

Z. JOHN LULICH

SHAPES: EXTENDING THE BOUNDARIES
OF TRADE MARK LAW

LLM RESEARCH PAPER

MASTERS LEGAL WRITING (LAWS 582)

LAW FACULTY
VICTORIA UNIVERSITY OF WELLINGTON

2003

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The text of this paper (excluding the contents and abstract pages and footnotes) comprises approximately 12,000 words.

ABSTRACT

The Trade Marks Act 2002 will expressly allow shapes to be registered as trade marks in New Zealand. However the rationale for trade mark protection of shapes of goods, containers and packaging is weaker than that for traditional trade marks such as words and devices. Shapes are often inherent features of products and therefore challenge the rationale of trade mark registration in protecting trade marks which convey information about the trade source of the product to consumers. Compared with traditional trade marks, shapes do not perform this function as effectively.

Many shapes are not sufficiently separate from the underlying product to function as trade marks; they are less likely to possess at least some element of inherent distinctiveness needed to be registrable; and registration is more likely to give the owner rights more analogous to patent and copyright holders than to owners of traditional trade marks. As a result there is the risk that registration of a shape will allow the owner to have a monopoly in the shape of the goods rather than just the shape as a trade mark. Therefore very few shapes can function as trade marks. These shapes are more likely to be shapes of containers and packaging than the shape of the underlying goods.

The text of this paper (excluding the contents and abstract pages and footnotes) comprises approximately 12,009 words.

I INTRODUCTION

Historically shapes were not registrable as trade marks, even though definitions of "trade mark" and "mark" did not exclude shapes.¹ More recently, the Trade Marks Amendment Act 1994 (the 1994 Amendment) replaced the definition of "mark" in the Trade Marks Act 1953 (the 1953 Act) with the much broader definition of "sign". This reflects the change of terminology used in the TRIPS agreement.² Although the definition of "sign" does not expressly include "shape", it has been argued that this definition is inclusive rather than exclusive and could include a shape, if it is capable of being graphically represented and capable of distinguishing the goods or services to which it relates.³ The Trade Marks Act 2002 (the Act) will formally recognise this by amending the definition of sign to expressly include "shape".

However the developments since 1994 expand not only what may be the subject of trade mark protection, but also the rights of the owner of the trade mark. Registration of a shape in many cases may effectively result in the owner having a monopoly in what is virtually the product rather something used to indicate the source of a product. This development has therefore resulted in viewing trade mark protection from being "deception-based" in that it protects a trade mark's value as a means of conveying information about a product, to being "product-based" in that it protects the trade mark as a valuable product in itself.

In the paper I will briefly outline the function of trade marks. The functions of a trade mark include providing a source of information about a product by identifying its source, signifying its quality and differentiating a product from others in the market through branding. This brief outline will be used to analyse issues arising from what appear to be the three main differences between shapes and traditional trade marks such as words and devices.

The first difference involves an examination of the concept of what a trade mark is, and in particular whether something can function as both a sign and an inherent part of the product itself. Secondly, related to this is whether a shape can be

¹ Susy Frankel and Geoff McLay *Intellectual Property In New Zealand* (LexisNexis Butterworths, Wellington, 2002) 431.

² TRIPS, art 15.

³ Frankel and McLay, above, 410.

distinctive in itself in indicating the trade source of the underlying goods. For shapes distinctiveness is closely linked with the concept of functionality, the more a shape describes a product's function, the less distinctive it is. This concept will mean that shapes are less likely to possess some element of inherent distinctiveness needed to be registrable. Finally, I will examine whether registration of shape marks is more likely to allow the owner to have a monopoly in what is effectively the goods rather than the use of the shape as a trade mark. This will involve a deeper examination of functionality as a means of preventing the deception-based rationale of trade mark registration extending to the product-based rationale of patent and design registration. It will also involve looking at the interface between trade mark and design registration.

Therefore only very few shapes, such as the shape of the classic Coca-Cola bottle, can overcome these three differences and perform the trade mark function of conveying information indicating trade source and quality. Indeed many well-known shapes, such as the Philips triple rotary shaver head and the knobs and tubes of the Lego bricks cannot function as trade marks.

II FUNCTION OF TRADE MARKS

A Indication of Origin

Trade mark protection emanated from the need in the industrial revolution to indicate the identity of the producer of the goods in connection with which the marks were used.⁴ With the separation of the producer from the consumer, trade marks grew in importance in identifying the producer nationally and distinguishing their goods from those of other traders. The motivation for such protection was to prevent the injury done to both consumers and producers by counterfeit goods. Trade mark law developed from the tort of passing off, which was the common law action to prevent the misappropriation of another's commercial reputation conveyed in their trade mark.

⁴ C D G Pickering, *Trade Marks in Theory and Practice* (Hart Publishing, Oxford, 1998), 56

Thus the original principle and core function of a trade mark is that it indicates the origin of the goods or services to which it relates.⁵

Therefore consumers can recognise that all goods or services bearing the same trade mark come from the same source or through the same distribution channels. A trade mark became a badge of origin. This resulted in trade marks becoming assets of commercial value and economic significance which traders desired to use in connection with their goods. However since licensing of trade marks made it less important for the customer to know the actual producer of the goods⁶, a trade mark also came to convey origin in the broad sense of indicating a commercial connection between the proprietor and the product on which the mark is used. Therefore the dominant function of a trade mark should be to indicate a commercial connection between proprietor and product in marketplace.

Although analogies can be made between words and shapes here, it is arguable whether shapes are as efficient as words in identifying the trade source of a product. Words or logos are by their nature separate from the products they are used upon, or in relation to, to indicate a commercial connection. Whether shapes of goods or their packaging effectively perform this function is more problematic. Just because consumers do recognise the source of goods from their shape does not by itself justify the extension of trade mark law to protect shapes.

B Guarantee of Quality

A closely related function of trade marks is to guarantee the quality of the goods or services. This is based on the assumption that when customers pay for goods or services bearing a trade mark, they assume all goods or services with the same trade mark are of equal quality. Thus the claim that a trade mark functions as a guarantee to the consumer that the product is of a consistent quality. Therefore trade marks can communicate information about the quality of a good that may not be apparent from a quick inspection by the consumer.

⁵ *Villa Maria v Montana Wines Ltd* [1984] 2 NZLR 422, 427 (CA) per Somers J, citing *Re Powells Trade Mark* (1893) 10 RPC 195.

⁶ Pickering, above, 44.

Of importance here is the use of a trade mark to indicate the connection between the goods and the source from which goods that a consumer previously found satisfactory emanated.⁷ Thus a trade mark often carries more than just the origin of the underlying goods it can be a badge of quality or other type of reputation. Indeed this was noted by Williams J in *Levi Strauss v Kimbyr Investments*⁸ citing Frankfurter J of the US Supreme Court:⁹

"The protection of trade marks is the law's recognition of the psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants".

Therefore the guarantee of quality function combined with the indication of origin function provides the economic rationale of a trade mark. It is to reduce consumers' costs of acquiring information about products, by allowing consumers to search for the trade mark they want rather than the characteristics of the product they desire.

Thus a trade mark serves as a source of information in summary for goods which the consumer had a pleasurable experience with in the past. A consumer seeing the same trade mark again will be able to confidently buy that good, knowing that it came from the same source and was of the same quality as the goods they had previously enjoyed.¹⁰ This implies that consumers are able to identify the source of the product at the point of sale. As consumers have become used to identifying a product by reference to its trade mark, they must be able to rely on trade marks at the point of sale to locate a particular product from a desired source.

Although the reduction of search costs argument works well when applied to traditional word marks, it is weaker when applied to non-traditional trade marks such as the shape of goods, or even the shape of packaging.¹¹ There are several reasons for this. First, the easiest way to describe a good to someone else is not by describing the physical attributes of the goods themselves, but by either using a word trade mark for

⁷ Pickering, above, 88.

⁸ *Levi Strauss v Kimbyr Investments* [1994] 1 NZLR 332, 340 (HC) per Williams J.

⁹ *Mishawaka Rubber & Woollen Manufacturing Co v S S Kresge Co* (1942) 316 US 203: 205 per Frankfurter J.

¹⁰ William M Landes and Richard A Posner "Trade Mark Law: An Economic Perspective" (1987) 30 *Journal of Law & Economics* 265, 270.

