

FEDERAL COURT OF AUSTRALIA

FRENCH, LINDGREN AND STONE JJ

FRENCH J:

Introduction

1 Kenman Kandy Australia Pty Ltd (“Kenman Kandy”) has applied for and been refused registration of the shape of its “millennium bug” sweet as a trade mark under the *Trade Marks Act 1995* (Cth). An appeal to a judge of this Court against the decision of the Registrar of Trade Marks was dismissed and the company now seeks leave to appeal to the Full Court.

2 The law relating to the registration of shape trade marks in Australia is still relatively new, such registration only having been possible with the coming into operation of the 1995 Act. Its application is not without difficulty. The criteria of registrability applicable to quite different kinds of “signs” under trade marks law as it stood prior to 1995 must now be applied to shapes. In this case the central issue is whether the shape of the goods in question is inherently adapted to distinguish them from the goods of other traders.

Procedural History of the Registration Application

3 The millennium bug is a confectionary manufactured by Kenman Kandy. It is of fruit flavoured gelatinous composition. It comprises a central body which resembles a section of a sphere with a curved upper surface and a flat lower surface. There are two oval “eyes” on the body and three short stylised “legs” on either side of the body symmetrically disposed about the eyes. Illustrations of the confectionary appear in the Reasons for Judgment of Lindgren J. An application, Number 783465, for registration of the shape of the confectionery as a trade mark was lodged with the Registrar of Trade Marks by Kenman Kandy (apparently then known as Effem Foods Pty Ltd) on 15 January 1999. Registration of the mark was sought in respect of goods in class 30 being various food stuffs including “non-medicated confectionery”. Subsequently however registration was sought only in respect of “non-medicated confectionery”. The designation of the proposed mark in the original application was “SH:Six-legged creature shaped biscuit, ovals are eyes”. A first examiner’s report dated

26 April 1999 indicated that the application could not be accepted as the sign had no inherent capacity to distinguish the goods from the goods of other traders because it consisted of the shape of a biscuit or piece of confectionery and as such was a representation of the goods themselves. The examiner indicated that absent an inherent capacity in the mark to distinguish the goods she would give further consideration to the application upon evidence of use of the mark. The applicant, however, responded through its solicitors requesting reconsideration of the examiner's objection that the mark was not inherently capable of distinguishing the goods from those of other traders.

- 4 A second report, dated 18 June 1999, by another examiner again asserted that the sign claimed as a trade mark appeared to be “devoid of inherent adaptation to distinguish” and that the application must therefore proceed under the provisions of subs 41(6) which would allow for registration of the trade mark as distinguishing the designated goods or services as those of the applicant on the basis of its prior use. On 14 September 1999, the solicitors for Kenman Kandy responded by requesting amendment of the description of the mark to read as follows:

“The trade mark consists of a three-dimensional shape applied to the goods as shown in the representations attached to the application form.”

Further submissions were made in relation to the inherent capacity of the mark to distinguish the goods. A third report dated 23 November 1999 from the Office of the Registrar, being a principal examiner's report, indicated the requested amendment to the description of the mark had not been effected because it did not “...adequately describe the true nature of the sign”. In the opinion of the examiner the shape was the actual shape of the goods themselves and it would therefore be clearer and more appropriate to describe it as such. The examiner maintained the objection to the sign on the basis that it had not been shown to function as a trade mark. There was nothing to indicate that the sign was viewed as anything more than the shape of a piece of confectionery.

- 5 A further response by the solicitors for Kenman Kandy was forwarded on 17 January 2000 drawing attention to the recent decision of the Full Federal Court in *Coca-Cola Company v All-Fect Distributors Ltd* (1999) 96 FCR 107. The solicitors again requested amendment of the description of the mark this time to read:

“The trade mark consists of the three-dimensional shape of the goods as shown in the representations attached to the application form.”

The changes from the previously requested amendment were the substitution of the definite article for the indefinite article before the word “three-dimensional shape” and the substitution of the word “of” for the words “applied to” appearing before “the goods”.

- 6 A fourth report on 8 February 2000, indicated that the description had been amended as requested. However, the principal examiner maintained that the claimed sign had “little or no inherent adaptation to distinguish the applicant’s goods in the market place”. There was a further exchange of correspondence and a hearing before a delegate of the Registrar of Trade Marks on 21 July 2000. On 25 July 2000, the delegate rejected the application for registration. Kenman Kandy appealed to a single judge of this Court against that decision under s 35 of the Act. On 3 August 2001, Wilcox J dismissed the appeal. On 21 August 2001, Kenman Kandy applied, pursuant to s 195(2) of the *Trade Marks Act 1995*, for leave to appeal against the judgment of Wilcox J.

Statutory Framework - *The Trade Marks Act 1995*

- 7 A person claiming to be the owner of a trade mark may apply for its registration in respect of goods and/or services if the applicant is using or intends to use the trade mark in relation to the goods and/or services (s 27). The application must include a representation of the trade mark and specify the goods and/or services in respect of which registration is sought (s 27(3)). The Registrar is required, in accordance with the Regulations, to examine and report on whether the application has been made in accordance with the Act and whether there are grounds under Div 2 of the Act for rejecting it (s 31). Section 33 of the Act provides:

“33(1)The Registrar must, after the examination, accept the application unless he or she is satisfied that:

- (a) the application has not been made in accordance with this Act;*
- or*
- (b) there are grounds for rejecting it.*

(2) The Registrar may accept the application subject to conditions or limitations.

(3) If the Registrar is satisfied that:

- (a) the application has not been made in accordance with this Act;*
- or*
- (b) there are grounds for reject it;*

the Registrar must reject the application.

(4) The Registrar may not reject an application without giving the applicant an opportunity of being heard.”

An applicant may appeal to the Federal Court against a decision of the Registrar to reject an application (s 35).

8 Division 2 of Part 4 of the Act contains grounds for rejecting an application. The key provision for present purposes is s 41 and, in particular, subs 41(2) and (3) which provide:

“41(2) An application for the registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant's goods or services in respect of which the trade mark is sought to be registered (‘designated goods or services’) from the goods or services of other persons.

(3) In deciding the question whether or not a trade mark is capable of distinguishing the designated goods or services from the goods or services of other persons, the Registrar must first take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods or services from the goods or services of other persons.”

Subsection 41(4) provides:

“41(4) Then, if the Registrar is still unable to decide the question, the following provisions apply.”

The following provisions are subs (5) and (6). It is not necessary for present purposes to set out those subsections in full. Subsection (5) deals with the case where the Registrar finds that the trade mark is to some extent inherently adapted to distinguish the designated goods or services from those of other persons but is unable to decide on that basis alone that the trade mark is capable of so distinguishing them. He is then required to take into account whether the relevant capacity to distinguish the designated goods or services arises because of the combined effect of the extent to which the trade mark is inherently adapted to distinguish them, the use or intended use of the trade mark by the applicant and any other circumstances.

9 If the Registrar finds that the trade mark is not inherently adapted to distinguish the designated goods or services then subs 41(6) will apply and the Registrar may take into account, inter alia, the use of the trade mark before the filing date in respect of the application

to determine whether it does relevantly distinguish the designated goods or services.

- 10 Important definitions for present purposes appear in ss 17 and 6 of the Act. Section 17 defines the term “trade mark”:

*“A **trade mark** is a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.”*

Section 6 defines “sign”:

*“**sign** includes the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, shape, colour, sound or scent.”*

Also relevant for present purposes is s 195(2) of the Act which provides:

“195(2) Except with the leave of the Federal Court, an appeal does not lie to the Full Court of the Federal Court against a judgment or order of a single judge of the Federal Court in the exercise of its jurisdiction to hear and determine appeals from decisions or directions of the Registrar.”

The Registrar’s Decision

- 11 The Registrar’s delegate referred to the procedural background of the application and submissions which were made at the hearing on behalf of Kenman Kandy. The delegate then referred to ss 33 and 41 of the Act. The primary question to be addressed was whether the asserted trade mark had “sufficient inherent adaptation to be capable of distinguishing” (sic). This was the delegate’s way of referring to the requirement in s 41(3) of the Act that the Registrar first take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods or services from the goods or services of other persons.

- 12 The delegate described “inherent adaptation to distinguish” as referring to the qualities possessed by a trade mark that cannot be changed or altered. The shape which was the subject of the application was not one that was in “common use”. It was described by the delegate as “a stylised six-legged ‘creature’”. It did not represent a recognisable animal or insect or other living or mythical thing of which the delegate was aware and no ready descriptive word came to mind in viewing it. The delegate described it as an invented shape and said:

“It strikes the eye as distinguishable from other shapes, being not so

amorphous or ordinary as to be unmemorable, even though no name readily attaches to it. It could be said that it carries the stamp of an individual imagination.”

- 13 The delegate did not think it appropriate to treat invented shapes as equivalent to well-known ordinary shapes. By “ordinary well-known shapes” was meant shapes frequently encountered in use in the market place on goods of the relevant kind. Reference was then made to a decision of a Registrar's delegate in *Re Application by Chocolaterie Guylian NV* (1999) 46 IPR 201 in which it was said, inter alia:

“Where an aspect of shape is designed to capture market appeal that shape must then be regarded as functional. It is an adaptation which other traders should be free to compete with and, as held by the draft manual at Pt 21 3.3, functionality of this kind ‘has no inherent adaptation to distinguish the applicant's goods...from the same or similar goods...of other traders’.” (206)

The delegate commented that taken in context this passage does not amount to the enunciation of a general principle equating attractiveness or market appeal with functionality. For the delegate there had stated that the essential question was “whether the sign is one which other traders would normally expect to be freely available and which, for the sake of fair competition, they should be at liberty to use”. The delegate in this case then commented that not all attractive shapes would be signs that others should be at liberty to use.

- 14 Reference was made to decisions of the Full Court in the *Koninklijke Philips Electronics NV v Remington Products Australia Pty Limited* (2000) 100 FCR 90 (*Philips No 2*) and the *Coca-Cola* cases. Reliance was placed on a statement of Burchett J in *Philips No 2* where his Honour said:

“The mark is added, as something distinct from the goods. It may be closely bound up with the goods, as when it is written upon them, or stamped into them, or moulded onto them ...or, in the case of a liquid, it may be sold in a container so formed as to constitute both the container and the mark. But in none of these cases is the mark devoid of a separate identity from that of the goods.”

The delegate continued:

“To return to the question of the extent of inherent adaptation to distinguish of the proposed trade mark, and applying the considerations discussed above, I conclude that it is not a shape that others need to use and that it is a coined shape. It nevertheless does not satisfy me, prima facie, that it is capable of distinguishing.”

This conclusion was based upon a proposition contained in DR Shanahan *Australian Law of Trade Mark and Passing Off*, 2nd Edition, LBC, (1990) p 117, where it was said:

*“Where the alleged trade mark involves the very shape or colouring of the goods, there will be the initial problem of deciding whether it even falls within the definition of “mark” provided by s 6(1). ... it is now most unlikely that the shape of the product or of its container will be regarded as a mark, but a colour scheme may constitute a mark, as perhaps may some aspect of shape that might be regarded as something “additional” to the product or container. However, to be registrable the mark must also be distinctive, and **prima facie at least such features may appear to have no trade mark significance, particularly when at all decorative or functional in nature.**”* (Emphasis added by delegate)

15 Although the passage cited was a reference to the 1955 Act the delegate took the view that the same held true under the 1995 Act. The features of the proposed trade mark did not appear at first instance to have trade mark significance and on this basis the delegate considered that the trade mark did not have “sufficient inherent adaptation to distinguish” for acceptance under the provisions of s 41(3). The delegate was therefore unable to decide the matter on the basis of the extent of inherent adaptation to distinguish alone. As the mark did have some inherent adaptation to distinguish, the provisions of s 41(5) were then applicable. However, no evidence of use or intended use apart from an empty confectionery packet, had been provided and no other circumstances had been put before the delegate. This was not sufficient for the delegate to be satisfied that on the balance of probabilities the proposed trade mark did or would distinguish the goods from those of others.

Reasons of the Primary Judge

16 The learned primary judge set out the procedural history of the application for registration and the contentions advanced on either side. His Honour noted that it appeared to be accepted in both *Coca-Cola* and *Philips* that a shape mark may be used as the configuration of the goods themselves. Counsel were correct in arguing the case on the basis that if registration were granted Kenman Kandy would acquire an exclusive right to produce, distribute and sell non-medicated confectionery manufactured in the subject configuration.

17 The first question for his Honour’s consideration was whether the subject shape mark was “not capable of distinguishing the applicant’s goods...from the goods...of other persons”. In deciding that matter he was required by s 41(3) to take into account “the extent to which the trade mark is inherently adapted to distinguish” Kenman Kandy’s goods from those of others.

Absent evidence of intended use or actual use, the case turned on s 41(2) and the application thereto of s 41(3).

18 His Honour referred to the observation of Kitto J in *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511 at 514 that the question whether a mark is inherently adapted to distinguish must:

“...be tested by reference to the likelihood that other persons, trading in goods of the relevant kind and be actuated only by proper motives - in the exercise, that is to say, of the common right of the public to make honest use of words forming part of the common heritage, for the sake of the signification which they ordinarily possess - will think of the word and want to use it in connexion with similar goods in any manner which would infringe a registered trade mark granted in respect of it.”

Both parties accepted that that statement of principle applied to shape marks. The issue between them concerned its application. Kenman Kandy accepted that a shape relating to functionality could never be inherently adapted to distinguish the goods of a particular person. He also conceded that the shape of an animal associated with the product would not, for the same reason, be inherently adapted to distinguish one trader’s goods from another. It was contended, however, that there was no problem of inherent adaptability in relation to a “concocted shape” such as that proffered for registration in the present case. Its very artificiality rendered it unlikely legitimately to be required by other traders. Counsel for the Registrar, on the other hand, had argued that a grant of exclusive use to even a “concocted” shape impermissibly narrowed the “great common” of shapes available to traders generally.

