

FEDERAL COURT OF AUSTRALIA

MANSFIELD J

**MANSFIELD J:**

**INTRODUCTION**

1           The applicant, Philmac Pty Ltd (Philmac), appeals under s 35 of the *Trade Marks Act 1995* (Cth) (the Act) from a decision of a delegate of the Registrar of Trade Marks (the Registrar) given on 14 December 2000. The Registrar found that the trade mark applied for by Philmac in Application No. 796572 (the Philmac application) failed to satisfy the requirements of the Act in that it had no inherent capacity to distinguish, and was not shown by the evidence in fact to distinguish, Philmac's goods from the goods of other persons. The goods the subject of the Philmac application may be broadly described as compression fittings for a limited range of rural polyethylene irrigation pipe.

2           The application raises for determination the capability of the colour terracotta applied to Philmac's goods to distinguish those goods from the goods of other persons. The Philmac application sought registration of the trade mark described as:

*“The colour TERRACOTTA as applied to the connecting insert of polypipe fittings.”*

It identified colour as being the nature of the mark. It had as part of the application the representation which is the same as the representation attached to the Philmac application as proposed to be amended as discussed in [7] below. It was in respect of goods in Class 17 described as “non-metallic rigid irrigation pipe fittings and connectors”.

3           The appeal is brought pursuant to s 35(b) of the Act. Section 197 of the Act sets out the powers of the Court on hearing an appeal against a decision of the Registrar. It provides that the Court may do any one or more of the following:

*“(a) admit further evidence orally, or on affidavit or otherwise;*

*(b) permit the examination and cross-examination of witnesses, including witnesses who gave evidence before the Registrar;*

- (c) *order an issue of fact to be tried as it directs;*
- (d) *affirm, reverse or vary the Registrar's decision or direction;*
- (e) *give any judgment, or make any order, that, in all the circumstances, it thinks fit;*
- (f) *order a party to pay costs to another party."*

4 That provision discloses a clear intention that an appeal of this kind be conducted as a new hearing: *Blount v Registrar of Trade Marks* (1998) 83 FCR 50 (*Blount*) per Branson J at 59. The function of the Court is not to determine whether the decision of the Registrar can be supported or to traverse its correctness in law and fact. It is to determine, on the material before the Court, whether the Philmac application should be accepted or rejected: see *Blount; Registrar of Trade Marks v Woolworths Ltd* (1999) 45 IPR 411. Weight should be given to the Registrar's opinion as that of a skilled and experienced officer, although the Court is considering the application afresh: *Jafferjee v Scarlett* (1937) 57 CLR 115; *Rowntree PLC v Rollbits Pty Ltd* (1988) 90 FLR 398. On this appeal, the Court, in lieu of the Registrar, is to apply the provisions of the Act and decide on the evidence properly placed before the Court whether the application for registration should be granted.

5 The Registrar sought to play a non-partisan role at the hearing of this application. The interest in opposing the application was presented as being the public interest in the proper application of the provisions of the Act, which delegates of the Registrar must regularly interpret and apply. In particular, the Registrar took the view that the determination of the application would assist in identifying the proper approach to be taken by delegates in the application of the Act to pending and future applications for registration of colour marks.

#### **THE AMENDED APPLICATION**

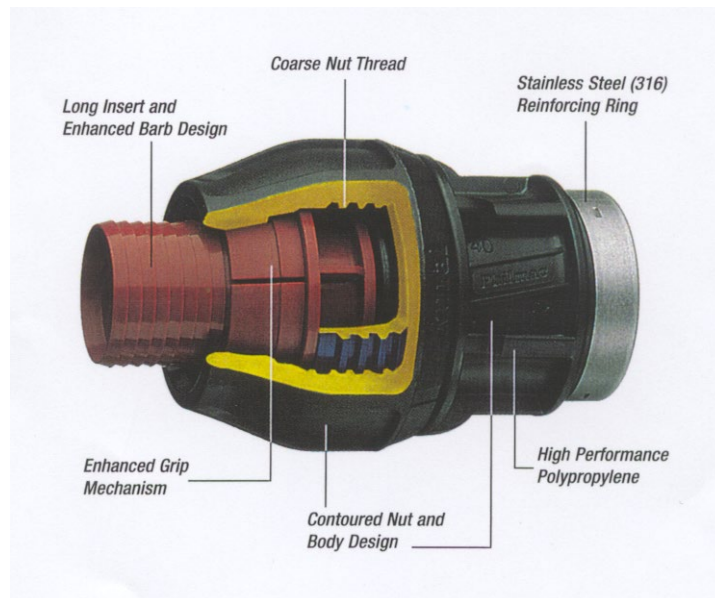
6 By its notice of appeal dated 11 January 2001 Philmac sought an order that the Philmac application be amended so that the description of the trade mark reads:

*"The trade mark consists of the colour TERRACOTTA, applied to the connecting inserts of the goods, as shown in the representation attached to the application"*

7 At the hearing on 26 March 2002 Philmac sought leave to amend the Philmac application so that the description of the trade mark reads:

*“The trade mark consists of the colour TERRACOTTA, applied to the connecting inserts and split rings of the goods, as shown in the representation attached to the application.”*

The representation referred to in that description is a cross-section image of the goods to which the application relates. The image is depicted below:



The component labelled “Long Insert and Enhanced Barb Design” is the “insert” referred to in the Philmac application and the component labelled “Enhanced Grip Mechanism” is the “split ring” referred to in the Philmac application. As the nut depicted as the cut away section of the “Contoured Nut and Body Design” is screwed to the body of the object, it encases the split ring and tightens it. The section of the insert to which polyethylene pipe is to be attached remains partly protruding from the end of the object. Philmac also sought an order that the description of the goods in Class 17 which forms part of the Philmac application be amended to read:

*“Plastic compression fittings for B class/rural imperial sized polyethylene pipe”.*

It then seeks an order that the decision to refuse registration of the Philmac application be reversed, and that the Philmac application be accepted for registration in respect of the described goods in Class 17. The Registrar, appearing on this appeal pursuant to s 196 of the Act, did not oppose those amendments to the Philmac application, provided that the appropriate documentation be filed to reflect those amendments on the public record.

Registrar by s 63 and s 65 of the Act. The parties accept that, on this application, that power is vested in the Court in lieu of the Registrar. Section 65 relevantly provides that an amendment may be made to the representation of a trademark if the amendment does not substantially affect the identity of the trade mark: s 65(2). An amendment may be made to any other particular specified in the application unless the amendment would have the effect of extending the rights that, apart from the amendment, the applicant would have had under the registration if it were granted: s 65(5).

9 I am satisfied that the proposed amendment does not substantially affect the identity of the trade mark or extend the rights Philmac would have under the registration if it were granted. The proposed amendment restricts the goods to which the trade mark will apply to a particular type of irrigation pipe fitting. Accordingly, I would give leave to Philmac to amend the Philmac application in the terms sought. I proceed to consider the application by way of appeal on that basis. I will hereafter refer to the Philmac application as proposed to be amended as “the Philmac application” unless it is necessary to distinguish between the original application and the proposed amended application. I will also call the mark in respect of which Philmac now seeks registration “the Philmac mark”. For reasons which are obvious in the light of my conclusion in [79] hereof, I do not propose formally to make the amendment to the Philmac application until the parties have had an opportunity to consider these reasons for judgment.

## LEGISLATIVE BACKGROUND

10 An application for the registration of a trade mark in respect of goods is made pursuant to s 27 of the Act. Subsection (1) provides that a person may apply for the registration of a mark if:

- “(a) the person claims to be the owner of the trade mark; and*
- (b) one of the following applies:*
  - (i) the person is using or intends to use the trade mark in relation to the goods and/or services;*
  - (ii) the person has authorised or intends to authorise another person to use the trade mark in relation to the goods and/or services;*
  - (iii) the person intends to assign the trade mark to a body corporate that is about to be constituted with a view to the use by the body corporate of the trade mark in relation to the goods and/or services.”*

Section 31 of the Act imposes on the Registrar a duty 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. After the examination, the Registrar must accept the application unless satisfied that either the application has not been made in accordance with the Act or that there are grounds for rejecting it: s 33.

