

Coca-Cola Co v All-Fect Distributors Ltd [1999] FCA 1721

FEDERAL COURT OF AUSTRALIA

BLACK CJ, SUNDBERG AND FINKELSTEIN JJ

THE COURT:

BACKGROUND

1 The appellant is the manufacturer and distributor of Coca-Cola. It is the proprietor of a trade mark registered under the *Trade Marks Act* 1955 (“the 1955 Act”) and the *Trade Marks Act* 1995 (“the Act”), namely a contour drawing of the glass bottle in which Coca-Cola has traditionally been sold. The trade mark is registered in class 32 in respect of beverages and syrups for the manufacture of such beverages. At first instance two other registered trade marks were in issue – the word marks “Coca-Cola” and “Coke”. Those marks are no longer in issue. The contour drawing mark is depicted below.



2 The respondent is a confectionery wholesaler which imports and distributes, amongst other products, a cola flavoured confectionary which is shaped somewhat like the contour bottle. When fresh the confectionary is soft and gelatinous and lies curled or rolled up in its container. However, when laid out flat it looks like this –



3 It will be noted that we have called the respondent a “confectionery” wholesaler and the product “confectionary”. According to the third edition of the *Macquarie Dictionary*, “confectionary” is “a confection or sweet”, while “confectionery” means “confections or sweets collectively”. The *Oxford English Dictionary* defines “confectionary” as “a confectionary preparation, a sweetmeat” and “confectionery” as “things made or sold by a confectioner; a collective name for sweetmeats and confections”. Thus a single confection is “confectionary” and a variety of different sweets “confectionery”. These definitions do not necessarily determine the choice of word in the present case, which involves many sweets, though all of the same type. However the examples of usage given in the *Oxford English Dictionary* throw some light on the matter. Thus in 1844 one sees – “ever and anon she insisted upon his taking some particular confectionary, because it was a favourite of hers”. And in 1791 one finds – “he pressed her to partake of a variety of confectioneries”. The contrast provided by these examples suggests that “confectionary” should be used when describing many sweets, all of which are the same. Hence the spelling we have adopted of “confectionery” and “confectionary”.

4 In December 1996, pursuant to s 132 of the Act, the appellant gave notice to the Chief Executive Officer of Australian Customs objecting to the importation of goods that infringed its registered marks. In early 1997 the Chief Executive Officer gave notice to the appellant that two consignments of the confectionary had been seized pursuant to s 133. Section 136 requires the Chief Executive Officer to release seized goods to their owner if the person giving the notice under s 132 has not, within a specified period, brought an action for infringement of the notified marks. Within the specified period the appellant commenced the proceeding that has given rise to this appeal. It claimed that the respondent’s importation, marketing and sale of the confectionary infringed its three trade marks, constituted misleading and deceptive conduct in contravention of ss 52 and 53(c) and (d) of the *Trade*

Practices Act 1974, and involved the respondent passing off the confectionary as the appellant's confectionary.

5 It was common ground before the primary judge that

- since 1938 the appellant has carried on the business of manufacturing, promoting and selling non-alcoholic carbonated beverages known as Coca-Cola throughout Australia under and by reference to the marks "Coca-Cola" and "Coke" and the contour bottle, which was a bottle of distinctive appearance
- since at least 1938 the appellant has widely advertised its business and beverages in Australia by reference to the word marks "Coca-Cola" and "Coke" and the contour bottle
- the appellant's business and goods have become widely and favourably known and identified in the minds of the general public throughout Australia by means of the word marks "Coca-Cola" and "Coke" and the contour bottle
- the appellant's business and goods have a substantial, exclusive and valuable reputation and goodwill throughout Australia by reference to the word marks "Coca-Cola" and "Coke" and the contour bottle
- members of the public who have acquired or propose to acquire goods or services from, or otherwise transact or propose to transact business with, any person carrying on business under or by reference to the word marks "Coca-Cola" and "Coke" and the contour bottle, expect to be dealing with persons associated with or licensed or approved by the appellant, and rely upon the reputation acquired by the appellant in Australia.

6 The appellant contended that the extensive use, including the licensing, of the contour bottle as a trade mark has resulted in the bottle being so well known in Australia that it is understood by the public to be used exclusively in connection with products made by, for, or with the approval of the appellant. As a consequence, it was claimed that any product with that shape would be identified and recognised by the public as the appellant's product or a

product made for it or with its approval. The respondent denied all the claims, and cross claimed for the loss and damage it had suffered as a result of the seizure of the consignments. See s 137(4) of the Act.

