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“SECONDARY SIGNIFICATION” IN PRODUCT DESIGN GETS A NEW LEASE ON LIFE IN AUSTRALIA

By Peter Knight∗

I. INTRODUCTION

For many years, there has been a strong trend in Australian passing-off decisions to discount the significance of distinctive, but unregistered, design features in establishing reputation, so-called “secondary reputation.” This has meant that it has been difficult, if not impossible, to succeed in a claim in respect of competing products that copy those design features where the competing products bear a label or some other indication of origin of the competitor. That trend may have been ended by the recent decision of the Full Court of the Australian Federal Court on appeal in Peter Bodum A/S and others v DKSH Australia Pty Limited.¹ The Court found that a well-recognized product design copied by a competitor could, on its own, mislead or deceive consumers, notwithstanding the presence of the competitor’s branding. The Court also gives clear guidance as to how to succeed in a claim of this type.

This article will consider briefly the nature of product appearance or design as distinguishing one trader’s goods from another, review how Australian cases have dealt with claims that such imitation products take advantage of the original trader’s reputation under the rubric of “passing off” and have diverged from English authority, discuss whether the decision of the Federal Court in the Peter Bodum case may have corrected that divergence, and provide guidance on how best to present a passing-off claim in Australia based on product design features given that decision.

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II. THE IMPORTANCE OF PRODUCT DESIGN IN DIFFERENTIATING ONE PRODUCT FROM ANOTHER

When certain types of new products are introduced into the market, design features of that product may be a significant factor in differentiating the product from competing products. This is a truism in the design world—and we have all witnessed or read about immensely successful products such as Apple’s iPod, iPhone, and iPad computer devices, which are different in appearance from anything that existed before, and there are many other examples, such as Doc Martens shoes, the Philips triple-headed shaver, and the main subject of this article, the Bodum cafetière. There are, no doubt, many other, more prosaic examples.

Furthermore, when such distinctive products meet with great success, there is a commonly observed phenomenon that products immediately identifiable as similar appear in the market. Here, we are not concerned with counterfeits, but with competing products that are invariably sold under another brand and are cheaper. However, in this article I refer to “copies” or “look-alike” products, even though the product imitations to which I refer may adopt only a few important features in order to trigger an association in the mind of the purchaser who, typically, will not have both the original and the imitation present to compare side-by-side.

Of course, the great success of the original product may result in no small part not from some inherent attractive force of the design, but rather from the marketing efforts of the creator of the new product, including branding and advertising. It is not surprising that a competitor may attempt to benefit from the demand created by that success by offering a similar product. One might expect that this consideration should not detract from the importance of the appearance of the product if, as a consequence, the appearance has become instantly recognizable. In those circumstances, the product design must have some quality that causes it to be remembered by customers in the relevant market.

How far is it legitimate for a competitor to go in this form of imitation? In this field, the protection afforded by registered designs or design patents is rarely available, usually because the initiator cannot know in advance which new product will be so successful and often does not incur the expense of design filings with respect to new product introductions.

This is the domain of the tort of passing off, which has as its central requirement a deliberate misrepresentation of a product so as to deceive, or be likely to deceive, prospective purchasers, as explained in the next section. In Australia, in addition to the common law remedy of “passing off,” there is also “fair trading” legislation, which may operate in a complementary way. The
Australian Consumer Law, which is Schedule 2 to the Competition and Consumer Act 2010 (Cth), gives a civil remedy in respect of “misleading or deceptive conduct” in very broad terms, in section 18, as well as false or misleading representations in respect of a number of specific matters, including such representations by conduct, in section 29, with the significant point of distinction that intention to mislead or deceive, or knowledge of the falsity of a representation, is not required.

