

Federal Court of Australia
District Registry: Victoria
Division: General

On appeal from the Federal Court of Australia

Progressive Green Pty Ltd (ACN 130 175 343)

Appellant

Flo Energy Australia Pty Ltd (ACN 664 209 330) and another

Respondents

RESPONDENTS' OUTLINE OF SUBMISSIONS ON THE NOTICE OF CONTENTION

These submissions adopt abbreviations used in the judgment (**J**).

Case references use short names, with the full citations in the Table of Cases.

A. Overview

1. The primary judge (**PJ**) engaged in a thorough and considered review of the legal principles and applied them to the facts her Honour found, over the course of 477 paragraphs (*Progressive Green Pty Ltd v Flo Energy Pty Ltd* [2025] FCA 1315 (**J**)). A summary of the PJ's judge's findings is set out at J [14]. The Respondents respectfully agree with, and support, the PJ's ultimate findings. However, to the extent the Appellant (**PG**) is successful in respect of any of the grounds of appeal, the PJ's findings can also be supported on the alternative bases set out in grounds 2, 4 and 6 of the Respondents' Notice of Contention (**NOC**). The Respondents do not press grounds 1, 3 and 5.
2. The key facts are set out in the Respondents' submissions on the Notice of Appeal (**NOA**) (the **RS**).

B. The Notice of Contention

B.1 Exercise of discretion not to cancel the FlowSmart Registration (NOC ground 2)

3. By NOA ground 2, PG contends the PJ erred in dismissing PG's application for cancellation of the FlowSmart Registration under TMA s 88(2)(c). If PG succeeds in making out that ground, the Respondents contend the Court should nonetheless exercise its discretion not to cancel the FlowSmart Registration under s 89.
4. Section 89 provides a discretion not to cancel a registration where a ground is made out under s 88(2)(c) "*if the registered owner of the trade mark satisfies the court that the ground relied on by the applicant has not arisen through any act or fault of the registered owner.*"
5. The discretion is to be exercised as at the date PG filed the application for rectification (*Taylor* at [101], [299]). Here, that is 24 December 2024.
6. None of "*the ground[s] relied upon*" by PG in the ASOC at [14]-[18] refers to any act or fault of any owner of the FlowSmart Registration. Rather, those specified grounds refer to acts by PG itself, relating to its use since 2017 of trade marks including FLOW and FLOW POWER, and contend that PG has developed a reputation in those marks such that the normal and fair use of the FlowSmart Registration as at 24 December 2024 would be likely to cause confusion.
7. As Steward J noted in *Taylor* at [159]:

... s 89(1) addresses the conduct of the proprietor of the mark, rather than that of another person such as an assiduous infringer. It is concerned with a determination as to whether the proprietor's "act or fault" gave rise to the confusion alleged by the person seeking rectification. It is not directed at confusion caused by an assiduous infringer.
8. The following six matters strongly support the conclusion that the discretion under s 89 should be exercised in the Respondents' favour to retain the FlowSmart Registration.

9. *First*, the ground did not arise through any act or fault of the Respondents or their predecessors in title.
10. *Secondly*, the public interest would be adversely affected if the FlowSmart Registration is removed *because* it would reward PG’s deliberate infringement of the prior FlowSmart Registration, and indeed “*it would place a premium on those efforts*” (Taylor at [160]; *Firstmac FC* at [175]; *Murray Goulburn* at 389). While Steward J noted that “*a registered proprietor should not be left with only a discretionary remedy, where that owner’s mark has been knowingly and persistently attacked,*” his Honour also stated that it may “*well be the case that the [assiduous infringer] principle also has a role in an application of s 89(1)*” (Taylor at [160]-[161]).
11. For the reasons set out in the Respondents’ submissions on ground 2 of the Notice of Appeal, this is a case where it is appropriate to characterise PG as an “*assiduous infringer*” of the prior FlowSmart Registration. PG’s asserted grounds for cancellation under s 88(2)(c) are based not only on its use of FLOW POWER, but also upon its use of the unregistered FLOW and Flow Power Logo marks. PG has no defence to infringement of either the unregistered trade mark FLOW or the Flow Power Logo. As her Honour held at J [73] “[*t*he focus on FLOW instead of FLOW POWER is also evident in the way in which the Flow Power Device emphasises the word FLOW in terms of size and prominence”, as depicted at J [2(d)]:



12. Her Honour concluded that PG has used FLOW “*as its primary branding tool*”: J [74].
13. Further, as noted above, the PJ found that PG had sought to develop its reputation in its unregistered mark FLOW rather than its registered trade mark FLOW POWER: J [71]-[73]. PG’s CEO accepted it had been using the word FLOW as a trade mark “*extensively*” in respect of electricity,¹ and knew that this carried a higher risk of infringement of the prior FlowSmart Registration: J [25]-[28], [128]-[129].
14. That is a sufficient basis to characterise PG as an “*assiduous infringer*” of the prior FlowSmart Registration. Further, for the reasons set out below in respect of ground 4, the adoption and use of FLOW POWER was not relevantly honest, contrary to her Honour’s findings at J [124].
15. But even if PG’s adoption of FLOW POWER was honest, its use was inextricably tied up with its infringing and extensive use of FLOW. As noted above, PG “*put energy into promoting FLOW as a prefix, rather than FLOW POWER as a trade mark*”, “*increased its focus upon*

¹ Pt C tab 71, AB3260 - T180.1-5.

