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Marketing and the law: defending single color trademarks

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Colour as a Source of Brand Differentiation: Can it be Protected?

Woolworths Ltd v. BP Plc (2006) FCAFC 132¹

Introduction

Most international jurisdictions have sought to broaden their definition of a trade mark following the *Qualitex v Jacobson Products (Qualitex Case)*². In Australia, the *Trade Marks Act (Cth) 1995* was introduced to recognise that colors, scents, shapes and sounds could be registered as a trade mark provided the mark was capable of distinguishing, in the course of trade, the proprietor's goods or services from the goods or services of others. However, to date, it has proven extremely difficult to defend the registration of a single color trade mark in Australia.

Woolworths Ltd v. BP Plc (Woolworths Case) represents the first time in Australia that the appellate courts have considered the circumstances under which a single color can be registered as a trademark. Prior to this, the Federal Court of Australia (FCA) followed the *Qualitex Case* in setting practical guidelines on what may be registered as a color trade mark in the case of *Philmac Pty Ltd v. The Registrar of Trade Marks (Philmac Case)*³. Though, the *Woolworths Case* represents the first time that these guidelines had been considered in Australia's highest court.

In particular, the *Woolworths case* provides valuable insight into some of the challenges associated with the registration of single color trademarks in Australia. The case also provides a useful lens through which to discuss some of the important differences between the treatment of color trade marks in the United States and other jurisdictions such as Australia.

Overview of the Case

British Petroleum (BP), incorporated in the United Kingdom, is the parent of one of the world's largest oil and gas producing groups. The group sells by retail to the public, through thousands of service stations around the world, its own fuels and lubricants as well as other products. It has used the color green as a significant component of its marketing and branding activities since 1927, along with the letters 'BP' and a gold shield. However, in 1986 the retailer undertook a major international branding and standardization program, adopting the color green (Pantone 348C) as the primary color for its service stations around the world, with the color yellow used as an accent color. Interestingly, color has been acknowledged as the main tool for differentiation of fuel retailers for the past several decades. For instance, in 1961 Shell adopted the color yellow with red accents for its service stations. Likewise, Texaco has been using black with red and white accents globally since the early 1980's⁴. BP have been successful in registering trademarks for the color green (more specifically pantone 348C) in numerous countries including: Benelux, France, New Zealand, Andorra, Azerbaijan; and community trade marks in France, Germany, Guernsey, Indonesia, Jersey, Poland, Portugal, Singapore, Spain, Switzerland, Turkmenistan, the UK, Hong Kong, Fiji, Malaysia, Mozambique, Philippines, Ukraine and the United States⁵.

In 1991, BP sought to register the color green in Australia as it applied to three product classes. These applications were subsequently combined in 1997 under provisions of the *Trade Marks Act (Cth) 1995*. The actual trade mark in question consisted of the color green as represented by a 3.5 cm square depicting the color Pantone 348C, along with words describing its application to the various product classes⁶. This application was amended on advice from the registrar to read: "The trade mark consists of the color green as shown in the representation on the application applied as the predominant color to the fascias of buildings, petrol pumps, signage boards – including poster boards, pole signs and price boards – and

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spreaders, all used in service station complexes for sale of the goods and supply of the services covered by the registration”. The amendment advice provided by the registrar was in response to concerns that the registration would prohibit other fuel retailers from using the color green in their get-up⁶.

The second registration was made in respect to the application of the specific color green (Pantone 348C) to exterior surfaces of a premises used for the supply of fuel products. Attached to the application was a sketch of a service station together with a convenience store and a car wash in the background. The fascias of the canopy above the petrol pumps, the convenience store and car wash, the front and back of the tanks, the rubbish bin, the poster board, the price board and the spreaders (the area on the petrol pump immediately above the glass display area) were all colored green. The wording of the second application was also changed to be consistent with the amended wording of the 1991 application with one notable exception. It included the addition of the phrase “as exemplified in the representation attached”, where the representation referred to the sketch describe above.

