



Is the future of trade marks black and white?

A study of colour mark registration, colour depletion and proposition of structural changes to the trade mark system

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Trade marks and colours – a brief overview

We have always been surrounded and fascinated by colours. Colours are, in contrast to words, not a human construction, but can rather be found in nature. Indeed, the first man-made use of colours was through natural dyestuff found in plants and minerals. Colours were used for their aesthetic appearance by the Egyptians on ointment bottles and by the Greeks on their temples.¹ As nature only contains a certain number of plants and minerals suitable for dyestuff, the number of shades were limited, and coloured cloth, in shades that were not naturally abundant, was a luxury. In Byzantia, colouring the hem of one robe required as much as 12,000 shells of Tyrian purple.²

Colours have in other words been used long before the modern system of trade mark registration first appeared. The first trade marks were so-called proprietary marks, used to indicate ownership, for example by branding livestock with a specific symbol to show which farmer owned what animal.³ Over time, the practice developed from being an indication of ownership to indicate the origin or maker, such as the Roman potters who stamped their name on their pottery.⁴

It is today well-established that the main function of trade marks is to indicate the origin of the goods or services they relate to.⁵ By indicating its origin, trade mark proprietors hope to establish an association in the consumers mind between the mark and the product value or quality.⁶ Some trade marks have moved past indicating origin and acquired an economic and cultural value of their own. Just think about the Nike Swoosh, the Adidas stripes or the Apple logo. Owning, for example, an Apple laptop or phone today has for many consumers nearly become part of their identity.

¹ Blaszczyk *et al.*, *The color revolution* (1st edn MIT press 2012) 1

² Jasper, *A Colour Theory* [2014] *Architectural Theory Review* 19, 120

³ Bentley *et al.*, *Intellectual property law* (5th edn, Oxford University Press 2018) 247

⁴ Holyoak & Torremans *Intellectual property law* (7th edn, Oxford University Press 2013) 429

⁵ Mellor, *Kerly's law of trade marks and trade names* (15th edn, Sweet & Maxwell 2011) 2-003

⁶ Cornish, Llewelyn & Aplin, *Intellectual property: Patents, copyright, trade marks and allied rights* (8th edn, Sweet & Maxwell 2013) 627

Not only their functions but also *what* may constitute a trade mark has changed over time. Traditional marks consisted of words, names or logos, an example being the first registered mark in the UK in 1875, which consisted of the companies name 'Bass Pale Ale' and its red triangle logo.⁷ Today, trade marks have expanded into new sensory markers such as sounds, smells, tastes, and colours. The lion's roar marking the beginning of a cartoon⁸ or even the smell of Plumeria blossoms for embroidery yarn⁹ are both examples of registered trade marks in the US. It has historically been challenging to register such 'non-traditional trade marks', including colours.

The origin function of trade marks illustrates how this particular type of intellectual property differs from other IP rights, such as design, copyright and, patents. Trade marks do not give the proprietor an exclusive right to sell or control the goods or services themselves, but simply to use a specific mark in trade. The right associated with a trade mark is sometimes referred to as a monopoly, though some commentators, such as Bentley, find this terminology misleading, as the right is limited by the classes the mark is registered for and the trade mark's specification.¹⁰ Even though scholars disagree when it comes to terminology, it is clear that for the trade mark system to be a lasting and permanent, there logically needs to be a nearly inexhaustible number of potentially registrable marks. The thought that the possibilities of trade marks are inexhaustible has been one of the core assumptions for the development of both the EU and US trade mark systems.

The view has in recent years been challenged, by amongst other Bebee and Fromer. In their 2018 empirical study of word marks, the two scholars proved that the number of competitive registrable marks is, in fact, exhaustible and that we already have reached severe levels of depletion and congestion.¹¹ The study has created a debate about depletion and the suitability of the trade mark system. Whilst Bebee and Fromer's study focused on word marks, I will in the following focus on depletion in relation to single colour marks and

⁷ UK Trade Mark Number UK00000000001, filed 01.01.1876

⁸ US Trade Mark Number 73553567, filed 05.08.1985

⁹ US Trade Mark Number 1639128, filed 19.09.1990

¹⁰ Bentley *et al.*, *Intellectual property law* (5th edn, Oxford University Press 2018) 851

¹¹ Beebe & Fromer, *Are we running out of trademarks? An empirical study of trademark depletion and congestion* [2018] Harvard law review Volume 131 number 4, 948

colours *per se*. Though the European Court of Justice (ECJ) has not used the term depletion when assessing colour marks, it will be explained in the following how the concept also is relevant and actualized in Europe.

In this dissertation, the focus will be on how different elements in EU and US trade mark registration and infringement processes may influence the risk of colour depletion. This work seeks to bring an answer to two questions: should we change the trade mark system due to a risk of colour depletion? And in that case, what changes should be made?

The hypothesis to be assessed is that the registration of colours marks, especially single colours marks and colours *per se*, leads to colour depletion. This depletion risk is exacerbated due to the use of the average consumer or similar reference points in so-called confusion-tests. Also, other elements, such as the US incontestable marks doctrine and the lack of colour specification will increase the risk.

Nevertheless, there will also be elements in both systems limiting depletion. The strict requirements for registration, such as the acquired distinctiveness test, the US functionality doctrine, and EU graphical representation rules are all requirements that lead to fewer registrations and therefore also leave more colours free for all to use.

The depletion risk could be reduced or eliminated through changes in the current trade mark system. The most extreme option would be to ban the registration of all colour marks. This alternative is, in my opinion, a disproportionate measure when taking into account the current depletion level. Other, less invasive options would be to limit the scope of protection and in the US remove the contestable mark status and require a colour specification similar to the EU.

An additional possibility is to change the average consumer test in both trade mark systems. This could be done through a tailored policy change only targeting colour marks. Colours are, as we will see, often an important part of the design and in many ways a hybrid between a trade mark and a design element. By using analogy from design law I will, therefore, propose to change the EU average consumer test and the US equivalent into an 'informed user' test.

This test could be more suitable for colour marks, as the risk of shade confusion increases the need for an attentive consumer. An attentive consumer would be able to differentiate between more shades, limiting the scope of each registration and thereby also the risk of depletion.

I will in my assessment take into account the underlying principles and functions of trade mark law. The risk of depletion and the need for keeping colours free for all competitors to use will be weighed up against the invasiveness of the proposed changes and the need for a constant and uniform trade mark system, promoting legal certainty for applicants and proprietors.

The conclusion will be a balanced one, stating that until we have more empirical evidence suggesting severe colour depletion, radical changes to the trade mark systems would be disproportionate. However, less invasive propositions, such as removing the incontestable mark status and require a reference to an international colour standard in the US, would still be feasible and could benefit the US trade mark system as a whole.

Chapter 1. The power of colours

1.1 Colour perception and systematisation

Humans can distinguish between different colours and shades through the perception of electromagnetic radiation,¹² but because every eye is physically unique, the perception of a colour might vary from individual to individual. The research is not unanimous when it comes to quantifying the number of shades and colours humans can distinguish between, but the indication is around 7-10 million.¹³

There have been several attempts to systematise the variations of colour and eliminate the individual variation in perception. An example is the *Munsell system*, where shades are systematised through numerical values based on *hue*, the light's wavelength.¹⁴ Whilst this system is highly accurate, it can be complicated to use and understand. A simplified version originally meant for colour printing was developed in 1963 with the Pantone Matching System.¹⁵ Today, Pantone has grown into an international library of colour standards, classifying nearly 5 000 Pantone colours.¹⁶

Pantone's role has also expanded beyond simply providing a numerical library, into forecasting the seasons colour trends. The colour forecast substantially impacts a variety of actors, such as fashion houses and influencers, and was thoroughly explained by Meryl Streep, playing a fashion magazine editor, in the 2006 film 'The Devil Wears Prada'. Lecturing her assistant on a 'Cerulean blue' sweater, she declared that "it's sort of comical how you think you've made a choice that exempts you from the fashion industry when, in fact, you're

¹² Wegman & Said, *Colour theory and design* [2011] WIREs Comp Stat 3 104-117, 104

¹³ Jubb & Wyszecki, *Color in Business Science and Industry* (3rd edn Wiley 1975) 388, indicates that humans can distinguish between 10 million shades, while Morton J.L 'Color and vision matters' (Color matters) <<https://www.colormatters.com/color-and-vision/color-and-vision-matters>> accessed 15.06.2019, argues that humans can see 7 million colours

¹⁴ Wegman & Said, *Colour theory and design* [2011] WIREs Comp Stat 3 104-117, 108

¹⁵ Blaszczyk *et al.*, *The color revolution* (1st edn MIT press 2012) 297

¹⁶ Pantone Colour System explained <<https://store.pantone.com/uk/en/colour-systems-intro>> Accessed on 13.06.2019

wearing the sweater that was selected for you by the people in this room”.¹⁷ As colour expert Katy Kelleher points out, the shade was in reality selected by Pantone, as the first-ever colour of the year in 2000, 6 years before the movie was released.¹⁸

1.2 Colours as visual communication tools

After the 1900’s colour revolution and the introduction of chemical manufacturing, the communication potential of colours was discovered.¹⁹ When used as a medium for visual communication, colours can indicate origin for consumers who speak different languages, increasing brand recognition. The point was emphasized by Yvonne Isherwood at Fortnum & Mason, where the brands ‘eau de nil’ colour has been used for the last 300 years and plays a particularly important role as an indicator for their non-English speaking customers.²⁰

Colours are today so connected to brands, that brand-names can be used in everyday speech, to describe a certain shade. A T-shirt could, for example, be described as Cadbury purple or Ferrari red.²¹ Colours can also trigger cultural responses, and Wegman and Said use wedding dresses as an example, where white symbolising purity is used in the western world, whilst red symbolising good luck is used in China.²² Certain shades are also popular indicators of exclusivity, for example, when shown the Pantone shade 1837 ‘robin’s-egg blue’ in relation to jewellery, a substantial number of Western women are likely to think

¹⁷ Kelleher, *What is the perfect color worth?* [2018] New York Times Magazine <<https://www.nytimes.com/2018/02/28/magazine/what-is-the-perfect-color-worth.html?rref=collection%2Fsectioncollection%2Fmagazine&action=click&contentCollection=magazine®ion=rank&module=package&version=highlights&contentPlacement=1&pgtype=sectionfront>> Accessed 15.04.2019

¹⁸ *Ibid.*

¹⁹ Blaszczyk *et al.*, *The color revolution* (1st edn MIT press 2012) 1

²⁰ Hosea, ‘Brands Colours influence purchase decisions’ (Marketing week 08.09.2017) <<https://www.marketingweek.com/2017/09/08/brands-colour-influence-purchase-decisions/>> accessed 15.06.2019

²¹ Jasper, *Colour Theory* [2014] *Architectural Theory Review* 19, 121

²² Wegman & Said, *Colour theory and design* [2011] *WIREs Comp Stat* 3 104-117, 113

of the brand Tiffany's.²³ The shade is trade marked in the US, for amongst other things, jewellery and packaging.²⁴

The right use of a colour can increase brand recognition with as much as 87% and sales by 50-85%, illustrating the importance of choice and protection of shades.²⁵ The importance is particularly prominent when used by companies delivering the same or similar services, as is the case in the petrol industry, where all petrol stations, in essence, provide gasoline. The different brands, therefore, use bright colours and visible logos, both to differentiate their services and to attract the attention of consumers whilst driving.²⁶

1.3 Colour mark possibilities

Colour marks can vary according to how many colours the mark consists of, in addition to how and where the mark is used. Both the number of colours and the marks placement on the goods, can impact the depletion risk. Colours can be registered as colour combinations, with two or more colours used for one mark, or single colours marks, with only one shade. When it comes to how and where the colour is used, there are several possibilities.