11 Division 2 of the Act sets out the grounds on which an application for registration of a trade mark may be rejected. Section 41 provides that an application may be rejected on the grounds that the mark applied for does not distinguish the applicant's goods and services. As this appeal turns on the application of that section, it is desirable to set it out in full:

*“41(1) For the purposes of this section, the use of a trade mark by a predecessor in title of an application for the registration of a 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.”*

12

Section 17 of the Act defines a “trade mark” as follows:

*“... 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”.*

Under s 6, the term “sign” is defined to include the following or any combination of the following:

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

Prior to the introduction of the Act, the definition of a sign did not expressly anticipate that a colour of itself might constitute a sign and hence a trade mark: see s 6 *Trade Marks Act 1955* (Cth).

13

In written and oral submissions the Registrar acknowledged that the Act now contemplates that a colour of itself may distinguish an applicant’s goods from those of

another and therefore constitute a trade mark. That would seem to follow from the definition of “sign”. Moreover, a colour that is a “sign” for the purposes of s 17 may be the colour applied to the goods themselves. In *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* (1999) 44 IPR 551; [1999] FCA 816 at [19] Lehane J said:

*“... 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 ...”*

14 The effect of s 33 of the Act is that the Philmac application must be accepted unless the Registrar or, on appeal, the Court is satisfied that it has not been made in accordance with the Act or that there are grounds for rejecting it. The parties agreed that the only ground on which the application might be rejected was the ground set out in s 41(2) of the Act, namely, that the mark applied for in the Philmac application, either as originally expressed or in its proposed amended form, is not used as a trade mark and is not capable of distinguishing Philmac’s goods from the goods of other persons.

15 The process by which the Registrar or the Court is to reach a conclusion under s 41(2) as to whether a trade mark is capable of distinguishing an applicant’s goods is controlled by ss 41(3) to (6): see *Blount* per Branson J at 556. Subsection (3) provides that the first step in that process is to 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. If that inquiry alone does not yield an answer to the question, subs (4) directs that the provisions set out in subs (5) and (6) apply. Subsection (5) sets out the process the Registrar or the Court is to follow where it determines under subs (3) that the trade mark is “to some extent” inherently adapted to distinguish the applicant’s goods but is unable to determine on that basis alone that the trade mark is capable of distinguishing the goods. For reasons set out in [69] hereof, I do not need in this instance separately to consider the application of s 41(5) of the Act. Subsection (6) sets out the process the Registrar or the Court is to follow where it is determined under subs (3) that the trade mark is not inherently adapted to distinguish the applicant’s goods from the goods of other persons. If it is found that a trade mark is not inherently adapted to distinguish the applicant’s goods, it will nonetheless be “taken to be capable of distinguishing” the goods if the trade mark does in fact so distinguish those goods because of the extent to which the applicant has used the mark before filing the Philmac application. The Philmac application in its original form was filed on 8 June 1999.

The Act imposes a less demanding test for the registration of a trade mark than that previously imposed by the *Trade Marks Act 1955* (Cth) in at least two respects. Firstly, unlike s 26 of the former legislation, s 41(2) of the Act now has the *capacity* to distinguish the applicant's goods or services from those of other persons as the qualifying criterion for registration. Secondly, s 41(6) now permits that qualifying criterion to be met to the satisfaction of the Registrar or of the Court if, by reason of the past use of the applicant's mark up to the time of the application for registration, the mark does in fact distinguish the applicant's goods or services from those of other persons. Section 41(3) preserves the "inherent adaptability" test as a means by which s 41(2) may be met. But it is no longer necessary to demonstrate that the trade mark is inherently adapted to distinguish the applicant's goods or services from those of other persons, as well as that it does in fact do so: cp *Burger King Corporation v Registrar of Trade Marks* (1973) 128 CLR 417 per Gibbs CJ at 426. See the discussion of those matters by Branson J in *Blount* at 55-60; followed by Wilcox J in *Ocean Spray Cranberries Inc v Registrar of Trade Marks* [2000] FCA 177 at [17]; [2000] 47 IPR 579 at 585. Hence, whilst previously it was the case that certain marks could never be registered even though they were in fact distinctive of the applicant's goods or services (e.g. *Clark Equipment Co. v Registrar of Trade Marks* (1964) 111 CLR 511 (*Clark Equipment*) per Kitto J at 515-516), that is no longer the case.

## CONSIDERATION

Philmac contended that the mark applied for is not only inherently adapted to distinguish but does in fact serve to distinguish Philmac's goods from goods of other manufacturers in the same class. It was contended, therefore, that the mark should not be rejected pursuant to s 41(2) because it was either capable (by reason of s 41(3)) or should be taken to be capable (by reason of either s 41(5) or 41(6)) of distinguishing Philmac's goods. Given the legislative process described above, it is therefore necessary to firstly consider whether, in accordance with s 27(1), Philmac is using or intends to use the Philmac mark as a trade mark in respect of the goods identified in the Philmac application, and if that question is answered affirmatively then to consider the extent to which the Philmac mark is inherently adapted to distinguish its goods: s 41(3), and then if necessary to address the questions identified by s 41(5) and s 41(6).



## **Philmac's use of the Philmac mark as a trade mark**

18 Philmac was formed in 1929. It manufactures and supplies pipe system products to a range of industry sectors, including water and gas utilities, plumbing and hardware, mining, construction, industrial processing and agricultural irrigation, stock and cropping. It exports approximately 30% of its production. The remainder is sold throughout Australia via a national dealer network.

19 Its Product Catalogue for the period from 1 July 2000 contains a range of products under the headings: Fittings, Drainage, Valves, Irrigation, RMC, Filtration, Controllers and Merchandising. The catalogue runs to in excess of 100 pages. Under the heading "Fittings", there are 10 subheadings of products, including Rural Fittings and Metric Fittings. It is the Rural Fittings range of products in which the Philmac application fits. The representation attached to or comprising part of the Philmac application is described in the catalogue as a "rural end connector". Each product within the rural fittings range is available to provide a function in relation to a spectrum of imperial sized polyethylene pipes (rural tees, three openings and rural elbows). The metric fittings product range is similar, of course serving a spectrum of metric size polyethylene pipes.

20 Each of the Philmac rural fittings comprises a black central body or element, a black nut (or nuts, if the fitting has two or more inserts) which is screwed onto the central body, a terracotta insert or inserts with a barbed tail to hold the imperial sized polyethylene pipe once it is inserted over the tail of the insert and which is then held in place by the tightening of the nut, a black rubber O ring or rings on each insert for better sealing, and a terracotta split ring or rings which tightens or closes as the nut is tightened for better gripping or holding of the hose to the insert. All components are of a special plastic compound except the O rings.

21 A range of rural fittings has been manufactured by Philmac for approximately 25 years. They are sold into what Philmac refers to as the "irrigation market" through irrigation specialist dealers for re-sale to horticultural growers for the transport of irrigation water, and into the "rural market" through rural merchant dealers for re-sale to farmers who use the rural sized pipe systems to transport water for stock, watering and crop irrigation. The rural fittings are not sold in overseas markets. That is because they are used for the connection of imperial rural polyethylene pipe, which is specified to dimensions only found in Australia. Philmac is the largest manufacturer of compression fittings for polyethylene pipe in Australia. It sells

approximately 2,700,000 compression fittings per annum. Rural fittings comprise some 60% of those sales. The size of the market in Australia for rural fittings is estimated at \$12.5 million per annum. The applicant claims to have secured in the order of 70% of the rural fittings market in Australia. It attributes its market position to its “strong brand reputation for quality products”. Its sales generated from the manufacture of rural fittings in 1999 and 2000 totalled \$8.6 million and \$8.8 million respectively.

