A Test for the ‘Test’ of Distinctiveness – The Saga Continues...

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ABSTRACT
A primary consideration prior to registering a mark for or on behalf of a client is whether it is “distinctive” as opposed to merely “descriptive”. In recent times, examiners in Australia appear to have become increasingly stringent about whether a mark is indeed “distinctive”.

Take away points for practitioners:
- An increased threshold for “distinctiveness” in Australia may be seen to encourage innovation as opposed to create a monopoly;
- A “distinctive” mark is not the same as “well-known” mark;
- Distinctiveness may arise in a registration context as well as in defensive actions.

INTRODUCTORY COMMENTS
Trade marks play an important role in the global marketplace. At its most basic level, a trade mark has traditionally signalled the origin of the product, and may be seen to influence consumer choice of a particular product or service associated with the mark.

Section 17 of the Trade Marks Act 1995 (Cth) (“TMA”) defines a mark as:

...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 by any other person.

A ‘sign’ is defined under section 6 to include any

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

The United States and United Kingdom legislation is similar.

By registering a mark, ‘owners’ (broadly speaking) aim to protect the goodwill or reputation associated with a product or service by denoting the origin of the goods or services dealt with.

1 See Attorney General v Brewery Employees Union of NSW (1908) 6 CLR 469. But see Coca Cola v All Fect Distributors Ltd (1999) 47 IPR 481; Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd (1991) 21 IPR 1, 25.

2 There is an array of marketing and psychology literature that attempts to explore consumer choice with respect to marks.

3 Notably, most jurisdictions (including, but not limited to Australia, the UK and the US) that incorporate an intellectual property regime, operate on substantially similar fundamental principles.
service upon which it appears. Apart from indicating the origin of the goods, however, a trade mark is the well-spring of goodwill and a manufacturer’s ‘pledge’ or endorsement of quality to consumers.

DISTINCTIVENESS AS THE ‘ESSENCE’ OF CONFLICT
From a different perspective, registration of a mark may be seen as one way that trade mark conflict can arise. This would be the case where, for example, a party applying to register a mark is denied registration by the Registrar of Trade Marks for a number of reasons, including that the mark may not be ‘distinctive’.

Essentially, distinctiveness is a condition of registration and it is in this context that will be the focal point in this article. Central to the concept of ‘distinctiveness’ in Australia is the need to prevent, amongst other things, consumer confusion. So, if a mark is not capable of distinguishing the applicant’s goods or services from the goods and services of other persons, then the application must be rejected.

Conflict can also arise with respect to trade mark “use” (e.g. infringement or dilution). This is because a person infringes a trade mark if the person uses a sign that is substantially identical or deceptively similar to the registered mark “as a trade mark”.

Distinctiveness is, however, woven throughout the TMA in other contexts, including where the absence of distinctiveness may be used to rectify the register and cancel a mark either because:

- it is a basis on which registration could have been opposed; or
- the application is made 10 years after the filing date and the mark was only registered on the basis it was partly inherently adapted to distinguish and partly through intended use, and over the 10 year period it was not sufficiently used to in fact distinguish.

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4. There is much debate as to the concept of ‘ownership’ of a mark from an economic-rights, consumer protection and also property-rights perspective, which is not explored in this article.


8. See, e.g., Clark Equipment Company v Registrar of Trade Marks (1964) 111 CLR 511, 512, 514 (Kitto J); Registrar of Trade Marks v W & G Du Cros Ltd [1913] AC 624, 634-635 (Lord Parker); Chocolaterie Guylian NV v Registrar of Trade Marks (2009) 258 ALR 545, 567.


10. The validity of the trade mark use ‘doctrine’ in the context of dilution will be discussed in the author’s forthcoming publications.

11. Trade Marks Act 1995 (Cth) s 120.

12. Ibid s 88(2)(a).

13. Ibid s 88(2)(d).
Finally, a lack of distinctiveness may be used to oppose registration of the mark on the same grounds that the application may be rejected. If a person opposes registration, the applicant has to establish distinctiveness.

**DISTINCTIVENESS AND REGISTRATION IN A NUTSHELL**

At first blush, the term ‘distinctiveness’ (as a condition of registration) may appear a relatively straight-forward determination. But, such an observation may be somewhat fictitious.

Section 41 of the TMA outlines ‘distinctiveness’ and indicates that there are three main types under subsections 41(3), (5) and (6).

Broadly speaking, when assessing the inherent registrability of a trademark, the Registrar applies the test of whether:

...other traders are likely, in the ordinary course of their business and without improper motive, to desire to use the same mark, or some mark nearly resembling it, upon or in connection with their own goods.

The definition contained on the IP Australia website defines ‘distinctive broadly (and somewhat ill-fitting of other jurisdictions) as:

A requirement of a trade mark is that it is unique and unlikely to be confused with another trade mark.

Pursuant to sub-sections 41(2) and (3), in order to decide whether a trademark is distinctive (i.e. capable of distinguishing the applicant’s goods or services from those of others), the Registrar must consider whether the mark is inherently adapted to distinguish the applicant’s goods or services. This would include completely arbitrary words like OPTUS, or MAMBO, or words unrelated to their usual contextual use, such as APPLE (for computers). Since there is only once possible function, they are inherently adapted to distinguish. Equally, while a ‘common’ word or name may itself be incapable of registration, used in combination with a logo (e.g. “THE BODY SHOP” or “DAVID JONES”) can be registered as a composite trade mark. The combination is distinctive because the added feature(s) give the sign (taken as a whole) its distinctiveness.