19 His Honour saw the test cited in *Clark Equipment* as depending upon resolution of a question of fact namely whether it was likely that other traders would legitimately wish to use the mark in connection with their own goods. The core of his Honour’s reasoning is found in the following passage:

“I have reached the conclusion that the subject mark is not inherently adapted to distinguish Kenman's confectionery from that of others. I agree the mark is concocted; so far as I am aware, no real insect has this shape. However, the shape is reminiscent, to a greater or lesser degree, of a variety of insects. That fact is important, especially when it is remembered that the mark is intended to be registered in respect of confectionery. Children constitute a significant part of the confectionery market; and children relate spontaneously and strongly to animals and animal-like creatures. Moreover, confectionery is highly malleable. Taken together, these factors make it likely that confectionery manufacturers will, from time to time, wish to put out

products in various shapes reminiscent of animals. To allow registration, for confectionery, of the shape of a real or readily-imagined animal would be to commence a process of "fencing in the common" which would speedily impose serious restrictions upon other traders."

Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks (2001) 52 IPR 137 at [33]

His Honour identified a major difference between words and shapes. Possibly concocted words are almost infinite in number. So a trader who used an un-descriptive concocted word would take nothing away from other traders. His Honour said:

"However, the possibilities for concoction of animal-like shapes are finite. They are limited to shapes reminiscent of known animals. A trader who establishes an exclusive right to one of those shapes inevitably limits the possibilities available to others." (at [34])

His Honour identified the essential problem with the applicant's case thus:

"...if accepted, it would give Kenman the exclusive right to use the shape as the configuration of its goods. If the subject application were confined to use in relation to packaging, it might not be open to the same objection; other traders would probably not be unduly restricted by being forced to package differently their bug-like confectionery products. However, the application is not so confined. It must be evaluated on the basis of the use that may be made of the mark, if registered, whether or not that use will eventuate."

The Proposed Grounds of Appeal

20 By an amended draft notice of appeal handed up in Court the following proposed grounds were identified:

(ba) that his Honour erred in holding that if registration were granted, Kenman would acquire an exclusive right to produce, distribute and sell non-medicated confectionery manufactured in a configuration;

(c) that his Honour erred in holding that the Trade Mark is not inherently adapted to distinguish the Appellant's confectionery from that of others;

...

...

...

(g) that his Honour erred in holding that the possibilities for concoction of animal-like shapes are finite;

...

...

...

(l) that His Honour erred by failing to give sufficient weight to the findings of fact made by the Registrar;

- (m) *that his Honour erred in rejecting, if his Honour rejected, the Registrar's findings summarised at paragraph 16 of the Judgment;*
- (n) *that His Honour erred in failing to take, give (sic) any or sufficient weight to the registration or acceptance for registration of two-dimensional trade marks (including the Appellant's two-dimensional trade mark number 867933, depicted in Schedule B to this Notice of Appeal), and their effect on other traders using shapes."*

The Nature of the Appeal

21 The hearing and determination of appeals from the Registrar, because they are appeals from administrative decisions, involve the exercise of the original jurisdiction of the Court. So too did like appeals to the High Court under s 45 of the *Trade Marks Act 1905* (Cth) and s 51 of the *Trade Marks Act 1955*. The Court on such an appeal is required to determine whether the application under appeal should succeed on its merits albeit weight will be given to the Registrar's opinion as that of a skilled and experienced officer - *Jafferjee v Scarlett* (1937) 57 CLR 115; *Eclipse Sleep Products Inc v Registrar of Trade Marks* (1957) 99 CLR 300 at 308. While doing so the Court must approach the matter afresh "without undue concern as to the ratio decidendi of the Registrar" - *Rountree PLC v Rollbits Pty Ltd* (1988) 90 FLR 398. No doubt the weight given to a Registrar's decision on registrability will be at its highest in respect of evaluative aspects of that decision. Where a question of law or statutory construction is concerned it is a matter entirely for the Court to determine.

22 There is no principle in favour of the correctness of the Registrar's opinion. In determining the acceptance or rejection of an application for registration the Court must apply the same legal criteria as are to be adopted by the Registrar. Since the enactment of the *Trade Marks Act 1995* the onus is no longer on the applicant to establish registrability as it was under the 1955 Act - *Registrar of Trade Marks v Woolworths Ltd* (1999) 93 FCR 365 at 372-373. The application must be accepted unless the Court is satisfied that it has not been made in accordance with the Act or that there are grounds for rejecting it. If the matter is in doubt then the application should be accepted. The possibility of refusal after a contested opposition with evidence and closer scrutiny remains open. The acceptance stage is not the time for detailed adversarial examination of the application that might be involved in an opposition - *Registrar of Trade Marks v Woolworths* at 377. Acceptance for registration involves an initial screening process albeit it requires the application of statutory criteria and evaluative judgments by the Registrar and the Registrar's delegates.

Leave to Appeal

23 The imposition of the leave requirement under s 195(2) of the 1995 Act continues the position under previous legislation. The 1955 Act originally provided for appeals from the Registrar to a single Justice of the High Court and thereafter, by leave, to a Full Bench of that Court sitting as the Appeal Tribunal (ss 46 and 111). Those appeals became the province of the Federal Court after 1976 but on the same terms.

24 The leave requirement covers appeals relating to a range of different classes of decision by the Registrar. It means that an appeal to the Full Court will not be permitted as of course without consideration of the nature and circumstances of the particular case: *Ex parte Bucknell* (1936) 56 CLR 221 at 224. Appeals lie to the Federal Court from the Registrar in respect of decisions:

1. Accepting an application subject to limitations or conditions (s 35).
2. Rejecting an application (s 35).
3. Refusing to register a trade mark following opposition proceedings (ss 55 and 56).
4. Registering a trade mark after opposition proceedings (ss 55 and 56).
5. Amending an application or other documents (s 67).
6. Amending an entry in the Register relating to a trade mark (s 83).
7. Removing a trade mark from the Register or imposing a condition or limitation so that registration does not extend to the use of the trade mark in relation to goods or services dealt with or provided in a specified place or exported to a specified market (s 104).

25 The list of decisions indicates the diversity of the cases in which appeals lie, under the *Trade Marks Act 1995*, to a single judge of the Court. That diversity is multiplied by the great variety of circumstances which may attend decisions in each of the categories listed. The discretion to grant leave to appeal must not be constrained by elevating particular approaches to its exercise in particular classes of case to rules of general application. So much was emphasised in *Genetics Institute Inc v Kirin-Amgen Inc* (1999) 92 FCR 106 at 111, in respect of the analogous leave requirement imposed by s 158(2) of the *Patents Act 1990* in connection with decisions of the Commissioner of Patents. See also *Renaud Cointreau & Cie v Cordon Bleu International Ltee* (2001) 52 IPR 382 at 401.

26 In *Genetics Institute* the Court held that the statutory context of s 158(2) of the *Patents Act* as

it applies in pre-grant opposition proceedings, is such as to require a relatively stringent filter for the Full Federal Court against a decision of a single judge made under s 60(4). Their Honours said at 113:

“Leaving aside applications for leave on a question of pure law in the context of essentially undisputed facts, and subject always to considerations of fairness and the interests of justice raised by a particular case, we think the contextual and policy matters to which we have referred will ordinarily require that leave to appeal against a decision rejecting a pre-grant opposition only be granted where the applicant has demonstrated a clear prima facie case of error in the decision appealed from, such that the likely effect of that decision would be to allow an invalid patent to proceed to grant.”

The criterion of a “clear prima facie error” was qualified by reference to the need to consider the circumstances of each case and was directed to the refusal of a pre-grant opposition. The same criterion was applied in *Renaud Cointreau* in relation to the acceptance of an application for registration following a pre-grant opposition. There it was said, at 402:

“...we consider that the principles applied by the Full Court in Genetics Institute should be followed in the present case. That is, the principles should be applied in a case which is an appeal from a judgment of a judge of this court who has heard and determined an appeal from a decision of the Registrar accepting an application for the registration of a trade mark and thereby dismissing, in whole or in part, an opposition to it. A refusal of leave will not mean that the applicant cannot challenge that mark, provided a proper basis exists, at a later stage.”

27 There is always a risk that a criterion for the exercise of a discretion, said to be usually applicable in relation to a particular class of case will be invoked inappropriately in other classes of case covered by the same discretion. This is well demonstrated by the Registrar’s submission in the present case which was that:

“...an application for leave to appeal under s 195(2) of the Act should be granted only where it is demonstrated that the primary judge made a clear prima facie error.”

This approach, it was submitted, was applicable to an appeal concerning refusal to accept a mark. A failed applicant, it was said, may reapply for the mark with further evidence to satisfy the Registrar.

28 The requirement of a “clear prima facie error” sets too high a threshold to be applied, as the

Registrar would have it, across the board to the grant of leave to appeal to the Full Court from decisions of a single judge under the *Trade Marks Act*. It impermissibly narrows the scope of the discretion conferred by s 195(2) by, in effect, rewriting the words of the section. Where the rejection of an application, as in this case, turns on a particular view of the statute which is held by the Registrar's delegate, the position is unlikely to be cured by the provision of further evidence on a renewed application. The suggested threshold for the grant of leave could stultify the development of the law by leaving it, in effect, to be determined administratively.

29 The features of the present case relevant to the grant of leave to appeal are:

1. The nature of the decision being the rejection of an application for registration of a trade mark.
2. The founding of the decision upon a particular view of the registrability of shapes, being a view which goes to the construction of the Act and therefore raises a question of law.
3. The novelty and importance of the question of law raised by the Registrar's approach.

In these circumstances it is not necessary to identify error, clear prima facie, or otherwise, in order to support the grant of leave. There is an important and contested question of law and, having regard to the nature of the decision and the circumstances of the case, that is sufficient to warrant the grant of leave.

30 The procedure to be adopted on an application for leave to appeal from a decision of a single judge will vary according to the circumstances of the case. The statutory requirement for leave must be respected and applied and not given mere lip service. Routinely to hear concurrently argument on the leave application and argument on the foreshadowed substantive appeal would be to defeat the legislative intention. On the other hand, the Court can, and should, take a sensible pragmatic and flexible approach to the procedures it adopts. Giving directions in the *Genetics Institute* case, Black CJ listed the application for leave to appeal for hearing, but only so as to allow submissions to be made in relation to the grant of leave and nothing more - *Genetics Institute Inc v Kirin-Amgen Inc* (1999) 43 IPR 189. That course was approved by the Full Court in *Renaud Cointreau* at 401. In the latter case, as it turned out, the matter had been listed before the Full Court for two days and the Court heard all the submissions that the parties wished to make on the leave application and on the issues

raised in the draft notice of appeal. The only matter before the Court, however, unless and until leave were granted, was the application for leave. The Court there indicated to the parties that it would deliver judgment on the leave application and if it considered leave should be granted would proceed to judgment on the substantive appeal. That course was adopted in this matter. The issue before the Court is largely one of law and the submissions in aid of the leave application necessarily canvassed the issues to be debated on the appeal.

31 There is a number of ways in which applications for leave to appeal under s 195(2) of the *Trade Marks Act* can be dealt with. The leave required is that of “the Federal Court” in relation to an appeal to “the Full Court of the Federal Court”. “Federal Court” is defined in s 6 as “...the Federal Court of Australia”. Section 195(2) may be read with s 25(2) of the *Federal Court of Australia Act* which relevantly provides that applications for leave to appeal to the Court may be heard and determined by a single judge or by a Full Court. These applications can therefore be considered by a single judge of the Court, including the judge at first instance. They could also conceivably be dealt with by a Full Court on the papers and on written submissions. That is a matter which can be the subject of direction in particular cases and which might also usefully be provided for in the Rules of Court.

32 In the event, for the reasons set out above, leave should be granted to the applicant to appeal against the decision of the learned primary judge.

The Essential Features of a Trade Mark

33 The Parliament of the Commonwealth is empowered by s 51(xviii) of the Constitution to make laws for the peace, order and good government of the Commonwealth with respect to “copyright, patents of inventions and designs and trade marks”. The essential elements of the meaning of “trade mark” derive from but are not limited to its understanding in 1900. Then it meant “a mark which is the visible symbol of a particular kind of incorporeal or industrial property consisting in the right of a person engaged in trade to distinguish by a special mark goods in which he deals or with which he has dealt, from the goods of other persons” – *Attorney-General (NSW) v Brewery Employees’ Union of NSW* (1908) 6 CLR 469 at 512-513 (Griffith CJ); see also 524-525 (Barton J), 540 (O’Connor J), 562 (Isaacs J), 608 (Higgins J) – “*the Union Label case*”. The denotation of the term has changed. However its essential characteristics remain:

“(a) that it has the capacity to distinguish particular goods and services;

and

(b) *that the proprietor of the mark has some connexion with the goods and services.*”

Davis v The Commonwealth (1988) 166 CLR 79 at 96 (Mason CJ, Deane and Gaudron JJ, Wilson and Dawson JJ agreeing at 101, Brennan J at 117 and Toohey J at 117)

34 In *Nintendo Co Ltd v Centronics System Pty Ltd* (1994) 181 CLR 134 at 160, which concerned the *Circuit Layouts Act 1989* (Cth) it was said:

“The grant of Commonwealth legislative power which sustains the Act is that contained in s 51(xviii) of the Constitution with respect to ‘Copyrights, patents of inventions and designs, and trade marks’. It is of the essence of that grant of legislative power that it authorizes the making of laws which create, confer, and provide for the enforcement of, intellectual property rights in original compositions, inventions, designs, trade marks and other products of intellectual effort.”

More recently in *Grain Pool of Western Australia v The Commonwealth* (2001) 202 CLR 479, which concerned the validity of the *Plant Variety Rights Act 1987* (Cth) and the *Plant Breeder’s Rights Act 1994* (Cth), reference was made to the unresolved issues in 1900 respecting the interrelation of the various intellectual property regimes. At 501 in the joint judgment of Gleeson CJ, Gaudron, McHugh, Gummow, Hayne and Callinan JJ, it was said:

“Given these cross-currents and uncertainties in the common law and statute at the time of federation, it plainly is within the head of power in s 51(xviii) to resolve them. It also is within power, as the legislation upheld in Nintendo demonstrates, to determine that there be fresh rights in the nature of copyright, patents of inventions and designs and trade marks.”