COCA-COLA

7 Coca-Cola is one of the most extensively advertised products in Australia. In Australia the Coca-Cola beverage is sold in glass bottles, aluminium cans and plastic bottles. The contour bottle has been used extensively in Australia since 1938. From the 1960s the drink has been sold in cans as well as in the contour bottles. Since the 1970s Coca-Cola has been sold mainly in plastic bottles. Notwithstanding this, the contour bottle has remained a mark or sign which is readily recognised by its shape alone as the “Coca-Cola” or “Coke” bottle. Since 1994 a significant proportion of the marketing of the Coca-Cola beverage in Australia has used or promoted the image of the contour bottle. Cans of the drink include a pictorial representation of the contour bottle, and Coca-Cola advertisements regularly feature the bottle as a distinctive identifier of Coca-Cola products. In 1994 the appellant modified some of the plastic bottles to use the contour bottle design. Further, since 1994 certain of the advertising has used the contour bottle alone, whereas previously the bottle had almost invariably been used in advertisements in conjunction with the words “Coca-Cola” or “Coke”. The applicant has developed a comprehensive merchandising program to exploit the goodwill associated with its trade marks in relation to a wide range of products which are unrelated to the original beverage. Examples in Australia of products which feature the contour bottle are a bottle opener, a tin container, a drinking mug, a fridge magnet, an ornament, a key chain, and salt and pepper containers.

THE CONFECTIONARY

8 The confectionary is made in Germany by Efruti GmbH & Co KG and is distributed in Australia by the respondent. It is gelatinous and cola flavoured, and when laid out flat bears some resemblance to a Coca-Cola contour bottle. As appears from the representation set out earlier in this judgment, when compared with the contour bottle mark the confectionary is slightly elongated and somewhat distorted in shape. The bulk of the respondent’s sales are from warehouses where tubs of the confectionary are presented in cardboard boxes for purchase. About 90% of the respondent’s sales of the confectionary are made to small wholesalers who in turn supply retailers. The remaining 10% of sales are direct to retailers.

9 The transparent plastic tubs in which the confectionary is sold contain one hundred sweets. Because of their gelatinous content the sweets lie curled or rolled up in the tub. The primary judge considered that until a piece is removed from the tub and straightened out it does not look much like a contour bottle. The tub is clearly labelled as containing “Efruti” cola bottles. The label on the tub shows two cola bottles reclining in the sun on a desert island sipping cola. The primary judge thought the bottles on the label similar to, but not recognisable as, contour bottles. His Honour was of the view that the confectionary, whether in its edible form or as represented on the label, was plainly intended to convey a “fun version” of the contour bottle. The colour scheme, get up and pictorial representations on the tub do not suggest any association with Coca-Cola or the appellant. Retailers usually sell the confectionary from the Efruti tub or from their own containers. It is sold in milk bars, convenience stores, newsagents, petrol stations and other similar outlets.

10 The cola bottle confectionary had been on the market in Australia for some time before the respondent started selling it in 1992. The respondent has sold the product in Australia since that time. A sales brochure for the confectionary shows the bottles standing up in a tub and prominently features the Efruti label. The primary judge considered that even when the bottles are standing up they are not easily recognised as having a shape similar to that of the contour bottle. His Honour thought the brochure consistent with the “fun” representation on the tub labels.

11 On the respondent’s evidence the bottles were referred to by its employees as “Cola bottles”, “Cola bottle lollies” and “Cola lollies”, and no reference was made to the sweets as “Coca-Cola lollies” or “Coca-Cola bottles”. Despite some inconclusive evidence to the contrary from a private investigator retained by the appellant, the primary judge was not satisfied that the respondent or its employees, in marketing or distributing the confectionary, identify it as associated or connected with “Coca-Cola” or “Coke”, or use those names. His Honour said that putting to one side the shape and appearance of the bottle, nothing in the get up, labelling or manner of presentation of the confectionary indicates any such association or connection.

THE LEGISLATION

12 Section 120 of the Act deals with infringement of a trade mark. It is in part as follows:

- “(1) *A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to goods or services in respect of which the trade mark is registered.*
- (2) *A person infringes a registered trade mark if the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:*
- (a) *goods of the same description as that of goods (‘registered goods’) in respect of which the trade mark is registered;*

...

However, the person is not taken to have infringed the trade mark if the person establishes that using the sign as the person did is not likely to deceive or cause confusion.

- (3) *A person infringes a registered trade mark if:*
- (a) *the trade mark is well known in Australia; and*
- (b) *the person uses as a trade mark a sign that is substantially identical with, or deceptively similar to, the trade mark in relation to:*
- (i) *goods (‘unrelated goods’) that are not of the same description as that of the goods in respect of which the trade mark is registered (‘registered goods’) ...*
- ... *and*
- (c) *because the trade mark is well known, the sign would be likely to be taken as indicating a connection between the unrelated goods ... and the registered owner of the trade mark; and*
- (d) *for that reason, the interests of the registered owner are likely to be adversely affected.”*

Before the primary judge the appellant asserted an infringement of sub-s (1). That was not persisted in on the appeal, but the sub-section remains important as part of the context in which sub-ss (2) and (3) are to be understood.

13 A trade mark is deceptively similar to another trade mark if “it so nearly resembles that other trade mark that it is likely to deceive or cause confusion”: s 10. The expression “trade mark” is defined in s 17 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.”

The word “sign” is defined in s 6 to include

“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.”

