The development of trade marks for colours, sounds and scents — safe harbours

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- When choosing a sign to trade mark, it must be sufficiently distinctive or unusual to distinguish the product
- Real potential for abuse of trade mark system to create safe harbours as a barrier to competition
- Combination of rigorous application process and ongoing use requirements balance infringement provisions

The right to trade mark is an important part of the landscape of enforceability of intellectual property rights. The focus of this paper is on the use of trade marks to create safe harbours. We will look at what can and cannot be registered as a trade mark, some interesting colour and other kinds of marks and the issue of trade mark infringement..

Registration of colours, sounds and scents

Criteria for registrability

Section 17 of the *Trade Marks Act 1995* (the Act) defines a trade mark (s 17) as a sign that is used, or intended to be used, to distinguish goods or services where those goods or services are dealt with or provided in the course of trade. A sign is broadly defined to include any (s 6):

- letter
- word
- name
- signature
- numeral
- device
- brand
- heading
- label
- ticket
- aspect of packaging
- shape
- colour or
- scent

The limits of trade marks

As one might expect, not every mark that fits the above legal definition is capable of being registered. The Act sets out grounds for rejection (ss 39 to 44) of an application for a trade mark and the grounds for opposition, (ss 57 to 62) for example opposition by a competitor. The following is a non-exhaustive list of when a mark is not capable of being registered:

- where the mark is likely to deceive or cause confusion
- where the mark is substantially identical or deceptively similar to another mark
- where the applicant is not intending to use the mark as a trade mark
- where the mark is incapable of distinguishing the goods or services.

It is the final point that is at the heart of some well-known trade mark disputes of recent years. Readers may recall the purple branded chocolate disputes involving Cadbury and Darrell Lea).[1] This article now looks in more detail at the issue of marks that are incapable of distinguishing, particularly in the context of colours.

To be registered, a mark must be capable of distinguishing the goods and services from another party's goods and services. 'Distinguishing' has a particular legal meaning; it means, generally, that the mark must have some inherent capacity to distinguish or prior acquired distinctiveness.

A mark has inherent capacity to distinguish if it is not a mark which another person will want or need to use in the course of trade in the goods or

services.[2] For example, take a common name, such as Smith, or a place, such as Sydney. Such marks, if presented on their own without being stylised, are unlikely to be considered to have the inherent capacity to distinguish.

In relation to colours, where the colour of a good is likely to be used as part of the normal description, or conveys a direct reference to the character of that good, the colour does not *distinguish* that good for the purposes of the Act.

It follows that a person cannot register such a colour as a trade mark. For example, black would be unlikely to be registered in relation to car tyres and green in relation to vegetables. However, compare the example of black car tyres to pink fibreglass insulation batts. In a contest over the registrability of pink in relation to insulation batts, the court found that the colour pink was not related to batts and was therefore registrable.[3] Readers are advised that when choosing a colour to trade mark, you might need an unusual colour; otherwise the mark might not distinguish the good.

Some interesting examples of current Australian trade marks are in Table 1.

The impact of the increase in registrations for colours, sounds and scents

Concern has been raised by open-market supporters and economists that the ability to register these less distinguishable marks, and the increased prevalence of registrations of colours and other dimensions is detrimental to open trade, and creates a risk for companies to create safe harbours. For example, critics have indicated that the ability to register a colour enables a trader to effectively lock their competition out of the marketplace in respect of a specific good or service and its association with a certain colour.

This concern, while not to be dismissed, must be understood in the context of the above discussion, concerning the test applied to any application for registration of a colour. A trader must demonstrate that the colour is inherently adapted to distinguish that trader's goods or services from those of another. This is not as simple as it seems and the examples set out in Table 1 demonstrate that regulators apply a particularly strenuous test. Notwithstanding this, it is vital to understand the position under Australian law regarding infringement of marks, in order to comprehend the circumstances where a competitor may find itself in breach.

Infringement

Section 120 of the Act prescribes that a trade mark will be infringed if a person, without consent, uses a 'substantially identical' or 'deceptively similar' mark in relation to:

- the goods or services in respect of which the mark is registered or
- goods or services closely related to the goods or services in respect of which the mark is registered
- unrelated goods or services if the mark is well known in Australia.

