was the meaning most frequently used. That is because she provided no frequency data. I accept Professor Zuckermann’s evidence that:

Without frequency data it is unclear how Ms Butler could be certain that any potential meaning that she has identified in the Citations would not be an “anomaly” or so “infrequently used” (to employ Ms Butler’s terminology in paragraph 112(a)).

1. I also agree with Professor Zuckermann’s observation that, by her own measure, Ms Butler’s evidence does not signify that the meaning she ascribes to “Moroccan oil” has general currency in Australia. She stated in her affidavit (at [25]) that “a good indicator of currency is if a writer or speaker uses a lexical item in a way that assumes that the target audience will understand (or not misunderstand) its meaning without the need for further clarification or explanation”. Ms Butler also referred to the explanation in the OED that a lexical item has general currency if it is “unselfconsciously used with the expectation of being understood”. Yet as Professor Zuckermann said, if these statements are accepted it is difficult to understand how Ms Butler’s citations demonstrate that her definition has “currency”. Three of the seven citations (2, which draws a distinction between “argan oil” and “Moroccan oil”, 3 and 5, both of which assert that “Moroccan Oil” is also known as “Argan Oil”) assume that the target audience may not understand the meaning of “Moroccan Oil” without further explanation, because each of them offers one.
2. Ms Butler did not address Professor Zuckermann’s criticisms in her oral evidence.
3. In her affidavit Ms Butler said that the seven documents she cited “evidence that the ordinary meaning of ‘Moroccan oil’ is the oil from the seed of the tree”. The tree, itself, is unspecified. Yet, only three of the documents (citations 2, 3 and 5) mention a tree and only one the “argan tree”. None refers to the argan tree by its botanical name. Professor Zuckermann observed that two of the documents (citations 2 and 7) suggest that “Moroccan oil” and “argan oil” are not synonymous. Citation 2 reads:

Now Moroccan Oil, if you haven’t already guessed, is Argan Oil too — the difference is that Argan Oil contains specialised elastomers […]

1. Citation 7 only refers to “Moroccan Oil” in the heading: “New: Argan, Macadamia & Moroccan Oil Haircare”. As Professor Zuckermann put it, “given that the lexical item ‘Macadamia’ appears between the lexical items ‘Argan’ and ‘Moroccan’ in this coordinating conjunction, it is difficult to conclude from [this citation] that the meaning of the lexical term ‘Moroccan Oil’ is synonymous with (as opposed to being in some way distinctly different from) ‘Argan Oil’”.
2. Moreover, the use of the upper case “o” in “Oil” in both these citations suggests that the references are to particular product names and it is quite clear from the context that they are indeed references to hair care products called “Moroccan Oil”. In the case of citation 2, it is very likely to be a reference to moroccanoil. The reference to “Moroccan Oil” in citation 7 is obscure. As I have already observed, the term only appears in the heading. Three products are depicted; none is described as “Moroccan oil”. They are: “Macadamia Oil Extract Shampoo 300mL” by Fox & Finch; “Macadamia Oil Extract Hair Treatment 50mL” also by Fox & Finch; and “Argan Oil Shampoo 250mL” by “Argan Oil”.
3. There are other difficulties with Ms Butler’s evidence.
4. Ms Butler was critical of Professor Zuckermann for using corpora that included advertising. In cross-examination, she said:

I think I was saying I wouldn’t have looked to hairdressing salons, and so on, for evidence of general currency because they are so brand-focused and product-focused. So I would be looking for citations from – from normal people, if you like. You know, from sort of people who are not either wedded to a particular product or involved in the industry or, you know, have some axe to grind; just people who like to put stuff in their hair to make it look good.

1. Yet, Ms Butler agreed in cross-examination that citations 1, 4, 5, 6 and 7 were advertisements. She conceded that citation 3, which was a page from the website nourishedlife.com.au was “an advertorial” in that it was “placed” by the owner of the product that was being promoted by the article, but she said that she did not know whether or not it was an advertisement. She agreed that the remaining citation, citation 2, was also an advertorial. In fact, as MIL submitted, each was or comprised an advertisement for particular brands of hair care and may, as citation 6 seems to do, be seeking to trade off MIL’s reputation.
2. Having regard to all these matters, I am not satisfied that as at 2011 the ordinary signification of “Moroccanoil” in Australia was argan oil of or from Morocco.
3. The notion propounded by Aldi that other people trading in hair products, actuated only by proper motives, in the exercise of the common right of the public to make honest use of words forming part of the common heritage might think and want to use “Argan Oil of Morocco” or “Moroccan Argan Oil” as part of the branding and promotion of their goods is beside the point. The question is whether they might want to use “Moroccanoil” or even “Moroccan oil” in connection with hair care products. Aldi’s submission that the fact that other traders in hair care products have done so merely assumes that those traders were actuated only by proper motives. It does not prove that they were. And it does not take into account the popularity of the MIL product at the time.
4. Aldi drew attention to the fact that MIL’s own evidence indicates that, at times, even salons to which MIL supplies its products misspell moroccanoil as two words. Aldi submitted that this is “telling evidence of the tendency amongst ordinary Australians to use and perceive the words ‘moroccan’ and ‘oil’ descriptively”. I am not persuaded by this submission. It is at least just as likely to be a reflection of the number of poor spellers in the Australian community or inattention to detail. I am not satisfied that those who misspelled the word did so in the belief that “Moroccan oil” was merely descriptive and not distinctive of MIL’s products.
5. Although it is a word mark, moroccanoil is a combination mark. As Dodds-Streeton J observed in *Fry Consulting* at [61], in the passage cited above at [247], a combination mark may be capable of distinguishing one trader’s goods from another by the overall impression it creates, even if the individual elements in isolation lack any such capacity because they are commonplace in a trade or merely or even highly descriptive. The difficulty in this case is that one does not merely have regard to the visual impression. Visually, it might well be said that moroccanoil is inherently adapted to distinguish MIL’s hair care products from the goods of other traders. Aurally, however, the sign is certainly capable of being descriptive. But descriptive of what? The nature of the relationship between Morocco and oil is not clear from the name itself. It could denote oil derived from Morocco. It could also denote a style of oil. The submission that the ordinary signification of “Moroccanoil” is oil from Morocco rather assumes that Morocco is used to signify the source of the oil.
6. The approach taken by Professor Zuckermann was certainly more rigorous than that taken by Ms Butler. I am not satisfied, however, on the basis of his evidence alone that “Moroccanoil” had no ordinary signification at the relevant date and was inherently adapted to distinguish MIL’s goods from the goods or services of others. That said, the onus was on Aldi to prove that “Moroccanoil” was not inherently adapted to distinguish MIL’s products. At this point, MIL did not need to prove anything. Even so, Professor Zuckermann provided some evidence to indicate that “Moroccan oil” had been used descriptively before December 2011,
7. I am unable to decide at this point whether the word mark is capable of distinguishing MIL’s hair care products from the goods or services of other persons.