¹¹ Alexandra Sims "The extension of trade mark law to protect the shape of goods: the possible undermining of patent and design law?" (2001) 2 *NZIPJ* 28, 32.

that good or the manufacturer's trade name.¹² Secondly, as different goods manufactured or licensed by the same trade mark proprietor hardly incorporate the same shape, this feature will be of little or no assistance to consumers in reducing search costs.¹³ This is in contrast to traditional marks where it is easier for a consumer who has had a positive experience where one brand is produced to locate the same manufacturer who produces another brand. Few shapes can perform this function well. Those that do must be distinct from the underlying product in the sense that consumers do not regard the shape as being merely a functional or aesthetic feature of the product.

Therefore if a trade mark cannot be used by consumers to identify the source of the product at the point of sale, protection is essentially being given for a novel or unusual marketing device. As consumers cannot rely on such a mark to locate a particular product, the producer obtains the whole benefit of its registration as a trade mark. Therefore protection may attach indefinitely to the trade mark as an independent creation in its own right.

C Advertising

A trade mark may perform an advertising or promotional function of differentiating one trader's product from others in the market.¹⁴ Branding does this to the extent that a trade mark is usually an important part of a brand, as it can create an identity for a brand through advertising.¹⁵ The advertising function of the trade mark on the one hand may be seen as a cumulative result of its origin and quality functions. Thus trade marks provide a source of information about the characteristics of a product in two ways. Firstly by consisting of symbols that are meaningful and relevant to a consumer's decision to buy, and secondly by providing a link between a trade mark and a consumer's past experience of the product or its advertising.¹⁶

Trade marks may be valuable as a means for efficient advertising in that by protecting their owners against the use of confusingly similar marks they encourage investment in brand quality and at the same time protect consumers from confusion.

¹² Sims, above, 32.

¹³ Sims, above, 32.

¹⁴ C D G Pickering, *Trade Marks in Theory and Practice* (Hart Publishing, Oxford, 1998), 45.

¹⁵ Pickering, above, 47.

¹⁶ Pickering, above, 88.

Yet such advertising arguably primarily benefits the registered trade mark proprietor or user of the mark, in that they have the advantage of being able to advertise the trade marked goods or services and therefore achieve a degree of instant recognition for the goods or services. This is evident in the growing importance of branding, together with advances in commerce and technology have resulted in producers using not only words and devices, but also non-traditional signs such as shapes to differentiate their goods from other traders.

At the same time substantial investment in branding by producers has resulted in the perception that in protecting this investment, trade mark protection is similar to that of copyright and patents. However although this emphasis on brands and advertising ties trade marks to consumer search costs and experience characteristics, none of these changes should undermine the basic differences among trade marks and other forms of intellectual property.

The rationale behind trade marks is different from other forms of intellectual property rights. Trade mark protection is "deception-based"¹⁷ in that a trade mark is protected not for itself but for the intangible values surrounding the product and attaching to the mark. Trade marks should receive protection for one basic reason: to enable the public to easily identify a particular product from a particular source. Furthermore, the registration of a trade mark only grants the right to its use in relation to the class of product for which it is registered. After all, trade marks are creatures of commerce, not law, and the sole right to its use is granted in the interests of efficiency and competition.¹⁸

Copyright and patent protection, on the other hand, are "product-based" in that they protect the product as a creation or invention.¹⁹ Trade mark law protects source identification, it should not allow people to own designs or words outright and to prevent their use regardless of context. However this distinction between deception-based and product-based protection has become blurred with the recognition that shapes of goods and packaging can be trade marks.

¹⁷ Glynn S Lunney Jr., "Trade Mark Monopolies", Spring 1999 48 Emory L J 367, 371.

¹⁸ Pickering, above 154.

¹⁹ Pickering, above, 58.

III CAN SHAPES BE A TRADE MARK?

A Pre-1994

Before the 1994 Amendment "trade mark" was defined in section 2(1) of the 1953 Act to include "a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof." Although this definition did not include shapes, arguably in theory it did not necessarily exclude shapes either. Traditionally, any attempts to obtain a monopoly in functional aspects of a product, including shape, have been resisted by the courts as trying to extend the boundaries of trade mark law too far. As Lindley J expounded in *Re James's Trade Mark*²⁰, the shape of goods were not being registrable as a trade marks as "A mark must be something distinct from the thing marked. The thing itself cannot be a mark of itself..."²¹

However the issue of whether features such as shape and colour could function as trade marks was explored by the House of Lords in *Smith Kline*.²² In that case the House of Lords held that distinctive colour combinations for drugs sold in pellet form within capsules were marks and thus registrable as trade marks. Lord Diplock rejected that a mark could not cover the whole of the visible surface of the goods for which it was applied.²³ If that was the case for distinctive colour combinations, could an analogy be made with distinctive container shapes, such as the Coca-Cola bottle?

In the *Coca Cola*²⁴ case, the House of Lords refused to register the shape of the Coca-Cola bottle as a trade mark. Lord Templeman's view was that:²⁵

"The word 'mark' both in its normal meaning and in its statutory definition is apt only to describe something which distinguishes goods rather than the goods themselves. A bottle is a container not a mark."

²⁰ *Re James Trade Mark* (1886) 33 Ch. D. 392: The plaintiffs sold black lead in the form of a dome and in other shapes. Their products were impressed with the representation of a dome and their labels carried a picture of a black dome. The plaintiff's sought to register both the representation or picture of a black dome, and the physical shape of the goods themselves as trade marks. The plaintiffs were allowed to register the former but not the latter.

²¹ *Re: James Trade Mark* (1886) 33 Ch. D. 392, 395.

²² *Smith Kline and French Laboratories v Sterling-Winthrop Group Ltd* [1975] 2 All ER 578 (HL).

²³ *Smith Kline and French Laboratories v Sterling-Winthrop Group Ltd*, above, 584, per Lord Diplock.

²⁴ *Re Coca-Cola's Applications* [1986] RPC 2 All ER 274.

²⁵ *Re Coca-Cola's Applications*, above, 276, per Lord Templeman.

His Lordship also argued that a rival manufacturer must be free to use a similar container provided that it distinguished the goods and there was no confusion as to origin. Could the decision be explained by the fact that at the time of the decision, the Trade Marks Act 1938 in the United Kingdom, and the Trade Marks Act 1953 in New Zealand, the definition of "mark" did not include the shape of goods or packaging?²⁶ Yet the definition of "mark" also excluded "colour", but the House of Lords in the *SKF* case allowed a distinctive colour combination to be registered. The House of Lords however distinguished *Smith Kline* on the grounds that the case:²⁷

"only related to the colour of goods and has no application to the goods themselves or to a container for goods. A colour combination may tend to be an undesirable monopoly in colours but does not create an undesirable monopoly in goods or containers".

The argument was that unlike colours, the shape of goods could not be extracted from the goods themselves and that the shape of the bottle was determined by its function^x and therefore is no different to descriptive words. However the *Coca-Cola* decision appears to create an arbitrary distinction between shapes and colours.

A distinction can be made between the shape of the capsule in *Smith Kline* and that of the *Coca-Cola* bottle. Although both are containers, the difference between the shape of the capsule and that of the bottle is that the shape of the capsule is common to the trade, while that of the bottle is distinctive. Therefore protection of the shape of the capsule would give other traders a monopoly on production of the capsules. The same cannot be said of the bottle, as there are other shapes that competitors could have used. In addition, *Coca-Cola* were seeking protection for their distinctive bottle that distinguished their goods from the goods of others. They were not seeking a monopoly in the supply of soft drinks. Therefore it is difficult to see why a monopoly in a distinctive container in these circumstances is any more undesirable than a monopoly in a distinctive word, device or label.

Thus like the distinctive colour combination of the capsules, the *Coca-Cola* bottle had unquestionably served the purpose of a "trade mark" in conveying information about their commercial origins for many years. *Coca-Cola* already possessed considerable rights to prevent passing off by use of that shape of bottle and

²⁶ Trade Marks Act 1953, section 2(1): "Mark" includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, or any combination thereof .

²⁷ *Re Coca-Cola's Applications*, above, 277, Lord Templeman.

it could not have been argued that the existence of such rights would be a reason for refusing to grant them the more convenient protection of registration. Since that decision, in the passing-off case of *Reckitt and Colman*²⁸ the House of Lords has recognised that a particular aspect of a product's get-up such as its shape may be distinctive of a producer's goods.