First of all, colours can be registered as part of a traditional trade mark, for example a word mark, figurative mark or position mark. An example is the Coca-Cola logo, registered in white and red.²⁷ When a traditional mark is registered in a particular colour, the colour is not registered *per se*. Instead, the specification limits the mark to the specific colours, in contrast to a black and white registration that in theory would cover more variations.²⁸ In McCarthy's words "the paradox of trade mark registration is that the less that is registered, the greater

²³ Pressman, 'Crazy about Tiffany's The story behind an iconic brand color' (Pantone Color Institute 19, February 2016) <<https://www.pantone.com/color-intelligence/articles/case-studies/crazy-about-tiffanys-the-story-behind-an-iconic-brand-color>> accessed 13.06.2019

²⁴ US TM Registration number 2359351, Filing date 24.08.1998

²⁵ 'Pantone colour systems explained' (Pantone color institute)

<<https://store.pantone.com/uk/en/colour-systems-intro>> Accessed 15.06.2019

²⁶ Phillips, *Trade Mark Law A practical anatomy* (1st edn Oxford University press 2003) 640

²⁷ EUTM 008792475, filed 05.01.2010

²⁸ McCarthy, *On Trademarks and Unfair Competition* (5th edn, Thomas Reuters, 2019) §7:39

the scope of protection afforded”.²⁹ This paradox could explain why, for example McDonald’s have registered their logo as a figurative mark in black and white instead of their famous red and yellow combination.³⁰

Secondly, a colour can be a part of the get-up of a product and linked to a placement on the goods. The registration is of a colour mark, but the scope of the registration is limited to the position on the goods. This is the case with Louboutin, where the Pantone shade 18-1663TP is registered only for the sole of high heeled shoes.³¹ The exclusive right to the shade will then only cover use on the sole, and competitors are free to use the same shade on the rest of a high heeled shoe.

Thirdly, a colour can be registered *per se*, for goods and services in certain classes. The colour can then be applied to the specified goods in any possible way. This is, for example, the case for Kraft’s registration of Cadbury purple registered in class 30 for chocolate.³² *Per se* colour marks has been controversial, as the registration is broad and the lack of specification of where and how much of for example the packaging, the colour shall cover, has led to uncertainty. Kraft’s registration-attempt in the UK made it clear that the specification of purple “applied to the whole visible surface or being the predominant colour to the whole visible surface, of the packaging of the goods” left open too many possibilities.³³

Whilst single colour and colour *per se* marks have met difficulties, registries have been more willing to register colour combinations.³⁴ However, the registration requirements for combination marks are even stricter, as the specification must show how the shades are to be arranged in even more detail. One explanation for this being that depletion is more likely when only one shade is used, as the possibilities are fewer. In the following, this theory will be explained in more detail.

²⁹ *Ibid.* §19-60

³⁰ EUTM 000062521, filed 01.04.1996

³¹ Benelux Trade Mark 0874489 registered 06.01.2010 and US Trade Mark No. 3,361,597

³² EUTM 000031336 registered 27.10.1999

³³ *Société Des Produits Nestlé SA v Cadbury UK Limited* [2013] EWCA Civ 1174

³⁴ C-49/02 *Heidelberger Bauchemie* [2004] ETMR 99

Chapter 2. The depletion theory

2.1 Definition

The depletion theory has been described as “the process by which a decreasing number of potential trademarks remain unclaimed by any trademark owner”.³⁵ The definition is based on the assumptions that we continue to register trade marks, and that the number of possible, registrable marks are limited. Depletion has been described as a binary concept, a mark is or is not depleted in the relevant class of good or services.³⁶

2.1.1 Colour depletion

The development of the depletion theory is closely linked to non-traditional trade marks and originated in the United States as a result of colour marks. In *Cambell Soup Co v Armour & Co*, the Federal Court of Appeal rejected the protection of the red and white Cambell Soup can, as “if they monopolize red in all of its shades, the next manufacturer may monopolize orange in all of its shades and the next yellow in the same way. Obviously, the list of colors will soon run out”.³⁷ The depletion theory was for long used as justification for the rejection of colour mark applications.

The depletion theory was, however, rejected by the Supreme Court in 1985, as it would constitute a *per se* ban on colour marks.³⁸ The *Qualitex*-case was also the first Supreme Court precedence allowing a single colour mark registration.³⁹ Justice Beyer reasoned that depletion only was “an occasional problem”,⁴⁰ and when a colour serves as a mark, normally alternative colours will likely be available for similar use by others”.⁴¹

³⁵ Beebe & Fromer, *Are we running out of trademarks? An empirical study of trademark depletion and congestion* [2018] Harvard law review Volume 131 number 4, 950

³⁶ *Ibid.* 1013

³⁷ *Cambell Soup Co v Armour & Co The Federal court of appeal* U.S.P.Q 430 175 F. 2d 795, 798 (3d. Cir 1949)

³⁸ *Qualitex Co v. Jacobson Products co* 514 U.S. 159 (1995)

³⁹ *Ibid.*

⁴⁰ *Ibid.* para 168

⁴¹ *Ibid.* para 168

On the one hand, this justification could be criticised as inaccurate, as removing a shade from the access of competitors, especially if that shade is a particularly popular or valuable one, is likely to create a competitive disadvantage. On the other hand, it can be argued that it will take time before a sufficient amount of colours are depleted, given the number of available shades and classes in the Nice classification.

2.2 Should we worry?

Trade mark law seeks to balance the interest of trade mark proprietors to exclusively use a mark, against public interest considerations and competitor's needs. The registration of untraditional trade marks creates additional difficulties in striking the right balance, like sounds, smells and colours are naturally limited in numbers, but at the same time also capable of serving a trade mark function.

2.2.1 Disadvantage for competitors

The thought that certain types of marks should be left free for all competitors to use is not new, and as early as 1913, Lord Parks announced that a trade mark applicants' success in the UK, depended on the need of other traders to use the same mark.⁴² The same thought is today reflected in the European Union, where competition law regulates undertakings behaviour, by limiting actions with an anti-competitive object or effect.⁴³ Trade marks are one of the means undertakings have at their disposal to distinguish themselves from one another, however, the use of trade marks are not precluded from competition law regulations.

⁴² Phillips & Simon, *Trade Mark Use* (1st edn Oxford University press 2005) 30, Case *W. & G, du Cros* (n 1) 671-672

⁴³ *Ibid* art. 101-106

The European Court of Justice has ruled that the interest of free competition may in some exceptional cases prevail over intellectual property rights,⁴⁴ for example when refusal to license would restrict technical development and constitute abuse under TFEU 102.⁴⁵ Most of the time, the disadvantage for competitors will not fall under the domain of competition law, but this does not mean that the consideration should be forgotten.

To draw the line between free competition and trade mark proprietor's interests, measures outside of competition law have also been taken. For European Union trade marks, the grounds for refusal of registration shows how the legislator seeks to keep some signs free for all to use. The US follows a similar approach, with its functionality doctrine. Both the ECJ and the US Supreme Court have also underlined the importance of leaving certain signs free to use for all.⁴⁶

2.2.2. Varying value and limited supply

In comparison to other trade marks, single colours are in a unique position, as they can not be created or invented from scratch as inventive or fanciful marks.⁴⁷ At a first glance, the risk of running out of colours, therefore, seems more likely than running out of words or shapes.⁴⁸ However, the available number of colours must also be taken into consideration, and as seen above, this is in the millions.⁴⁹

Nevertheless, even when presuming that only a limited number of the total available colour supply were to be registered, this does not prevent competitors from being put at a disadvantage. In simple terms, there is a reason why Tiffany chose the shade 1837 'Robin's-egg Blue' instead of for example 448C, selected for plain tobacco and cigarette packaging in

⁴⁴ Holyoak & Torreman, *Intellectual property law* (6th edn, Oxford University Press 2013) 544

⁴⁵ C-241 and C-242/91 *RTE and ITP v Commission* 06.04.1995 and T-201/04 *Microsoft v Commission* 17.09.2007

⁴⁶ Phillips & Simon, *Trade Mark Use* (1st edn Oxford University press 2005) 33

⁴⁷ See *The Abercrombie spectrum, Abercrombie & Fitch Co. v Hunting World Inc.* 537 F.2d 4; 189 U.S.P.Q. 759

⁴⁸ McCutcheon, *How many colours on the rainbow? The registration of colour per se under Australian trade mark law* [2004] *European Intellectual Property review*, 6

⁴⁹ *Supra* note 13

a number of countries and often referred to as the world's least appealing hue. By registering the more appealing shades, competitors are left with less appealing options. The different value of shades varies across industries, the extreme example being fashion, that seems to not only be leading when it comes to the use and registration of colours, but also when it comes to choosing the right palette, according to trends and seasons.