22           The imperial measurement of those fittings distinguishes them from the metric fittings also manufactured by Philmac. Imperial dimensioned pipes and fittings dominated the rural market until the introduction of metric dimensioned pipes in about 1969. The B class imperial pipes have continued to be manufactured to satisfy farmer demand. The descriptor “B class” is a reference to the water pressure rating of the pipe. Hence, in the Philmac application the goods in Class 17 in respect of which the Philmac mark is sought to be registered is described as “plastic compression fittings for B class/rural imperial sized polyethylene pipe”. B class pipes have a lower water pressure rating than C and D class imperial pipe. A higher water pressure rating is achieved by increasing the thickness of the pipe wall. The C and D classes of imperial pipe have been largely phased out. It was Philmac’s evidence that, as a result of the phasing out of those pipe systems, the C and D class compression fittings constitute an insignificant proportion of its present product range. The C and D class compression fittings of Philmac incorporate bright orange inserts.

23           It is convenient hereafter to describe the goods in Class 17 in respect of which Philmac seeks to register the Philmac mark, namely plastic compression fittings for B class/rural imperial sized polyethylene pipe as “rural B fittings” and that piping as “rural B pipe”.

24           The rural B pipes were originally manufactured under Australian Standard ASK 119. In 1985, the applicable Australian Standard changed and became AS 2698.2 Rural B. Since the adoption of the more recent standard, it is more technically correct to refer to the B-class compression fittings as “rural B” fittings, or generically as “rural fittings”. The applicant in its promotional material refers to the range of products as Philmac rural fittings, rather than B class fittings. I do not think much turns on those differences in expression. I am satisfied that the Philmac application as it is proposed to be amended sufficiently identifies the goods in respect of which registration of the trade mark is sought.

25 In addition to metric and imperial fittings, the applicant manufactures, among other things, transition fittings designed to connect pipes made from different materials. The metric and rural fittings share a common central body but are differentiated by their end components. The metric product features a nut with integral spacer and split ring. The metric fittings of Philmac no longer have any insert. Each element is black in colour.

26 The original range of Philmac fittings introduced 25 years ago was all-black in appearance. On 1 July 1994 Philmac released a new range of rural fittings in order to address some customer concerns about the design of the products. The rural fitting released at that time featured the colour khaki applied to the insert of the pipe fittings. It was the evidence of Philmac's Managing Director, Mr Haysman, that the khaki product was always intended as an interim product, released to address immediate customer design concerns while a further improved product was developed and manufactured. In oral evidence, Mr Haysman acknowledged that Philmac's application of the colour khaki to the interim design of the rural fittings was, at least initially, not for a trade mark purpose at all. He said:

*"... in launching the khaki insert in 1994 we struck upon how distinctive that made our rural fitting from other rural fittings, which were all-black inserted, and all of a sudden – we'd never thought of it previously – we had a point of difference which readily identified our product in the marketplace – all of a sudden. I mean, we hit upon it in our marketing. You can see that all of a sudden we started talking about, "Look for the one with the khaki inserts." Having struck upon that, when we changed the entire family, as had always been planned, the following year, we changed the colour but we stuck with the concept of a distinctive colour that we could refer to in advertising and say, 'This is Philmac. It's distinctive in terms of other rural fittings on the marketplace'".*

27 Mr Haysman claimed that Philmac's marketing team then decided to colour the inserts of the new range for two purposes. First, on his evidence the colour served to distinguish the new range of Philmac products from the pipe fittings of other manufacturers that remained all-black in appearance. It was perceived by Philmac that, because rural dealers of its products often display pipe fittings in a self-serve display, and sometimes mixed with pipe fittings of other manufacturers, the use of a different colour for the inserts and split rings would enable potential users to differentiate between its product and those of other manufacturers. In addition, as Philmac's previous Sales and Marketing Director confirmed, the khaki colour was introduced "to distinguish the difference between the old and the new" so as to reflect the new pipe fittings range included improvements. The khaki insert also

served to differentiate the rural fittings from Philmac's range of metric fittings that remained all-black in colour. The metric fitting at that time had also been redesigned so as to no longer include an insert component. I accept that evidence. There was no submission that I should not do so.

28           The khaki product remained on the market for approximately 12 months. Then, in August 1995, the applicant released a further new range of rural fittings said to have improved design features including (it claimed) a more coarse thread on the nut to permit easier hand-tightening, greater weather, chemical and UV resistance, and improved gripping and sealing performance. It is within that range of rural fittings that the rural B fittings the subject of the current application fall. The range of products comprises fittings of various sizes. The colour terracotta is applied to the insert and split rings of the rural B fittings, as illustrated in the image attached to the amended Philmac application and depicted at [7] above. The same reasons for maintaining a different colour for the inserts and split rings on Philmac's range of rural B fittings released in August 1995 existed: to draw attention to its products as being new and refined, and to distinguish its rural B fittings from its metric fittings, and as noted on the basis of Mr Haysman's evidence to distinguish its rural B fittings from those of other manufacturers.

29           The colour applied to the insert and split rings of the improved rural B fittings was initially described in marketing presentations and publications as "red ochre". Approximately six months after the product launch, the colour description was changed to "terracotta". That was a change in name only – the colour applied to the inserts and split rings of the rural B fittings did not change, and has not changed since its original application to the components of the rural B fittings in August 1995.

30           The rural B fittings were marketed to Philmac's national dealer network by the distribution of product catalogues. The catalogue is regarded by Philmac as its major merchandising tool and is distributed to dealers and end-users of its products. It is displayed on the counters of merchandisers and dealers who use it as a point of reference when dealing with customers. The most recent catalogue is the brochure entitled 'Product Catalogue – Millennium Edition' (the Product Catalogue), incorporating the range of products manufactured and sold by Philmac as at 1 July 2000. The Product Catalogue includes colour photographs of Philmac rural B fittings for polyethylene rural pipe depicting the terracotta

inserts protruding from the body of the product. I accept that, from about August 1995 or soon thereafter, the current catalogue of Philmac from time to time has similarly depicted its rural B fittings in much the same way. The rural B fittings with the feature of the terracotta coloured inserts and split rings was “launched” at a presentation in August 1995, and has been promoted since then. Philmac tendered further promotional material featuring images of or references to the terracotta-coloured components of the rural B fittings. The evidence of Philmac’s Marketing and Development Director Mr Stathy was that print advertising is Philmac’s predominant method of advertising its products and is used to “reinforce and strengthen the awareness and the image of Philmac Rural Fittings”. Philmac’s total advertising expenditure with respect to rural fittings for the year 2000 was said to be \$95,000. The advertising material exhibited in the present application includes:

- A Brochure entitled ‘Philmac GPS – the right connection for all your fluid management needs’, distributed since 1998, which provides general information about Philmac’s manufacturing history and an image of a range of products including those containing the mark the subject of the Philmac application.
- A pamphlet entitled ‘Rural Water’, distributed through Philmac’s dealer network since 1998 and featuring an image of Philmac’s range of rural B fittings. It has the following text on the inside cover:

*“Philmac Rural, with its distinctively coloured terracotta inserts, is the latest generation fitting especially designed for joining Australian rural pipe.”*

- Material printed from Philmac’s website, <http://www.philmac.com.au>, on 9 April 2001 including a product profile of Philmac’s rural B fittings and incorporating the same reference to “distinctively coloured terracotta inserts”. The website was launched in 1998, and I accept from 1998 has had a similar entry.
- A copy of a black and white advertisement entitled ‘Very Fitting’ featuring an image of a rural B fitting. There is no reference in that advertisement to the application of the colour terracotta to any part of the product, and it is not apparent from the black and white image that the insert of the product is coloured.
- A copy of a coloured advertisement entitled ‘There’s only one fair dinkum

fitting’, published in the Winter 2000 edition of Independent Agricultural Merchants Association (IAMA) Rural News, a newsletter distributed to customers of the Independent Agricultural Merchants Association. The advertisement features an image of a rural B fitting depicting the terracotta insert. It is unclear whether that form of advertisement was published earlier.