The expression “use of a trade mark” in relation to goods is defined in s 7(4) as

*“... use of the trade mark upon, or in physical or other relation to, the goods
....”*

PRIMARY JUDGE’S REASONING

14 The appellant’s case before the primary judge under s 120(2) was that the respondent had used as a trade mark a sign substantially identical with, or deceptively similar to, the contour bottle mark in relation to goods of the same description as the goods in respect of which the mark was registered (beverages and syrups for the making of beverages). Under s 120(3) it was contended that the respondent had used as a trade mark a sign substantially identical with, or deceptively similar to, the well known contour bottle mark in relation to unrelated goods (confectionary), which use was likely to indicate a connection between the confectionary and the appellant. The parties joined issue on two main points, common to both s 120(2) and (3). The first was whether the importation, distribution and sale of the cola bottle confectionary constituted use of the confectionary “as a trade mark”. The second was whether the cola bottle confectionary was substantially identical with, or deceptively similar to, the appellant’s mark.

15 The primary judge decided both points in the respondent’s favour. He also decided in the respondent’s favour an issue that does not appear to have been in dispute, and is not described as one of the matters in contention. This was whether for the purposes of sub-s (2)

the confectionary is “goods of the same description as that of goods ... in respect of which the trade mark is registered”, namely beverages and syrups for the manufacture of such beverages. His Honour dealt with that point in the course of considering the claim that the respondent had infringed the “Coca-Cola” trade mark. He said:

“The applicant relied upon the ingredients of confection (‘a sweet preparation (liquid or dry) of fruit or the like, as a preserve or sweet meat’) and the Coca-Cola beverage, which share sugar, colour, flavour and acids. However, having some overlapping ingredients does not, in my view, make the cola bottle confectionary goods of the same description [or closely related goods] as required. Further, the fact that both categories of goods may be sold through the same or similar trade channels, such as convenience stores, is of limited assistance to the applicant when one considers the wide range of unrelated goods sold in outlets that sell beverages, such as Coca-Cola and the cola bottle confectionary. The use to which the goods in respect of which the mark is registered are put, for example, using concentrates, extracts etc or ingredients in beverages or drinking a beverage and eating confectionary, are quite different. In my view, the cola bottle confectionary is basically a good of a different description to the registered goods [and is not a closely related good] for the purposes of s 120(2).”

His Honour adopted these reasons when he came to consider whether the confectionary was goods of the same description as those in relation to which the contour bottle trade mark was registered. (It is not clear why his Honour used the expressions we have placed in brackets – closely related goods.)

16 The primary judge regarded the appellant’s “real case” of infringement to have arisen under sub-s (3) – the use by the respondent of a sign substantially identical with, or deceptively similar to, the contour bottle mark, in relation to unrelated goods, in a manner which is likely to be taken as indicating a connection between the unrelated goods (the cola bottle confectionary) and the registered owner of the trade mark. The two issues peculiar to s 120(3) that arose in connection with this claim were whether the cola bottle confectionary had been used as a trade mark, and if so, whether that use was likely to be taken as indicating a connection between the confectionary and the appellant. The first issue turned on the words in sub-s (3)(b) – “uses as a trade mark” – and the second on those in sub-s (3)(c) – “likely to be taken as indicating a connection between the unrelated goods ... and the registered owner of the trade mark”. His Honour concluded that:

- *“the cola bottle confectionary, as such, does not indicate or connote origin of the goods and hence application or use of the contour bottle (represented by the confection) as a trade mark or, to put the matter in terms of s 17 of the Act, the confectionary does not distinguish the goods so as to indicate they were goods dealt with or provided by any particular person;*
- *whilst the cola bottle confection is recognisable as having the shape of the contour bottle, consumers would not be likely to believe or expect it to have a commercial or trade connection of some kind with the applicant by reason of having that shape;*
- *consumers would not be led to wonder whether it might be the case that the confectionary comes from the same source as Coca-Cola.”*

17 After observing that use as a mark requires that the mark be used in such a way as to indicate or connote origin of the goods, his Honour gave four reasons for concluding that the confectionary does not indicate or connote origin:

- The inscription “Cola” and the colour of the confectionary are descriptive of the flavour rather than the origin of the goods.
- The elongated and distorted form and appearance of the confectionary, although generally recognisable as having the shape and basic markings of the contour bottle, is dissimilar to it in significant respects and is far from an exact copy of it. Thus the product itself does not present as indicating or connoting its origin.
- Insofar as the packaging, labelling and get up of the tub containing the confectionary feature a shape similar to that of the contour bottle, they do not do so in a manner that indicates or connotes origin. To the extent origin is indicated, the predominantly blue and green label points to “Efruti” as the origin of the product.
- His Honour’s “impression and estimate” was that the confectionary is presented as a fun product, perhaps cheekily imitating the contour bottle, but not as representing any other connection with it.

18 The primary judge concluded by saying:

“Thus, the cola bottle confectionary is merely recognisable as having the well known shape of the contour bottle but would not be likely to be believed or expected to have a trade or commercial connection of some kind with the applicant by reason of having that shape. Likewise consumers would be unlikely to be led to wonder whether it might be the case that the confectionary comes from the same source as Coca-Cola.”

His Honour dismissed the trade practices and passing off claims because, for the reasons he had given in relation to the trade mark claim, the appellant had not established any misrepresentation as to the existence of a trade or commercial connection between it or its confectionary and the respondent or its products.

