

# Self Care IP Holdings v Allergan Australia — “reputation” not relevant in determining trademark infringement under Trade Marks Act, s 120(1)

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## Introduction

On 15 March 2023, the High Court of Australia (Kiefel CJ, Gageler, Gordon, Edelman and Gleeson JJ) handed down its unanimous decision in *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd*.<sup>1</sup> Following an extensive and hard-fought history in the Federal and Full Federal Courts, the decision concerned three primary matters:

- whether, in determining whether a registered trademark was used “as a trade mark” (that is, to designate the origin of the goods to which the mark is applied) for the purposes of s 120(1) of the Trade Marks Act 1995 (Cth) (TMA), a court is entitled to consider the reputation held by the trademark in question (answer: no)
- whether, in determining whether a registered trademark was “deceptively similar” to a pre-existing mark for the purposes of s 120(1) of the TMA, a court is entitled to consider the reputation held by the pre-existing mark (answer: no) and
- whether the appellant, in making various representations about the effect and duration of the effect of its anti-wrinkle cream (marketed by the appellant as INHIBOX) by reference to the respondent’s BOTOX mark, amounted to either misleading or deceptive conduct under s 18 of the Australian Consumer Law<sup>2</sup> (ACL) or a contravention of the prohibition against making false or misleading representations about goods under s 29 of the ACL (answer: no)

While the headline outcome of this decision is the High Court’s clear, helpful and unanimous conclusion on the first two questions, this case note considers all three outcomes and the court’s reasoning in relation to them.

## Key points

### *Reputation and s 120(1) of the Trade Marks Act*

- The role of considering the “reputation” held by a particular mark in the marketplace for the product or service to which that mark is to be applied is relevant at the registration and opposition stage.
- Once a mark has passed the tests contained in the TMA and is entitled to entry on the register of trademarks, there is no further role for the “reputation” of that mark to play in respect of the question of infringement.
- In determining whether another mark infringes on the pre-existing mark under s 120(1) of the TMA (for, for example, being “deceptively similar” to the pre-existing mark), the court must focus solely on the two marks, and evidence of the use or intended use in the marketplace by the owner of the allegedly infringing mark to determine whether the ordinary reasonable consumer would “wonder or be left in doubt about whether the two sets of products . . . come from the same source”.<sup>3</sup>

### *Determining use “as a trade mark”*

- A party’s mere reference to a competitor’s trademark in its own copy or marketing material will not suffice for a finding of “use as a trade mark” per s 120(1).
- Determining use “as a trade mark” requires an examination of the circumstances in which the competitor’s mark is applied. Only where the mark is used in a way to “indicate . . . origin of goods in the user of the sign”<sup>4</sup> is there a use as a trade mark.
- The use of a competitor’s mark to signify some similarity or difference in quality or effect of the good or service in question is not typically considered use of that mark as a trade mark. In *Self*

Care's case, its use of the phrase "Instant Botox® alternative" on the labelling and promotional website for its INHIBOX skin cream invited a comparison between the effects of Allergan's BOTOX product and Self Care's INHIBOX product.

### ***Misleading or deceptive conduct***

- Where one party makes representations about the efficacy of one of its products, such representations will typically be considered about "future matters" and will require a "reasonable basis" to be made (per s 4 of the ACL).
- Makers of such goods ought to have evidence to support the reasonable basis on which any such "efficacy representations" may be made. In Self Care's case, it had conducted clinical trials about the effectiveness of its INHIBOX skin care product.
- In the context of representations about goods or services, there is no substantial difference between ss 18 and 29 of the ACL.<sup>5</sup> Contravention of one will typically lead to a contravention of the other.
- Determining whether a representation about a particular good or services is made and whether it is misleading or deceptive if made is a fact-intensive process that requires a close examination of the conduct in question and whether that conduct would "ha[ve] the tendency to lead . . . the ordinary and reasonable members of the relevant class of persons . . . into error".<sup>6</sup>

### **Factual and procedural background**

Allergan is the owner of the BOTOX word mark (and associated image marks) in class 5 ("goods including pharmaceutical preparations for the treatment of wrinkles") and, relevantly, class 3 ("goods including anti-ageing creams and anti-wrinkle creams"). As Allergan does not use the BOTOX mark on any class 3 goods, its registration of the mark in class 3 was granted on the basis of s 185 of the TMA, as a "defensive" trade mark.

