

FEDERAL COURT OF AUSTRALIA

Redbubble Ltd v Hells Angels Motorcycle Corporation (Australia) Pty Limited [2024] FCAFC 15

Appeal from: *Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Limited (No 4)* [2022] FCA 190
Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Ltd (No 5) [2022] FCA 837

File number: QUD 282 of 2022

Judgment of: **PERRAM, NICHOLAS, BURLEY, ROFE AND DOWNES JJ**

Date of judgment: 23 February 2024

Catchwords: **CONTRACTS** – construction – scope of releases in settlement agreement – prima facie canon of construction – whether releases apply to proceeding

TRADE MARKS – infringement – trap viewing – extra-territorial application of s 120(1) of the *Trade Marks Act 1995* (Cth) – whether images were available to consumers in the ordinary course of trade – where the Appellant permitted images to be uploaded to and displayed on its website – where such images were displayed as part of a search tool

TRADE MARKS – award and quantification of nominal damages for trade mark infringement – de minimis, trifling or technical infringements – applicability of *de minimis non curat lex* principle of statutory construction

TRADE MARKS – award and quantification of additional damages under s 126(2) of the Act – relevance of quantum of nominal damages already awarded – deterrent effects of additional damages – consideration of Appellant’s content moderation procedures

TRADE MARKS – availability of injunctive relief – prima facie entitlement to final injunctions under s 126(1) of the Act

TRADE MARKS – formulation of injunctions – where injunction restrained use of marks otherwise than as badges of origin – where practical effect of general injunction would require the Appellant to cease trading

- Legislation:
- Copyright Act 1968* (Cth), ss 31, 43A, 43B, 85-88, 111A, 111B
Federal Court of Australia Act 1976 (Cth), ss 37AF(1)(b), 37AG(1)
Patents Act 1990 (Cth), s 13
Trade Marks Act 1995 (Cth), ss 20, 120(1), 122A
Trade Marks Registration Act 1875 (UK)
- Cases cited:
- Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* [2017] FCAFC 56; 124 IPR 264
Anderson v Canaccord Genuity Financial Ltd [2022] NSWSC 58; 161 ACSR 1
Australian Woollen Mills Limited v FS Walton & Co Limited (1937) 58 CLR 641
Burness v Hill [2019] VSCA 94
Calidad Pty Ltd v Seiko Epson Corporation (No 2) [2019] FCAFC 168; 147 IPR 386
CC Wakefield & Co Ld v Purser (1934) 51 RPC 167
Chandrasekaran v Western Sydney Local Health District (t/as Westmead Hospital) [2023] NSWCA 288
Christian v Société Des Produits Nestlé SA (No 2) [2015] FCAFC 153; 115 IPR 421
Coflexip SA v Stolt Comex Seaway MS Ltd [1999] 2 All ER 593
Coflexip SA v Stolt Comex Seaway MS Ltd [2001] RPC 9; 1 All ER 952
Colgate Palmolive Limited v Markwell Finance Limited [1990] RPC 197
Commonwealth of Australia v John Fairfax & Sons Ltd (1980) 147 CLR 39
Creak v Ford Motor Company of Australia Ltd [2023] NSWCA 217
E & J Gallo Winery v Lion Nathan Australia Pty Ltd [2010] HCA 15; 241 CLR 144
Energy Beverages LLC v Cantarella Bros Pty Ltd [2023] FCAFC 44; 170 IPR 281
Estex Clothing Manufacturers Pty Ltd v Ellis & Goldstein Ltd (1967) 116 CLR 254
Evalve v Edwards Lifescience (No 2) [2020] EWHC 513 (Pat); RPC 30
Farnell Electronic Components Pty Ltd v Collector of Customs (1996) 72 FCR 125
Fei Yu trading as Jewels 4 Pools v Beadcrete Pty Ltd [2014] FCAFC 117; 107 IPR 516

Flags 2000 Pty Ltd v Smith [2003] FCA 1067; 59 IPR 191
Futuretronics.com.au Pty Limited v Graphix Labels Pty Ltd (No 2) [2008] FCA 746
General Electric Co (of USA) v General Electric Co Ltd [1972] 1 WLR 729; 2 All ER 507
Goodman Fielder Pte Ltd v Conga Foods Pty Ltd [2021] FCA 307; 157 IPR 468
Grain Pool of Western Australia v Commonwealth [2000] HCA 14; 202 CLR 479
Grant v John Grant & Sons Proprietary Limited (1954) 91 CLR 112
Halal Certification Authority Pty Limited v Flujo Sanguineo Holdings Pty Limited [2023] FCAFC 175
Halal Certification Authority Pty Limited v Scadilone Pty Limited [2014] FCA 614; 107 IPR 23
Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Ltd (No 5) [2022] FCA 837; 168 IPR 217
Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Limited [2019] FCA 355; 140 IPR 172
Hells Angels Motorcycle Corporation (Australia) Pty Ltd v Redbubble Ltd (No 4) [2022] FCA 190; 166 IPR 144
Huawei Technologies Co Ltd v Conversant Wireless Licensing SARL [2020] UKSC 37
Hytera Communications Corporation Limited v Motorola Solutions, Inc. [2019] FCAFC 210
Interlego AG v Croner Trading Pty Limited (1992) 39 FCR 348
International Hair Cosmetics Group Pty Ltd v International Hair Cosmetics Ltd [2011] FCA 339; 218 FCR 398
Jumbunna Coal Mine NL v Victorian Coal Miners Association (1908) 6 CLR 309
London and South Western Railway Co v Blackmore (1870) LR 4 HL 610
Louis Vuitton Malletier SA v Knierum [2004] FCA 1584
Merck KGaA v Merck Sharp & Dohme Corporation [2020] EWHC 1273 (Ch)
Merck Sharp & Dohme Corp v Wyeth LLC (No 4) [2020] FCA 1719; 157 IPR 1
Moorgate Tobacco Co Limited v Philip Morris Limited (No 2) (1984) 156 CLR 414
Murray Goulburn Co-operative Co Ltd v New South Wales Dairy Corporation (1990) 24 FCR 370
Napp Pharmaceutical Holdings Limited v Dr Reddy's Laboratories (UK) Limited [2016] EWHC 1517 (Pat)

Natures Blend Pty Ltd v Nestlé Australia Ltd [2010] FCAFC 117; 87 IPR 464

Navitaire Inc v EasyJet Airline Co Ltd (No 2) [2005] EWHC 282 (Ch); [2006] RPC 4

New South Wales v Stevens [2012] NSWCA 415; 82 NSWLR 106

PKT Technologies Pty Ltd (formerly known as Fairlight.Au Pty Ltd) v Peter Vogel Instruments Pty Ltd [2018] FCA 1587; 135 IPR 463

Playgro Pty Ltd v Playgo Art & Craft Manufactory Ltd [2016] FCA 280; 117 IPR 489

Prior v Lansdowne Press Pty Ltd [1977] VR 65

Proctor v Bayley (1889) 42 Ch D 390

Ravenscroft v Herbert and New English Library Limited [1980] RPC 193

Reid v Commonwealth Bank of Australia [2022] NSWCA 134; 109 NSWLR 149

Roadshow Films Pty Ltd v Telstra Corporation Ltd [2016] FCA 1503; (2016) 248 FCR 178

Sarina v Fairfax Media Publications Pty Ltd [2018] FCAFC 190; 365 ALR 15

Seiko Epson Corporation v Calidad Pty Ltd [2017] FCA 1403; 133 IPR 1

Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd [2023] HCA 8; 97 ALJR 388

Shelfer v City of London Electric Lighting Co [1895] 1 Ch 287

Sporte Leisure Pty Ltd v Paul's International Pty Ltd (No 3) [2010] FCA 1162; 88 IPR 242

Stradford (a pseudonym) v Judge Vasta [2023] FCA 1020

Taylor v Killer Queen, LLC (No 5) [2023] FCA 364; 172 IPR 1

Timpar Nominees Pty Ltd v Archer [2001] WASCA 430

Universal Music Publishing Pty Ltd v Palmer (No 2) [2021] FCA 434; 158 IPR 421

Ward Group Pty Ltd v Brodie & Stone Plc [2005] FCA 471; 143 FCR 479

Wayne V Myers Co Ltd v L E Fields Auto Services Ltd (1954) 71 RPC

Williams v The Queen (1978) 140 CLR 591

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Division:	General Division
Registry:	Queensland
National Practice Area:	Intellectual Property
Sub-area:	Trade Marks
Number of paragraphs:	256
Date of hearing:	9–10 February 2023
Counsel for the Appellant:	Mr R Cobden SC and Ms E Bathurst
Solicitor for the Appellant:	Allens
Counsel for the First Respondent:	Dr D Eliades
Solicitor for the First Respondent:	Broadley Rees Hogan Lawyers
Counsel for the Second Respondent:	The Second Respondent filed a submitting notice save as to costs

ORDERS

QUD 282 of 2022

BETWEEN: **REDBUBBLE LIMITED ACN 119 200 592**
Appellant

AND: **HELLS ANGELS MOTORCYCLE CORPORATION**
(AUSTRALIA) PTY LIMITED ACN 123 059 745
First Respondent

HELLS ANGELS MOTORCYCLE CORPORATION
Second Respondent

AND BETWEEN: **HELLS ANGELS MOTORCYCLE CORPORATION**
(AUSTRALIA) PTY LIMITED ACN 123 059 745
Cross-Appellant

AND: **REDBUBBLE LIMITED ACN 119 200 592**
Cross-Respondent

ORDER MADE BY: **PERRAM, NICHOLAS, BURLEY, ROFE AND DOWNES JJ**

DATE OF ORDER: **23 FEBRUARY 2024**

THE COURT ORDERS THAT:

1. The parties agree a short minute of order giving effect to these reasons within seven days.
2. Pursuant to ss 37AF(1)(b) and 37AG(1)(a) of the *Federal Court of Australia Act 1976* (Cth), until further order of the Court, access to and disclosure (by publication or otherwise) of the reasons for judgment delivered today be restricted to the parties, their legal representatives and the Court.
3. Within seven days, the parties' legal representatives are to confer on any redactions to be proposed to the reasons for judgment and, if the parties are able to agree on the proposed redactions, provide to the Chambers of Justice Downes an agreed form of the reasons for judgment with the proposed redactions highlighted, together with an agreed redacted form of the reasons for judgment that is suitable for publication.
4. In the event the parties are unable to agree on any proposed redactions, within 10 days, the parties' legal representatives are to provide chambers with:

- (a) a version of the reasons for judgment which identifies the redactions which have been agreed and those which are in dispute; and
- (b) a short written submission addressing the areas of disagreement.

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

REASONS FOR JUDGMENT

PERRAM AND DOWNES JJ:

SECTION A: INTRODUCTION

- 1 This appeal concerns the infringement of five registered trade marks. The trial judge found that infringement had occurred, awarded damages including additional damages, and granted declaratory and permanent injunctive relief: *Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Ltd (No 5)* [2022] FCA 837; 168 IPR 217. The question on appeal is whether his Honour erred in doing so.
- 2 The appellant is an Australian company, Redbubble Ltd ('Redbubble'), which through an American subsidiary operates a website, www.redbubble.com. The subsidiary operates the website from servers which are hosted in the United States and carries out its day-to-day management there.
- 3 The website brings together creators of graphic designs who wish to make them available for sale to the public, consumers who wish to print the designs on merchandise (such as T-shirts, caps and mugs), suppliers who produce the merchandise imprinted with the graphic designs and shippers who transport the completed item to the consumer.
- 4 The creators open an account with Redbubble and upload their designs to their account, nominating the products to which the designs may be applied and providing titles, descriptions and 'tags' for the designs. Once that process is complete, creators can make their designs available for sale, at which point Redbubble will cause copies of the designs to be displayed on its website. Each uploaded design is assigned an individual page within the website. Consumers may browse these pages and search for particular designs. Once a design is selected and the appropriate fee paid, the website enables the consumer to have the design printed on the chosen item. Redbubble arranges for a supplier to bring the item into existence with the design printed on it and it is then shipped to the consumer. As at September 2021, there were in excess of 90,000 images per day uploaded to Redbubble's website. The details of Redbubble's business model were addressed in detail in *Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Limited* [2019] FCA 355; 140 IPR 172 ('2019 judgment') at [2]-[5], [164]-[169] and [198]-[247] and adopted in the trial judge's reasons at [27]-[29].

5 The problem with which the appeal is concerned arises when a creator uploads a design which infringes another person's registered trade mark. Redbubble maintains content moderation procedures to detect occurrences of this kind but these systems are neither perfect nor instantaneous.

6 The imperfections in these systems have brought Redbubble into contact with the Hells Angels. The Hells Angels are an international confederation of motorcycle clubs and are arranged into various local charters to which individual members belong. The original club was founded in 1948 in the Fontana/San Bernardino, California area and expanded across California during the 1950s. From about 1961, chapters began to be established overseas and across the United States. In 1966, the members of the club voted to create a non-profit corporation to own, licence and protect Hells Angels' intellectual property. A Californian company known as Hells Angels Motorcycle Corporation is a successor in title to that original entity. We will refer to this entity as **Hells Angels US**. It is the second respondent to the appeal.

7 Hells Angels US is the registered proprietor of five Australian trade marks numbered 526530, 723219, 723463, 1257992 and 1257993. The marks are variously for the words 'Hells Angels' and/or varying images of a skull wearing a winged helmet. The marks are registered in several classes on the register but for the purposes of this appeal only the registrations in class 16 (printed matter) and class 25 (apparel) are relevant. It does not appear to be in dispute that amongst the items upon which Redbubble offers to print designs are items falling within these two classes. The items which are brought into existence through the actions of Redbubble also bear its own Redbubble trade marks usually by way of a swing tag. This trade mark is also relevantly registered in classes 16 and 25.

8 Hells Angels US has entered into an exclusive licence to use the five trade marks in Australia with the first respondent to the appeal, an Australian company known as Hells Angels Motorcycle Corporation (Australia) Pty Limited. We will refer to this entity as **Hells Angels Australia**. Largely it is not necessary to distinguish these entities and we will refer to them together as Hells Angels except where it is necessary to do otherwise.

9 Briefly, the cause of the litigation is that various third parties have uploaded designs to the Redbubble website which contain images including the words 'Hells Angels' and/or a skull wearing a winged helmet.

- 10 At trial, Hells Angels sued Redbubble for trade mark infringement and was successful. By s 120(1) of the *Trade Marks Act 1995* (Cth) ('the Act') '[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 registered trade mark in relation to goods or services in respect of which the trade mark is registered'. The trial judge found each element of s 120(1) had been engaged.
- 11 There were three steps in his Honour's reasoning. First, his Honour found that third parties had uploaded designs to Redbubble's website which had features that were 'substantially identical with, or deceptively similar to' one or more of the five trade marks. The various designs were present on Redbubble's website for differing periods of time ranging from one day to about a year. There were eleven designs in all.
- 12 At trial, Hells Angels tendered screenshots of each of these eleven designs taken from Redbubble's website. These screenshots require some explanation. The website operates in such a way that the designs can be made to appear on merchandise on the user's device. However, these images are computer-generated and do not entail the existence of any actual merchandise. The screenshots were therefore of these depictions of the designs on a range of virtual merchandise such as T-shirts, coasters and face masks. In some cases, there were in fact trap purchases of merchandise bearing the designs. In those cases, the examples included not only a screenshot of the design on the virtual merchandise but also photographs of actual merchandise that had been delivered bearing the design (and including, in some cases, Redbubble's own swing tags).
- 13 The depictions of these designs were referred to by the trial judge as Examples 1 to 11 and his Honour annexed a set of these images as Attachments C and D to his reasons. Redbubble does not contest the trial judge's conclusions that the various insignia depicted in Examples 1 to 11 were, in various ways, substantially identical with or deceptively similar to the five trade marks.
- 14 Secondly, the trial judge concluded that the presence of the designs on Redbubble's website meant that Redbubble had used Examples 1 to 11 as trade marks in relation to the supply of goods or services within classes 16 and 25. In relation to Examples 1 to 7, this conclusion is not challenged on appeal.
- 15 In relation to Examples 8 to 11, the finding is challenged but only on a limited basis. Redbubble submits that these were only present on its website for short periods of time before they were

taken down and that considerable industry was necessary for anyone to locate them. Thus, it is said that they were not available on its website in the ordinary course of its business.

16 Thirdly, his Honour found that Examples 1 to 11 had been used in relation to goods, being the merchandise that Redbubble offered to supply. Not every example resulted in the supply of such an item in Australia but some did (although all of these resulted from trap purchases). It does not appear to be in dispute that these items included printed matter within class 16 and apparel falling within class 25.

17 Having found infringement, the trial judge awarded nominal damages of \$8,250 and additional damages of \$70,000, and granted declaratory and permanent injunctive relief. Redbubble appeals from the orders giving effect to these conclusions.

18 There is an additional element to the appeal which has nothing to do with the trade marks. Redbubble owns an American entity, TP Apparel, LLC ('TP Apparel'), which conducts an online marketplace called TeePublic. Hells Angels US had earlier made complaints to TP Apparel that its conduct of that marketplace infringed its copyright and trade marks. These complaints resulted in a settlement agreement containing a release by Hells Angels US which in terms bound Hells Angels Australia in favour of a number of entities including TP Apparel and its parent Redbubble. The settlement agreement post-dated the appearance of Examples 1 to 7 on Redbubble's website but preceded the appearance of Examples 8 to 11.

19 Prior to the trial of the trade mark allegations on the re-opened case, Redbubble had contended that it was entitled to rely upon this release as a complete answer to the claims insofar as they were based on Examples 1 to 7. That contention was tried separately before the hearing of the trade mark claims. A different judge, Jagot J, concluded that properly construed the settlement agreement did not release Hells Angels Australia's claims in relation to Examples 1 to 7 since they were unrelated to the dispute about the TeePublic website. Redbubble appeals from the orders giving effect to that conclusion: *Hells Angels Motorcycle Corporation (Australia) Pty Ltd v Redbubble Ltd (No 4)* [2022] FCA 190; 166 IPR 144.

20 For the reasons which follow, we conclude that Redbubble's challenge to Jagot J's conclusion that the settlement agreement was not an answer to the case on Examples 1 to 7 should fail. We would also dismiss its appeal in relation to Examples 8 to 11 because the appearance of these examples on its website occurred in the ordinary course of its trade.