“USES AS A TRADE MARK”

19 Under the 1955 Act a registered mark was infringed by someone who “uses a mark which is substantially identical with, or deceptively similar to, the trade mark, in the course of trade”. In *Shell Co of Australia Ltd v Esso Standard Oil (Aust) Ltd* (1963) 109 CLR 407 it was said to be implied in both s 58(1) and s 62(1) of the 1955 Act that the “use” there referred to is limited to use “as a trade mark”. Section 120 of the current Act expressly incorporates that requirement. Counsel for the respondent submitted that whether the respondent was using the sign as a trade mark depended on the answer to the question - “Do I, just by looking at the confectionary, conclude that the shape is put there to tell us that the Coca-Cola Co is the manufacturer of those goods?” This formulation, it was said, was an adaptation of what Kitto J had said in *Shell*. In our view counsel’s formulation is not a correct adaptation and does not ask the right question. Use “as a trade mark” is use of the mark as a “badge of origin” in the sense that it indicates a connection in the course of trade between goods and the person who applies the mark to the goods. See *Johnson & Johnson Aust Pty Ltd v Sterling Pharmaceuticals Pty Ltd* (1991) 30 FCR 326 at 341, 351. That is the concept embodied in the definition of “trade mark” in s 17 – a sign used to distinguish goods dealt with in the course of trade by a person from goods so dealt with by someone else.

20 The authorities provide no support for the view that in determining whether a sign is used as a trade mark one asks whether the sign indicates a connection between the alleged infringer’s goods and those of the registered owner. Cases such as *Mark Foy’s Ltd v Davis Coop & Co Ltd* (1956) 95 CLR 190 at 204-205, the *Shell Case* at 425, *Johnson & Johnson* at 347-348, 351, *Wingate Marketing Pty Ltd v Levi Strauss* (1994) 49 FCR 89 at 134-145 and *Musitor BV v Tansing* (1994) 29 IPR 203 at 213, 216 show that the question is whether the

sign used indicates origin of goods in the user of the sign; whether there is a connection in the course of trade between the goods and the user of the sign. Thus in *Shell* at 424-425 Kitto J, with whom Dixon CJ, Taylor and Owen JJ agreed, said:

“Was the appellant’s use, that is to say its television presentation, of those particular pictures of the oil drop figure which were substantially identical with or deceptively similar to the respondent’s trade marks a use of them ‘as a trade mark’?”

*With the aid of the definition of ‘trade mark’ in s 6 of the Act, the adverbial expression may be expanded so that the question becomes whether, in the setting in which the particular pictures referred to were presented, they would have appeared to the television viewer as possessing the character of devices, or brands, which the appellant was using or proposing to use in relation to petrol for the purpose of indicating, or so as to indicate, **a connection in the course of trade between the petrol and the appellant**. Did they appear to be thrown on to the screen as being marks for distinguishing Shell petrol from other petrol in the course of trade?”*

And later his Honour said:

*“no viewer would ever pick out any of the individual scenes in which the man resembles the respondent’s trade marks, whether those scenes be few or many, and say to himself: ‘There I see something that the Shell people are showing me as being a mark by which I may know that **any petrol in relation to which I see it used is theirs.**’”*

The emphases are ours.

GOODS THEMSELVES AS A TRADE MARK

21 Before we examine whether the respondent has used the confectionary as a trade mark, we should consider whether goods themselves can be a trade mark, because it was submitted for the respondent that they could not be, and that this was relevant to the “use as a trade mark” issue. We were taken to three cases dealing with whether goods themselves, as opposed to something applied to them, can be a trade mark. The first is *Smith Kline and French Laboratories (Aust) Ltd v Registrar of Trade Marks* (1967) 116 CLR 628, which

arose under the 1955 Act. The mark sought to be registered in that case was a pharmaceutical capsule one half of which was coloured and the other half of which was colourless, containing pellets of two or more colours. The Registrar's refusal to register the mark was upheld by Windeyer J on the ground that a trade mark 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. A mere description of goods by shape, size or colour cannot be a trade mark in respect of those goods. The applicant's claim was for a monopoly for "any products it may put on the market, consisting of pellets in capsules, having the kind of colour scheme it has used for its sustained release drugs in capsules": at 639. Windeyer J relied upon the observation of Lindley LJ in *In re James's Trade Mark* (1886) 33 Ch D 392 at 395 that "a mark must be something distinct from the thing marked. A thing cannot be a mark of itself."

22 The next case is *Smith Kline and French Laboratories Ltd v Stirling Winthrop Group Ltd* [1975] 1 WLR 914. The appellant applied to register trade marks in respect of pharmaceutical substances sold in pellet form within capsules, a typical example being "a maroon colour applied to one half of the capsule, the other half being colourless and transparent, and yellow, blue and white colours being each applied to a substantial number of pellets so that each pellet is one colour only". The House of Lords held the marks were registrable. Lord Diplock, with whom the other Law Lords agreed, after referring to the definitions of "trade mark" and "mark" in the *Trade Marks Act* 1938 (which are substantially the same as the definitions in the 1955 Act), said (at 918):

"I see nothing in this context that requires one to exclude from the definition of 'trade mark' a mark which covers the whole of the visible surface of the goods to which it is applied. Such a mark is as capable of indicating a connection in the course of trade between the goods and the proprietor of the mark as it would have been if it had only covered half or three quarters of the visible surface."