The dispute between Self Care and Allergan centred around two products marketed and sold by Self Care called "PROTOX" and "INHIBOX". Both products were topically-applied creams. PROTOX was marketed as a product designed to "prolong the look of Botox" — it was intended to be used by consumers who already had received Botox injections. INHIBOX, on the other hand, was marketed as an "instant Botox alternative", intended to be used by consumers who wanted the anti-wrinkle benefits of Allergan's BOTOX product, but without incurring the expense or discomfort involved in receiving Botox injections.

A swathe of claims and counter-claims were made by Allergan and Self Care at the trial of the dispute before

Stewart J, including under the TMA and the ACL.<sup>7</sup> Self Care's counter-claim primarily centred around a claim for the cancellation of Allergan's defensive BOTOX trade mark in class 3.

Stewart J ultimately made the following relevant findings at trial:

1. Allergan's claim under s 120(1) that Self Care's PROTOX mark was deceptively similar to, and therefore infringed, their BOTOX mark, was dismissed.
2. Allergan's claim under s 120(1) that Self Care's use of its BOTOX mark in its product packaging and marketing of INHIBOX as an "Instant Botox alternative" amounted to use of BOTOX as a trade mark, was dismissed.
3. Allergan's claim under ss 18 and 29 of the ACL that Self Care's representation that its INHIBOX product was an "instant Botox® alternative" was misleading in that it would last for a period equivalent to BOTOX injections was dismissed.
4. Self Care's counterclaim for removal of Allergan's BOTOX defensive word mark in class 3 was dismissed.

The trial judge's findings enumerated 1, 2 and 3 above were the subject of an appeal by Allergan to the Full Federal Court (Jagot, Lee and Thawley JJ). On these issues, the Full Court found the following:

- PROTOX was deceptively similar to BOTOX and therefore amounted to trade mark infringement pursuant to s 120(1).
- Self Care's use of the phrase "Instant Botox® alternative" on its INHIBOX product amounted to trade mark use and therefore infringement of Allergan's BOTOX mark pursuant to s 120(1).
- Self Care's use of the phrase "Instant Botox® alternative" on its INHIBOX product conveyed the representation that it would last as long as a Botox injection, and that representation was misleading pursuant to ss 18 and 29 of the ACL.

Crucially, on the question of whether the PROTOX mark infringed the BOTOX mark under s 120(1), the Full Court considered it was relevant to consider the reputation that BOTOX had in the marketplace for skin care and cosmetic treatments in determining whether the ordinary reasonable consumer, apprised of knowledge about the reputation held by BOTOX in that market (which by the point of the trial and appeal had become ubiquitous) would be confused about or led to wonder whether there was a trade connection between Allergan's BOTOX product and Self Care's INHIBOX and PROTOX products.<sup>8</sup>

## Role of reputation of existing mark in assessing “deceptive similarity”

The High Court confirmed the seminal principle that when considering “deceptive similarity” under s 120(1) of the TMA, the finder of fact must consider whether the ordinary reasonable consumer in the market for the goods or services in question would be likely to be either deceived into thinking that the product donning the infringing mark had some connection to the product donning the pre-existing mark or confused about whether such a connection existed.<sup>9</sup> In respect of the PROTOX mark, the High Court held that the Full Court erred by considering that the strong reputation held by the BOTOX mark would increase the likelihood that the ordinary reasonable consumer would be deceived into thinking (or confused about whether) there was a trade connection between BOTOX and PROTOX.