## Is the moroccanoil word mark to some extent inherently adapted to distinguish and otherwise capable of registration?

1. I do consider, however, that the word mark is to some extent inherently adapted to distinguish MIL’s hair care products from the goods or services of others. That is because there is no evidence to suggest that the single word “moroccanoil” has an ordinary meaning to the Australian consumer, purchaser or trader. Furthermore, although “Moroccan oil” could be descriptive, it is not necessarily or self-evidently descriptive of the designated goods. The word “Moroccanoil” connotes (or the words “Moroccan oil” connote) a relationship between Morocco and oil but not, on the face of things, a relationship with the designated goods.
2. The evidence from several of MIL’s lay witnesses was that “Moroccanoil” was coined by Ms Tal, MIL’s co-founder and vice-president, and had never previously been used to refer to hair care products or other class 3 goods. That evidence was not challenged or called into question and it was supported by Professor Zuckermann’s searches. Further, the uncontradicted evidence of MIL’s witnesses is that they were struck or taken aback by the reference to oil in the name and in connection with a hair product because, as Ms Juhasz put it, “oil is the main thing you try to remove from your hair when you wash or treat it”. For this reason, one can readily see that, before MIL took its goods to market, it is unlikely to have occurred to an honest competitor to use the name in relation to hair care products (*Clark Equipment* at 514).
3. The next consideration is whether, because of the combined effect of the extent to which the mark is inherently adapted to distinguish MIL’s hair care products as described in the specification, the actual or intended use of the mark by MIL, and any other circumstances, the mark moroccanoil does in fact or will distinguish them as MIL’s goods.
4. I turn first to the questions of actual and intended use. These questions do not involve any consideration of the likelihood that other traders, not actuated by improper motives, would wish to use the mark on or in connection with their goods or services: *Blount* at 60.
5. Aldi said nothing in its submissions on the subject of use other than to refer to the evidence of the use of the sign moroccanoil accompanied by the symbol ®. See above at [323]-[324]. Aldi submitted:

180 Additionally, as part of the consideration of the question of capacity to distinguish, is that MIL has, since it commenced selling its MIL product range in Australia, used the word ‘MOROCCANOIL’ accompanied by the ® symbol as part of the marketing and promotion of its products. That conduct has been engaged in despite MIL not having obtained registration for the word mark ‘MOROCCANOIL’ in Australia. Such use has been widespread, as noted by the various evidence references contained in the table comprising Annexure ‘D’. It is conduct which giving rise to offences under s 151 of the [Trade Marks] Act.

181 Aldi submits that such use of ‘MOROCCANOIL’ accompanied by the ® symbol shows MIL’s substantial over-reach in the Australian market in respect of its presumed intellectual property rights. It is conduct which other traders and consumers alike may reasonably be expected to have witnessed and experienced. Aldi submits that to the extent MIL seeks to contend that there is no evidence (or no likelihood) that other traders may wish to use the words ‘MOROCCAN’ and ‘OIL’ (whether as one or two words) in the course of trade in hair care products containing the ingredient Moroccan argan oil or argan oil, then MIL’s conduct is to regarded as diminishing that prospect by improper means. MIL ought not be able to rely on its own conduct, in contravention of s 151 of the [Trade Marks] Act, to assert that there can be no reasonable prospect that other traders might wish to use the words ‘MOROCCAN’ and ‘OIL’ (whether as one or two words) in the course of trade in hair care products.

1. Irrespective of whether MIL’s conduct amounts to a contravention of s 151 of the Act, I do not understand how this evidence assists Aldi’s case. It does not tend to prove that the mark moroccanoil lacks the capacity to distinguish MIL’s goods. The submission that MIL should not be able to rely on its own conduct raises, in effect, a plea of *ex turpi causa non oritur actio*, although no such allegation was pleaded in Aldi’s defence, contrary to the requirement in r 16.42 of the Federal Court Rules. Even if it had been pleaded, how it would apply in this context is obscure. There is no discretion to decline to register a mark if the criteria for registration are established to the satisfaction of the decision-maker.
2. Aldi’s contention that moroccanoil® has been used extensively should be accepted. Aldi annexed to its submissions a table setting out the various uses, emphasising that these were examples only. They included the use of the name on MIL products, including the Oil Treatment until 2012, hair spray, and hair brushes; on MIL’s Australian website (at least since November 2015 until at least 7 June 2016); in promotional displays in hair salons (since at least 2014); in the 2015 product catalogue featuring the current range of MIL products, which was distributed to customers in hair salons in Australia where moroccanoil products are sold; in salon price lists/order forms; in marketing packs provided to authorised online resellers for use on websites (since around June 2012); in moroccanoil brand guidelines distributed since October 2012 until 1 January 2016 to salons; at conferences and trade shows; in “thousands” of brochures; and in magazine and on-line advertisements, going back to 2009.
3. Yet this evidence does not assist Aldi. To the contrary, it demonstrates widespread use of the word moroccanoil to distinguish MIL’s goods from the goods of other traders.
4. In any case, these are not the only circumstances in which MIL has used the sign moroccanoil as a trade mark either before or after the filing date. The word itself appears as part of the name of MIL’s website, which is on all of its products and the cardboard boxes, as well as part of the composite marks they feature. moroccanoil appears prominently on the boxes in which the MIL hair brushes are sold and the handles of the brushes, themselves, are engraved with the moroccanoil word mark. Pricelists and online retail displays use the moroccanoil word mark to refer to the goods in the range. Since August 2009 it has also been used as a banner and in sentence case on the MIL website “www.moroccanoil.com”. Up until 14 December 2011 the website had attracted over 180,000 views in Australia and over 3.5 million worldwide. Between 14 December 2011 and 30 June 2015 it had attracted over 215,000 views in Australia and more than 6.7 million worldwide.
5. Consumers also refer to the products by the brand name moroccanoil both orally and in writing.
6. At trade shows and events MIL consistently used the moroccanoil logo on “step and repeat” wallpaper in which the word mark repeatedly appears. Photographs of the MIL display stand featuring the wallpaper at the Sydney Hair Expo in June 2011, 2012, and 2013 were in evidence. It was not in dispute that this is the biggest annual trade event in the southern hemisphere and that it attracts tens of thousands of visitors annually. moroccanoil products were sold from the stand, certainly in 2013, and bags branded with the moroccanoil word mark and containing sample moroccanoil products as well as a moroccanoil catalogue were given away. These events were attended by trade professionals and members of the general public.
7. The MIL Brand Guidelines published in 2011 through to 2013 repeatedly emphasise that the “brand name is Moroccanoil (One word!)”. The Guidelines published in April 2011, for example, state:

The importance of the appropriate use of Moroccanoil’s logos cannot be overstated. Our unique logos provide instant brand recognition worldwide, therefore they must remain consistent. Any deviation from its original form, regardless of how small, undermines our brand identity by creating confusion.

The relationship between the logo elements is pre-determined and fixed. **Do not, under any circumstances, alter the proportions or placement of any of the logo elements independently.**

**Our brand name is Moroccanoil (One word!)**

* Moroccanoil
* moroccanoil
* ~~Moroccan Oil~~
* ~~MoroccanOil~~

(Original emphasis.)

1. They refer to the “MOROCCANOIL LOGO” and describe the following stylised version of the word mark as MIL’s “secondary logo” (the primary logo being the Second Trade Mark):



1. The moroccanoil VIP Salon Events Protocol dated 2010 invites guests to “the ultimate moroccanoil event”. Sponsorship events, such as “Portsea Polo” in January 2013 show the moroccanoil logo on signs, tents, and display cabinets.
2. The Hairhouse Warehouse magazine, *Haircare Australia*, which is distributed to approximately 6,000 salons, contained numerous references to moroccanoil® but also to moroccanoil without the registration symbol. Indeed, moroccanoil, in both stylised and unstylised form, has been consistently used as a trade mark in advertisements, editorials, product promotions, and in the coverage of various events.
3. moroccanoil appeared, for example, in product advertisements, on the front cover of, and in a feature article in, Haircare Australia magazine’s May–July 2013 issue in connection with the 2013 hair expo, in a feature article entitled “Moroccanoil Portsea Polo”, and in an article entitled “MOROCCANOIL STYLES BURBERRY”. It was used in another article entitled “MOROCCANOIL TAKES TO THE SKIES”, apparently referring to MIL’s involvement in the launch of the Martin Grant designed Qantas uniforms in 2012 at “a 600 strong prestigious event” at the Hordern Pavilion where an international stylist represented “Moroccanoil” and created styles using “Moroccanoil products”. It was also used to advertise MIL’s products, including new products: “Moroccanoil Hydration Shampoo and Conditioner” and “Moroccanoil Clarifying Shampoo”, and in a “news” item entitled “MOROCCANOIL GAINS GLOBAL GLORY”:

Moroccanoil continues to scoop the hair awards pool, recently adding to their trophy cabinet in the New York office. ELLE Magazine voted Moroccanoil Frizz Control a winner in their 2013 International Beauty Awards from a pool of thousands of international beauty products. More awards recently hailed from New Zealand, with the Original Treatment being voted ‘Best Treatment’ by NZ Fashion Quarterly readers.

1. The article on the hair expo urged readers to “visit the Moroccanoil stand for [a] complimentary showbag” and began with the following exposition (without alteration):

Moroccanoil the originator and world leader in professional, luxury Argan Oil infused hairstyling, conditioning and finishing products is proud to present it’s full range of products. All products are made with the Moroccanoil proprietary Argan Oil infused blend, the revolutionary signature ingredients in the brand’s coveted Moroccanoil Original Treatment Oil. Rich in vitamins and nutrients that strengthen the hair, Moroccanoil Treatment Oil is instantly absorbed into the hair without residue, resulting in brilliant, natural looking, frizz free shine and stronger, healthier hair.

1. Readers were urged to “join Moroccanoil Educator and International Creative Team member, Violet Sainsbury” and her “team of Moroccanoil stylists” who would “draw inspiration from the Moroccanoil showcase of celebrity styling …”.
2. Then there are the newspaper and magazine articles and promotional material.
3. The moroccanoil word mark is used to distinguish MIL’s products in the 1254 pages of diverse publications (predominantly magazine and newspaper articles, but including blogs) exhibited to Mr Lampert’s affidavit, 327 of which were published before December 2011. They range from local and regional newspapers like the *Mosman Daily,* the *North Shore Times,* the *Barrier Daily Truth* and the *Ipswich Advertiser* to city newspapers like the *Sunday Herald Sun*, *The* *Sun Herald* and The *Sunday Age* and from magazines like *Women’s Day, New Idea*,and *Who Weekly* to glossier and more expensive publications like *Vogue Australia*, *Marie Claire,* and *Harper’s Bazaar.*
4. *Instyle* magazine, for example, which then had a national circulation of 15,000, reported on 1 December 2009 that the “Moroccanoil Treatment” had won “not one, but two prestigious accolades” at the Stylist Choice Awards in the categories of “Favourite Prestige Styling Product and Favourite Product You Can’t Live Without”. It also noted that the awards were accepted by Carmen Tal, whom it described as “co-founder of Moroccanoil and executive vice president of marketing. It reported on the use of “Moroccanoil” and “argan-oil infused Moroccanoil Hydrating Styling Cream” by “session styling guru”, Orlando Pita, at the launch in New York that June of the Carolina Herrera Spring Fashion Show. It described “Moroccanoil” as “a celebrity favourite”, “enjoying cult status with its luxurious range of products …”.
5. The website “thisishair.com.au” announced the advent of “more Moroccanoil products” following the success of the oil treatment. It reported that “a whole cast of celebrities have gotten behind the brand and word is spreading fast”. It carried a photograph of Lady Gaga holding a bottle of the MIL Oil Treatment.
6. The 31 July 2010 edition of *The Herald Sun Weekend* carried an interview with MIL’s creative director, Antonio Corral Calero, and reported that:

Moroccanoil hair care products have developed a cult following with top stylists, celebrities and savvy consumers from around the globe.