- A copy of a coloured advertisement entitled ‘The best fitting in the country’, and a copy of a coloured advertisement entitled ‘There’s only one fair dinkum fitting’. Similar advertisements featuring the Philmac range were published in 1995 and 1999 in the subscription-based journal Milne’s Rural Business.
- A copy of a coloured advertisement entitled ‘A very fitting bonus’ featuring an image of a range of Philmac’s products, including the rural B fitting with the terracotta insert. That advertisement was published in IAMA and Combined Rural Traders catalogue in 1997. The catalogue was distributed to two thirds of the rural merchants market.
- A pamphlet entitled ‘The only Australian-made plastic fitting for rural polypipe!’. The pamphlet features Philmac rural B fittings including colour images and text referring to the ‘distinctively coloured terracotta inserts’. The pamphlet was displayed and distributed at a national convention in 1996 and then to end users through the applicant’s dealer network since that time.
- A copy of an article entitled ‘A lot of water has flowed through the pipes’, published in 1995 in an internal magazine for Irrigear Stores, a chain of irrigation retailers, and available since that time. The magazine is displayed in the stores and is distributed to its customers by mail. The article includes the text:

*“The fittings are very user friendly and easily identifiable by their red ochre insert and split rings – a colour chosen because it symbolises the natural colours of rural Australia.”*

- A copy of a news release entitled ‘Philmac’s new Rural Fitting is the best in the country’, distributed at the time of the launch of the rural fittings in 1995 with the terracotta coloured inserts and split rings, featuring the reference to the red ochre

insert quoted immediately above.

- A copy of a pamphlet distributed at agricultural field days and through the dealer network in 1995 and 1996 entitled “Have you tried the New! Philmac Rural fitting yet?” The pamphlet includes a computer-generated image of the rural B fitting and includes the words:

*“Longer inserts (Red ochre) – superior bending grip.”*

- A coloured pamphlet entitled ‘The best fitting in the country!’. That pamphlet was distributed to end users through the dealer network from 1995 through to early 1998 and features on the front side an image of the rural B fitting with the protruding terracotta insert and on the reverse side featuring coloured computer-generated images of the applicant’s range of rural connectors and the words:

*“Encased in a tough, black polypropylene body and nut, the eye-catching insert and split ring makes Philmac rural as easy to recognise as it is to use..”*

- A coloured pamphlet entitled ‘The best fitting in the country! – Merchandising Details’ distributed from 1995 to October 1996 to promote the release of the new range of fittings. The pamphlet features images of the rural B fitting and the words:

*“ New Colour ... New Generation. Red Ochre symbolises the natural colours of Rural Australia. Encased in a tough, black polypropylene body and nut, the new eye-catching insert and split ring makes new generation Philmac Rural as easy to recognise as it is to use.”*

31 In addition to print advertising Philmac claims to have participated in national conventions and conferences and regional field days in order to promote its rural fittings by way of personal presentations and visual displays.

32 The evidence of customer perception of Philmac’s products was adduced primarily through merchant dealers, sales representatives, wholesalers and suppliers of the applicant’s products. I propose to refer to those deponents collectively as “dealers”. The dealers used different descriptors for the colour applied to the Philmac rural B fittings such as “orange” or

“red”. I take those references to mean references to the colour terracotta as visible on the rural B fittings exhibited as physical items. That was the clear import of the evidence. The dealers deposed to believing that irrigation fittings of different manufacturers are very similar in appearance and it can be difficult to distinguish between brands. They claimed that, as dealers, they were able to distinguish Philmac’s rural B fittings from the rural fittings of other traders by reason of the outward appearance of the product, including in particular its terracotta colouring. That evidence was particularly compelling from dealers who dealt with more than one manufacturer’s rural fittings, rather than solely in the Philmac rural fittings. The dealers also claimed to have observed customers asking for the Philmac rural B fittings by describing the product in terms of its coloured components, and recognising and choosing the product themselves from self-serve displays by reason of the colour of the insert that protrudes from the fitting in its assembled form. The dealers also said that the terracotta components of the rural B fittings when it was newly released distinguished the fitting from the earlier khaki-coloured and all-black rural fittings of Philmac, as well as from its metric all black fitting. One dealer deposed to having sold rural fittings produced by another manufacturer featuring a “bright red tail”. He was not aware of any instances of customer confusion between Philmac’s rural fittings and that product.

33           There was considerable evidence presented by the Registrar both directly and through cross-examination which indicated that Philmac and other manufacturers produced a range of products, other than plastic compression fittings for B class/rural imperial sized polyethylene pipe, which were for domestic or rural irrigation purposes and which, in whole or in part, were coloured. Some of those items were coloured terracotta. Some of Philmac’s gas polypipe fittings also appear to have a terracotta coloured insert, as do some of its domestic or horticultural fittings. Many domestic hose fittings, hoses and sprinklers are orange or terracotta in colour, although the range of colours used is extensive. Many domestic irrigation fittings of other manufacturers are either partly or wholly coloured terracotta or orange. In fact, the evidence suggests that manufacturers of domestic irrigation equipment are tending to the adoption of a consistent colour coding of spray jets and drippers and like products by colouring the part of the item which is not exposed when installed to indicate to the consumer the diameter, and hence the water flow, of a particular spray jet, and that orange is one of the colour coded spray jets. The colour coding used extends across the colours black, blue, green, red, orange, grey and white. It is sometimes used with black, and sometimes there is a combination of different colours to signify a particular function or



capacity. Domestic plastic snap or hose fittings and nozzles and like products are commonly partly orange in colour.

34 I do not consider that such evidence diminishes the significance of the evidence of Philmac about its use of the colour terracotta in respect of the plastic compression fittings in the Philmac application. It is a use in respect of a particular market, which I am satisfied is shown to exist in a practical sense as a significant and different market from the market or markets in which that range of products is presented for sale and use. The evidence satisfies me that the supply of plastic compression fittings for B Class/rural imperial sized polyethylene pipe is a distinct and significant market. I accept Philmac's evidence as to the size of that market, and as to the extent of Philmac's participation in it. The users of such pipe fittings would not, and could not, look to the range of products referred to in the preceding paragraph of these reasons to meet their requirements. They have, for many years, used rural pipe for water transportation purposes and for irrigation and continue to do so. Their continued extensive use is confirmed by the dealer who gave evidence, and the managing directors of Plasson, a competitor of Philmac (inter alia) in the supply of rural fittings since 1981. The Plasson rural fittings (marketed under the name Vinindex) from 1998, had a bright red insert, adopted for the purpose of distinguishing Plasson's rural or imperial fittings from its metric fittings, according to its managing director. It appears that the "bright red tail" referred to by one dealer in evidence was part of a Plasson plastic compression fitting on sale in or after 1998.

35 The evidence of Philmac's use of the colour is not limited to its positive marketing and promotional activities that expressly draw attention to the colour as a point of difference between its product and the product of others. The evidence is that Philmac has distributed into the market place 2,700,000 plastic compression fittings per annum. A significant proportion of those compression fittings were rural B fittings the subject of the application. I consider that the distribution, display and sale of the rural B fittings themselves constitutes use of the colour mark. That is especially so because the mark applied for is, except in one important respect, conceptually inseparable from the outward appearance of the product. At the time of the application, the mark had been used in that sense since the release of the "improved" rural B fitting in 1995.

36 In the light of my findings about Philmac's use (using the term "use" in ordinary

parlance) of the colour terracotta in relation to the goods designated in the Philmac application, it is necessary to determine whether its use of the colour terracotta amounts to “use” of a trade mark in the sense provided for in the Act. Section 6 of the Act provides that “use of a trade mark” is to have the meaning affected by subsections 7(1), (2) and (3) and “use of a trade mark in relation to goods” has the meaning given by subsection 7(4). Section 7 relevantly provides:

*7(1) If the Registrar or a prescribed court, having regard to the circumstances of a particular case, thinks fit, the Registrar or the court may decide that a person has used a trade mark if it is established that the person has used the trade mark with additions or alterations that do not substantially affect the identity of the trade mark.*

*(2) To avoid any doubt, it is stated that, if a trade mark consists of the following, or any combination of the following, namely, any letter, word, name or numeral, any aural representation of the trade mark is, for the purposes of this Act, a use of the trade mark.*

...