No question of the constitutional validity of the provisions of the *Trade Marks Act 1995* relating to shapes has been raised. The cases on s 51(xviii) do indicate, however, that the power provides room for legislative evolution in intellectual property law generally and trade marks law in particular. Quite apart from that, there is the possibility that new rights may be created as an exercise of power under s 51(xxix) of the Constitution – *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* (2000) 100 FCR 90 at 93 (Burchett J).

35 The history of Commonwealth trade marks legislation in Australia begins with the *Trade Marks Act 1905* (Cth). It required a registrable trade mark to consist of “essential particulars”

with or without additional matter (s 15). The “essential particulars” were any one or more of:

- (a) a name or trading style of a person printed, impressed or woven in some particular and distinctive manner; or
- (b) a written signature or copy of a written signature of the person applying for registration thereof or some predecessor in his business; or
- (c) a distinctive device, mark, brand, heading, label or ticket; or
- (d) an invented word or invented words; or
- (e) a word or words having no reference to the character or quality of the goods and not being a geographical name used or likely to be understood in a geographical sense (s 16).

Additional matter comprised any letters, words or figures or any combination of letters, words or figures (s 17).

36 The 1905 Act was modelled in part upon United Kingdom legislation which had provided for a system of trade mark registration since the *Trade Marks Registration Act 1875* (UK). The language of s 10 of that Act, setting out the essential particulars of a trade mark, was reproduced and expanded in s 64 of the *Patents, Designs and Trade Marks Act 1883* (UK) and s 9 of the *Trade Marks 1905* (UK). The latter Act and subsequent amending Acts of 1919 and 1936 were superseded by a consolidating statute, *The Trade Marks Act 1938* (UK). That has in turn been superseded by *The Trade Marks Act 1994* (UK). The evolution of trade marks legislation in the United Kingdom, as in Australia, involved “a progressive widening of the categories of registrable marks” – Shanahan, *Australian Law of Trade Marks and Passing Off* at p 5.

37 Following a major review of trade marks legislation in Australia by a committee chaired by Deane J of the Supreme Court of Victoria, the *Trade Marks Act 1905* (Cth) was repealed and the *Trade Marks Act 1955* (Cth) was enacted. The report of the Deane Committee favoured as much uniformity as possible between United Kingdom and Australian legislation – Report of the Committee Appointed by the Attorney-General of the Commonwealth to Consider what Alterations Are Desirable in the Trade Marks Law of the Commonwealth, Deane Report (1954) at par 7 (cited at Shanahan at p 7).

38 For a mark to be registrable by reason of its distinctiveness of the goods of a person, the *Trade Marks Act 1955* required that it be “adapted to distinguish goods with which that

person is or may be connected in the course of trade from goods in respect of which no such connexion subsists” (s 26(1)). In determining whether a trade mark was distinctive regard was to be had to the extent to which it was “inherently adapted so to distinguish” (s 26(2)(a)) or “by reason of the use of the trade mark or of any other circumstance the trade mark does so distinguish” (s 26(2)(b)).

39 The 1955 Act was amended by the *Trade Marks Amendment Act 1976* (Cth) to cover service marks – see generally *Registrar of Trade Marks v Woolworths Ltd* at 369-371. The criteria of distinctiveness set out in the 1955 Act reflected those appearing in ss 9 and 10 of the *Trade Marks Act 1938* (UK).

40 In July 1992, the Working Party to Review Trade Marks Legislation established by the Minister for Science, Customs and Small Business in 1989 presented its report entitled “Recommended Changes to the Australian Trade Marks Legislation”. The Report recommended a change in the law governing the process of registration. This is reflected in s 33 of the 1995 Act which creates a presumption of registrability when the application is examined by the Registrar of Trade Marks. The principle so established was a marked departure from the position under earlier legislation whereby the applicant for registration had to establish registrability – *Jafferjee v Scarlett* at 119 and 126; *Advanced Hair Studio of America Pty Ltd v Registrar of Trade Marks* (1988) 10 IPR 583 at 587. This change brought Australia’s laws into line with the European Communities’ Directive on Trade Mark Law (December 1988), The TRIPS Agreement and like developments in the United Kingdom and New Zealand.

41 On the question of distinctiveness the Working Party proposed that, in accordance with Article 15.1 of the TRIPS Agreement, a trade mark should be defined as “any sign capable of distinguishing the goods or services of one person from those of other persons”. The basic test for registrability, it was suggested, should be defined in a way that provided guidance on its application. The Working Party’s recommendation in this respect (Rec 5) was, in substance, though not in precise wording, reflected in s 41 of the 1995 Act.

42 At the beginning of the Report the Working Party observed that, under the law as it stood in 1992, registrable marks had largely been confined to signs consisting of words, letters, numerals, figurative elements of combinations of one or more of these. The registration of

colours, shapes, sounds, tastes or smells as marks was “either difficult or impossible under these provisions”. (par 1.1) The Working Party said:

“Developments in marketing and technology throughout the world indicate that the Australian legislation should now cater for a wider range of “signs” than have hereto been considered capable of functioning as trade marks. These developments have been recognised in the General Agreement on Tariffs and Trade (GATT) discussions and by the European Communities (EC) and the United Kingdom (UK) in the Draft Final Act, Directive and White Paper, and more recently by New Zealand (NZ) and South Africa (SA) in the NZ Proposed Recommendations and the SA Draft Trade Marks Bill respectively.” (Report p 35)

The changes proposed to the definition of trade mark were therefore placed in the context of international developments. In relation to the shape and packaging of goods it was said by the Working Party:

“There is majority support for the proposition that if the sign constitutes some element of the shape or the packaging of the product, and if the applicant can demonstrate that that element is not necessary for the proper functioning, or does not result from the nature of the product or its packaging, then it should be capable of registration.” (Report p 37)

It was recommended that the existing definition of “sign” should be replaced with one following the United Kingdom and European Communities’ examples and complying with TRIPS Agreement principles. The proposed new definition was:

“ ‘Sign’ includes word, name, signature, letter, numeral, device, brand, heading, label, ticket, shape, colour, aspects of packaging or any combination thereof.” (Rec 1B p 38)

The definition in s 6 of the 1995 Act places the collocation “aspect of packaging” prior to shape and colour. I am satisfied that the word “aspect” as it appears in that definition is not intended to qualify anything other than packaging, it being part of a discrete collocation taken from the terms of the recommendation.

43 The Working Party also recommended that signs not be registered which consist “... wholly or principally of elements, such as shape, which necessarily result from the nature of the specified goods or which are necessary to obtain a technical result” (Rec 6A(8) p 48). This was reflected in s 39 of the short-lived 1994 version of the Act. However, as Stone J observes, that provision, which does not appear in the 1995 Act, would have been rendered

otiose by s 41(2) which requires that an application for registration of a trade mark be rejected if the trade mark is not capable of distinguishing the applicant's goods or services from those of other traders. A shape dictated by the nature of or function of the goods would not be capable of distinguishing between one trader and another in those goods.

44 In the Second Reading Speech, the Bill for the 1995 Act was described as "... an evolution from, rather than a revolutionary change of the 1995 Act" – House of Representative Debates (1995) pp 1909-1911. From that characterisation and the background to the passage of the Act it may be inferred that the class of "sign" covered by the word "shape" in its definition is to be accommodated within the broad conceptual framework inherited from the 1955 Act.

The Criteria of Registrability for Shapes

45 It is necessary to inquire what the Act requires of shapes that would be trade marks. To be a trade mark, a shape must be used to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person. That definition is entirely consistent with the idea of "shape" as an attribute of goods which distinguishes them from others. It is not to be read down to cover only some aspect of the physical configuration of goods. The shape which distinguishes the goods may be their shape taken as a whole. The inclusion of "shape" in the definition of "sign" stands against the suggestion that it can never be an attribute separate from the goods to which it relates. It mandates consideration of shape as a distinctive attribute although not a necessary feature of the particular goods. Where shape serves function, then it may not bear that character of a distinctive attribute. Like the three headed shape of the Philips Rotary Shaver it would not be capable of registration – *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd*. As Stone J observes in her reasons for judgment, the separation issue in that case was at least in part an element of the capacity to distinguish. I respectfully agree with the observations of Burchett J in *Philips* that a shape that goods possess because of their nature or the need for a particular technical result could not operate as a trade mark. I respectfully also agree with the analysis of Stone J in this regard and with her Honour's conclusion that there is no suggestion in this case that the shape of the millennium bug has any functional significance other than aesthetic.

46 The present case turns upon whether the shape of the subject goods is inherently adapted to distinguish them from the goods or services of other persons. No issue of distinctiveness

based on use arises. In determining what that condition of registrability means, the legislative history referred to earlier is relevant. Lahore, *Patents, Trade Marks and Related Rights*, Butterworths, 2001 states at p 54,258 that:

“The focus of both the 1955 and the 1995 provisions on the test of ‘inherently adapted to distinguish’ would suggest that the key to interpretation of s 41(3) of the 1995 Act is the case law under s 24(1)(a) – (d) of the 1955 Act.”

That being said, the established test must be construed so as to be applicable to shapes. To say that a shape cannot ever pass the test of being “inherently adapted to distinguish” would be to read into the statute a limitation not warranted by its terms. In considering pre-1995 cases, generalisations must not be drawn based on the narrower range of signs to which those cases related. Such generalisations might not give effect to the legislative intent that from 1995 “shapes” were to be capable of registration as trade marks.

47 The ultimate question in applying this test is whether the mark, considered apart from the effects of registration, is such that by its use the applicant is likely to attain its object of thereby distinguishing its goods from the goods of others – *Clark Equipment Co v Registrar of Trade Marks* at 513. This does not involve adventures in the Aristotelian taxonomy of form and substance. It requires a practical evaluative judgment about the effects of the relevant mark in the real world. Kitto J, in *Clark Equipment*, referred to the way in which the question was approached by Lord Waddington in *Registrar of Trade Marks v W & G du Cros Ltd* [1913] AC 624 at 634-635, when he said:

“The applicant’s chance of success in this respect [ie in distinguishing his goods by means of the mark, apart from the effects of registration] must, I think, largely depend upon whether other traders are likely, in the ordinary course of their businesses and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods.”

In *FH Faulding & Co Ltd v Imperial Chemical Industries of Australia and New Zealand Ltd* (1965) 112 CLR 537 at 555, Kitto J again referred to the general principle:

“...that the question to be asked in order to test whether a word is adapted to distinguish one trader’s goods from the goods of all others is whether the word is one which other traders are likely, in the ordinary course of their businesses and without any improper motive, to desire to use upon or in connexion with their goods.”

48 In *Burger King Corporation v Registrar of Trade Marks* (1973) 128 CLR 417 at 424, Gibbs J spoke of inherent adaptability as “...something which depends on the nature of the trade mark itself... and therefore is not something that can be acquired; the inherent nature of the trade mark itself cannot be changed by use or otherwise”. In that case his Honour was concerned with the use of the word “whopper” in connection with hamburgers and ended with the practical judgment, at 425:

“The word ‘whopper’ is not inherently adapted to distinguish the goods of a particular trader, but is a word which a trader might, without any improper motive, want to use to describe his goods if they were of unusual size.”

49 Lindgren and Stone JJ have considered the authorities dealing with inherent adaptation at greater length. As indicated, in my opinion, it is largely a matter of evaluative judgment within the broad principles laid down by those authorities. In determining whether or not his Honour erred in holding that the trade mark is not inherently adapted to distinguish the appellant’s confectionary from that of others, due weight must be given to his assessment and that of the Registrar. I agree however, for the reasons given by Stone J, that in this case the learned primary judge erred in concluding that the shape of the millennium bug was not inherently adapted to distinguish.

50 The shape of the millennium bug involves a symmetrical disposition of projections (“legs”) and recesses (“eyes”). Theoretically it may be the case that the number of possible symmetrical arrangements of projections and recesses is not infinite. Assuming that to be so, it is speculative, absent evidence, to draw conclusions about that number and whether the particular arrangement has any significant impact upon the access of other traders to the use of insect like shapes as trade marks. In that connection it is necessary to bear in mind that this trade mark is still at the registration stage. It enjoys the benefit of the presumption of registrability mandated by s 33. To the extent that critical criteria upon which registration might be rejected are in doubt, the application should be accepted. Closer adversarial scrutiny may occur in opposition – *Registrar of Trade Marks v Woolworths* at 377. In my opinion the appeal should be allowed.

LINDGREN J:

INTRODUCTION

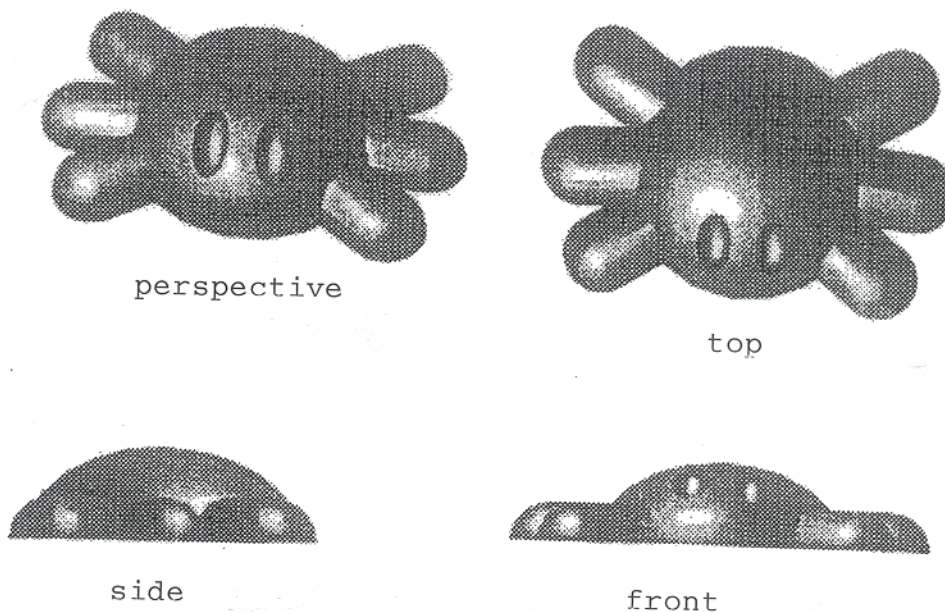
51 I have read in draft the reasons for judgment of French J. I agree that leave to appeal should

be granted, in substance for the reasons given by his Honour. I gratefully adopt his Honour's account of the background facts.