Chapter 3. Registration and infringement of colour marks in the EU

Although the focus on leaving some marks free for all to use is important, we must not forget that there is a public interest in registering the trade marks that fulfil the registration requirements. Registration ensures compliance with the fundamental justifications for trade mark protection, namely that consumers easily can access products of the price and quality they desire, something which benefits competition. In order to assess how the different registration and infringement procedures impact the risk of depletion, and to consider if any changes should be made, we must first examine the existing trade mark systems. In the following, the focus will be on the most common obstacles applicants meet when seeking to register and protect colour mark in the EU and US.

3.1 Registration and graphical representation

The European Union Trade Mark (EUTM, previously Community Trade Mark),⁵⁰ allows proprietors to apply for EU-wide trade mark protection through one registration, instead of filing applications in multiple EU jurisdictions. The European Union Trade Mark has been a successful initiative and the European intellectual property office (EUIPO) had by May 2018 received 1,7 million EUTM applications and registered nearly 1,5 million marks.⁵¹ Nevertheless, applicants for particularly untraditional trade marks have had difficulties

⁵⁰ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark [1994] OJ L 011/1 (14 January 1994)

⁵¹ SSC009 – Statistics of European Union Trade Marks (June 2019) Available online at <https://euipo.europa.eu/ohimportal/en/the-office>

fulfilling the registration criteria set out in the 2017/1001 Regulation on the European Union Trade Mark (hereafter Reg. 2017/1001).

Firstly, the colour must not fall under any of the absolute grounds for refusals set out in art. 7. The absolute grounds are a way of striking a balance between the applicant's interests in an exclusive right, and competitors' need to freely use the same shade. A colour mark may also be refused on relative grounds, but these are only assessed if there is "opposition by the proprietor of an earlier mark".⁵²

After the 2017 amendments in art. 4, a "sign" may consist of, "in particular [...] colours". Before this amendment, it was long unclear whether a colour could constitute a sign or not, as evidenced in the *Libertel*-case, where the Court of Justice proclaimed that "a colour *per se* cannot be presumed to constitute a sign. Normally a colour is a simple property of things".⁵³ In *Heidelberg Bauchemie*, which dealt with colour combinations, the ECJ repeats the view that combinations of colours in general are used for decorative purposes, however they can, when used in relation to a product or service, constitute a sign.⁵⁴ It is today clear that both single and colour combination marks may constitute a "sign" within the meaning of art. 4(a).

Before the 2017 amendments, the "sign" also had to be "represented graphically", a hurdle for non-traditional marks as they were more difficult to represent in a traditional register. In the *Sieckmann*-case, ECJ clarified the requirements for adequate graphical representation as "clear, precise, self-contained, easily accessible, intelligible, durable and objective".⁵⁵ The *Sieckmann*-criteria were applied in *Libertel*, where a graphical image of the colour did not lead to registration, but the court indicated that a written description in addition to a reference to the particular shade in an international colour identification system, for example Pantone, would fulfil the criteria.⁵⁶

⁵² Reg 2017/1001 art. 8

⁵³ C-104/01 *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793 para 27

⁵⁴ C-49/02 *Heidelberger Bauchemie* [2004] ETMR 99 para 23

⁵⁵ C-273/00 *Ralf Sieckmann v Deutsches patent-und Markenamt* [2002] para 55

⁵⁶ C-104/01 *Libertel* [2003] ECR I-3793

Even after this clarification, colour marks applications have continued to be rejected due to the representation criteria. In *Heidelberg Bauchemie* the colour combination red and blue represented in a triangle was not clear and precise enough, as it allowed for too many possible combinations.⁵⁷ In order to be registered, the application had to specify the systematic arrangement of the colours in a predetermined and uniform way. A similar reasoning was given in *KWS Saat* where orange for seeds was rejected as it was not clear if the colour was to be applied only on the seeds or also on the packaging.⁵⁸

The 2017 amendments were inspired by the *Sieckmann*-criteria and Reg. 2017/1001 art. 4 now states that the sign must be capable of “being registered [...], in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor”. The amendments initially seemed to make registration of colour marks easier and therefore lead to increased colour depletion, as the ‘graphical’ requirement was removed. However, the *Libertel*-criteria are still stringent, limiting any substantial effect the amendments might seem to have, and function as an additional threshold regulating the registration and therefore also depletion.

3.2 “Shape or other characteristics”

After the 2017 changes, Reg. 2017/1001 art 7(1)e, which previously only applied to shape marks, now covers “the shape, or another characteristics”, broadening its scope.

There has not been much case law on the provision after the change, and many hoped for clarification in the *Louboutin*-case, however, the Court applied the old Regulation and the ruling’s precedent effect is limited to ‘shapes’ not encompassing colours placed in a specific position on goods.⁵⁹ The question was again raised in *Textilis*, but because the mark was registered before 2017 and the amendments do not have retroactive effect, the pattern had to be assessed under the alternative “shape” and not “other characteristics”.⁶⁰

⁵⁷ C-49/02 *Heidelberger Bauchemie* [2004] ETMR 99

⁵⁸ C-447/02 *KWS Saat* [2005] ETMR 86

⁵⁹ C-163/16 *Christian Louboutin v Van Haren Schoenen BV* [2018] ECLI:EU:C:2018:423

⁶⁰ C-21/18 *Textilis Ltd v Svenskt Tenn AB* [2019] ECLI:EU:C:2019:199

It is therefore still unclear whether colour marks can fall under art 7(1)e. Provided that they do, colour marks could be difficult to register in the future, as art. 7(1)e3 prohibits “another characteristic, which gives substantial value to the goods”. The “value” concept is in the EU examination guidelines interpreted as economic value and attractiveness; if the goods are purchased solely because of the trait,⁶¹ however, it is not enough to show that the characteristic is attractive or pleasing.⁶²

On the one hand, it seems contradictory to include colours under “other characteristics”, as the 2017 amendments also included colours in art. 4, as an explicit example of what may constitute a “sign”. On the other, art. 7 could also be balancing out art. 4, as the clarification of “colours” constituting signs, might lead to an increased number of colour mark applications. Art. 7 would then function as a safety net, ensuring that colours serving a purely aesthetic function would not be registered to the detriment of competitors.

3.3 Distinctiveness

The distinctiveness requirement ensures that trade marks that do not indicate the origin of goods or services are not registered.⁶³ It is not enough that the colour has a psychological impact on the consumer, rather the consumer must also view the colour as a badge of origin. In theory, a colour *per se* or single colour can be inherently distinctive, but this rarely happens in practice.⁶⁴ The main reason was explained in *Libertel*, as “consumers are not in the habit of making assumptions about the origin of goods based on their colour”.⁶⁵ A similar message was repeated in *Carre*, where the court emphasises that colours are commonly

⁶¹ Guidelines for examination in the European Union Intellectual Property Office on European Trade Marks Part B Section 4, 81

⁶² *Ibid.*

⁶³ Reg. 2017/1001 art 7(b) “devoid of any distinctive character” and T-310/08 *BSH Bosch und Siemens Hausgeräte GmbH v Office for Harmonisation in the Internal Market* EU:T:2011:16 para 22

⁶⁴ C-104/01 *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793 para 67

⁶⁵ *Ibid.* para 65

used in marketing without necessarily conveying a message.⁶⁶ Bartow has raised the same point,⁶⁷ and LaLonde & Gilson argue that brand owners' awareness of this distinctiveness issue explains why we seldom see colours used alone in advertisement but rather in combinations with words or logos.⁶⁸

In order to meet the distinctiveness criteria, the colour can be limited to a certain position on the goods, such as Louboutin's red sole,⁶⁹ as the average consumer is more likely to recognise a colour or shape on a particular part of the product as opposed to in the abstract. Another measure is to limit the classes of goods or services the colour is to be registered for. Both alternatives limit the scope of the exclusive right, partially leaving the colour free to use by other traders and thereby limiting the risk of depletion.⁷⁰

3.4 Acquired distinctiveness

If the colour is not found to be inherently distinctive, which is the case except in exceptional circumstances, the exception in art 7(3) still allows for registration if the sign has acquired distinctiveness.⁷¹ The test set out in *Windsurfing Chiemsee* is extensive and requires amongst other things that a proportion of the relevant class of people view the colour as a badge of origin, in other words that the mark, after use, fulfils the origin function.⁷² The average consumer is used as a reference point, often described as "reasonably well informed and reasonably observant and circumspect",⁷³ however, the consumers traits and awareness

⁶⁶ T-282/09 - Fédération internationale des logis v OHIM (Carré convexe vert)
ECLI:EU:T:2010:508

⁶⁷ Bartow, "The true colors of Trademark Law: Greenlighting a Red Tide of Anti Competition Blues", 97 KY.L.J.263 (2009) 266

⁶⁸ LaLonde & Gilson, "Getting real with non-traditional trademarks: what's next after red oven knobs, the sound of burning methamphetamine, and boats on a grass roof?" (2011) 101 Trademark Rep. 186 192

⁶⁹ *Supra* note 31

⁷⁰ C-104/01 *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR 3793 para 56

⁷¹ *Ibid.* para 71

⁷² C-108/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECLI:C:1999:230

⁷³ C-299/99 *Koninklijke Philips Electronics NV v Remington Consumer Products Ltd* [2002] ECLI:EU:C:2002:377 para 63

will vary according to the goods or services in question.⁷⁴ For example, when buying furniture at IKEA, the average consumer will be attentive, as furniture is not bought in a hurry,⁷⁵ but whilst preparing a dishwasher the consumer will not pay attention to the shape of dishwashing tablets.⁷⁶

Under the acquired distinctiveness assessment in *Libertel*, the court took into account the general interest of not restricting the availability of colours for other traders.⁷⁷ The consideration is important as “the number of colours which that public is capable of distinguishing is limited because it is rarely in a position directly to compare products in various shades of colour. It follows that the number of different colours that are in fact available as potential trade marks to distinguish goods or services must be regarded as limited”.⁷⁸ Even though the word depletion is not used, this consideration is, in essence, the same as the depletion theory.

The Office for Harmonization of the Internal Market (OHIM, now EUIPO) has in some decisions followed ECJ’s view,⁷⁹ whilst in others found that there is no need to consider the availability of colours under distinctiveness.⁸⁰ It is therefore unclear to what extent the monopolisation of shades should be taken into consideration under the distinctiveness criteria. Provided that it is taken into account, this consideration could directly influence the risk of depletion as this, in essence, is made part of the registration assessment.