III. ANGLO-AUSTRALIAN COMMON LAW PASSING-OFF CASES

In Anglo-Australian law, the leading authority on passing off is that of the English House of Lords in *Erven Warnink Besloten Vennootschap v J Townend & Sons (Hull) Ltd* (Advocaat). In that decision, Lord Diplock’s summary of the principles of the tort is universally accepted. His Lordship identified five characteristics that must be present in order to create a valid cause of action for passing off:

(a) a misrepresentation,
(b) made by the defendant in the course of trade,
(c) to prospective customers of the defendant or ultimate consumers of the goods or services supplied by it,
(d) which is calculated to injure the business or goodwill of the plaintiff (in the sense that this is a reasonably foreseeable consequence) and
(e) which causes actual damage to a business or goodwill of the plaintiff or will probably do so.

This case concerned a claim by Warnink, a producer of a Dutch liqueur made from a blend of hen egg yolks, aromatic spirits, sugar, and brandy, sold under the name “Advocaat,” against Townend, which produced a similar alcoholic drink but using egg and Cyprus wine sold as “Keeling’s Old English Advocaat.” Although the *Advocaat* decision addressed the use of a name, the synthesis of the then jurisprudence by his Lordship focused on deceptive conduct and its effect, rather than narrowing the remedy by an attempt to define any special types of “property” it may protect. Thus the same principles are, or should be, applicable to a wide range of conduct, from certain types of misleading advertising, to “switch and sell,” to the use of “common law trade marks” as in the *Advocaat* decision as well as product packaging and design. Under Anglo-Australian law, no distinction should be drawn between this type of conduct and deception by means of products made to look like the original with respect to actual

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product features, which all come under the heading of “trade dress” or “get-up.”

As argued above, one of the reasons a competitor imitates another’s product in any way is to take advantage of the reputation and goodwill built up by the original creator, to “ride on the back” of the original creator’s efforts to create a market for a new product and take sales that would otherwise have gone to the creator. As two of Australia’s most eminent jurists, Justice Dixon (as he then was) and Justice McTiernan, observed in their joint judgment in *Australian Woollen Mills Ltd v FS Walton & Co Ltd*:

The rule that if a mark or get-up for goods is adopted for the purpose of appropriating part of the trade or reputation of a rival, it should be presumed to be fitted for the purpose and therefore likely to deceive or confuse, no doubt, is as just in principle as it is wholesome in tendency. In a question how possible or prospective buyers will be impressed by a given picture, word or appearance, the instinct and judgment of traders is not to be lightly rejected, and when a dishonest trader fashions an implement or weapon for the purpose of misleading potential customers he at least provides a reliable and expert opinion on the question whether what he has done is in fact likely to deceive.3

Most reasonable business people would expect that deliberate copying of a competitive product’s distinctive design elements to make goods appear to be from the same source would be actionable unless there were an exceptional effort on the part of the imitator to make sure that consumers were not deceived. One would expect this idea to be part of the “elementary principles of commercial morality” referred to by Lord Herschell in *Reddaway v Banham*.4 In *Reddaway*, the defendant, a former employee of the plaintiff, set up manufacture of the same article and called it the same thing. The plaintiff was able to show that a very large number of the potential customers of this product identified the name “Camel Hair Belting” with the goods manufactured by the plaintiff, and often thought that defendant’s products bought under this name had, in fact, originated from the plaintiff. The Court of Appeal found for the defendant, saying that the words were merely descriptive of the product and hence free for anyone to use, that the defendant had done no more than tell “the simple truth.” The English House of Lords disagreed, finding that the words had acquired a “secondary signification” of a product unique to the plaintiff.

3. (1937) 58 CLR 641 (at 657).
4. [1896] AC 199; (1896) 1B IPR 401; [1895-96] All ER Rep 133; (1896) 13 RPC 218.
In another English decision, *Reckitt & Colman Products Ltd v Borden Inc*5 (*Jif Lemon*), the plaintiff manufactured and sold in England lemon juice packaged in a yellow container shaped like a lemon and sealed with a yellow cap, and had done so for many years. The container had the word “Jif” embossed in it, and the word “Jif” also appeared on a triangular green label stuck to the package. The defendants commenced the sale of lemon juice that also was packaged in a yellow, lemon-shaped container, but the container was larger and had a red lid and a slightly different shape and was clearly marked with a yellow sticker with the word “ReaLemon” in red letters. Notwithstanding the fact that a lemon-shaped container might be considered descriptive of the product, and notwithstanding the clearly different marking, the House of Lords took the view that the plaintiff had a substantial reputation in this “get-up,” and that supermarket shoppers might not be the most careful in the study and comparison of competing products. The sale of the look-alike product was found to be passing off. This decision illustrates that merely having a distinguishing label may not be enough where the nature of the representation, such as in a 30-second advertisement or a supermarket label or notice, and the nature of the audience to which it is directed are such as to make the audience less likely to be able to discern the subtlety of the truth of a representation.