If it is not, sub-section 41(5) states that the Registrar must then decide whether the mark is to ‘some extent inherently adapted to distinguish’ those goods and services, and, if it is, whether its ‘use or intended use’ will distinguish the applicant’s goods or services. This is commonly referred to as the ‘combination of inherent distinctiveness and use’ test.

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14 Ibid s 57.
15 Distinctiveness when seeking to establish dilution by blurring in the US has lacked clear definitive boundaries, which in turn has contributed to ongoing concerns about senior mark owners placing heavy reliance on such a cause of action.
16 To receive protection, a mark is required to be distinctive of source. A mark is distinctive of source if it is recognised by consumers as a designation of the source of the product to which it is affixed rather than as, for example, a decoration on or a description of that product or service. See, e.g., Chocolaterie Guylian NV v Registrar of Trade Marks (2009) 258 ALR 545, 567.
17 See, e.g., Unilever Australia Limited v George Karounos and Sabre International Limited (2001) 52 IPR 361, at [44]; Johnson & Johnson Australia Pty Ltd v Sterling Pharmaceuticals Pty Ltd (1991) 30 FCR 326, 335-
If neither sub-sections 41(3) or (5) is satisfied, the Registrar must apply sub-section 41(6), which in essence requires the applicant to establish:

(1) that there has been use of the trade mark that is the subject of the application before the filing date; and,

(2) that because of the extent of that use before the filing date the trade mark does distinguish the designated goods or services as those of the applicant.

THE ‘SCALE’ OF DISTINCTIVENESS

A number of Australian practitioners have expressed concerns about the lack of clear definitive guidelines in the TMA and those used by the Registrar or Trade Marks in determining the registrability of a mark. In assessing the strength of a mark and determining its capability of being ‘distinctive’, the following sliding scale (whilst not absolute) may provide some initial assistance to practitioners – particularly where a client seeks to register a mark in jurisdictions other than in Australia (e.g. in the US):

Generic  -  Descriptive  -  Suggestive  -  Arbitrary  -  Fanciful

At the lower end of the scale are generic terms, which cannot be a trade mark. Such a classification is incapable of distinguishing the goods of one user from those of another, as it merely designates a kind of goods or service. A term is therefore generic if it merely identifies the kind of goods or services it is used with – it is incapable of functioning as trade mark.

The way in which a term is used, however, can impact whether or not it is deemed generic. For example, the term ‘APPLE’ is generic if used in connection with flavours of a dessert; but not when used in connection with computer products or music recordings.

By the same token, a ‘strong’ mark may become generic (and therefore incapable of protection) if the mark is used as a generic term rather than as a brand name. For example, CELLOPHANE and ASPIRIN were once strong marks that over time became generic. Some marks that are not, however, generic per se include KLEENEX (for facial tissues), KODAK, and HOOVER.

Proceeding up one notch are descriptive terms. These are words or phrases that merely describe the goods or services, or some feature, purpose, or characteristic of the goods or services.

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19 Please contact the author for further information.

20 See also in copyright Data Access Corp v Powerflex Services Pty Ltd (1999) 202 CLR 1.
While descriptive terms inform consumers about the goods and services, but do not act as source indicators. Therefore, because descriptive terms do not initially serve to distinguish their owners’ goods or services from those of others, they are not initially capable of protection. Descriptive, unlike generic, terms are capable of distinguishing the goods and services of their ‘owners’ from those of others. Such terms may therefore be used by competitors who seek to use the same or similar words to describe their own goods – which is consistent with an underlying objective of trade mark law which seeks to prohibit anti-competitive practices.

It is important, however, for such a term to acquire distinctiveness (which may be achieved through continuous use in the market), they must (broadly speaking) come to be recognised by consumers as source-indicators rather than as merely descriptive phrases. Therefore, while generic terms may be incapable of becoming marks because they lack distinctiveness, and descriptive terms may become trade marks by acquiring distinctiveness, the remaining three degrees of strength apply to marks that are inherently distinctive. In other words, they may be capable of functioning as trade marks from the moment they are first used.

Suggestive marks go beyond mere descriptive to informing or suggesting something about a good. NIKE, for example, (which is the name of the Greek goddess of victory) implies something about the quality of the company’s athletic gear.

Arbitrary marks may be common defined words (e.g. dictionary words) that have real-world meaning, but whose meaning does not relate (at face-value) to the product or service with which they may be used.

Fanciful marks, for example, sit at the strongest end of the scale and which may be wholly invented words that have no ‘unique’ meaning except from their function as, generally speaking, source indicators for their ‘owners’. Examples include KODAK (for cameras), EXXON (for petroleum products), and XEROX (for photocopiers).

| Weak | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ | \[\text{CONCLUDING COMMENTS}\]

In the absence of a well-defined concept of ‘distinctiveness’ in Australia, a continued ‘gap’ in understanding vis-a-vis practitioners, courts and the Registrar of Trade Marks may indeed persist. This article has attempted to provide some guidance for practitioners when seeking to make a prima facie determination as to the strength of a mark. Given the nature of the global market, there may appear a need also for a common understanding of

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21 This acquisition of consumer recognition as a brand name rather than as a merely descriptive term is called ‘secondary meaning’, and is more commonly used in the US.
determining ‘distinctiveness’ in the interest of consumers and ‘owners’. For now, however, the saga continues...

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