His Lordship declined to follow Windeyer J in the earlier case.

23 In *Coca-Cola Trade Marks* [1986] RPC 421 Coca-Cola attempted to register as a trade mark the distinctive shape and appearance of the contour bottle. The mark was not a drawing of the bottle as in the present case, but the shape of the bottle itself. The House of Lords upheld the Registrar's refusal to register the mark. Lord Templeman, with whom the other Law Lords agreed, said at 457:

“The Coca-Cola Co must succeed in the startling proposition that a bottle is a trade mark. If so, then any other container or any article of a distinctive shape is capable of being a trade mark. ... In my opinion the Act of 1938 was not intended to confer on the manufacturer of a container or on the manufacturer of an article a statutory monopoly on the ground that the manufacturer has in the eyes of the public established a connection between the shape of the container or article and the manufacturer.”

His Lordship then set out the definitions of “trade mark” and “mark” in the 1938 Act, and continued:

“The word ‘mark’ both in its normal meaning and in its statutory definition is apt only to describe something which distinguishes goods rather than the goods themselves. A bottle is a container not a mark. The distinction between a mark and the thing which is marked is supported by In re James’s Trade Mark.”

Lord Templeman then set out a passage from Lindley LJ’s judgment in *James* which includes the sentences relied on by Windeyer J in the first *Smith Kline and French* case. He then distinguished the second *Smith Kline and French* case on the ground that it only related to the colour of goods and had no application to the goods themselves or to a container for goods. His Lordship did not mention Windeyer J’s decision, though it was referred to in argument.

24 In the 1955 Act “trade mark” was defined as “a mark used or proposed to be used *in relation to goods*”. The word “mark” included “a device, brand, heading, label, ticket, name, signature, word, letter or numeral, or any combination thereof”. The definitions in the 1938 United Kingdom Act are to the same effect. In the 1995 Act the distinction between a mark and the goods in relation to which it is used is less clear. The definition of “trade mark” in s 17 does not contain the contrast between a “mark” and “goods” in relation to which the mark is to be used that was in the definition in the 1955 Act. Instead, a trade mark is a sign used to distinguish goods dealt with by one person from goods dealt with by another. Further, “sign” is defined in a manner which adds to the items in the former definition of “mark” the word “shape”, amongst others. Thus a trade mark can be a shape used to distinguish the goods of one person from those of another. On the other hand there are several provisions, including s 120, which continue the distinction between “mark” and the goods in relation to which it is used. We need not decide whether, under the current Act, the bottle that was refused registration in the *Coca-Cola* case could be registered as a trade mark, that is to say, as a shape which is used to distinguish the appellant’s beverage from those of

others. 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.

“USES AS A TRADE MARK” - CONCLUSION

25 The confectionary has three features that are not descriptive of the goods. They are the silhouette, the fluting at the top and bottom, and the label band. It is not necessary for the respondent to adopt any of those features in order to inform consumers that its product is a cola flavoured sweet. It could do so by using the cola colour, the word COLA and the shape of an ordinary straight-walled bottle. The silhouette, fluting and band are striking features of the confectionary, and are apt to distinguish it from the goods of other traders. The primary function performed by these features is to distinguish the goods from others. That is to use those features as a mark. It is true, as the respondent said, that the fact that a feature is not descriptive of goods does not necessarily establish that it is used to distinguish or differentiate them. But in the present case we are compelled to the conclusion that the non-descriptive features have been put there to make the goods more arresting of appearance and more attractive, and thus to distinguish them from the goods of other traders.

26 The primary judge gave four reasons for his conclusion that the confectionary does not indicate or connote the origin of the goods. The first was that the inscription COLA and the colour of the confectionary is descriptive of the flavour rather than the origin of the goods. That is true. But as indicated above, there are other features that are not descriptive of the goods. A mark may have a descriptive element but still serve as a badge of trade origin: *Johnson & Johnson* at 347. The question is whether consumers are being invited to purchase the confectionary which is to be distinguished from that of other traders *partly because* they have the features of the sign or mark. See *Mark Foy's* at 205 and *Johnson & Johnson* at 347-348.

27 The second reason was that the elongated and distorted form and appearance of the confectionary, although generally recognisable as having the shape and basic markings of the contour bottle, is dissimilar to it in significant respects and is far from an exact copy. This may be accepted. But we do not agree that it justifies the conclusion that the “product itself does not present as indicating or connoting its origin”.

The primary judge's third reason was that insofar as the packaging, labelling and get up of the tubs use a shape similar to that of the contour bottle, they do not do so in a manner that indicates or connotes origin. He said that to the extent that origin is indicated, the predominantly blue and green label points to "Efruti" as the origin of the products. We understand his Honour in his third reason to be saying that to the extent that origin is indicated by the packaging, it is "Efruti" that is pointed to and not the appellant. The evidence disclosed that only about half the retailers sold the confectionary from the respondent's tubs. The other half emptied it into their own containers. Thus half the consumers will never see the tubs, and the foundation for this reason becomes insufficient. But, as his Honour said, to the extent that origin is indicated by the tub, it is "Efruti". In other words, the packaging, labelling and get up of the tubs do indicate the origin of the goods. As we have stressed earlier in these reasons, the "uses as a trade mark" issue is not whether the alleged infringer has used a sign so as to indicate origin in the registered owner of the mark, but whether the alleged infringer has used it so as to indicate origin in itself.

