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Storm in a Contour Bottle? – The Coca-Cola Company v Pepsico Inc & Ors VID 876/2010

By Amanda Scardamaglia

The Coca Cola Company ('Coca Cola') has recently brought proceedings against Pepsico Inc, its Australian holding company Pepsico Australia Holdings Pty Ltd and Schweppes Australia Pty Ltd as the manufacturer and distributor of Pepsi and Pepsi Max ('the Respondents'). In the Statement of Claim dated 14 October 2010, Coca Cola alleges the Respondents have been selling Pepsi and Pepsi Max products in glass bottles that have *the same characteristic shape and silhouette* as the Coca Cola '**Contour Bottle**', infringing their intellectual property rights. The case raises a number of interesting issues concerning the often fraught area of shape marks, some of which will be raised here.

Facts

Coca-Cola is the registered owner of a number of Australian trade marks that depict its famous Contour Bottle, which were included in the Statement of Claim and shown in **Figure 1**. The Contour Bottle is a hallmark of Coca Cola's branding – with its pinched in waist shape and silhouette distinguishing Coca Cola's products from other sodas on the market. Coca Cola has built a strong reputation in the Contour Bottle through significant promotion and marketing and claims that it has sold its Coke and Coca Cola products in the Contour Bottle since 1916 in the United States and since at least 1938 in Australia.



Figure 1: Coca Cola Contour Bottle Trade Marks

In May 2010, Coca Cola became aware that the Respondents were selling Pepsi and Pepsi Max in glass bottles similar to their Contour Bottle. Images of those glass bottles, as featured in the Statement of Claim are depicted in **Figure 2**. Coca Cola demanded that the Respondents refrain from what it said was unlawful

conduct. The Respondents refused. In response, Coca Cola initiated these Federal Court proceedings.

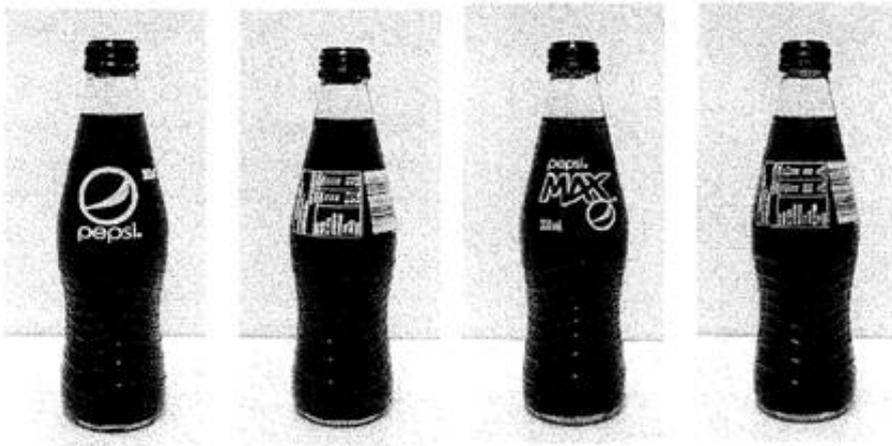


Figure 2: Alleged Infringing Pepsi and Pepsi Max Glass Bottles

It's not the first time Coca Cola have sought to enforce their rights with respect to the shape of its Contour Bottle. Many will recall the 1999 case [*Coca-Cola Co v All-Fect Distributors Ltd*](#), where Coca Cola successfully brought trade mark infringement proceedings against the manufacturer of a cola flavoured confectionary product which took the form of the shape of its Contour Bottle. Although '... a total impression of similarity [did] not emerge from a comparison of the two marks ...' Black CJ, Sundberg and Finkelstein JJ found that the '... idea suggested by the mark is more likely to be recalled than its precise details ...' such that consumers might be caused to wonder about the source of the confectionary products as a result. Coca Cola will no doubt seek to rely on this decision, although, as the following summary of the present claim demonstrates, there are some critical points of difference between the two disputes.

The Claim

Typical of most trade mark disputes, Coca Cola has brought a three pronged claim against the Respondents, namely:

1. Trade mark infringement under section 120(1) of the *Trade Marks Act 1995* (Cth) ('TMA').
2. Breach of sections 52 and 53 of the *Trade Practices Act 1974* (Cth) ('TPA').
3. Passing off.

As to the trade mark infringement claim, Coca Cola allege the Respondents have been using the particular bottle shape for its Pepsi and Pepsi Max products within the meaning of use in section 17 of the TMA and that *the bottle shape is substantially identical with or deceptively similar to Coca Cola's trade marks so as to constitute trade mark infringement* under section 120(1) of the TMA.

Coca Cola also claims the Respondents have engaged in conduct which is misleading or deceptive or is likely to mislead or deceive in breach of section 52 of the TPA. It further claims the Respondents have falsely represented that they are authorised or have approval or are associated with Coca Cola in breach of section 53 of the TPA.