When it comes to recognition amongst relevant consumers, there is no absolute percentage rule.⁸¹ The assessment must be based on all relevant factors such as market shares, the geographical extent, and duration of use and the brands invested in marketing.⁸² Whilst

⁷⁴ C-215/14 *Societe des Produits Nestle SA v Cadbury UK Ltd* [2015] ECLI:EU:C:2015:604

⁷⁵ R 799/2004-1 *IKEA* (Decision of the First Board of Appeal 01.07.2005)

⁷⁶ C-468/01 and C-472/01 *Proctor & Gamble v OHIM* [2004] ETMR 88

⁷⁷ C-104/01 *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793 para 60

⁷⁸ *Ibid.* para 47

⁷⁹ R 122/1998-3 *Wringley’s Light green* para 30

⁸⁰ R 785/2000-4 *Light green/Leaf green* para 10-11

⁸¹ C-217/13 & C-218/13 *Oberbank and others* [2014] ECLI:EU:C:2014:2012

⁸² C-108/97 *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) v Boots- und Segelzubehör Walter Huber and Franz Attenberger* [1999] ECLI:C:1999:230 para 51

recognition for a national trade mark is measured within the relevant nation, distinctiveness must be proven in all EU states in order to obtain an EUTM, putting an extensive burden of proof on the applicant.⁸³ The point made by Wegman & Said about the varying cultural response to colour is again relevant, as the EU wide recognition requirement may be affected by variation in the perception of colours.⁸⁴

3.5 Relative grounds for refusal and infringement

It is also worth mentioning that a colour mark can be opposed by a third party under Reg. 2017/1001 art. 8, if it conflicts with an already registered mark, which might result in registration being refused.⁸⁵ The situation differs from infringement under art. 9, where the trade mark proprietor can object to conflicting use of the mark in trade without its consent.⁸⁶ Nevertheless, the conditions in art. 8 and art. 9 are nearly identical and will, therefore, be commented upon collectively.

The first infringement situation is the so-called 'double identity', where an identical mark is used on identical goods,⁸⁷ and the use affects the functions of the trade mark.⁸⁸ The alternative infringement situation has a lower threshold, as the marks or goods only have to be "similar", but in addition there has to be "a likelihood of confusion on the part of the public".⁸⁹ The confusion-test is the same under relative grounds for refusal,⁹⁰ and the court must take a comprehensive approach, considering all relevant factors and the mark as a whole.⁹¹ The confusion in question must be related to the origin of the goods or economic connection between the manufacturers.⁹² More distinctive marks are more easily found

⁸³ Guidelines for examination of EUTMs part B section 14 chapter 14, 6.3

⁸⁴ Wegman E, Said Y *Colour theory and design* [2011] WIREs Comp Stat 3 104-117, 113

⁸⁵ Reg. 2017/1001 art. 8 'Relative grounds for refusal'

⁸⁶ *Ibid.* art. 9 'Rights conferred by an EU trade mark'

⁸⁷ *Ibid.* art. 9(2)a

⁸⁸ C-206/01 *Arsenal v Reed* [2002] ECR I-10273 and C-487/07 *L'oreal v Bellure* [2009] ECR I-5185, that also expands the scope beyond the essential origin function.

⁸⁹ Reg. 2017/1001 art. 9(2)b

⁹⁰ *Ibid.* art. 8(1)b

⁹¹ C-251/95 *Sabel v Puma* [1997] ECR I-6191 para 23

⁹² Bentley *et al.*, *Intellectual property law* (5th edn, Oxford University Press 2018) 1044-1045

confusingly similar,⁹³ and as colour marks often struggle to acquire distinctiveness, they are often easier confused.

3.5.1 The average consumer

The average consumer is the reference point for both acquired distinctiveness and infringement, but in infringement situations, the consumer does not assess origin, but whether two shades are confusingly similar. This was underlined in *Libertel*, where the court dismissed the argument that it is possible to identify a wide range of shades using technology, as irrelevant because “for the purpose of determining whether a colour per se is registrable as a trade mark it is necessary to take as a standpoint that of the relevant public”, and that public is not capable of distinguishing between as many shades.⁹⁴

Not only is the human perception of shades naturally limited, but the average consumer also rarely compares shades next to each other. The effect is that the registration of a single or *per se* colour mark not only covers that particular shade of colour but also all confusingly similar shades. This will again lead to a limitation in the number of available colour trade marks. There is no general answer as to how many shades this expansion encompasses, as each mark must be assessed individually, based on a global approach and what types of goods or services the mark is placed on.

There has been some discussion after the UK High Court in *Interflora v Marks & Spencer* found that not all average consumers were likely to draw the same conclusions, and therefore assessed if a significant number of average consumers would be confused under infringement.⁹⁵ At the point of publication, this matter has yet to be clarified by the ECJ.

⁹³ C-39/97 *Canon KK v MGM* [1998] ECR I-55077 para 24

⁹⁴ C-104/01 *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR 3793 para 45-47

⁹⁵ [2013] EWHC 1291 para 224

Chapter 4. Registration and infringement of colour marks in the US

Registration of trade marks in the United States is regulated by federal law through the Trademark Act (TMA) of 1946, also known as the Lanham act. What may constitute a trade mark is defined in §1127 as including “any word, name, symbol or device or any combination thereof” which is capable of indicating “the source of the goods”. The definition is broad and does not preclude registration of colour marks. Nevertheless, single colour marks were long barred from registration.

Colour marks were discussed as early as 1906,⁹⁶ but the courts were reluctant to allow registration unless the colour was part of a design.⁹⁷ A single colour, pink for insulation, was for the first time registered in 1985 by the Court of Appeal and the depletion theory, which previously had justified the ban, was rejected as “pink has no utilitarian purpose and does not deprive competitors of any reasonable right or competitive need”.⁹⁸ As previously discussed, the first Supreme Court clarification came in 1995 in the *Qualitex* case.⁹⁹ Regardless of this clarification, applicants for single colour marks are still facing difficulties fulfilling the requirements for registration in the principal register.¹⁰⁰

4.1 “Trademark”

In order to be registered under TMA §1052, the colour must constitute a trade mark under §1127, defined in the US Patent and Trademark Office (USPTO) in their Trademark manual of Examining Procedure (TMEP) as “marks that consist solely of one or more colours on particular objects”.¹⁰¹ After *Qualitex* there is no longer any doubt that a colour may constitute a mark.¹⁰²

⁹⁶ *Leschen & Sons Rope Co. V Broderick & Bascom Rope Co.* 201 U.S. 166.171.26 (1906)

⁹⁷ *Mershon Co. V Pachmayr*, 220 F.2d 879.883.105 (1955) “We do not hold that color alone can be protected as a mark, but certainly color can be an element of a mark”

⁹⁸ *Owens-Corning Fibreglas Corp.* 774 F.2d 1116.1122.227 (Fed.Cir. 1985)

⁹⁹ *Qualitex Co v. Jacobson Products co* 514 U.S. 159 (1995)

¹⁰⁰ Trademark act §1052

¹⁰¹ TMEP §1202.05(d) and 807.07(a)

¹⁰² *Ibid.*

The representation requirement is not as strict as in the EU, but normally involves a “representation of the product or product package” showing the colour.¹⁰³ Furthermore the application must contain a drawing of the colour with a description and name of the colour.¹⁰⁴ In contrast to the EU, there is no requirement to refer to a colour identification system. This has led to wide registrations such as ‘blue’ for medical equipment.¹⁰⁵

Even unregistered marks may be protected against infringement in the US under TMA §1125. In trade mark systems where rights flow from use and not only registration it could, therefore, be argued that the depletion risk is increased and that it is increasingly difficult to maintain an overview over how many colours are protected.

4.2 Grounds for refusal and functionality

As in the EU, a US mark must not fall within certain grounds for refusal, the most relevant for colour marks being TMA §1052(e)5: “comprises of any matter that, as a whole, is functional”. There are three types of functionality; utilitarian, aesthetic and communicative, the two first being the most relevant for colour marks.

The utilitarian function prevents registration of marks that if registered would put competitors at a disadvantage as they are essential to use, cost or quality. The competitive disadvantage condition was added in *Qualitex*, where the Supreme Court also used the doctrine as justification for lifting the ban on single colour marks.¹⁰⁶ In *Inwood Laboratories*, blue and red for pills were functional as the colours were essential to the use.¹⁰⁷

The aesthetic function prevents registration of not purely utilitarian marks that are aesthetically pleasing, such as green for tractors.¹⁰⁸ The District Court in *Louboutin* revoked

¹⁰³ *Ibid.* §1205.05(d)

¹⁰⁴ TMEP §1202.05(d)

¹⁰⁵ *Cook Med. Tech. LLC*, 105 USPQ2d 1377, 1381 (TTAB 2012)

¹⁰⁶ *Qualitex Co v. Jacobson Products co* 514 U.S. 159 (1995) para 168-169

¹⁰⁷ *Inwood Laboratories Inc v Ives Laboratories* 456 U.S. 844 (1982)

¹⁰⁸ *Deere & Co. v. Farmhand, Inc.*, 560 F. Supp. 85, 217 USPQ 252 (S.D. Iowa 1982)

the red sole registration as aesthetically functional, but this was overturned by the Second Circuit. Nevertheless, YSL is still able to produce monochrome shoes, as only the contrasting red sole is protected in Louboutin's registration.¹⁰⁹

4.3 Secondary meaning

Similar to the EU, one of the main obstacles for the registration of colour marks is the distinctiveness or corresponding secondary meaning requirement set out in §1052 of the Trademark Act.¹¹⁰ A single colour mark can never be inherently distinctive in the US and must acquire distinctiveness under §1052(f).¹¹¹

The applicant must show that the colour is used "on or in connection with [their goods] in commerce"¹¹² normally through advertisement over time.¹¹³ The examination manual describes the burden of proof as substantial, as a mere statement of long use,¹¹⁴ or the lack of promotion or advertisement as a trade mark,¹¹⁵ can constitute grounds for refusal.¹¹⁶

In addition, the applicant must demonstrate that the colour has acquired a "source indicating significance in the minds of consumers",¹¹⁷ educating consumers to see the colour as more than purely ornamental.¹¹⁸

¹⁰⁹ *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings Inc.* 696 F.3d 206, 103 U.S.P.Q.2d 1937 (2d Cir. 2012)

¹¹⁰ Trademark Act 1946 §1052 "the goods of one applicant may be distinguished from the goods of others"

