

Goodwill, Bad Faith, and Blue Carbon: A Tale of Institutional Ownership in Deakin University v Macreadie

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The recent Federal Court decision in Deakin University v Macreadie reinforces the indivisibility of goodwill and demonstrates the relationship between ownership under consumer and trade marks legislation. The decision also illustrates the Court’s approach to assessing allegations of bad faith in the context of trade mark applications.

Background

The respondent to this proceedings, Professor Peter Macreadie (**Macreadie**) is a marine ecosystem biologist and sustainability researcher, and former honorary research fellow and professor at Deakin University (**Deakin**).^[1]

While at Deakin, Macreadie headed the “Blue Carbon Lab” – a research group dedicated to the carbon dioxide captured by marine ecosystems known as ‘blue carbon’. The lab was located on Deakin premises and staffed by members on Deakin’s payroll, although Macreadie conceived of its name and procured the logo design and website re-design prior to commencing his employment at Deakin.^[2]

In March 2023, the second respondent, Blue Carbon Lab Pty Ltd (**BCL Pty Ltd**), was incorporated, with Macreadie being its sole director and his wife as its sole shareholder.^[3] In August of that year, BCL Pty Ltd applied to register, *inter alia*, trademarks in relation to the words “Blue Carbon Lab” and the **below** logos under which it proposed to conduct environmental research:

Several months following the filing of the trade mark applications, Macreadie resigned from his position at Deakin to commence employment at RMIT University.

Issues

Parties contentions regarding Issues under the ACL:

Under section 18 of Schedule 2 to the *Competition and Consumer Act 2010* (Cth) (**‘ACL’**), persons are prohibited from engaging in conduct that is misleading, deceptive, or likely to mislead or deceive in the course of trade or commerce, while Section 232 of the ACL bestows upon the court the power to grant injunctions for contraventions.^[4]

Deakin sought a declaration and permanent injunctions against Macreadie and BCL Pty Ltd to halt their use of the name and logo marks, alleging that such use constituted misleading and deceptive conduct as the respondents were representing themselves as the owner of the marks and the goodwill and reputation associated with them (see various logos and logo lockups used

by Deakin from 2015 onwards **below**). The relief sought included a requirement for BCL Pty Ltd to change its name to not include the words "Blue Carbon Lab" or any misleadingly, deceptively or confusingly similar alternatives.^[5]

Deakin asserted ownership of the rights in the unregistered mark by virtue of their generation of goodwill through the use and promotion of the name and logo, citing use of the latter in tandem with the phrase "A DEAKIN IDEA" and various media releases referring to the lab as "Deakin's Blue Carbon Lab". Further, Deakin advanced that its payment of lab expenses and management of funding supported its case for ownership given its expenditure is statutorily limited to the furtherance of "*solely ... the objects or purposes of the University*"^[6]

The respondents contended that the 'relevant scientific consumer audience' would have understood that the brand and work of the lab was associated with Macreadie rather than Deakin, or, at a minimum, a collective product . The respondents noted it was common practice for labs to "*move from institution to institution with the lead academic*", citing its operations under the name "Macreadie Lab" during Macreadie's employment at Sydney's University of Technology. Further, the respondents cited his prior use of the name and the lab's website, which he had registered in his personal capacity', in advancing that each Deakin and Macreadie owned parts of the goodwill.^[7]

Parties contentions regarding Issues under the TMA:

Further, sections 58 and 62A of the *Trade Marks Act 1995* (Cth) ('**TMA**') provide that the registration of a trade mark may be opposed on the grounds that the applicant does not own the mark or has made the application in bad faith.^[8] Persons aggrieved by such applications may apply to the Court to rectify the Register of Trade Marks through, among other actions, cancelling the registration of a mark.^[9]

Deakin submitted that it had used the logo first and thus owned the mark, additionally citing its right to the unregistered mark via its ownership of the goodwill associated with it. Deakin contended that Macreadie "*abandoned use of the logo ... in favour of [Deakin]*" upon the commencement of his employment.^[10]

The respondents' claimed that Deakin did not assert ownership of the logo 'to the exclusion of Macreadie', and thus could not engage section 58^[11]

As for section 62A, Deakin contended that the respondents' conduct fell short of the standards of acceptable commercial behaviour in that it was inconsistent with the IP assignment clause in his employment contract. Additionally, Deakin alleged that the registration of the mark would be adverse to their interests and thus gave rise to a conflict between his roles as Blue Carbon Pty Ltd's director and Deakin's employee.^[12]

Contrarily, the respondents' submitted that Macreadie held a 'legitimate view about his commercial interests' in the lab's name, importantly highlighting that the correctness of this view was immaterial in assessing bad faith.^[13]

Consideration

Issues under ACL

Noting that the existence of goodwill hinges upon an assessment of the activities of the business, Wheelahan J deemed Deakin's reputation in the fields of research and scholarship, its

employees, expertise, resources, names and marks relevant to the inquiry.^[14] Importantly, his Honour emphasised the indivisibility of goodwill, noting that the departure of an employee 'does not sever the goodwill from the business'.^[15]

Pointing to the absence of 'any activities of a business nature' involving Blue Carbon Lab prior to its association with Deakin, his Honour concluded that no independent reputation or goodwill attached to it. The activities of Macreadie during his work at Blue Carbon Lab involved the use of Deakin's resources 'in furtherance of Deakin's own objects [and] interests', and thus the goodwill 'did not travel with Macreadie to RMIT when he ... left Deakin'. Additionally, his Honour deemed that Macreadie initiated the website redevelopment 'in anticipation of the commencement of his full-time employment at Deakin'.^[16] Having regard to each of these factors, his Honour found Deakin to be the owner of the goodwill.