*(4) 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.”*

37 The question of whether a trade mark has been “used” is also informed by the definition of a trade mark itself – namely, 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*: s 17 of the Act. I am inclined to the view that it does not amount to use of a mark if a sign is “used” for a purpose unrelated to the “badge of origin” purpose implicit in the definition of a “trade mark”. Thus, the use of a competitor’s sign for the purpose of comparative advertising is not use of a sign as a trade mark for the purposes of determining whether a registered trade mark has been infringed: see s 120(2) and s 122(1)(d) of the Act. Use of a trade mark is use or intended use by an applicant of a sign for the purpose of distinguishing that person’s goods from the goods of other persons.

38 While I accept that colour coding between Philmac’s own products was one initial motivation for the decision to apply colour to components of its rural fittings, I am also satisfied that the use of the colour terracotta was, in addition, for use as a trade mark purpose. It is enough that the colour was so used, notwithstanding that it also served the functional

purpose of colour-coding between Philmac's own products. On this aspect of the evidence, the original use of the terracotta colour differs from or is wider than the purpose for which the colour khaki was applied to the preceding model of its plastic compression rural fittings.

39 It is conceivable that a sign may serve to distinguish one trader's goods from the goods of another person, notwithstanding the fact that the trader had no intention of using the sign for such a purpose. Whether such use would amount to use of a trade mark is not a question that arises on this application, because I am satisfied that in any event the use of the colour terracotta was accompanied by the intention to, among other things, use the colour for a trade mark purpose.

40 Accordingly, I am satisfied that Philmac since August 1995 has used, and continues to intend to use, the colour terracotta on its rural B fittings as a trade mark. I accept, as Mr Haysman said, it uses the colour to distinguish its rural B fittings from the rural B fittings of its competitors. It is, in the relevant sense, a badge of origin.

41 In reaching that conclusion, I have placed no real significance upon the fact that Philmac and Plasson also market C and D class rural fittings. I think the evidence indicates that they represent a miniscule portion of the rural fittings sold in Australia, and are available only as a service to those who still have rural pipe with the capacity to which they relate. The rural pipe to which they relate has effectively been replaced over the years by metric pipe and they have effectively been replaced by metric fittings.

### **Is the Philmac mark inherently adapted to distinguish?**

42 The concept of inherent adaptability to distinguish was considered by Kitto J in *Clark Equipment*. Lindgren J in *Kenman Kandy Australia Pty Ltd v Registrar of Trade Marks* [2002] FCAFC 273 at [85] (*Kenman*) described *Clark Equipment* as "Probably the best known Australian authority on the notion conveyed" by that expression. *Clark Equipment* concerned an application for a word mark being the geographical name "Michigan" in respect of earth moving equipment. Kitto J noted at 514 that the Courts have always shown a disinclination to allow any person to obtain by registration under trade marks legislation a monopoly in what others may legitimately desire to use. Against that background, his Honour determined the appropriate test for inherent adaptability to distinguish to be as follows:

*“... 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”.*

Applying that test to the application before him, his Honour determined that the name “Michigan” used simpliciter, with no addition save a description or designation of the goods, was plainly not inherently, that is “in its own nature”, adapted to distinguish the applicant’s goods: at 515-517.

43 As a matter of fact, one colour will be distinctive of all other colours that are not deceptively similar to it, just as one word may be distinctive of all other words that are not deceptively similar. But to state that is not accurately to state the test to be applied under s 41(3) of the Act, as explained in *Clark Equipment*. If a properly motivated competing trader might think of a colour and wish to use it in connection with similar goods, the use of colour as a distinguishing feature of a trader’s goods will not be inherently adopted to distinguish that trader’s goods from those of others. See the remarks of French J in *Kenman* at [62].

44 In my view, the question posited by s 41(3) should be addressed by reference to both the colour itself and the class of the goods to which the colour is applied. Importantly, the question of whether a mark is inherently adapted to distinguish certain goods must be considered independently of the effect of its use and registration: see generally DR Shanahan; Australian Law of Trade Marks and Passing Off, Law Book Company 1990, p 121. In *‘Weldmesh’ Trade Mark* [1966] RPC 220 at 228 “inherently adapted” was said to mean “adapted of itself, standing on its own feet”. That is a different concept from the capability of a mark to distinguish a trader’s goods or services once registration is achieved and other persons are thereby precluded from using it.

45 In *Kenman* the Full Court determined an application for registration of a trade mark being the shape of the applicant’s “millennium bug” confectionery. Lindgren J at [80] – [100] discussed the notion conveyed by the expression “inherently adapted to distinguish”, agreeing with the observations of Gibbs J in *Burger King Corporation v Registrar of Trade*

*Marks* (1973) 128 CLR 417 at 424 (discussed below at [48]) that inherent adaptability is something depending on the nature of the trade mark itself and is therefore not something that can be acquired. His Honour said at [84]:

*“Whether the [millennium] 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.”*

46 In *Clark Equipment*, Kitto J at 513 stated the question as being:

*“... whether the mark, considered quite apart from the effects of registration, is such that by its use the applicant is likely to attain his object of thereby distinguishing his goods from the goods of others”.*

I have little doubt that the Philmac mark would indeed distinguish Philmac’s goods from those of other traders if it were registered as a mark and other manufacturers were thereby precluded from using it in relation to the designated goods. But that is not presently the question for consideration. Stating the question in that way does no more than state that by securing a monopoly in a phrase, colour, smell or any other sign, a trader would, in using that sign, distinguish its goods or services from those of other traders. Whether a mark is capable of registration under the Act and by virtue of s 41(2) and (3) is a conceptually distinct question.

47 The test for inherent adaptability was further considered by Kitto J in *FH Faulding & Co Ltd v Imperial Chemical Industries of Australia and New Zealand Ltd* (1965) 112 CLR 537 (*Faulding*). The applicant Faulding had registered the word mark “barrier” in respect of protective skin cream. It claimed against the defendant for infringement of the mark. In its defence, the defendant denied that the mark was validly registered and sought that the mark be expunged from the Register. His Honour at 555 (with whom Barwick CJ and Windeyer J agreed) determined that it would be extremely difficult to categorise a descriptive word as distinctive:

*“It is not only difficult but surely impossible where the descriptiveness of the word refers to the distinguishing characteristic of a whole class of goods of which the goods of the proprietor are but examples. That this is the case with Barrier as applied to skin protective creams is put beyond doubt by the evidence in this case. But for the evidence, it might have been said that the word, though inherently suited*

*to be used adjectivally for the purpose of referring to the distinguishing characteristic of skin protective creams generally, is not one which would spring instantly to the mind of a person who wanted a word for the purpose but had never known Barrier to be so employed. This might have been said with the general principle in mind 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 (*Burger King*) Gibbs J considered the inherent adaptability of the word "Whopper" to distinguish the applicant's goods. He concluded at 425 that although the word "Whopper" was a word which a trader might, without any improper motive, want to use to describe his goods if they were of an unusual size (and therefore could not be inherently adapted to distinguish), nevertheless, the word was capable, by reason of use, of distinguishing the applicant's goods. In the result, his Honour concluded that the word had (at least at the time of that judgment) not been used in Australia so as in fact to distinguish the applicant's goods.

49 *Clark Equipment, Burger King, Faulding and Kenman* reinforce the concept of inherent capability as something that depends on the intrinsic nature of the trade mark itself. Accordingly, inherent adaptability is not something that can be acquired. Nevertheless, the provisions of s 41 of the Act anticipate that, through use, a mark that is not inherently adapted to distinguish may in fact be taken to distinguish the applicant's goods from those of other traders: see s 41(6). Counsel for Philmac contended that there is a curious tension which arises by reason of s 41(3) and s 41(6). It was submitted that if a mark has no inherent capacity to distinguish, it could never achieve full distinctiveness in fact. The overriding concern, the submission goes, is one of public policy. Any conceptual tension between s 41(3) and 41(6) is not, in my view, terrain that need be traversed on this application. If the colour mark the subject of the Philmac application does not fall within s 41(3) as it is not inherently adapted to distinguish Philmac's goods, it may nonetheless be "taken to be" capable of distinguishing the designated goods or services from the goods or services of other persons if it falls within s 41(5) or s 41(6).