The concept was thus firmly established that a person may be found to have passed off his goods as those of another in ways other than by using familiar trade names and marks. That is, a seller may deceive a purchaser simply by virtue of the appearance of the goods themselves, or their packaging, regardless of the word mark used. This deception could occur as a result of the color, shape, and design of packaging for products presented to customers in a package, and/or as a result of the shape, color, and design of the products themselves—so long as these are shown to be sufficiently well known to be distinctive of the aggrieved supplier so as to suggest instantly to consumers the original supplier or its product, and no other.

IV. AUSTRALIAN DECISIONS LIMITING PASSING-OFF PROTECTION FOR PRODUCT DESIGN

Notwithstanding this common law background, in the past two decades Australian courts have shown themselves to be unwilling to find infringement in any case concerning the appearance of look-alike goods that are labeled with a different brand. The Australian cases, other than those concerning surface ornamentation or brand names, have developed in a way that has suggested that the

appearance of a product itself alone cannot be distinctive of its creator, that a product design is distinctive only in combination with a conventional trademark.

This trend may be seen as starting with Parkdale Custom Built Furniture Pty Ltd v Puxu Pty Ltd. In that case, Puxu was famous for its line of furniture called “Contour” distinguished by its appearance and high cost. Parkdale copied the Contour product quite exactly, and called it “Rawhide.” The only distinction between the two products on the showroom floor, other than the Parkdale product being somewhat cheaper, was a tiny label on the back of one of the cushions. Puxu was unsuccessful in its efforts to prove that Parkdale committed passing off of the appearance of the Puxu line of furniture. Chief Justice Gibbs, in the majority, said, “it is difficult to escape from the conclusion that the appellant deliberately copied the design and appearance of the respondent’s chairs. However, it does not follow that the appellant had any intention to mislead or deceive. One manufacturer may copy the product of another, because that product has proved successful and with the intention of taking advantage of an available market for a product of that kind, but with no intention of passing off his own product as the product of the original manufacturer.” The Court was of the view that, for such an expensive item, potential customers would examine their purchases very carefully, and would detect the difference of origin made evident by the tiny label. So there could be no deception, no loss of sales, and no passing off.

The Puxu decision has had a pronounced effect upon Australian decisions concerning look-alike products in Australia. Decisions by appellate courts have come to apply the same principle in respect of look-alike products much more humble than luxury leather furnishings, including inexpensive but very distinctive shoes in Dr Martens Australia Pty Ltd v Rivers (Australia) Pty Ltd and an unusual type of corkscrew in Sheldon v Metrokane Inc.

The trend in the Australian cases has led to a view, commonly held until recently, that the shape or appearance of a product, which will typically be supplied with branding of some kind, cannot enjoy a reputation independent of that branding. That is, the shape of a product is protected only in conjunction with its branding so that the copying of a product cannot mislead or deceive consumers as to origin if the copied product is sold under a

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7. 1A IPR 684 at 686.
different brand.\textsuperscript{10} Another way of putting this is that, even when
the distinctive features of a product are copied, the affixing of the
branding, marking, or labeling of the competitor alone will always
have the effect of preventing any deception in the mind of the
relevant consumer.\textsuperscript{11} The Australian courts appeared to consider it
unthinkable that a purchaser, even in a consumer market such as
that in \textit{Jif Lemon}, would be deceived into believing that he or she
was “getting the same thing” when the thing had a different brand
name.