- 21 Turning to relief, in our view, whilst the trial judge was correct to award nominal damages, his Honour's discretion miscarried in awarding the sum of \$8,250 which could not be nominal. We would award nominal damages of \$100. We do not accept Redbubble's submission that the infringements were de minimis but, even if we did, it would not affect our conclusion that the trial judge did not err in awarding nominal damages even if his Honour erred in his assessment of what was nominal.
- 22 His Honour's discretion to award additional damages also miscarried since it was marred by his award of \$8,250 in nominal damages. The question of what an appropriate award of additional damages would be had to take as its starting point the damages which had actually been awarded and to which the word 'additional' was apposite. Once a sum which was not lawful was selected as this starting point, the discretion to award additional damages could not but miscarry.
- 23 The trial judge's conclusion that Hells Angels Australia was in principle entitled to a permanent injunction did not involve any error but his Honour's formulation of the two injunctions his Honour did grant involved two errors: first, the injunctions restrained Redbubble from using signs substantially identical with or deceptively similar to the marks even where they were not being used as a badge of origin; that is to say, they restrained (in their breadth) conduct which did not involve trade mark use; and secondly, the injunctions assumed that Redbubble could continue to operate its website but their practical effect was to require Redbubble to cease doing so. The injunctions therefore permitted in form what in substance they forbade.
- 24 On the reframing of the injunctions, we are not persuaded that any injunction should in fact be granted. An injunction restraining Redbubble from infringing the trade marks would have the effect of restraining Redbubble from operating its website. Such a result would be grossly disproportionate where Hells Angels Australia has suffered no loss. Other possible forms of injunction are not appropriate for various other reasons. We would therefore decline to grant a final injunction.
- 25 The trial judge's exercise of his discretion to grant declaratory relief also miscarried. The form of the declarations was erroneous because it declared to be infringements uses by Redbubble of the marks other than as badges of origin. In the exercise of our discretion, we would not grant declaratory relief where nominal damages have already been awarded.

26 The appeal from the orders of the trial judge should therefore be allowed, the orders made at first instance set aside and in lieu thereof there should be judgment for Hells Angels Australia in the sum of \$100. The appeal from the orders of Jagot J should be dismissed. Hells Angels' cross-appeal in relation to the costs orders made by the trial judge should also be dismissed.

27 We deal with these various matters as follows: Section B deals with Redbubble's challenge to Jagot J's conclusion that the settlement agreement was not an answer to Examples 1 to 7; Section C examines its submission that Examples 8 to 11 did not involve any infringement; Section D considers whether the trial judge erred in concluding that an award of nominal damages was appropriate; Section E then assesses whether it was appropriate to award \$8,250 in nominal damages; Section F examines the question of additional damages; Section G deals with whether the trial judge erred in concluding that it was appropriate to grant final injunctive relief; Section H deals with the terms of an appropriate injunction; and Section I then examines the question of declaratory relief. In Section J, we reach conclusions on the disposition of the appeal (and the cross-appeal).

SECTION B: THE SETTLEMENT AGREEMENT

28 When Hells Angels Australia commenced its proceeding, it initially litigated on the basis of Examples 1 to 7. That suit was commenced in 2020. After it was commenced, the settlement agreement came into effect on 24 May 2021. Hells Angels Australia's claims in relation to Examples 1 to 7 therefore predated the settlement agreement.

29 By this stage, the trial of the substantive proceeding had been fixed for hearing before the trial judge on 12 and 13 July 2021. It proceeded on those days, at the conclusion of which his Honour reserved judgment. A few weeks after this occurred, Hells Angels Australia through its Australian trade mark officer discovered Examples 8 to 11 on the Redbubble website (following a tip-off from Slovenia). It successfully applied to re-open its case to add these examples to its claims on 8 September 2021. Although leave to re-open was granted on that day, the actual hearing of the re-opened case did not take place until 7 and 8 April 2022.

30 Meanwhile, in a Further Amended Defence filed on 2 December 2021 Redbubble now pleaded that the claim in relation to Examples 1 to 7 could not be maintained because those claims fell within a release contained in the terms of the settlement agreement. This question was then separated from the infringement proceeding and determined by Jagot J. Her Honour heard argument on 15 February 2022 and determined on 8 March 2022 that Hells Angels Australia's claims in relation to Examples 1 to 7 were not subject to the release in the settlement agreement.

31 The resumed hearing on Examples 8 to 11 then took place on 7 and 8 April 2022. Because those infringement claims post-dated the settlement agreement, Redbubble did not suggest that they were subject to the release it contained.

32 This constellation of procedural events has meant that Examples 1 to 7, on the one hand, and Examples 8 to 11, on the other, have a different focus in Redbubble's submissions. In relation to Examples 1 to 7, it accepts on appeal (as it accepted at trial) that there was infringement but argues that the suit is not maintainable in light of the release contained in the settlement agreement. In relation to Examples 8 to 11, it submits that there was no infringement. In both cases it submits that no relief should, in any event, be granted.

33 The first question then is whether Jagot J was correct to conclude that the settlement agreement did not bar Hells Angels Australia from bringing the claim in relation to Examples 1 to 7. Redbubble's contention is raised by grounds 9, 10, 11 and 12 of the Notice of Appeal.

34 The settlement agreement concerned a dispute which was unrelated to Redbubble's operation of its website. The principal parties to the settlement agreement were TP Apparel and Hells Angels US. TP Apparel conducted an online marketplace at www.teepublic.com and Hells Angels US had complained that its conduct of that website had infringed its intellectual property rights. From the terms of the settlement agreement it is evident that the rights in question were not only those attaching to a number of US trade marks but also to the five Australian marks (or the international registrations on which they were based). This dispute was settled on the basis that TP Apparel would introduce a particular kind of content moderation for the website www.teepublic.com and would pay Hells Angels US\$1,500. It is not in dispute that the settlement agreement also provided for a release by Hells Angels US of TP Apparel from any further liability arising from the dispute about the online marketplace at www.teepublic.com: cl 1(a).

35 In 2018, before the execution of the settlement agreement, Redbubble had acquired TP Apparel and had therefore become TP Apparel's parent company. The manner in which the settlement agreement was drawn has the consequence that Redbubble is a party to it. This flows from the opening words of the agreement which record that it was 'entered into by and between TP Apparel, LLC dba Teepublic and its corporate parent and affiliates ("TP") on the one hand, and Hells Angels Motorcycle Corporation ("HA")' (where 'dba' means 'doing business as'). The release Redbubble now relies upon is contained in cl 1(a). The terms of that release record that Hells Angels US not only gave the release on its own behalf but also on behalf of its licensees.

It is not in dispute that the release bound Hells Angels Australia since it was Hells Angels US's licensee of the five trade marks.

36 Hells Angels Australia therefore accepts that the settlement agreement is competent to bring about a contractual release of its rights against Redbubble. The debate between the parties turns instead on the identification of the liabilities which cl 1(a) released. The full text of cl 1(a) appears in the reasons of Jagot J at [18]. The relevant portion releases Redbubble from all actions that Hells Angels Australia may have had against it as at 24 May 2021 if those actions can be said to be such that they are '*arising from or related to the Disputes or any other matter*'.

37 The question is the meaning to be attributed to the expressions '*the Disputes*' and '*any other matter*'. As to the meaning of '*the Disputes*', these are defined in the three recitals to the settlement agreement in a way which defines them as '*including*' certain disputes disclosed in identified correspondence passing between the parties. As will be seen, the dispute about the presence of Examples 1 to 7 on Redbubble's website at www.redbubble.com is not the subject of that correspondence which is instead only about the operation by TP Apparel of its website www.teepublic.com. However, the use of the word '*including*' in the definition of '*the Disputes*' is open-ended and literally extends beyond the disputes disclosed in the identified correspondence to any other dispute between the parties. In this sense, the definition of '*the Disputes*' is expressed in general terms. As to the meaning of '*any other matter*', the same observation may be made. Consequently, the release granted by cl 1(a) is expressed in general terms.

38 It is not in dispute that there is a prima facie presumption at common law that general words in a release are construed as being limited to the matters which were specifically in the contemplation of the parties at the time the release was given: *London and South Western Railway Co v Blackmore* (1870) LR 4 HL 610 at 623 per Lord Westbury ('The general words in a release are limited always to that thing or those things which were specially in the contemplation of the parties at the time when the release was given'); *Grant v John Grant & Sons Proprietary Limited* (1954) 91 CLR 112 ('*Grant*') at 123-124 and 131 per Dixon CJ, Fullagar, Kitto and Taylor JJ ('The question depends primarily on the application of the prima facie canon of construction qualifying the general words of release by reference to particular matters which recitals show to be the occasion of the instrument'). A similar principle existed in equity. Where a party sought to rely upon the general words of a release, equity would consider whether such reliance would be unconscientious given the 'true purpose of the

transaction as ascertained from the nature of the instrument and the surrounding circumstances including the state of knowledge of the respective parties concerning the existence, character and extent of the liability in question and the actual intention of the releasor’: *Grant* at 125, 129-130; *Sarina v Fairfax Media Publications Pty Ltd* [2018] FCAFC 190; 365 ALR 15 at [20] per Rares, Markovic and Bromwich JJ. Whilst this establishes that evidence of subjective intention could be considered in equity but not at law (see, eg, *Reid v Commonwealth Bank of Australia* [2022] NSWCA 134; 109 NSWLR 149 (‘*Reid*’) at [34] per Leeming JA, Bell CJ agreeing), there is perhaps a debate as to how such evidence is to enter the analysis in equity. If the construction exercise is to be the same at law and in equity, the operation of the parol evidence rule would mean that evidence of subjective intention would only become relevant when assessing whether reliance on the objectively construed words of the release was unconscionable: see Justice Mark Leeming, ‘Subjective Intention in the Law of Contract – Its Role and Limits’ (Current Legal Issues Seminar Series, Brisbane, 1 June 2023) at pp 15-16; *Reid* at [43]-[44] per Leeming JA, Bell CJ agreeing; Herzfeld P and Prince T, *Interpretation* (2nd ed, Thomson Reuters, 2020) at p 632. However, there is appellate authority to the effect that a party’s subjective intention could inform the construction of a release: see, eg, *Burness v Hill* [2019] VSCA 94 at [78] per Kaye, McLeish and Hargrave JJA. In any event, in this case the question is of no importance since, as will be seen, all of the evidence on the question of intention was of the objective kind receivable at law.

39 The correspondence referred to in the recitals was in evidence before Jagot J. It was evident from that correspondence that the dispute the parties were resolving in the settlement agreement related to two cease and desist letters sent by Hells Angels US to TP Apparel. The first letter alleged that there were at least 38 items for sale at www.teepublic.com which infringed Hells Angels US’s rights. The second letter alleged that there were at least a further 315 such items on the website. TP Apparel’s response related to these items. Further correspondence between the parties likewise only concerned the operation of the online marketplace at www.teepublic.com.

40 The terms of the settlement agreement also indicate that the dispute between the parties concerned the operation of that website. Thus cl 3 dealt with proactive moderation by TP Apparel of that website, and by cl 4 Hells Angels US promised to notify TP Apparel if it became aware of any unauthorised use of its intellectual property on the same website.

41 Justice Jagot concluded that the dispute between Redbubble and Hells Angels Australia about the presence of Examples 1 to 7 on Redbubble's website at www.redbubble.com was not in the contemplation of the parties at the time of the settlement agreement. Consequently, cl 1(a) did not operate to afford Redbubble a defence to Hells Angels Australia's claims about Examples 1 to 7.

42 This conclusion was as orthodox as it is self-evidently correct. In this Court, Redbubble rehearsed the submissions it made to Jagot J about this, which were to the effect, in substance, that cl 1(a) literally applied to the present claim because that is what it said. So much may be accepted. Redbubble is a party to the settlement agreement; the release in cl 1(a) does bind Hells Angels Australia; the five Australian trade marks are part of the intellectual property covered by the settlement agreement; and the terms of the release are, if read literally, wide enough to encompass Hells Angels Australia's claims in relation to the presence of Examples 1 to 7 on the website conducted by Redbubble at www.redbubble.com.

43 However, this is not the question. The prima facie canon of construction takes the width of the release as its point of departure. Thus, Redbubble's submission that the release is broad is beside the point. The correct question is whether the dispute about Examples 1 to 7 was in the contemplation of the parties, objectively determined, at the time that the release was given.

44 The evidence before Jagot J was entirely against the conclusion that Redbubble seeks. It is obvious that the parties to the settlement agreement had in their contemplation only a dispute about the website www.teepublic.com. We would therefore reject Redbubble's challenge to her Honour's conclusion that the release could not be pleaded in answer to the claims in relation to Examples 1 to 7.

SECTION C: DID EXAMPLES 8 TO 11 INVOLVE INFRINGEMENT? (GROUND 2)

45 There is no dispute that Examples 8 to 11 are substantially identical with or deceptively similar to the trade marks in suit. Thus, for Hells Angels Australia to succeed at trial it was, in principle, only necessary for it to establish for the purposes of s 120(1) that Redbubble had used each of Examples 8 to 11 as a trade mark. It proved this by demonstrating that the trade marks officer of Hells Angels Australia, Mr Hansen, had viewed each of Examples 8 to 11. It did not succeed in demonstrating that any other person had ever viewed them in Australia and the trial judge accepted that it was in fact only Mr Hansen who had done so. Even though Mr Hansen viewed the images depicted in Examples 8 to 11, he did not place any orders for merchandise bearing these images although, as already noted, he did take a screenshot of each.

As we have already observed, the servers on which Redbubble’s website is hosted are located in the United States. It may be accepted that although directed to the world at large rather than any specific nation, the website is intended to be accessed by persons in Australia and, indeed, for persons in Australia to purchase merchandise through the website.

46 At trial, Redbubble did not submit that the trial judge should have concluded from the fact that the website was hosted from servers located in the United States that there could be no trade mark infringement in Australia if no one in Australia, apart from Mr Hansen, had ever viewed the images depicted in Examples 8 to 11. Even so, it sought on appeal to advance this proposition in ground 1 of its Notice of Appeal. Leave was necessary for this course to be pursued but Redbubble declined to seek that leave. During the hearing of the appeal Ground 1 was abandoned. It is nevertheless useful, however, to say something about the point although we need not reach any conclusions about it.

47 The judgment under appeal is the second proceeding in which Hells Angels Australia has successfully sued Redbubble for trade mark infringement, with the first resulting in the 2019 judgment. In the first trial, the trial judge found at [469] that ‘[t]he *capacity* to engage, in Australia, through the website, as Mr Hansen did, constitutes use in Australia by Redbubble’ (our emphasis). It is not clear from the record of the first trial whether the images involved in that case had been downloaded by persons in Australia other than Mr Hansen. But in the case of Examples 8 to 11 the trial judge found that the images had not been viewed in Australia by anyone apart from Mr Hansen.

48 For the reasons which follow, to the extent that [469] of the 2019 judgment deals with the situation disclosed by Examples 8 to 11, we would reserve the correctness of that statement for a case where it is directly raised.

49 There are at least three questions which would need to be determined if that issue were to be raised.

50 First, it would be necessary to examine the legal mechanism which explains why a trap viewing (i.e., that which precedes a trap purchase) does not itself directly involve an infringement. In *Ward Group Pty Ltd v Brodie & Stone Plc* [2005] FCA 471; 143 FCR 479 (*‘Ward’*) Merkel J relied at [54] on the former s 123(1) (trade mark applied to goods by or with consent of owner) to reach the conclusion that a trap purchase did not in itself involve an infringement, but that provision has since been repealed and replaced and can no longer serve the purpose to which

Merkel J put it. It is likely that the new s 122A (exhaustion of trade mark rights), which replaced the former s 123(1), cannot be pressed into service to achieve that purpose either, although we would at this stage express no concluded view about this.

51 It is perhaps more likely, contrary to the views of Merkel J in *Ward* at [46], that the provision of images to a trap viewer by way of download from a website will constitute an authorised use for the purposes of s 8(1) ('A person is an **authorised user** of a trade mark if the person uses the trade mark in relation to goods or services under the control of the owner of the trade mark' (emphasis in original)). If so, then *some* of Redbubble's actions in providing to Mr Hansen the images in Examples 8 to 11 may have been an authorised use within s 8(1) since it was Mr Hansen who was in control of the application of the images to the virtual merchandise displayed on the website. If that were so, Redbubble would have been entitled to use the images under s 26(1)(a) ('the authorised user may use the trade mark in relation to the goods and/or services in respect of which the trade mark is registered...') and therefore Redbubble would have been authorised by the Act to do most of what it did in the case of Mr Hansen. If authorised by the Act, s 122(1)(e) means that the provision of the images to Mr Hansen cannot have involved an infringement for there will be no infringement where 'the person exercises a right to use a trade mark given to the person under this Act'.

52 However, these matters have not been argued. The question of whether a trap viewing of an overseas website can in itself constitute an infringement therefore need not be determined. As it happens, any assessment of this proposition is likely to be highly dependent on the particular facts. We emphasised above that these arguments may apply to *some* of Mr Hansen's activities, but not all. For example, the website includes a display function called a 'carousel'. On each design's individual webpage, several carousels appear, displaying designs which are related in some way to the design at hand. The user can then browse and access those other designs directly from that webpage. In this case, Examples 9 and 11 were suggested to Mr Hansen by the website's carousel function following his discovery of Examples 8 and 10. Whilst one may perhaps see the viewing of Examples 8 and 10 as having taken place under the control of Mr Hansen, it may be rather hard to see the initial and unprompted supply to Mr Hansen of the images in Examples 9 and 11 as having that quality.

53 We would note that Hells Angels' pleading is likely sufficiently broad to catch the appearances of Examples 9 and 11 on the carousel and its submissions at trial did draw a distinction between

the images which Mr Hansen found by himself and those which were suggested to him by the carousel.

54 The second issue which would need to be assessed would be the geographical reach of s 120(1). This is largely uncontroversial. Section 120(1) does not have an extra-territorial operation and the use of a trade mark to which it refers is to be understood as a reference to the use of a trade mark in Australia. A statute is presumed not to have an extra-territorial operation unless its terms show that the legislature intended it to do so: *Jumbunna Coal Mine NL v Victorian Coal Miners Association* (1908) 6 CLR 309 at 363 per O'Connor J. That principle has been applied to the Act: *Playgro Pty Ltd v Playgo Art & Craft Manufactory Ltd* [2016] FCA 280; 117 IPR 489 ('*Playgro*') at [121] per Moshinsky J; *Taylor v Killer Queen, LLC (No 5)* [2023] FCA 364; 172 IPR 1 ('*Taylor v Killer Queen*') at [278] per Markovic J; *PKT Technologies Pty Ltd (formerly known as Fairlight.Au Pty Ltd) v Peter Vogel Instruments Pty Ltd* [2018] FCA 1587; 135 IPR 463 at [137] per Nicholas J.