Woolworths Limited appealed to the trade mark registrar against the validity and appropriateness of the registrations, eventually leading to the cancellation of the applications by the registrar. Woolworths is a major Australian grocery retailer that had recently entered the retail petrol market. It opened its first petrol station in 1996, extending its supermarket branding to fuel retailing operations. The Woolworth’s branding comprises green or red lettering on a white background, with green or red lines. Two primary points of opposition were raised by Woolworths. First, they claimed that the color green does not distinguish the goods and services of BP. Second, they claimed that the applications were not amended correctly (i.e., they sought to extend BP’s rights). The registrar found in favor of Woolworths, stating that BP was not able demonstrate that the particular shade of green as depicted in the applications was able to distinguish their products or services. In relation to

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the second point, the registrar found that the amendments extended the scope from that of a device to that of a color trade mark.

BP appealed the registrar's decision to the Federal Court of Australia (FCA)⁷, contending the two points of opposition raised by Woolworths in their appeal to the registrar. The presiding judge set aside the decision of the registrar and ordered that the applications proceed to registration. On the principle point of distinctiveness, the presiding judge asserted that while the color green (in the particular shade shown on the applications) is not inherently distinctive of BP's goods and services, he was satisfied that the extensive promotional and branding activities of BP prior to the original application in 1991, and then in 1995 in the case of the second application, were sufficient to suggest that the color had become distinctive with regard to the retailing of fuel in Australia. He also held that the original application was clearly intended to represent the registration of the color green, and not that of a device (i.e., square that was colored green).

Woolworths appealed decision to the Full Federal Court of Australia (FCAFC). The three presiding judges found in favor of Woolworths and ordered that the two trademarks under consideration be cancelled¹. While the Full Federal Court agreed with the earlier views that the amendments were not inappropriate, and that the issue of inherent distinctiveness was not in dispute, they did not believe that BP had provided sufficient evidence that the color green had the ability to distinguish its products and services prior to the time of application. In particular, the FCAFC contended that the survey evidence provided by BP did not clearly relate to the actual trade mark under dispute, and therefore did not clearly establish that the trade marks in the application were in use prior to the date of filing, or that any such use was sufficient to distinguish the designated goods and services as being those of BP. The FCAFC also cautioned against the consideration of color trade marks as part of the overall get-up or

livery as they believed that this distracts from consideration of the distinctiveness of the mark as presented in the application.

BP sought leave to appeal the FCAFC decision to Australia's highest court, the High Court of Australia (HCA)⁸, stating that the full court had failed to appreciate that a trader may use multiple trade marks concurrently in the presentation of a get-up, and that any of these marks are entitled to separate registration. The counsel acting on behalf of BP emphasized that BP had chosen to register the most dominant component—the color green. They argued that the survey evidence clearly demonstrated the pervasiveness of the color green as used by BP (3). The HCA refused BP the right of appeal as they did not agree with these propositions, and were not convinced that any subsequent errors in the FCAFC decision were serious enough to warrant further action. The transcripts from the High Court proceedings reveal that the court seemed especially concerned with the precedential impact of the *Woolworths Case* on other cases currently working their way through the appellate courts⁹.

Implications of the Decision

In terms of the *Woolworths Case*, there are four emerging issues that deserve special attention. The first issue relates to the inherent distinctiveness of color. The *Australian Trade Marks Office Manual of Practice and Procedure*¹⁰ states that it is unlikely that the registration of a particular color applied to goods that are normally colored would be regarded as being inherently distinctive. As such, it was not surprising that the FCAFC reiterated the decision of the lower courts regarding the distinctiveness of the color green. However, it does bear mentioning that unlike in the United States where color is never held to be inherently distinctive¹¹, a requirement imposed by the *Philmac Case* is that this must generally be proven within Australia.

Once inherent distinctiveness is dismissed, there arises a heavy onus on the applicant to show that a particular color does, or will in the future, distinguish the applicant's goods from those of their competitors¹⁰. The second issue for consideration relates to the evidence necessary to support this requirement. In many ways, the Australian conditions are analogous to the United States benchmark for establishing that a color has acquired a secondary meaning. In the *Woolworths Case*, BP provided significant advertising and survey evidence in support of their use of the color green. However, the FCAFC was not convinced that the evidence clearly established that the color green had been used as depicted in the trade mark application prior to the submission dates. Their main concern with the advertising was that the use of the color green was always accompanied by the use of the color yellow, and that this representation was generally in equal parts and did not demonstrate the predominance of green. The FCAFC was also concerned that BP was unable to provide specific details of the dates and frequency that the advertisements appeared.