GENERAL

52 The applicant ("Kenman"), sought registration under the *Trade Marks Act 1995* (Cth) ("the Act" and "the 1995 Act") of a three-dimensional shape in respect of non-medicated confectionery ("confectionery" – I will not repeat "non-medicated"). Confectionery, such as chocolate, is malleable into different shapes.

53 The shape of which registration was sought was concocted, coined or imaginary, but was recognisable as a friendly round bug or insect with two large eyes and six legs. It was depicted as follows in the application for registration:



I will call this three-dimensional shape, "the Bug shape".

54 The amended notice of appeal states the following as the grounds of appeal:

"
...
(ba) that his Honour erred in holding that if registration were granted, Kenman would acquire an exclusive right to produce, distribute and sell non-medicated confectionery manufactured in a configuration;

- (c) *that his Honour erred in holding that the Trade Mark is not inherently adapted to distinguish the Appellant's confectionery from that of others;*
 ...
- (g) *that his Honour erred in holding that the possibilities for concoction of animal-like shapes are finite;*
 ...
- (l) *that his Honour erred by failing to give sufficient weight to the findings of fact made by the Registrar;*
- (m) *that his Honour erred in rejecting, if his Honour rejected, the Registrar's findings summarised at paragraph 16 of the Judgment;*
- (n) *that his Honour erred in failing to ... give any or sufficient weight to the registration or acceptance for registration of two-dimensional trade marks (including the Appellant's two-dimensional trade mark number 867933, depicted in Schedule B to this Notice of Appeal), and their effect on other traders using shapes;*
 ...”

Grounds (l) and (m) refer to the findings of the respondent (“the Registrar”) which were summarised by counsel for Kenman before his Honour and set out by him in para 16 of his reasons for judgment as follows:

- “ • *The proposed shape of the present mark is not one that is in common use.*
- *It does not represent a recognisable animal or insect or other living or mythical thing.*
 - *No really descriptive word comes to mind in viewing it.*
 - *It is an invented shape.*
 - *It strikes the eye as distinguishable from other shapes, being not so amorphous or ordinary as to be unmemorable even though no name readily attaches to it.*
 - *It carries the stamp of an individual imagination.*
 - *It is not a shape that others need to use.*
 - *It is a coined shape.”*

55 Ground (n) above refers to Kenman's registered two-dimensional mark which is generally similar to the “perspective” view of the Bug shape above. It is as follows:



56 I think counsel’s summary, set out in [54] above, of the Registrar’s findings is accurate and that the primary Judge is to be taken to have adopted them as his own.

57 The Act’s predecessor, the *Trade Marks Act 1955* (Cth) (“the 1955 Act”), did not expressly admit of the possibility that a three-dimensional shape might be registered as a trade mark. The 1995 Act allows for this possibility by virtue of its definition of “sign” in s 6, which now expressly includes “shape”.

58 Section 17 of the Act defines a trade mark as:

“... a sign used, or intended to be used, to distinguish goods or services dealt with or provided in the course of trade by a person from goods or services so dealt with or provided by any other person.”

59 Subsection 7(4) of the Act provides as follows:

“In this Act:

***use of a trade mark in relation to goods** means use of the trade mark upon, or in physical or other relation to, the goods (including second-hand goods).”*

60 The Bug shape is a sign within s 6 of the Act and Kenman’s case must be that for the purposes of ss 7(4) and 17 of the Act, it is intended to be used upon or in physical or other relation to its confectionery, to distinguish it from the confectionery provided by other persons. But as will appear later, importantly, Kenman’s case is more specifically that the Bug shape is intended to be used **as the shape of its items of confectionery**, to distinguish that confectionery from the confectionery of others.

REASONING

Introduction of shape marks

61 The introduction of shape marks resulted from “Recommended Changes to the Australian Trade Marks Legislation”, a report of a Working Party to review the trade marks legislation dated July 1992. The Working Party said little by way of explanation of the recommended change. It stated in its report (at 37):

“There is majority support for the proposition that if the sign constitutes some element of the shape or the packaging of the product, and if the applicant can demonstrate that that element is not necessary for the proper functioning, or does not result from the nature of the product or its packaging, then it should be capable of registration.

.....

The working party believes the recommended definition is consistent with the function of a mark being to indicate the commercial origin of goods and services, that it is wide enough to encompass all signs now known to be used as trade marks, and yet provides appropriate limitations to protect the legitimate rights of other traders as well as those of the public generally.”

(Although the proposed expanded definition of “sign” to which the above passage referred is not identical to that which came to be enacted, there is no difference of relevance for present purposes.)

62 I agree with Lehane J in *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* (1999) 91 FCR 167 (“*Philips v Remington (Aust, Lehane J)*”) at [26], and with Burchett J (with whom Hill J and Branson J agreed) on appeal in that case (under the same name at (2000) 100 FCR 90 (“*Philips v Remington (Aust, FC)*”) at [15], that the introduction of shape trade marks was not accompanied by an intention to make a radical change in trade mark law. Indeed, so much was common ground between the parties to the present appeal. Accordingly, neither a shape “possessed, because of their nature, by the goods” nor a shape “that the goods must have if a particular technical result is to be obtained” is registrable, notwithstanding the omission from the 1995 Act of the express provision to that effect which had been made by s 39 of the short lived *Trade Marks Act 1994* (Cth) (No 156 of 1994) (see Burchett J, *ibid*). In the present case, the Registrar was no doubt acknowledging that a mark will lack capacity to distinguish if it satisfies those descriptions, when he observed that the Bug shape is not a shape that other manufacturers of confectionery “need” to use (see [53])

above).

63 What I have said in the preceding paragraph does not mean, however, that the application of the principles of trade mark law to shapes cannot give rise to special problems. In my opinion it can and does, as will appear below.

Section 41 of the Act

64 Section 41 of the Act is as follows:

“ (1) For the purposes of this section, the use of a trade mark by a predecessor in title of an applicant for the registration of the trade mark is taken to be a use of the trade mark by the applicant.

*(2) An application for the registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant’s goods or services in respect of which the trade mark is sought to be registered (**designated goods or services**) from the goods or services of other persons.*

(3) In deciding the question whether or not a trade mark is capable of distinguishing the designated goods or services from the goods or services of other persons, the Registrar must first take into account the extent to which the trade mark is inherently adapted to distinguish the designated goods or services from the goods or services of other persons.

(4) Then, if the Registrar is still unable to decide the question, the following provisions apply.

(5) If the Registrar finds that the trade mark is to some extent inherently adapted to distinguish the designated goods or services from the goods or services of other persons but is unable to decide, on that basis alone, that the trade mark is capable of so distinguishing the designated goods or services:

(a) the Registrar is to consider whether, because of the combined effect of the following:

(i) the extent to which the trade mark is inherently adapted to distinguish the designated goods or services;

(ii) the use, or intended use, of the trade mark by the applicant;

(iii) any other circumstances;

the trade mark does or will distinguish the designated goods or services as being those of the applicant; and

(b) if the Registrar is then satisfied that the trade mark does or will so distinguish the designated goods or services – the trade mark is taken to be capable of distinguishing the applicant’s goods or services from the goods or services of other persons; and

(c) *if the Registrar is not satisfied that the trade mark does or will so distinguish the designated goods or services – the trade mark is taken not to be capable of distinguishing the applicant’s goods or services from the goods or services of other persons.*

(6) *If the Registrar finds that the trade mark is not inherently adapted to distinguish the designated goods or services from the goods or services of other persons, the following provisions apply:*

(a) *if the applicant establishes that, because of the extent to which the applicant has used the trade mark before the filing date in respect of the application, it does distinguish the designated goods or services as being those of the applicant – the trade mark is taken to be capable of distinguishing the designated goods or services from the goods or services of other persons;*

(b) *in any other case – the trade mark is taken not to be capable of distinguishing the designated goods or services from the goods or services of other persons.”*

65 Section 41 generally seeks to strike a balance between two public interests: the public interest in the general body of traders and consumers having available a vocabulary of signs to facilitate communication about a class of goods (for convenience, I will refer to “goods” and not to “services”), and the public interest in a particular trader being able to use a sign to communicate a “packet of information” about the source of that trader’s goods. The balance is struck by ensuring that in exchange for a narrowing of the vocabulary of signs available to be used by traders as trade marks, the public obtains a benefit through the receipt of special information about the goods of a particular trader.

66 The ultimate test posed by s 41 of the Act, capacity to distinguish the goods of the applicant for registration, is equivalent to a test of capacity to be used **as a trade mark** in relation to the goods. The language of subs 41(2) reflects the language of the definition of a “trade mark” in s 17 of the Act. Subsection 41(3) required the Registrar, in resolving the ultimate question of capacity to distinguish, first to “take into account the extent to which [the Bug shape was] inherently adapted to distinguish” Kenman’s confectionery from that of other manufacturers. Subsection 41(4) had the effect that if the Registrar was “still unable to decide the question”, that is to say, was still unable to decide the question of capacity to distinguish, the provisions of the succeeding subs 41(5) and (6) applied. Subsection (5) addressed the position where the Registrar found that the Bug shape was a trade mark which was “to some extent inherently adapted to distinguish [Kenman’s confectionery] from [that]

of other persons but [was] unable to decide, on that basis alone, that [it was] capable of so distinguishing” (functioning as a trade mark in respect of) Kenman’s confectionery. Subsection (6) addressed the position where the Registrar found that the Bug shape was not (at all) inherently adapted to do so.

67 It is important that Kenman has not sought to base the capacity of the Bug shape to distinguish its confectionery on subs 41(5) or (6). Accordingly, the only question is whether the Bug shape is capable of distinguishing Kenman’s confectionery from that of others because it is inherently adapted to do so.

68 In other cases, including even cases where it is concluded that a trade mark is not at all inherently adapted to distinguish, it may be necessary to address the possibility, allowed for by subs 41(6), that a mark is able to function as a trade mark as a result of past use of the mark. But that is not this case. Because Kenman does not rely on subs 41(5) or (6), the only question to be resolved is whether the Bug shape is capable of functioning as a trade mark because it is inherently adapted to do so. If it is not at all inherently adapted to do so, or is inherently adapted to do so only to an inadequate extent for the purpose of subs 41(4), the conclusion is required that it lacks capacity to function as a trade mark.

69 The various tests which s 41 successively imposes are to be applied to a “trade mark”. Because Kenman does not rely on any significance which the Bug shape has acquired as a result of its use before the filing date in respect of the application, the references in subs 41(2) and (3) to “trade mark” are to be taken, in terms of s 17’s definition (set out at [58] above), as references to “a sign ... intended to be used, to distinguish goods”.

70 In sum, and taking into account ss 7(4), 17 and 41, the limitation referred to in [60] above and Kenman’s disclaimer of reliance on subs 41(5) or (6), the only question which has required resolution is whether the Bug shape, if used instantly after registration (cf *Thomson v B Seppelt & Sons Ltd* (1925) 37 CLR 305 at 312 per Isaacs J) as the shape of Kenman’s confectionery, would be inherently adapted to distinguish that confectionery from the confectionery of others. I discuss the meaning of the expression “inherently adapted to distinguish” at [80] to [100] below.

What is the shape of which registration was sought?

71 It is important to identify the shape of which registration was sought. Being three-dimensional, the Bug shape has some “thickness” or “depth”. The pictorial representations (set out in [53] above) do not show the underside of the Bug shape. The argument before us proceeded on the assumption that the underside is flat, but consistently with the pictorial representations alone, it may be concave, and if concave, it may or may not be parallel with the top surface, and there may be a greater or lesser degree of thickness, indeed varying degrees of thickness, between the top surface and the underside.

72 If the pictorial representations had included an underside, such as a flat or concave surface, the shape would be used only where that surface was present. Moreover, if those representations had included an underside, the Bug shape would have been used only where it accounted for the whole of an object. But so far as the pictorial representations alone reveal, the Bug shape would be used:

- as the shape of the whole of individual items of confectionery;
- as the shape of the whole of an article which accompanied items of confectionery; or
- as a shape impressed on the surface of items of confectionery, the bottom edge of the Bug shape being also the beginning of the remainder of the item.

In all three classes of case, the four pictorial representations appearing at [53] above would be seen.

73 Originally, the application for registration bore the following endorsement:

“The trade mark is a 3 dimensional shape as depicted in the accompanying representations.”

This endorsement, based as it was simply on the pictorial representations, eliminated none of the three possibilities mentioned. The Registrar advised Kenman’s solicitors that the endorsement required amendment. Following correspondence between those solicitors and the Registrar, at the solicitors’ request the description was amended to become:

*“The trade mark consists of the three-dimensional shape **of the goods** as shown in the representations attached to the application form.”* (my emphasis)

Accordingly, it is clear that we must ignore a Bug-shaped object, whether edible or not,

physically separate from the items of confectionery, but accompanying them or otherwise associated with them (eg a plastic or metal Bug-shaped object, stuck to, or inside, a clear plastic or cellophane wrapper containing packets or bags of confectionery).