55 The Act does not evince such an intention. To the contrary, s 4 explicitly identifies the external territories to which the Act is to apply and, significantly, omits reference to the Australian Antarctic Territory, the Territory of Heard Island and McDonald Islands, the Territory of Ashmore and Cartier Islands and the Coral Sea Islands Territory. The extra-territorial application of the Act is inconsistent with the excision of these external territories from the Act's territorial reach.

56 Section 120(1) does not therefore apply to the use of a trade mark which takes place outside the territorial confines of Australia.

57 The third issue is whether there could be trade mark use in Australia if the images involved have never been viewed in Australia by anyone apart from a trap viewer (assuming here that a trap viewing cannot itself constitute an infringement). It has been accepted that a website directed at Australia will involve trade mark use in Australia where an image is downloaded in Australia: *Ward* at [43] (in obiter); *Christian v Société Des Produits Nestlé SA (No 2)* [2015] FCAFC 153; 115 IPR 421 ('*Christian*') at [78] per Bennett, Katzmann and Davies JJ; *Taylor v Killer Queen* at [283] per Markovic J; *International Hair Cosmetics Group Pty Ltd v International Hair Cosmetics Ltd* [2011] FCA 339; 218 FCR 398 at [47] per Logan J; *Playgro* at [141] per Moshinsky J.

58 In *Christian* the Full Court found at [78]-[79] that there had been trade mark use in Australia in relation to the first A-SASHI mark but this conclusion was based on trap viewings and it may be that the Court in that case overlooked the fact that the use it identified may not have constituted an infringement. Indeed, at the time of *Christian* the former version of s 123 remained in place and the reasoning of Merkel J in *Ward* supported the idea that a trap viewing could not constitute use of a mark in Australia.

59 More recently, the Full Court (comprised of Yates, Stewart and Rofe JJ) in *Energy Beverages LLC v Cantarella Bros Pty Ltd* [2023] FCAFC 44; 170 IPR 281 (*‘Energy Beverages’*) dealt with a case where a commercial using a trade mark was available on Facebook and YouTube. It declined to infer that the commercial had been viewed in Australia during the non-use period merely because an emoji and a comment had been posted to those pages. The Court at [76] cited *Ward* and *Christian* for the proposition that ‘[u]nder existing authority, which has not been challenged in the present application, the mere uploading of trade mark content on a website outside Australia is not sufficient to constitute use of the trade mark in Australia’. Consequently, it concluded that the attempt to establish use of the trade mark during the non-use period failed.

60 *Energy Beverages* does not address the situation which arises in this case. As we shortly explain, Redbubble, in the ordinary course of its business, used its website to offer for sale in Australia goods on which it also offered, if desired, to print the images depicted in Examples 8 to 11. The present challenge is how to reconcile that proposition which appears self-evidently to involve trade mark use in Australia with the geographical limitations inherent in s 120(1). In a bricks and mortar store situated in Australia, an argument that the trader had not offered goods for sale in the ordinary course of its business because no consumers ever actually looked at the shelves where the goods were located would be hopeless. But this is not self-evidently so where one is dealing with an overseas website directed to the world at large (including Australia) which is never actually viewed in Australia.

61 There can be trade mark use in Australia by an overseas manufacturer who ‘projects into the course of trade in this country’ goods bearing the relevant mark: *Estex Clothing Manufacturers Pty Ltd v Ellis & Goldstein Ltd* (1967) 116 CLR 254 (*‘Estex’*) at 271. *Estex* was an application to remove the EASTEX trade mark from the register on the grounds of non-use. The High Court held that an overseas manufacturer of women’s clothing who sold its goods overseas to retailers for re-sale, including Australian retailers, used its trade mark in Australia. It rejected

the notion that the manufacturer had to sell the goods in Australia and it was in that context that the above statement that it is sufficient if the trader ‘projects’ the goods in the course of trade in Australia was made. That principle has been applied more than once but, as in *Estex*, in each case there was a threshold requirement that there be an actual trade or offer to trade in the goods in Australia: *Moorgate Tobacco Co Limited v Philip Morris Limited (No 2)* (1984) 156 CLR 414 at 433-4 per Deane J; *E & J Gallo Winery v Lion Nathan Australia Pty Ltd* [2010] HCA 15; 241 CLR 144 at [52] per French CJ, Gummow, Crennan and Bell JJ; *Accor Australia & New Zealand Hospitality Pty Ltd v Liv Pty Ltd* [2017] FCAFC 56; 124 IPR 264 at [167] per Greenwood, Besanko and Katzmann JJ.

62 The principle has also been applied in an infringement context by Moshinsky J in *Playgro* at [139]. However, in that case, as in *Estex*, there was an Australian trade in the goods, even though they had been sold – and title passed – overseas. The question of whether mere overseas projection without a local trade in the goods can amount to trade mark use in Australia is, in our view, a question of considerable difficulty. It is made potentially more complex in this case because although the website is hosted from servers in the United States there is no doubt that Redbubble conducts business in Australia. The difficulty is that that business does not appear to have involved, in the case of Examples 8 to 11, any more than projection into the Australian market without any consequent trade in goods bearing the marks. An important question is whether the necessary geographical nexus for use of a trade mark in Australia can be established by the mere fact that the trader is engaged in trade in Australia albeit not in relation to the infringing trade mark. The answers to these questions are not self-evident.

63 On the current state of the authorities, we regard the matter as undetermined. At no point in either of the trial judge’s decisions does his Honour traverse these issues. We would therefore not read [469] of the 2019 judgment as resolving them.

64 As finally pressed in this Court, Redbubble’s submission about Examples 8 to 11 was confined to the question of whether the trial judge was correct to conclude that the images were available to consumers in the ordinary course of trade. For the reasons we have just given, this does not include any consideration of whether the ordinary course of that trade had an Australian element to it. Thus in the way this appeal has been presented, the answer to this difficult question has been assumed to be that an overseas website projecting to the world at large (including Australia) is sufficient and the debate has been, rather, whether the projection which occurred is in the ordinary course of Redbubble’s business.

65 At trial Redbubble contended that the difficulties involved in locating the images depicted in Examples 8 to 11 and the brevity of the period during which they were actually visible on the website entailed that no ordinary consumer would ever have found them. In making this submission Redbubble was tracking a similar and successful submission made to Merkel J in *Ward*. That case concerned the sale of the Restoria hair product, a product designed to conceal the ravages of age in men. The owner of the Restoria trade marks in the United Kingdom was different to the owner of the marks in Australia. Products bearing the UK Restoria trade marks were available for purchase on UK websites directed to the world at large. The owner of the Australian trade marks caused trap purchases of the product to be made through those websites and imported into Australia.

66 As in this case, the applicant sought to demonstrate that the trap purchases were evidence from which inferences could be drawn about what the website proprietors did in the ordinary course of their trade. This was an orthodox use of evidence about trap purchases: *CC Wakefield & Co Ld v Purser* (1934) 51 RPC 167 at 171 per Farwell J. But as that case shows, the circumstances of a trap purchase can sometimes make it inappropriate to draw such an inference. It was that principle that the Court applied in *Ward*. It declined to draw the inference sought by the plaintiff because it accepted two evidentiary propositions advanced by the respondents. The first of these was that it was unlikely that Australian consumers would seek to purchase the UK Restoria products because the Australian version was readily available for purchase in a large number of retail outlets in Australia and on the applicant's Australian websites. The second was that the UK product was more expensive than the Australian product and its purchase from the UK website would involve additional postage costs. The thrust of the defendant's contention was that these economic matters meant that Australian purchases from the UK websites were very unlikely to occur.

67 Thus, whilst the Court accepted that there had been trap purchases from the UK websites it did not accept that one could conclude from these purchases that the products were being sold in Australia in the ordinary course of the various website proprietors' businesses. As Merkel J put it at [28], there was 'no reason to expect that sales in Australia were likely to occur'.

68 Redbubble's current submission is similar in its thinking and design to this finding. It submits that whilst Mr Hansen did view Examples 8 to 11 on its website, the circumstances of his doing so were not such as to provide a proper basis for an inference that Redbubble was making the

images depicted in Examples 8 to 11 available to consumers in the ordinary course of its business.

69 The trial judge was not disposed to accept this as a matter of fact. His Honour accepted that the evidence established that Examples 8 to 11 were initially identified by a director of Hells Angels Australia, Mr Nelms, who ‘spent some time over a period of approximately seven hours (with various breaks throughout totalling 4.5 hours)’ on the website looking for offending images which he ultimately found in the form of the images at Examples 8 to 11: [174]. Mr Nelms was situated in Slovenia when he did this. His endeavours in this regard had involved him undertaking a degree of ‘inquisitive forensic examination’ of the website: [178]. Following Mr Nelms’s examination of the website, he shared with Mr Hansen (who was in Australia) the fruits of his labours and thoughtfully provided him with the direct links to particular webpages displaying the offending images: [178]. Mr Nelms then suggested that Mr Hansen should search for them himself to see if they were accessible in Australia from the website: [174]. This would appear to reflect an understanding on Mr Nelms’s part that viewing the images in Slovenia could not advance its trade mark infringement case in Australia. On the other hand, Mr Nelms’s wife, Ms Lyhne (who was also in Slovenia), seems to have confronted the same problem as her husband by seeking to have goods ordered from Slovenia sent to Australia (although Ms Lyhne appears to have limited her activity to Exhibits 1 to 7).

70 The trial judge thought that it was likely that Mr Hansen went to the links provided by Mr Nelms and clicked upon them, which then exposed the lode uncovered in Slovenia. Following this early success, and presumably emboldened thereby, Mr Hansen then probed the website further to identify the field of products to which the images might be capable of affixation: [178]. Next, his Honour accepted that Mr Hansen’s successful location of Examples 8 to 11 on the website had involved industry and, in particular, had involved him searching for images using the search term ‘Hells Angels’ combined with a number of different search filters provided by Redbubble; specifically, its ‘Newest’ and ‘Most recent’ filters (which, for the uninitiated, took him to a set of results showing the newest or most recently uploaded images responsive to the search term): [174]-[176], [181]. The trial judge accepted that a small percentage of persons (perhaps 1.8%) conducting searches of the website use the filter ‘Newest’: [175].

71 These matters led Redbubble to submit that the combined activities of Mr Nelms and Mr Hansen could not be said to be behaviours exhibited by ordinary consumers. Despite that

submission, the trial judge concluded that ‘a consumer relevantly engaged by the force of seeking to find images so connected to his or her area of interest could have found the images, admittedly with some effort’: [181]. Thus he did not accept that this ‘degree of industry’ ([183]) or the fact that ‘the images were on the website for a short time’ ([182]) prevented the conclusion that Redbubble was offering to affix the marks depicted in Examples 8 to 11 to a wide range of goods: [182]. Although his Honour did not use, in this part of his reasons, the terminology of a trader’s ordinary course of trade, it is evident this is what he had in mind.

72 On appeal, Redbubble challenged this factual finding. It submits that Mr Hansen was tipped off by Mr Nelms and what Mr Nelms had done was not ordinary consumer behaviour. It relied on evidence arising from the cross-examination of Redbubble’s Senior Vice President, Technology Mr Vydra and Assistant General Counsel Mr Toy to the effect that people searching on behalf of holders of intellectual property rights do not behave like ordinary consumers on websites like the one in question. Redbubble also cited statistics provided by Mr Vydra that, between September 2020 and September 2021, consumers on the website spent on average a mere three minutes and 46 seconds and viewed an average of 4.38 pages per session. This was to be contrasted to the 2.5 hours Mr Nelms had lavished on the website in Slovenia.

73 In our view, evidence of this kind does not undermine the trial judge’s conclusion that a sufficiently interested member of the public could have located the images. One may leave aside any consideration of the appropriate standard of appellate review to be applied to a finding of this kind because we are not persuaded that his Honour was incorrect.

74 The four images identified by Mr Nelms were located using the term ‘Hells Angels’ paired with the ‘Newest’ search filter. Redbubble relied on the statistic that 1.8% of all searches (filtered and unfiltered) conducted on the website between September 2020 and September 2021 were sorted using the ‘Newest’ filter. Those same statistics show that, during that time, users who chose to search the website using a filter applied the ‘Newest’ filter 12% of the time. The majority of searches were conducted without any filtering option, and the most common filter that was applied was ‘Most Relevant’, which was used in 3.5% of the total searches and 23% of the filtered searches.

75 Based on this evidence, Redbubble submitted that ‘the chances of an ordinary consumer being both interested in searching for “Hells Angels” and choosing to apply that filter must be vanishingly small’. However, it is implicit in such a submission that the chances were not zero.

Further, this evidence does not demonstrate that Examples 8 to 11 were not able to be accessed by a consumer in Australia. To the contrary, it shows that they were.

76 In oral submissions, senior counsel for Redbubble submitted that the website only displayed eight images at a time. That it had this feature was not the subject of evidence at trial and, when pressed by this Court about this, it was submitted that this is an ‘inherent’ feature of the website which could be inferred from the screenshots of example search results from the website. It was submitted that, because of this feature, a consumer would need to scroll through thousands of results to review all of the images displayed when they searched ‘Hells Angels’ and that this would not realistically occur.

77 We do not think that it would be appropriate to assume that the website only displayed eight images at a time in response to searches in circumstances where the only evidence in support of this is constituted by the screenshots of various search results, including those displayed in response to a search for ‘elephant’. Too little is known about the feature which resulted in the appearance of each set of eight images in the screenshots to provide a proper foundation for such a conclusion.

78 Further, we are not prepared to assume that a search conducted by a consumer in Australia in August 2021 would not have shown Example 8 (for example) as one of the first results which appeared. Such an assumption would require evidence to be adduced about the search algorithm which was used by the website at the time. There was no such evidence. Thus, we cannot accept the proposition that a consumer in Australia in August 2021 would have needed to scroll through thousands of results before arriving at any of the relevant images.

79 Indeed, based on the evidence of Mr Hansen, Examples 9 and 11 were identified with almost no effort because they were suggested to Mr Hansen by virtue of one of Redbubble’s carousel functions when he was accessing the webpages for Examples 8 and 10. One such carousel function, the ‘Similar Designs Carousel’, displays designs that have similar titles and/or tags to the design the subject of that particular webpage. Another, the ‘Artist’s Carousel’, displays other designs for sale by the same creator. Given that Examples 9 and 11 were uploaded by a different uploader account but shared similar tags to Examples 8 and 10, it is likely that these images were displayed under the ‘Similar Designs Carousel’. As such, there is every likelihood that a consumer searching for images with similar tags (which it might be noted included the quotidian tag ‘motorclub’) would have also identified these images with perhaps not much effort.

80 There are therefore factual problems with Redbubble’s submissions about this. However, there is a more general objection which may be raised against it. Mr Hansen and Mr Nelms used search tools provided by Redbubble. The purpose of those tools was to assist consumers to search Redbubble’s large catalogue of artworks for designs which were of interest to them. The provision of those tools and that catalogue were a central component, indeed perhaps *the* central component, of Redbubble’s business model. It sits uncomfortably in its mouth now to argue that because the search tools it provided could not easily be used to find these particular images that somehow that took them out of the ordinary course of its trade. The reason Redbubble permitted images to be uploaded into its catalogue was for the precise purpose of being available to be searched for and located.

81 In that regard one must distinguish between, on the one hand, the difficulties a consumer may encounter in finding what they are searching for on a website explicitly designed for the purpose of helping them do so and, on the other, the idea that such difficulties entail that the website is not engaged in the ordinary course of its trade. We do not think that the fact that it might be difficult to locate goods bearing infringing trade marks in a poorly laid out store can mean that the goods are not being offered for sale in the ordinary course of the trader’s business. We do not think any different principle applies to a website of the present kind.

82 In short, the evidence relied upon by Redbubble in support of its present contention does not detract from two key facts, namely: Examples 8 to 11 were able to accessed by a consumer in Australia in August 2021 and a sufficiently motivated consumer could have accessed them. The primary judge was therefore correct to conclude that the degree of industry which might be required to reveal the images was no answer to infringement.

83 We therefore detect no error in the trial judge’s conclusions about this aspect of the matter.

SECTION D: DID THE EXERCISE OF THE DISCRETION UNDER S 126(1) TO AWARD NOMINAL DAMAGES MISCARRY BECAUSE THE INFRINGEMENTS DISCLOSED BY EXAMPLES 1 TO 7 WERE *DE MINIMIS*? (GROUNDS 3 AND 4)

84 This point was referred to at trial and on appeal as the ‘de minimis’ point, an expression derived from the maxim of statutory construction *de minimis non curat lex* (‘the law does not concern itself with trifles’). As will be seen, the use of the expression de minimis can be a source of confusion for it is capable of being both a qualification to the nature of the infringements themselves but also a description of a kind of damage resulting from the infringements. There is an added conceptual risk arising from the fact that the maxim itself is concerned neither with

infringements nor the kind of damage resulting from them but, rather, is a principle of statutory construction to be applied to one or more identified words of a legislative provision.

85 At trial, Redbubble made two submissions touching on this topic. Prior to the case being re-opened, it submitted that nominal damages could not be awarded unless it was shown by Hells Angels Australia that its loss was unquantifiable or that its damages were ‘de minimis’. This was advanced in aid of a submission made orally and in writing that Hells Angels Australia had not established that it had suffered any loss including loss that was *even de minimis*. Here, Redbubble’s de minimis point was not that the discretion conferred by s 126(1) should be exercised a particular way. Rather, the contention was that in the absence of proof of *even de minimis* loss it was not open to the Court to exercise the discretion to award any damages at all including nominal damages. This submission took as its premise that the loss proved by Hells Angels was not even a de minimis loss. It also had as its corollary that, had the loss proved been de minimis in nature, then it would have been open to the Court to award nominal damages.

86 By the time the case was re-opened in relation to Examples 8 to 11 Redbubble’s understanding of its own submission had undergone a degree of maturation. Instead of submitting that nominal damages could not be awarded because Hells Angels had failed to prove that it had suffered any, including any de minimis, damage Redbubble now submitted that the *technical, transitory* or *ephemeral* nature of the infringements meant that as a matter of discretion no damages should be awarded in relation to Examples 8 to 11. (The question of the impact of these matters on the grant of injunctive relief may be postponed to later in these reasons when we consider that question more closely.)