In the survey, the respondents were shown a picture of a service station similar to that used in the original trade mark application, where the key areas identified in the application were colored green. They were then asked what they saw. The majority of which (85%) identified BP. The evidence was intended to show that when all branding and other colors were stripped away, respondents clearly identified the color green, as applied to a service station complex, with BP. While the FCAFC did not dispute that the color green had a strong association with BP, they contended that picture was not consistent with the wording of the original application. In particular, they asserted that the trade mark application was not for the color green alone, or the color green as the predominant color for a service station complex, but for the color green as the predominant color along with other colors as applied to the areas noted on the application. The picture only showed the color green on those areas noted.

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In this way, the Woolworths Case clearly demonstrates the need for accuracy in the evidence provided in support of single color trade mark applications in Australia. The third issue identified in the case relates to the question of whether a brand can be dissected for purpose of registering a single color trade mark. The FCAFC did not support the view that color should be considered as part of the “get-up” of a firm. In particular, they suggested that to consider the color green as an aspect of the overall branding of BP service stations acts to divert into an examination of the distinctiveness of color alone, and away from the question of whether the trade mark has been used in a manner for which it was applied. This decision was the principle issue of contention on appeal to the Full Court, and subsequently to the High Court, and represents a stark contrast to the view of the primary judge. In reaching this decision, the FCAFC chose to ignore the United States trend to allow the disaggregating get-up for the purposes of individual trade mark registration. As such, this decision may have far reaching implications for the continuance of this trend both in Australia and other jurisdictions.

The final issue for discussion was not a key factor in the courts decision, but nonetheless, warrants consideration. The *Philmac Case* provides some qualifying guidelines that must be met in order to qualify for a color trade mark. These requirements are complementary to the standards established in the United States by the *Qualitex Case*, with applicants required to demonstrate that the color trade mark does not serve a descriptive or utilitarian function; is not the result of a common manufacturing process; and would provide an unfair competitive advantage to the applicant. Interestingly, the registration of the color green would seem to contravene at least two of these tests as the color green is universally associated with concepts of environmentalism. As such, registration could be seen to confer some special competitive advantage to BP over their competitors, particularly given the heightened environmental awareness. However, despite these issues being raised by one of

the High Court judges, the issue of whether the color green was eligible for registration was not taken up by the Australian courts.

Concluding Comments

The *Woolworths Case* highlights, amongst other things, the difficulty of successfully defending single color trade marks in Australia. While the FCAFC decision does not preclude BP from making a new application, and indeed BP has since successfully registered a multi-color trade mark, it does provide some interesting insights into how the Australian courts view the registration of single color trade mark components of a brand. However, if the primary motivation for registering a single color trade mark is to defend against “passing-off”; that is, to stop potential competitors from branding their goods or services in order to deceptively attract your customers, then perhaps the registration of a color trade mark is not the best way to go.

Even though BP were successful in obtaining a community trade mark for the color green in Ireland they had mixed success in their attempts to enforce their trade mark rights¹². The High Court of Justice in the Northern Ireland Chancery Division, equivalent to FCA or the intermediate appellate courts in the United States, found that while the plaintiffs John Kelly Ltd and Glenshane Tourist Services Ltd had breached BP’s trade mark rights by using the particular shade of green in their service stations, the court was not of the opinion that this breach constituted a legal definition of passing-off.

Furthermore, the Eastern District Court of Louisiana recently upheld the rights of three universities regarding their athletic program colour schemes¹³. The court found that Smack Apparel’s sale of T-shirts bearing the university color schemes that were directed at fans and other interested parties constituted trademark infringement, unfair competition and

dilution under the *Trade Marks Act 1946 (Lanham Act)*. Interestingly, none of the schools owned trade mark registrations protecting their color schemes.

While both of these decisions are still open to appeal, they do highlight that despite the espoused protection offered by single color trade marks, there is still, clearly, a lot of fine-tuning required before marketers can enjoy broad protection for the individual color components that comprise their corporate brands.

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