Of course, this is not a principle of law—these are matters
that depend upon findings of fact in each case. Nevertheless, until
the recent decision in \textit{Bodum v DKSH}, it has become the view
generally held that it is too difficult to bring a claim based upon
copying of a distinctive feature of the appearance of a product
configuration where the imitation is sold with any form of different
branding or packaging, however obvious the copying and, one
would presume, the intention to “ride the back” of the established
reputation of the original product and market leader.

In passing, it should be noted that Anglo-Australian law has
not yet developed a doctrine of “initial interest confusion.” The
concept of “initial interest confusion” may come into play in a
passing-off case involving a product that looks the same as a
leading brand but has a different word mark; in such cases, the
consumer may initially be attracted to the defendant’s product by
the similarity in appearance but may realize that the defendant’s
product is not the plaintiff’s by the time the sale is consummated.
In more recent times, United Kingdom courts have shown a
greater willingness to adopt the notion of “initial interest
confusion,” but based upon European law, namely Article 9(1)(b) of
European Council Regulation 207/2009/EC.\textsuperscript{12} Such a development
has not occurred in Australia, and most recently was rejected in
\textit{Australian Competition and Consumer Commission (ACCC) v
Trading Post Australia Pty Ltd},\textsuperscript{13} in which Justice Nicholas said,
with respect to keyword advertising, “while a person using a
search engine (including the Google search engine) for the first
time might be confused by the initial experience, this response is
likely to be very short lived. Any confusion arising out of first use

\textsuperscript{10} Dr Martens Australia Pty Ltd v Rivers (Australia) Pty Ltd (1999) 95 FCR 136;

\textsuperscript{11} 1A IPR 684 at 686.

\textsuperscript{12} Article 9(1)(b) of European Council Regulation 207/2009/EC requires only that
there be a “likelihood of confusion on the part of the public.” See Och-Ziff Management
Europe Ltd v OCH Capital LLP Union Investment Management Ltd [2010] All ER (D) 07
(Nov); [2010] EWHC 2599 (Ch).

\textsuperscript{13} [2011] FCA 1086.
is of a temporary and commercially irrelevant kind that may be disregarded for the purpose of determining whether there has been any misleading or deceptive conduct or whether there is a real risk of it occurring in the future.”

Bodum v DKSH

Since 1958, the appellant, Bodum, and its predecessors in title owned intellectual property rights in, made, and sold cafetières (in Australia, called “coffee plungers”) under the brand “Chambord.” The Bodum cafetières had been sold in Australia since 1973, and for over twenty years substantial sales of these cafetières had been made in Australia.

The Chambord cafetières consisted of a cylindrical transparent beaker made from heat-resistant glass, to which a black curved handle was secured by means of two horizontal, silver bands, these in turn being joined by four vertical silver columns that extended and curved underneath the beaker so as to support it; the columns were shaped so as to form four feet on which the cafetière could stand. The lid of the cafetière was a silver, shallow dome with a spherical knob, to which was attached the shaft descending through a hole in the centre of the lid attached to the circular, fitted filter, whereby the filter could be depressed to separate the coffee from the coffee grounds from which it was made. The mark BODUM appeared etched on the glass, engraved on the silver frame, on the lid and embossed in the lid, as well as on a removable sticker on the glass beaker. Instructions in English and French were etched on the lower part of the beaker, and the product was supplied with an instruction leaflet placed inside the beaker.

Since 2004, the respondent, DKSH, had been importing and selling in Australia cafetières that were substantially identical to the Chambord cafetière under the name of “Euroline,” except without any form of branding or instructions on the cafetière itself (other than the mark of the glassmaker, PYREX). The product was also supplied with an instruction leaflet placed inside the beaker.
There was no suggestion in the case that for reasons pertaining to product function the DKSH cafetière had to include a transparent glass beaker, that it had to have a curved handle, or that the handle had to be black; nor did the handle have to be joined to the beaker by means of two horizontal, silver bands, nor did these bands have to be joined by four silver columns, or the feet of the cafetière have to be formed by the extensions of these columns, or the lid have to be domed or the knob on top of it spherical, among the many other design choices made by Bodum for its product. These characteristics may appear now to be obvious
design choices, but that is only after fifty years of sales of the Bodum product such that it has become so familiar to us.15

Since 1997, the Bodum cafetière had been sold in a quite plain box, initially white but, as of 2005, black, with clear BODUM branding. The DKSH product was supplied in a black and white box (predominantly white) featuring a prominent photo of the product with the words “Coffee” in red and “Plunger” in white at the top of the box, with the brand “Euroline” appearing at the bottom left corner of the box.