87 Redbubble’s position at trial consisted therefore of these inconsistent but permissibly alternative propositions:

- (a) Hells Angels Australia had failed to demonstrate that it had suffered even de minimis loss so that there could be no award of nominal damages as a matter of power under s 126(1); or
- (b) The infringements were technical, transitory or ephemeral in nature so that no damages should be awarded as a matter of discretion.

88 Submission (a) is about the nature and extent of any loss suffered and is not about the nature of the infringements. Submission (b) is about the nature of the infringements and is not about

the nature of the loss. In relation to (b), Redbubble did not at trial attach the label *de minimis* to its contention using instead the expression ‘technical, transitory or ephemeral’ to describe the nature of the infringements.

89 This is different to the primary submission Redbubble now advances in this Court by Grounds 3 and 4 which are all about how a discretion, admitted to be enlivened, should be exercised. Grounds 3 and 4 provide:

3. In the case of Examples 1 to 7 (as those terms are used in the Main Judgment), and alternatively to Grounds 1 and 2 in the case of Examples 8 to 11, his Honour erred in finding that the Impugned Conduct amounted to infringement of the HA Marks without also finding that any infringements arising out of Examples 1 to 7 (and further or alternatively Examples 8 to 11) were *de minimis*, or trifling, or merely technical, or with such a tenuous connection with trade in or with Australia as to be an inappropriate foundation for relief: Main Judgment at [183], [227] (cf Main Judgment at [187]–[189]).
4. His Honour ought to have held that, in the circumstances, any infringements arising out of Examples 1 to 7 (and further or alternatively Examples 8 to 11) were *de minimis*, or trifling, or merely technical, and not appropriate as a basis either for declarations, injunctions, or any pecuniary relief.

90 Because Redbubble accepts in this Court that Examples 1 to 7 and 8 to 11 (subject to the argument we have rejected) do give rise to infringements, it is logically impossible for it now to pursue the submission that no power could arise to award any damages.

91 In an effort to circumvent this legacy problem resulting from the way it conducted the trial, Redbubble now hybridises its two inconsistent but permissibly alternative trial submissions to fashion the new contention which appears in grounds 3 and 4 of the Notice of Appeal. There it is said that the trial judge ought to have found that ‘any infringements arising out of Examples 1 to 7 (and further or alternatively Examples 8 to 11) were *de minimis*, or trifling, or merely technical’ and hence not appropriate as a basis either for declarations, injunctions, or any pecuniary relief.

92 In its written and oral submissions in this Court, the nomenclature of technical, transitory or ephemeral was largely although not wholly abandoned. Instead, the submission now became that because the infringements were *de minimis* or trifling, the discretion in s 126(1) ought not to have been exercised to award nominal damages.

93 This submission was not advanced at trial. The *de minimis* submission Redbubble did advance at trial was about a quality it said that the demonstrated damage did not have; and it never advanced a submission that the infringements were trifling (although it did say that they were

technical, transitory or ephemeral). Further, his Honour was not invited to apply the de minimis principle of statutory construction to s 126(1) to conclude as a matter of construction that the discretion conferred by that provision ought not to be exercised where the infringements were trifling (the ultimate form of Redbubble's submission in this Court). As such we do not accept that the trial judge erred in failing to deal with an argument which was not put to him.

94 It is nevertheless convenient to assume in Redbubble's favour that it is open to this Court to consider whether the infringements were trifling or de minimis (as it said in its written and oral submissions) or 'de minimis, or trifling, or merely technical' as it said in its Notice of Appeal. Further, in the interests of completeness it is also useful to assume that it is open to this Court to consider whether the infringements were also perhaps transitory or ephemeral as it said at trial. This is because we are unpersuaded that the infringements were technical, transitory, trifling, ephemeral, de minimis or any other synonym for those words.

95 As to the technical nature of the infringements: Redbubble did not explain in its submissions at trial what a technical infringement was and for the reasons already given it proffered no such explanation to this Court. Even so, in the area of copyright there are express provisions which deem certain acts of copying which relate to technical processes not to be infringements: *Copyright Act 1968* (Cth) ss 43A, 43B, 111A, 111B. For example, where a person makes a temporary reproduction of a work as a necessary incident of a technical process of using a copy of a work, s 43B deems there to be no infringement so long as the use itself is authorised. Thus, where in the exercise of the right of communication included in a copyright licence (s 31(1)(a)(iv)), a streaming service makes a temporary copy on the server from which the streaming takes place, no infringement occurs even if the streaming service has no licence to exercise the reproduction right in s 31(1)(a)(i).

96 There are no provisions of this kind in the Act. More importantly, Redbubble's actions in making Examples 1 to 7 and 8 to 11 available to be viewed by the public do not resemble such a technical activity even if the Act contemplated such an exemption. Rather than being technical, their presence resulted from the ordinary and intended operation of its website. The only answer to this would be to argue that every time an infringement occurs because Redbubble's content moderation procedures fail, the ensuing infringement may be said to be technical. In their current state of development (as will be explained at [141] below) this view is not available. Redbubble does not check the images which are uploaded to its website other than by checking the tags which are attached by the uploader to each image, any title and

description provided and, in some cases, by way of a check for an identical image match with a reference image provided by persons who have complained that their intellectual property has previously been infringed.

97 Inevitably this system can fail where the uploader does not attach tags at all or where different tags or words to those foreseen by Redbubble are used or where there is neither a title nor a description. Further, the exact image matching software cannot deal at all with the situation where a sign is used which is deceptively similar to a mark but which does not involve an exact image match. The possibility of infringement is an inevitable feature of this system and its occurrence cannot be described as being technical.

98 As to the transitory, trifling or ephemeral nature of the infringements, it is first necessary to outline the extent to which Redbubble used the marks in the course of its business. The evidence shows that for each of Examples 1 to 7 (except Example 5) there were purchases of merchandise which were shipped to an address in Australia. However, these were either ordered by Mr Hansen in Australia or by Mr Nelms's wife, Ms Lyhne, in Slovenia, although before the trial judge, Hells Angels Australia did not seek to rely on Ms Lyhne's purchases: [71], [76]. It may be inferred that these shopping forays were conducted on behalf of Hells Angels Australia.

99 There is evidence of the number of times each image was viewed by an IP address in Australia. However, this evidence, at least in relation to Examples 1 to 7, does not identify the views which occurred by reference to an IP address, so it is impossible to discern from that evidence how many unique views of each image took place. Thus, one cannot know how many individual consumers viewed the images in Examples 1 to 7 (except in one case where there was only one view which resulted in a trap purchase by Mr Hansen). The situation is slightly different in relation to Examples 8 to 11. There was detailed evidence (including expert evidence) of the IP addresses and locations of those who viewed Examples 8 to 11 such that an inference could be drawn as to the number of unique views of each of these examples. It was on the basis of this evidence that Redbubble submitted before the trial judge that no consumer in Australia found any of those images and the vast majority of the views of Examples 8 to 11 (and possibly all) were by individuals associated with Hells Angels.

100 The evidence as to the length of time each image was available on Redbubble's website, the number of times it was viewed in Australia and whether any trap purchases were made is as follows:

Example	Duration	Views in Australia	Trap purchases in Australia
1	~1 year	51	Yes
2	>6 months	21	Yes
3	>1 month	31	Yes
4	13 days	13	Yes
5	10 days	2	No
6	1 day	1	Yes
7	>1 month	11	Yes
8	9 days	25	No
9	12 days	23	No
10	9 days	24	No
11	12 days	21	No

101 Redbubble invited this Court to infer that all of these views were done on behalf of Hells Angels. In those cases where trap purchases were made by Mr Hansen it is certainly open to infer that he was amongst the users who viewed the images. We would draw that inference. The trial judge also accepted that only Mr Hansen had ever engaged with Examples 8 to 11 in Australia and Example 6, viewed only once, resulted in a purchase by Mr Hansen. We would therefore accept that the images contained in Examples 6 and 8 to 11 were only viewed by persons acting on behalf of Hells Angels.

102 The table above shows that there were 223 views in total, of which 94 must have been done on behalf of Hells Angels. It might be possible to reason that the frequency of demonstrated use on behalf of Hells Angels could be used to draw an inference about the identity of the unknown persons who viewed the images. For example, if use on behalf of Hells Angels appeared to make up 95% of the views, one might infer that the other 5% also fell into that category. Assuming that this kind of reasoning would be sound, without concluding that it is, the unidentified views in the table above constitute more than 50% of the total and this reasoning cannot work. Thus, we do not think that this inference is open to be drawn in relation to Examples 1 to 5 and 7.

103 It follows that in the ordinary course of its trade, Redbubble offered to sell to the Australian public merchandise bearing signs which were deceptively similar to the marks. That offering

was a use of such a sign for the purposes of s 120(1) in relation to goods and hence, in itself, an infringement of the marks. All of the examples, except Examples 2 and 4, were found to infringe all five of the marks. Examples 2 and 4 were found to have infringed only three of them. From the table above it follows that Redbubble offered to sell merchandise in relation to signs deceptively similar to the marks for nearly a year.

104 Whether the trap viewings are themselves to be treated as infringements is, as we have already noted, a question that is not without difficulty. However, whether they are or not does not matter. The importance of these infringements is not the number of the particular viewings but rather the fact that goods were available for purchase in relation to the five marks for nearly a year. Viewed through that lens, it is impossible to describe the infringements as being, overall, transitory, trifling or ephemeral or, if it mattered, *de minimis*.

105 It remains to make some observations about Redbubble's invocation of the principle of statutory interpretation *de minimis non curat lex*. We have already explained the actual submission advanced at trial did not involve the suggestion that the *infringements* were *de minimis* and its *de minimis* contention in that regard was concerned with a different question altogether which related to the nature of the damage alleged. Leaving that problem to one side, we do not accept that the principle has any relevance to the present dispute. Section 126(1) provides that the Court 'may' grant a remedy if there has been an 'infringement'. We do not accept that this confers a discretion on the Court not to award a remedy because of the transitory, ephemeral, trifling or *de minimis* nature of the infringements.

106 The rights conferred on the owner of a trade mark are set out in s 20. They include, by s 20(2), 'the right to obtain relief under this Act if the trade mark has been infringed'. Justice Burley has described s 20(2) as 'a fairly direct statement of intention on the part of the legislature as to the scope of the rights accruing to the trade mark owner' (*Seiko Epson Corporation v Calidad Pty Ltd* [2017] FCA 1403; 133 IPR 1 at [416]), an observation with which we would respectfully agree. On the other hand, in *Christian* the Full Court referred to s 20(2) as conferring a right to *seek* relief (at [7]), however, this is not what the provision says: it says 'obtain'. The ordinary meaning of 'to obtain' is 'to come into possession of; get or acquire; procure, as by effort or request': Macquarie Dictionary (online). It does not mean 'to seek'. This is consistent with *Self Care IP Holdings Pty Ltd v Allergan Australia Pty Ltd* [2023] HCA 8; 97 ALJR 388 at [6] where five justices said that ss 20(2) and 120(2) show that the monopoly following registration 'is a sufficient basis upon which to seek relief from infringement'.

Whilst the Court also used the word ‘seek’ rather than ‘obtain’, its reference to the monopoly being a sufficient basis upon which to seek relief shows that it was saying that the owner of a registered mark was entitled to relief upon proof of infringement. The statement in *Christian* at [7], on the other hand, is not accompanied by a similar statement (‘In the event of an infringement of a registered trade mark, the owner is entitled to seek relief under the Act: see s 20(2)’).

107 In our view, on infringement, the owner has the right to obtain a remedy, as this is what s 20(2) says. The discretion conferred by s 126(1) by the use of the word ‘may’ is therefore not a discretion as to whether a remedy should be granted at all but is, instead, a discretion relating to the selection of the appropriate remedy.

108 It follows that the nature of established infringements can never justify the conclusion that a remedy should not be awarded. It may of course affect the nature and extent of the remedy selected. For example, in a case where no loss has been suffered the Court may conclude that an award of nominal damages and/or declaratory relief is appropriate. Thus, we do not accept that the *de minimis* principle of statutory interpretation can be applied to the word ‘may’ in s 126(1).

109 The principle may have some application at the anterior point of deciding whether there has in fact been an infringement at all. However, Redbubble is procedurally cut off from this submission by its admission that infringement was accepted both in the case of Examples 1 to 7 and in the case of Examples 8 to 11 (albeit subject to the ordinary course of trade submission, which we have rejected). Thus, it is no surprise that Redbubble does not now suggest that the *de minimis* nature of Redbubble’s use of the marks was such that it should be concluded that it had not used them as trade marks for the purposes of s 120(1) with the consequence that there was never any infringement in the first place. Rather, its submission is that the nature of the accepted infringements means that no relief should be granted under s 126(1).

110 The maxim *de minimis non curat lex* is applied by a court of construction to discourage unnecessary litigation, to reduce time and cost and to preserve the dignity of the law: Feldman D, Diggory B, Norbury L, *Bennion, Bailey and Norbury on Statutory Interpretation* (8th ed, LexisNexis Butterworths, 2020) at p 313. The principle has been applied to determine whether there was a rateable occupation of a house which, although not lived in, was heated and occasionally used to make telephone calls (*Wirral Borough Council v Lane* [1979] RA 261 –

answer: no); or whether a person was guilty of the offence of possession of cannabis when, having no measurable quantity in their possession, nevertheless was found with microscopic leaf fragments at the bottom of their pockets (*Williams v The Queen* (1978) 140 CLR 591 at 602-3 per Murphy J – answer: no). In cases such as these, where the statute affords no mechanism for dealing with the trivial, the maxim is applied to avoid results which are plainly not intended. In this Court, Redbubble eschewed any identification of the words in s 126(1) to which its de minimis contention was to be applied.

111 We have already explained why it cannot be applied to the word ‘may’. It does not have any application to any other part of s 126(1) either. What s 126(1) refers to is the power of a court to grant remedies ‘in an action for an infringement of a registered trade mark’. The de minimis argument can only be that an action for an infringement of a trade mark which involves a de minimis infringement is not an action for infringement of the kind referred to in the provision. However, there is no need to read the provision that way in order to deal with trivial situations. If the infringements are trivial the Court may fashion the relief it grants to reflect that triviality by awarding nominal damages or granting only declaratory relief.

112 Further, applying the de minimis principle in this way would convert what should be a discretionary question into a jurisdictional one which goes to the power of the Court to grant relief. We are unpersuaded that s 126(1) should be read in this doctrinaire fashion. As Hill J observed in *Farnell Electronic Components Pty Ltd v Collector of Customs* (1996) 72 FCR 125 at 130 ‘the applicability or otherwise of the maxim depends upon the context in which it falls to be considered’. In our view, the relationship between s 20(2), s 120(1) and s 126(1) shows that it does not apply to s 126(1). As we have said, whether it applies to s 120(1) is a different question outside the ambit of this appeal.

113 For completeness, Redbubble referred us to two English decisions which touch on this topic. The first was *Merck KGaA v Merck Sharp & Dohme Corporation* [2020] EWHC 1273 (Ch) at [88]-[89] per Norris J. This case involves no discussion of the principle of statutory interpretation and it is unclear from the report whether the submission made by Merck US was that there were no infringements because what had been shown was de minimis or whether infringement was accepted but it was said that no relief should be granted due to their de minimis nature. The question received no substantial discussion since Norris J did not accept that what had occurred was de minimis.

114 The second was *Napp Pharmaceutical Holdings Limited v Dr Reddy's Laboratories (UK) Limited* [2016] EWHC 1517 (Pat). This was a patent infringement suit relating to transdermal patches and did involve an invocation of the de minimis principle of statutory construction. There is a discussion of the de minimis principle of statutory construction and its application in the patent infringement context at [136]-[149]. Arnold J suggested that selling products of which only a minute proportion fell within the claims of a patent would not constitute patent infringement due to the application of the de minimis principle: [148]. The conclusion in relation to one of the infringement claims was that the implementation of a particular testing regime based on a statistical protocol could ensure that certain patches did not fall within the claims of the patent 'other than to a *de minimis* extent' and that there was therefore no threat to infringe the patent: [222]. It is apparent that the underlying submission was the one now not advanced by Redbubble, that is to say, that de minimis use did not *constitute* infringement. It has no relevance therefore to Redbubble's submission in this Court.

115 Assuming, therefore, in Redbubble's favour that it is open to this Court to consider whether the infringements were technical, trifling, transitory, ephemeral or de minimis, we do not accept that they were. Even if we did, we would not accept that its invocation of the de minimis principle of statutory interpretation has anything to do with s 126(1). The trial judge's ultimate conclusion was that the nature of the infringements warranted an award of nominal damages. We detect no error in that conclusion.

SECTION E: THE AWARD OF NOMINAL DAMAGES IN THE AMOUNT OF \$8,250 (GROUND 5)

116 It is likely that the trial judge approached the matter on the basis that the infringement demonstrated by each of Examples 1 to 11 justified an award of \$750 in nominal damages. This is because the sum awarded, \$8,250, when divided by eleven, yields \$750. However, regardless of whether the trial judge awarded \$750 for each of Examples 1 to 11 or whether the sum of \$8,250 was a global sum derived on some other unarticulated basis, we do not think that his Honour's exercise of the discretion can be sustained.

117 The trial judge's determination of the quantum of the nominal damages question is, to an extent, unclear. From [192] his Honour considered and rejected various ways in which damages might be calculated. He noted that Hells Angels Australia had not put a case based on a hypothetical licence fee ([195]). His Honour considered whether damages might be awarded for humiliation or distress ([201]) but found that the evidence could not sustain this ([204]). His Honour

examined whether something akin to a claim for breach of moral rights in relation to copyright might be available ([202]-[203]) but likewise found the evidence could not justify it ([204]).

118 At the end of these observations, the trial judge then said that he proposed ‘to assess damages...in respect of the 11 examples of trade mark infringement on what I regard as the *largely* nominal basis of \$8,250 in respect of all of them’ (our emphasis): [206]. The word ‘largely’ carries with it the possibility that something else was included in the award of nominal damages. The presentiment that something else might indeed have been included is only heightened by his Honour’s observation in the following paragraph ([207]) that Hells Angels Australia was ‘entitled to, at the very least, nominal damages’. His Honour then explained that ‘in the circumstances described in these reasons, nominal damages, in my view, amounts to \$8,250.’

119 This reasoning, with respect, involves error. On the assumption that his Honour intended only to award a purely nominal sum, the sum awarded was not nominal. It was either calculated at \$750 for each example or on a global basis of \$8,250. Neither sum can be described as nominal.