The fourth reason, which is described as the most important, is the primary judge's impression that the confectionary is presented as a "fun product" perhaps cheekily imitating the contour bottle but not representing any other connection with it. His Honour drew two conclusions from this. The first is that the confectionary "is merely recognisable as having the well known shape of the contour bottle but would not be likely to be believed or expected to have a trade or commercial connection of some kind with the appellant by reason of having that shape". The second is that consumers "would be unlikely to be led to wonder whether it might be the case that the confectionary comes from the same source as Coca-Cola". In other words, the fourth reason is directed to the second and third of the propositions set out in par 16, and not to the first. We do not take his Honour to have intended his fourth reason to support his first proposition, and we do not see the "fun" characteristic as having relevance to the use as a trade mark issue. There is no reason why the distinctive and distinguishing features of a mark that would otherwise exist should be lost because of a "fun" context. Flippancy does not deny or dispel trade connection. Indeed use of the features of a mark in a "fun" context may enhance the distinctive or distinguishing features of a mark. On the other hand, the fact that something is presented as a "fun product" may bear on whether it infringes. *McIlhenny & Co v Blue Yonder Holdings Pty Ltd* (1997) IPR 187, the origin of "perhaps cheekily", was a passing off/s 52 case, and was considered by the primary judge in his discussion of infringement, and used by analogy in answer to the appellant's contention

that “by presenting and marketing its product as it does, the respondent misrepresents the existence of a trade connection with the applicant”.

30 We are thus unable to accept the primary judge’s four reasons as justifying his conclusion that the confectionary does not connote origin. Nor do we accept the further reasons urged by the respondent in support of the argument that the features of the confectionary do not connote origin. These reasons do not include those relied on by the primary judge. They are six in number. The first is that apart from the shape of the goods themselves, there is nothing that suggests use as a trade mark. But the shape of the goods is not unimportant. More importantly, to concentrate on shape, in the sense of profile or silhouette, sidesteps the real enquiry, which involves the appearance of the product. There is more to the appearance of the confectionary than its shape. Other significant features are the fluting and the central band. As we have already indicated, these features do point to use as a trade mark. The respondent also contended that the packaging of the container “leads directly away from Coca-Cola” because of the “Efruti” label. In our view this tells against rather than for the respondent. For the reasons we have given, the question at this stage is not whether the respondent has used a sign so as to indicate a connection between it and the appellants. It is whether the use indicates a connection between the confectionary and the respondent. So it does not assist the respondent to demonstrate by reference to the packaging that the suggested connection is with Efruti rather than Coca-Cola.

31 The second reason advanced by the respondent is that the shape in question is the shape of the whole product, and not something added in the nature of a trademark on just one part of the product. The present case is not in the same category as *Smith Kline* in the High Court or *Coca-Cola* in the House of Lords. Here the features of the mark have been moulded or impressed onto one side only of a segment of gelatinous material intended to be consumed in its entirety, so that it thereafter has the fluting and band and so forth. It is not a case in which the mark is undistinguishable from the product. There is no doubt that a mark can be a trade mark even though it becomes part of goods before they emerge from the manufacturing process as the completed product. In *Smith Kline* in the House of Lords, Lord Diplock said (at 917-918)

“So, if it is to be a trade mark, a “mark” must be something that can be represented visually and may be something that can be applied to the surface of the goods (“use upon”) or incorporated in the structure of the goods (“use

in physical relation to”). The inclusion of “heading” (viz coloured threads woven into the selvedge of textile goods) in the meaning of “mark” also confirms that a mark, provided that it can be seen upon visual examination of the goods, may be incorporated in their structure.”

Later his Lordship referred with approval to *In re F Reddaway & Co Ltd’s Application* [1914] 1 Ch 856. That was an application to register as a trade mark for hose two blue lines with a red line in between them of about half an inch in width. The applicants had adopted the practice of weaving these lines of colour through the whole length of hose manufactured by them, and when used in this way, but not otherwise, the three coloured lines had become distinctive of hose of their manufacture. Warrington J said at 862 he could “see no reason why three lines of colour woven into a fabric should not be a mark”.

32 The third reason is that if the appearance of the confectionary was meant to tell the consumer of its trade origin, surely a distinctive word mark would have been applied to the goods rather than the neutral word COLA. It was said that “if this is in fact Coca-Cola trying to tell us that these goods come from it, why does it not say ‘Coke’ or ‘Coca-Cola’”. Again, this submission may be relevant to infringement. But it is not relevant in the “use as a trademark” context. At this stage the hypothesis is not that *the appellant* is trying to tell the consumer that the goods emanate from it, but that *the respondent* is trying to tell the consumer that the goods emanate from the respondent.

33 Then it was said that the respondent had been selling its confectionary since before 1994 which was when the appellant began selling its non-beverage products. The submission was that non-trademark use cannot become trade mark use simply because the appellant decided to use a different marketing strategy. This argument has the same vice as the last. It concentrates on the appellant and its activities rather than on whether, since 1992, the respondent’s use of the sign has indicated that it is the originator of the goods. The appellant’s activities before and after 1994 have no bearing on that.

