

[RECENT JAPANESE IP DECISION]

The Coca-Cola Company v. Commissioner of the Japan Patent Office

Intellectual Property High Court / Decided May 29, 2008 / Case No. Hei 18 (ne) 10016
(Trademark Act, Sections 3-1)-(iii) and 3-1)-(ii), and Section 3-2))

ISSUE

Whether a returnable bottle for Cola drinks is registrable under the trademark law.

BACKGROUND

On July 2, 2003, Coca-Cola filed a three dimensional trademark application (No. 2003-55134) for its returnable bottle designating goods in Class 32, which encompasses beer, refreshing beverages, fruit juice and vegetable juice. On October 22, 2004, the examiner of the Japan Patent Office (JPO) rejected the 3D trademark application for the reason that the 3D shape of a Coca-Cola's bottle did not meet the statutory requirements for registration. The examiner reasoned, among others, that under the Trademark Law, Section 3-1)-(iii), a trademark may not be registered when it consists solely of a mark indicating a shape of goods or articles for use in the provision of services. The examiner also noted that the trademark application in question failed in embodying functions as a mark to distinguish the subject mark from other goods under Section 3-1)-(ii).

The relevant statutory provisions are as follows (abstracts).

Section 3 (Registrability of trademarks):

1) Any person may obtain a trademark registration of a trademark to be used in respect of goods or services in connection with his business, except in the case of the following trademarks:

(i) trademarks which consist solely of a mark indicating, in a common way, the common name of the goods or services;

(ii) trademarks which are customarily used in respect of the goods or services;

(iii) trademarks which consist solely of a mark indicating in a common way, the origin, place of sale, quality, raw materials, efficacy, use, quantity, shape (including packaging shape) or price of the goods, or the method or time of manufacturing or using them; or the location of provision of the services, quality, articles for use in such provision, efficacy, use, quantity, modes, price or method or time of the provision of services;

(iv)~(vi) (omitted here)

2) In the case of a trademark falling under paragraphs (iii) to (v) of the preceding subsection, where, as a result of the use of such trademarks, the consumers are able to

recognize the goods or services as being connected with a certain person's business, trademark registration may be obtained notwithstanding the preceding subsection.

Coca-Cola appealed the examiner's rejection and requested a review by the Appeals Department within the JPO (Appeal No 2005-1651), while changing the designated goods to "cola drinks." The Appeals Department rejected the appeal, based on the same reasons as ones stated by the examiner.

Coca-Cola appealed the decision of the JPO before the Intellectual Property High Court. On appeal, the IP High Court decided in favor of Coca-Cola and cancelled the decision of the JPO.

JUDGMENT

Finding an error in the decision of the JPO, the IP High Court decided that the JPO's decision should be vacated since the error was serious enough to adversely influence the decision of JPO. The Court elaborated on as follows.

1. Whether the subject trademark application is in compliance with Section 3-1)-(iii)

The three-dimensional shape of the subject trademark application was, when it is reviewed objectively, employed to improve aestheticity and functionality of the container of Cola drinks. The shape was already used at the time of the JPO's decision. General consumers would consider it as a likely container of cola-drinks. The JPO decided therefore that the trademark application consisted solely of a mark indicating a shape of goods in a commonplace manner, to which Trademark Act, Section 3-1)-(iii) was applicable. This decision of the JPO is not erroneous.

2. Whether the subject trademark application is in compliance with Section 3-(1)-ii)

1) Although the provision of Section 3-1)-(iii) is applicable to the subject trademark application, the mark in question has long been used thereby to cause general consumers to associate it with certain goods or services of the same provider. Such mark would be registrable as a trademark under Section 3-2).