74 In written submissions, counsel for Kenman described the mark as “a flat disc of candy onto one side of which the trade mark is stamped or impressed” (there is, as noted above, however, also the possibility of a concave underside). Whether the individual pieces of confectionery are produced by a process of stamping or moulding is, in itself, unimportant. What is important, and the reason why I do not accept counsel’s description, is that the application for registration in its final form was in respect of the Bug shape **as the shape of the goods**, and there is nothing more to the side and front elevations of “the goods” than what one sees in the pictorial representations replicated earlier. Accordingly, those side and front elevations are not merely the top parts of the side and front elevations of larger items of confectionery, and there are no side edges of a disc visible in those elevations.

75 It follows that we must also put to one side a Bug shape stamped or impressed on the surface of a larger item of confectionery.

76 We must think of the Bug shape as the shape, shown in the four pictorial representations appearing earlier, with either a flat or concave underside, as accounting for the whole of individual pieces of confectionery.

Kenman’s submissions

77 Counsel for Kenman ultimately accepted that the mark would be used if it was the shape of the whole of an item of confectionery. In that case, however, he said there would be a question whether the shape was being used as a trade mark. (As appears above, in my opinion the Bug shape as the shape of whole individual items of confectionery is the only mark within the application for registration, and as will appear below, in my opinion that use is not, in the absence of acquired distinctiveness, a trade mark use.) According to counsel, it would be a trade mark use if it was being used to attract the consumer’s attention, as where, for example, the shape was borne by all the items of confectionery in a particular product line, but not where, for example, it was borne by only one or some of many items of different shapes sold in bulk. Counsel for Kenman submitted that the question of what constituted infringement was for another day when the circumstances of an alleged infringement were

before the Court.

78 At the heart of counsel’s case was his complaint that the Registrar and the primary Judge had treated shape marks differently from device marks. Counsel accepted that a shape mark would not be inherently adapted to distinguish if it had any reference to the character or quality of the goods (confectionery) or if it was already part of the “vocabulary” used in relation to the goods. But, he submitted, the present concocted shape is as much entitled to registration as a two-dimensional device mark, not of the kinds just mentioned, would be. Indeed, counsel points to the existing registration of Kenman’s two-dimensional device mark referred to and depicted in [55] above, and asks, rhetorically, why a corresponding three-dimensional mark should be treated differently, if the introduction of shape marks was not intended to work a radical change in trade mark law.

79 Counsel for Kenman dealt with the suggestion that other confectionery manufacturers might stumble into using the Bug shape by pointing out that a similar point can be made in relation to device marks, and that in both cases the way for other manufacturers to ensure that they do not infringe a registered mark is by using the searching mechanisms available.

“Inherently adapted to distinguish”

80 What is the notion conveyed by the expression “inherently adapted to distinguish” within subs 41(3) of the Act?

81 Subsections 41(5) and (6) make it clear that the expression excludes from consideration any secondary significance a mark acquires from use.

82 Subsection 41(5) also makes it clear that there are degrees of inherent adaptation to distinguish.

83 In *Burger King Corporation v Registrar of Trade Marks* (1973) 128 CLR 417, Gibbs J said of the expression “inherent adaptability to distinguish” (at 424):

“Inherent adaptability is something which depends on the nature of the trade mark itself – see Clark Equipment Co v Registrar of Trade Marks (1964) 111 CLR 511 at 515 – and therefore is not something that can be acquired; the inherent nature of the trade mark itself cannot be changed by use or otherwise.”

84 While inherent adaptation to distinguish requires attention to be focused on the mark itself, and is intended to stand in sharp contrast to a mark's capacity to distinguish arising from use, the notion of "the mark itself" does not exclude from consideration the nature of the range of goods within the class or classes in respect of which registration is sought, or the various ways in which the mark might, within the terms of the registration, be used in relation to those goods. Indeed, those matters must be taken into account. But in the present case, all that falls for consideration in these respects is the proposed use of the Bug shape as the shape of items of confectionery. Whether the Bug shape is inherently adapted to distinguish can be tested by assessing how it would be perceived and understood by members of the public seeing items of confectionery of that shape for the first time, because this test excludes the possibility of a trade mark significance arising from use.

85 Probably the best known Australian authority on the notion conveyed by the expression "inherently adapted to distinguish" is *Clark Equipment Co v Registrar of Trade Marks* (1964) 111 CLR 511 ("*Clark Equipment*"). In that case Kitto J heard an appeal against the Registrar's refusal to register the word "MICHIGAN" in respect of various kinds of earth-moving and other equipment. His Honour was called upon to address the question of adaptation to distinguish as it arose under ss 25 and 26 of the 1955 Act, which, like s 41 of the 1995 Act, recognised the distinction between inherent adaptation to distinguish and an adaptation to distinguish acquired through use. Kitto J quoted, with approval, from Lord Parker of Waddington in *Registrar of Trade Marks v W & G Du Cros Ltd* [1913] AC 624 ("*Du Cros*") at 635, as follows (at 514):

"The applicant's chance of success in this respect [on the issue whether the mark is of such a kind that, quite apart from the effects of registration, the applicant for registration of it is likely, by the use of it, to distinguish his goods from the goods of other persons] must, I think, largely depend upon whether other traders are likely, in the ordinary course of their business and without any improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connexion with their own goods."

Kitto J stated (at 514):

"... the question whether a mark is adapted to distinguish [is to] be tested by reference to the likelihood that other persons, trading in goods of the relevant kind and being actuated only by proper motives – in the exercise, that is to say, of the common right of the public to make honest use of words forming part of the common heritage, for the sake of the signification which they

ordinarily possess – will think of the word and want to use it in connexion with similar goods in any manner which would infringe a registered trade mark granted in respect of it.” (my emphasis)

Finally, in relation to the word “MICHIGAN” his Honour said (at 516-517):

“... it seems to me impossible to conclude that there is no likelihood of other traders, in the ordinary course of their businesses and without any desire to get for themselves a benefit from the appellant’s reputation, wishing in advertisements and otherwise to describe (e.g.) their power cranes from Michigan as Michigan power cranes.”

86 There was no challenge to the primary Judge’s conclusion (at [33]) that it is “likely that confectionery manufacturers will, from time to time, wish to put out products in various shapes reminiscent of animals.” In any event, I think I can take judicial notice of the fact that items of confectionery are commonly made in shapes which are, to varying degrees, exaggerations or caricatures of real life forms found in the animal world. They take as their point of departure our images of real animals and we see them as “imaginary **animals**”. I think it likely that a confectionery manufacturer wishing to devise an animal-like creature will seek to devise a shape which will present to children as engaging and friendly, which will have simple lines, and which will have one or more prominent and appealing features, such as large eyes or ears or a wide smile. The Bug shape satisfies these criteria.

87 Are other manufacturers likely to wish, at any time, “in the ordinary course of their businesses” and “being actuated only by proper motives”, to make items of confectionery in a shape substantially identical or deceptively similar to the Bug shape (cf s 120 of the Act)? This is a difficult question. I need not answer it because even if they are, in my opinion the Bug shape would not be denied registrability for that reason alone, because, as explained below, that use of the shape as the shape of items of confectionery would inevitably be understood not to be a trade mark use. As will be seen, however, in my opinion for this same reason the Bug shape as the shape of items of confectionery is not inherently adapted to distinguish Kenman’s confectionery from the confectionery of others.

88 In *Clark Equipment*, the word mark of which registration was sought was “MICHIGAN”. It will be recalled that Kitto J referred to the likelihood of others using a word “in any manner which would infringe a registered trade mark granted in respect of it” (at 514). His Honour was able to instance another trader wishing to promote its machinery as machinery manufactured in Michigan, and so innocently referring to it as “Michigan machinery” – an

expression which would infringe a registered trade mark “MICHIGAN” in respect of machinery, no doubt because the use of the mark in this manner would be seen as a trade mark use.

89 In my opinion, on a fair reading, *Clark Equipment* goes only so far as to contemplate a trade mark use by other manufacturers.

90 Counsel for the Registrar relied on *FH Faulding & Co Ltd v Imperial Chemical Industries of Australia and New Zealand Ltd* (1965) 112 CLR 537 (“Faulding”) at 555, *Eutectic Corporation v Registrar of Trade Marks* (1980) 1A IPR 550 (“Eutectic”) at 557-558, and *TGI Friday’s Australia Pty Ltd v TGI Friday’s Inc* (2000) 100 FCR 358 (“TGI Friday’s”) at [46], as showing that the test of inherent adaptation to distinguish to be applied is not limited by reference to trade mark use by other traders.

91 *Faulding* was an infringement action in respect of the word mark “BARRIER” which was registered in respect of “chemical substances prepared for use in medicine and pharmacy”. In fact it was used in relation to the plaintiff’s skin protection cream. The defendant sought expungement of the mark. The word “barrier” described the function of creams that protected the skin. Accordingly, it was held to be “inherently unadapted to distinguish” (at 558 per Kitto J) the appellant’s skin protection cream from the skin protection creams of others. In this respect the case is on all fours with *Clark Equipment*: other manufacturers, acting in the ordinary course of business and from proper motives, may wish to use the word of which registration is sought as an adjective followed by a noun indicating the nature of their products, and, on the assumption that such a use would be perceived as a trade mark use, they would infringe the plaintiff’s mark (cf “Michigan machinery”, “barrier cream”).

92 *Eutectic* was similar. It concerned four appeals from four decisions of the Registrar refusing to register the word mark “EUTECTIC” in respect of four classes of goods. Rogers J, in the Supreme Court of New South Wales, dismissed the appeals. The word “eutectic” was descriptive, and was in fact the only English word available to convey the meaning of “eutectic” as a special property of an alloy. Citing *Clark Equipment* at 514, his Honour stated (at 558):

“Whilstsoever there remains a need and use for that word by other traders in an honest description of their goods and the word retains its primary and

technical meaning, it should remain free in the public domain.”

Other manufacturers might wish, in the ordinary course of business and without improper motive, to use “eutectic” as an adjective followed by a noun. The likelihood that such a use would be seen by consumers to be a trade mark use indicates that, like the “Michigan machinery” example provided in *Clark Equipment*, the result would be an infringement of a registered mark “EUTECTIC”.

93 In *TGI Friday’s*, the proceeding was one for infringement of the trade mark “TGI Friday’s”, which was registered in respect of “restaurant services”. Clearly, the trade mark was of a different kind from the words “MICHIGAN”, “BARRIER” and “EUTECTIC” which lent themselves to an adjectival use.

94 The defendants sought cancellation of the registration. A Full Court of this Court cited *Clark Equipment* as authority for the following test of adaptation to distinguish (at [46]):

“... would other persons, in the exercise of the common right of the public to make honest use of words forming part of the common heritage, want to use a proposed mark for the sake of the signification that the words used in the mark ordinarily possess.” (my emphasis)

The Court stated (at [62]) that while the expressions “TGI Friday” and “thank God it’s Friday” may be used in relation to relaxation and refreshment and may suggest those notions, the registered mark “TGI Friday’s” of itself meant nothing and was “unidiomatic English”, not descriptive of the character of restaurant services or any other services. Accordingly, the registration of the mark survived. *TGI Friday’s* does not support the proposition advanced by counsel for the Registrar.

95 In my opinion, contrary to the submission of counsel for the Registrar, *Faulding*, *Eutectic* and *TGI Friday’s*, like *Clark Equipment* itself, do not go so far as to suggest that the likelihood of any kind of innocent use at all, including innocent non-trade mark use, by other traders of the mark sought to be registered or of a mark substantially identical or deceptively similar to it, will prevent it from being inherently adapted to distinguish.

96 There are, however, two important aspects of the *Clark Equipment* line of authority which must be noted.

97 First, *Clark Equipment* concerned words. Of their nature, words are separate from goods and

are necessarily used “in relation to” them, whether as descriptors or as trade marks. A two-dimensional device mark, such as that of Kenman depicted at [55] earlier, is also necessarily capable of being used in relation to goods. But all goods must have a shape and a shape is therefore not necessarily seen as being used in relation to the goods of which it is the shape.

98 Secondly, while *Clark Equipment* establishes that in the particular circumstances described a mark **will not be** inherently adapted to distinguish, the case does not purport to identify all the circumstances in which a mark **will be** (or, for that matter, will not be) inherently adapted to distinguish. *Clark Equipment* establishes one negative test, the failing of which means that a mark is not inherently adapted to distinguish. The negative test would require a conclusion that the Bug shape as the shape of items of confectionery is not inherently adapted to distinguish them only if: (a) such a shape was capable of serving as a trade mark; and (b) other traders were likely, acting in the ordinary course of business and from proper motives, also to wish to use the Bug shape or a shape substantially identical or deceptively similar to it, as the shape of their own items of confectionery. The first of these conditions raises in the present case the question of any positive test posed by the concept of inherent adaptation to distinguish – a question which did not arise in *Clark Equipment* because it could be assumed that the word “MICHIGAN” was capable of serving as a trade mark “in relation to” goods.

99 I discussed the word “inherent” at [81]-[84] above. The word “adapted” means, in the present context, “fit” or “suitable” (cf the definitions of “adapt” in *The Macquarie Dictionary* and *The Oxford English Dictionary*). In *Clark Equipment*, Kitto J referred (at 513) to “the inherent **fitness** of the mark for the purpose of distinguishing the applicant’s goods from those of other persons”. (my emphasis)

100 In *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281 at 306, Jacob J said of the phrase “devoid of any distinctive character” (at 306):

“The phrase requires consideration of the mark on its own, assuming no use. Is it the sort of word (or other sign) which cannot do the job of distinguishing without first educating the public that it is a trade mark? A meaningless word or a word inappropriate for the goods concerned (‘North Pole’ for bananas) can clearly do. But a common laudatory word such as ‘Treat’ is, absent use and recognition as a trade mark, in itself (I hesitate to borrow the word from the old Act but the idea is much the same) devoid of any distinctive inherently character [sic – inherently distinctive character].”
(my emphasis)

I ask myself whether the Bug shape, as the shape of items of Kenman’s confectionery, would, immediately following registration and without any prior education of the public that it has a trade mark significance, be able to do the job of distinguishing Kenman’s confectionery from the confectionery of others.