FLOW as the key branding concept” and used FLOW “*as its primary branding tool*”: J [71]-[74]. This focus included PG’s use of several FLOW-formative marks including FLOW PRODUCTS, FLOW HOME, FLOW KIT and FLOW BUSINESS² which was similarly infringing as the addition of a non-distinctive, descriptive word to FLOW would not avoid deceptive similarity with FlowSmart (*Firstmac FC* at [51]-[56] and *Firstmac HC* at [31]). Those are not steps that an objectively honest trader would take in the face of the legal advice it had received in February-March 2017: J [25]-[28], [128]-[129]. PG has failed to discharge its onus of proving a state of mind that is honest by “the standards of ordinary, decent people” (*Firstmac HC* at [59]).

16. *Thirdly*, to the extent the unpleaded and newly advanced circumstances at AS [9] can be taken into account on the appeal, prior non-use of FlowSmart is a circumstance that has ceased to exist (*TMR*, sub-reg 8.2(b)): see RS [20]-[32], the Respondents’ use of FlowSmart in correspondence with prospective customers and on the Dashboard showing substantial amounts of kWh usage by various customers.³ Further, the comprehensive nature of the framework for the removal of unused marks in s 92 leaves no work for s 88(2)(c) to perform as a mechanism for removing an allegedly unused trade mark (cf *Murray Goulburn* at 412).
17. *Fourthly*, and relatedly, it would be contrary to the scheme of the TMA for an assignment to be a “relevant circumstance” in this situation and would seriously undermine the commercial value of trade marks as private property.
18. *Fifthly*, there is no challenge to the capacity of FlowSmart to distinguish Flo Holding’s electricity supply services from those of other traders (*TMR*, sub-reg 8.2(c)).
19. *Sixthly*, as the current owner, Flo Holdings has an obvious interest in maintaining the registration of the FlowSmart trade mark to protect its investment and goodwill in that mark (*Campomar* at [42]; *JT International* at [30], [68]).

B.2 PG cannot rely on section 44(3)(b) (ground 4)

20. The primary judge correctly found at J [14(4)(b)] and [452] that it was not appropriate to exercise her *discretion* to retain the Registered Flow Power Marks under s 44(3)(b) in the context of an application for cancellation under s 88(1). However, to the extent PG is successful in demonstrating error (ground 4 of the NOA) in the PJ’s reasoning on this issue, the PJ’s conclusion can be supported on two alternative bases.
21. *First*, the Respondents submit that, contrary to her Honour’s conclusion at J [181], s 44(3)(b) is to be considered at the priority date rather than the time that the discretion falls to be

² Pt C tab 18, AB448 - [27]; tab 18.8; tab 51; tab 52; tab 53.

³ Pt C tab 20, AB1495 - [114]; tab 20.1, AB1558, AB1580-97, AB1618-37; tab 21, AB1639-40 - [8]-[13]; tab 21.1, AB1647-72; tab 25, AB2879-80 - [12]-[16]; tab 25.1, AB2883-903; tab 25.3 (Confidential), AB2928; tab 29; tab 30; tab 31; tab 32; tab 33; tab 34 (Confidential).

exercised (*Firstmac FC* at [61], [87]-[88]): cf J [176]-[182]). Her Honour found the latter, following *Trident FC* and *Bendigo FC*. However, *Trident FC* and *Bendigo FC* were not binding on the PJ because those cases concerned actual, rather than putative oppositions (that is, they were appeals from decisions of the Registrar). As the Full Court emphasised in *Firstmac FC* at [78]-[80], actual registration cases differ from the hypothetical situation in s 122(1)(f) or (fa).

22. That position is supported by the fact that it would be incongruous if the discretion in s 44(3)(b) was to be considered at a different time to the discretion in s 89, which are both considered at the priority date (*Taylor*, [101], [299]); similarly, if the Registrar's satisfaction for the purpose of subsection 44(3)(b) was to be assessed at a different time to subsection (a).
23. Consequently, putting to one side the fact the circumstances in AS [41] were not pleaded, the matters at AS [41] (2), (3), (4), (5) and (7) had not arisen at the priority date.
24. *Secondly*, PG did not plead or particularise that its adoption and use of the Flow Power Marks was honest in relation to its defence under s 44(3)(b): cf J [452]. For that reason, even if PG can establish its use of each of the Flow Power Marks was honest, that use cannot assist it for s 44(3)(b).
25. On 18 March 2025, when it filed its outline of opening submissions in answer at the trial, for the first time, PG contended that a relevant circumstance for the purposes of s 44(3)(b) was that "*Progressive Green acted honestly and with reasonable diligence when adopting the FLOW POWER mark*" (POSA⁴ [5], [80]-[85]). Until that time, honest adoption formed no part of Progressive's pleaded case as set out in paragraph [23A] of the Defence to the Further Amended Cross-Claim.
26. In the context of honest adoption for the purposes of s 44(3)(a), in *Firstmac FC* Perram J recently held at [3] that (citing *Taylor FC* at [198]) (emphasis added):