¹¹¹ TMEP §1205.05(d)I and *Wal-Mart Stores, Inc v. Samara Bros.* 529 U.S. 205,211-12, 54 USPQ2d 1065, 1068 (2000)

¹¹² Trademark Act 1946 §1052(f)

¹¹³ *Sally Beauty Co.* 304 F.3d 964 at 978

¹¹⁴ *In re Star Pharms Inc* 225 USPQ (TTAB 1985)

¹¹⁵ *Benetton* 48 USPQ2d (para 1216-17)

¹¹⁶ TMEP §1205.05(a)

¹¹⁷ TMEP §1205.05(a)

¹¹⁸ *Sally Beauty Co.* 304 F.3d 964 at 978 and *Owens-Corning Fibreglas Corp.* 774 F.2d 1116.1122.227 (Fed.Cir. 1985)

4.4 Confusion

In contrast to the EU, the US Trademark office examines confusion upon registration. A trade mark shall not be registered if it resembles an already registered mark to the extent that it is “likely, when used on or in connection with the goods of the applicant, to cause confusion, or to cause mistake, or to deceive”.¹¹⁹ The confusion must be linked to the source of origin or sponsorship of the goods, and not confusion of the two marks *per se*.¹²⁰

The confusion assessment for both registration and infringement consists of comparing the similarity of the marks and relatedness of the goods,¹²¹ as well as an overall assessment of the Polaroid-factors.¹²²

4.4.1 Who must be confused

There is no agreed definition of the ‘average consumer’ in the US,¹²³ which has led to different interpretations by courts, such as ‘reasonably prudent consumers’.¹²⁴ The lack of a uniform consumer-description, in addition to the definition varying according to the relevant goods or services, might lead to inconsistencies. Furthermore, it can be difficult to determine the state of mind, as the consumer might be a completely different person than the judge or examiner.¹²⁵ In contrast to the EU, it is an appreciable number of consumer that has to be confused.¹²⁶

¹¹⁹ Trademark Act 1946 §1052(d)

¹²⁰ TMEP §1207.01

¹²¹ *E. I. du Pont de Nemours & Co* 476 F.2d 1357, 177 USPQ 563 (C.C.P.A. 1973)

¹²² *Polaroid Corp. v. Polarad Electronics Corp.* 287 F.2d 492

¹²³ An example is “one who might some day purchase such goods or services and pays attention to brands in that particular market” *Estee Lauder, Inc. v. The Gap, Inc.*, 108 F.3d 1503, 42 U.S.P.Q.2d 1228 (2d Cir. 1997)

¹²⁴ *IAMA v. Winship Green Nursing Center*, 103 F.3d 196, 201, 41 U.S.P.Q.2d 1251 (1st Cir. 1996)

¹²⁵ McCarthy, *On Trademarks and Unfair Competition* (5th edn, Thomas Reuters, 2019) §23:90

¹²⁶ *IAMA v. Winship Green Nursing Center*, 103 F.3d 196, 201, 41 U.S.P.Q.2d 1251 (1st Cir. 1996)

Confusion is assessed through the consumer's recollection and overall commercial impression.¹²⁷ This can explain how 'teal' was refused registration for medical devices, as the consumer was not able to distinguish between the different shades of blue, and the already registered 'blue' would therefore also encompass 'teal'.¹²⁸

4.4.2 Shade confusion

The shade confusion theory was in combination with depletion the justification for the US ban on single colour marks. The theory is based on shades being so similar that it is impossible to determine when confusion arises. In addition, colours are perceived differently depending on the light, shape or object the colour is applied to. Nevertheless, the same arguments could be raised against any other type of marks, such as word marks, which was the Supreme Court's justification for rejecting the theory.¹²⁹

4.5 Infringement

The trademark act §1125 covers infringement of both registered and unregistered marks as well as use on non-competing goods,¹³⁰ as long as it is "likely to cause confusion".¹³¹ The confusion test for infringement is, in essence, the same as the initial confusion test, and defining the consumer is still a challenge.¹³²

The lack of shade specification makes it more challenging for courts and competitors to determine the scope of a colour mark registration. This could result in inadequate protection or unnecessary infringement procedures. Initial interest confusion, temporary confusion

¹²⁷ TMEP §1207.01(b)(xi)

¹²⁸ *Cook Med. Tech. LLC*, 105 USPQ2d 1377, 1381 (TTAB 2012)

¹²⁹ *Qualitex Co. v Jacobson Products Co.* 514 U.S. 159 (1995) para 167

¹³⁰ *Aunt Jemima Mills Co. v Rigney & Co.* 247 F. 407 No. 42

¹³¹ Lanham act §1125(a)1(A)

¹³² See chapter 4.4.1

cleared before buying, and post-sale confusion, can all support infringement claims, expanding the test to indirect consumer confusion.¹³³

In addition, US trade marks used for over 5 years may reach an incontestable status,¹³⁴ in which case they no longer may be revoked for lacking secondary meaning or distinctiveness.¹³⁵ As distinctiveness is one of the main obstacles colour mark proprietors have to overcome, achieving this status would mean a stronger protection and an advantage in procedures where revocation is argued.

Chapter 5. How registration and infringement processes affect the risk of colour depletion

Based on the above, elements of both the EU and US registration and infringement processes are likely to influence the risk of colour depletion. This dissertation does not include a detailed empirical research of the depletion level itself, but the focus in the following will be on how the different processes in the trade mark system can affect the risk of depletion.

5.1 Registration and colour depletion

If depletion is defined as a binary concept where either a colour is depleted or not, the depletion risk would be reduced if fewer marks were registered. In essence, strict registration requirements could influence colour depletion.

¹³³ Bone, *Taking the confusion out of "likelihood of confusion": towards a more sensible approach to trademark infringement* [2012] Northwestern University Law Review 106 NWULR 1307 *1339

¹³⁴ Lanham act §1065

¹³⁵ Beebe & Fromer, *Are we running out of trade marks? An empirical study of trademark depletion and congestion* [2018] Harvard Law Review Volume 131 Number 4, 1036 and *Park 'N Fly v Dollar Park & Fly* 469 U.S. 189, 196-97 (1985)

5.1.1 Absolute grounds and the functionality doctrine

In the EU, the *Sieckmann*-criteria and the specification of colour codes are formal requirements that lead to the rejection of many colour mark applications. Also the remaining absolute grounds, particularly art. 7(1)e, as well as the US functionality doctrine, restrict the number of registrations. It could be argued that the expansion brought about by art. 7(1)e to cover more than only shape marks, brings European rules closer to the US functionality doctrine.¹³⁶ However, the new provision's influence on colour marks remains uncertain until ECJ clarifies its scope.

What is certain is that the US functionality doctrine can influence colour depletion, as it may form the basis for refusal of registration or revocation. Functionality was in *Qualitex* used as a safety net to allow single colour mark registrations, as any registration setting competitors at a disadvantage would fall under the doctrine.¹³⁷

On the one hand, the Supreme Court in *Qualitex* makes a valid point, as one of the conditions for the functionality doctrine is potential competitive disadvantages. Having strict formal requirements for applications leads to fewer registrations and as the functionality doctrine cannot be waived by acquiring distinctiveness, the colour would be left free for all to use.

On the other hand, not all registrations of single colour marks are to the detriment of competitors, but may nonetheless contribute to colour depletion and functionality. The doctrine would for example not have been applicable in *Qualitex*, as a green colour for cloths-pad was non-functional.¹³⁸ This was also the case for *Louboutin's* red sole, leaving practitioners with the question of in which instances colour marks would be considered aesthetically functional.¹³⁹ One explanation to this confusion could be that courts consider

¹³⁶ Bentley *et. al.*, *Intellectual property law* (5th edn, Oxford University Press 2018) 959

¹³⁷ *Qualitex Co v. Jacobson Products co* 514 U.S. 159 (1995) para 168-169

¹³⁸ Beebe & Fromer, *Are we running out of trade marks? An empirical study of trademark depletion and congestion* [2018] Harvard Law Review Volume 131 Number 4, 977

¹³⁹ *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings Inc.* 696 F.3d 206, 103 U.S.P.Q.2d 1937 (2d Cir. 2012)

the effect of the functionality doctrine as too harsh, leading to a certain reluctance to reject applications on this basis.¹⁴⁰ This reluctance could, however, lead to increased colour depletion as marks are registered to the detriment of competitors.

Furthermore, the functionality assessment looks at each application's potential effect on competition and does not consider the trade mark system as a whole. It is therefore unclear if or how depletion would be taken into account under the doctrine. One approach would be to ban the registration of colours when depletion reaches a certain level, however this could also have a negative impact on competition as colours would be allocated on a first come, first served basis.

In essence, having strict, formal requirements helps limit the risk of depletion, as fewer colours are registered. Nonetheless, if courts and examiners are reluctant to apply those requirements, the result in practice will be more registered colour marks and an increased risk of depletion.

5.1.2 Distinctiveness and acquired distinctiveness

Whilst single colour marks may be inherently distinctive in the EU, this is not the case in the US. The US approach could limit depletion by raising the bar for registration, however, in practice, proprietors in both systems must show evidence of acquired distinctiveness upon registration, as colour marks only can be inherently distinctive in the EU in exceptional circumstances.¹⁴¹

The uniformity of the definition of the average consumer and its effect on the competition assessment in the EU contributes to legal certainty, as applicants are aware of the evidence needed to reach the threshold. The lack of consistency in the US could, on the contrary, create uncertainty, as the distinctiveness assessment mainly focuses on recognition and

¹⁴⁰ McKenna, *(Dys)Functionality* [2012] *Houston Law Review* 48, 823

¹⁴¹ C-104/01 *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793 para 71

competition considerations are left to the functionality doctrine, which as seen may not always be effective.

One of the justifications for dismissing the depletion theory in *Qualitex* was the argument that there would always be more shades available.¹⁴² This is in contrast to the European Court's considerations in *Libertel*, where the court not only acknowledged that colours are limited in numbers, but that the use of the average consumer test influences their availability.¹⁴³ It might therefore seem like the EU has taken a stricter approach to colour mark registration. At the same time, it is not clear exactly how depletion is taken into account under the EU registration procedure, whilst the US functionality doctrine, when used by courts and examiners, can constitute an effective regulation tool, at least for some colour marks.