34 The fifth reason is that the shape of the confectionary is markedly different from the contour bottle shape. Reference was made to the fact that when fresh and of merchantable quality the sweets are curled or rolled up, and not dried out and straightened so as to make them look like bottles. This argument is directed to the difference between the confectionary

and the contour bottle. That is not to the point when the inquiry is whether the respondent is using the confectionary as a trade mark.

35 The final reason is that there was no evidence that anyone other than the appellant's in-house people concluded that the confectionary had a trademark origin. No customers or shopkeepers gave evidence. However, whether the respondent has used features of the confectionary as a trade mark is a matter for the court, and cannot be governed by the absence of evidence on the point.

36 For the foregoing reasons we are of the view that the evidence compelled the conclusion that the respondent has used the features of the confectionary so as to indicate the origin of the confectionary, and thus has used them as a trade mark.

“GOODS OF THE SAME DESCRIPTION”

37 The primary judge concluded that the confectionary was not goods of the same description or closely related to the goods in respect of which the contour bottle mark is registered, namely beverages and syrups for the manufacture of such beverages. He so held essentially for the reasons he had given in relation to the Coca-Cola mark. His Honour also said he did not consider the confectionary to be goods which were closely related to the goods in respect of which the contour bottle mark was registered. Counsel for the appellant pointed out, however, that whether the confectionary was goods of the same description as the registered goods was not in issue. In the course of his opening and in final submissions the respondent's counsel conceded that this was so, and the case was conducted on that basis. On the appeal Dr Emmerson QC (who did not appear at the trial) accepted that the concession had been made and did not attempt to resile from it. Accordingly we do not think it was open to the primary judge to decide that issue against the appellant.

“SUBSTANTIALLY IDENTICAL”

38 A person infringes a registered trade mark within s 120(2) by using as a trade mark a sign that is substantially identical with or deceptively similar to the trade mark. The primary judge did not deal expressly with the first of these alternatives, though his conclusion that consumers would not be led to wonder whether it might be the case that the confectionary comes from the same source as Coca-Cola (ie the confectionary was not deceptively similar to the contour bottle mark) may well carry with it that the features of the confectionary are

not substantially identical with the mark. In order to determine whether marks are substantially identical they should be compared side by side, their similarities and differences noted and the importance of these similarities and differences assessed having regard to the essential features of the registered mark and the total impression of resemblance or dissimilarity that emerges from the comparison. See *Shell* at 414 per Windeyer J; *Powell v Glow Zone Products Pty Ltd* (1996) 36 IPR 343 at 364; *Carnival Cruise Lines Inc v Sitmar Cruises Ltd* (1994) 120 ALR 495 at 513. There are significant differences between the confectionary and the contour bottle mark. Even when the confectionary is laid out flat, it does not have the pronounced waisting effect that there is in the bottom quarter of the mark. There is a space for the label on the confectionary, but it is of a different shape from that on the mark. The confectionary has COLA written in the label area. The only close similarity is in the fluting. A total impression of similarity does not emerge from a comparison of the two marks, and accordingly the shape of the confectionary is not substantially identical with the contour bottle mark.

“DECEPTIVELY SIMILAR TO”

39 Section 10 of the Act provides that a trade mark is taken to be deceptively similar to another trade mark if it so nearly resembles that other mark as to be likely to deceive or cause confusion. No intention to deceive or cause confusion is required: *Re Bali Brasserie Co Inc's Registered Trade Mark* (1968) 118 CLR 128 at 139. The distinction between “likely to deceive” and “likely to cause confusion” lies not in some element of culpability in the user to be inferred from the word “deceive”, but in the effect of the mark on prospective purchasers. In *Pioneer Hi-Bred Corn Co v Highline Chicks Pty Ltd* [1979] RPC 410 at 423 Richardson J, in the New Zealand Court of Appeal, said:

“‘Deceived’ implies the creation of an incorrect belief or mental impression and causing ‘confusion’ may go no further than perplexing or mixing up the minds of the purchasing public Where the deception or confusion alleged is as to the source of the goods, deceived is equivalent to being misled into thinking that the goods bearing the applicant’s mark come from some other source and confused to being caused to wonder whether that might not be the case.”

See also *Parker-Knoll Ltd v Knoll International Ltd* [1962] RPC 265 at 273-274 per Lord Denning; *G E Trade Mark* [1973] RPC 297 at 334 per Lord Diplock (with which compare his

Lordship's opinion in *Bali Trade Mark* [1968] RPC 426 at 433); Shanahan, *Australian Law of Trade Marks* 2nd ed (1990) at 168.