1. An article published in *Instyle* in November 2010 about various brands of hair products was accompanied by photographs of two MIL products and included the following passage:

**Oils:** Unless you have been living in a cave for the past 18 months you would have purchased or at least tested the anti-oxidant riddled and surprisingly lightweight **Moroccanoil**. The originator of Argan Oil-infused hair products, Moroccanoil has bred an incurable addiction for oil-based styling and conditioning products – a handy success story for the introduction of oil based hair colour.

1. *Cleo* magazine’s January 2011 edition featured the MIL Oil Treatment as an on-trend product in a colour spread under the headings “What’s Now” and “cleo hearts”. The stuff that gets our tick of approval this month”. Beside a photograph of the product, these words appeared:

moroccanoil

Our top choice for frizz-free hair. Original Oil Treatment, $49.50

1. In *Harper’s Bazaar*’s March 2011 issue, in an article entitled “Hair Force: Our favourite stylist stars reveal their secret weapons for creating memorable runway looks”, the following statements appeared below a photograph of the MIL Oil Treatment:

Moroccanoil Oil Treatment is the miracle must-have at the moment when it comes to pulling off a silky, frizz free finish. Odile Gilbert using this wonder oil at Erin Fetherston.

1. In *Famous Magazine*’s July 2011 issue, the MIL Oil Treatment was also captured, referred to as “moroccanoil Oil Treatment” and described as:

The original hair product to use argan oil, it’s quickly absorbed and is rich in vitamins to fortify your hair for shiny, healthy locks.

1. *New Idea,* with a circulation of 1,484,000, carried an interview with the sports commentator and former Olympic swimmer, Nicole Livingstone, in which she nominated her only essential hair product as “Moroccanoil”.
2. The *Brisbane News* with a circulation of 119,820reported in November 2011 that:

Just as Moroccanoil revolutionised haircare with its restorative signature oil, the brand is set to turn up the volume with its new Extra Volume range …

1. Samanthabui.com carried a story about “Moroccanoil Treatment” on 15 May 2012:

Moroccanoil is a high quality hair and body brand co-founded by Carmen Tal. On her travels to Israel, she discovered a remarkable oil treatment with high benefits. Their products are found exclusively in salons and used by many professional hair stylists. Many big name celebrities such as Jennifer Hawkins endorse their products.

The most famous product would be the Moroccanoil Treatment.

…

1. In December 2011 the *Sydney Morning Herald* named “Moroccanoil Luminous Hairspray” as one of the “best beauty buys and products of 2011”.
2. In a “beauty review” of “Moroccanoil Treatment” published on teenagersurvivalguide.com in June 2012 and featuring a photograph of the MIL Oil Treatment, “Moroccanoil” was described as “the crème de la crème of haircare”.
3. As MIL submitted, the use by third parties of the word Moroccanoil in publicly disseminated materials to refer to MIL’s products is both evidence of use of the word as a trade mark and a reflection of the extent to which it is accepted by the public and the trade as distinguishing those products.
4. It is true that often the word Moroccanoil appears in close proximity to either a photograph of a MIL product upon which the First Trade Mark can be seen or one or other of MIL’s First or Second Trade Mark, but, unlike the delegate, I do not seek this as a case of a “limping trade mark”, that is, one which needs the crutch of the registered trade mark: see *Philips Electronics NV v Remington Consumer Products* (1997) 40 IPR 279 at 282 (Jacob J). Indeed, Aldi did not so contend.
5. I now turn to consider the other circumstances.
6. The undisputed evidence of Mr Lampert is that the moroccanoil word mark is registered in some 75 countries in relation to goods in class 3, including hair care products, one of which is Morocco itself. He said 78 but he counted Bosnia and Herzegovina as two countries and included both China and Hong Kong. Among the 75 are Argentina, Brazil, Canada, China, Germany, Greece, Ireland, Israel, Italy, Japan, Kenya, Lebanon, Mexico, North Korea, South Korea, New Zealand, Norway, the Philippines, Russia, South Africa, Turkey, the United Kingdom, and the United States of America.
7. This evidence, of itself, is irrelevant. The fact that a registrar or another official in another jurisdiction governed by another system of law concluded that the word mark is registrable is not evidence that it satisfies the conditions for registration in Australia: see *Burger King* at 422.
8. Evidence that a trade mark has been extensively used in other countries and has become widely known there as indicating only the goods of the applicant is a different matter. In deciding whether a mark is distinctive, it is not only permissible to take into account use within the jurisdiction but also overseas use. Evidence that a trade mark has become distinctive in one market tends to show that it is capable of becoming distinctive in another market, at least if the conditions in the two markets are similar: *Burger King* at 423. MIL referred to the finding in *Moroccanoil Israel Limited v Aldi Stores Limited* [2014] EWHC 1686 (IPEC) at [39] that “the name ‘Moroccanoil’ is distinctive of MIL’s product in the UK”. A finding, however, is not evidence and it was not suggested that the finding could bind the parties in the present case. I was not taken to the evidence upon which this finding was based or any other evidence to indicate that the word mark has become widely known there or anywhere else as indicating only MIL’s goods.
9. Based on the evidence given in the present case, however, and having regard to the combination of factors referred to in s 41(5), I am satisfied that a significant number of consumers, purchasers, and traders in the Australian hair care market identify moroccanoil as coming from one trade source. In this market the word moroccanoil is distinctive of MIL’s goods. To pick up the statutory language, the moroccanoil word mark does or will distinguish the designated goods as MIL’s goods. This means that the mark is taken to be capable of distinguishing MIL’s goods from the goods or services of other persons (s 41(5)(b)).