5.1.3 Conclusion registration and colour depletion

The strict formal requirements in both the EU and US are effective means to prevent colour depletion, as less marks fulfil the registration requirements. The acquired distinctiveness or secondary meaning seems especially difficult to meet for single colour marks as the consumers are not accustomed to view colours as trade marks. To train consumers takes time, effort and funds, and the risk is therefore that only brands that have the available resources will be able to meet the requirement. A substantial amount of time and funds could also be spent to then have the application rejected, leading to wasted resources.

The acquired distinctiveness requirement shows how the balance of considerations for colour marks can be difficult. It is important to register the marks that fulfil the requirements to encourage brand investment and create legal certainty. At the same time, it is also important not to create exclusive rights for colours that are vital for all competitors. This balance seems particularly difficult to find with regards to non-traditional marks, such as colours, that fall between two stools. Colours are closely related to aesthetics and design, but can at the same time fulfil the trade mark conditions.

¹⁴² *Qualitex Co. V Jacobson Products Co.* 514 U.S. 159 (1995) para 168

¹⁴³ *C-104/01 Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793 para 71

Out of 1210 colour mark applications made to the EUIPO from 1996-2016,¹⁴⁴ 277 colour marks were registered as per July 2019.¹⁴⁵ This includes both colour combinations and single colour marks. Even though the number of applications might be considered low in itself, it is the low proportion of successful applications which is truly significant, as only 22,9% of applications lead to registrations. One explanation to this could be the strict registration requirements, limiting colour depletion.

The statistics do not only indicate that the registration requirements are efficient in preventing depletion, but also that the risk of colour depletion is relatively low, considering the number of registered marks in itself. However, we must remember that the first colour marks were only recently allowed to register and that clarifying the requirements took time. Applications and successful registrations may well increase in the future, as requirements are clarified, consumers more educated, and colour might also have an increased value for brands.

5.2 Infringement and colour depletion

The registration of single colour marks can be a challenging affair both in the EU and US, however, the challenge does not end after a successful registration. As seen under chapters 3 and 4, the infringement test for both EU and US trade marks involves a confusion assessment through the eyes of a relevant consumer. The hypothesis in this is that the use of this test expands the protection of the colour mark, limits the number of possible registrable marks and thereby increases the risk of depletion. The same test is used in the EU for acquired distinctiveness and in the US to assess confusion in the registration procedure.

¹⁴⁴ Calboli & Senftleben, *The protection of Non-Traditional Trademarks: Critical Perspectives* (1st edn Oxford Scholarship Online 2018) 46-50

¹⁴⁵ Statistics found by searching EUIPO 'TM View', limiting the search to registered colour marks <<https://www.tmdn.org/tmview/welcome>> accessed 19.07.19

5.2.1 The average consumer paradox

On the one hand, the use of the average consumer test, or the US equivalent, helps limit depletion, as the high threshold the test establishes in the acquired distinctiveness assessment leads to the rejection of many colour mark applications. On the other hand, the use of the test in infringement situations can expand the colour registration to cover all similar shades. This phenomenon can be described as “the average consumer paradox”, as the same test can both limit an increase in the depletion risk, depending on the situation.

The expansion of the colour mark registration to all confusingly similar shades does not only increase the risk of depletion, but it also makes it increasingly difficult to empirically measure the depletion level. The consumer will vary in both the EU and US depending on the relevant goods or services, and how many shades the registration really covers is therefore individual. The more attractive or popular shades for the particular goods or services are also likely to be depleted first, and Bartow therefore makes the point that it would take even fewer registrations before the attractive shades are depleted.¹⁴⁶ This could leave competitors at a disadvantage even though the depletion levels, in reality, seem relatively low.

Furthermore, there have been uncertainties about the test itself in both the EU and US as to the definition of the consumer and the number of confused consumers, leading to criticism that the test is unpredictable. Bones argues that the US open-ended test produces bad results as it creates legal uncertainty and generates high litigation costs.¹⁴⁷ One of the main difficulties for examiners and judges is the assessment of the state of mind of others, pointed out by Judge Franklin when a male panel of judges was faced with assessing the mind of teenage girls.¹⁴⁸

¹⁴⁶ Bartow, *The true colors of trademark law: Greenlighting a red tide of anti competitive blues* [2008] 97 Kentucky L.J. 263, 286

¹⁴⁷ Bone, *Taking the confusion out of “likelihood of confusion”: towards a more sensible approach to trademark infringement* [2012] Northwestern University Law Review 106 NWULR 1307 3A

¹⁴⁸ *Triangle Publications v. Rohrlich*, 167 F.2d 969, 976, 77 U.S.P.Q. 196 (C.C.A. 2d Cir. 1948) (Judge Franklin dissenting)

In essence, the average consumer test is broad and the factors to some extent uncertain. The test is not particularly suitable for colour marks, as the consumer is less used to viewing these as trade marks, and also less capable of distinguishing between the different shades. In addition, the test leads to a broadening of the scope of the registration, leading to an increased depletion risk.

5.2.2. International colour recognition system

As pointed out, the USPTO does not require to specify a colour code upon registration, while this is a condition in the EU. This lack of precision leads to broad registrations, such as 'blue'.¹⁴⁹ Such a broad colour registration would on the contrary not have been registrable in the EU, where for example 'orange' was found to be too vague.¹⁵⁰ The difference can impact the depletion risk in infringement situations.

On the one hand, it can be argued that the US approach is more realistic, as consumers are incapable of distinguishing between similar shades and therefore the registration is expanded, as seen in practice. However, when registering colours such as 'blue' a consumer is more likely to be able to distinguish this registration from 'red' or 'purple'.

On the other hand, the boundaries of colour registrations are clearer in the EU. Even though the average consumer test expands the registration, the registered shade creates an anchor in the assessment process, while in the US courts risk providing too broad or vague protection. The specification is also particularly important for colour marks, as typical rejections by the Court of Justice has been a lack of graphical representation or failure to fulfil the *Sieckmann*-criteria, and the specification helps the applicant fulfil these conditions. In essence, the colour code specification helps to create legal certainty in the registration, examination and protection processes.¹⁵¹

¹⁴⁹ *Cook Med. Tech. LLC*, 105 USPQ2d 1377, 1381 (TTAB 2012)

¹⁵⁰ Case R7/97-3 *Orange Personal Communications Ltd's Application* [1998] ETMR 460

¹⁵¹ Kudrjavceva, *Issues surrounding registration of colour trade marks* [2012] RGSL Research Paper 48

5.2.3 Conclusion infringement and colour depletion

Given the above, I would argue that the EU and US infringement tests contribute to an expansion of colour registrations and an increased risk of depletion. The lack of colour specification creates uncertainty for courts and competitors, whilst the confusion tests expand the scope of the registration.

Chapter 6. Possible changes

6.1 Should the system be changed?

As seen from the above, it is not easy to get an overview of the number of registered colour marks, and it is therefore arduous to empirically analyse the actual risk of depletion. Adams & Scardamaglia have conducted an extensive study of non-traditional marks, which shows that colour marks are the second most popular non-traditional mark in the EU, after shape marks.¹⁵² The statistics do not offer a breakdown of colour marks into single colour or colour combinations. Many national registration systems do not allow for a straightforward search of colour marks, and it is close to impossible to take into account the different values that certain shades possess as some are more popular than others.

I would, given the examination above, argue that colours are depletable, especially when taking into account the varying value and expansion in infringement situations. Statistics indicate that few colour marks are registered,¹⁵³ but at the same time, the potential anti-competitive effects of depletion might be severe, leading to the question of whether precautionary steps should be taken.

¹⁵² Calboli & Senftleben, *The protection of Non-Traditional Trademarks: Critical Perspectives* (1st edn Oxford Scholarship Online 2018), 46-50. 9 042 shape marks were registered in the same period.

¹⁵³ SSC009 – Statistics of European Union Trade Marks (June 2019) available online at <<https://euipo.europa.eu/ohimportal/en/the-office>> indicates that 45 applications for colour marks were received in 2018.

Beebe & Fromer lists possible anti-competitive effects caused by depletion, such as courts allowing the use of confusingly similar marks, on the expense of consumers search costs.¹⁵⁴ Increased search costs go directly against trade marks' main function: to indicate origin and make it easier for consumers to identify manufacturers.

In the same study, the argument is raised that the anticompetitive consequences from word mark depletion are "substantially stronger than the comparable case was for color-mark depletion in *Qualitex*".¹⁵⁵ On the one hand, statistics indicate that this might be true as there, in general, are more registered word marks than colour marks. On the other hand, the two scholars do not provide any empirical evidence or explanation to support this thesis. Ouellette raises a similar criticism, as the study proves word depletion, but not that the consequences of depletion are so negative that it justifies changing the trade mark system.¹⁵⁶ I realise that the same criticism can be raised against this dissertation, as I have neither empirically proved colour depletion nor its negative effects. Nevertheless, because of colours' importance and the scope of investment brands put into acquiring distinctiveness, in addition to the difficulties of getting a clear overview of the actual degree of depletion itself, I will in the following look at possible precautionary steps.

6.2 Possible changes to the registration process

There are several possibilities when adopting policy changes: either across-the-board reform where the changes would apply to all areas of trade mark law, or tailored policy changes targeting only those areas of trade mark law where depletion is more severe.¹⁵⁷ A targeted reform will only change the system where strictly necessary and therefore limit the overall effect. However, it could also lead to more confusion and less legal certainty as there would

¹⁵⁴ Beebe & Fromer, *Are we running out of trade marks? An empirical study of trademark depletion and congestion* [2018] Harvard Law Review Volume 131 Number 1041

¹⁵⁵ *Ibid.* 977

¹⁵⁶ Ouellette, *Does running out of (some) trademarks matter?* [2012] Harvard Law Review Forum Vol. 131:116

¹⁵⁷ Beebe & Fromer, *Are we running out of trade marks? An empirical study of trademark depletion and congestion* [2018] Harvard Law Review Volume 131 Number 4, 1029

be different tests for different categories of marks and this could lead to difficulties when identifying the category. An across-the-board reform, on the other hand, would lead to legal certainty with tests being more uniform, however it could lead to too substantive and sometimes unnecessary changes.