Bodum engaged in a vast amount of advertising of its cafetière, over a very long period of time, focusing on fashion and gourmet publications, where the product was promoted as a sophisticated product. Invariably, in its advertising, the cafetière itself was the predominant element shown. The product was distributed predominantly through department stores.

By contrast, DKSH engaged in no retail advertising whatsoever, and the evidence showed that it was frequently offered to the public without its packaging on display. Furthermore, the DKSH cafetière was distributed through different channels from those used by Bodum, so there was no opportunity for any side-by-side comparison of the competing products.

There was, however, no evidence of any consumer actually being deceived in respect of a purchase of a DKSH cafetière. Perhaps this should not have been regarded as so surprising—it would be difficult to identify purchasers of the DKSH products who, if deceived upon purchase, presumably remained deceived thereafter.

15. It is common in these cases for a copyist to argue that the design features taken were functional. The law with respect to functionality of design features is in a state of considerable uncertainty in Australia, Great Britain, and Europe, exemplified in the decision of the Full Court of the Federal Court of Australia (Burchett, Hill and Branson JJ) in *Koninklijke Philips Electronics NV v Remington Products Australia Pty Ltd* (2001) ASAL (Digest) 55-056; (2000) 100 FCR 90; (2000) 177 ALR 167; (2000) 48 IPR 257; (2000) AIPC 91-573; [2000] FCA 876, the decision of the English High Court in *Philips Electronics NV v Remington Consumer Products* (1997) 40 IPR 279 and of the European Court of Justice in *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* [2002] All ER (D) 110 (June); [2002] IP & T 683; [2003] Ch 159; [2002] 55 IPR 435; [2002] All ER (EC) 634; [2002] 2 CMLR 1329; [2003] 1 WLR 294; [2003] RPC 2. It is the author’s view that the mere fact that a design feature serves a functional purpose should be disregarded unless there is no other way for any design to effect the same function: there is no reason for a look-alike product to copy unnecessarily large stitching of a leather product, in an unnecessarily different color from the leather, for example. Indeed, in good design, it is often said, form “form follows function” but this should not serve to deny the good designer trade dress protection. In the Philips cases, the third shaver head served a function, albeit inefficiently, but it was for the maker of the look-alike product to establish that there was no other way to produce a three-headed shaver, or if that was necessary or desirable for any reason other than its reputation in the market, but courts have tied themselves up in knots stating principles that are incapable of objective application.
Consistent with the line of Australian decisions referred to above, the primary judge (sub nom Playcorp Group of Companies Pty Ltd v Peter Bodum A/S16) found that Bodum’s cafetière reputation did not exist in the “naked” cafetière features, but that “Bodum’s reputation is distinctly tied to its products being properly labeled and sold in conjunction with reinforcing packaging and, significantly, by reference to the Bodum name”17 The primary judge found that consumers would be alive to the existence of look-alike products, and the presence of the DKSH EUROLINE brand on its packaging would be sufficient to make all reasonable consumers aware that the DKSH product had no connection to Bodum. In what may seem a somewhat bizarre observation, his Honour observed that “Bodum could be said to be ‘a victim of its own success’,”18 meaning that Bodum’s advertising had been so extensive as to make the reputation of the Bodum product inseparable from the BODUM trademark, so as to have no independent existence. One might ask—how otherwise could one advertise a well-designed product?