In *Reckitt and Colman* Lord Oliver rejected the notion that the shape of a plastic lemon container for lemon juice is a product in itself rather than part of the get-up under which the lemon juice is sold. His Lordship held that protection did not confer a monopoly on the producers, as other lemon juice manufacturers could package their product in a whole range of differently shaped containers.²⁹ However it may be argued that as the product itself was the lemon juice, it could equally be asserted that the shape of a lemon directly describes the goods. It could also be argued that a lemon-shaped container is a rather obvious way of marketing lemon juice and certainly preferable to any other fruit shape. Therefore it is more likely to be something that other traders will reasonably wish to use.

A better view of defining the distinction between the shape of a product and the product itself is one that reconciles the opposing views above. In *Tot Toys v Mitchell*³⁰, Fisher J looked at the issue of whether features of a product such as shape can be protected even where functional, and if so under what conditions. He took the view that the copying of a functional feature such as shape can support a passing off action but only in the limited sense that it includes the capricious or arbitrary way in which an essentially utilitarian or functional idea has been expressed.³¹ In relation to capricious, Fisher J meant random selection from a range of equally acceptable solutions or a motivation to be nothing more than aesthetically pleasing or a desire to be distinctive.³² By limiting passing off actions to the copying of the capricious features of a product, the danger of granting a monopoly in a product is avoided because of the availability of acceptable substitutes.

Within a few years of that decision, there were to be legislative changes to the 1953 Act that would replace the definition of "mark" with "sign".

²⁸ *Reckitt and Colman Products Ltd v Borden Inc* 1 All ER 873 (HL).

²⁹ *Reckitt and Colman*, above, 889, per Lord Oliver.

³⁰ *Tot Toys v Mitchell* [1993] 1 NZLR 325 (HC).

³¹ *Tot Toys*, above, 344, per Fisher J.

³² *Tot Toys*, above, 335, per Fisher J.

B From mark to sign

During the 1990's trade mark legislation in New Zealand³³, the United Kingdom³⁴ and Australia³⁵ was amended following the TRIPS Agreement, which replaced "mark" with "sign". The TRIPS agreement, defines minimum standards for trade mark protection. Although it does not specifically mention shapes, the definition of "trade mark" in Article 15(1) of the Agreement,³⁶ is very broad and does not limit the types of signs that may be considered as trade marks.³⁷ Instead the focus is on distinctiveness or the ability to distinguish. It could be argued that the words "figurative elements" together with the words "visibly perceptible" in Article 15(1) of the Agreement makes possible the registration of shapes as trade marks. Indeed the words "visually perceptible" were based on the "graphical representation" criteria contained in the Brussels draft of the TRIPS agreement.

Unlike the Australian and United Kingdom trade marks legislation, shape was not expressly included in the definition of "sign". However the practice of the Intellectual Property Office of New Zealand (IPONZ) has been to interpret the TRIPS Agreement as allowing the shape of goods or their packaging, provided that it meets the criteria of being represented graphically and of distinguishing the goods or services to which it relates.³⁸ Although the Intellectual Property Office has accepted and registered applications for shapes as trade marks since the 1994 Amendment came into force, in one recent decision relating to a shape trade mark, the Assistant Commissioner of Trade Marks found that:³⁹

³³ The Trade Marks Amendment Act 1994

³⁴ The Trade Marks Act 1994.

³⁵ The Trade Marks Act 1995 (Cth).

³⁶ "Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well any combinations of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may make registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visibly perceptible."

³⁷ . The original submissions in 1990 by the European Commission, Japan and the United States contained a non exhaustive list of signs which included "the shape of goods or of their packaging".

³⁸ IPONZ *Guidelines to Sections 14 and 15 of the Trade Marks Act 1953* (June 2002), 2.

³⁹ *Trade Mark Application Nos 270789 and 270790, shape of two-finger KIT KAT product and shape of four-finger KIT KAT product*, (28 August 2002) Assistant Commissioner Brown, IPONZ Hearing Office.

“... the shapes of the asserted trade marks are not “signs” because the definition of “sign” introduced by the 1994 Amendment does not include three-dimensional shapes of products”

The opinion held by the Assistant Commissioner appears to be that the primary function of a trade mark is an indication of trade source, and that to perform this function a sign must be separate from the underlying product.

Therefore the *Coca-Cola* case, according to that decision, was still law in New Zealand. However this argument now appears to be academic, as the definition of “sign” in the Trade Marks Act 2002 expressly includes “shapes”. In regard to the subject matter of what can be protected by trade mark registration, the real change occurred with the changes made by the 1994 Amendment following the TRIPS Agreement. Therefore shapes of goods or packaging can be signs, as a sign is anything that can convey information.⁴⁰ The ability to convey information is needed for a sign to have the potential to be capable of being represented graphically and distinguishing the goods or services of one person from those of another. The Trade Marks Act 2002 merely ends any uncertainty as to whether shapes can be recognised as signs and thus trade marks.

As a result the *Coca-Cola* case will no longer be law in the sense that the shape of goods or their packaging can constitute a sign. However it is not enough for a shape to be a sign. To be considered a trade mark a shape must be capable of being represented graphically and of distinguishing the goods and services of one person from those of another. In regard to the latter the focus is on whether a shape must be distinct from the underlying product in order to be capable of distinguishing the goods.

C Capable of being represented graphically

In the Act, it is a requirement for registration that the trade mark must be able to be represented graphically. It is generally accepted that a picture, drawing, or even a written description may constitute a graphic representation of a mark.⁴¹ This appears to be relatively straightforward for traditional signs. For novel signs, this matter is more complex. Like traditional signs, colours can be represented graphically with a

⁴⁰ *Philips Electronics NV v Remington Consumer Products Ltd* [1998] RPC 283, 298 as per Jacob J.

⁴¹ Alan Potter “Trade Marks Amendment Act 1999: It’s Not as Simple as it Looks, Sounds, Smells or Tastes” (2000) 2 *NZIPJ* 225, 230.

representation of the colour. However graphic representation is more problematic for other non-traditional signs. Sound marks are capable of being represented graphically with a simple written description.⁴² However for smells and tastes a more detailed written description would be required.⁴³

In terms of graphical representation, shapes are probably somewhere between traditional trade marks and colours on one hand; and sounds, smells and tastes on the other. Unlike the latter, which are intangible, shapes present a different problem. Shapes are in a sense more tangible than traditional marks in that they are three-dimensional rather than two-dimensional signs. According to the IPONZ guidelines a three-dimensional shape must be represented in a form that clearly shows all of the features of the mark and must include a written description that distinguishes it from a two-dimensional mark. An example is "the mark consists of a three-dimensional shape (*of a bottle*), as shown in the representation attached to the application".⁴⁴ Indeed as Jacob J noted, whether the sign was the three-dimensional shape or two-dimensional drawing ought to be made clear on the registration and even if it is not, this should make no difference.⁴⁵ Therefore as shapes are visually perceptible, they are capable of being represented not only graphically but also visually.

D Capable of distinguishing

Having established that shapes are capable of being represented graphically, the next issue would be whether shapes are capable of distinguishing the goods or services of one person from those of another person. However a preliminary issue, for the purposes of s 5(1) of the Act, relates to what exactly is the test for determining whether a sign is capable of distinguishing. Is capable of distinguishing the goods or services of one person from those of another the same as the test in s 18(1)(b) that a trade mark must have a distinctive character, or is it a lower test?

The first approach is that taken by Jacob J in *British Sugar*⁴⁶ who concluded that the UK equivalent of s 5(1) adds nothing significant to the UK equivalent of s 18(1)(b), and that capable of distinguishing is essentially synonymous with distinctive

⁴² Trade Mark number 247094 filed 23 March 1995, to Unilever PLC for hand dishwashing products.

⁴³ D Lyons "Sounds, Smells and Signs" (1994) 16 EIPR 540, 540.

⁴⁴ IPONZ *Guidelines to Sections 14 and 15 of the Trade Marks Act 1953* (June 2002), 29.

⁴⁵ *Philips Electronics NV v Remington Consumer Products* [1998] RPC 282.

⁴⁶ *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281.

character.⁴⁷ However this approach is at odds with the literal meaning of the Act, which appears to make a distinction in s 18(1) between “a sign that is not a trade mark”⁴⁸ and “a trade mark that has no distinctive character”. In using this approach there is also the risk that two clearly separated issues will be confused.

The first issue here is whether a sign that is capable of being represented graphically has the potential to distinguish the products of one person from those of another. This is the lower test set out in s 5(1) of the Act. In relation to shapes this would appear to only exclude shapes that are generic or purely functional, and therefore should be free for all traders to use. The second issue is whether the non-functional, or capricious feature of the shape makes the shape as a whole distinctive in itself or distinctive on evidence of use. This is the higher test in s 18(1) of the Act. To regard the s 5(1) test as being the same as the s 18(1) test would be to imply that generic or purely functional shapes that are able to be represented graphically have the potential to be distinctive.

