

# Highlights from Luxembourg: A Selective Review of Recent CJEU Trade Mark Case Law

## Introduction

As the title of this paper suggests, its purpose is not to provide an exhaustive overview of all the judgments taken by the Court of Justice of the European Union ('CJEU') in the field of trade marks over the past year but rather to highlight some of the more interesting cases that have come before the Court in the last few months. Given the eclectic nature of trade mark cases that go to Luxembourg, it is inevitably difficult to make a choice. Nevertheless, in an endeavour to keep a balance between absolute and relative grounds as well as *ex parte* and *inter partes* proceedings, four cases have been selected for review.

The first two cases deal with non-traditional marks and, in particular, signs which may overlap with other forms of intellectual property rights. Next, consideration is given to two judgements dealing with objections on relative grounds. While the first of those cases deals with the pharmaceutical sector - a sector which is frequently involved in bringing cases to the EU courts in Luxembourg that often serve to highlight disparities in Europe regarding prescription and non-prescription medicines as well as the thorny issue of therapeutic indication in the assessment of similarity - the other case concerns the more unusual issue of trade mark foreign language equivalents.

## Representation of the layout of a retail store<sup>1</sup>

For some, the apparent willingness of the CJEU to contemplate registration of the layout of a retail store as a trade mark is ground-breaking; for others it is 'business as usual'. Whichever view one wishes to take of this case perhaps ultimately depends on the ability to see the proverbial 'glass of water' as 'half full' or 'half empty'.



In 2010, Apple registered with the United States Patent and Trademark Office a three-dimensional trade mark consisting of a representation of its flagship store (see image above) for '*retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories and demonstrations of products relating thereto*' in Class 35. Apple next sought to extend that trade mark internationally under the Madrid Protocol. The extension was accepted in some jurisdictions and refused in others. Among those refusing was the DPMA<sup>2</sup> (the German Patent and Trade Mark Office). On 24 January 2013, extension

<sup>1</sup> Judgment of 10 July 2014 in Case C-421/13 *Apple Inc. v Deutsches Patent- und Markenamt*.

<sup>2</sup> Deutsches Patent- und Markenamt.

of this trade mark to Germany was refused by the DPMA because ‘the depiction of the space devoted to the sale of the undertaking's products was nothing other than the representation of an essential aspect of that undertaking's business’ and that customers would thus not see it as an indication of the commercial origin of the goods but rather as a reference to the quality and price bracket of the products sold. Moreover, the layout was deemed not to be sufficiently distinguishable from that of the stores of other providers of electronic products.

Apple appealed to the *Bundespategericht*. That court subsequently decided to make a preliminary reference to the CJEU for clarification of a number of issues<sup>3</sup>. At the core of the questions was (1) whether the representation of the layout of a retail store, by a design alone, without any indication of size or proportions, could be registered as a trade mark for services aimed at inducing the consumer to purchase the goods of the applicant for registration and, (2) if so, whether such a ‘presentation of the establishment in which a service is provided’ could be treated in the same way as ‘packaging’.

In its judgment, the CJEU first noted that, in order to be capable of constituting a trade mark for the purposes of Article 2 of the Trade Mark Directive<sup>4</sup> (‘TMD’), the subject-matter of any registration must satisfy three conditions. It must (1) constitute a sign; (2) be capable of graphic representation; and (3) be capable of distinguishing the goods or services of one undertaking from those of other undertakings.

The Court opined that it is clear from the wording of Article 2 TMD<sup>5</sup> that designs depicting the layout of a retail store by means of an integral collection of lines, curves and shapes, may constitute a sign capable of graphic representation and thus a trade mark. Consequently, such a representation would satisfy the requirements of Article 2 without it being necessary to either (i) attribute any relevance to the fact that the design did not contain any indication as to the size and proportions of the retail store that it depicts, or (ii) examine whether such a design could equally, as a ‘presentation of the establishment in which a service is provided’, be treated in the same way as ‘packaging’ within the meaning of Article 2.

However, the Court went on to emphasise that it is for the competent authority to assess in concrete terms the distinctive character of the sign. In this context, it would

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<sup>3</sup> The questions referred were as follows:

(1) Is Article 2(i) of the Trade marks Directive to be interpreted as meaning that the possibility of protection for the ‘packaging of goods’ also extends to the presentation of the establishment in which a service is provided?

(2) Are Articles 2 and 3(1)(ii) to be interpreted as meaning that a sign representing the presentation of the establishment in which a service is provided is capable of being registered as a trade mark?

(3) Is Article 2 to be interpreted as meaning that the requirement for graphic representability is satisfied by a representation by a design alone or with such additions as a description of the layout or indications of the absolute dimensions in metres or of relative dimensions with indications as to proportions?

(4) Is Article 2 to be interpreted as meaning that the scale of the protection afforded by a trade mark for retail services also extends to the goods produced by the retailer itself?

<sup>4</sup> Directive 2008/95 of 22 October 2008 to approximate the laws of the Member States relating to trade marks.

<sup>5</sup> Article 2 TMD: ‘A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings’. This is equivalent to Article 4 CTMR.

be relevant whether the depicted layout departed significantly from the norm or customs of the economic sector concerned<sup>6</sup>.