## Is the moroccanoil word mark otherwise capable of registration?

1. The question posed by s 41(6) is whether, because of the extent to which the applicant has used the mark before the filing date of the application, it does distinguish the designated goods.
2. In view of my finding in relation to s 41(5), it is unnecessary to answer this question. If I be wrong, however, in my conclusion that the word mark is to some extent inherently adapted to distinguish MIL’s hair products from the goods or services of other persons, I would nonetheless hold that it does in fact distinguish the designated goods because of the extent to which MIL used the mark in Australia before 7 December 2011.

## Conclusion

1. The appeal should be allowed, the decision of the Registrar (by her delegate) set aside, the notice of opposition dismissed, and the Third Trade Mark should proceed to registration.

# SUMMARY OF FINDINGS

1. In summary, I would dismiss the trade mark infringement suit. Although I have found that Aldi has used the sign “Moroccan Argan Oil” as a trade mark, I am not satisfied that that sign, as used, is deceptively similar to either the First or Second Trade Mark.
2. In relation to the claims brought under the ACL and for passing off, I have come to the following conclusions:
3. The first ACL claim, based on the branding and get-up of the Aldi Product Range, should be dismissed. I am not satisfied that any of the pleaded representations were made. As the passing off claim is based on the same allegations, it, too, must be dismissed.
4. The second ACL claim, based on the use of the word “naturals” is made out in part. The ordinary or reasonable consumer in the market for hair care products would take the reference to “naturals” on Aldi’s products to signify that they contain at least substantially natural products when, in the case of some of the products — water apart — they do not. In these circumstances, it was and is misleading for Aldi to represent, through its branding, that the Aldi Oil Treatment, the Shampoo and the Dry Shampoo were and are “naturals”.
5. The third ACL claim, based on the claimed performance benefits of various products in Aldi’s Product Range, is made out in full. Aldi represented that argan oil made a material contribution to the performance benefits of the products in circumstances where the amount of argan oil used in the manufacturing process was so small that it could not make a material contribution to the performance of the products.
6. The cross-claim for rectification of the Register should be allowed in part. The First Trade Mark should be removed from the Register in relation to all the Non-Use Goods, having regard first, to the lengthy period since registration when it has not been used in relation to those goods, secondly, to the evidence indicating that MIL has no intention of using it upon or in relation to them, and thirdly, to the absence of use of that mark upon or in relation to MIL’s skin care products since they were introduced to the US market in 2012. The Second Trade Mark should not be removed from the Register in relation to the skin care, facial products, and fragrances but, I am not satisfied that it is not reasonable to remove the Second Trade Mark from the Register in relation to “shaving preparations, shaving creams and soaps, after shave creams and lotions”.
7. Finally, there is the appeal. Having regard to the extent to which the word mark moroccanoil is inherently adapted to distinguish the designated goods and MIL’s use and intended use of the mark, I am satisfied that the mark does and will distinguish the designated goods as MIL’s goods. Consequently, the Third Trade Mark is taken to be capable of distinguishing those goods from the goods or services of other persons. So the appeal should be allowed and the Third Trade Mark should proceed to registration.

# COSTS

1. Aldi Foods should pay MIL’s costs of the appeal and of the opposition proceeding before the delegate. I will hear from the parties as to the costs of the other proceeding.

# FINALISATION OF REASONS

1. On 24 July 2017 I made orders in both proceedings and published reasons. As there were confidentiality orders in place affecting a substantial number of documents and other evidence, I ordered that until further order the reasons be published only to the parties and their lawyers. The orders I made in the appeal (NSD 1297 of 2015) were final. The orders in the other proceeding (NSD 613 of 2015), however, were interlocutory. In that matter, amongst other things, I invited the parties to bring in short minutes of order giving effect to my reasons and to make submissions in relation to costs. I also made an order under s 37AF of the *Federal Court of Australia Act 1976* (Cth) that until further order certain information in the judgment not be published or disclosed to any person apart from the parties and their lawyers and directed the parties to inform the Court within a period of time of any additional information in the reasons that should be subject to a similar order.
2. Neither side sought an additional confidentiality order. Aldi made some sensible suggestions about rephrasing passages incorporating its confidential information, which would avoid the need for unnecessary redactions in the judgment. Since the suggested changes do not affect the reasoning and would provide greater transparency, I propose to accept them. MIL pointed out that I had made reference to material included in an affidavit from a salon owner which, though part of the Court Book, was not ultimately read — a matter I had unfortunately overlooked. Since this matter was drawn to my attention, I have reconsidered the evidence independently of the unread affidavit and my conclusions have not changed. MIL invited me to remove the references to this material from the reasons when they were made publicly available. Aldi agreed. In all these circumstances, I have decided to withdraw the earlier reasons, adopt Aldi’s suggestions and take up MIL’s invitation. I hasten to add that none of the alterations affects the appeal.

# ORDERS

1. The parties have now largely agreed upon what orders should be made to reflect my reasons in proceeding NSD 613 of 2015. The parties’ proposed form of orders contained three orders, proposed by MIL, which Aldi opposed. Two envisaged further injunctive relief. The third relates to a proposal for the publication by Aldi of a corrective notice.

## The application for further injunctive relief

1. One of the orders agreed upon was an order that the Court permanently restrain Aldi from exhibiting, offering for sale, selling, supplying, advertising and/or promoting in Australia what are referred to in the draft orders as the Contravening Products, being the products with the packaging and labelling depicted in cells 1-15 of the Schedule to the orders (the **agreed injunction**).
2. MIL sought two additional injunctions. In substance those injunctions were to the following effect:

* that Aldi, whether by itself, its partners, employees, servants, agents or otherwise be permanently restrained from making representations that the Aldi Oil Treatment, Shampoo and Dry Shampoo are natural (or substantially natural) or representations to a similar effect; and
* that Aldi, whether by itself, its partners, employees, servants, agents or otherwise be permanently restrained from making the representations I found were false (and misleading or deceptive) as to the contribution of argan oil to the performance benefits Aldi attributed to the Aldi Oil Treatment (Version 1), Shampoo, Conditioner, Hair Brushes, Hair Dryer, Straightener, and Curler.

