



HIGH COURT OF AUSTRALIA

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IN THE HIGH COURT OF AUSTRALIA
MELBOURNE REGISTRY

No M32/2025

M32/2025

BETWEEN: **BED BATH 'N' TABLE PTY LTD (ACN 005 216 866)**
Appellant

and

10 **GLOBAL RETAIL BRANDS AUSTRALIA PTY LTD (ACN 006 348 205)**
Respondent

REPLY

Part I: Certification

1. These submissions are in a form suitable for publication on the internet.

Part II: Concise reply to the argument of the respondent

Ground 1

2. **Introduction:** The Respondent's submissions suffer the same methodological vice as the Full Court judgment. They fail to attend sufficiently to the core statements of principle reaffirmed by this Court in *Self Care* at [28], [29], [32], [80]-[84] about the differences between the statutory action for trade mark infringement and a proceeding under the ACL for misleading or deceptive conduct or a related proceeding in passing off.
- 10 3. The primary judge correctly attended to these differences. In rejecting the trade mark infringement claim, her Honour correctly *excluded* the extensive findings which she had made on the Appellant's reputation and use in the BBNT trademark over 40 years: PJ [371], [415]-[417], [425]-[426], [438], [442], [536]. Conversely, at the stage of the ACL and passing off claim, the primary judge correctly *brought to account* this broader series of findings: PJ [509]-[519], [530]-[533].
4. The essential error of the Full Court between AJ [75]-[89] was to hinge the entire enquiry under the ACL/passing off claims from a starting point that once the statutory claim for trade mark infringement had failed, the search, by way of exception, was for a basis upon which the ACL/passing off claim could nevertheless succeed.
- 20 5. The Respondent continues this erroneous methodological approach: see RS [15], [16] and especially RS [28] which asserts that the '*starting point for the resolution of the ACL/PO claims*' must be the failure on the trade mark infringement claim, and RS [30] which asserts that the task for the Appellant is to '*justify a different outcome*'.
6. Once this methodological error is corrected, the analysis of the difference between the trade marks through a trade mark lens (RS [23]-[30]) should not drive the ACL/PO enquiry. Equally, the Full Court's reasoning between AJ [80]-[84] (upholding Ground 3 of the appeal to that Court: CAB 155) does not reveal error in the primary judge.
- 30 7. **What other error has been attributed to the primary judge?** Beyond the above, it is difficult to identify from the Respondent's submissions precisely the nature of the error which the Respondent asserts the Full Court was entitled to find in the primary judge's careful application at PJ [509]-[519] of the legal principles correctly discerned from *Self Care* and other authorities at PJ [486]-[492].
8. Within that statement of principles, note in particular PJ [488], citing Beach J in *State Street* at [713], and PJ [489]. Her Honour instructed herself correctly that conduct causing

confusion or wonderment would not necessarily be co-extensive with misleading and deceptive conduct; nor would conduct which induces merely temporary or commercially irrelevant error be sufficient to enliven s 18 of the ACL or constitute passing off.

9. Accordingly, when the primary judge made findings referencing the language of ‘*confusion*’, she must be understood as meaning confusion *which has a tendency to lead the consumer into error*, not merely wonderment. To the extent the Respondent submits that the primary judge applied too undemanding a standard of confusion (e.g RS [61]-[63]), that challenge should not be entertained. It represents ground 7 to the Full Court (CAB 157) which the Full Court correctly declined to uphold: AJ [89].

10. **No factual disputes:** The Respondent confirms (RS [5]) there do not appear to be any factual issues in dispute. While not squarely acknowledged by the Respondent (see RS [37]-[43]), there were important conclusions of characterisation which the primary judge made in favour of the Appellant and which the Full Court did not overturn. At trial, the Respondent’s core argument, both at the level of what the reasonable consumer would understand and the Respondent’s subjective intention, was recorded at PJ [11]:

‘[The Respondent] contends that its use of the words ‘Bed’ and ‘Bath’ is purely descriptive, the words are used as category or navigational descriptors to describe categories of soft homewares, and therefore the words do no work in designating commercial origin when read in conjunction with the well-known House trade mark’.