In a decision unexpected by the trademark bar, the Full Court on appeal overturned the decision of the court below (Greenwood J, Tracey J concurring; Buchanan J dissenting). The majority made a point of contradicting the developing perception that, as a matter of law, there could be no “secondary reputation” in the configuration or features of the product in question, the “naked” product, as the primary judge described it, without the supplier’s conventional trademark. Each case must depend on its facts. In this case, their Honours observed, it was clear from Bodum’s extensive advertising that it sought, first and foremost, to create in the minds of consumers a recognition of the distinctive shape and other design features of the Bodum product. They concluded:

Those consumers that retain a recognition of the trade mark and the distinctive features of the Bodum product are prima facie likely to think that a product exhibiting those features is a Bodum Chambord Coffee Plunger unless something about the rival product tells the consumer—“You are not looking at a Bodum Chambord Coffee Plunger here”—which goes to the question of labelling and the differentiation factors applicable to the rival product. The absence of the Bodum mark or name from the rival product, exhibiting the Bodum features of significant secondary distinction, does not diminish the attractive force of the secondary reputation in the

17. Id. at [82].
features associated with the particular trader/manufacturer. The reputation for the shape and distinction of the Bodum Chambord Coffee Plunger does not dissolve in the absence of the trade mark.19

The majority found that the absence of any trademark on the DKSH product, and the lack of prominence of the DKSH trademark on the package, showed that it was unlikely that a consumer misled by the appearance of the DKSH product would be effectively warned that it was not a Bodum product, or would not realize until too late, after the purchase, when the DKSH packaging came together with the product displayed. In short, their Honours observed, “the consumer seeks the product not the box.”20

V. CONCLUSION

It is not clear why, until the Bodum case, there has been such a reluctance amongst Australian judges to recognize the power of distinctive product configuration in a product that has achieved success in a market.

Sometimes, the courts have spoken of the need to avoid stifling robust competition, to avoid a “monopoly” in a particular type of product. However, there is no necessity for a legitimate competitor to copy a successful product’s distinctive configuration. This has nothing to do with preserving competition.

There is also a notion that emerges from time to time of a tension between protection of the shape of an object as a trademark, whether by means of registration or by the general law, and other forms of protection, such as copyright or registered designs (or design patents), which are of limited duration. Because registration of a trademark, or the protection afforded by the general law, may be of an indeterminate duration, it is thought that there is a conflict, or “overlap,” with these other forms of intellectual property. It is the author’s view that this is an unfounded concern because the different systems protect different things altogether, reputation or signification of origin in the one case, and human expression or innovative design in the other. The same comments apply to other supposed “overlaps” in intellectual property protection.

The decision in Bodum v DKSH illustrates this point by making clear that it is only an abuse of a trader’s hard-earned reputation by deceptive behavior, or conduct likely to deceive, that is to be impugned by this form of protection. In order to succeed in

20. Id. at [239].
this sort of claim, this decision indicates that, to the extent possible, the following matters should be pursued:

- in addition to the usual evidence showing substantial sales and advertising, specific reference to advertising in which the shape of the object is prominent;
- evidence of the manner in which the original product is differentiated from other products in the market performing the same function, particularly at the time the original product was put on the market—the functionality of any of these elements should be irrelevant for the reasons given above, but this will probably remain an issue in some cases;
- evidence of the manner in which the original product is displayed or otherwise presented in the channels through which it is supplied;
- because it is common for look-alike products to be put on the market with little or no advertising or other marketing, in order to ride the back of the marketing expenditure of the original product, evidence showing this lack of marketing for the look-alike product, if possible;
- because it is also common for look-alike products to either prominently display an image of the product on any packaging or to have clear plastic packaging so the product can be seen inside, and to relegate to a lesser prominence any branding, the significance of this type of packaging and/or branding should be demonstrated;
- similarly, where the look-alike product is commonly offered for sale or demonstrated without its packaging or differentiating branding, attention should be brought to such practices;
- where the original and look-alike products are distributed through separate channels, as is commonly the case, so that consumers cannot make side-by-side comparisons that might enable them to differentiate between the products, this may also be a significant consideration.

The decision of the Full Court of the Australian Federal Court in *Bodum v DKSH* may signal a more receptive attitude in Australian courts to claims based upon the secondary signification of distinctive product designs. This is a development to be welcomed as being more consistent with long-established authority in the common law world than the approach to this issue that appears to have developed over the last three decades.