The alternative approach, which appears to be more in line with the literal reading of s 18(1) of the Act, is to interpret capable of distinguishing in s 5(1) as requiring a minimum standard for registration that the sign in question may be *potentially* capable of functioning as a trade mark. Any sign that is not potentially capable of functioning as a trade mark will be prevented from being registered under s 18(1)(a) as a sign that is not a trade mark. Section 18(1)(b) is then to be interpreted in conjunction with the s 18(2) proviso as requiring that a sign *actually* functions as a trade mark, which only occurs if consumers become aware that the sign is used as a trade mark. This was the approach taken by Aldous J in *Philips Electronic NV*.⁴⁹

A more important issue here is whether the inclusion of “shape” in the definition of “sign” means that a shape no longer has to be something distinct or separate from the underlying product. This was the issue considered in both *Philips Electronics NV* and *Koninklijke Philips Electronics NV*⁵⁰ (the Philips cases). In both the United Kingdom and Australia, Philips was the only producer and distributor of men’s rotary electric shavers with three rotary heads forming an equilateral triangle. Philips had two trade marks registered, each consisting of two-dimensional depictions

⁴⁷ *British Sugar plc v James Robertson & Sons Ltd* [1996] RPC 281, 305.

⁴⁸ Trade Marks Act 2002, section 18(1)(a).

⁴⁹ *Philips Electronic NV v Remington Consumer Products* [1999] RPC 809.

⁵⁰ *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* [2000] 48 IPR 257 (FCA).

(drawings or logos) of three circles arranged to form an equilateral triangle. In 1997 Remington began selling men's triple-headed rotary electric shavers although marked with the word "Remington". Like Philips shavers it had three rotary heads forming an equilateral triangle. For there to be trade mark infringement, the shaver heads had to be used as a trade mark by Philips.

In *Koninklijke Philips Electronics NV*, Burchett J looked at the issue of trade mark use and in particular the definition of sign, and stated that the inclusion of "shape" under "sign" were not intended to radically change trade mark law. He concluded that shapes of goods that were purely functional, in that they were the natural shape of the goods or were needed to achieve a particular technical result, could not distinguish the trade source and therefore not function as trade marks. However he noted that:⁵¹

"It does not follow that a shape can never be registered as a trade mark if it is the shape of the whole or a part of the relevant goods, so long as the goods remain distinct from the mark. Some special shape of a container for a liquid may ... be used as a trade mark, just as the shape of a medallion attached to goods might be so used. A shape may be applied ... in relation to goods, perhaps by moulding or impressing, so that it becomes a feature of their shape, though it may be irrelevant to their function. Just as a special word may be coined, a special shape may be created as a badge of origin".

Thus the essential requirement that a trade mark remain something "extra" added to distinguish one traders products from those of another did not change. This concept is similar to that in *Tot Toys* where Fisher J held that functional aspects of a product, such as its shape, can however function as a trade mark provided that the characteristic which distinguishes the product in the minds of the consumers is not the functional idea per se but the capricious or arbitrary way it has been expressed.⁵² Indeed as Lloyd J noted in *Dualit*⁵³ distinctive features of a product could be matters of style.

On the basis that a shape must a separate identity from the goods, it can be argued that the distinctive shape of a Coca-Cola bottle may be one of the few shapes that is registrable, as the goods themselves are the Coca Cola beverage which is in

⁵¹ *Koninklijke Philips Electronics NV*, above, 268, per Burchett J.

⁵² *Tot Toys v Mitchell* [1993] 1 NZLR 325, 344, per Fisher J (HC).

⁵³ *Dualit's Trade Mark Applications* [1999] RPC 890, 897, per Lloyd J.

liquid form. Yet, even in regard to shapes that form the packaging or container for the goods, it could be argued that bottles for instance are actually the goods themselves. However, as the Registrar in *Interlego AG's Trade Mark Application* noted:⁵⁴

“... liquids have to be marketed in containers and thus there is a very clear association between the container and the goods. However, I do not perceive the shape of the container has any effect on its contents.”

Indeed a distinction should be made between bottles that are merely containers for the product and bottles that are an essential part of the product. For instance, in the case of the Coca-Cola bottle or a distinctive perfume bottle, the bottle is only a container for the product that the consumer is going to apply or consume. The features of its shape are sufficiently variable to be capable of being made distinctive. On the other hand if the product itself is the container, it is more likely that such a shape would be inherently incapable of distinguishing the goods from those of other traders. Other traders may legitimately wish to produce similar imitations or reproductions and the use of the shape could not in itself distinguish the products.

Similarly, shapes of goods that are purely descriptive of a product, in that they are inherently generic to a particular class of goods, are not considered to be capable of distinguishing the goods. An example is the shape of the Philips three-headed rotary shaver. Such shapes are more likely to be recognised by consumers as functional product features developed by the producer rather than as a means of conveying information about a product. On the other hand the shape of a good that consists of a combination of functional and styling features, such as the shape of Dualit's toasters, has at least the possibility that the styling features may come to distinguish the goods of one trader from that of another.

However the level of capricious alteration considered sufficient for a shape to be capable of distinguishing has been criticised for being too low.⁵⁵ An embellishment that has no functional purpose, which is added on to a purely functional product shape, does not make that shape capable of distinguishing in the sense that it is potentially capable of functioning as a trade mark. This criticism however does not

⁵⁴ *Interlego AG's Trade Mark Application* [1998] R.P.C. 69, 85.

⁵⁵ See European Court of Justice, Judgment of the Court of 18 June 2002 in Case C-299/99 (Reference for a preliminary ruling from the Court of Appeal (England & Wales) (Civil Division): *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* OJ 2002 C191/1

apply where the styling features are more than minor such as the Dualit toasters. In addition, even a capable of distinguishing threshold lower than that of distinctive character is useful in sorting out shapes that may be registrable on evidence of use from those which are inherently generic and thus not registrable at all.⁵⁶

Shapes of whole or part of the goods or their packaging that add something extra to the underlying product and are not inherently generic (in the sense that they are not entirely functional or so functional that they describe the goods) have the potential to function as trade marks. Therefore they are capable of distinguishing one person's goods from those of another. However the important issue is whether shapes have a distinctive character, that is, the ability to actually function as trade marks.

IV CAN SHAPES FUNCTION AS TRADE MARKS ?

According to the Act, shapes of goods and their packaging can be trade marks. First, they are signs in the sense that they can convey information about the underlying product. Secondly, being visual perceptive, shapes are capable of being graphically represented. Thirdly shapes that are not purely functional, in the sense that they have styling as well as functional features, are capable of distinguishing the producer's goods from those of other traders. However to be registrable a shape must possess some degree of distinctive character or distinctiveness.

A Distinctiveness

Distinctiveness in law arises either through the mark inherently being distinctive or the mark being "distinctive in fact" through evidence showing that the unregistered trade mark has been used to a reasonable extent or has gained a certain reputation in relation to a product. The primary test for distinctiveness at law was whether other traders might legitimately want to use the trade mark. Therefore a

⁵⁶ See *York Trade Mark* [1984] RPC 231, 257 (HL), per Lord Wilberforce.

distinctive trade mark is one that does not trespass on the legitimate rights of other traders. In determining distinctiveness Lord Parker noted that:⁵⁷

“The applicant’s chance of success in this respect must, I think, largely depend on whether other traders are likely, in the ordinary course of their business and without proper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods. It is apparent from the history of trade marks in this country that both the Legislature and the Courts have always shown a natural disinclination to allow any person to obtain by registration under the Trade Marks Acts a monopoly in what others may legitimately desire to use.”

Lord Parker was referring to traditional trade marks in that passage, but can the same be applied to non-traditional trade marks such as shapes?

1 Inherent distinctiveness

Words that are either generic or have become a common name for the type of product rather than the goods or services of a particular trader, are not considered to be inherently distinctive. An example is “SOAP” for soap or “ASPIRIN” for acetylsalicylic acid. These are words that other traders should be free to use to identify their products, and may not be registrable even on extensive evidence of use.⁵⁸ An analogy here can be made with a shape that is the shape of the goods themselves or a shape that is common to a specific trade. Such shapes should be free for other traders to use and even extensive evidence of use may not establish that a mark is adapted or capable of distinguishing the goods or services of the applicant. For instance a toothbrush consisting of a handle on one end and bristles on another would not be considered as registrable. To give one producer the right to the exclusive use of such a shape would give that producer not just a monopoly in that shape but also in the production of such goods. Therefore it is not likely to be taken by consumers as an indication of origin or quality.