120 Nominal damages are awarded as a token sum. The token sum is not necessarily minimal but it must be small. Of course, the quantification of nominal damages is necessarily discretionary. Thus, in *Anderson v Canaccord Genuity Financial Ltd* [2022] NSWSC 58; 161 ACSR 1 at [2779] ff Ward CJ in Eq set out the principles governing the award of nominal damages and, in particular at [2785], their gradual inflation from £2 to £5 to \$10 and finally to \$20 by the turn of this century. In 2001, the Western Australian Court of Appeal rejected the idea that \$1,000 could be an amount of nominal damages (*Timpar Nominees Pty Ltd v Archer* [2001] WASCA 430 at [111] per Kennedy J, with whom Wheeler J agreed) and in 2012 the New South Wales Court of Appeal set aside an award of nominal damages in the sum of \$10,000 and replaced it with an award of \$100 (*New South Wales v Stevens* [2012] NSWCA 415; 82 NSWLR 106 (*‘Stevens’*) at [36]–[37] per McColl JA, [78]–[79] per Sackville AJA, Ward JA agreeing with both). As at 2023, it appears to be accepted that an amount of \$100 can be an appropriate award of nominal damages: see, eg, *Creak v Ford Motor Company of Australia Ltd* [2023] NSWCA 217 (*‘Creak’*) at [170] per White JA, with whom Gleeson and Kirk JJA agreed; *Chandrasekaran v Western Sydney Local Health District (t/as Westmead Hospital)* [2023] NSWCA 288 at [158] per Gleeson JA, Leeming and Adamson JJA agreeing. *Stevens* and *Creak* both involved actions for breach of a covenant contained in a deed whilst

Chandrasekaran involved a breach of contract in relation to the termination of an agreement for the provision of locum services.

121 This Court has previously awarded \$10 in nominal damages for the infringement of a trade mark (*Halal Certification Authority Pty Limited v Scadilone Pty Limited* [2014] FCA 614; 107 IPR 23 at [89] per Perram J). We do not regard the amount which may be awarded for nominal damages as being fixed in stone. The critical point is that the figure should be nominal.

122 If the trial judge intended to award a purely nominal sum then we are satisfied that \$8,250, or \$750 for each example, was not nominal.

123 On the other hand, it is possible that his Honour's statement that the damages of \$8,250 were being awarded on a 'largely nominal' basis secretes within it some other unarticulated compensatory component. Doing so may not necessarily have been impermissible. There is at least one case where a buffer element has been included in what is otherwise an award of nominal damages. In *Stradford (a pseudonym) v Judge Vasta* [2023] FCA 1020 at [837], Wigney J included in an award of nominal damages a buffer designed to protect against the difficulties which existed in assessing future economic loss in that case. It is not necessary to determine in this appeal whether such buffers may be included as part of an award of nominal damages. This is because even assuming that they can, such a buffer must still be connected to a proven head of loss about which there is some reason to doubt the precision of its quantification.

124 That is not this case. The trial judge carefully examined and rejected each head of allegedly compensable loss either because it was not advanced or because there was no evidence which could sustain it. The inclusion of a buffer element in relation to any of these heads of loss would therefore have been erroneous. A trial judge may not, by means of an award of nominal damages, make up for the failure of a plaintiff to run a case or adequately to prove a case which it did run. Thus, if this is in fact what the trial judge did, it too involved error.

125 In either case, it is apparent that the trial judge's discretion must have miscarried. Since no error has been shown in the decision of the trial judge to award nominal damages but only in their quantification, it is necessary for this Court to determine an appropriate award.

126 Little is to be gained from considering the question of nominal damages at the level of granularity of the individual examples. This is for three reasons. First, the examples were present on Redbubble's website for different periods of time and were each viewed a different

number of times. If the examples are to be used as the basis upon which the question of nominal damages is to be approached, they do not stand in equal positions. Secondly, each example involved more than one of the trade marks and some involved more of the trade marks than others. They cannot therefore serve as equal proxies for the infringements of the marks. Thirdly, Examples 6 and 8 to 11 were viewed in Australia only by persons acting on behalf of Hells Angels and it may be (although we need not decide) that they did not involve infringement.

127 What the award of nominal damages does is to vindicate the infringement of a property right where no harm has resulted. In this case, there were five property rights involved, being each of the five trade marks. Each was infringed in various ways which did not result in any loss. In our view, an appropriate award of nominal damages is \$20 for each trade mark for a total of \$100. There will be judgment for Hells Angels Australia in that sum.

SECTION F: WAS THERE ERROR IN THE AWARD OF ADDITIONAL DAMAGES? (GROUND 6)

Whether his Honour erred in awarding additional damages

128 Having concluded that an appropriate award for nominal damages was \$8,250 the trial judge then turned to consider whether an additional amount should be included in the award of damages having regard to the matters set out in s 126(2). The sum his Honour decided should be included was \$70,000, as a result of which the amount of damages awarded was \$78,250. Section 126(2) authorises the Court to ‘include an additional amount in an assessment of damages for an infringement ... if the court considers it appropriate to do so ...’.

129 It is impossible to discern what impact his Honour’s award of a non-nominal sum for nominal damages had upon his assessment of the amount of additional damages. One view is that if his Honour had awarded a nominal sum for nominal damages then this might have underscored in his mind that Redbubble had suffered no loss of any kind and consequently this may have operated to temper the award of \$70,000. Another view is that the same matter may have driven his Honour in the opposite direction so that the award of additional damages might have been increased to compensate for what could not be awarded as nominal damages. Against these two views is a third view of affairs, in which his Honour did not regard the amount he had awarded as nominal damages as being in any way relevant to the derivation of the figure of \$70,000.

130 The trial judge's reasons do not disclose how the sum of \$70,000 was arrived at. This is not a criticism for, as his Honour correctly noted at [227], the assessment of the additional sum involved an overall synthesis of the relevant factors. The questions are whether the quantum of the nominal damages was one of the relevant factors which was to be taken into account and, if so, whether it was.

131 Section 126(2) does not in terms say that the amount on top of which additional damages are to be awarded is a relevant matter to be considered in their assessment. But it does provide by s 126(2)(e) that the Court must take into account 'all other relevant matters'. It is at least established that this requires the Court to take into account all matters which may rationally bear upon the assessment of the infringing conduct including its context: *Hytera Communications Corporation Limited v Motorola Solutions, Inc.* [2019] FCAFC 210 at [25]. We do not read that statement as an exhaustive explanation of what may be comprised within the concept of 'all other relevant matters'. The focus of the Full Court's statement was upon conduct and the context in which it occurred, but we would not read s 126(2)(e) as being limited only to matters relating to the characterisation of the conduct. Whilst concepts relating to conduct do appear in s 126(2) in sub-ss (a) and (c), conduct is not an element in sub-ss (b) and (d). We therefore think it unlikely that the reference to 'all other relevant matters' is limited only to those which bear upon the characterisation of the infringing conduct.

132 Further, it should be recalled that when exercising the power under s 126(2) to award additional damages the Court is engaged in a two-stage process. First, it must decide whether additional damages should be awarded. Secondly, having done so it must assess what those additional damages should be. The matters relevant to the first question are not necessarily the same as those which are relevant to the second.

133 In determining what is comprised within the concept of 'all other relevant matters' at the quantification stage we would adopt a similar approach to that taken by the Full Court in *Hytera*. These matters will comprise all those which may rationally bear upon the quantification of the additional damages.

134 In our view, the amount of compensatory damages which have been awarded is a matter which may rationally bear upon the assessment of the quantum of the additional damages. One of the matters which must be taken into account under s 126(2)(b) is deterrence which includes the specific deterrence of the respondent. It is difficult to see how the Court can assess what specific deterrence requires without having regard to the size of any award of compensatory

damages. For example, where the Court has concluded that a respondent should pay compensatory damages of many millions of dollars, this may be relevant to how large an award of additional damages should be.

135 It follows, in our view, that the size of an award of nominal damages is a relevant matter in this sense.

136 On the other hand, it does not follow from the fact that the quantum of the damages is a matter relevant to the exercise of the discretion under s 126(2) that the amount awarded must be proportionate to that sum. Indeed, this Court has previously rejected that very proposition in the context of damages for copyright infringement: *Flags 2000 Pty Ltd v Smith* [2003] FCA 1067; 59 IPR 191 at [31] per Goldberg J; *Futuretronics.com.au Pty Limited v Graphix Labels Pty Ltd (No 2)* [2008] FCA 746 (*'Futuretronics'*) at [17] per Besanko J. But the fact that additional damages may be disproportionate to the damages which are awarded does not entail that the latter is irrelevant to the determination of the former.

137 Since the correct sum is \$100 rather than \$8,250 it follows that it was not possible for his Honour to exercise the discretion under s 126(2) without error. His Honour either took into account the incorrect figure of \$8,250 or he failed to take into account the correct figure of \$100. Thus we are satisfied that his Honour's discretion to award additional damages must necessarily have miscarried.

Should additional damages be awarded?

138 The exercise of the discretion in s 126(2) therefore falls to this Court. However, before considering this, it is necessary to note that one aspect of Redbubble's business model assumed particular importance in the trial judge's exercise of that discretion. It is evident that his Honour regarded Redbubble's content moderation procedures as being insufficient. In reaching that conclusion, the trial judge adverted to what he thought an adequate content moderation procedure would have been in the particular case of Hells Angels. It would consist of assigning someone 'on a regular basis (perhaps once each fortnight or once a month or on some other basis) to examine the website deploying the skill sets such a person within Redbubble would have, in much the same way as Mr Nelms did (although, no doubt, at a higher level of forensic skills), and see whether there are any further examples entering onto the Redbubble website of "Hells Angels" or the device of the profile view of the winged death head, or both and then disable the webpage': [228]. As we have noted already, Mr Nelms was

a director of Hells Angels Australia and had spent more than a little time assiduously combing the Redbubble website for Hells Angels insignia.

139 The trial judge had considered in detail what Redbubble’s content moderation procedures were. Other than in minor ways, this detail is largely immaterial to the present appeal. A description of them appears in the 2019 judgment at [248]-[293] and is supplemented at [92]-[103] of the reasons below. For present purposes, it is enough to know that Redbubble’s procedures were not the same as Mr Nelms’s. His Honour’s invocation of the approach of Mr Nelms is, we think, most likely an answer to the question the trial judge had posed for himself at [134]:

There are more fundamental matters at the heart of the matter. They concern the question of whether it is ultimately an answer to a request for a discretionary remedy of an injunction so as to address infringing conduct on the part of the respondent to say to an applicant that having regard to the scale of the respondent’s business activity and the steps Redbubble takes to seek to protect the rights of the applicant, the appropriate course is for the applicant to tell Redbubble as and when the applicant or the applicant’s solicitor finds further examples of infringing conduct and to notify Redbubble so that the infringing material can be taken down, all leading to the proposition that in those circumstances no injunction should be granted.

140 When read with [134] the point is that Redbubble should be required to do at least what Mr Nelms had done and that the burden of doing so should rest on Redbubble rather than Hells Angels Australia. Put another way, if Mr Nelms could check for infringements in the extensive fashion he had, why then could Redbubble not do the same – it was, after all, the infringing party. In arriving at this position, the trial judge was accepting a submission which was put to him by Hells Angels.

141 In this Court, Redbubble submitted that the trial judge had overlooked evidence that it did in fact check for infringements of the trade marks on a daily basis. This evidence was referred to by the trial judge and was as follows: in the case of Hells Angels, Redbubble uses a software tool which automatically and continually checks all posts which are uploaded to its site to see if the words of the title or description of the design or the tags which the uploader has assigned to it match a list containing expressions such as ‘Hells Angels’. If these words are detected the image is not uploaded but is instead referred for review by a moderator. It is this manual review process which appears to occur on a daily basis. It also has an image matching tool which can identify the precise form of the trade marks in any upload and suspend them accordingly. This tool does not presently have the capacity to detect images which are substantially identical with or deceptively similar to particular reference images. It detects only perfect matches to the reference images it is checking against.

142 We do not think that this detracts from the logic of what the trial judge was saying and, as such, we do not think that the trial judge overlooked this evidence (particularly where his Honour referred to the actual evidence about this in some detail). The fact is that Redbubble did not assign someone on a daily or weekly basis to search its website in the enthusiastic manner that Mr Nelms had. Rather, so far as Hells Angels is concerned, it automatically scanned the newly uploaded images and a database of titles, tags and descriptions of images uploaded to the website. Where particular words were used or there was a precise image match with the trade marks (or some other reference image), Redbubble prevented the image from being uploaded to the website, referring it instead for manual review.

143 We do not therefore agree with Redbubble that, in making the observation at [228] that it could have assigned someone to do what Mr Nelms had done, his Honour must have overlooked Redbubble's detailed evidence about what its content moderation procedures actually were. His Honour's point was a subtly different one: namely, that Redbubble could have retained someone like Mr Nelms to ferret out infringing designs on some regular basis.

144 So understood, we would not have been persuaded by Redbubble's submission that the trial judge's exercise of discretion under s 126(2) miscarried because his Honour had overlooked Redbubble's evidence about this. In one sense, this does not matter since we have already concluded that the discretion miscarried. Nevertheless, it does at least have the consequence that there is no reason to doubt the correctness of the trial judge's finding that Redbubble could have employed someone to do what Mr Nelms had done.

145 Turning then to the question of whether additional damages should be awarded, the Court must consider each of the five matters prescribed in s 126(2). We have referred to one of these already, being 'all other relevant matters' (s 126(2)(e)). In this case, that includes at least the fact that we have only awarded \$100 in nominal damages. It also includes the fact that Hells Angels could have co-operated much more with Redbubble than it has. For example, it had located Examples 1 to 7 on the website well in advance of the commencement of the second proceeding without notifying Redbubble of this fact and thereby deprived Redbubble of the opportunity to take them down. In the case of Example 1, this was a period of nearly 8 months. The trial judge did not think that Hells Angels Australia should have to do this. However, this is not the present question which is, rather, whether having located the offending image it was appropriate for Hells Angels Australia to sit on its hands in the manner that it did. We do not think that it was.

146 Of the remaining four factors in s 126(2), three speak clearly against an award of additional damages. Thus, it is evident that the infringements were not flagrant: s 126(2)(a). The underlying cause of the infringements resulted from the actions of third parties in uploading infringing artwork to the website, contrary to the terms of its user agreements. It had in place procedures for detecting occurrences of that kind. Those procedures were not trivial even if they were not entirely effective. The appearance on the website of Examples 1 to 7 and 8 to 11 cannot be said to constitute deliberate and calculated infringement: *Futuretronics* at [19], quoting *Ravenscroft v Herbert and New English Library Limited* [1980] RPC 193 at 208 per Brightman J.

147 Nor can they be said to involve a calculated disregard of the rights of Hells Angels Australia: *Futuretronics* at [19], quoting *Prior v Lansdowne Press Pty Ltd* [1977] VR 65 at 70 per Gowans J. There is, for example, no evidence that the deficiencies which exist in Redbubble's content moderation procedures have resulted from a calculated decision not to expend sufficient capital on preventing infringements from occurring because of an internal perception that more was to be gained by not doing so. As we explain shortly, Hells Angels Australia did seek to demonstrate this at trial but succeeded only in proving that Redbubble had \$99 million in cash. A good deal more evidence would be necessary before one could make the serious finding that its capital expenditure decisions reflected this kind of cynicism.

148 It is true that the current proceedings between these parties is not the first time that Redbubble has been found to have infringed Hells Angels Australia's trade marks. In a proceeding commenced in 2015, the same trial judge upheld some of the latter's claims for trade mark infringement: *Hells Angels Motorcycle Corporation (Australia) Pty Limited v Redbubble Limited* [2019] FCA 355; 140 IPR 172. The images involved in that case were not the same as the images involved in this case although the trade marks in suit were. But even so, it is apparent that in that case as well as this one, the infringements have not resulted from deliberate or recklessly indifferent conduct. As such, we do not think that it can be said that the infringements were flagrant in the sense that word is used in s 126(2)(a).

149 Section 126(2)(c) requires consideration of Redbubble's conduct both after the infringement occurred and after it was informed of the infringement. Here again, these factors speak against an award of additional damages. Redbubble took the infringements down either before it was informed of them by Hells Angels Australia or when informed by it.

150 Section 126(2)(d) requires consideration of ‘any benefit shown to have accrued to that party because of the infringement’. Leaving aside the question of whether trap purchases involve any infringement in a case such as the present, we do not think that any benefit derived from trap purchases should be taken into account under s 126(2)(d). Once these are removed from the picture, Redbubble derived no benefit from the infringements. Even if the trap purchases are included, they amount only to \$133.65 which in the present context is properly to be regarded as trivial. As such, this factor too weighs against an award of additional damages.

151 On the other hand, s 126(2)(b) requires consideration of ‘the need to deter similar infringements of registered trade marks’. On the face of it, this appears to weigh in favour of an award of additional damages. In that regard, it is evident that the trial judge was very considerably moved by the need specifically to deter Redbubble from further infringing the trade marks. This is apparent at least from his Honour’s substantial award of \$70,000 in additional damages.

152 However, we do not think that on closer analysis this matter is quite as significant as the trial judge apprehended. The question is one of deterrence and this necessarily requires one to identify what it is that Redbubble is to be deterred from doing, and to ascertain how an award of additional damages might serve that end.

153 There are, so it seems to us, only three possible goals in this context: first, that the award of additional damages should encourage Redbubble to engage someone like Mr Nelms to check for Hells Angels insignia on a regular basis (which we apprehend may have been what the trial judge had in mind); secondly, that it should encourage Redbubble to change its content moderation procedures so that all infringements would be detected before they were uploaded to the website; or, thirdly, that it should persuade Redbubble to cease operating its website altogether.

154 As to the first of these, the retention of a person such as Mr Nelms would not, in fact, have the effect of preventing infringements from occurring. Indeed, this approach takes as its point of departure that infringing signs are already on the website and involves not their prevention but rather their more rapid apprehension. As such, this approach permits infringement to occur.

155 It may be doubted, although we need not decide, whether s 126(2) authorises an award of additional damages the purpose of which is to encourage an infringing party to reduce the duration, rather than the occurrence, of infringements. Even assuming that it does, we do not accept that the capacity of Redbubble to reduce the duration of the infringements by using

someone like Mr Nelms bears significantly on any assessment of the need to deter it from actual acts of infringement. In this case, the deterrent effect of an award of additional damages should have as at least its primary focus the end of persuading Redbubble not to infringe the trade marks at all.