11. As recorded at PJ [382], the Respondent was contending that the words ‘*BED*’ & ‘*BATH*’ were an ‘*inessential element*’ of its composite mark and were instead ‘*descriptive*’ as they indicated no more than the sale of ‘bedroom’ and ‘bathroom’ products.
12. The evidence of Mr Lew and Ms McGann as to their subjective intent in the last-minute change of name to ‘*House BED & BATH*’ (as against the two other alternatives then being considered: PJ [146]) was to like effect: PJ [148], [175]-[180], and [200].
13. Critically, the primary judge rejected this argument on both the *objective* and *subjective* levels: (1) The words ‘*BED & BATH*’ operate as a component of the composite House B&B mark: PJ [391]. They serve as part of the badge of origin; and do not perform a solely descriptive role in the composite mark: PJ [399]. (2) The Respondent’s submission that ‘*BED & BATH*’ have only a descriptive role sits uncomfortably with its conduct: PJ [400]. (3) The Respondent, unlike any other retailer in Australia save for the Appellant, was seeking to use the composite mark, including the words ‘*BED & BATH*’, as a badge of origin to indicate a connection in the course of trade: PJ [404]. (4) The ‘running scared’ email (PJ [146]) revealed a ‘*branding discussion*’ with the evident intent being to use the words ‘*BED & BATH*’ as a brand not merely as a descriptor: PJ [405]. (5) In both marks,

the words ‘*BED*’ and ‘*BATH*’ are more ‘*allusive*’ than directly descriptive as no beds or bath are sold in either store: PJ [431], [436], [503]. (6) The evidence of Ms McGann and Mr Lew as to their states of mind was rejected: PJ [242], [468]-[471].

14. Ground 4 of the Notice of Appeal below challenged some of these findings (CAB 155). The Full Court rejected this challenge: AJ [80] (first and second sentences) and AJ [84] (first to third sentences). The attempt by the Respondent at RS [37]-[43] to evade these concurrent findings should not be entertained.

15. **Answer to the Respondent’s rhetorical question:** Once these concurrent findings are acknowledged, the answer to the Respondent’s rhetorical question at RS [11] and [12] should be clear. When the whole of PJ [503], [509]-[519] is brought to account, particularly the critical findings in PJ [514] but also the underpinning findings made earlier in the judgment, this case is reduced to the following:

- (1) The Appellant built up a powerful and extensive reputation over 40 years in ‘*BED BATH N TABLE*’ as its store name in the soft homeware’s market.
- (2) Its reputation and use was *unique*. No other retailer used any of these ordinary English words, separately or together, as part of its store name or external signage.
- (3) The Appellant’s used the words ‘*BED*’ and ‘*BATH*’, as part of its composite name or brand, in an ‘*allusive*’ rather than purely descriptive sense (cf *Hornsby* and *McCain*).
- (4) Consumers’ prior experience of retailers using the words ‘*BED*’ and ‘*BATH*’ was solely as category or navigational descriptors *within* stores.
- (5) The Respondent, with the Appellant’s unique name and brand clearly in mind, appropriated the words ‘*BED*’ and ‘*BATH*’ from the Appellant’s name into its new composite name (House Bed & Bath) to serve a trade mark or branding function: PJ [400]-[405]. It did so as part of an attempt to move into the soft homewares market (its previous attempt having failed: PJ [135]). In doing so, it moved away from its existing cluttered, discount signage look into a new ‘*Hampton’s style*’ get-up, typical of the Appellant (amongst other soft homewares stores).
- (6) The Respondent’s principal, Mr Lew, volunteered that he chose the words ‘*BED & BATH*’, in that order, as opposed to the two other possible alternatives, because they ‘*rolled off the tongue*’. The likely reason that they ‘*roll off the tongue*’ is consumers’ familiarity with those words, in that (unusual) order, as part of the Appellant’s name over 40 years: PJ [175], [242], [514].
- (7) Consumers have an awareness of the concept of brands and sub-brands: PJ [88]-[91]; although none of the examples given indicated a rival trader forming a sub-brand by

taking up part of a competitor's well-known brand.

16. Applying *Self Care* at [80]-[84], in the whole of this context, a reasonable consumer seeing the Respondent's conduct would take from it the meaning which the Appellant had asserted at PJ [496] and [498]: the House B&B stores being opened by the Respondent were associated with, approved by or licensed by the Appellant. To see a substantial part of the store name which they had long associated uniquely with one trade source now incorporated into the name of store selling similar products under a similar get up, with the name performing a similar branding function, and '*rolling off the tongue*' in a similar '*allusive*' manner, conveyed such meaning. That meaning was false.