At the other end of the spectrum, words that are invented or fanciful are considered to be inherently distinctive and thus registrable as trade marks. An example is KODAK for photographic equipment. Such a mark has no other meaning

⁵⁷ *The Registrar of Trade Marks v W & G du Gros Ltd* [1913] AC 624, 634.

⁵⁸ *York Trade Mark*, above, 257, Lord Wilberforce.

than that related to a particular product. Therefore it is more likely to be taken by the public as an indication of origin or quality – as it is only identified with that producer. Can the same be said of an unusual or fanciful shape? Such shapes are distinctive in the sense that they identify the product and are thus associated with the product. However while it is easier for an invented non-descriptive word to perform the function of a trade mark it may be more difficult for a shape. An unusual or appealing shape could therefore be successfully associated with a product. But is it enough that a shape is unusual or eye-catching to be taken by the public as an indication of trade origin?

This was illustrated in *Yakult*⁵⁹ where the applicant sought registration for a plastic bottle, where the main feature of the bottle's shape was an indentation for use as a finger grip. The applicant described this element as a distinctive feature, and thus a badge of origin. Although Laddie J considered the bottle in the application before him visually distinctive he held it was not inherently distinctive in a trade mark sense. While a product or their packaging may have a memorable appearance their shape and overall appearance is not inherently distinctive in the trade mark sense. He concluded that the mark itself, that is its first appearance, has to identify the origin of the goods:⁶⁰

“Where inherent distinctiveness is concerned, the Registry has to find that the mark performs the function of identifying the origin even before the public is educated that it is used for that purpose. Where invented, non-descriptive word marks are concerned, it may be easier to come to such a finding. But where a container [shape] is in issue it may be much more difficult...the fact that a container [shape] is unusual or attractive does not, per se, mean that it will be taken by the public as an indication of origin. The relevant question is not whether the container [shape] would be recognised on being seen a second time, that is to say, whether it is of memorable appearance, but whether *by itself* its appearance would convey trade mark significance to the average customer.”

Therefore unlike words, it is not enough that the shape simply be unusual. Unlike words, shapes are more likely to be descriptive of the underlying product. For the shapes to be inherently distinctive, three criteria must be satisfied. First, the initial appearance has to identify the origin of the goods before the public is educated about

⁵⁹ *R v Yakult Honsha KK's Trade Mark Application* [2001] RPC 39.

⁶⁰ *Yakult*, above, 44, per Laddie J.

its use.⁶¹ This is easier for an unusual word but not necessarily for an unusual shape, which may be seen as a product feature. Secondly, the mark must be considered on its own, assuming no use.⁶² Again this is easier for a word such as “KODAK” but more difficult even for a distinctive shape such as that of the Coca-Cola bottle where other signs such as the words “COCA-COLA” and Coca-Cola’s logo are prominent. Finally, it is not sufficient that the mark merely has a “memorable appearance” in the sense that it is recognised as different to other goods of the same kind.⁶³ Consumers have to recognise it as a trade mark in the sense that it denotes trade source and quality.

This view was challenged in *Kenman Kandy*⁶⁴ where the applicant appealed against a decision that the concocted shape of its “millennium bug”⁶⁵ sweet was not inherently capable of distinguishing their confectionery from those of other traders. The Federal Court of Australia held that the shape possessed inherent distinctiveness, rather than being a functional or generic shape, it was one that was invented or concocted.⁶⁶ *Kenman Kandy* is significant in that it distinguishes between shapes that are functional features or innovations, such as the Philips triple-headed rotary shaver head and shapes that appear to be fanciful. The case is also notable for the opposing views contained in the judgments of Stone J (majority) and Lindgren J (dissenting).

Their judgments are important in that they focus on the issue of what shapes cannot function as a trade mark. Stone J’s view that the millennium bug shape is inherently distinctive is based on the argument that the shape is an invented shape. An invented word is regarded as being inherently distinctive, so why should an invented shape be regarded as different from an invented word. The fact that it has an aesthetic or visual appeal does not mean that it cannot function as a trade mark. Indeed she argues signs can perform not only the indication of origin function but can be designed to “elicit a positive emotional response”, which in the case of the “millennium bug” shape is to appeal to children.⁶⁷ She concludes that registration of the bug shape as a trade mark would not give the applicant a monopoly over all bug or

⁶¹ *Yakult*, above, 44, per Laddie J.

⁶² *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281, 306, per Jacob J.

⁶³ *Yakult*, above, 44, per Laddie J.

⁶⁴ *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks* (2002) 56 IPR 30.

⁶⁵ The millennium bug comprised a central body which resembles a section of a sphere, two oval eyes on the body and three short stylised legs on either side of the body.

⁶⁶ *Kenman Kandy*, above, 45, per French J.

⁶⁷ *Kenman Kandy*, above, 68, per Stone J.

insect shapes, only that particular shape or one which is substantially identical or deceptively similar to it.⁶⁸

However although Stone J's arguments may on the surface sound persuasive, Lindgren J's analysis is more convincing. The latter's analysis correctly emphasises the indication of origin function, whereas Stone J's reasoning focuses on protecting the shape as something valuable in itself rather than as a means of conveying information about the product's trade source or quality. As Lindgren J notes:⁶⁹

"The bug shape that Kenman seeks to have registered in respect of confectionery is, as I have already noted, ill suited to designating the trade source of confectionery. Its function is understood by the public to be no more than to provide an aesthetically pleasing shape that will attract buyers, many of whom are likely to be children. Its attractive nature is perceived to be a 'value adding' (or, if it be different, 'market appealing') element of the goods themselves".

In relation to confectionery, there is no shape that can be regarded as "natural" or "generic". Indeed the bug shape may be said to be common to the confectionery trade in the sense that it is typical of the stylised real or imaginary animal shapes that confectionery producers are disposed to use.

Therefore consumers seeing the bug shape as the whole shape of entire items of confectionery would perceive it as simply another member of the well known family of shapes that confectionery producers chose for their visual appeal. The consumer seeing the bug-shaped confectionery for the first time would not perceive that the shape was being used for the purpose of saying something about its origin. However such a shape may be registrable, through upon evidence being used to show that a substantial number of consumers regard the shape as distinguishing Kenman Kandy's product from those of other confectioners.

2 *Factual distinctiveness*

Although a mark may not have a sufficient level of inherent distinctiveness it may be registrable if there is evidence of use to show that consumers recognise that a

⁶⁸ *Kenman Kandy*, above, 70, per Stone J.

⁶⁹ *Kenman Kandy*, above, 60, per Lindgren J.

mark is an indication of origin or quality. Can an analogy be made between an invented word and an invented shape? The fact that a shape was developed by one producer and has come through use to indicate the goods of that producer does not always necessarily mean that it is capable of distinguishing the goods. Indeed the issue here is whether recognition of a shape by the public on the basis of past use is enough to establish distinctiveness of a product.

This was one of the issues examined in the Philips cases. For over 30 years Philips were the only rotary shavers sold, and as a result had become exclusively associated with Philips. In addition to owning a registered design of the shape and configuration of the shaver, Philips also had two registered trade marks, each consisting of two-dimensional depictions (drawings or logos) of three circles arranged to form an equilateral triangle.

The capability of distinguishing depends upon the features of the trade mark itself and not on the result of its use. As Aldous LJ noted:⁷⁰

“... a person who has had a monopoly use of a trade mark for many years may be able to establish that it does in fact denote his goods exclusively, but that does not mean that it has a feature that will distinguish the goods from those of a rival who comes on the market”.

Indeed there is a difficulty associated with factual distinctiveness for shapes. Others traders should be free to use a simple shape even if it is popularly associated with one trader.

In *Interlego*⁷¹, the Court looked at the issue of whether distinctiveness resulting from a de facto monopoly should establish whether a shape or other product feature is factually distinctive. In that case, the producer of the “Lego” range of toys had applied for registration of four trade marks consisting of arrangements of raised knobs and tubes applied to building blocks. Applications refused registration so long as the specification of goods included building bricks. They appealed. Despite the fact that the bricks were closely associated with the producer by the public, an analogy was made between a de facto monopoly of a descriptive name and that of a relatively simple shape. Neuberger J cited Hoffmann J in *Unilever*:⁷²

⁷⁰ *Philips Electronics NV v Remington Consumer Products Limited* [1999] ETMR 816, 825, per Aldous LJ (CA).