156 Turning then to that question, this brings us to the second purpose described above. Here, the question is how an award of additional damages might encourage Redbubble to change its content moderation procedures so that infringing designs could not be uploaded to the website in the first place.

157 There are in theory only two ways that Redbubble can do this. First, it could modify its content moderation procedures so that its computer systems detect images which are deceptively similar to the trade marks before they are uploaded. Secondly, it could alter its content moderation procedures in some other way so that, through a combination of automated and human activity, infringing artwork could be detected before being uploaded.

The First Deterrent Goal

158 On the basis of the evidence adduced at trial, the first of these goals is not achievable. The trial judge examined Redbubble's current processes for detecting images which might infringe prior to their upload at [144]. These processes can only detect an exact duplicate so that the addition of something else to the image such as stylised text will cause the artwork to go undetected. His Honour noted the evidence of Mr Vydra that the software tools necessary to perform general purpose image recognition were not yet available.

159 Therefore the evidence establishes that, at least at this time, the detection of an image that is deceptively similar to another is something which lies beyond Redbubble's technological reach, although it also suggests that it is working on the problem. Caution is required here. Deciding that something is deceptively similar to something else is an impressionistic task. Section 10 provides that a trade mark is taken to be deceptively similar to another trade mark 'if it so nearly resembles that other trade mark that it is likely to deceive or cause confusion'. Speaking of an earlier version of s 10, the Full Court described the decision as to whether the use of a mark was likely to deceive or cause confusion as 'in the end a question of impression and common sense': *Murray Goulburn Co-operative Co Ltd v New South Wales Dairy Corporation* (1990) 24 FCR 370 at 377 per Lockhart, Pincus and von Doussa JJ. In *Australian Woollen Mills Limited v FS Walton & Co Limited* (1937) 58 CLR 641 at 659 Dixon and McTiernan JJ said that application of the question of deceptive similarity '... is a question

never susceptible of much discussion. 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'. Lord Diplock described the issue as a 'jury question' (*General Electric Co (of USA) v General Electric Co Ltd* [1972] 1 WLR 729 at 738; 2 All ER 507 at 515), a statement cited with approval by the Full Court in *Interlego AG v Croner Trading Pty Limited* (1992) 39 FCR 348 at 387 per Gummow J (Black CJ and Lockhart J agreeing).

160 That computer systems do not yet have the capacity to engage in this kind of impressionistic exercise is perhaps not altogether surprising. It may be the case that artificial intelligence will go some way towards making inroads into this problem but on the evidence in this case that point has not yet been reached.

161 Thus an award of additional damages the purpose of which was to persuade Redbubble to use computer systems to check all images prior to their upload to the website for deceptive similarity would, on the evidence, presently be quixotic. Redbubble cannot be persuaded to do what cannot be done. Of course, a closer probing of Redbubble's evidence might have revealed more about its present inability to do impressionistic image matching. For example, it might have been shown that such a system was under development but was proceeding slowly due to the amount of capital expenditure being allotted to it. Comparison with other evidence about how Redbubble was deploying its capital might have made it possible to infer that Redbubble was not pursuing this goal as vigorously as it could.

162 However, Hells Angels did not pursue such an analysis. It did submit that Redbubble had on hand \$99 million in a cash deposit. But this was not sufficient to mount an argument of the present kind. There are three problems. First, almost nothing is known of how much Redbubble was spending on the development of any impressionistic image matching system or how far off in the distance the expected completion of any such system was. While Mr Vydra gave evidence that Redbubble spent \$14 million on technology infrastructure and \$19 million on software costs in the 2020-21 financial year, which includes the costs of developing its image matching technologies, Hells Angels did not seek to make anything of this, and Mr Vydra's intention in giving this evidence was to invite the inference that Redbubble *was* spending respectable sums on developing such capabilities. Secondly, nothing can be inferred from the mere fact that it had \$99 million on hand in cash without knowing why it was holding this cash. In particular, it cannot be inferred that it was available to be utilised as capital expenditure on further development of an impressionistic image matching system. Thirdly,

there is no evidence available about the capital expenditure Redbubble was making to allow a conclusion to be drawn that it was not spending enough on developing its impressionistic image matching tool. In short, whilst it is easy to imagine how a case criticising Redbubble's pursuit of this project might have been mounted, the fact is that, apart from the reference to the \$99 million cash on deposit, the groundwork for this submission was not laid.

The Second Deterrent Goal

163 The second deterrent goal is to persuade Redbubble to alter its content moderation procedures in some other way so that, through a combination of automated and human activity, infringing artwork could be detected before being uploaded. In his second affidavit Mr Vydra gave this evidence:

Beyond fingerprint-based matching such as that used by the Duplicate Detection Software, Redbubble has explored other in-house automated content moderation options but has not yet found an automated system that would be practical at the necessary scale. By this I mean that the staff resourcing required and costs associated with maintaining content moderation systems would not be feasible for Redbubble. I consider Facebook, Inc. to be an illustrative example of a company which faces similar content moderation issues as Redbubble, but with vastly different resources available to it. Now shown to me and marked 'DV-26' is a copy of a white paper published by Mark Zuckerberg, the CEO of Facebook, Inc. which was last edited on 6 May 2021. The white paper states that Facebook, Inc employs around 30,000 people to enforce its community standards, including content moderators, and that the 'review teams make the wrong call in more than 1 out of every 10 cases'. Now shown to me and marked 'DV-27' is a copy of the fourth quarter and full year ended 21 December 2020 results reported by Facebook, Inc. In 2020, Facebook, Inc.'s reported net income was approximately US \$29 billion.

164 This evidence was given in the context of Examples 8 to 11 on the re-opened case. Hells Angels sought to meet Redbubble's evidence about its inability to perform impressionistic image matching and the lack of feasibility for it of altering its content moderation procedures in the somewhat blunt fashion we have described above involving the \$99 million it had on deposit. As we have explained, we do not think that, in the form pursued, Hells Angels' case about this goes far enough on this point to justify the rejection of Mr Vydra's evidence. The trial judge made no findings about what was feasible for Redbubble or this aspect of Mr Vydra's evidence, although his Honour did accept Mr Vydra's evidence that impressionistic image matching was not possible. His Honour's avoidance of the feasibility evidence was made possible because of his conclusion that Redbubble could have at least engaged someone to do what Mr Nelms had done. As we have explained, however, doing so would not have prevented the infringements from occurring.

165 It is not open to us to disregard Redbubble's evidence that impressionistic image matching is not possible and, as we have explained, we do not think that an argument that it could have spent more on this is presently open in light of the relatively shallow probing of its financial situation. We also do not think we can disregard Mr Vydra's evidence that enhanced moderation procedures of the kind under discussion were not feasible for Redbubble. No doubt, a more determined attack on this evidence might have been launched but, so it seems to us, it was not.

166 Returning then to the goal of encouraging Redbubble to enhance its content moderation procedures in this way, we do not think that it would be appropriate to use an award of additional damages to make Redbubble do what the evidence suggests it is not feasible for it to do.

Ceasing to trade

167 Of course, it might be said that the fact that seeking to put in place enhanced moderation procedures was not feasible for Redbubble was its problem. If it was not feasible, it could instead cease to trade. We accept that doing so would prevent any further infringements from occurring. However, it would do so by closing Redbubble's business. The immediate question is whether it would be appropriate to seek to deter Redbubble from infringing by such drastic means.

168 We do not think that it would be. Redbubble's business is a lawful business. Its content moderation procedures as they presently exist undoubtedly permit infringements of registered trade marks to occur. But it endeavours to prevent this from occurring. On the evidence as presented in this case those endeavours are not perfect. However, it has not been shown, at least on that evidence, that Redbubble may be said to be delinquent in its approach to content moderation.

169 Whilst there is no requirement that additional damages should be proportionate to the quantum of the award of damages which enlivens the potential for their award, we do think that the deterrent goal which such an award is intended to achieve should bear some proportion to the circumstances which have brought that party before the Court. It would not be proportionate to seek to close Redbubble's entire business on the basis of the infringements that Hells Angels has demonstrated either in this or the first case.

Conclusions on Deterrence

170 Of the three deterrent effects we have described, two are impossible to achieve and one is wholly inappropriate. In that circumstance, we do not think that the needs of specific deterrence in this case point to an award of additional damages.

171 That leaves the question of general deterrence which is also relevant to s 126(2)(b). Here, the intended audience is not Redbubble but instead those who might think it worthwhile to chance their arm at infringing trade marks. We do not think that an award of additional damages would speak to all such persons. Rather, it would speak to those who conduct businesses which permit third parties to upload artwork as part of a venture aimed in some way at the provision of goods or services. This is potentially a very broad class.

172 Whilst the specific circumstances of Redbubble persuade us that its deterrence would be either pointless or wholly inappropriate, the nature of these other enterprises is unknown. It is possible that amongst them are businesses where there are no content moderation procedures in place or where, although in place, they are mere facades devoid of actual application. It may also be that the particular nature of the businesses may mean that impressionistic image matching is a plausible mechanism of detection. We are therefore unable to exclude the possibility that an award of additional damages might feasibly deter others from engaging in trade mark infringement in similar businesses.

173 As such we would accept that the needs of general deterrence do to an extent favour the award of additional damages for the purposes of s 126(2)(b). However, the uncertainty about who is being deterred and in precisely what way tends to render this matter of less weight.

Conclusions on additional damages

174 Should additional damages be awarded under s 126(2)? The factors in s 126(2)(a), (c), (d) and (e) (to the extent that it relates to the failure of Hells Angels to notify Redbubble that it had detected the infringing works) are all clearly against an award of additional damages. The fact that only nominal damages have been awarded suggest in this case (but perhaps not every case) that additional damages are not appropriate.

175 In relation to deterrence in s 126(2)(b), we do not think that the specific deterrence of Redbubble is feasible except to the extent that it might be deterred from conducting its business at all. However, in this case, awarding additional damages with a view to causing Redbubble to shut its business would be inappropriate for the reasons we have already given. We cannot

therefore identify a presently plausible need for specific deterrence. The needs of general deterrence do, it is true, mildly favour an award of additional damages but, overall, the matters referred to in s 126(2) are preponderantly against such an award. No additional damages should be awarded.

SECTION G: WAS THERE ERROR IN THE TRIAL JUDGE’S CONCLUSION THAT FINAL INJUNCTIVE RELIEF SHOULD BE GRANTED? (GROUND 7)

176 The trial judge concluded that it was appropriate to grant final injunctive relief. Redbubble submits that his Honour erred in reaching this conclusion for two reasons. First, he overlooked dealing with Redbubble’s contention that the infringements were de minimis. Secondly, his Honour approached the question of whether an injunction should be issued on the basis that, once infringement was demonstrated, Hells Angels Australia had a prima facie entitlement to an injunction. We do not agree that the trial judge made either of these errors.

De minimis infringement

177 For the reasons we have given in relation to the trial judge’s decision to award nominal damages, we do not accept that the trial judge erred in overlooking Redbubble’s submission that relief should not be granted because of the de minimis nature of the infringements. While Redbubble did submit in writing at trial that the appearance of Examples 1 to 7 (and any further examples) was de minimis such that injunctive relief should not issue, as we have explained, we do not accept that the infringements were relevantly de minimis (or technical, transitory, ephemeral or trifling, as Redbubble framed it in its submissions on the re-opened case). In short, the infringements were not de minimis and the de minimis principle of construction is irrelevant to the discretion conferred by s 126(1).

Prima facie entitlement

178 The relevant statement by the trial judge is at [138]:

Discretionary factors as a matter of the law of remedies might mean that a remedy might not go for one reason or another in the face of infringing conduct, but once infringing conduct is made out, a remedy *prima facie* lies.

179 There are two issues. First, was the statement at [138] about remedies generally or about the remedy of injunction? Secondly, if it was about the remedy of injunction did it involve error?

180 As to the first question, [138] was immediately followed by a conclusion at [139] that Hells Angels was entitled to an injunction in relation to Examples 1 to 7 and by a statement at [140] that his Honour would consider the position of Examples 8 to 11 before dealing with damages.

From [141] to [232] his Honour then considered Examples 8 to 11 without indicating whether he would grant an injunction and proceeded to award nominal and additional damages for Examples 1 to 7 and Examples 8 to 11. At [233] the trial judge then returned to the topic of injunctive relief, saying only briefly that ‘[i]njunctions will be framed in relation to the conduct’. We would infer from this that the trial judge intended by his conclusion at [139] that an injunction should issue in relation to Examples 1 to 7 and should extend to Redbubble’s conduct in using Examples 8 to 11.

181 As such, we would read the statement at [138] as being concerned with the grant of the remedy of injunction although we accept it is literally couched more broadly in terms of remedies. We would read it this way for two reasons: first, because it immediately precedes the paragraph where the trial judge concluded that an injunction should be granted; and secondly, because his Honour dealt extensively with the question of damages and additional damages in other parts of his Honour’s reasons. Even if [138] is a statement about nominal and additional damages, we do not think that this would give rise to a problem. In relation to nominal damages, this is because any such error would be immaterial where we have concluded that nominal damages are appropriate. In relation to additional damages, it is clear from his Honour’s actual treatment of the question of additional damages that he did not approach it on the basis that Hells Angels Australia had a prima facie entitlement to damages of that kind. It follows that [138] should be understood as a statement about the grant of an injunction.

182 Turning then to the second question of whether the trial judge erred by approaching the matter on the basis that on proof of infringement there was a prima facie entitlement to an injunction, one begins with s 126(1)(a). The word it uses is ‘injunction’. ‘The remedy of injunction, provided by statute for over a century, to prevent the infringement of registered trade marks reflects the equity decisions which protected and established a property right in the goodwill of trade marks before they were recognised by statute’: *Grain Pool of Western Australia v Commonwealth* [2000] HCA 14; 202 CLR 479 at [35] per Gleeson CJ, Gaudron, McHugh, Gummow, Hayne and Callinan JJ. Much ink might be spilled in attempting to ascertain precisely what role Chancery’s auxiliary jurisdiction played historically in relation to trade marks but we do not doubt that the modern position is that it is not necessary in order for a plaintiff to obtain an injunction that it demonstrate that damages are not an adequate remedy. This is either because by the time of the first comprehensive trade mark statute, the *Trade Marks Registration Act 1875* (UK), it was already accepted in the auxiliary jurisdiction that

damages were not an adequate remedy in trade mark cases, or because on or after the passage of that law it ceased altogether to be a requirement.

183 In any event, however that position was reached or when, it is not a requirement now. The rights conferred on the owner of a registered trade mark are, by s 20(1), exclusive rights to use and licence the use of the trade mark. Unless able to be protected by injunction, an exclusive right is not truly exclusive. Leaving a plaintiff to a remedy in damages will, in many cases, leave the trade mark owner in the position of being an involuntary licensor to infringers who may use the mark now and pay compensatory damages later. Such an outcome cannot be reconciled with the right of the owner of the trade mark to fix the price on which it will agree to authorise a person to use its trade mark and, in particular, to fix a price which exceeds the monetary value of the harm it is likely to suffer if someone else uses the mark. This is a central feature of the property right which the Act has created.

184 It is for this reason that generally speaking an appropriate remedy on proof of infringement or apprehended infringement will be a final injunction. This has certainly been said of copyright infringements (see for example Harbottle G, Caddick N and Suthersanen U (eds), *Copinger and Skone James on Copyright* (18th ed, Sweet & Maxwell, 2021) at [21-234]) and held in the Federal Court (see *Universal Music Publishing Pty Ltd v Palmer (No 2)* [2021] FCA 434; 158 IPR 421 at [530] per Katzmann J). In relation to patent infringement suits, there are obiter dicta to this effect in several appellate decisions, although the question under determination in these cases was whether the plaintiff was entitled to a final injunction in general form and was not focussed on the present issue: see *Coflexip SA v Stolt Comex Seaway MS Ltd* [2001] RPC 9; 1 All ER 952 at [20]–[21] per Aldous LJ with whom Chadwick and Buxton LJ agreed; *Fei Yu trading as Jewels 4 Pools v Beadcrete Pty Ltd* [2014] FCAFC 117; 107 IPR 516 at [89] per Dowsett, Middleton and Robertson JJ; *Calidad Pty Ltd v Seiko Epson Corporation (No 2)* [2019] FCAFC 168; 147 IPR 386 (*‘Calidad (No 2)’*) at [30] per Greenwood, Jagot and Yates JJ.

185 In our view, these obiter dicta are correct. The present question concerns trade marks rather than copyrights or patents. We see no reason why the position in relation to trade marks would differ from that obtaining in the case of copyrights and patents. All three sets of rights have the feature to which we have previously referred, being the statutory right to exclude others from their exercise: *Patents Act 1990* (Cth) s 13; *Copyright Act 1968* (Cth) ss 31, 85-88; *Trade*

Marks Act 1995 (Cth) s 20. Therefore, in our view, the correct position is as we have described in the previous paragraph.

186 Nevertheless, the grant of a final injunction under s 126(1) remains a remedy to be exercised in a like manner to its equitable forebears and is thus always discretionary (although the adequacy of damages and the presence of a proprietary interest are concluded in favour of a plaintiff by the terms of the Act). It is beyond the scope of these reasons to discuss in detail the various discretionary matters which may lead to the refusal of a final injunction although we will turn below to one such circumstance. However, in the trade mark field, this Court has declined to grant a final injunction where there was no risk of any repetition of infringement and where the respondent had been the victim of the contractual misbehaviour of one of the second applicant's own licensed manufacturers: *Sporte Leisure Pty Ltd v Paul's International Pty Ltd (No 3)* [2010] FCA 1162; 88 IPR 242 at [138] per Nicholas J. In *Louis Vuitton Malletier SA v Knierum* [2004] FCA 1584 (*'Louis Vuitton'*) at [14]-[15], Finkelstein J likewise expressed the view that a final injunction might be refused where there was no risk of repetition.

187 The question which now arises is whether the principle that on proof of infringement a plaintiff generally has an entitlement to a final injunction is accurately paraphrased by saying that the plaintiff has a prima facie entitlement to such an injunction. The difference may seem a fine one. And, as we will explain below, whatever the differences between the two standards are, we are satisfied that the trial judge's invocation of the prima facie standard did not lead him into error in this case. Even so, we do not think that it is correct to say that a plaintiff has a prima facie entitlement to an injunction. Perhaps more importantly, we regard the use of the statement both as potentially expanding the statutory monopoly beyond the terms of the Act and concomitantly bringing with it a risk that trial judges and practitioners will be led into error by it.