- 10 17. **Balance of Ground 1:** At AJ [75]-[79] the Full Court upheld ground 2 to that Court (CAB 154). Its essential error, replicated by the Respondent (RS [17], [30]-[45]), is to erect, almost as a rule of law, a proposition that the party who has a long established reputation and use in a *composite name* which incorporates ordinary English words in a particular order and presentation, cannot succeed under the ACL or passing off against a rival trader who moves into the same market for the first time, using a similar get up, while choosing to incorporate *part only* of that composite name into its own name.
18. What the Full Court thought to be '*significant*', namely that the Appellant did not have a separate reputation in part of its name (such as '*BED*' and '*BATH*') is really by the by. The Appellant, as might be expected, took rigorous steps to adhere to the use of its full composite name: PJ [122]. This was appropriate, to build and preserve its reputation in the composite name, for both statutory trade mark and ACL/passing purposes.
- 20 19. That prudent course does not give licence to a rival trader to appropriate a *part* of the name, for the same branding purpose. Rather the enquiry must always be what meaning the reasonable consumer would take from the rival trader's conduct, bringing to bear the powerful reputation and use in the full name which the primary trader has established.

Ground 2

20. Four main points arise. **First**, in what sense did the primary judge find '*wilful blindness*'? (cf RS [52]-[56], [61]-[63]). The findings, at PJ [175(b)], [234], [242], [422], [469], [511]-[514], [536], are that: (1) the Respondent was *aware* of the prominent and successful BBNT brand; (2) the Respondent *borrowed*, or *appropriated*, the words '*BED*' and '*BATH*' from the Appellant's brand; (3) the Respondent adopted the words in the same order as the Appellant because they '*roll off the tongue*', which was the result of the Appellant's 40 years of use of its name; (4) an inference was available that the Respondent perceived a *market benefit* in doing so, namely that it could '*leverage*' off the well-known pairing of
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words, to attract customers that would otherwise have gone to the Appellant, and that such borrowing was *'fitted for [that] purpose and therefore likely to deceive or confuse'* customers; (5) the evidence of Mr Lew and Ms McGann that they chose the words for a solely descriptive purpose was rejected; (6) while they did not positively intend consumers to be deceived by their appropriation, they were wilfully blind to that prospect (as opposed to merely failing to turn their mind to that risk (cf RS [70])). (7) with their evidence rejected, the inference in (4) could be drawn safely.

21. **Second**, why should the *Australian Woollen Mills* inference be available against not just rival traders who *intend*, by their appropriation, to deceive or confuse consumers but also against those who, while not commercially dishonest, *shut their eyes* to the confusion and deception likely to arise from their appropriation (cf RS [57]-[60])? The answer is that the core basis for the inference lies in propositions (1)-(4) above – that is, in the Respondent's *knowing borrowing* of a substantial (and first) part of the Appellant's well-known name; the *perception of market benefit* arising therefrom; and what it says that an experienced trader would so act. Once the alternative explanation at (5) is rejected, any of intention, wilful blindness or recklessness would be sufficient to allow the inference to be drawn.
22. **Third**, the status of the UK and US authorities (cf RS [69]-[70]). The Respondent accepts that in the UK recklessness can found the inference, but suggests its conduct falls below that into a mere *'failed to turn its mind to the risk'*: (RS [70]). The finding at the level of wilful blindness is aggravated from a recklessness finding and would permit the inference in the UK, as here. The United States authorities support the notion that "*intentional blindness*"¹ can be sufficient.
23. **Fourth**, should the inference be confined to a *'borderline case'* (cf RS [64]-[67])? The answer is no. If the inference arises, and is not rebutted, it should be given as much weight as all of the circumstances require. Here (cf RS [65]), once the errors in Ground 1 are established, the inference was deserving of great weight.

Dated: 10 July 2025



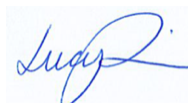
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¹ See for example, *Frehling Enterprises, Inc v International Select Group, Inc.*, 192 F.3d 1330, 1340 (11th Cir. 1999).