1. Aldi contended that these orders should not be made because, to some extent, they duplicate the substance of the agreed injunction and, to the extent that they do not, they are uncertain in scope and broader than necessary having regard to the Court’s findings and the case brought against Aldi. Aldi argued that it was unclear, for example, whether MIL intended that the proposed additional injunctions would restrain the making of representations otherwise than by the sale of the products in their packaging or in relation to other products not the subject of the agreed injunction. Aldi noted that the Court did not find that there was a prospect of Aldi having engaged in conduct other than that which was alleged with respect to the particular products sold in their particular packaging or that Aldi had threatened to make representations in relation to those products by other means.
2. MIL submitted that these orders should be made because the agreed injunction is limited to the content of the packaging and labelling of the products in question and would not capture other forms of promotion. In particular, MIL contended that, if these orders were not made, Aldi would be free to make such representations in online, print, television and/or radio advertising and marketing campaigns and in its stores, including by in-store marketing “collateral” and statements made by staff. MIL submitted that this kind of conduct would be at odds with the Court’s reasons and would be contrary to the public interest. MIL also contended that, if Aldi were not permanently restrained from making representations to similar effect, it could continue to contravene the ACL by making misleading or deceptive representations as to the composition and/or the performance benefits of the products in question. Without the second proposed order, for example, Aldi would be free to promote the products in question by attributing similar beneficial attributes to the argan oil they contain, such as by representing that the argan oil in the formulation of the Aldi Conditioner leaves hair “smooth and tangle free” rather than “soft and silky”. MIL argued that, consistent with the Court’s reasons, it is in the public interest “that the door not be left ajar for Aldi to work around the Court’s orders” especially when I found that in all likelihood Aldi was indifferent to the truth of the performance benefit claims it had made.
3. There was some force in both parties’ submissions.
4. The Court has the power to grant an injunction in such terms as it considers appropriate: ACL, s 232(1). The power may be exercised regardless of whether it appears to the Court that the person whose conduct is sought to be restrained intends to engage again or to continue to engage in conduct of the same kind: ACL, s 232(4). Thus, the lack of evidence that a respondent is likely to reoffend, though relevant, is not decisive. In *Australian Competition and Consumer Commission v 4WD Systems Pty Ltd* (2003) 200 ALR 491; [2003] FCA 850 at [217], Selway J said:

The purpose of an appropriately drafted injunction may be merely to reinforce to the market place that the restrained behaviour is unacceptable. A declaration may achieve the same result, but so long as it is otherwise appropriate that is no reason why an injunction should not also be made if it is in the public interest (as so understood) to do so. On this basis an injunction could still be made where (as here) there was little likelihood that the respondents might engage in the restrained behaviour.

These remarks were cited with approval by Black CJ and Finkelstein J in *Humane Society International Inc v Kyodo Senpaku Kaisha Ltd* (2006) 154 FCR 425 [24].

1. It is also true, as MIL submitted, that the agreed injunction would not capture all the conduct embraced by the proposed additional orders.
2. In the case of the first proposed additional order, the agreed injunction would not prevent Aldi from “exhibiting, offering for sale, selling, supplying, advertising and/or promoting” the same products omitting “Naturals” from the packaging and labelling but otherwise advertising or promoting the products (such as in its catalogues, stores and/or website) as “natural” or substantially natural. Furthermore, as it was cast, the agreed order would not cover the relevant Aldi products if the packaging and labelling changed but the formulation of the products remained the same. Consequently, if the only change Aldi made was to rebadge “Moroccan Argan Oil” as “Argan Oil of Morocco”, it would be able to sell and promote these products under the “Protane Naturals” mark, even though they did not contain only or substantially natural ingredients. On the other hand, extending the order so as to capture products with different formulations would be unjustified. If Aldi wants to bring out a product which in fact contains only or substantially natural ingredients and refer to it as natural or substantially natural, why should it be prohibited from doing so? It was unclear whether MIL intended that the injunction was to apply to such products — either from the terms of the proposed order or from its submissions. Regardless, injunctive relief should be expressly limited to the products which I found did not contain a sufficient percentage of natural ingredients to support the representations.
3. I accept that there is always a risk that too narrow an injunction will not serve the Court’s purposes. As the Full Court observed in *Commodore Business Machines Pty Ltd v Trade Practices Commission* (1990) 92 ALR 563 at 575:

In some cases, there is a risk that an injunction drawn too precisely may encourage evasion of the spirit but not the letter, whilst a wider form of injunction will not place the defendant in any real position of doubt as to what is expected of him. For example, in *Turner v General Motors (Australia) Pty Ltd* (1929) 42 CLR 352, the injunction as modified by the High Court restrained “the defendants from using the words ‘General Motor’ or ‘General Motors’ in connection with any business or businesses then or thereafter carried on by them or any of them *without clearly distinguishing* such business from the business carried on by General Motors (Australia) Pty Ltd and from using any name calculated to lead persons to believe that the said business or businesses or any business of the defendants was or were identical or connected with the business of the plaintiff and also from representing or holding out to the like effect” (emphasis supplied). See also the terms of the injunction granted in *BM Auto Sales Pty Ltd v Budget Rent A Car System Pty Ltd* (1976) 12 ALR 363 ; 51 ALJR 254.