188 As we have explained, s 20(2) confers on a plaintiff who proves infringement an entitlement to obtain a remedy. This is not a prima facie entitlement but an actual entitlement. The provision is, however, silent on which remedy is to be awarded. Further, as we have explained, whether the remedy of a final injunction is to be awarded turns on whether it would be granted in equity. The principles governing the grant in equity of final injunctions are not different where the property right being enforced is a right of statutory monopoly conferred by an intellectual property statute.

189 We accept, of course, that there is an important relationship between statutory rights of intellectual property and the ability of a plaintiff to obtain a final injunction. Without the possibility of enforcement by final injunction, the continuing vitality of these rights would be imperilled. This is why in cases of copyright, patents and trade marks, equity does not regard damages as an adequate remedy.

190 We do not think that there are sufficient reasons for further augmenting the position of the holders of such rights by now concluding that not only will damages not be an adequate remedy in such cases but also that a plaintiff, on proof of infringement, has a prima facie entitlement to a final injunction. The remedy of a final injunction is equitable in nature and hence discretionary. The discretionary nature of the remedy is inconsistent with a plaintiff's prima facie entitlement to it. The concept of a prima facie entitlement is apt to conceptualise the jurisprudential mechanics of final injunctive relief as involving, in effect, a cause of action consisting of elements, proof of which leads to an entitlement to relief. This approach is not consistent with our understanding of the nature of equitable relief.

191 There are, we accept, some statements in the authorities which support the idea that there is a prima facie entitlement to a final injunction on proof of infringement. However, these cases are either concerned with costs or with whether proof of infringement, on its own, is sufficient to demonstrate a risk of repetition of the infringing conduct.

192 As to the former, these statements have arisen in cases where the issue of infringement has been tried separately from the issue of relief and where the second hearing, for some reason, has not proceeded. The debate has been whether the successful plaintiff at the liability trial is entitled to its costs notwithstanding the absence of the grant of any relief due to the non-occurrence of the remedies trial. Perhaps the best known of these is *Colgate Palmolive Limited v Markwell Finance Limited* [1990] RPC 197 ('*Colgate Palmolive*') at 200:

It is a well-settled principle, supported by an abundance of authority that, in respect of property rights, in particular intellectual property rights such as patents, copyrights, trade marks and the right to protect goodwill against passing off, a person whose right has been infringed is entitled to come to court to have his right pronounced upon and vindicated and to an injunction against the infringer ...

193 In *Louis Vuitton*, Finkelstein J thought this too widely stated and overlooked the inherently discretionary nature of the remedy (at [14]-[15]). We respectfully agree. More importantly, we do not regard cases which are concerned with costs as providing much insight into the present question.

194 As to the latter line of cases, a final injunction will not be granted unless there is a risk of repetition of the conduct which the plaintiff seeks to restrain. In the intellectual property area, there has been some debate about what needs to be proved by a plaintiff to demonstrate that risk of repetition. The two poles of this debate have been constituted by those who think that proof of past infringement is sufficient in itself for a court to conclude that there is a risk of repetition and those who see the question as being one concerned with the drawing of factual inferences. Most discussions of this topic begin with *Proctor v Bayley* (1889) 42 Ch D 390 (*'Proctor'*) where Cotton LJ said (at 398):

Where a patent is infringed the patentee has a *prima facie* case for an injunction, for it is to be presumed that an infringer intends to go on infringing, and that the patentee has a right to an injunction to prevent his doing so.

195 It will be observed that whilst his Lordship did refer to a prima facie entitlement to an injunction it is evident that this was in the context of a discussion of the risk of repetition. The same may be said of cases such as *Coflexip SA v Stolt Comex Seaway MS Ltd* [1999] 2 All ER 593 at 596-597 per Laddie J and *Wayne V Myers Co Ltd v L E Fields Auto Services Ltd* (1954) 71 RPC 435 at 439 per Vaisey J. The authors of the current edition of *Meagher, Gummow & Lehane's Equity: Doctrines & Remedies* (5th ed, LexisNexis Butterworths, 2015) say this (at [21-140], footnotes omitted):

In any event a plaintiff became entitled to an injunction prima facie on proving infringement of the patent or copyright.

196 This is footnoted to *Proctor*. With respect, we do not think that the statement is supported by *Proctor* once that case is understood as being concerned with the question of repetition.

197 It follows that we are not persuaded that those cases which are concerned with costs or the risk of repetition provide secure guidance on the more abstract question now before this Court.

198 On the other hand, we do accept that in *Merck Sharp & Dohme Corp v Wyeth LLC (No 4)* [2020] FCA 1719; 157 IPR 1 (*'Merck'*) at [8] Burley J did hold (in a patent suit) that a plaintiff was prima facie entitled to an injunction on proof of infringement:

First, the status quo is that Wyeth has established that MSD threatens to launch a product that has been found to infringe the asserted 013 patent claims. It is prima facie entitled to an injunction as a consequence of that finding: *Calidad* at [30]. It is for MSD to establish on the basis of evidence that such an order should not be made.

199 This statement was one of the bases for his Honour's decision to grant a final injunction and as such forms part of its ratio decidendi. Only with great caution would we depart from something said by Burley J in relation to intellectual property. However, with respect although not without

significant hesitation, we do not think that his Honour’s statement is correct. The passage cited by his Honour from the Full Court’s decision in *Calidad (No 2)* is at [30] and is in these terms:

In *Fei Yu trading as Jewels 4 Pools v Beadcrete Pty Ltd* [2014] FCAFC 117; 107 IPR 516 (a patent infringement case), the Full Court expressed agreement with Heerey J’s approach in *Welcome* and (at [89]) acknowledged that, in the United Kingdom and Australia, “a patentee who establishes infringement will usually obtain the benefit of an order restraining infringement generally”.

200 This statement is concerned with the question of whether an injunction in general form should be granted and not really with the circumstances in which a final injunction is granted. Further, leaving that problem aside, we again respectfully do not agree that [30] provides support for any prima facie principle. The highest it can be put is that the Court endorsed the idea that ‘a patentee who establishes infringement will usually obtain the benefit of an order restraining infringement generally’. But this is not the same as the endorsement of a prima facie entitlement to a final injunction on proof of infringement.

201 Whilst the ratio decidendi of *Merck* is that on infringement a plaintiff is prima facie entitled to a final injunction we are not bound by it. We do not accept therefore that any authority directly requires us to hold that a plaintiff has a prima facie entitlement to an injunction on proof of infringement and we do not think that so to hold would be correct. For the reasons we have given, in our view the correct position is that on proof of infringement a plaintiff is generally entitled to an injunction.

202 We have spent some time labouring what might appear to be a very slight semantic difference. However, the question is important for at least two reasons. First, the use of the prima facie standard increases the scope of the statutory monopoly which has been granted and elevates it above that enjoyed by other property rights which can be protected by a final injunction. In particular, it is apt to encourage a perspective of these property rights which distracts attention from the discretionary nature of the remedy. Whilst we accept of course that in the case of intangible property rights the courts must be astute to ensure that they are given continued vitality by injunctive relief, that important end is adequately catered for by equity’s acceptance that in this area damages are not an adequate remedy. We do not think it would be appropriate or necessary further to privilege this set of property rights by erecting a prima facie entitlement to injunctive relief on proof of infringement.

203 The second reason is practical and relates to the first. The idea that there is a prima facie entitlement to a final injunction carries with it the risk of distracting courts and practitioners

alike from the discretionary nature of the remedy. In the case of the former, the use of the expression can engender the kind of confusion evident in *Colgate Palmolive*. In the case of the latter, the suggestion that there is a prima facie entitlement to an injunction is likely to engender unnecessary debate. The remedy is discretionary and language which distracts from that should, in our respectful opinion, be eschewed.

204 It follows that the trial judge approached this question on an erroneous basis. However, the effect of this error will only be material if it is apparent that it distracts a trial judge from the discretionary nature of the remedy.

205 In this case, we do not accept that the trial judge overlooked the discretionary nature of a final injunction. This is evident from several parts of the reasons for judgment. These are: his Honour's statement at [114] that the remedies under s 126(1) included an injunction 'having regard to discretionary considerations'; the question posed at [134] as to whether the matters raised by Redbubble could be 'an answer to a request for a discretionary remedy of an injunction'; and the explicit statement at [138] (the very paragraph where the trial judge referred to the prima facie entitlement to a remedy) that '[d]iscretionary factors as a matter of the law of remedies might mean that a remedy might not go for one reason or another'.

206 We are thus not persuaded that by the use of the expression 'once infringing conduct is made out, a remedy *prima facie* lies' the trial judge misled himself into overlooking the discretionary nature of the remedy. Consequently, we do not accept that the trial judge erred in the manner suggested.

207 It follows that no error is shown in the trial judge's conclusion that the appropriate remedy was a final injunction.

SECTION H: THE TERMS OF THE INJUNCTION (GROUND 7)

208 Despite that conclusion, it is evident that the trial judge erred in formulating the injunctions he granted. The trial judge granted two injunctions which were intertwined with two declarations. For present purposes, the declarations may be disregarded since they are not material to the problems which arise.

209 The injunctions were as follows:

1. Redbubble is restrained whether by itself, its officers, servants or agents or otherwise howsoever, from using the sign "Hells Angels" as depicted in Examples 1, 2, 3, 5, 6 and 7 of Attachment C to the reasons and as depicted in

Examples 8, 9, 10 and 11 of Attachment D to the reasons, or any sign substantially identical with, or deceptively similar to, a sign bearing the words “Hells Angels”, on the website operated by Redbubble in relation to trade in goods to which the sign can be applied, where such goods are goods in respect of which Trade Mark No. 526530, Trade Mark No. 723219 and Trade Mark No. 1257992 is registered.

2. Redbubble is restrained whether by itself, its officers, servants or agents or otherwise howsoever, from using the sign being the device described in Declaration 2 of these declarations and orders as depicted in Examples 1, 3, 4, 5, 6 and 7 of Attachment C to the reasons and as depicted in Examples 8, 9, 10 and 11 of Attachment D to the reasons, or any sign substantially identical with, or deceptively similar to, a sign consisting of the device, on the website operated by Redbubble in relation to trade in goods to which the sign can be applied, where such goods are goods in respect of which Trade Mark No. 526530, Trade Mark No. 723463 and Trade Mark No. 1257993 is registered.

210 It is evident from the trial judge’s reasons that his Honour was seeking to avoid the problem of simply ordering Redbubble not to infringe the trade marks: [139]. Here, the thinking was that an injunction restraining infringement does not tell a defendant what it is that they must not do. As the trial judge put it, such an injunction ‘ultimately begs the question of whether particular conduct falls within or without the terms of the injunction’. Whilst there was at one time a debate about this, it is now established that the problem apprehended by the trial judge is generally not a problem where the enforcement of a statutory monopoly against an infringer is concerned: *Calidad (No 2)* at [25], [44].

211 Another feature of the two injunctions is also important and should be noted. Both assumed that Redbubble would not be in breach merely by operating its website. That this is so is clear from the fact that each injunction restrained Redbubble from using certain signs ‘on the website operated by Redbubble’.

212 The injunction framed by the trial judge has two problems.

Use of the marks other than as badges of origin

213 Redbubble will only infringe the trade marks if it uses signs substantially identical to or deceptively similar to the trade marks ‘as a trade mark’: s 120(1) (‘... if the person uses as a trade mark a sign ...’). However, the injunctions are not subject to this limitation. It is quite possible that an artwork might be uploaded to Redbubble’s website where it was clear that the depiction of the trade marks could not involve trade mark use. For example, one of the examples in the first trial (known as Example 2) was a poster of a young child and an adult sitting next to each other with their backs to the camera. The poster was entitled ‘Angel with Angel’. The adult was wearing a jacket which had on its back the words ‘Hells Angels’

surmounted over the winged death head. In the first trial, the trial judge held that this poster did not infringe the trade marks because it did not involve trade mark use: [470]. That was because the trade marks were not being used as a badge of origin.

214 We respectfully agree. However, the injunctions granted by the trial judge would now restrain Redbubble from having on its website Example 2 from the first trial. Thus, it is apparent that the formulation of the injunctions involved error.

Coherence

215 Secondly, as we have explained in the context of additional damages, Redbubble's evidence was that it cannot utilise impressionistic image matching automatically to detect signs which are deceptively similar to the trade marks and it would not be feasible for it to alter its content moderation procedures to employ large numbers of people manually to check every image before it was uploaded. Whilst it is possible to imagine that Hells Angels Australia could have challenged this evidence more effectively than it appears to have done, at the end of the day this evidence stands. And, if it stands, it would appear to follow that Redbubble cannot comply with the injunctions as they are framed without ceasing to operate the website.

216 As we have said, it is likely that the trial judge did not advert to Redbubble's evidence about what was feasible because he believed the injunctions could be obeyed by Redbubble employing someone to do what Mr Nelms had done. However, as we have explained, this would not have prevented the infringements from occurring but merely reduced their duration.

217 Once that is put to one side, one is left with the situation that the injunctions expressly assume that Redbubble will continue to operate its website whilst, in practical terms, preventing it from doing so. In our view, framing the injunction so that it permits in form what it prohibits in substance is unsound. The problem is the making of an order which cannot be enforced. On the evidence, the only way the injunctions as framed may be obeyed is if Redbubble ceases to operate its website. But a failure by Redbubble to cease operating its website could never be a contempt of court since the injunctions expressly assume that Redbubble is entitled to continue to do so. The Court will therefore be unable to utilise the civil contempt remedy to compel Redbubble to stop operating its website since its own order assumes that it can. Thus the only way the injunctions can be obeyed is the one way in which they will never be enforced. The framing of the injunctions in this way involves error.

The framing of an appropriate injunction

218 The injunctions must be set aside and redrawn by this Court. There are several injunctions which would not be appropriate. First, it would not be appropriate to order Redbubble to engage someone like Mr Nelms since, as we have explained, this would not prevent the infringements from occurring but merely reduce their duration.

219 Secondly, we would not order Redbubble to implement an impressionistic image matching system since the evidence is that it cannot yet do this.

220 Thirdly, it would not be appropriate to order Redbubble to engage sufficient content moderators to permit it to check each of the more than 90,000 images uploaded each day for infringement since this would not be feasible.

221 Fourthly, it would not be appropriate to order Redbubble to comply with its existing content moderation protocols. Whilst there was evidence before the trial judge that several of the examples had appeared on its website because of an error in the application of those protocols, there is no evidence that this resulted from any threat by Redbubble not to adhere to these protocols and, indeed, the evidence is that this resulted from errors by a contractor. We would not restrain Redbubble from ceasing to comply with its existing moderation protocols because that is not something it is threatening to do.

222 Fifthly, it would not be appropriate to order Redbubble not to infringe the trade marks subject to a proviso that if it had complied with its content moderation procedures then it would be taken not to have infringed the trade marks (as was suggested by Redbubble). In substance, this is similar to the fourth injunction we have just rejected. However, it has the additional vice that it would involve giving this Court's imprimatur to Redbubble's content moderation procedures. Doing so would thereby exchange the statutory and exclusive rights conferred by the Act for Redbubble's hopes and aspirations for the efficacy of those procedures. Whether such an imprimatur should be given or whether such an exchange can or should be contemplated should await a case which sufficiently raises it. Whilst we have accepted that what Redbubble is presently doing is that which is feasible, it is far from clear what the status of Redbubble's content moderation procedures would be if they were to encounter a plaintiff who sued it for a final injunction where actual loss was shown.

223 The ordinary form of an injunction in a case such as the present would be an order restraining Redbubble from infringing the five trade marks. This is generally the appropriate injunction

where a patent or a trade mark is infringed: *Calidad (No 2)* at [44]; *Goodman Fielder Pte Ltd v Conga Foods Pty Ltd* [2021] FCA 307; 157 IPR 468 at [30] per Burley J. However, for the reasons we have already given the grant of such an injunction could only be obeyed by Redbubble ceasing to operate its website. In our view, it would be disproportionate and oppressive to grant an injunction having this practical effect. Hells Angels Australia has failed to prove that it has suffered any loss from the infringements. Significantly, it has failed to prove that the goodwill attaching to the trade marks has been adversely affected by the infringements. The damages it has been awarded are nominal. There is no evidence of past diversion of trade and no basis upon which it may be assumed that there is likely to be any future diversion of trade. There is no basis on which we could infer that there is likely to be any future impact on whatever the goodwill attaching to the trade marks is.

224 In relation to the grant of final injunctions, it has been said that a good working rule is that such an injunction may be refused if:

- (a) the injury to the plaintiff's legal rights is small;
- (b) the injury is one which is capable of being estimated in money;
- (c) the injury is one which can be adequately compensated by a small money payment; and
- (d) it would be oppressive to the defendant to grant the injunction.

See *Shelfer v City of London Electric Lighting Co* [1895] 1 Ch 287 at 322-323 per AL Smith LJ and the useful article by Burley J and Mr Angus Lang 'Ongoing patent infringement: Is injunctive relief an inevitable outcome?' (2018) 12 *Journal of Equity* 132 at 137-142.

225 The rule is only a working rule and is an instance of the grant of damages in lieu of an injunction of the kind contemplated by *Lord Cairns' Act*. It has been applied in the context of copyright in *Navitaire Inc v EasyJet Airline Co Ltd (No 2)* [2005] EWHC 282 (Ch); [2006] RPC 4 ('*Navitaire*') at [101] and [104] per Pumfrey J. We see no reason why it ought not apply in the context of trade marks whilst keeping in mind that it is a working rule only. It should also be emphasised, in the present context, that oppression does not mean inconvenience. Rather it means that the grant of the injunction would be grossly disproportionate to the right protected. As Pumfrey J observed in *Navitaire* at [104]:

Accordingly, the grant or refusal of a final injunction is not merely a matter of the balance of convenience. Justice requires that the court observe the principles enunciated in *Shelfer's* case and remembers that if the effect of the grant of an

injunction is not oppressive the defendant cannot buy his way out of it, even if the price, objectively ascertained, would be modest. My understanding of the word ‘oppressive’ in this context is that the effect of the grant of the injunction would be grossly disproportionate to the right protected. The word ‘grossly’ avoids any suggestion that all that has to be done is to strike a balance of convenience.