In concluding that the reputation of a pre-existing trade mark has no role to play in the inquiry of whether a new mark is “deceptively similar” under s 120(1) of the TMA, the High Court closely examined the “structure and purpose of, and the fundamental principles underpinning, the TMA”, noting that the TMA encourages or requires examination of reputation in the following situations:

- pursuant to s 60 of the TMA, registration of a new mark may be opposed on the basis that another mark has already acquired a reputation in Australia<sup>10</sup>
- pursuant to s 185 of the TMA, a “defensive” trade mark may be registered even where the registrant does not use and has no intention of using that mark in the class in which registration is sought on the basis that “their unauthorised use for quite different goods or services would be likely to mislead the public”
- assessing infringement under s 120(3) of the TMA requires the finder of fact to take into account the extent to which the infringed mark is known within the relevant market of the infringing mark and
- sections 24 and 87 of the TMA provide a mechanism whereby a trade mark may be cancelled on the basis that it has become, as a consequence of developing a ubiquitous reputation in the market, descriptive of the goods or services to which it has been applied

Therefore, the High Court considered that on a proper construction of the TMA, the role of a mark’s reputation must be limited to those inquiries, and not implied into s 120(1).

In support of this conclusion, the court also noted that “[i]f reputation was considered after registration other

than where expressly provided for in the [TMA], the level of protection afforded to that right would vary and be inherently uncertain”.<sup>11</sup> Further, permitting reputation to become part of the inquiry for infringement under s 120(1) “would be a complex exercise . . . [and] leading such evidence would distract from, if not defeat, the well understood and straightforward test which has been the hallmark of infringement actions”.<sup>12</sup>

## “Instant Botox® alternative”

Having set out its conclusions in respect of the reputation question, the High Court went on to consider whether Self Care’s use of the phrase “Instant Botox® alternative” on the packaging of and promotional website for its INHIBOX product amounted to use of the BOTOX mark “as a trade mark” — that is, as a “‘badge of origin’ indicating a connection in the course of trade between goods and the person who applies the mark to the goods”.<sup>13</sup>

In concluding that Self Care’s use of this phrase did not amount to the use of the BOTOX mark as a trade mark, the High Court had reference to the context in which the phrase appeared. The court was influenced by the following factors:

- the use of the phrase alongside two of Self Care’s own badges of origin, namely INHIBOX and FREEZEFRAME and
- the inconsistent sizing and positioning of the phrase on the INHIBOX packaging, as compared to the consistent sizing, positioning and typeface of Self Care’s own INHIBOX and FREEZEFRAME marks<sup>14</sup>

## PROTOX and BOTOX

The High Court went on to consider whether the Full Federal Court erred in deciding that PROTOX was deceptively similar to BOTOX. The court conducted a straightforward application of the principles to determine deceptive similarity, with reference to the two marks themselves and the circumstances in which the PROTOX mark was applied to the products Self Care used it on. In doing so, the High Court stated that “[t]he words are sufficiently different that the notional buyer, allowing for an imperfect recollection of BOTOX, would not confuse the marks or the products they denote.”<sup>15</sup>

In deciding that PROTOX was not deceptively similar to BOTOX, the High Court was also influenced by the circumstances in which Self Care used the PROTOX mark on its products, noting that the packaging and promotional website promoted PROTOX as a product designed to “prolong the look of Botox®” and the fact that Self Care typically used the PROTOX mark in proximity to its own FREEZEFRAME mark.<sup>16</sup>

## Australian Consumer Law, ss 18 and 29 claims

Finally, on the question of whether the phrase “Instant Botox® alternative” conveyed the representation that it would last, after treatment, for a period equivalent to that which would be achieved with treatment by Botox injection (the “long-term efficacy representation”), the High Court first recited the four-step test to determining whether a representation breaches ss 18 and/or 29 of the ACL:

- First, one must identify with precision the “conduct” said to contravene ss 18 and/or 29.
- Second, one must establish that the conduct was in trade or commerce.
- Third, one must establish the meaning of the conduct or representation and
- Fourth, one must determine whether that conduct or representation was “misleading or deceptive or . . . likely to mislead or deceive”.<sup>17</sup>

In so determining whether a representation made to the public at large (as was the case here) is misleading or deceptive, the court confirmed that the third and fourth steps “must be undertaken by reference to the effect or likely effect of the conduct on the ordinary and reasonable members of the relevant class of persons” and that “it is necessary to isolate an ordinary and reasonable “representative member” . . . of that class . . . to objectively attribute characteristics and knowledge to that hypothetical person . . . and to consider the effect or likely effect of the conduct on their state of mind”.<sup>18</sup> Crucially, in this context, the High Court considered that the hypothetical class of persons to whom the “Instant Botox® alternative” phrase was directed would know that Botox is an injectable treatment that must be done by healthcare professionals at a relatively high cost.

In adopting these considerations and applying these tests to the “Instant Botox® alternative” phrase, as it adorned the two types of packaging used by Self Care on the INHIBOX product, the High Court ultimately concluded that:

[I]t is difficult to conceive why the reasonable consumer in the target market would think that a topically self-applied cream obtained from the pharmacy at a relatively low cost and worn in the course of the usual activities of life (including bathing and exercise) would have the same period of efficacy after treatment as an injectable anti-wrinkle treatment that is only available to be administered by healthcare professionals at a higher cost.<sup>19</sup>

## Conclusion

The High Court’s decision will be most oft-cited for its clear and emphatic rejection of the notion that the reputation held by a particular pre-existing trade mark is a relevant consideration in determining whether a new

mark infringes the pre-existing mark on the basis of “deceptive similarity” under s 120(1). However, the significance of the decision should not be overstated. It does not, for example, clarify the position under s 120(2), nor does it subvert the role of reputation that is contained in an examination of conduct infringing s 120(3) of the TMA.

The decision otherwise contains a straightforward but nevertheless useful application of the principles to be applied to determine whether the use of a trade mark is used as a trade mark for the purposes of s 120(1), as well as the principles to be applied to determine whether representations as to the efficacy of particular products made to the public infringe ss 18 and/or 29 of the ACL.



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## Footnotes

1. *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* [2023] HCA 8; BC202301799.
2. Competition and Consumer Act 2010 (Cth), Sch 1.
3. Above n 1, at [32], citing *Registrar of Trade Marks v Woolworths Ltd* (1999) 93 FCR 365; 45 IPR 411; [1999] FCA 1020; BC9904205 at [50].
4. Above n 1, at [60], citing *Coca-Cola Co v All-Fect Distributors Ltd* (1999) 96 FCR 107; 47 IPR 481; [1999] FCA 1721; BC9908103 at [20].
5. Above n 1, at [84].
6. Above n 1, at [82]–[83].
7. *Allergan Australia Pty Ltd v Self Care IP Holdings Pty Ltd* (2020) 156 IPR 413; [2020] FCA 1530; BC202010488.
8. *Allergan Australia Pty Ltd v Self Care IP Holdings Pty Ltd* (2021) 286 FCR 259; 393 ALR 595; [2021] FCAFC 163; BC202108350 at [43].
9. Above n 1, at [26].
10. Above n 1, at [42].
11. Above n 1, at [37].
12. Above n 1, at [48].
13. Above n 1, at [53].
14. Above n 1, at [56]–[57].
15. Above n 1, at [69].
16. Above n 1, at [71].
17. Above n 1, at [80].
18. Above n 1, at [83], citing *Campomar Sociedad, Limitada v Nike International Ltd* (2000) 202 CLR 45; 46 IPR 481; [2000] HCA 12; BC200000767 at [103].
19. Above n 1, at [101].