1. Nevertheless, in the present case I am persuaded that extending the order to representations “to a similar effect” is ambiguous and gives rise to uncertainty. It is well established that injunctions should be granted in clear and unambiguous terms. Persons to whom they are directed should not be left to wonder whether conduct in which they might engage comes within the scope of the injunction when they could face an application for an order for contempt. Questions of construction of the injunction should not be left for determination in contempt proceedings. See *ICI Australia Operations Pty Ltd v Trade Practices Commission* (1992) 38 FCR 248 at 259 (Lockhart J, French J agreeing at 268).
2. It seems to me that Aldi should be restrained from “exhibiting, offering for sale, selling, supplying, advertising and/or promoting” the particular Moroccan Argan Oil products as “natural” or “substantially natural” when they are not, whether in packaging, on labelling or otherwise. I also consider that Aldi should be restrained from engaging in the same conduct with respect to the products caught by the performance benefits misrepresentations. That can be achieved by amending the agreed injunction as follows:

As and from four (4) weeks from the date of the orders, the Aldi Partnership, whether by itself, its partners, employees, servants, agents or otherwise be permanently restrained from exhibiting, offering for sale, selling, supplying, advertising and/or promoting in Australia:

(a) the following products ~~with the packaging and labelling~~ depicted in cells 1–7 and 11 of [the Schedule] ~~that convey the Natural Representations~~:

(i) Moroccan Argan Oil Treatment (Version 1);

(ii) Moroccan Argan Oil Treatment (Version 2);

(iii) Moroccan Argan Oil Shampoo; and

(iv) Moroccan Argan Oil Dry Shampoo

(or the same products by another name) in conjunction with the word “Naturals” or as natural or substantially natural, whether in packaging, on labelling or otherwise; and

(b) the following products ~~with the packaging and labelling~~ depicted in cells 1–10 and 12–15 of [the Schedule] ~~that convey the Argan Oil Representations~~:

(i) Moroccan Argan Oil Treatment (Version 1);

(ii) Moroccan Argan Oil Shampoo;

(iii) Moroccan Argan Oil Conditioner;

(iv) the Moroccan Argan Oil Hair Brushes;

(v) the Moroccan Argan Oil Hair Dryer;

(vi) Moroccan Argan Oil Hair Straightener; and

(vii) Moroccan Argan Oil Hair Curler

(or the same products by another name) in conjunction with the Argan Oil Representations, whether in packaging, on labelling or otherwise.

In this order, “the same products” means products containing the same ingredients in the same percentages as the products depicted in the Schedule.

1. I would make no further amendment. Since Aldi is to be enjoined from making a representation that the argan oil in the various products makes a material contribution to their performance, I consider MIL’s concerns are unjustified.
2. I raised the form of the injunction I proposed making with the parties. In the result, this part of the dispute fell away. Both parties were content with the proposed order.

## The corrective notice

1. That leaves the question of the corrective notice.
2. MIL seeks an order that, within 28 days of the date the orders come into effect, Aldi undertake to publish a corrective notice in each of its stores and in its catalogue in a form and for a period to be approved by the Court, and that a draft be provided to the Court for approval within seven (7) days of the date the orders come into effect.
3. MIL submitted that an order of this kind was “justified for two key reasons”:

15. **First**, the purpose of corrective advertising is to protect the public by dispelling incorrect or false impressions that were created by misleading or deceptive conduct or false misrepresentations. That is particularly important where, as is the case here, the misrepresentations have been made consistently to consumers across Australia in many mediums (print, television advertising and instore) and over a protracted time period.

16. MIL submits that consumers should be put on notice of Aldi's misrepresentations, as they would be if the relevant regulator had pursued action against Aldi. Without corrective advertising it is unlikely that consumers will be made aware of the Court's findings in respect of the Contravening Products.

17. **Second**, in circumstances where this action has been brought privately and not by a regulator, an order for corrective advertising of this nature will serve as a deterrent to Aldi and other companies engaging in conduct in contravention of the ACL. Deterrence is one of the key factors that the Court can take into consideration when making an order for corrective advertising for breaches of the ACL (see, e.g. *ACCC v Jewellery Group Pty Limited (No 2)* [2013] FCA 14).

1. Aldi contended that the order was unnecessary, having regard to the agreed declarations and injunction, and unwarranted in the absence of evidence of widespread misapprehension in the marketplace or of loss on the part of consumers. Aldi cited a number of authorities and assumed it would be able to supplement its submissions by oral argument.
2. It is unnecessary to refer to the authorities or deal with the parties’ submissions. MIL’s request for a corrective notice has all the hallmarks of an afterthought formed after the making of the interlocutory orders on 24 July 2017. It is unfair to Aldi to raise it now. No doubt that is why Aldi sought the opportunity to make further submissions.
3. No order for corrective advertising was sought in the originating application or its later iterations, including the Second Further Amended Originating Application, which set out MIL’s final claim for relief, or in any version of MIL’s pleading. No application was made for leave to amend the Second Further Amended Originating Application to seek such an order. Nor was the question of corrective advertising raised at any time during the hearing, either by MIL or the Court. If MIL truly considered that an order of this nature was necessary or justified, it would have been included in the orders sought in the Second Further Amended Originating Application. Furthermore, an order for corrective advertising is not an order giving effect to the Court’s reasons. In all these circumstances, I decline to make it.

## Agreed declarations and orders

1. With certain qualifications, I am satisfied that the declarations and other orders the parties are now agreed upon are appropriate. I have made some changes in form, but not substance. The only matter of substance concerns declaration 2. The parties’ proposed declaration relating to the Natural Representations does not strictly reflect my reasons. I did not find that the Natural Representations were false. Rather, I found at [485] that the representations were misleading or deceptive or likely to mislead or deceive.

|  |
| --- |
| I certify that the preceding seven hundred and forty-seven (747) numbered paragraphs are a true copy of the Reasons for Judgment herein of the Honourable Justice Katzmann. |

Associate:

Dated: 31 August 2017

**ANNEXURE A**

**MIL Products**

|  |  |  |
| --- | --- | --- |
| 1. | 2. | |
| 3. | 4. | |
| 5. | 6. |
| 7. | 8. |
| 9. | 10. |
| 11. | 12. |
| 13. | 14. |
| 15. | 16. |
| 17. | 18. |
| 19. | 20. |
| 21. | 22. |
| 23. | 24. |
| 25. | 26. |
| 27. | 28. |
| 28. (cont’d) | |

**Aldi Product Range**

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| --- | --- | --- | --- | --- | --- |
| 29. | | 30. | | | |
| 31. | | 32. | | | |
| 33. | | 34. | | |
| 35. | | 36. | | |
| 37. | | 38. | | |
| 39. | | 40. | | |
| 41. | | 42. |
| 43. | | | |
| 44. | 45. | | |
| 46. | | | |