⁷¹ *Interlego AG's Trade Mark Applications* [1998] RPC 69.

⁷² *Unilever Limited's (Striped Toothpaste No. 2) Trade Marks* [1987] RPC. 13, 16.

“There are many cases which speak of the extreme difficulty which faces a trader who produces a new article to which he attaches a descriptive name in proving that the name has acquired a secondary meaning denoting an article made by him ... There is in my view a similar obstacle in the path of a trader who has enjoyed a *de facto* monopoly of a product with a relatively simple feature chosen not as a badge of origin but on the ground that it was likely to appeal to the public. The fact that members of the public now associate that feature with its product tells one nothing about what they would think if a product with a similar feature came upon the market”.

Recognising factual distinctiveness solely on such grounds would go beyond protecting the shape of the goods as a trade mark, in the sense that it conveys information about a product. It is therefore not enough for a shape to be associated with its trade source. The concept of functionality is also an important consideration.

B *Functionality*

Just as words cannot be registered as trade marks if they describe what a product is, a shape that is a functional feature of a product is an essential part of the product and should not be registered as a trade mark.

The Act does not include provisions specifically relating to the registrability of shapes. When the Bill when first introduced it included provisions that trade marks consisting only of the shape which results from the nature of the goods themselves; the shape of the goods which is necessary to obtain a technical result; or the shape which gives substantial value to the goods.⁷³ Those provisions were deleted because the Commerce Select Committee feared that “the clause as drafted may unduly restrict and prevent registration of shapes that are distinctive”. With respect, it is difficult to see how natural shapes or purely utilitarian functional shapes, which describe the goods, can even be factually distinctive. However, what is meant by a shape that gives substantial value to the goods, may be more problematic.

The provisions regarding shapes in the Bill were themselves related to the doctrine of functionality. The doctrine of functionality is an important part of trade mark law in the United States and the exclusion of functional designs from trade mark

⁷³ Trade Marks Bill 2001, no 142-2, cl 18(1)(e).

registration is designed to prevent trademark monopolies from being used to avoid the requirements of federal patent and copyright law.⁷⁴ The doctrine acts to separate features that may be protected as property rights or trade marks from those designs that the law will not permit any person to appropriate or monopolise.⁷⁵ In creating the doctrine, the courts intended that its application would help prevent the creation of monopolies in designs that were protected by neither patent law nor copyright law.⁷⁶

1 *Utilitarian functionality*

The doctrine traditionally applied only to those shapes that added to the utility or economical manufacture of a product. The most widely used definition of functionality is that found in section 742 of the Restatement of Torts, which provides, "A feature of goods is functional ... if it affects the goods' purpose, action or performance, or the facility or economy of processing, handling or using them."⁷⁷ The test of functionality is whether the feature is essential to the product's use or quality,⁷⁸ or whether designing around the feature would be costly for a competitor.⁷⁹ If the feature is essential to the product's use, then it is functional and may not be protected. Functionality is also one of the requirements listed under section 43(a) of the Lanham Act⁸⁰ that a plaintiff with a prior use in commerce of a trade dress must show in order to bring an infringement claim against the defendant.

In applying this doctrine an analogy can be made between the semantic characteristics of words and the functional characteristics of shapes. In examining the registrability of words as trade marks, a range of distinctiveness can be perceived from words which are generic or directly descriptive of the goods or services to invented words which have no meaning outside the goods and services in question. Similarly a spectrum of distinctiveness can be identified from shapes that are purely functional to those that are non-functional or arbitrary. A shape that results from the

⁷⁴ A Firth, E Gredley & S Maniatis "Shapes as Trade Marks: Public Policy, Functional Considerations and Consumer Perception" (2001) *EIPR* 86, 95.

⁷⁵ *Sicilia Di R. Biebow & Co. v. Cox*, 732 F.2d 417, 429 (5th Cir. 1984); *Keene Corp. v. Paraflex Indus., Inc.*, 653 F.2d 822, 824, 211 U.S.P.Q. (BNA) 201, 202-03 (3d Cir. 1981).

⁷⁶ *In re Deister Concentrator Co.*, 289 F.2d 496, 501, 503, 129 U.S.P.Q. (BNA) 314, 319, 321 (C.C.P.A. 1961); *Marvel Co. v. Pearl*, 133 F. 160, 161-62 (2d Cir. 1904)

⁷⁷ Restatement of the Law, Torts, s 742.

⁷⁸ *Inwood Lab., Inc. v. Ives Lab., Inc.*, 456 U.S. 844, 850 n.10, 214 U.S.P.Q. (BNA) 1, 4 n.10 (1982).

⁷⁹ *Inwood Lab., above*; (1982). *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 870 F.2d 1176, 1189, 10 U.S.P.Q.2d (BNA) 1001, 1012 (7th Cir. 1989).

⁸⁰ The US trade mark legislation.

nature of the goods themselves may be compared with a generic or descriptive word and would therefore be either inherently distinctive or distinctive in fact.

The same may be said trade marks consisting only of a shape which are necessary to obtain a technical result but where other shapes could perform the same function equally efficiently. An analogy here could be made with word marks that directly describe a product, but where other words could be used to describe the goods equally well. Just because there may be many other words to describe the same product does not mean that a producer should have exclusive use of a word that other producers should be free to use to describe their products. Similarly, for instance, the fact that there may be a number of other shapes that could function just as efficiently as the Philips triple rotary shaver head, does not mean that the triple rotary shaver head is distinctive. The fact that the shaver head is purely functional makes it non-distinctive, as it is a feature that other producers should be free to use. As Aldous LJ concluded:⁸¹

“... to exclude from registration shapes which are merely functional in the sense that they are motivated by and are the result of technical considerations ... the restriction upon registration imposed by the words “which is necessary to a technical result” is not overcome by establishing that there are other shapes which can obtain the same technical result. All that has to be shown is that the essential features of the shape are attributable only to the technical result.”

More problematic, however, are shapes that are not purely or primarily functional, and where a large number of shapes could perform the same function equally well.⁸² After all very few shapes do not have a functional element, just as very few words are devoid of an ordinary meaning. Therefore like words, whether or not a shape is a trade mark is a matter of degree. For instance the word “WEETBIX” for breakfast cereal, despite its primarily descriptive meaning of “WHEAT BISCUITS” has acquired a secondary meaning. The spelling may be said to have a capricious element to distinguish the mark from those of other trader’s products. An analogy may be the plastic lemon container for lemon juice in *Reckitt and Colman*.⁸³ However

⁸¹ *Philips Electronics NV v Remington Consumer Products Limited* [1999] ETMR 816, 830, per Aldous LJ (CA).

⁸² Janice Luck, “The Registrability of Shapes of Goods as Trade Marks: A Commentary on this Part of the Full Federal Court’s Judgment in *Philips v Remington*” (2001) 12 *AIPJ* 12, 18.

⁸³ *Reckitt & Colman Products Ltd v Borden Inc* [1990] RPC 341.

it could be argued that a lemon shaped container, although not purely functional is a rather obvious way of marketing lemon juice compared to any other fruit shape. Therefore the shape would not have been strictly speaking arbitrarily chosen.

Indeed, compared with words, it is less common for shapes to be arbitrarily chosen due to the more limited range of shapes available for a producer to choose from. This is particularly the case for shapes of goods compared with shapes of packaging and containers. An example of an arbitrary word mark is "APPLE" for computers, in the sense that it has an ordinary meaning that is totally removed from its trade mark context. An analogy in relation to shapes, is the triangular shape of the Toblerone chocolate bar and its packaging. A better analogy is that of the Coca-Cola bottle.

Although this doctrine is useful it should be strictly applied, particularly as to what features of a shape are functional and what shapes are arbitrarily chosen. As Landes and Posner note, a functional feature is unlikely to identify a particular brand, as it is a feature the consumer associates with the product rather than the brand. As a feature becomes functional, the producer will place increasing emphasis on the brand name, rather than the feature of the product.⁸⁴ This point should be noted to avoid protection being given to the underlying shape of the product, and also avoid the situation in the United States where the doctrine has recently been criticised for being interpreted too broadly by the courts:⁸⁵

"... what started as an exceptional doctrine for cases in which the risk of goodwill was evident has expanded into a trademark doctrine of general applicability, one that virtually any manufacturer can invoke to secure additional protection for its products. In the process, the link between product configuration and consumer source identification has all but disappeared."