50 The Registrar correctly submitted that under the Act, there are no special rules which apply to colour marks compared to other features of goods which come within the definition of "sign". Nevertheless, the application of the test in *Clark Equipment* to the context of colour marks itself raises difficulties peculiar to the application presently before the Court.

The test for inherent adaptability to distinguish set out in *Clark Equipment*, and followed since in a body of cases pertaining to the registration of word marks, provides that (at least) a word mark may be inherently capable of distinguishing an applicant's goods if it is not purely descriptive (as in *Faulding*) or geographical in origin (as in *Clark Equipment* itself).

51           In the present case, the test in *Clark Equipment* demands consideration of the likelihood that other traders actuated only by proper motives might think of the sign applied for, namely the colour terracotta, and want to use it in connection with similar goods in a manner which would infringe a registered mark granted in respect of it. The concept of a properly motivated competing trader was discussed by Buckley J in *Blue Paraffin Trade Mark* [1977] RPC 473 at 500:

*“Speaking for myself, I should describe the duty of the Registrar as this: that examining the facts he has also to survey the possible confusions or difficulties and the possible impairment of a right of innocent traders to do that which apart from the grant of the mark would be their natural mode of conducting their business.”*

52           There are, in my view three obvious respects in which the right referred to in that passage might be impaired by the registration of a mark of the type contemplated in the present case.

53           First, a trader might legitimately choose a colour to apply to goods to denote a meaning that that colour might ordinarily possess. For example, the concepts of hot, cold, environmentalism, danger, stop, go, communism, mourning and femininity are universally conveyed as colours. Accordingly, an application for the colour mark red applied to taps might fail to satisfy the test in *Clark Equipment* because the registration of such a mark would impair the right of other traders in taps from legitimately using that colour to convey the meaning it ordinarily possesses. The application would, in my judgment, be analogous to an application for registration of a purely descriptive word and the mark applied for would therefore not be inherently adapted to distinguish. That conclusion is consistent with international jurisprudence in respect of the registration of trade marks comprising colour applied to goods or parts of goods. The colour blue in relation to fertiliser pellets was precluded from trade mark protection by the United States Supreme Court because it had the utilitarian function of identifying the presence of nitrogen, and was therefore ornamentally functional: *Nor-Am Chem. Co. v OM Scott & Sons Co*, 44 USPQ 2d (BNA) 1316 at 1320; KL

Davidson, “Supreme Court says Yes to Color, Pure and Simple: *Qualitex Co v Jacobson Products*” 1996 21 Dayton L Rev 855 at 861.

54           Secondly, a trader might legitimately choose a colour for its practical utility. That is, the colour may be a feature of a product that serves to improve the functionality or durability of the product. The function of visibility is, for example, served by the colour yellow; heat absorption by the colour black; light reflection by the colour white; military camouflage by a combination of khaki, brown and green. In the present case Philmac’s evidence was that the colour black was ordinarily applied to polymer piping to serve the function of protecting the product from degradation through exposure to ultraviolet light. The shape mark cases properly indicate a reluctance to permit, by virtue of a trade mark registration, a permanent monopoly of matters of engineering design: *Kenman* per French J at [45]; *Koninklijke Philips Electronics NV v Remington Products Australia Ltd* (1999) 91 FCR 167; *Philips Electronics NV v Remington Consumer Products* (1997) 40 IPR 279 per Jacob J; *British Sugar Plc v James Robertson & Sons Ltd* [1996] RPC 281. In my view there is no reason why the functionality principles applied to the registration of shape marks should not also apply to the consideration of the application of colour marks.

55           Thirdly, a product may be produced in a particular colour being the naturally occurring result of the manufacturing process. Terracotta is a case in point. Were the applicant to apply for the registration of the colour terracotta to terracotta roof tiles or garden pots, the effect of granting the registration would be to force on other traders a method of manufacture that would involve a departure from the “natural mode” of conducting the business of manufacturing those terracotta products.

56           Whilst those are considerations that might preclude the registration of particular colours applied to particular goods under the test set out in *Clark Equipment*, in my view, they do not have any direct application to the present case. There is no suggestion that the colour terracotta conveys a particular meaning, nor does it serve any functional purpose in respect of fittings for rural B or imperial polyethylene irrigation piping. Nor is the colour a naturally occurring result of the manufacturing process of the goods in respect of which the application of the mark is sought.

57           Nevertheless, I have reached the conclusion that the Philmac mark is not inherently



adapted to distinguish the goods of Philmac in respect of which the Philmac application is sought from the goods or services of other persons. I have reached that conclusion having regard to the fact that the range of colours available to an honestly motivated trader is in fact limited and that the colour terracotta the subject of application, or any shade of terracotta that might be deceptively similar to that colour, might naturally and legitimately occur to another trader as a choice of colour for application to goods in the same class.

58 In a scientific context, the range of colours available to traders for application to goods is in fact infinite. However, in the context of trade mark law that is not the case. In *TGI Fridays Australia Pty Ltd v TGI Friday's Inc* (2000) 100 FCR 358 Gummow J said at [18]:

*“The concept ... of adaption to distinguish is less difficult to grasp once it is appreciated that the statute is looking forward to the consequences of a grant of registration.”*

59 The consequences of a grant of registration, whether a logo, colour, scent, aspect of packaging or any other thing satisfying the statutory definition of a “sign” are two fold. First, the registration or pending registration of the mark is a ground for rejection of any subsequent application for registration of a mark that is identical or substantially identical or deceptively similar to it: s 44. Secondly, the registration gives rise to a right in the proprietor of the mark to an action for infringement in circumstances where another trader 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: s 120.

60 In the present application, the consequence of a grant of registration would be to prevent any other trader in goods of the same description from using not only that shade of terracotta specifically described and visually represented in the application in respect of the goods to which the application relates, but all other shades of colour that might be described as deceptively similar to that colour. That conclusion, in my judgment, is relevant to the legitimate or honest use test set out in *Clark Equipment*. That is, (to superimpose the words of the test to the context of colour marks) the limited palate of colours available to a trader at the very least renders it more likely 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 the colours forming part of the common heritage, for

the sake of the signification which they ordinarily possess – will think of a colour and want to use it in connection with similar goods in a manner which would infringe a registered trade mark granted in respect of it. Stating the proposition in that way equates it with what has become known in international jurisprudence as the “colour depletion” argument.

61           The USA Federal Court in *Re Owens-Corning Fiberglas Corporation* 774 F 2d 1116 (1985) (*Pink Batts*) rejected a “colour depletion theory” asserted in an earlier case. In *Campbell Soup Co v Amrou & Co* 138 F 2d 4 (7<sup>th</sup> Cir 1950) the applicant was denied registration of labels that were half red and half white. The Court held that if the applicant were to “monopolize red in all its shades the next manufacturer [could] monopolize orange in all its shades and the next yellow in the same way. Obviously, the list of colours would soon run out. The Court in *Pink Batts* considered that approach inconsistent with the legislative framework that provided that colour was capable of registration as a trade mark. It stated at 1122 that “where there is no competitive need for colors to remain available, the color depletion argument is an unreasonable restriction on the acquisition of trademark rights”.

62           I consider the qualification in that statement to be of critical importance in this matter. In my view, it is not inconsistent with the conclusion in *Pink Batts* that in circumstances where there is a proven competitive need for colours to remain available, it is not an unreasonable restriction on the acquisition of trade mark rights to have regard to that competitive imperative and preclude the granting of a monopoly in a colour applied to goods.