**ANNEXURE B**

|  |  |
| --- | --- |
| **ITEM** | **DESCRIPTION** |
| **MOROCCANOIL PRODUCTS** | |
| 1. | Moroccanoil Oil Treatment Product (for all hair types) (10ml sample, 15ml promotional sample, 25ml promotional product, 50ml promotional product, 100ml, 125ml promotional product and 200ml professional product) |
| 2. | Moroccanoil Oil Treatment Light Product (for fine and light-coloured hair) (10ml sample, 15ml promotional sample, 25ml, 50ml promotional product, 100ml, 125ml promotional product and 200ml promotional product) |
| 3. | Moroccanoil Smoothing Shampoo and Conditioner (250ml and 1000ml professional product) |
| 4. | Moroccanoil Smoothing Mask (250ml and 1000ml professional product) |
| 5. | Moroccanoil Smoothing Lotion (300ml) |
| 6. | Moroccanoil Extra Volume Shampoo and Conditioner (70ml, 250ml, 500ml and 1000ml professional product) |
| 7. | Moroccanoil Volumizing Mousse (250ml) |
| 8. | Moroccanoil Moisture Repair Shampoo and Conditioner (70ml, 250ml, 500ml and 1000ml professional product) |
| 9. | Moroccanoil Root Boost (250ml) |
| 10. | Moroccanoil Restorative Hair Mask (75ml, 180ml, 250ml, 500ml and 1000ml) |
| 11. | Moroccanoil Hydrating Shampoo and Conditioner (70ml, 250ml, 500ml and 1000ml) |
| 12. | Moroccanoil Hydrating Styling Cream (75ml, 300ml and 500ml) |
| 13. | Moroccanoil Intense Hydrating Mask (75ml, 180ml, 250ml, 500ml and 1000ml) |
| 14. | Moroccanoil Weightless Hydrating Mask (75ml, 180ml, 250ml, 500ml and 1000ml) |
| 15. | Moroccanoil Style Molding Cream (100ml) |
| 16. | Moroccanoil Clarifying Shampoo (250ml and 1000ml) |
| 17. | Moroccanoil Frizz Control (50ml and 100ml) |
| 18. | Moroccanoil Intense Curl Cream (75ml, 300ml and 500ml) |
| 19. | Moroccanoil Curl Defining Cream (previously named Curl Control Cream) (75ml and 250ml) |
| 20. | Moroccanoil Curl Control Mousse (previously named Curl Defining Mousse) (150ml) |
| 21. | Moroccanoil Luminous Hairspray (Medium) (75ml and 330ml) |
| 22. | Moroccanoil Luminous Hairspray (Strong) (330ml) |
| 23. | Moroccanoil Glimmer Hold (Shine Spray) (50ml and 100ml) |
| 24. | Moroccanoil Heat Styling Protection (250ml) |
| 25. | Moroccanoil Styling Gel (180ml - medium) |
| 26. | Moroccanoil Oily Scalp Treatment (45ml and 10ml x 15) |
| 27. | Moroccanoil Dry Scalp Treatment (45ml and 10ml x 15) |
| 28. | Moroccanoil Brushes (in both black and white) |
| **ALDI PRODUCT RANGE** | |
| 29. | Aldi Oil Treatment sold in Special Buy promotions commencing 26 September 2012, 2 January 2013 and 11 May 2013 |
| 30. | Aldi Oil Treatment sold in Special Buy promotions commencing 25 September 2013, 1 January 2014 and 23 April 2014 |
| 31. | Aldi Oil Treatment sold in Special Buy promotions commencing 24 September 2014, 31 December 2014 and 25 April 2015 |
| 32. | Aldi Oil Treatment sold in Special Buy promotion commencing 23 September 2015 |
| 33. | protane naturals Moroccan Argan Oil Shampoo / Conditioner (each 400ml), sold in Special Buy promotions commencing 26 September 2012, 2 January 2013 and 11 May 2013 |
| 34. | protane naturals Moroccan Argan Oil Shampoo / Conditioner (each 400ml), sold in Special Buy promotions commencing 25 September 2013, 1 January 2014 and 23 April 2014 |
| 35. | protane naturals Moroccan Argan Oil Shampoo / Conditioner (each 400ml), sold in Special Buy promotions commencing 24 September 2014 and 31 December 2014 and in core range between 10 April 2015 to approximately 8 December 2015 |
| 36. | protane naturals Moroccan Argan Oil Renewing Treatment Mask (240 ml), sold in Special Buy promotions commencing 25 September 2013 and 1 January 2014 |
| 37. | protane naturals Moroccan Argan Oil Renewing Treatment Mask (240 ml), sold in Special Buy promotions commencing 24 September 2014, 31 December 2014 and 25 April 2015 |
| 38. | protane naturals Moroccan Argan Oil Renewing Treatment Mask (240 ml), sold in Special Buy promotion commencing 23 September 2015 |
| 39. | protane naturals Moroccan Argan Oil Moroccan Argan Oil Heat Protection Spray (250 ml), sold in Special Buy promotion commencing 23 April 2014 |
| 40. | protane naturals Moroccan Argan Oil Heat Protection Spray (250 ml), sold in Special Buy promotion commencing 31 December 2014 |
| 41. | protane naturals Moroccan Argan Oil Hair Spray (213g), sold in Special Buy promotion commencing 23 September 2015 |
| 42. | protane naturals Moroccan Argan Oil Dry Shampoo (178g), sold in Special Buy promotion commencing 23 September 2015 |
| 43. | protane naturals Moroccan Argan Oil Hair Brushes, sold in Special Buy promotion commencing 25 April 2015 |
| 44. | visage Moroccan Argan Oil Infused Hair Dryer, sold in Special Buy promotions commencing 17 September 2014 and 23 September 2015 |
| 45. | visage Moroccan Argan Oil Infused Hair Straightener, sold in Special Buy promotions commencing 17 September 2014 and 23 September 2015 |
| 46. | visage Moroccan Argan Oil Infused Hair Curler, sold in Special Buy promotions commencing 17 September 2014 and 23 September 2015 |

**ANNEXURE C**

**G0321**

Wednesday 24 September 2014