Naturally, the greater the distance between the goods or services in respect of which the mark is registered and the goods or services in respect of which the infringing mark is used, the harder it is to prove the infringement.

An essential element to the infringement provision contained in s 120 is that the infringement can only occur where a trader uses the mark as a trade mark. Thus, the infringing use must be in the course of offering or marketing goods or services and not otherwise.

Table 1: Examples of current Australian trade marks

Sign trade marked	Owner	Kind of trade mark	Date entered on register
Scent of eucalyptus in golf tees	E-Concierge Australia Pty Ltd	Scent	9 February 2009
'Ah McCain [PING], you've done it again'	McCain Foods (Aust) Pty Ltd	Sound	10 December 1999
The colour blue in relation to Class 6 goods (common metals and their alloys, etc)	One Steel Wire Pty Limited	Colour	31 May 2007

The importance of this element is brought to light when considering the registration of a colour, or series of colours. The long-running case involving Cadbury and Darrell Lea involved the use of the colour purple in packaging, advertising and promotion.[4] All such uses were in the course of trade, and constituted use 'as a trade mark'. Thus, the potential for a trader to prevent their competitors from using the same colour when marketing, packaging and distributing their own products is significant where that colour is a registered trade mark belonging to the trader. Litigation over trade mark infringement is not uncommon in Australia. Much jurisprudence exists concerning the test of 'substantially identical', 'deceptively similar' and the various defences that exist under the Act and at common law. For these reasons, the case law warns of an expensive, uncertain path for anyone involved in a trade mark infringement.

The interplay between the Act and the common law doctrine of passing off, while outside the scope of this article, bears remembering. In particular, rarely would a case be brought for trade mark infringement that does not include a cause of action for passing off. As a general principle, the use by one trader of a competitor's colour, or one deceptively similar, is likely to be treated for common law purposes, in a similar way to its treatment under the Act.
Thus, for the large corporations already well versed in the imbroglio of cases and legislation governing trade marks and common law 'reputation', the threat of litigation can prove a valuable tool in preventing infringement. Sadly, this creates an opportunity for those traders to use the uncertainty of the legal position to enforce rights beyond those specifically legislated in the Act. It is therefore possible that, with the increasing acceptance of 'colour marks' discussed above, the potential for abuse of the trade mark system is real, and those traders can create a safe-harbour of colour-related trade marks to enhance their position and block out their opponents.

The requirement to use

Finally, it is worth considering the onus on traders to use their mark or otherwise show cause as to why it should not be removed from the register. The requirement to 'use' a trade mark as a trade mark is an important one.[5] There is considerable case law on the subject, particularly considering what amounts to use as a trade mark. The distinction is important, due to the fact that a mark can be expunged from the register on the basis of non-use as set out in s 92 of the Act.

The Act provides for removal where a trade mark holder did not intend to use the trade mark in Australia, or has not used it in good faith at any time up to one month before the application for removal is made, or where a trade mark has not be used at any time during a period of three years. The onus is then on the registered trade mark owner to demonstrate the use (s 100).

As a result, for those companies currently spending thousands to protect a series of colours, scents or even sounds, the risk remains that if they cannot demonstrate use of those marks as a trade mark, their marks are not safe.

Conclusion

It is the case that, due to the fact that colours, scents and sounds can be registered under the Act, it is possible for traders to register a series of marks to prevent their competitors from using similar colours. The fact remains, however, that it is not easy, nor inexpensive, for a trader to create a safe harbour or trade marks to lock out their competition.

The combination of the rigorous application process, and the ongoing requirements for use in good faith, balance the infringement provisions of the Act to ensure an appropriate balance between the rights of traders and the rights of their competitors to trade as well.

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Notes

1 For example, see Inge J and Moore S, 2006, 'Emerging from the shadows: the shady character of colour trade marks', *Keeping good companies*, Vol 58 No 9, pp 555–560
2 *Clark Equipment Co v Register of Trade Marks* (1964) 111 CLR 511
3 Insert case and citation for pink batts
4 *Cadbury Schweppes Pty Limited v Darrell Lea Chocolate Shops Pty Limited* (No 8) [2008] FCA 470
5 See Sykes A, 2009, 'Use it or lose it — avoiding the loss of trade mark protection through effective use', *Keeping good companies*, Vol 61 No 2, pp 110–112 ■