63           In the present application I have concluded on the evidence that colour has been and continues to be applied to irrigation fittings and related products by manufacturers as a means of coding their products for measurement compatibility and other purposes. That evidence includes the evidence of Philmac that its products manufactured for export to overseas markets are coloured so as to identify them as products manufactured for that purpose, and evidence of the Registrar that Philmac’s most significant market competitor Plasson has applied the colours red, burgundy and “red-pink” to its rural compression fittings since 1998. I note also the use by the manufacturer Iplex of the colour blue on the nuts of its metric compression fitting so as to identify it as a metric product. The use of colour as a means of distinguishing between products with different measurement and performance specifications is also evident in the broader irrigation market. In that context I have had regard to brochures or catalogues from several manufacturers including the following: James Hardie Irrigation

Pty Ltd depicting the use of colour as a means of distinguishing between many ranges of products and individual products within each range, Netafim Australia depicting colour as a means of distinguishing between precipitation performance of sprinklers and Amiad Irrigation depicting colour as a means of indicating the flow rate of regulated drippers.

64 Having regard to that evidence, I have reached the conclusion that in the narrow class of goods in respect of which the Philmac application relates, and less relevantly in the wider irrigation market, there is indeed a competitive need for colours to remain available. That conclusion is relevant, in my view, to the test in *Clark Equipment*. The proven existence of a competitive need for colours to remain available in my view places the present application in the same class as an application for registration of a purely descriptive word. That is because the existence of that competition renders it more likely in fact that “other traders are likely, in the ordinary course of their business and without any improper motive to desire to use [it] in connection with their goods”: see the discussion of *Faulding* at [47] above.

65 By approaching the matter in that way, despite what the USA Federal Court in *Pink Batts* defined as a “colour depletion argument”, I do not mean to suggest that a single colour applied to goods may never be inherently adapted to distinguish an applicant’s goods from those of other traders. Such a conclusion would be inconsistent with the provisions of the Act that contemplate that a colour may serve as a trade mark. The definition of a sign in the Act provides that a colour may be a sign in its own right, and not merely as an element of another species of sign such as a logo or aspect of packaging. It would therefore not be in accordance with the Act to reject a trade mark purely on the basis that rejection would secure a monopoly over part of what is in reality a limited resource. However, having regard to the above principles and the test in *Clark Equipment*, I consider that the circumstances in which a colour applied to goods will be inherently adapted to distinguish are limited to the following:

- the colour does not serve a utilitarian function: that is, it does not physically or chemically produce an effect such as light reflection, heat absorption or the like;
- the colour does not serve an ornamental function: that is, it does not convey a recognised meaning such as the denotation of heat or danger or environmentalism;

- the colour does not serve an economic function: that is, it is not the naturally occurring colour of a product and registration of that colour in respect of that product would not thereby submit competing traders to extra expense or extraordinary manufacturing processes in order to avoid infringement;
- the colour mark is not sought to be registered in respect of goods in a market in which there is a proven competitive need for the use of colour, and in which, having regard to the colour chosen and the goods on which it is sought to be applied, other properly motivated traders might naturally think of the colour use it in a similar manner in respect of their goods.

66 I have concluded that the mark applied for does not serve the functions set out in the first three of those points. The fourth point raises two considerations. First, whether there is a competitive need for the use of colour. I have concluded that on the present application there is such a need. Second, the likelihood of properly motivated traders naturally thinking of the relevant colour and wishing to apply it to their goods should be considered in the context of both the colour the subject of the application and the goods in respect of which registration of the trade mark is sought. It is to that second consideration that I now turn.

67 In cross-examination, the Managing Director of Philmac Pty Ltd, Mr Paul Haysman, gave evidence as to how Philmac determined that the colour terracotta should be applied to its goods. The following exchange is pertinent:

*“Q: So putting aside for a moment the extent of the use made by your company in sales – you say, do you, that there’s nothing particularly distinctive about the terracotta colour compared with pink or red or yellow or any other colour. Is that right?”*

*A: It was chosen because my marketing team believed that it had some affinity to the earth but, beyond that, there’s nothing magical about it. I mean, it doesn’t have any particular properties. It doesn’t glow in the dark or anything like that. It’s just a colour that was – no pun intended – deemed to be fitting for the purpose and we’ve stuck with it.*

*Q: Given the farm usage of these fittings, terracotta as you describe it [in the application] is particularly an apt colour for use on these compression fittings?*

A: *We believe it to be for marketing purposes.*”

I conclude from that evidence that Philmac struck on the colour terracotta not because it was an unnatural and unusual choice for application to compression fittings for irrigation piping, but because it was an obvious and apt choice for application to that type of goods. It follows that at the time of the Philmac application, another honest trader might also legitimately desire to apply the colour to the same class of goods. Were the colour chosen a lilac purple (a colour chosen by way of example only) the application might give rise to different considerations. While I am not prepared to hypothesise on such an application, in my view counsel for the Registrar correctly identified that in some circumstances the choice of a colour with respect to particular goods might on rare occasions amount to an ‘out of left field choice’ and therefore assist the registrability of a colour mark, notwithstanding the competitive need for the use of colour in the relevant market. It was submitted, and I am inclined to agree, that the application of the colour pink to insulation batts is such a case: see *Pink Batts*. In my view such an application might lead the Court to consider that the mark applied for was, *to some extent*, inherently adapted to distinguish and therefore cause the application to fall for consideration under the less stringent test set out in s 41(5) of the Act. Those considerations do not arise on this application. The colour terracotta, or any shade of colour deceptively similar to it, applied either to rural compression fittings or more generally to farming irrigation products is, in my view, a combination that an honest trader in those products might legitimately desire to use.

68           Applying the test in *Clark Equipment*, the Philmac mark is, therefore, not inherently adapted to distinguish Philmac’s goods from those of other traders.

69           Having concluded pursuant to s 41(3) of the Act, that the mark the subject of the Philmac application is not inherently adapted to distinguish the designated goods from the goods or services of other persons, I am directed by s 41(4) to turn to s 41(6). It is not necessary to consider the application against the criteria set out in s 41(5) of the Act. That provision applies where the conclusion reached pursuant to s 41(3) of the Act is that the mark applied for is *to some extent* inherently adapted to distinguish. I have found that the Philmac mark applied for is to no extent inherently adapted to distinguish Philmac’s goods from the goods of other traders.

### **The application of section 41(6)**

70 Section 41(6) requires consideration of whether the Philmac mark does in fact distinguish the designated goods, having regard to the extent to which Philmac used the Philmac mark before the date of the filing of the application. As noted earlier, the application in its original form was filed with the Trade Marks Office on 8 June 1999. It was not contended by Philmac that, by reason of the amendment or proposed amendment of the Philmac application, the “filing date” for the purposes of applying s 41(6) of the Act should be some later date.

71 The evidence of Philmac’s use of the colour terracotta applied to the insert and split ring of its rural B fittings is, save for two issues, uncontroversial. The first contested issue is whether the use of the colour terracotta by Philmac in the manner described in the application has, prior to the date of the application, constituted use of the colour so applied to the product *as a trade mark*. I have resolved that issue in favour of Philmac at [40] above. The further, more critical contention, goes to the extent to which, having regard to evidence of the use of the colour *as a trade mark*, the trade mark applied for does in fact distinguish its rural B fittings.

72 My findings about Philmac’s use of the colour terracotta in its rural B fittings indicate generally why I consider that its use of the colour in that way does in fact distinguish its rural B fittings from those of other manufacturers or suppliers of rural B fittings, and has done so from August 1995. By its exposure by sales and by marketing and promotion I am satisfied the distinguishing characteristic was recognised and effective after the colour mark was first utilised. The other rural fittings available in Australia, apart from the Plasson product with a red insert quite different from the terracotta colour and possibly an Iplex product with a green insert (introduced in 2000) all have black inserts. On the evidence, the Plasson red insert was introduced not by way of use as a trade mark but to distinguish its rural fittings from its metric fittings.

73 I do not think that the use of a blue external nut by Iplex in its metric fittings affects my conclusion in any real way. It is a colour used on a product which is not substitutable for rural B fittings. Its use does not, I consider, inform the finding of fact I make in terms of s 41(6) in relation to the use of the colour terracotta in Philmac’s rural B fittings.