Finally Coca Cola claims the Respondents have passed off its products as Coca Cola products, or licensed Coca Cola products.

As a result of this conduct, Coca Cola claims it has suffered unspecified loss and damage and seeks to have

the Court restrain the Respondents from continuing to sell its products in the said glass bottles.

With respect to the trade mark infringement claim, *there are two issues* that will likely dominate proceedings.

1. The first is the *issue of use* as a trade mark, which is likely to be raised in the Respondents' defence, which is yet to be filed.
2. The other issue which will obviously present itself is the *question of deceptive similarity*.

Issue 1: Use as a Trade Mark

It is a requirement of registration that the sign, defined under section 6 of the TMA, must be used or intended to be used to distinguish goods or services, consistent with the definition of a trade mark under section 17 TMA. This implies that, with respect to shape marks, merely adopting a particular shape will not amount to trade mark use. And, in the same way that descriptive terms will not normally be registrable as a trade mark because they will fall foul of the use requirement, functional or utilitarian shapes will not be registrable as trade marks if they do not also serve the secondary purpose of distinguishing those goods from the goods provided by others. Of course, the corollary of the requirement of use for registration is that in context of trade mark infringement; there is a *requirement that the alleged infringer has used a sign that is substantially identical or deceptively similar sign to distinguish its goods from other goods*.

The use requirement can be particularly problematic in relation to shape marks in both the registration and infringement contexts, since all physical things take the form of some shape. *Would a consumer, on seeing a product for the first time, think that the shape of the product is a trade mark, that is, an indicator of origin?*

In the Statement of Claim, Coca Cola allege that the bottle shape used by the Respondents '... would be perceived by consumers in Australia as possessing the character of a brand for distinguishing the Infringing Products from other beverage products. ...' and '... have used the bottle shape of the Infringing Products and the silhouette of that bottle shape as a trade mark within the meaning of ss 17 and 120(1) TMA.'

The Respondents will have to address this point in their defence. They will likely argue that their Pepsi and Pepsi Max glass bottles are not being *used* as a trade mark within the meaning of the TMA and thus their conduct does not constitute trade mark infringement.

Potential Defence

In doing so, the Respondents may argue that the glass bottle it has used does not function as a trade mark because the shape it has adopted is *functional*.

Furthermore, the shape adopted is but one of a number of features on its Pepsi and Pepsi Max products preventing it from functioning as a trade mark. That is, the Respondents would argue that the addition of the ingrained wave pattern on the glass bottle and the use of its other distinctive Pepsi and Pepsi Max marks all have the combined effect of diluting the significance that might have otherwise attached to the shape of its glass bottle and that any distinctiveness that the shape has acquired was likely attributable to its use alongside the other distinguishing trade marks and indicia. As a consequence, it is possible that consumers, on seeing Pepsi and Pepsi Max products for the first time, would not think that the shape of its glass bottle was a trade mark, distinguishing its products from other manufactures, as Coca Cola alleges.

There are a couple of important shape mark cases that are on point and may be relevant here for the purposes of determining whether the shape of the Respondents' glass bottle constitutes use as a trade mark.

The first is the well known [Philips v Remington](#) case, where Philips failed to establish trade mark infringement of its triple head shaver shape mark because there had been no use of the trade mark by Remington. The issue of use was also raised more recently in the 2009 case *Guylian v Registrar of Trade Marks* although in the context of an application to register the shape of a seahorse for use with respect to chocolates. Although it is not possible to go into the details of these cases here, suffice to say the Respondents may be able to draw on these cases and in particular the *Guylian* case favourably.

Issue 2: Substantially Identical With or Deceptively Similar

The question of whether the Pepsi and Pepsi Max glass bottle is substantially identical with or deceptively similar to Coca Cola's trade marks will also be hotly disputed. It is unlikely that a Court would determine that the marks were substantially identical comparing the two marks side by side and noting their similarity. The question of deceptive similarity is more contentious.

It is at this point that the present dispute differs from [Coca-Cola Co v All-Fect Distributors Ltd](#). Here the alleged infringer is Coca Cola's main rival, which has established its own distinct reputation in the cola market, the same market in which Coca Cola operates. The question as to whether consumers would be caused to wonder about the source of the Respondents' products is therefore more tenuous here than it was in [Coca-Cola Co v All-Fect Distributors Ltd](#), given the level of consumer savviness and the strongly held preference most consumers hold for either Coca Cola or Pepsi products.

Conclusion

However the Respondents decide to frame their defence, the use issue is likely to comprise a key aspect of this dispute and it will be interesting to see what the Court will make of this, if the matter goes to hearing. Similarly, the question as to substantial identity and consumer confusion will also be an interesting point of argument in this battle of the cola giants.

So where to from here? Well, the Respondents will have to file their defence shortly, with the matter due for a directions hearing next week. This is definitely one to watch with interest.

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