An example is the decision in *Two Pesos*⁸⁶ where the court declared that "inherently distinctive" trade dress and product configurations were entitled to automatic

⁸⁴ William M Landes and Richard A Posner "Trade Mark Law: An Economic Perspective" (1987) 30 *Journal of Law & Economics* 265, 299.

⁸⁵ Mark A Lemley "The Modern Lanham Act and the Death of Common Sense" 108 *Yale LJ* 1687, 1700.

⁸⁶ *Two Pesos, Inc v Taco Cabana, Inc*, 505 US 763 (1992).

protection, was subsequently used by plaintiffs who argued that the shape was not purely functional seek automatic protection for the shape of their products.⁸⁷ However the concept of functionality goes beyond that of shapes which encourage efficiency and utility, and are therefore analogous to words which directly describe a product. More controversially it includes to shapes that are aesthetically pleasing and thus make a product more valuable to consumers.

2 Aesthetic functionality

The U.S. Court of Appeals for the Ninth Circuit broadened the Restatement definition of functionality to include the concept of "aesthetic functionality."⁸⁸ Aesthetic functionality denies trade mark protection to decorative or ornamental product features unless the primary purpose of the features serves to identify the source of the product and to distinguish one product from another. The central question under the doctrine of aesthetic functionality is whether the particular feature is an "important ingredient" in the commercial success of the product.⁸⁹

This doctrine is closely related to trade marks that consist only of shapes that give "substantial value to the goods". What is meant by "substantial value" has been difficult to determine. One view is that substantial value should be interpreted as referring to goods whose value, either monetary and/or abstract, is due to the shape.⁹⁰ However in practice attention would be more likely to be focused on categories of goods that are essentially decorative or marketed primarily for their aesthetic appeal.⁹¹ Alternatively, Jacob J in *Philips*⁹² gave a narrow interpretation to these words to refer to aesthetic considerations. He noted that a broad interpretation of these words would be that no shape would be registrable as a trade mark, as one of the purposes of a trade mark is to add value to goods. A shape can both add substantial value and act as a trade mark. An example is the Jean Paul Gaultier "corset-shape" bottle. Such shapes can be distinguished from unusual product shapes, such as a cocktail shaker shaped

⁸⁷ *Duraco Prods v Joy Plastic Enters*, 40 F3d 1431, 1440-1 (3d Cir 1994).

⁸⁸ *Pagliario v. Wallace China Co.*, 198 F.2d 339, 343, 95 U.S.P.Q. (BNA) (9th Cir. 1952).

⁸⁹ *Pagliario*, above, 48.

⁹⁰ A Firth, E Gredley & S Maniatis "Shapes as Trade Marks: Public Policy, Functional Considerations and Consumer Perception" (2001) *EIPR* 86, 94.

⁹¹ Firth, above, 94.

⁹² *Philips Electronics NV v Remington Consumer Products* [1998] RPC 280, 309, per Jacob J.

like a penguin, which is intended not to identify the source, but simply to render a product more appealing.

Indeed, according to Landes and Posner, a shape is not functional just because it makes a product more attractive.⁹³ A problem only arises if the aesthetic shape becomes an attribute rather than a brand of the product, valuable for its own sake rather than as a means of conveying information about the product. Therefore a very narrow interpretation of "substantial value" should be given, otherwise virtually all shape trade marks will be excluded from registration. Thus shapes adding "substantial value" would include for instance apply to a novelty shape for goods aimed at children or a decorative shape in an industry where decorative variations are common. An example of the former is the bug shape in *Kenman Kandy*.

Both the concepts of utilitarian and aesthetic functionality are useful not only in evaluating the distinctiveness of a shape as a trade mark. They are also useful in that they prevent encroachment into other forms of intellectual property that may be used to protect the function or appearance of a shape.

V ENCROACHMENT INTO PATENT AND DESIGN PROTECTION OF SHAPES

A *Deception-based v product-based protection*

Far from the law not protecting the shape of a good, producers have, and continue to have a variety of protection. In addition to the "deception-based" protection offered by the Act, the tort of passing-off and the Fair Trading Act 1986, "product-based" protection is also available under the Patents Act 1953, the Copyright Act 1994 and the Designs Act 1953. There is nothing wrong *per se* with overlap between trade marks and other forms of intellectual property in relation to the protection of shapes of goods and their packaging. However the monopoly conferred through trade mark protection is different from that of other types of intellectual property protecting shapes.

⁹³ William M Landes and Richard A Posner "Trade Mark Law: An Economic Perspective" (1987) 30 *Journal of Law & Economics* 265, 298.

The protection conferred by trade mark registration is deception-based in the sense that it protects the trade mark as a means of conveying information about the source and quality of the product. Although trade mark protection enables a producer to differentiate their products and to exclude others from using that differentiating feature, the extent of that monopoly is limited. That balance is achieved by providing protection that minimises deception of consumers without discouraging competition. The rationale is that infringement would only occur if a competitor were to copy a trade mark for the purpose of confusing consumers as to the trade source of the product.

Unlike trade mark law, patents and designs are product-based, in that they protect a creation for its own intrinsic worth.⁹⁴ The investment that has been put into a concept is rewarded through subsequent protection of the finished product. However, trade marks are not protected for their intrinsic worth. They are protected only if they perform the additional function of distinguishing the product to which they are attached. Trade marks emanate from a different branch of intellectual property rights than copyright, patents and designs. While copyright and patents protects products in themselves, trade mark law only protects labels attaching to products.⁹⁵ As shapes of goods and their packaging are usually inherent features of goods, the protection conferred by trade mark registration would effectively apply to the whole product, rather than just to a label attached to a product. Protection that is analogous to copyright or patent would be achieved "through the back door". Just because something is commercially valuable does not make it registrable as a trade mark.

Trade mark protection is defined by reference to its function of allowing consumers to identify distinctive goods in the marketplace. If a shape that is basically the entire product is protected as a trade mark, the shape is effectively being protected as a property right itself. As trade mark law does not confer property rights per se, it is not an appropriate means for seeking protection for such shapes. A registered trade mark gives potentially unlimited rights, unlike that provided by patents or designs. This unlimited protection is justified by the requirement of sustained investment and management in order to add value to the mark" and make it commercially useful.⁹⁶

⁹⁴ C D G Pickering *Trade Marks in Theory and Practice* (Hart Publishing, Oxford, 1998), 116.

⁹⁵ Pickering, above, 34.

⁹⁶ Pickering, above, 116.

Indeed in the United States the concept of functionality is designed to prevent trade mark monopolies from being used to avoid the requirements of federal patent or copyright law.⁹⁷

“The exclusion of functional designs from the subject matter of trade mark law is intended to ensure effective competition, not just by the defendant, but also by other existing and potential competitors”.

Therefore the concept of functionality is necessary to prevent trade mark registration being used as a means to duplicate protection given to shapes by other forms of intellectual property. I will focus on two of these categories of intellectual property: patent and design registration.

B Patents

Compared with trade mark registration, the protection given to shapes by patent law is limited in duration. After a patent has expired the shape is in the public domain and other traders are free to copy that shape. Patent law decrees that once a period of protection for an invention has expired that invention enters the public domain. Under this “bargain theory”⁹⁸, the patentee in return for the exclusive right to the manufacture and sale of that invention generally for a period of twenty years⁹⁹ gives up their invention to the public. For that period of protection, the shape of the patented goods will be infringed if other producers make not only exact, but in some cases inexact, replicas of a patent.

Registration of functional shapes of goods it is argued would allow the proprietors of patents to renege their side of the bargain. It would prevent the subject matter of the patent from passing into the public domain, once the patent expires. It is feared that trade mark law would thus weaken the justification for patent law. The argument is therefore why should a producer apply for a monopoly of limited time in respect of its products under patent law, knowing that it could be granted an unlimited

⁹⁷ Restatement (Third) of the Law of Unfair Competition, 1995, para. 17.

⁹⁸ *William Edge & Sons Ltd v William Niccolls and Sons Ltd* [1911] 1 CH D 5, 12.

⁹⁹ Patents Act 1953, section 30(3).

extension of the monopoly under trade mark law. However these fears are exaggerated.

Patented goods are by their nature are functional in that the shape of those goods tends to either result from the nature of the goods itself, or one that is necessary to obtain a technical result. Under the Act a trade mark that consists only of a shape that results from the nature of the goods themselves would probably be considered one that has no distinctive character. It would be non-distinctive in the sense that it consists only of a shape that serves to designate a characteristic of the mark, namely the kind of goods. Not as clear under the Act are shapes that are necessary to obtain a technical result. These could be considered to have no distinctive character in that they may serve to designate the intended purpose of the goods.