74           The question posited by s 41(6) is ultimately a question of fact: see *Blount* at 60. The style of marketing and promotion of Philmac’s rural B fittings, and the evidence of the dealers, persuades me that by 8 June 1999 the colour terracotta as used in its rural B fittings did, and continues to, distinguish them from other rural fittings. In the years between 1995 and 1999, there had been sold some millions of the rural B fittings. The dealers, particularly those who stocked more than Philmac’s rural fittings, described how customs use the colour, or the coloured “tail” or “insert”, to identify and distinguish the rural B fittings. The dealers represented a geographical spread across several states of Australia. Hence, despite the absence of market survey evidence or the evidence of any independent marketing expert, I am satisfied in terms of s 41(6) of the Act that, because of the extent to which Philmac has used the colour terracotta in the inserts of its rural B fittings before 8 June 1999, it does in fact distinguish its rural B fittings as those of Philmac.

75           In my view, the advertising and other promotional material relied upon by Philmac leads to the conclusion that the colour of the inserts and split rings of its rural fittings was in fact used and presented as a point of difference between its product and the products of other traders. I am satisfied that the colour terracotta has been used in that way by Philmac to a significant extent in the period of time between its introduction in 1995 and the original filing of the application. I am also satisfied that, by reason of such use, the colour does in fact distinguish the relevant goods as being those of Philmac. In that respect I accept the evidence of the dealers as indicating that both they and their customers recognise the Philmac rural B fittings by reference to the terracotta coloured insert and that the colour on that part of the product is accordingly distinctive of Philmac’s goods.

76           That conclusion is assisted by evidence that no other manufacturer of goods of the same class has in fact adopted the use of a colour similar to that adopted by the applicant in a manner that would diminish the factual distinctiveness of Philmac’s rural B fitting. That is not to suggest that another manufacturer so adopting a similar colour would be improperly motivated: see the discussion at [51] - [55] above. It is simply to say that the colour terracotta has, by reason of the extent of Philmac’s use of the colour in a market in which no other manufacturer has used that colour, become a point of difference between the goods of the applicant and the goods of those manufacturers. Mr Haysman in his oral evidence accepted that a competing manufacturer (Plasson) had applied the colour red to its rural fittings, and that there was scope for customer confusion in respect of that competing product

and Philmac's product. However, I accept that such confusion went to the manner in which a customer might verbally describe the colour of each product – so that one person might describe the colour depicted in the Philmac application as terracotta, another red, another orange and another “reddy brown”. I do not consider that confusion has a bearing on the distinctiveness of the goods themselves. The mark applied for is not the word “terracotta”. Rather, it is the colour depicted visually in the application and applied to obtain a visual effect on the product itself. There was no evidence that the colour employed by the competing manufacturer might be or has been visually confused with the colour employed by the applicant.

77           Accordingly, with one significant qualification, I conclude that the use of the colour terracotta applied to the connecting inserts of Philmac's rural B fittings is capable of distinguishing, and does distinguish, Philmac's rural B fittings from the rural fittings and the rural B fittings of other persons.

78           There is, as indicated, an important reservation within that conclusion. The amended Philmac application before the Court relates to the terracotta colour as applied not only to the connecting insert of the rural B fittings, but also to the split ring. It was Philmac's evidence that the product is distributed and sold in its assembled form. In that form, the terracotta coloured connecting inserts of the product are visible to dealers and consumers. However, the split rings of the rural fittings are not visible unless the fitting is disassembled and the internal components exposed and inspected. Generally, the rural B fittings are presented and displayed in an assembled form, so the purchaser will not see the colour of the split ring until after purchase. In this regard, Mr Haysman's evidence was as follows:

*“Q: I was wondering why, in the advertisements, there's no depiction of the split ring by and large?”*

*A: Because when the product is in the store it appears in its assembled form and we don't believe that it's generally necessary to cut away the product and let people know what's inside. If they pick it up and it looks like that, that's what they're after.*

*Q: .. So you are saying that farmers don't – when they go to the store – have a fiddle and pull it apart and have a look?*

*A: they wouldn't generally need to ... in my experience of watching people in stores they go up to the rack and they focus on the size and configuration that they want and*



*then pick out the fittings and they don't pull them apart to check that all the bits and pieces are there. They take them as they are"*

79           It is apparent from the range of advertising materials set out in paragraph [30] that the split ring of the rural fitting is not a visual feature of the product in its assembled form at all. The visual representations of the product are, almost without exception, images of the product in its assembled form. The evidence of the dealers referred only to the coloured insert as the distinctive feature of the rural B fittings. It was described in their evidence variously as the "orange end", the "orange or terracotta tail", the "orange tailed fitting", or simply as "the insert". Mr Stathy called it the "distinctive terracotta insert". Having regard to that evidence and the evidence of Mr Haysman, I do not accept that the colour terracotta applied to the split ring of the rural B fittings (as opposed to the insert itself) in fact distinguishes Philmac's rural B fittings from those of other manufacturers. Colour is a visual effect. Unless it is a visible feature of the goods in respect of which registration is sought, it cannot be capable of distinguishing those goods in the course of trade from the goods of other persons – just as the colour red applied to the internal components of an opaque product such as a television set is incapable of distinguishing that television set from the set of another manufacturer. The extent to which Philmac has used the coloured terracotta so far as it relates to the split ring of the rural B fittings must therefore be said to be minimal. It is confined to the occasions on which a customer or dealer disassembles the fitting. Were the Philmac application confined to the application of the colour terracotta to the split ring of the product (and not the insert) I would conclude that the mark had not been used to such an extent as to distinguish Philmac's rural B fittings from the rural fittings of other traders. That is because there is no evidence that the split ring is drawn to customers' attention as a distinguishing feature of the product, either in promotional materials or by virtue of its visibility on the product. It may be the case that, absent any other distinguishing feature, customers and dealers may indeed disassemble the fitting to ascertain whether the product had a terracotta coloured split ring and therefore whether it was a Philmac product. But that does not accord with how the evidence was presented by Philmac on the current application.

80           Conversely, were the amended application confined to the application of the colour terracotta to the connecting insert of the rural B fittings (and not the split ring), I would conclude that the mark so confined had been used to such an extent as to distinguish Philmac's rural B fittings from those of other traders. It has acquired distinctiveness by

reason of such use, and it has done so by the date of the initial application. I am satisfied on the evidence before me that the insert has been to a significant extent drawn to the attention of dealers and end users as a distinguishing feature of Philmac's rural B fittings both by promotional material and by virtue of its visibility on those fittings as ordinarily constituted, displayed and sold.

81 It is apparent from the findings I have made that I have generally accepted the evidence of Philmac's witnesses, including of course that which emerged in cross-examination. I have also accepted the evidence of the witnesses called by the Registrar. In only one respect was there a direct contradiction of one witness with another, at least so far as I discerned, and that was not on an immediately relevant matter. Indeed, neither counsel made any submission that the evidence or any material part of the evidence of any particular witness should not be accepted. The submissions on matters of fact really concerned the conclusions which should be drawn from the evidence. The conclusions I have drawn are set out above.

## CONCLUSION

82 Counsel for the Registrar contended, as I understood his submission, that if the Court were minded to register the colour mark, the Philmac application should be further amended to describe more precisely the colour to be registered. Counsel for Philmac indicated a preparedness on the part of his client to do so. The capacity to permit such a refinement in an application clearly exists: see *Genetics Institute Inc. v Kirin-Amgen Inc. (No.3)* (1998) 41 IPR 325; *Merck & Co. Inc. v Sankyo Co. Ltd* (1992) 23 IPR 415.

83 In the light of my conclusions, putting aside that issue, I do not propose to accede to Philmac's application as amended. However, rather than reject the Philmac application as presently proposed to be amended, I propose to adjourn the application to give the parties the opportunity to consider these reasons. It may be that the Philmac application might proceed to registration to the extent that it is registrable, pursuant to ss 63 and 65(5) of the Act, by Philmac if it so chooses varying the terms of its proposed amended application by confining the mark applied for to the colour terracotta applied to the connecting inserts of plastic compression fittings for B class/ rural imperial sized polyethylene pipe. That will also give the parties the opportunity to consider what action is necessary, if any, on the part of Philmac to identify precisely the colour which is to constitute the mark.