A third option could be to introduce industry-specific reforms. This could for colour marks be particularly helpful in the fashion industry, as its use of colours and their importance differ from other sectors. Kudravceva makes the point that the fashion industry has been treated as a completely separate field in case law when it comes to colours.¹⁵⁸ This was also underlined in *Louboutin v YSL* where Judge Marrero in District Court argued for cancellation, as “fashion is dependent upon colors”,¹⁵⁹ and colours should only be trade marked “in distinct patterns or combinations of shades that manifest a conscious effort to design a uniquely identifiable mark”.¹⁶⁰ Fashion is also distinct from other industries as the use of a specific colour is highly dependent on the trend cycle.¹⁶¹

For all types of reforms, the number of already-registered trade marks must also be taken into account as any reform can be directed to both already registered marks and new applications.¹⁶² For colour marks, the number is as seen relatively low and therefore less of an issue.

6.2.1 Colour mark ban

The most obvious, but also most radical change, is to ban the registration of single colour marks and colour marks *per se*. As seen, single colours can in contrast to colour combinations be depleted at a higher pace. The fact that some colour marks are capable of

¹⁵⁸ Kudrjavceva, *Issues surrounding registration of colour trade marks* [2012] RGSL Research Paper 22

¹⁵⁹ *Christian Louboutin S.A. v. Yves Saint Laurent America Holdings Inc.* 778 F. 2d 445 (District Court 2011) 454

¹⁶⁰ *Ibid.*

¹⁶¹ Sreepada, *The new black: trademark protection for colour marks in the fashion industry* (2009) 19 Fordham Intell. Prop. Media & Ent. L.J. 1131, 1155

¹⁶² Tushnet, *Registering Disagreement: Registration in modern America Trademark Law*, 130 Harv. L.Rev. 867, 871 (2017)

fulfilling the registration requirements does not necessarily mean that they, *de lege ferenda*, should be registered. The trade mark system was also quite well-functioning before the 1980-90's when the first colour marks were registered. In the US, the depletion theory did indeed constitute part of the justification for the ban, and a prohibition could mean returning to the situation pre-*Qualitex*.

A prohibition could in practice be introduced based on existing legislation, as colour marks could fall under Reg. 1001/2017 art. 7(1)e3 in the EU and a stricter interpretation of the functionality doctrine could be used in the US. Another alternative would be to use the depletion and shade confusion theories to create a *per se* ban, and fully return to a pre-*Qualitex* status in the US.

Colours are in many instances a hybrid between a design element and a trade mark, and criticism has therefore been invoked against the possibility of registering colours in itself. Bartow, has for example advocated that the outcome of *Qualitex* was wrong.¹⁶³ The fact that even brands to some extent realise that consumers do not view colours as trademarks, by seldom using a colour alone in marketing, strengthens the argument for banning their registration. Tiffany's registration of Robin's-egg blue for packaging¹⁶⁴ did not lead the retailer, for instance, to use their jewellery boxes without the company's word-mark.

Even though colour registrations have drawn criticism, statistics do show few registrations of colour marks. Both the EU and US trade mark system have mechanisms in the registration processes which ensures that colours are not registered if this would set competitors at a disadvantage. In addition, the depletion of certain word marks such as names has reached severe levels in the US, but this has not led to a ban on names as trade marks.¹⁶⁵ A ban could also be difficult to enforce as the next question would be how to define a colour mark. Should a ban only include single colour marks or also colour combinations? And what about

¹⁶³ Bartow, *The true colors of trademark law: Greenlighting a red tide of anti-competitive blues* [2008] 97 Kentucky L.J. 263, 264

¹⁶⁴ US TM Registration number 2359351, Filing date 24.08.1998

¹⁶⁵ Beebe & Fromer, *Are we running out of trade marks? An empirical study of trademark depletion and congestion* [2018] Harvard Law Review Volume 131 Number 4, 1021

position marks consisting of single colours or other marks where colours constitute a substantial part? This would not only lead to difficulties for legislators, but also courts could experience an increase in litigation.

An alternative would be the ban of colour marks in certain industries, such as the fashion industry, where colours have a central importance for brands. This will however raise its own issues, for example which industries the ban should encompass, where the fashion industry begins and ends, whether the ban should be extended to packaging, etc.

As a ban is the most drastic option, it is in my opinion too early to contemplate such a change. Even if a ban only was to encompass single colour marks, we do not have evidence showing that depletion has reached severe levels which would make such a change proportional.

6.2.2 Alternative protection

Because of their strong aesthetic influence, in many ways colours do not entirely fit with the trade mark system, leading to the question of whether they may receive alternative protection.

While trade mark rights may offer perpetual protection,¹⁶⁶ other IP rights are limited in duration. Limiting the exclusive right to a shade to a certain period of time would also influence the depletion risk, as the shade would enter in the public domain after a certain period of time and again be free for competitors to use. An issue with finding alternative protection would be that while other IP rights focus on protecting the mark itself, trade mark protection focuses on the origin function. It would also be a challenge to see how colours could reach the threshold in the existing registration tests for the other IP rights. Colours would not likely reach the novelty requirement for patents.¹⁶⁷ The same issue will arise in copyright as a colour *per se* would have trouble reaching the thresholds of the 'author's own

¹⁶⁶ Lanham act §1029 and Reg. 1001/2017 art. 53

¹⁶⁷ 35 U.S.C. §102 and The Convention on the Grant of European Patents 5.10.1973 art. 54

intellectual creation’,¹⁶⁸ or ‘a minimal degree of creativity’.¹⁶⁹ Even though colours do have a lot in common with design, and can constitute an element of a design or pattern, they cannot be registered *per se*,¹⁷⁰ a view that has also been shared by national courts.¹⁷¹

A point to be mentioned here is that even when a colour is not a registered trade mark, it is not completely unprotected. The EU unfair competition law forms a safety net that seeks to protect against free riding by other traders and is often used in situations where the mark is not trade mark registered, but the use by competitors should still be sanctioned. The practice is not formally harmonized by the EU and national practice will therefore vary. As mentioned, also the US will for example offer protection to unregistered trade marks in infringement situations. As this dissertation focuses on depletion for registered colour marks, I will not comment further on this alternative.

Single colour marks are therefore not directly protectable under any of the other IP rights. In addition, the protection offered would concentrate on innovation or novelty, while trade mark protection focuses on origin. In my opinion, an alternative protection would therefore not be a suitable substitute for trade mark protection.

6.2.3 Limitation of the scope of protection

A less invasive change to banning colour marks or finding alternative protection would be to change the already existing system. Through an analysis of EU and US registration processes, we have seen that strict requirements for applicants lead to fewer registrations and therefore limit colour depletion. If we reach severe depletion levels, an alternative is therefore to make the registration process even more demanding or to limit the scope of protection. Trade marks are in a unique position as the protection awarded can be

¹⁶⁸ C-5/08 *Infopaq International A/S v Danske Dagblades Forening*

¹⁶⁹ *Feist Publications v Rural Telephone* (1991) 499 U.S. 340,

¹⁷⁰ Council Regulation (EC) No. 6/2002 12.12.2001 on Community Designs and 35 U.S.C Chapter 16. See also Seville, Catherine *EU Intellectual Property Law and Policy* (2nd edn, Elgar European law 2009) 227

¹⁷¹ See for example UK cases *Grafon v Watson* (1884) 50 L.T. 420 and *Re an Application by Associated Colour Printers Ltd* (1937) 54 R.P.C. 203, 205

perpetual. As colours are not suited for protection under alternative IP rights where the duration is shorter, an alternative would be to limit the duration of colour mark protection.

The first alternative for this would be to change the possibility of renewing of colour marks perpetually to a more limited time period. The second alternative would be to limit the number of years between renewals, which currently is 10 years in both the EU and US.¹⁷²

The first alternative would be a less proportional solution, as colour mark registrations require time and investment from brands to educate the consumers. To then limit the protection's overall duration would then be detrimental to both consumers and brands. In contrast to other IP rights that are awarded for innovation and therefore should return into the public domain to encourage further developments, colour marks are part of a brand and a brand can exist for decades. To limit their duration would discourage investment in brand recognition, which again could lead to increased search costs for consumers.

The second alternative is on the other hand more realistic, as it would force trade mark proprietors to stay more active and rethink regularly if their registration is useful. As long as the mark is in use, renewal is possible, but the limitation could help limit both colour depletion and congestion.

Another option is to limit the scope of protection, an alternative discussed in *Libertel*, where a colour mark registration for only a limited number of classes was more likely to be registered.¹⁷³ EU colour marks are on average registered for 2,13 classes, but this average is growing faster than the number of applications itself.¹⁷⁴ The result is that fewer colours will show as registered in the registry, but each application will have a wider scope, broadening the exclusive right and depleting the relevant colour for more goods and services. To limit the classes could therefore decrease depletion, but again may discourage companies from

¹⁷² Lanham act §1029 and Reg. 1001/2017 art. 53

¹⁷³ C-104/01 *Libertel Groep BV v Benelux-Merkenbureau* [2003] ECR I-3793 para 66

¹⁷⁴ Calboli & Senftleben, *The protection of Non-Traditional Trademarks: Critical Perspectives* (1st edn Oxford Scholarship Online 2018) 48

brand investment, especially the bigger brands operating in several classes, as they might want to use the same colour across those classes to indicate the common origin.

Strict registration requirements are an effective way of avoiding depletion. Another alternative could therefore be to strengthen the already strict requirements. As discussed, there is uncertainty linked to the distinctiveness requirements in both the EU and US. Oulette has raised the point that especially when it comes to evidence for acquired distinctiveness, the requirements in the US are often weak and sometimes unclear.¹⁷⁵ In the EU, the use of survey evidence has clarified the requirements and even though no definite percentage of recognition is needed, case law indicates that the percentage often is high.¹⁷⁶ In addition, depletion is sometimes included in this assessment in the EU. An alternative would therefore be requiring the same evidence and assessment in the US, contributing to a uniform system. This has also been called upon by US judges such as Judge Franklin when faced with a consumer group consisting of teenage girls, however his opinion was in minority.¹⁷⁷

However, it would not be beneficial, in my opinion, to raise the EU's distinctiveness threshold further. Applicants are already struggling to meet the requirements, and this measure would not buck the trend that only brands with enough time and means are able to register colour marks. Following this thought, the successful colour marks would be more likely to belong to bigger brands. Tushnet makes an interesting point here and argues that this category of brands have an increased need for colours being protected as unique and distinct, as their investment has been greater.¹⁷⁸ By following this logic, the fear is that we would create a distinction where only the bigger brands would be able to register colour marks, leaving new entries and smaller brands at a disadvantage.