Because patented goods are by their very nature functional, patented goods or formerly patented goods do not appear to be eligible for trade mark registration. However although much potential duplication between trade mark and patent law will be removed, the possibility exists for shapes to be non-functional yet patentable. This was acknowledged in the United States by the Court of Appeals for the Tenth Circuit in *Vornado*¹⁰⁰ and confirmed by the United States Supreme Court in *Traffix Devices Inc v Marketing Displays Inc*.¹⁰¹

However in practice, patentable, non-functional shapes of goods would be very rare. It would certainly not justify the idea that the shape of once patented goods be absolute grounds for not registering a trade mark.¹⁰² Thus the overlap between patent and trade mark protection of shapes appears to be negligible. This is particularly as many shapes, which are not purely functional, have been the subject of design rather than patent registration.

¹⁰⁰ *Vornado Air Circulation Systems Inc v Duracraft Corp* 58 F #d 1498 (10th Cir, Kan, 1995), p 1506, cert denied 116 S. Ct 753 (1996).

¹⁰¹ *Traffix Devices Inc v Marketing Displays Inc*. 121 S Ct 1255 (2001) : "A utility patent is strong evidence that the features therein claimed are functional. If trade dress protection is sought for those features the strong evidence of functionality based on the previous patent adds great weight to the statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection. Where the expired patent claimed the features in question, one who seeks to establish trade dress protection must carry the heavy burden of showing that the feature is not functional, for instance by showing that it is merely an ornamental, incidental, or arbitrary aspect of the device".

¹⁰² Alexandra Sims "The extension of trade mark law to protect the shape of goods: the possible undermining of patent and design law?" (2001) 2 *NZIPJ* 28, 33.

C Registered Designs

Traditionally, distinctive shapes which are not purely functional in that they have some aesthetic quality, have been protected by design registration.¹⁰³ However there are limitations. First, the maximum period of protection is for fifteen years from the date of application. Trade mark registrations may be renewed indefinitely, which may potentially provide the trade mark proprietor with an indefinite monopoly to a shape in relation to the goods or services for which it is registered, provided it continues to use the mark. Secondly, the protection given by design registration is less than that given by trade mark registration. The test for infringement is whether the article that was allegedly infringed has substantially the same appearance as the same appearance as the registered design. Comparison must be made with the registered design of the manufactured article. In addition, any public disclosure of a design before an application is made can invalidate a subsequent design registration.

Therefore a producer who might spend many years successfully promoting a product supplied in a distinctive shape, will be reluctant to see another firm producing a product in a similar shape once its design registration expires. Indeed, the relatively short duration and limited protection of shapes as registered designs appears to suggest that there is a greater chance that trade mark protection will weaken the justification for design law. However some commentators believe that fears that design law will lose its significance in the face of registration of shapes as trade marks are not justified.¹⁰⁴

First, the threshold for showing that a shape has inherent distinctiveness is high, compared with the level of aesthetics required for design registration which is not very high. Secondly, once granted the design protection provides a monopoly right which guarantees the design's exclusivity on the market. Thirdly, to be registrable a design must be new and original. Assuming that the proprietor of a shape does not apply to register the shape as a design but applies unsuccessfully for trade mark registration of a shape, this novelty is destroyed. As a result design protection is

¹⁰³ Designs Act 1953, section 2.

¹⁰⁴ See Thomas Helbing "Shapes As Trade Marks? The Struggle To Register Three-Dimensional Signs: A Comparative Study of United Kingdom and Swiss Law" (1997) 4 *IPQ* 413, 438; and Mark Paton "The shape of your word" in *The Independent* at < <http://www.bswip.co.nz/articles/shape.html> > (last accessed 22 February 2003).

no longer achievable and cannot help in a renewed attempt to register the shape as a trade mark.

Thus a design serves as a supporting measure to develop a shape's distinctiveness. Later, when the shape is suggested for trade mark registration this can be used as evidence to prove or assert distinctiveness through use. Therefore the way for a shape to acquire distinctiveness may be to first apply for design registration first and then for a trade mark registration once there is public recognition of the distinctiveness of the shape.

However as for patents this raises the concern that proprietors of registered designs will renege on their side of the bargain of preventing the subject matter of the design from passing into the public domain once the design expires. Again this fear may not be justified provided that the tests for distinctiveness are not set too low. Although on the surface design registration is concerned with form, many shapes that have received design registration in fact have a defined functional character. An example of a shape that was registered as a design is that of the Philips triple-headed shaver, which apparently satisfied the minimal level of aesthetics required for registration as a design in New Zealand.

The Philips decision in which the functionality of the shaver head counted against protection of the shape and appearance of the shaver head under trade mark and design law has been criticised in that it leaves the scope of any functionality constraint unclear.¹⁰⁵ The issue here according to Richardson is whether in regard to functionality, a court should only take into account cases where the shape is absolutely dictated by the function of the product and no other shape will do the job. She argues that it is questionable that functional aspects of a shape should not be protected. In her opinion the policies of both trade mark and design law are to encourage innovation. If protection of function through protection of shape gives greater prospects of reward and therefore an incentive to innovate, then this can be viewed as a positive rather than negative spillover effect of those laws that are designed to protect shape.¹⁰⁶

However Richardson's view is flawed in that the policy rationales for trade mark and registered design law are different. Monopoly protection for designs and

¹⁰⁵ Megan Richardson "Australian Intellectual Property Law: The Form/Function Dilemma – A Case Study at the Boundaries of Trade Mark and Design Law" (2000) 22 *EIPR* 314, 318

¹⁰⁶ Richardson, above, 318.

trade mark protection each serve two different purposes. Design registration encourages innovation in design that is rewarded by granting a monopoly for a limited period. Trade mark registration is perpetual and operates to protect the right of one trader to prevent a misrepresentation by another trader as to the source of the first trader's goods, where the other trader has copied distinguishing signs which have come to be associated with the first trader. Trade mark protection is therefore designed to serve the dual purpose of protecting goodwill of traders and preventing consumer confusion.¹⁰⁷

Despite this, the interface with registered designs represents the biggest overlap with trade mark law in regard to shapes. This is because registered design law protects shapes which are not purely functional. One way of limiting the encroachment of trade mark protection into the domain of design law may be not to allow signs that consist exclusively of a shape that gives substantial value to the goods. However the words "substantial value" have proven difficult to interpret. As a result not all designs will be found to add substantial value to the goods. Therefore shapes that were the subject matter of expired registered designs may still have been registrable as trade marks.¹⁰⁸

VI CONCLUSION

Although shapes of goods or their containers should be treated the same as word or device marks, this does not mean that an original or unusual shape by itself is distinctive in the trade mark sense of acting as a badge of origin and quality. First, it is important that the shape of goods or their packaging is distinct from the underlying product. The policy behind trade marks is to protect signs that distinguish products by indicating their source, in the interests of benefiting customers whose search costs are reduced by their reliance on such signs. There is a real danger that this policy could be overridden by giving trade mark protection to signs that are essentially the whole

¹⁰⁷ Audrey A. Horton "Designs, Shapes And Colours: A Comparison of the Trade Mark Law In The United Kingdom and the United States" (1989) *EIPR* 311, 312.

¹⁰⁸ Alexandra Sims "The extension of trade mark law to protect the shape of goods: the possible undermining of patent and design law?" (2001) 2 *NZIPJ* 28, 33.

product. Such a registration would create a monopoly on the manufacture of that type of product, which is contrary to the rationale behind trade mark protection.

Secondly, because of their functional nature, very few shape marks will be considered to be capable of distinguishing one trader's goods from those of another trader and thus function as registered trade marks. Indeed branding reasons are not always compatible with the view of trade mark protection for product features. This means that the very few registrable shapes are more likely to be limited to the shape of containers and packaging which better perform the branding function than the shape of actual goods.

Finally, even those few shapes that are distinctive in a trade mark sense may have their registration opposed on the grounds that it creates a monopoly of a shape once protection given by patent and design registration has expired. Thus the importance of applying policy issues related to functionality in order to prevent trade mark law from being used to extend the monopoly granted to a shape through other intellectual property rights. However in practice, such considerations of functionality will focus on utilitarian functionality that is more clear-cut than aesthetic functionality. Therefore while there may be very little overlap with shapes that are the subject of patent protection, there may still be encroachment into protection given to non-utilitarian shapes by design registration.

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