226 We do not accept therefore that it would be correct to grant an injunction which could only be obeyed by Redbubble ceasing to trade. The shuttering of Redbubble’s business at the instance of a party which has suffered and is likely to suffer no loss of any kind falls within the working rule. If Hells Angels had demonstrated some actual or apprehended loss then the question would be much more difficult. Such a case might be presented by the owner of a trade mark which had a reputation for the exclusive nature of the products to which it was affixed (although there might be many other circumstances generating similar problems). For such a trader, even the intermittent appearance of its marks on Redbubble’s website for short periods of time could cause real harm to that goodwill and this could be so even without any sales. In this context, we would distinguish exclusive goods of this kind from evidence led at trial that only fully patched members of the Hells Angels could wear its insignia on apparel and that women could not be fully patched members. In particular, we would observe that use of the five marks to indicate exclusive membership of a club is unlikely to involve their use as badges of origin or therefore to involve trade mark use.

227 Just how the undoubted right of such a trade mark owner to insist on the exclusive nature of the rights conferred on it by the ownership of its marks could be reconciled with the conduct of Redbubble’s business is difficult to predict in advance. Such a case might involve a much more detailed analysis of the economics underpinning Redbubble’s content moderation procedures than was undertaken in this case. We do not think it useful, and indeed it might be unwise, to consider how this might play out until facts generating such a case are before the Court.

228 In the somewhat unusual circumstances of this case, we are therefore unable to formulate an injunction which would be appropriate. The two injunctions granted by the trial judge cannot stand for the reasons we have given and must be set aside but we do not think it would be appropriate to grant any injunctive relief in their place.

Residuary matters

229 It is convenient briefly to deal with some of Redbubble’s other arguments about the form of the injunctions although they are no longer material in light of the conclusion we have just reached. There were four such submissions.

230 First, Redbubble submitted that the injunctions restrain it from using signs substantially identical with or deceptively similar to Examples 1 to 11. But Examples 1 to 11 are not themselves trade marks and s 126(1) only authorises an injunction restraining the use of a sign which is deceptively similar to the trade marks. Where A is deceptively similar to B and B is deceptively similar to C, it does not necessarily follow that A is deceptively similar to C. Hence the injunctions restrain conduct which need not necessarily be an infringement of the trade marks.

231 Whilst we would accept the logic of Redbubble's submission, on the actual facts it does not amount to much. An examination of the trade marks and Examples 1 to 7 and 8 to 11 shows that it is difficult to envisage a sign which would be deceptively similar to the devices depicted in them which would not also be deceptively similar to the trade marks: see Attachments A, C and D to the primary judgment for a comparison between the images depicted in the examples and the trade marks. We are unpersuaded that this is a real rather than theoretical problem.

232 Secondly, Redbubble submitted that the injunctions restrain it from making the images available to persons associated with Hells Angels, that is to say, with its licence. It may be assumed for the purposes of this argument that a trap purchaser who views Examples 1 to 7 and 8 to 11 does not merely thereby infringe the trade marks. However, making this assumption, Redbubble's point loses much of its lustre when one recalls that a trap purchase (or trap viewing) can only occur if the images are first present on the website. But their presence is, of course, precisely what the injunctions restrain. In any event, had it been necessary, this problem could easily have been addressed by making clear that the injunctions did not apply to conduct which took place with the licence of Hells Angels.

233 Thirdly, Redbubble submitted that the injunctions caught situations where its use of the images might afford it a defence under s 122. This too is not persuasive. The defences in s 122 are somewhat complex. It provides:

122 When is a trade mark not infringed?

- (1) In spite of section 120, a person does not infringe a registered trade mark when:
 - (a) the person uses in good faith:
 - (i) the person's name or the name of the person's place of business; or
 - (ii) the name of a predecessor in business of the person or the name of the predecessor's place of business; or

- (b) the person uses a sign in good faith to indicate:
 - (i) the kind, quality, quantity, intended purpose, value, geographical origin, or some other characteristic, of goods or services; or
 - (ii) the time of production of goods or of the rendering of services; or
 - (c) the person uses the trade mark in good faith to indicate the intended purpose of goods (in particular as accessories or spare parts) or services; or
 - (d) the person uses the trade mark for the purposes of comparative advertising; or
 - (e) the person exercises a right to use a trade mark given to the person under this Act; or
 - (f) the court is of the opinion that the person would obtain registration of the trade mark in his or her name if the person were to apply for it; or
 - (fa) both:
 - (i) the person uses a trade mark that is substantially identical with, or deceptively similar to, the first-mentioned trade mark; and
 - (ii) the court is of the opinion that the person would obtain registration of the substantially identical or deceptively similar trade mark in his or her name if the person were to apply for it; or
 - (g) the person, in using a sign referred to in subsection 120(1), (2) or (3) in a manner referred to in that subsection, does not (because of a condition or limitation subject to which the trade mark is registered) infringe the exclusive right of the registered owner to use the trade mark.
- (2) In spite of section 120, if a disclaimer has been registered in respect of a part of a registered trade mark, a person does not infringe the trade mark by using that part of the trade mark.

234 Redbubble did not draw the Court’s attention to any specific defence in s 122 which it had in mind. On the face of it, it appears unlikely that any of these defences would have application to the kind of dispute which presently exists between Hells Angels Australia and Redbubble. For example, the name of Redbubble’s business is not ‘Hells Angels’ (s 122(1)(a)); any use of the examples would not be a use by Redbubble as a sign indicating the quality etc of goods (s 122(1)(b)); the use of the signs would not indicate the intended purpose of Redbubble’s merchandise (s 122(1)(c)); and it can scarcely be said that comparative advertising has any relevance (s 122(1)(d)). Since Redbubble did not expand upon this point there is no need further to consider ss 122(1)(e)-(g). Thus, whilst we accept that the injunctions as framed do

mean that Redbubble will be prevented from raising a defence under s 122, we are unpersuaded that this has any real significance.

235 Finally, Redbubble submitted that the injunctions would still operate even if the trade marks were subsequently removed from the register. No doubt this is true. It is also true, however, that in the first trial Redbubble cross-claimed for the removal of the trade marks on the basis of non-use and failed. There is therefore likely an issue estoppel or res judicata on this issue between the parties. The problem adverted to by Redbubble may be that some other party will succeed in showing non-use where Redbubble itself has failed and that this third party action will result in the trade marks being removed from the register. Whilst this is possible, Redbubble did not provide any metric by which its likelihood might be gauged. In any event, this problem too could be remedied by subjecting the injunctions to a condition that the trade marks remain registered.

236 For the reasons we have given, no injunctions should be granted.

SECTION I: DECLARATORY RELIEF

237 The declarations should be set aside because they capture conduct which does not involve use of the marks as badges of origin. In the exercise of our discretion, we would not grant any declaratory relief. The only purpose it would serve would be to vindicate the fact that the trade marks have been infringed. Where that vindication has already been marked by an award of nominal damages, we do not see any utility in the further grant of declaratory relief.

SECTION J: DISPOSITION

238 The appeal must be allowed and the orders of the trial judge set aside. There should be judgment for Hells Angels Australia in the sum of \$100. The appeal from the orders of Jagot J relating to the release should be dismissed. Hells Angels Australia's cross-appeal seeking the award of indemnity costs both before the trial judge and Jagot J on the basis of an offer of compromise should be dismissed since the offer was more favourable to it than the result achieved.

239 All other questions of costs, including the costs of the trial, should be referred to a single judge of the Court sitting in its appellate jurisdiction. There should be a timetable for submissions and evidence.

240 The parties should bring in a minute of order to give effect to these conclusions within seven days.

241 At various points in these reasons, information contained within confidential annexures to affidavits filed by the parties at trial has been used. The parties' legal representatives are to confer on any proposed redactions to those parts of the reasons for judgment that are claimed to contain information confidential to their respective clients. If the parties' representatives are able to agree on the proposed redactions, they are to provide to the Chambers of Justice Downes an agreed form of the reasons for judgment with the proposed redactions highlighted, together with an agreed redacted form of the reasons for judgment that is suitable for publication. If consensus proves elusive, we will determine the matter on the papers. In the meantime, pursuant to ss 37AF(1)(b) and 37AG(1)(a) of the *Federal Court of Australia Act 1976* (Cth), until further order of the Court, access to and disclosure (by publication or otherwise) of these reasons for judgment will be restricted to the parties, their legal representatives and the Court.

I certify that the preceding two hundred and forty one (241) numbered paragraphs are a true copy of the Reasons for Judgment of the Honourable Justices Perram and Downes.



Associate:

Dated: 23 February 2024

REASONS FOR JUDGMENT

NICHOLAS, BURLEY AND ROFE JJ:

242 We have had the advantage of reading the draft judgment of Perram and Downes JJ. Subject to what follows, we agree with their Honours' reasons.

243 It has never been doubted that a permanent injunction is anything other than a discretionary remedy. However, in the intellectual property field, specifically in cases involving the protection of patent, copyright or trade mark owners' statutory rights, a permanent injunction is usually granted as a matter of course against a respondent who is found to have infringed those rights, at least if there is a prospect that the respondent will engage in further acts of infringement. It is in that sense that it is sometimes said that the rights owner has a *prima facie* entitlement to a permanent injunction once infringement of its exclusive right is established.

244 This is what we understand Cotton LJ to mean in *Proctor v Bayley* (1889) 42 Ch D 390 at 398 when he said that “[w]here a patent is infringed the patentee has a *prima facie* case for an injunction, for it is to be presumed that an infringer intends to go on infringing, and that the patentee has a right to an injunction to prevent his doing so.” Fry LJ said at 401 “... an injunction is granted for prevention, and where there is no ground for apprehending the repetition of a wrongful act there is no ground for an injunction.” The English Court of Appeal set-aside an injunction where the infringing acts occurred more than four years before the proceeding was commenced and where there was no suggestion that they would be repeated.

245 Of course, if the evidence showed that there was no risk of a repetition of the infringing conduct, then the respondent might avoid an injunction. In *Proctor v Bayley* it was apparent from the circumstances in which the proven infringement was found to have occurred that the risk of further infringement was negligible. Even then, much may depend upon the degree to which the court can be confident that there will be no repetition of the infringing conduct. But generally speaking, unless the court is persuaded that there is no significant risk of further infringement occurring, or unless there exists some other discretionary reason for refusing the remedy, a final injunction will usually be granted against a party that is found to have infringed.

246 It is well established in the United Kingdom that once a patentee has established that its rights have been infringed, it has a *prima facie* entitlement to prevent further infringement of those rights by injunction. The United Kingdom Supreme Court said in *Huawei Technologies Co Ltd v Conversant Wireless Licensing SARL* [2020] UKSC 37 at [3]:

In English law, once a patent owner has established that a patent is valid and has been infringed, it is *prima facie* entitled to prevent further infringement of its property rights by injunction.

247 In the United Kingdom a general injunction to restrain future infringements is the normal remedy for the successful patentee and it is for the defendant to show why such an injunction should not be granted: *Evalve v Edwards Lifescience (No 2)* [2020] EWHC 513 (Pat); [2020] RPC 30 at [73]. We do not consider the law in Australia is in that particular respect different from that of the United Kingdom.

248 Properly understood, the statement that a patentee who establishes infringement of a valid claim has a *prima facie* entitlement to a permanent injunction is both unexceptional and correct. In our opinion, the statement of Burley J (in the patent context) in *Merck Sharp & Dohme Corp v Wyeth LLC (No 4)* [2020] FCA 1719; (2020) 157 IPR 1 at [8] was correct as was the primary judge's statement (in the trade mark context) at [138] of his reasons. We do not agree that recognition of the rights owner's *prima facie* entitlement to an injunction upon proof of infringement has the potential to expand the scope of the rights owner's statutory monopoly or that the discretionary nature of the remedy is inconsistent with any *prima facie* entitlement to the remedy. The scope of the monopoly is defined by the Act rather than by the scope of relief granted, and a final injunction should not by its operation provide the rights owner with any wider protection than that to which it is entitled under the Act.

249 There are two further points to make in relation to an applicant's entitlement to an injunction where an infringement of its exclusive rights is established. First, we agree that it is not necessary for the applicant to establish that it will suffer irreparable harm or that damages will not be an adequate remedy. In *Commonwealth of Australia v John Fairfax & Sons Ltd* (1980) 147 CLR 39 Mason J (as his Honour then was) observed at 58 that "[i]nfringement of copyright is ordinarily restrained by injunction, and this because equity has traditionally considered that damages are not an adequate remedy for infringement." The traditional approach in equity recognises the difficulty of enforcing rights owners' exclusive rights (which are essentially rights to exclude) through the use of monetary remedies not supported by injunctive relief. Secondly, it is not necessary for the applicant to establish that it is more probable than not that the respondent will commit further acts of infringement. A final injunction may still be granted even if the court concludes that the risk of repetition is slight. For example, the court may take the view that in the case of a particularly egregious infringement, an injunction should be granted even if it is persuaded that the risk of repetition is negligible.

250 In the present case there is a significant risk that Redbubble will commit further acts of trade mark infringement. This is the second proceeding in which Redbubble was found to have infringed Hell Angels' registered trade marks.

251 We agree with Perram and Downes JJ for the reasons they have given that it would not be appropriate to grant Hells Angels a general injunction restraining Redbubble from infringing the registered marks. However, while Redbubble's primary submission was that there should be no injunctive relief, it submitted that if there was to be any injunctive relief substituted for that granted by the primary judge, then a more limited form of injunction in the terms set out in paragraphs 1-4 of the appendix to these reasons was appropriate.

252 There are two concerns that have been raised by Perram and Downes JJ concerning the alternative form of injunction proposed by Redbubble. The first is that an injunction in that form would require Redbubble to comply with its existing content moderation protocols in circumstances where there is no suggestion that it will cease doing so in the future. The second concern is that by granting an injunction in those terms the court would be giving its imprimatur to Redbubble's content moderation protocols.

253 The proposed injunction does not require Redbubble to maintain the surveillance system used by it to monitor for, and detect, potentially infringing content. However, by maintaining such a system Redbubble lessens the burden and the risk that it might otherwise face if the restraints imposed by paras 1 and 2 of the proposed orders were left unqualified. This approach resembles that which has been successfully adopted when making "site blocking" orders under s 115A of the *Copyright Act 1968* (Cth) against internet service providers: see, for example, *Roadshow Films Pty Ltd v Telstra Corporation Ltd* [2016] FCA 1503; (2016) 248 FCR 178. The orders usually made under that provision enable the respondent to know precisely what steps it may take in order to ensure that it complies with the site blocking order.

254 As to the second concern, the fact that the court considers the injunction proposed by Redbubble is more appropriate than an injunction in general form restraining infringement of the registered marks does not prevent another applicant in a different case seeking injunctive relief in the general or some other form. What injunctive relief (if any) should be granted at the suit of a different applicant who establishes that its rights have been infringed by Redbubble will depend on the right infringed (eg. copyright or trade mark), the circumstances of the infringement and the evidence, including any evidence of the surveillance and moderation policies and practices followed by Redbubble at the time any such proceeding is heard. In that

regard, we did not understand Hells Angels to contend that there would be no utility in the injunctive relief proposed by Redbubble, even though its primary position was that there should be a general injunction. Clearly, the injunction proposed by Redbubble has significant advantages for Hells Angels in that it will require Redbubble to take prompt steps to remove infringing material that escapes the notice of its surveillance system, but which is brought to its attention by Hells Angels.

255 Finally, we would reserve for future consideration the question whether use of a trade mark to indicate membership of a club is capable of constituting trade mark use. The answer to that question will very much depend on the facts of the case, and the possibility that the trade mark in issue is fulfilling a dual function: see *Natures Blend Pty Ltd v Nestlé Australia Ltd* [2010] FCAFC 117; (2010) 87 IPR 464 at [19], *Halal Certification Authority Pty Limited v Flujo Sanguineo Holdings Pty Limited* [2023] FCAFC 175 at [85].

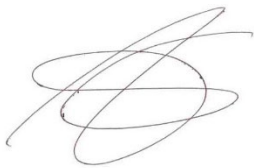
256 We agree with the orders proposed by Perram and Downes JJ but would also include in those orders an injunction in the form set out in the appendix.

Appendix

1. Subject to orders 3 and 4 below, the Appellant, by itself, its servants or agents, and without the licence of the First Respondent or the Second Respondent, be restrained from:
 - (a) using Examples 1, 5, 7, 8, 9, 10 or 11 as a trade mark in Australia in relation to the goods or services in which trade marks 526530, 723219, 1257992, 723463 and 1257993 are registered, and insofar as those trade marks remain registered;
 - (b) using Example 2 as a trade mark in Australia in relation to the goods or services in which trade marks 723219 and 1257992 are registered, and insofar as those trade marks remain registered;
 - (c) using Example 4 as a trade mark in Australia in relation to the goods or services in which trade marks 723463 and 1257993 are registered, and insofar as those trade marks remain registered;
 - (d) using Examples 3 and 6 as a trade mark in Australia in relation to the goods or services in which trade marks 723219, 1257992, 723463 and 1257993 are registered, and insofar as those trade marks remain registered.
2. Subject to orders 3 and 4 below, the Appellant, by itself, its servants or agents, and without the licence of the First Respondent or the Second Respondent, be restrained from infringing trade marks 526530, 723219, 723463, 1257992 and 1257993 in Australia in relation to the goods or services in which they are registered, insofar as those trade marks remain registered.
3. The Appellant will not be in breach of orders 1 or 2 if:

- (a) it maintains a system involving the surveillance of its website at www.redbubble.com (the Website) and the removal of images that might infringe the marks referred to in orders 1 and 2 above which is no less rigorous than that which it had in place as at 24 August 2022 and is referred to in the affidavit of Mr Joel Barrett of that date as "Proactive Moderation"; and
 - (b) within seven days of an image to which orders 1 or 2 above refers being identified on the Website by the Appellants or its servants or agents, the Appellant removes the image from the Website.
4. Notwithstanding Order 3, the Appellant will be in breach of order 1 or order 2 if, on the First Respondent or the Second Respondent or both of them becoming aware of an image to which such order refers being available on the Website, and notifying the Appellant of the image by sending an email to legal@redbubble.com (or such other email address as notified by Appellant in writing from time to time):
- (a) with the subject field 'Hells Angels Complaint';
 - (b) identifying the image by reference to the location of the image on the Website in the form [http://www.redbubble.com/people/\[username\]/works/\[work number and name\]](http://www.redbubble.com/people/[username]/works/[work number and name]); and
 - (c) stating that the First Respondent and/or the Second Respondent considers that the image would breach Order 1, Order 2 or both,
- the Appellant fails to remove the image or images from the Website within seven days of such email.

I certify that the preceding fifteen (15) numbered paragraphs are a true copy of the Reasons for Judgment of the Honourable Justices Nicholas, Burley and Rofe.



Associate:

Dated: 23 February 2024