¹⁷⁵ Oulette, *The Google Shortcut to Trademark Law* 102 Calif. L. Rev. 352, 353-54 (2014)

¹⁷⁶ *Supra* note 87

¹⁷⁷ *Triangle Publications v. Rohrlich*, 167 F.2d 969, 976, 77 U.S.P.Q. 196 (C.C.A. 2d Cir. 1948) (Judge Frank dissenting)

¹⁷⁸ Kudrjavceva, *Issues surrounding registration of colour trade marks* [2012] RGSL Research Paper 22

An alternative approach where the same result could be achieved would be to increase the registration fee for colour marks.¹⁷⁹ This would lead to proprietors thinking more closely before seeking registration and potentially fewer applications. Even though the fee would be costlier, the cost would be easier to predict and calculate also for the smaller brands, compared with the rather vague and complex investment in brand recognition to reach the distinctiveness threshold.

6.3 Possible changes to the infringement process

6.3.1 Colour specification and incontestable marks

I would like to first present two possible changes to the US trade mark system, based on analogy from the EU system, to find possible solutions.

Firstly, the lack of colour specification leads to confusion as to the scope of registration for consumers, courts, and competitors. A solution would be to adopt a requirement similar to the EU, where reference to an international colour reference is required. More precise registration requirements will lead to improved legal certainty in both registration and infringement processes.¹⁸⁰ In the words of Melissa E. Roth “only the European Union’s registration requirements guarantee specificity and uniformity” of colour marks.¹⁸¹

Secondly, revoking the incontestability status would make it easier to revoke colour marks that have lost their secondary meaning. The status provides a broad scope of protection, which could influence depletion. Beebe and Fromer have suggested the same change, justified by the high costs linked to depletion.¹⁸² A less radical approach would be to make it

¹⁷⁹ Beebe & Fromer, *Are we running out of trade marks? An empirical study of trademark depletion and congestion* [2018] Harvard Law Review Volume 131 Number 4, 1036

¹⁸⁰ Kudrjavceva, *Issues surrounding registration of colour trade marks* [2012] RGSL Research Paper, 22

¹⁸¹ Roth, *Something old, something new, something borrowed, something blue: a new tradition in nontraditional trademark registrations* [2005] 27 Cardozo L. Rev. 457

¹⁸² Beebe & Fromer, *Are we running out of trade marks? An empirical study of trademark depletion and congestion* [2018] Harvard Law Review Volume 131 Number 4, 1035

more difficult to achieve incontestable status and therefore limit the number of future incontestable marks.¹⁸³

6.3.2 The ‘informed consumer’?

As discussed, there are several issues with the confusion tests in both the EU and US. For simplicity, I will here refer to both tests as the average consumer test, even though the definition in the US is unclear.¹⁸⁴ The average consumer is not accustomed to viewing colours as trade marks and is not capable of distinguishing between shades. The type of goods or services influence the consumer and other factors such as light may influence colour appearance. A solution would be to change the confusion test for colour marks, and if limited to colour marks only, the change would have less implications on the trade mark system as a whole.

As colours often are linked to the design of goods, this alteration is based on an analogy from design law. In design law, the confusion test is similar to trade mark law, however the average consumer is in the EU replaced with ‘the informed user’.¹⁸⁵ The test is, as with trade mark law, used both for assessing the designs ‘individual character’ and infringement with earlier designs.¹⁸⁶

The informed user is in case law described as “not ... a user of average attention, but ... a particularly observant one, either because of his personal experience or his extensive knowledge of the sector in question”.¹⁸⁷ An eye for detail and observation are both elements that could contribute to a closer examination of shades.

A more attentive consumer would have an influence on both registration and infringement process. As the test is used for acquired distinctiveness, a more attentive consumer could

¹⁸³ Tushnet, *Fixing Incontestability: The Next Frontier?* 23 B.U.J SCI & Tech L. 434 (2017)

¹⁸⁴ See ch. 4.4.1

¹⁸⁵ Council Regulation (EC) No. 6/2002 12.12.2001 on Community Designs art. 6 and 10

¹⁸⁶ Bentley *et.al.*, *Intellectual property law* (5th edn, Oxford University Press 2018) 774

¹⁸⁷ C-281/10P *Pepsi Co v Grupo Promer* [2011] ECR I-10153 para 53

lead to more marks being found to have acquired distinctiveness, as the consumer would pay more attention to the colours.

In infringement situations, the consumer would be able to distinguish between an increased number of shades, and could partly eliminate the so-called shade confusion problem. Distinguishing between more shades would limit the scope of the registered colour marks, and would reduce the depletion risk, as more shades are left free for competitors to use. In addition, the informed user was in *Pepsi* described as being aware of already existing designs.¹⁸⁸ This could also influence infringement situations, as on the one hand the scope of the registration would be more limited, but on the other, the previous knowledge element would strengthen the remaining scope and make it more resilient against infringing use.

A more attentive consumer could solve both the shade confusion and distinctiveness issue. More attentiveness, previous knowledge and time to assess makes it easier to distinguish between similar shades. However, it is not certain that attentiveness equals the ability to associate a colour to a product's origin. Assuming that the consumer's previous knowledge – originally about designs, but here as it relates to trade marks – also includes knowledge of colours fulfilling the function of an indication of origin, it is probable that colours more easily would be found distinctive.

For example, the informed user would most likely be more observant even when buying dishwasher tablets, being able to compare the products and having knowledge about the shape or colour of already-existing tablets on the market.¹⁸⁹ This would make it easier to spot differences in the colours of packaging in an infringement situation, but again, it is not certain if this would impact the consumer's ability to link the colour to the origin of the tablets.

¹⁸⁸ C-281/10P *Pepsi Co v Grupo Promer* [2011] ECR I-10153 para 63

¹⁸⁹ C-468/01 and C-472/01 *Proctor & Gamble v OHIM* [2004] ETMR 88 The original case was regarding the shape of the tablets and not colour.

Chapter 7. Conclusion

There is no easy answer to the two questions of whether we should change the trade mark system due to colour depletion, and which changes that should be made in that case. The statistics show that few colours are registered, which indicates a low risk of depletion. However, it has been difficult to get an overview, as many marks consisting mainly of colours are not registered as colour marks, but are still capable of affecting the risk of depletion. It is from the above clear that colours are capable of fulfilling both an ornamental or aesthetic function as well as a trade mark function, complicating the task of striking a balance between exclusive rights and free colours.

The problem that once consisted of limited natural dyestuff, has today shifted to a limitation of free shades. There is no longer need to collect 12 000 shells to colour a robe purple,¹⁹⁰ however, to acquire the right to exclusively use that purple might involve just as much effort in navigating the trade mark system. The words by Meryl Streep are no less true, and the value of colours and their power on consumers are increasing.¹⁹¹ This explains why brands choose to go through the demanding registration process.

As colours can be so related to designs, I believe Bartow was right when advocating that the outcome in *Qualitex* was incorrect, and that single colours should not have been registered as trade marks.¹⁹² Trade mark systems were, at the time, simply not adapted to colour registrations, and even with changes throughout the years, the systems are still facing challenges accommodating non-traditional marks.

However, we must consider the situation at hand, where single colour marks are registrable, and whether changes should be made, based on the current state. In order to assess the available options, we must take into account the underlying interests involved, and the principles laid out above.

¹⁹⁰ *Supra* note 2

¹⁹¹ *Supra* note 17

¹⁹² Bartow, *The true colors of trademark law: Greenlighting a red tide of anti competitive blues* [2008] 97 Kentucky L.J. 263, 264

When it comes to the more radical alterations, such changes must be balanced against a need for change. We have per today little empirical evidence showing that we have reached levels of severe colour depletion. There is no easy answer to why the statistics show few colour registrations. Most likely there are several factors contributing to the low number, such as the investment of time and means from brands in order to reach the distinctiveness threshold and the other registration grounds. The obstacles in the registration process must then be weight against the brands need to have an exclusive right to a shade, and if that need is not lower then the investment, there might not be a need to seek a colour mark registration. Another issue is as discussed, the difficulty ascertaining the number of registered colour marks. The possibility of registration and the clarification of the applicable requirements are relatively new, but as colours become increasingly valuable for brands, this could change.

Due to this low number of colour mark registrations, several scholars have indicated that changes would be unnecessary. Adams & Scardamaglia conclude that colour depletion concerns are overstated,¹⁹³ and McCutheon has emphasised that even though depletion is a theoretical possibility, it is not commercially probable.¹⁹⁴

Nevertheless, the trade mark systems would benefit from close monitoring and a detailed empirical study on the current depletion level of colour marks. The system must be monitored closely to make sure that we are able to introduce changes before we reach severe levels of depletion. Technology should also, to an even bigger extent, be utilised to improve the ease of search for non-traditional marks. A great example is WIPO's launch of their innovative artificial intelligence-powered image search technology, making it easier to search for registered colour marks based on images instead of words.¹⁹⁵

¹⁹³ Calboli & Senftleben, *The protection of Non-Traditional Trademarks: Critical Perspectives* (1st edn Oxford Scholarship Online 2018) 57

¹⁹⁴ McCutheon, *How many colours on the rainbow? The registration of colour per se under Australian trade mark law* [2004] European Intellectual Property review 6

¹⁹⁵ WIPO press release 'WIPO launches state-of-the-art Artificial Intelligence-based image search tool for brands'

<https://www.wipo.int/pressroom/en/articles/2019/article_0005.html?utm_source=WIPO+

In my opinion, the US trade mark system, with its lack of colour specification and its incontestable status, is more vulnerable to colour depletion. To change these two practices, using analogy from the European system, could influence depletion and clarify the scope of registration.

The development of the confusion test into an 'informed consumer test' is a possible change to both trade marks systems, and if made colour mark specific, it would have little impact on the systems as a whole. This alternative could also be made industry specific and used where colours are more likely to be attached to a design or having an aesthetic function. Industry limitation could, however, lead to implications on where to draw the line between the different industries. In addition, even though there already are uncertainties related to the existing test in both the EU and US, introducing another test could create even more confusion as to which test should be used, and when.

Given the limited number of colour mark registrations, it seems as of now inappropriate to introduce radical changes, as they would not be proportionate. I would however still advocate the minor changes proposed for the US system, as these could not only be beneficial in terms of depletion, but also for the general registration process for colour marks.

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