2) With regard to the business of cola-drinks "Coca-Cola," factual situations are as follows.

a) There are two types of bottles: a returnable bottle and an one-way bottle. It was 1916 when Coca-Cola first sold the goods in the United States of America. In Japan, goods in the returnable bottle were marked in 1957. Since then, the shape of the bottles have never changed.

b) Since its marketing in 1957, Coca-Cola has been well received by the consumers. In 1971, approximately 2380 million bottles were sold. With appearance of other type of containers such as can or plastic bottle, the annual sale has lowered to 96 million bottles.

c) Advertisements for the goods have been active. Since 1997, Coca-Cola have spent approximately 3 billion yen per year for advisements through media including, TV, newspaper and

journals. Advertisements were made in such a manner as to impress consumers with the shape of the returnable bottled sold by Coca-Cola. In particular, its shape has been intentionally on the media advertisements due to the down scale of sales increase of Coke in the returnable bottle due to the increase of Coke in cans or plastic bottles.

d) According to results of a questionnaire for consumers, a 60~80% of answers correctly identified the Coca-Cola when they were shown a three dimensional transparent bottle which is identical to the returnable bottle in question.

e) With regard to the shapes of the returnable bottle, a significant number of experts recognized it as a typical example of a mark with distinctiveness. To witness this, there are a number of publications describing the history, episode and particularities of the shape of the returnable bottle in question.

f) There are no comparable containers of soft drinks on the market, which contain three dimensional shapes similar to the subject mark. When and if Coca-Cola finds a design of a container which is confusingly similar to the subject mark, Coca-Cola has taken appropriate measures to block such use.

g) The shape of the returnable bottle has acquired consumers' recognition as a brand symbol.

To sum up, the returnable bottle enjoyed a remarkable sales increase, ever since its introduction to the Japanese market in 1957. Its sale and distribution has been conducted for over a long period of time without changing the bottle shape. With efforts for uninterrupted advertisements on media, the 3D shape of the returnable bottle acquired distinctiveness, at least by the time of the JPO's decision, so as consumers to differentiate from similar goods by other manufacturers.

3) When compared with the actual returnable bottle on sale, the subject mark lacks in a sheet of wrapper on which a plane mark of "Coca-Cola" is indicated, and the configuration of the top portion is different. However, these differences would not eliminate the application of Section 3-(2) for the following reasons.

a) The actual returnable bottle and one on advertisements are with an indication of Coca-Cola. As discussed above, distinctiveness of the 3D shape of the returnable bottle, which has been acquired through use, seems to be very strong. It does not matter whether the subject mark lacks the wrapper and the Coca-Cola indication thereon.

b) There is a difference in the configuration of the top portion. The mouth of the actual returnable bottle on sale is structured so as to be provided with a crown cap while the subject mark is a screwed cap. This difference, however, is not essential because the configuration of the bottle mouth is functional and thus commonplace. It cannot be said to be a characteristic portion of the subject mark.

4) Thus, the subject mark has acquired a function of distinctiveness through use of the returnable bottle. With such acquired distinctiveness, it is registrable as a trademark under the Trademark Act, Section 3-(2). The JPO's decision which concluded oppositely is erroneous and thus to be vacated.

Comments:

In Japan, the system for the registration of 3D trademarks was first introduced in 1996. In legislation for the system, there was a special remark by lawmakers that the 3D marks indicating designated goods in common manner should be carefully dealt with so as not to improperly allow registration of commonplace 3D trademarks.

In view of the cautionary remark in the legislation, the JPO prepared an internal examination guideline for JPO's examiners to aid them in assessing the registrability of a 3D mark. The guideline specifies, among other things, that unregistrable is a shape which could be perceived by consumers as being a commonplace shape of the designated goods or its container. Mainly for this reason, JPO examiners generally follow the high standard of requirements for 3D trademark legislation.

A typical example is the *Hiyoko* confection case, in which the JPO disagreed with acquired distinctiveness despite the widespread popularity of a confection. The rigid and high standard of the 3D trademark was changed in the *Mini Maglite* flashlight case in which the IP High Court overruled the negative decision of the JPO and found a shape of the flashlight registrable as a 3D trademark for the first time since the legislation. The IP High Court's decision in the present Coca-Cola case made it clear that a 3D configuration which has acquired distinctiveness through use is available for 3D trademark registration.

Another important issue argued was the adverse influence of word marks against distinctiveness of a 3D configuration. In establishing acquired distinctiveness as product shape, the use of a word, lettering, logo, or another mark in combination with the product in actual sale was often an obstacle. The courts were inclined to construe that it was the word mark or other descriptive mark contribute the consumers to recognize distinctiveness in product, but not the product shape. In this respect, the decision explicitly denied the adverse influence of the word marks used in combination with the product for which a 3D trademark registration is sought.

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