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## Color as a source of brand differentiation: Can it be defended?

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## Color as a source of brand differentiation: Can it be defended?

### Abstract

Savvy marketers have long sought to exploit the psychological effects of color to differentiate their brands and create competitive advantage: IBM Blue, Coca-Cola Red, and BP Green. These are not new colors but well-known brand colors. While changes in international trademark law over the past decade paved the way for marketers to seek protection for a color associated with a brand, this case demonstrates some important challenges in defending such trademarks.

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**COLOR AS A SOURCE OF BRAND DIFFERENTIATION:  
CAN IT BE DEFENDED?**

Woolworths Ltd v BP. Plc (2006) FCAFC 132

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## INTRODUCTION

Savvy marketers have long sought to exploit the psychological effects of color to differentiate their brands and create competitive advantage: IBM Blue, Coca-Cola Red, and BP Green. These are not new colors but well-known brand colors. While changes in international trademark law over the past decade paved the way for marketers to seek protection for a color associated with a brand, this case demonstrates some important challenges in defending such trademarks.

*Woolworths Ltd. v BP Plc. (Woolworths Case)*<sup>1</sup> 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 case, the Federal Court of Australia (FCA) followed United States precedent<sup>2</sup> in setting practical guidelines for the registration of a color trademark.<sup>3</sup>

The *Woolworths case* provides a useful lens through which to discuss some of the important differences between the treatment of color trademarks in the United States and in other countries.

## CASE OVERVIEW

British Petroleum (BP) is the parent of one of the world's largest oil and gas producing groups. Along with the letters BP and a gold shield, the color green has been a significant component of its branding activities since 1927. In 1986, the retailer undertook a major international standardization program, adopting green (Pantone 348C) as the primary color for its service stations globally. BP successfully registered trademarks for Pantone 348C in numerous jurisdictions, including Europe and the United States.<sup>4</sup>

In 1991, BP sought to register the color green as it applied to various product classes pertaining to the sale of fuel and oil in Australia. The trademark in question consisted of a 3.5 cm square depicting the color Pantone 348C, along with these words. "The trademark 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 spreaders, all used in service station complexes for sale of the goods and supply of the services covered by the registration.”

Attached to a second registration made in 1995 was a sketch of a service station 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 green. The wording was the same as that used in the 1991 application.

Woolworths Limited—a large Australian retailer—appealed to the trademark registrar, which led to the cancellation of the applications by the registrar. The application was successfully reinstated and then repealed by the Federal Court of Australia (FCA).<sup>5,6</sup> The Full Federal Court (FCFCA) observed that while the issue of inherent distinctiveness was not in dispute, it did not believe that BP had provided sufficient evidence that the color green distinguished BP’s products and services prior to the time of application.

BP sought leave to appeal the FCAFC decision to Australia’s highest court, the High Court of Australia (HCA),<sup>7</sup> stating that the FCAFC failed to appreciate that a firm may use multiple trademarks concurrently as part of its branding 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 the survey evidence clearly demonstrated the pervasiveness of the color green as used by BP. The HCA refused BP the right of appeal.

### **KEY ISSUES**

The first issue relates to the inherent distinctiveness of color. The *Australian Trademarks Office Manual of Practice and Procedure*<sup>8</sup> 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.

Therefore, it was not surprising that the FCAFC reiterated the decision of the lower courts. Unlike in the United States where color is never held to be inherently distinctive,<sup>9</sup> Australian courts require this to be proven, even though the probability of success is small. Once proven, the applicant must show evidence that the color does, or will in the future, distinguish the applicant's goods from those of its competitors.

The second issue relates to the evidence required. In the *Woolworths Case*, BP provided significant advertising and survey evidence to support its use of the color green. However, the FCAFC was not convinced that this evidence demonstrated that BP had used the color green as depicted in its trademark application prior to the submission dates. The court's main concern was that both green and yellow were used in BP's advertising, and BP did not demonstrate the predominance of green. The FCAFC was also concerned that BP was unable to provide specific details concerning the dates and frequency of its advertising activity.

Survey respondents were presented a picture of a service station showing key areas identified in the original application as green. The majority of the respondents (85%) identified BP when asked what they saw. The evidence was intended to show that when all branding and other colors were stripped away, respondents clearly identified the color green with BP. The FCAFC contended that the trademark application was not for the color green alone or for 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 showed only the color green on those areas.

While advertising and survey evidence is still regarded as the most effective way of demonstrating historical use of a trademark, the *Woolworths Case* highlights the importance of making sure that promotional campaigns and supporting market research accurately depicts the color trademark

as represented in the application. Marketers also need to keep records on the timing and frequency of this support activity.

The final issue is whether a brand can be dissected in order to register a single color trademark. The FCAFC did not support the view that color could be considered separately. This decision was the main issue on appeal to the FCAFC and subsequently to the High Court. In reaching its decision, the FCAFC chose to ignore the United States trend allowing the disaggregating of a brand for the purposes of registering individual trademarks. This may have far-reaching implications for the continuance of this trend in Australia and other jurisdictions.

### **MARKETING IMPLICATIONS**

The strength and stature of a corporation's brand triggers important associations stored in the memories of a consumer.<sup>10</sup> While color is a powerful tool for evoking emotional, physiological and sociological responses,<sup>11</sup> the difficulty of isolating a single color for the purpose of trademark registration suggests that marketers should focus on alternative branding strategies. It is noteworthy that following the *Woolworths Case*, BP was successful in registering a multi-color trademark using the colors green, yellow, and white.

Marketers may also wish to de-emphasize color in favor of other trademark attributes such as design and text font. In this regard, leading corporations like Nike and Mercedes have chosen brand identities that highlight shapes rather than color. While critics would argue that this strategy ignores the important psychological benefits of associating with a particular color, it does provide the flexibility to employ different colors for different purposes. They could use white for purity, red for passion, and green for environmentally friendly. However, marketers of such international brands need to exercise caution. For instance, they may wish to avoid white and green in China, as white is symbolic of death and green is associated with cheating.

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