40 In the *Shell Case* at 414-415 Windeyer J said:

“On the question of deceptive similarity a different comparison must be made from that which is necessary when substantial identity is in question. The marks are not now to be looked at side by side. The issue is not abstract similarity, but deceptive similarity. Therefore the comparison is the familiar one of trade mark law. It is between, on the one hand, the impression based on recollection of the plaintiff's mark that persons of ordinary intelligence and memory would have; and, on the other hand, the impressions that such persons would get from the defendant's television exhibitions. To quote Lord Radcliffe again: ‘The likelihood of confusion or deception in such cases is not disproved by placing the two marks side by side and demonstrating how small is the chance of error in any customer who places his order for goods with both the marks clearly before him It is more useful to observe that in most persons the eye is not an accurate recorder of visual detail, and that marks are remembered rather by general impressions or by some significant detail than by any photographic recollection of the whole’: de Cordova v Vick Chemical Co (1951) 68 RPC 103 at 106.”

41 Whether one device mark “resembles” another involves an assessment of the visual impression made by the two marks when compared. In contrast, the likelihood of deception or confusion involves an assessment of what would be the probable visual impression on customers or potential customers which would be produced as a result of the “notional normal and fair use” of the marks. See *Gardenia Overseas Pty Ltd v The Garden Co Ltd* (1994) 29 IPR 485 at 493. The notional normal and fair use of the confectionary is as an item acquired on impulse by consumers in a retail environment such as a convenience store, a milk bar, a newsagent, a petrol station or other similar outlet. Those who buy the confectionary are children and teenagers, especially teenage girls. Coca-Cola is also sold at some of those outlets to a similar type of purchaser.

42 As Dixon and McTiernan JJ said in *Australian Woollen Mills Ltd v F S Walton & Co Ltd* (1937) 58 CLR 641 at 659, whether a mark is deceptively similar to another depends on a combination of visual impression and judicial estimation of the effect likely to be produced in the course of the ordinary conduct of affairs. In many cases it is a question to which different answers can reasonably be given. Taking into account the “imperfect recollection” that customers may have of the contour bottle mark, and the fact that the “idea” suggested by the

mark is more likely to be recalled than its precise details, the factors that have led us to conclude that the features of the confectionary are likely to cause confusion in consumers, that is to say, cause them to wonder whether it might be the case that the confectionary comes from the same source as Coca-Cola, are these:

- the contour bottle is extremely well known
- there are similarities between the features of the confectionary and the contour bottle mark:
 - both have curved rather than flat sides
 - both have a top portion with longitudinal fluting, a central portion without fluting and a lower portion with fluting
 - the upper and lower portions have the same number of flutes
 - the fluting on the confectionary closely resembles that on the contour bottle mark
 - both have a flat base and a banded neck
- to a greater or lesser degree depending on the feature, the respondent has taken all significant features of the contour bottle mark
- the word COLA on the confectionary, though not itself a mark, reinforces the link between the confectionary and Coca-Cola that is conveyed by the shape of the confectionary
- when fresh, the lower half of the confectionary is the same colour as Coca-Cola, again reinforcing the link referred to.

“NOT LIKELY TO DECEIVE OR CAUSE CONFUSION”

“However, the person is not taken to have infringed the trade mark if the person establishes that using the sign as the person did is not likely to deceive or cause confusion.”

As Lord Evershed MR said in *Taverner Rutledge Ltd v Specters Ltd* [1959] RPC 355 at 359-360:

“Though it may generally be as you say a mark likely to cause confusion, in fact in the way I have used it and in the circumstances and environment in which I have used it, it is not likely to cause confusion.”

Whether the respondent can establish that the use of the features of the confectionary is not likely to cause typical consumers to wonder whether it might be the case that the confectionary comes from the same source as Coca-Cola should be remitted to the primary judge. As will appear, other issues will also be remitted to his Honour.

SECTION 120(3)

44 In view of the respondent’s concession at trial, to which the appellant held it on appeal, that the confectionary was goods of the same description as the registered goods, there is no need to consider whether the primary judge was correct in concluding that no infringement under s 120(3) had been made out. Sub-sections (2) and (3) are mutually exclusive – the former dealing with “goods of the same description ...” and the latter with “goods ... that are not of the same description ...”.

NOTICE OF CONTENTION

45 By notice of contention the respondent claimed that the primary judge erred in failing to find that the confectionary did not infringe the bottle mark because:

- the confectionary is not used as a mark, in that it is the product itself and not capable of being described and depicted as something apart from that product, and
- the bottle mark, being two dimensional, cannot be infringed by the confectionary, which is three dimensional.

The present case does not raise the question posed by the first contention. Unlike the contour bottle in the *Coca-Cola* case, the confectionary is not the same thing as the features impressed or moulded on it. The second contention was not pursued.

THE OTHER CAUSES OF ACTION

46 Because of his conclusion on the trade mark issue, the primary judge was able to dispose of the trade practices and passing off claims on the ground that no misrepresentation by the respondent of the existence of a trade or other commercial connection between it or the confectionary and the appellant or its products had been established. In view of our conclusion on the trade marks issue, the other causes of action cannot be disposed of in that way, and it will be necessary for the matter to be remitted to the primary judge for further consideration of those claims.

CONCLUSION

47 The appeal must be allowed. In lieu of the orders made by the primary judge it should be ordered that the matter be remitted to him for further consideration of the “defence” under s 120(2) and the claims under the *Trade Practices Act* and for passing off. The respondent should pay the appellant’s costs of the appeal. Since the matter is to be remitted, we would leave to the primary judge the question of the costs of the trial and the proceedings on the remitter.