The relationship between a trade mark and goods

101 The Act assumes that there will be a “relationship” between mark and goods. This assumption is made in the definition in subs 7(4) of the phrase “use of a trade mark in relation to goods”, which was set out at [59] above. Similarly, subs 20(1) of the Act gives the registered owner of a trade mark the exclusive right to use the mark and to authorise its use “in relation to” goods. The concept of use of a mark “in relation to” goods also underlies the treatment of infringement in Part 12 of the Act.

102 Prior to the introduction of shape marks in the 1995 Act, it was accepted that a trade mark must be capable of being described and depicted as something apart from the goods in relation to which it is to be used; cf *Smith Kline and French Laboratories (Australia) Ltd v Registrar of Trade Marks* (1967) 116 CLR 628 at 639 per Windeyer J (citing Lindley LJ in *In re James’s Trade Mark* (1886) 33 Ch D 392 at 395: “A mark must be something distinct from the thing marked. A thing cannot be a mark of itself”). A similar view was taken in the United Kingdom prior to the introduction of shape marks in that country; cf *Re Coca-Cola Co* (1986) 6 IPR 275 (“*Coca-Cola (UK)*”) at 277 per Lord Templeman.

103 *Philips v Remington (Aust, Lehane J)* was a case in which it was alleged that the marketing of three-headed rotary electric shavers infringed two marks registered under the 1955 Act. Both marks represented a three-headed rotary shaver, one being a stylised “plan” showing three rings triangularly arranged within a rounded triangle circumference, and the other being a “perspective” giving the appearance of some depth, that is, of a third dimension. Lehane J concluded (at [26]) that “shape” in the definition of “sign” in the 1995 Act included “the shape of goods, or of part of them”.

104 In *Coca-Cola Co v All-Fect Distributors Ltd* (1999) 96 FCR 107 (FC) (“*Coca-Cola (Aust)*”) the question was whether the respondent, an importer, wholesaler and distributor of confectionery, had infringed the appellant’s registered trade mark in the form of a contour drawing of the well known Coca-Cola bottle, by importing items of confectionery which,

when laid out flat, bore some resemblance to the registered contour drawing. In a joint judgment, a Full Court of this Court found it unnecessary to decide whether under the 1995 Act, as under the 1955 Act, the distinctive shape and appearance of the well-known Coca Cola bottle, which had been refused registration in *Coca-Cola (UK)*, could have been registered as a shape trade mark, that is, “as a shape which is used to distinguish the appellant’s beverage from those of others” (at [24]). Their Honours stated (at [24]):

“It is sufficient for the resolution of the present case that we adopt the view that a mark can be a trade mark even if, as in the present case, it covers the whole of one of the visible sides of the goods.”

105 In dismissing the appeal in *Philips v Remington (Aust, FC)* Burchett J, with whom Hill and Branson JJ agreed, stated (at [12]) that merely to produce and deal in goods in a shape which was a functional shape of the thing (the three-headed rotary shaver) depicted by a registered two-dimensional trade mark, was not to engage in use of the mark “upon, or in physical or other relation to, the goods” within subs 7(4) of the Act, or to use it “in relation to the goods” within subs 20(1) of the Act. His Honour said that it is to be assumed that goods in the market are “useful” and that “it follows that a mark consisting of nothing more than the goods themselves could not distinguish their commercial origin, which is the function of a mark” (also at [12]).

106 Burchett J observed that since the introduction of shape marks had made no radical change in the principles of trade mark law, it followed that a shape dictated by the nature of goods or by a particular technical result to be obtained from the goods (see [62] above) could not function as a trade mark. But his Honour continued (at [16] and [17]):

“16. 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, subject to the matters already discussed, 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, as has been said, 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. But that is not to say that the 1995 Act has invalidated what Windeyer J said in Smith Kline. The special cases where a shape of the goods may be a mark are cases falling within, not without, the principle he expounded. For they are cases where the shape that is a mark is ‘extra’, added to the inherent

form of the particular goods as something distinct which can denote origin. The goods can still be seen as having, in Windeyer J's words, 'an existence independently of the mark' which is imposed upon them.

17. *The conclusion of this discussion is not that the addition of the word 'shape' to the statutory definition calls for some new principle, or that a 'shape' mark is somehow different in nature from other marks, but that a mark remains something 'extra' added to distinguish the products of one trader from those of another, a function which plainly cannot be performed by a mark consisting of either a word or a shape other traders may legitimately wish to use. That proposition has commonly been stated in connection with marks that seek to appropriate the actual name of the product or an apt description of it; but the principle equally applies in the case of a shape or picture representing the very form and appearance in which another trader might legitimately wish to make the product." (my emphasis)*

107 The facts of the present case are different from those which Lehane J, and on appeal Burchett J, had in mind. The Bug shape is not required by the nature of the goods or by the objective of obtaining a particular technical result. The nature and purpose of confectionery require only that it be able to be eaten. The shape of the individual pieces is a matter for each manufacturer, which can be expected to be guided by considerations of visual appeal. Importantly, there is no shape or category of shapes which can be regarded as "natural", "usual" or "inherent" for items of confectionery to which the Bug shape would be regarded as foreign. On the contrary, the Bug shape is entirely typical of the caricaturistic real or imaginary animal shapes which manufacturers of confectionery are disposed to use.

108 Therefore, the Bug shape as the entire shape of entire items of confectionery would be perceived by consumers, seeing it for the first time, as simply another member of the well known family of shapes that confectionery manufacturers chose for their visual appeal. Seeing Bug-shaped confectionery for the first time, the consumer would not understand at all that the shape was being used "in relation to" the confectionery for the purpose of saying something about its origin.

109 For the above reasons, the Bug shape as the shape of items of confectionery is not inherently adapted to distinguish Kenman's confectionery from the confectionery provided by others and the present appeal should be dismissed.

110 Although it is unnecessary to do so for the purpose of deciding the present case, I make the

following further observations. In *Wal-Mart Stores Inc v Samara Bros Inc* 529 US 205 (2000) (“*Wal-Mart*”), Justice Scalia, delivering the opinion of the United States Supreme Court, stated (at 213):

“In the case of product design, as in the case of color, we think consumer predisposition to equate the feature with the source does not exist. Consumers are aware of the reality that, almost invariably, even the most unusual of product designs – such as a cocktail shaker shaped like a penguin – is intended not to identify the source, but to render the product itself more useful or more appealing.”

I agree. All goods must have a shape and a colour. I cannot presently conceive of circumstances in which the shape or colour of any goods would be **inherently** adapted to distinguish them. A consumer seeing the shape or colour of particular goods for the first time would understand that the shape or colour is one which the manufacturer either has been compelled to use because of the nature of the goods themselves or because of a technical result to be obtained from them, or has opted to use because it gives them added value, or, if it be not “added value”, market appeal, as in the present case. This will be so even if, in contrast to the position in the present case, the consumer knows that different shapes or colours are in common use for goods of the kind in question and that the particular shape or colour is quite unusual. (I note that the Supreme Court of the United States of America has held that the colour and the design of goods can never be inherently distinctive: *Qualitex Co v Jacobson Products Co* 514 US 159 (1995) at 162-163 (colour); *Wal-Mart* (product design).)

111 There is a similarity, in the present respect, between the shape or colour of goods on the one hand, and a purely descriptive word on the other. Neither one is inherently adapted to distinguish. The only possibility of its distinguishing is by reason of its having already acquired a secondary meaning. It may be more difficult as a factual matter to establish that a colour or shape has acquired a secondary meaning than to establish that a purely descriptive word has done so, because a word is separate from the goods and is understood to be used in relation to them. It is not enough that goods from the same source are known to be consistently made in the same colour or shape, because of the predisposition of consumers to think that the explanation is one of the matters mentioned in [110] above. It is necessary to establish something else: that they perceive that the shape is being used to indicate that goods of that shape or colour come from the one trade source. (See, for example, the discussion of

the difficulty of establishing acquired trade mark significance in the case of the shape of goods by Aldous LJ in *Philips Electronics NV v Remington Consumer Products Ltd* [1999] RPC 809.)

What are “the goods”?

- 112 The relationship between mark and goods which the Act contemplates raises a question as to the identification of “the goods”. For example, if, in the present case, “the goods” are conceived of as “Bug-shaped items of confectionery”, the Bug shape as a trade mark is defined out of existence. But if they are identified simply as “items of confectionery”, at least the possibility is preserved that their shape may function as a trade mark in relation to them.
- 113 In my opinion, there is danger in addressing the question of the capacity of a shape to distinguish by attempting *a priori* to identify “the goods”, for example, by attempting to answer the question posed in the preceding paragraph as if it provided a short-cut route to the resolution of the present case. The question for decision is not a metaphysical one, but a practical one and requires attention to be given to the perceptions and motivations of consumers in the circumstances of each particular case.
- 114 In *Philips Electronics NV v Remington Consumer Products Ltd* [1998] RPC 283, Jacob J observed, correctly in my respectful opinion, that the proper approach to identification of the goods is to “ask what the goods are as a practical business matter” (at 305). In answering this question it is appropriate to bear in mind that the purpose of traders is to sell goods to consumers. Accordingly, the task of testing for differentiation between mark and goods will involve an assessment of the knowledge, experience, understanding and motivation of a typical buyer of the goods.
- 115 Where a mark induces consumers to buy for a reason other than designation of a particular trade source, it will be seen by them as part of “the goods”, rather than as a trade mark “in relation” to the goods. In such a case, consumers will perceive that the mark has value for a reason other than as a badge of origin. In *Wal-Mart* the United States Supreme Court stated in the present context (at 215):

“a classic glass Coca-Cola bottle, ... may constitute packaging for those consumers who drink the Coke and then discard the bottle, but may constitute

the product itself for those consumers who are bottle collectors, or part of the product itself for those consumers who buy Coke in the classic glass bottle, rather a can, because they think it more stylish to drink from the former.”

Similarly, assume that a valuable object is said to be a trade mark for a relatively inexpensive good. If consumers buy the good, not for its own sake, but to obtain the valuable item that is said to be a trade mark, the valuable item is a good in its own right, and apparently cannot operate as a trade mark. (For a discussion of the matters referred to in this paragraph, see Ray K Harris and Stephen R Winkelman, “Why Product Configurations Cannot be Inherently Distinctive” 91 *Trademark Rep* 988 (2001).)

116 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 intended to operate as an inducement to buy for a reason other than that the confectionery comes from one trade source as distinct from others, and is perceived to be a “value adding” (or, if it be different, “market appealing”) element of the goods themselves.

Effect of conclusion

117 My conclusion is far from denying effect to the legislative introduction of shape marks. First, the present case has been concerned only with a shape which is the whole shape of the goods in question. It says nothing to the shape of a separate object or a shape that can be seen to be stamped, impressed or otherwise “added to” goods, and therefore to be used in relation to goods. Secondly, the case has been concerned only with inherent adaptation to distinguish, not with capacity to distinguish, even of a shape of the goods themselves, which is acquired by use.

CONCLUSION

118 The Registrar thought that the Bug shape of items of confectionery had some inherent adaptation to distinguish Kenman’s confectionery from the confectionery of others but insufficient to enable him to decide that it was capable of so distinguishing it for the purpose of subs 41(3). Accordingly, for the Registrar subs 41(5), rather than subs 41(6), applied.

119 The primary Judge appears to have thought that the Bug shape was not at all inherently

adapted to distinguish.

120 For the reasons given earlier, I am also of the latter view. Therefore, subs 41(6) rather than subs 41(5), applies.

121 The Registrar was right in not being able to decide that the Bug shape was capable of distinguishing Kenman's confectionery based alone on its inherent adaptation to distinguish it from the confectionery of others.

122 It follows that the Registrar did not err in refusing to register the Bug shape as a trade mark and his Honour did not err in dismissing the appeal from the Registrar's decision.

123 The appeal from his Honour's decision should be dismissed with costs.

STONE J:

124 I have had the advantage of reading the draft judgments of French and Lindgren JJ. I agree with their Honours that leave to appeal should be granted for the reasons set out by French J. I also agree with Lindgren J's analysis as to the issues that are before the Court in this case. I regret that I am unable to concur with his Honour's conclusions or with his proposed orders.

125 It is not necessary for me to repeat the background or facts in this case. They are more than adequately set out in the judgments of French and Lindgren JJ. As was accepted by both sides the only issue here is whether the appellant's bug shape (adopting Lindgren J's terminology) is, within the meaning of s 41(3) of the *Trade Marks Act 1995* (Cth) ("1995 Act"), inherently adapted to distinguish the designated goods from the goods of other persons. If it is so adapted then the Registrar is bound to accept it for registration; s 33(1) of the 1995 Act. If not so adapted then, the appellant having disclaimed reliance on s 41(5) or s 41(6), it must be rejected.

126 The examiner of Trade Marks and the primary judge held that the bug shape had no inherent adaptation to distinguish the appellant's goods. The delegate of the Registrar of Trade Marks and Lindgren J concluded that the bug shape is only slightly, if at all, so inherently adapted. For the reasons explained below, I have come to a different conclusion, namely that the bug shape is inherently adapted to distinguish the appellant's goods from those of other traders.

127 A trade mark is a **sign**, “used, or intended to be used” to distinguish one trader’s goods from another’s; s 17 of the 1995 Act. It is this capacity to distinguish that is crucial; *Blount Inc v Registrar of Trade Marks* (1998) 80 FCR 50 at 61 (“*Blount Inc*”). As s 41 makes clear, that capacity to distinguish can be inherent in the sign or it may be acquired over time by use of the sign. The appellant’s claim here must stand or fall on the inherent capacity of the bug shape.