*it is the party asserting the defence, here the Respondents, who must show that their use was an honest one. The nature of that legal onus of proof carries with it the prospect that the Respondents may fail to show that their use of the word ZipMoney was an honest use without any corresponding finding by the Court that the use was in fact dishonest. **The Court, in other words, must be affirmatively satisfied that the use was an honest one** and its failure to be so satisfied does not necessarily entail that it is affirmatively satisfied that the use was dishonest.*
27. In other words, the onus was on PG to establish honest adoption by way of a positive case and it was incumbent on it to plead the facts, matters and circumstances it relied upon (FCR, r 16.08, 16.41; *Thorp* at 639; *Banque Commerciale* at 286-287).

⁴ Pt C tab 81.

28. Moreover, since the judgment, the High Court has handed down *Firstmac* in which the High Court held at [70] that where a party has knowledge of a prior registration (eg *McCormick*), it is incumbent on the party to lead evidence “*sufficient for a finding that, despite knowing of a material impediment to the legitimate use of the ... marks, ... [the party] nevertheless considered that consumers would experience no confusion.*” (emphasis added)
29. A similar approach was taken by Rofe J in *FanFirm* where her Honour held at [296] that “*Clearly there were people available to the respondent who could have given evidence as to the existence of an honest belief that no confusion would result, if there was such a belief held.*” Her Honour went on to state at [299] “*If such a belief was actually held by anyone, it would have been straightforward for the respondent to lead such evidence. It did not.*” (emphasis added)
30. In the present case, PG’s evidence did not rise that high. Despite the voluminous evidence given by Mr van der Linden, not once did he state that he had an honest belief that no consumer confusion would result, only that he “*was not aware of any use of FlowSmart as a trade mark by EnergyAustralia Pty Ltd.*”⁵ He repeated that assertion in cross-examination.⁶
31. That evidence is irrelevant to the question of honest adoption as it says nothing about the risk of consumer confusion. If Mr van der Linden was convinced the mark was not in use, an honest and reasonable person would have applied to remove the FlowSmart Registration for non-use; or sought to acquire the mark itself: the very point of the non-use period relating back a month is to permit negotiations with the trade mark owner. PG did not do so. Further, that evidence was directly contradicted by PG’s own evidence, which demonstrated that FlowSmart was used by EnergyAustralia in the period 2012-2014,⁷ a time when Mr van der Linden’s evidence is that he was actively participating in what he describes as a “*very niche industry*”.⁸
32. Indeed, to the contrary, Mr van der Linden’s evidence was that “*I did not give any further thought to the FlowSmart Registration in subsequent years, until it was raised in this proceeding.*”⁹
33. As Rofe J held in *FanFirm* at [297], “*It was not incumbent upon the applicant to cross-examine the respondent’s witnesses as to the nature, extent or existence of any such belief, where no evidence was led that anyone at the respondent held such a belief.*”

⁵ Pt C tab 23, AB1846 - [21].

⁶ See eg Pt C tab 71, AB3250 - T170.6-7.

⁷ Pt C tab 22, AB1676-7 - [13]-[17]; tab 22.7; tab 22.8; tab 22.9; tab 22.10.

⁸ Pt C tab 71, AB3252 - T172.18-19.

⁹ Pt C tab 23, AB1846 - [21].

B.3 The ‘461 Mark should be cancelled in its entirety (ground 6)

34. The primary judge correctly found the ‘461 Mark should be cancelled pursuant to s 88(1)(a) on the grounds set out in ss 88(2)(a) and 44 in respect of classes 35, 37 and 39: J [433]. However, the Respondents respectfully submit that at J [434] her Honour erred in leaving the registration undisturbed in relation to the remainder of the services claimed by the ‘461 Mark. The reason is that it is irrelevant that there are some services claimed which are not covered by the prior FlowSmart Registration. As Yates J explained in *Apple* at [232] and [237] a ground of rejection (or opposition) is made out in relation to an entire application, or it is not (see also *Combe International* at [37]-[39]; *Kangaroo Mother* at [144]). It is not partly made out in relation to some goods and services only. If a ground of opposition or rejection is made out, unless there is a discretionary basis pursuant to s 89(1) to do otherwise (which does not apply to PG for the reasons set out in RS [44]), it is not the duty of the Court to carve out parts of the goods and/or services for an applicant.

Date: 20 July 2026

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