Ultimately, with the respondents having conceded that their representations were made in the course of trade or commerce and having declared said representations as false, his Honour concluded that an ordinary and reasonable person from the relevant class, being persons interested in environmental research, 'would be liable to have been misled'.^[17]

Issues under the TMA:

Wheelah J noted ownership can be established by evidencing authorship and use prior to an application for registration, or by showing authorship, an application for registration, and an intent to use or authorise use of the mark.^[18]

His Honour was satisfied that Deakin was the first user of the logo as a mark, accepting evidence of the use of the logo on its website, in email footers, and on its contracts with third parties for the provision of research services. Further, his Honour deemed that the design was procured through a collective effort involving Macreadie and other Deakin staff in anticipation of his employment, and was paid for by Deakin.^[19]

As to the ground under s 58 of the *TM Act*, his Honour found that the onus lay on Deakin to show that BCL Pty Ltd was not the owner. The term 'owner' derives its meaning from common law principles relating to prior use: the first user of a mark as a trade mark is entitled to claim ownership. His Honour concluded that Deakin was the first user of the logo as a trade mark and that BCL Pty Ltd was therefore not the owner, entitling Deakin to rectification of the Register under s 88.^[20]

Moreover, while emphasising that bad faith need not require dishonesty, his Honour noted that state of mind is relevant in making an 'objective value judgement about the respondents' behaviour', particularly given Deakin's failure to allege dishonesty. ^[21]

Ultimately, his Honour did not accept that the respondents' application for registration was done in bad faith. This was primarily due to Deakin's failure to challenge Macreadie's evidence as to his purpose in having BCL Pty Ltd make the application, which was founded upon his belief that its protection was necessary in light of a lab in China proposing to adopt the name. Further, while Deakin established ownership of the marks, Deakin did not challenge whether Macreadie's belief was honestly or reasonably held. Therefore, his mistaken belief was not sufficient on its own to amount to bad faith given he is a scientist and thus was considered unlikely to have appreciated the incorrectness of said belief.^[22]

Conclusion:

Accordingly, his Honour determined it necessary to make permanent injunctions to halt the respondents' use of the name and logo, including a mandatory injunction requiring BCL Pty Ltd to change its corporate name. His Honour further found no discretionary reason to justify against an order being made to rectify the Register of Trade Marks to reflect the cancellation of the mark. Macreadie was also found liable as an accessory to BCL Pty Ltd's contraventions of the ACL as its sole director. His Honour also noted that Deakin did not succeed in establishing that the second respondent had the sponsorship, approval or affiliation of Deakin, as this would require attribution of knowledge of extrinsic facts to the representative person. Costs were reserved.^[23]

Key Takeaways:

There are several takeaways from this judgment for businesses to consider for their IP protection and management:

- **Ownership = action, not ideas:** Although Macreadie conceived the name "Blue Carbon Lab", registered the website and procured the logo design, it was Deakin's use of the name and logo as a badge of origin in the course of trade, such as on the website, in email footers, and on contracts for research services, that proved determinative. The numerous instances of the name and logo being used in connection with the Deakin name in relation to commercial activities attributed ownership of both the goodwill and the trade mark to Deakin.
- **Bad faith versus good thoughts:** Macreadie's honestly held but mistaken belief in his entitlement to use the logo for his own benefit, unchallenged by Deakin at trial, was not sufficient on its own to amount to bad faith. An application for a trade mark in the mistaken belief that the applicant is entitled to use the mark does not, without much more, constitute *mala fides*.

Piper Alderman has a nationally recognised intellectual property and technology and technology team, with experience in trade mark litigation. Please contact Tim O'Callaghan, Partner, if you require intellectual property advice.

^[1] *Deakin University v Macreadie* [2026] FCA 481, [2] ("*Deakin v Macreadie*").

^[2] *Ibid* [6]-[7].

^[3] *Ibid* [8].

^[4] *Competition and Consumer Act 2010* (Cth) sch 2 ss 18, 232.

^[5] *Deakin v Macreadie* (n 1) [13]-[15].

^[6] *Ibid* [90], [123], [126], [128]-[130]; *Deakin University Act 2009* (Vic) s 44.

^[7] *Ibid* [143]-[152].

^[8] *Trade Marks Act 1995* (Cth) ss 58, 62A.

[\[9\]](#) Ibid s 88.

[\[10\]](#) *Deakin v Macreadie* (n 1) [135]-[138].

[\[11\]](#) Ibid [158].

[\[12\]](#) Ibid [132]-[134].

[\[13\]](#) Ibid [156]-[157]; *Fry Consulting Pty Ltd v Sports Warehouse Inc (No 2)* [2012] FCA 81; 201 FCR 565 [166].

[\[14\]](#) *Deakin v Macreadie* (n 1) [164].

[\[15\]](#) Ibid [163]; *Federal Commissioner of Taxation v Murry* [1998] HCA 42; 193 CLR 605 [24]; [32]-[33], [37], [52]-[53].

[\[16\]](#) *Deakin v Macreadie* (n 1) [165]-[172].

[\[17\]](#) Ibid [181]-[9].

[\[18\]](#) Ibid [200]; *Pham Global Pty Ltd v Insight Clinical Imaging Pty Ltd* [2017] FCAFC 83; 251 FCR 379 [14], [31], [41].

[\[19\]](#) *Deakin v Macreadie* (n 1) [198]-[206].

[\[20\]](#) Ibid [199]-[202].

[\[21\]](#) Ibid [194]-[5].

[\[22\]](#) Ibid [197].

[\[23\]](#) Ibid [189]; [206]-[7].