128 As Lindgren J has explained, prior to the amendments made in 1995, shape marks were not permitted. However, the 1995 Act states that a sign includes,

*“the following or any combination of the following, namely, any letter, word, name, signature, numeral, device, brand, heading, label, ticket, aspect of packaging, **shape**, colour, sound or scent.”* [emphasis added]

129 Nothing in this definition in any way detracts from the crucial requirement that the “sign”, be it shape, colour or anything else, must have the capacity to distinguish one trader’s goods from another’s; see Burchett J in *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* (2000) 100 FCR 90 at [15] (“*Philips v Remington (Aust), FC*”). Similarly, the Act does not distinguish between the criteria that apply to determine whether a shape has the requisite capacity and those that apply to any other element referred to in the definition of sign.

130 Despite this, the current state of the authorities suggests that there is a particular problem concerning the registrability of a shape trade mark, namely whether it is necessary that a trade mark be able to be described and depicted as something separate and apart from the goods in relation to which it is to be used and, if so, whether this is possible for a shape which is the whole shape of a good (the “separation issue”). This issue sometimes appears to be quite separate from the issue of inherent adaptation and sometimes an element of that issue.

Separation of trade mark from goods

131 The separation issue was articulated by Windeyer J in *Smith Kline and French Laboratories (Australia) Limited v Registrar of Trade Marks* (1967) 116 CLR 628 (“*Smith Kline*”). This was an appeal from a decision of the Registrar of Trade Marks refusing to accept for registration certain applications relating to medicinal capsules, one half of which was opaque and coloured and the other half, transparent and colourless. The capsules contained different

coloured granules or pellets that gave a speckled appearance to the transparent part of the capsule. According to Windeyer J, the applicant wanted to register “the total appearance of its capsules” and thus obtain a monopoly for the sale of “parti-coloured capsules containing pellets of different colours”. In an ex tempore judgment his Honour said this (at 639 - 640):

“A trade mark is defined in the [Trade Marks Act 1955] as “a mark used or proposed to be used in relation to goods” for the purposes stated. This definition assumes, it seems to me, that the mark is something distinct from the goods in relation to which it is used or to be used. It assumes that the goods can be conceived as something apart from the mark and that the mark is not of the essence of the goods. The goods are assumed to have an existence independently of the mark. ... A thing can always be described and distinguished in appearance by any visible characteristic which it has, its shape, colour or any mark which it bears. But the test is not – Can the goods be described or depicted without reference to their markings? As I see it, a mark for the purposes of the Act must be capable of being described and depicted as something apart from the goods to which it is to be applied, or in relation to which it is to be used. ... It accords ... with the various things included in the definition of “mark”. That list is not expressed as exhaustive but it is certainly illustrative. I do not think that a mere description of goods simply by shape, size or colour can be a trade mark in respect of those goods.”

132 It would seem from Windeyer J’s subsequent comments that his Honour regarded the separation issue as distinct from the issue of capacity to distinguish. In the context of legislation that, at the time, did not permit the registration of shape trade marks this is not surprising.

133 In *Philips v Remington (Aust), FC* the separation issue was also taken up by Burchett J (with whom Hill and Branson JJ agreed) although in this case it seems to have been seen, at least in part, as an element of capacity to distinguish. Unlike *Smith Kline, Philips v Remington (Aust), FC* was decided under the provisions of the 1995 Act, that is after the definition “trade mark” was amended to refer to a “sign” rather than a “mark” and after the word “shape” was included in the definition of “sign”. The case concerned trade marks registered by Philips in relation to a rotary shaver, the design of which involved three cutters in a triangular head. Philips claimed these trade marks had been infringed by a Remington shaver that used a similar triple head configuration.

Did the 1995 Act effect a radical change to trade mark law?

134 Burchett J stated, at [15], that the changes in the 1995 Act were not intended to effect a

radical change in trade mark law and concluded that a shape that goods possessed “because of their nature” or because of the need for a “particular technical result” could not function as a trade mark because such a shape could not distinguish the trade source. His Honour went on to say, at [16], that he did not regard this as precluding the shape of goods being registered as a trade mark where the shape is the whole or part of the relevant goods, but added,

“But that is not to say that the 1995 Act has invalidated what Windeyer J said in Smith Kline. The special cases where a shape of the goods may be a mark are cases falling within, not without, the principle he expounded. For they are cases where the shape that is a mark is “extra”, added to the inherent form of the particular goods as something distinct which can denote origin. The goods can still be seen as having, in Windeyer J’s words, “an existence independently of the mark” which is imposed upon them. The conclusion of this discussion is not that the addition of the word “shape” to the statutory definition calls for some new principle, or that a “shape” mark is somehow different in nature from other marks, but that a mark remains something “extra” added to distinguish the products of one trader from those of another, a function which plainly cannot be performed by a mark consisting of either a word or shape other traders may legitimately wish to use.”

135 In considering Burchett J’s views it is important to appreciate the context in which those views were formed and the policy concerns expressed by his Honour. In the opening words of his judgment Burchett J made this comment:

*“A fundamental issue of trade mark law is involved in this appeal. Under the new Trade Marks Act 1995 (Cth), can a permanent monopoly for a product be obtained by the registration as a mark of a representation of one of its **vital** features? If a shield against all competition can be raised in that way, the proprietor of the mark will be in a better position than a patentee or the proprietor of a registered design, each of whom has a protection limited to the span of a relatively short time.”* [emphasis added]

His Honour then quoted from *Philips Electronics NV v Remington Consumer Products* (1997) 40 IPR 279 (“*Philips v Remington (Eng)*”) in which Jacob J, considering a similar dispute between Philips and Remington, expressed the same concern. Jacob J, at 290, stated that the case involved:

“the extent to which trade mark law, conferring a perpetual monopoly, can interfere with the freedom ... of manufacturers to make an artefact of a desirable and good engineering design.”

136 The issue of function was of great significance in the dispute between Philips and Remington that surfaced in a number of jurisdictions. In *Philips v Remington (Eng)*, Jacob J was quite explicit about this aspect. His Honour accepted that it was possible to make an effective rotary shaver that would be outside the scope of the trade mark protection but stated, at 287 -

288:

“However, it is also the case that the engineering scope for variation outside the trade mark is very limited. Moreover the three-headed shape of the present Philips design is one of the best ways possible of making a rotary shaver. ...

So, if Philips are right, they will have obtained a permanent monopoly in respect of matters of significant engineering design by virtue of a trade mark registration.”

137 The concerns expressed in both *Philips v Remington (Aust)*, FC and *Philips v Remington (Eng)* about the prospect of trade marks creating monopolies related only to the registration of trade marks that would restrict access to functional features or innovations, and for this reason were well founded. It is this concern that finds expression in the requirement that a trade mark be something added to the inherent form of goods. The “inherent form” of goods, in my view, can only refer to those aspects of form that have functional significance. Were the 1995 Act to enable the registration of a trade mark that would give the owner a monopoly over functional features it would indeed have made a radical change to trade mark law. There is nothing in the 1995 Act or in the discussions that preceded it to suggest that this was intended. Nor does the omission from the 1995 Act of s 39 of the short-lived *Trade Marks Act 1994* (Cth) (No. 156 of 1994) lead to that conclusion. Section 39 was concerned with ensuring that functional characteristics or qualities did not become the exclusive property of a trade mark owner. The section provided:

“An application for the registration of a trade mark in respect of goods must be rejected if the trade mark consists wholly or principally of:

- (a) the shape, or some other characteristic, possessed, because of their nature, by the goods; or*
- (b) a shape, or some other characteristic, that the goods must have if a particular technical result is to be obtained.”*

In the light of the provision in s 41(2) of the 1995 Act that an application for registration of a trade mark must be rejected if the trade mark is not capable of distinguishing the applicant’s goods or services from those of other traders, the provisions of s 39 would be otiose. This is because a trade mark that would be rejected if s 39 applied is a trade mark that would not be capable of distinguishing and therefore would also be rejected under s 41(2). Therefore no significance can be attached to the omission of this section from the 1995 Act.

138 In *Philips v Remington (Aust)* FC Burchett J noted, at [15], that the trial judge, Lehane J had expressed a similar view concerning the impact of the 1995 Act (see *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* (1999) 91 FCR 167). It is useful to

consider the whole of the passage, at [26], in which Lehane J expressed his opinion:

“One clear impression left by [the history of the 1995 amendments] is that it was not thought that the inclusion of “shape” in the definition of “sign” would effect a radical change in trade mark law. Undoubtedly, however, the Working Party recommendation proceeded on the basis that “shape” included the shape of goods, or of part of them. ... The 1994 Act plainly proceeded on the basis that “shape” was to include the shape of the goods. And nothing in the explanatory memorandum or in the Minister’s speech suggests that substantially the same definition of “sign” in the 1995 Act was intended to operate differently. In short, the legislative history, I think, suggests nothing to the contrary of, but rather offers some support for, what I think is the natural meaning of the word “shape” included in the definition of “sign”: it includes the shape of goods, or of part of them, in relation to which a sign of that kind is used.”

139 Earlier in his reasons his Honour, referring to the views expressed by Windeyer J in *Smith Kline* said (at [19]):

“But if “shape” does not include the shape of goods, or of a part of goods, within the class for which a trade mark is registered, it is not easy to see what “shape” adds to “device”; it hardly seems a sensible construction to limit “colour” or “scent” to a colour or scent used in relation to goods, but not as the colour or scent of the goods, or part of the goods, themselves; and if that is so in relation to “colour” and “scent”, why should “shape” be construed in a more limited way? One possible limitation, perhaps, might be to read “shape” as limited to the get-up of the goods, not extending to the goods themselves ... but to limit “shape” in that way would give it no field of operation not already covered by “aspect of packaging”.”

140 I agree that the 1995 Act was not intended to make the radical change of providing for registration of a trade mark that would have the effect of restricting access to functional features or innovations. The policy concerns expressed by Burchett J were relevant to the issues considered in *Philips v Remington (Aust), FC*, because that case was concerned with functional features. There is however, no suggestion, that in this case, the appellant’s bug shape has any functional significance unless one regards having an attractive shape as functional. For reasons expressed below at [156], I do not regard the fact that a sign may evoke a positive emotional response as having functional significance for present purposes.

The whole shape of goods as a trade mark

141 It is nevertheless clear that the Report of the Working Party formed to review the Trade Marks legislation, dated July 1992, recommended an increase in the types of signs that might be registrable as trade marks. The report states at 1.1:

“Under the present law registrable marks have been largely confined to signs consisting of words, letters, numerals, figurative elements, or combinations of one or more of these. The registration of colours, shapes, sounds, tastes or smells as marks is either difficult or impossible under these provisions.

Developments in marketing and technology throughout the world indicate that the Australian legislation should now cater for a wider range of “signs” than have hereto been considered capable of functioning as trade marks.”

142 In my opinion the changes effected by the 1995 Act were not radical changes in that, while they expanded the ambit of trade mark operation, they did not change the nature or policy of trade mark use. Such an expansion is not unprecedented; for example, in 1978 amendments to the *Trade Marks Act 1955* (Cth) (“1955 Act”) allowed for the registration of marks in respect of businesses or services rather than confining their use to goods; *Trade Marks Amendment Act 1978* (Cth). None of these amendments effected in the 1995 Act detracts from the fundamental requirement that a trade mark must have the capacity to distinguish one trader’s goods from those of another; s 41(2) of the 1995 Act. I agree with Lehane J’s reasoning as to the construction of “shape” (see [139] above) and see no reason why a shape that is the whole shape of a good should for that reason alone be incapable of registration as a trade mark. The test must be whether it has the capacity to distinguish. In considering this requirement the comments of Isaacs J in *Thomson v B Seppelt & Sons Limited* (1925) 37 CLR 305 are pertinent. Referring to the requirement that a trade mark be adapted to distinguish, and speaking in the context of the words “Great Western” then under consideration, his Honour said, at 312:

“The statutory criterion looks wholly to the future, and seeks to know “What will be the effect of the mark after registration?” Is it adapted in future trade to distinguish the proprietor’s goods from those of other persons? That, however, does not mean “is the word adapted to acquire distinctiveness?” but “is the word instantly adapted to distinguish the proprietor’s goods in his future trade?” ... That must in all fairness be so, because otherwise it would be enlisting registration itself as an aid in making a mark actually distinctive, and so preventing partly by statutory assistance other traders from using the mark if they so desired.”

143 Although the present statutory regime has developed since Isaacs J made these comments, they are equally applicable to the present legislation; see also the comments to this effect by Kitto J in *Clark Equipment Company v Registrar of Trade Marks* (1964) 111 CLR 511 at 513 (“*Clark Equipment*”). Isaacs J went on to comment on the past effect of actual use but, as this case is only concerned with whether the bug shape is inherently adapted to distinguish the appellant’s goods from those of another trader, those comments are not relevant for

present purposes.

Inherent adaption

144 The authorities give very little guidance as to what is necessary for inherent adaption either generally or with respect to shapes. It is clear that words (ordinary or technical) which are descriptive of the character or quality of the goods are not inherently adapted to distinguish; *Burger King Corporation v The Registrar of Trade Marks* (1973) 128 CLR 417 (“Whopper” as descriptive of large hamburgers); *Eutectic Corporation v Registrar of Trade Marks* (1980) 32 ALR 211 (“eutectic” as descriptive of machines and tools used in welding); *FH Faulding & Co Limited v Imperial Chemical Industries of Australia and New Zealand Limited* (1965) 112 CLR 537 (“Barrier” in respect of hand cream). This is so even if the word or words are contractions or corruptions of ordinary words; *Tastee Freez’s Application* [1960] RPC 255 (“Tastee Freez” used in connection with ice cream and water ices); *The Registrar of Trade Marks v Muller* (1980) 144 CLR 37 (“Less” in respect of pharmaceutical products); *Bausch & Lomb Inc v Registrar of Trade Marks* (1980) 28 ALR 537 (“Soflens” in respect of contact lenses); *Advanced Hair Studio of America Pty Ltd v Registrar of Trade Marks* (1988) 12 IPR 1 (“hairfusion” in respect of a service for fixing hairpieces to the head). The same principle applies to pictorial descriptions of goods; *Eclipse Sleep Products Incorporated v The Registrar of Trade Marks* (1957) 99 CLR 300 (a six-sided border having circular ends, as in the shape of a spring, used in connection with a “Springwall Mattress”). It is also well established that the name of a geographical location is not inherently adapted to distinguish goods because another trader may legitimately wish to use the name in connection with goods made in or associated with that place; *Thomson v B Seppelt & Sons Limited* (1925) 37 CLR 305 (use of the words, “Great Western” in respect of still and sparkling wines produced from grapes grown in the Great Western region of Victoria); *Clark Equipment* (use of the name “Michigan” in respect of earthmoving and the like equipment); *Blount Inc* (use of name “Oregon” inside an oval device in respect of power tool accessories); *Oxford University Press v Registrar of Trade Marks* (1990) 24 FCR 1 (use of name “Oxford” in respect of printed publications); *A Baily and Company Limited v Clark, Son and Morland* [1938] AC 557 (use of name “Glastonburys” in connection with sheepskin slippers).

145 Signs that are descriptive of the character or quality of the relevant goods or which use a geographical name in connection with them cannot be inherently distinctive because the

words have significations or associations that invite confusion and because registration of a trade mark using such words would preclude the use by others whose goods have similar qualities or which have a connection with the relevant areas. This concern is to any of the elements referred to in the definition of sign and involves the courts in policy considerations inherent in trade mark law. In *Registrar of Trade Marks v W & G Du Cros Ltd* [1913] AC 624 at 635 Lord Parker said,

“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.”

146 Lord Parker’s comment was quoted in *Clark Equipment* by Kitto J who added, at 514:

“ ... this is not to treat the question as depending upon some vague notion of public policy: it is to insist that the question whether a mark is adapted to distinguish be tested by reference to the likelihood that other persons, trading in goods of the relevant kind and being actuated only by proper motives – in the exercise, that is to say, of the common right of the public to make honest use of words forming part of the common heritage, for the sake of the signification which they ordinarily possess – will think of the word and want to use it in connexion with similar goods in any manner which would infringe a registered trade mark granted in respect of it.”

Kitto J was referring to word trade marks because that was the issue before him, but there can be no doubt that his Honour’s test would equally apply to shapes or other signs forming “part of the common heritage”.

147 In my opinion it is the absence of these associations and significations that makes a sign inherently adapted to distinguish one trader’s goods from those of another. In other words the concept is negative not positive. Support for this view can be found in the cases in which a trade mark has been found to be inherently adapted to distinguish. In *Mid Sydney Pty Ltd v Australian Tourism Co Ltd* (1998) 90 FCR 236 it was argued that the registration of a trade mark consisting of the words “Chifley Tower”, registered by the owner of a large office and retail building of that name, in respect of property management services and retail and office leasing services should be cancelled because, inter alia, it lacked the capacity to distinguish the services in respect of which it was registered. The Full Federal Court, applying the principles formulated by Kitto J in *Clark Equipment*, rejected this argument, stating at 251:

“The Chifley Tower is not part of the common heritage in the sense that a town, suburb or municipality is. ... There is not public policy against [the building owner] restricting those who have come to occupy space within its

building as to the way in which they use its name in connection with goods they produce or services they provide. That being so, it is not easy to see, in our view, why any separate public policy, of a kind identified by Kitto J, should apply so as to deprive the name selected by [the building owner] of a capacity to distinguish, in circumstances where there could be no legitimate reason for persons other than those carrying on business within The Chifley Tower to use its name in connection with their goods or services.”

148 It is the absence of association and signification that accounts for invented words often being found to be inherently adapted to distinguish a trader’s product. A good example of the invented word that has no meaning and therefore is inherently adapted to distinguish is the word “fuddruckers” used in respect of services rendered by restaurants and other similar establishments; *Sharwood v Fuddruckers Inc* (1989) 15 IPR 188.

149 Even where an invented word contains components that are ordinary English words, the combination may produce a word that has no association or signification that deprive it of the capacity of inherent adaptation. In *Riv-oland Marble C (Vic) Pty Ltd v Settef SpA* (1988) 19 FCR 569 a Full Court considered the word “Riv-Oland” used in respect of plastic wall panels, building materials, fittings and accessories, was inherently distinctive at the time of the application for registration of the relevant trade mark. Lockhart J observed, at 604:

“Plainly the mark in the present case is an invented word. It is also, in my opinion, a mark that is inherently adapted to distinguish and therefore is inherently distinctive. It does not refer to the character or quality of the goods marketed by the respondent. The word “Riv-Oland” is clearly and substantially different from any word in ordinary and common use. It is in a sense a compound word because the component “land” is well-known English word: however, when that component is used in conjunction with the other letters in the word, to form the collocation “Riv-Oland”, the mark acquires a character of its own. It cannot be said that the mark is a word which was derived from any particular part of the letters of which it was compounded. It is not a word current in the English language, nor does it convey any meaning to ordinary Australians.”

150 In the sentence immediately following the passage above, his Honour went on to state that Riv-Oland “is not a word which has no meaning or any obvious meaning until one is assigned to it”. Given the preceding comments and the cases cited by his Honour (not reproduced here) it is clear that the double negative in this sentence was inadvertent and that the sentence should be read disregarding the word, “not”.

151 In *T.G.I. Friday’s Australia Pty Ltd v TGI Friday’s Inc* (2000) 100 FCR 358 at 368, a Full Court considering the trade mark, “T.G.I. Friday’s” stated,

“It may be that the expressions “T.G.I. Friday” or “Thank God It’s Friday” are expressions that are or have been regularly used in relation to relaxation and refreshment. The expressions may suggest notions of relaxation and refreshment. However, the expression “TGI Friday’s” of itself means nothing. Even if it be accepted that the letters “TGI” are an acronym for “Thank God It’s”, the use of the possessive in the expression “TGI Friday’s” sets the expression apart as unidiomatic English. “TGI Friday’s” is not descriptive of the character of restaurant services, or any other services for that matter. It does not inherently refer to restaurant services. It does not of itself describe services of any character.

Accordingly, the Trade Mark has always been capable of distinguishing restaurant services provided by one proprietor from the services of another proprietor who does not use the Trade Mark.”

152 However, a word or combination of words that is newly coined will not be acceptable unless it conveys no meaning, at least to “ordinary Australians”; *Advanced Hair Studio of America Pty Ltd v Registrar of Trade Marks* (supra). Such a test invites fine distinctions as the decision of the High Court in *Mark Foy’s Limited v Davies Coop & Company Limited* (1956) 95 CLR 190 (“*Mark Foy’s*”) shows. Dixon CJ and Williams J, in separate judgments, and over the strong dissent of Kitto J, held that the words, “tub happy” did not refer to a quality of the fabric in question. Dixon CJ commented, at 194:

“It is, I think, a mistake first to assume that words like “Tub Happy” do convey a meaning either to people in general or to a particular class of persons and then on that assumption to inquire what exactly the meaning is. Indeed to institute a search for a meaning almost necessarily implies that in ordinary English speech the words do not possess a connotation sufficiently definite to amount to a direct reference to the character or quality of the goods.

...
The assumption is fallacious because it overlooks the fact that language is not always used to convey an idea. Many uses of words are purely emotive. A word or words are often employed for no purpose but to evoke in the reader or hearer some feeling, some mood, some mental attitude. This is true of much advertising, which common experience shows to be full of meaningless but emotive expressions supposedly capable of inducing a generally favourable inclination in the almost subconscious thought of the passing auditor or hasty reader. Words put forward as trade marks are very likely indeed to be chosen in the same way.”

153 The Chief Justice subsequently observed at 195:

“I cannot think that the words now in question go further than, if as far as, suggesting in a vague and indefinable way a gladsome carelessness à propos of the tub.”

154 Williams J was of the opinion that there was no definite meaning to the phrase and that at

best concluding, at 201:

“There is a cloudy suggestion only about it that all will be well in a wash tub but that is all. The attitude of mind of those who glance at such advertisements may be affected favourably by some sort of vague association of ideas but it falls a long way short of conveying any meaning to them.”

155 A similar approach was taken by Lehane J in *Wella Aktiengesellschaft v Registrar of Trade Marks* (1995) 33 IPR 374 (“*Wella*”). The applicant had been refused registration of a trade mark comprised of the words, “perfectly you” in respect of, inter alia, a range of cosmetics and hair care products. His Honour stated that the phrase, “perfectly you”, unlike the phrase, “tub happy”, had some currency in ordinary use and, in some contexts, an accepted meaning. His Honour concluded at 377, however, that when applied to the relevant goods the phrase was,

“a use of words which is purely emotive; an employment of words for no purpose but to evoke in the reader or hearer some feeling, some mood, some mental attitude.”

156 In the above examples the trade marks were held to be inherently adapted not because of any positive content but because they had no associations or significations that prevented them from being inherently adapted to distinguish a trader’s goods. In addition they show, especially in the comments made in *Mark Foy’s* and *Wella*, that, at least in relation to word trade marks, it is not an obstacle to inherent adaptation that the trade mark is also designed to elicit a positive emotional response. The fact that the “sign” that comprised the trade mark in those cases had a dual function was not seen to be inconsistent with the sign acting as a trade mark in respect of certain goods. I see no reason why the attractiveness of a shape should be considered differently. Moreover, I also see no reason why an invented shape should be regarded as different from an invented word in terms of assessing its inherent capacity to distinguish a trader’s goods.

The decisions of the respondent’s delegate and the primary judge

157 It was accepted by the respondent’s delegate that the bug shape was not a shape in common use. The delegate stated:

“It is a stylised six-legged “creature”. It does not represent a recognisable animal or insect or other living or mythical thing of which I am aware, and no ready descriptive word comes to mind in viewing it. It is, in my view, an invented shape. It strikes the eye as distinguishable from other shapes, being not so amorphous or ordinary as to be unmemorable, even though no name

readily attaches it. It could be said that it carries the stamp of an individual imagination.”

158 The delegate distinguished such an invented shape from ordinary well-known shapes which, in relation to confectionery, could include:

- “• *easily recognisable shapes that occur in nature (eg animals, flowers, insects, people, teeth);*
- *reproductions of common man-made objects (eg pillows, buildings);*
- *shapes familiar to everyone because they are commonplace solid geometric forms (eg cubes, globes, rectangular solids); and*
- *shapes neither natural nor geometric that form part of our common mythologic heritage (eg mermaids, angels, dragons).”*

159 Despite the delegate accepting that the bug shape did not fall into any of these categories but was an invented shape and was not a shape that others need to use, he ultimately rejected the claim that it was inherently adapted to distinguish the appellant’s confectionery because their shape did not appear, at first instance, to have trade mark significance.

160 The learned primary judge took a slightly different approach. While he appeared to accept, or at least did not dispute, the delegate’s description of the bug shape, his Honour accepted the respondent’s submissions that registration of the trade mark with the consequent grant of exclusive use of that trade mark to the appellant would narrow the “great common” of shapes available to traders generally. His Honour stated, at [33],

“I have reached the conclusion that the subject mark is not inherently adapted to distinguish Kenman’s confectionery from that of others. I agree that the mark is concocted; so far as I am aware, no real insect has this shape. However, the shape is reminiscent, to a greater or lesser degree, of a variety of insects. That fact is important, especially when it is remembered that the mark is intended to be registered in respect of confectionery. Children constitute a significant part of the confectionery market; and children relate spontaneously and strongly to animals and animal-like creatures. Moreover, confectionery is highly malleable. Taken together, these factors make it likely that confectionery manufacturers will, from time to time, wish to put out products in shapes reminiscent of animals. To allow registration, for confectionery, of the shape of a real or readily-imagined animal would be to commence a process of “fencing in the common” which would speedily impose serious restrictions upon other traders.”

Conclusion

161 The delegate’s conclusion implies a view that the test of inherent adaptation has a positive aspect as well as a negative. This view is also inherent in his Honour’s reasons along with the concern expressed as “fencing in the common”. For reasons already explained, it is my

opinion that the test propounded by Kitto J in *Clark Equipment* (see [146] above) sets out the necessary and sufficient criteria to determine whether a mark is adapted to distinguish one trader's goods from those of another. Applied here, the question is whether, if the bug shape were to be registered as a trade mark, other persons trading in confectionery and "being actuated only by proper motives" would think of this shape and want to use it connection with their goods in any manner that would infringe the appellant's trade mark. That question must be answered bearing in mind that infringement would include using as a trade mark in relation to confectionery, not only the bug shape but also any "sign that is substantially identical with, or deceptively similar to" the bug shape; s 120 of the 1995 Act. A subsidiary and difficult question is whether the appellant's bug shape, by virtue of it being recognisable as a "bug", has associations that deprive it of the inherent capacity to distinguish the appellant's confectionery from that of other traders.

162 A shape (or word) that is entirely concocted does not have the associations that would lead to confusion. I do not regard such a shape as being part of the "great common" any more than does a concocted word or a novel combination of common words; see for example *Mark Foy's* and *Wella*. The learned primary judge drew a distinction between concocted words, which, he said, were possibly infinite in number and the possibilities for concoction of animal-like shapes, which, he said were finite. With respect, I do not see the justification for this distinction. If there is any distinction I would have thought the advantage of greater variety lay with the category of three dimensional shapes which may involve any number of combinations of planes, arcs, angles and so forth.

163 Although the bug shape is suggestive of insect life it is not the shape of any specific insect or bug. Indeed, were it not for the description given by the appellants, it might as easily be seen as some extra-terrestrial object or space equipment such as a modified lunar landing module. Registration of the bug shape as a trade mark would not give the appellant a monopoly over all bug or insect shapes – only this particular shape and any substantially identical or deceptively similar shape. I see no reason in principle or policy why this should be so.

164 In my opinion the appeal should be allowed and the decision of the primary judge set aside. I would order that the application be accepted for registration pursuant to s 33 of the 1995 Act and the respondent pay the appellant's costs of and incidental to this appeal and to the proceeding below.