The fact that a sign is capable of constituting a trade mark does not mean that it is distinctive. Distinctive character must be assessed by reference to, first, the goods or services in question and, second, the perception of the relevant public (the public consisting of the average consumer of the category of goods or services in question, who is reasonably well informed and reasonably observant and circumspect). Also, the competent authority must on a case-by-case assessment determine whether the sign is descriptive of the characteristics of the goods or services concerned, or whether it may be objected to on one of the other grounds of refusal in the TMD. Naturally, the Court added that in making this assessment for a design representing the layout of a retail store, the criteria to be applied by the competent authority must not differ from those used for other types of sign.

Lastly, regarding the question of whether services aimed at inducing the consumer to purchase the goods of the applicant for registration can constitute 'services' for which a sign, like the one at issue, can be registered as a trade mark, the Court considered that, where no grounds for refusing registration under the TMD apply, the design of the layout of a flagship store of a goods' manufacturer may legitimately be registered for both goods and services, so long as they do not form an integral part of the offer for sale of those goods. Certain services, such as those referred to in Apple's application and during the proceedings, including the carrying out of in-store demonstrations of the products on display there, could constitute remunerated services falling within the concept of 'service'.

The Court therefore concluded that the representation of the layout of a retail store, by a design alone, without indicating the size or the proportions, may be registered as a trade mark for services, which, although relating to goods, do not form an integral part of their offer for sale, on condition that that representation is capable of distinguishing the services of the applicant for registration from those of other undertakings and that no ground for refusal precludes it<sup>7</sup>.

The case has now been remitted to the *Bundespatentgericht* to rule on the substance.

## **Comment**

Since the CJEU's decision only deals with interpretation of the TMD, it remains to be seen whether the *Bundespatentgericht* will determine that Apple's application is in able to obtain trade mark protection in Germany.

The CJEU ruling seems to offer a glimmer of hope of trade mark protection to retailers operating commercial establishments with distinctive layouts, especially through franchises in the consumer goods and food and beverage sectors, provided those layouts are not purely functional and provided that registration authorities consider these designs to be distinctive. The business models of franchises rely heavily on displaying a standard layout and design for their premises. They are

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<sup>6</sup> Para 20 of the judgment in Case C-421/13.

<sup>7</sup> Para. 27 of the judgment in Case C-421/13.

therefore clearly interested in obtaining trade mark protection to guard against replicas rather than having to rely on unfair competition rules, or passing off, or even trade mark registrations limited to certain aspects of the appearance of a commercial establishment, such as a particular colour when applied to specific surfaces.

While the CJEU's ruling shows an open-minded attitude to non-traditional commercial signs and representations, it is likely that objections to such applications may be raised by many trade mark authorities on the basis that the 'sign' is not inherently distinctive unless the layout design departs significantly from the norm or customs of the sector. It would follow that applicants would have to adduce considerable evidence on sector norms and customs and bring forward evidence of acquired distinctiveness to secure registration of such marks.

At the EU level, design signs would face the additional hurdle of the geographical extent of the evidence to be adduced. In the wake of statements made in the *Lindt*<sup>8</sup> judgement and the tenor of the *Pago*<sup>9</sup> ruling, there is a degree of uncertainty whether non-word marks seeking protection in the EU on the basis of their secondary meaning must demonstrate acquired distinctiveness throughout the EU or merely in a sufficiently important part of it. If the former is true, this would be for all but the largest commercial actors a *probatio diabolica*.

#### PRAMINO / PREMENO<sup>10</sup>

Some important judgments of the CJEU seem not to be available in English. That is, to say the least, regrettable, when English is fast becoming the vehicular language and not only Europe but beyond. Indeed, many non-EU countries carefully monitor the Court's case law and rely upon English texts of the judgments.

In an inter partes context, pharmaceutical companies are notoriously litigious both before OHIM and the GC and CJEU. The stakes are high and they are prepared to go to the 'bitter end'. In attempting to exclude any possibility of a likelihood of confusion or reach a negotiated settlement where both marks coexist, restrictions of goods and services are an important instrument in the applicant's tool chest. But it is important to get the wording of the restriction right. In the case in point, this nearly did not happen.

An application was filed for the Community trade mark ('CTM') 'PREMENO' for goods in Class 5 ('vaginal suppositories'). An opposition against that application was subsequently filed, based on the earlier German trade mark 'PRAMINO', registered for 'prescription medicines' in Class 5.

The resulting decision of the Opposition Division of OHIM considered that use of the earlier mark had been shown for 'prescription medicines, namely hormonal contraceptives'. These goods were considered identical to those of the earlier mark, and the marks were found to be similar, thus leading to the conclusion that there was a likelihood of confusion.

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<sup>8</sup> Case C-98/11 P *Chocoladefabriken Lindt & Sprüngli AG v OHIM*, para. 78.

<sup>9</sup> Case C-301/07 *PAGO International GmbH v Tirolmilch registrierte Genossenschaft mbH*.

<sup>10</sup> Judgment of 11 December 2014 in Case C-31/14 P *Office for Harmonisation in the Internal Market v Kessel medintim GmbH*. Only available in French and German <http://curia.europa.eu/juris/document>.

On appeal to the Board of Appeal, the applicant requested a restriction of the list of goods contained in its application to ‘vaginal suppositories against vaginal infections and dryness delivered without a doctor’s prescription’. However, the Board refused to restrict the list of goods, on the ground that the absence of a doctor’s prescription was irrelevant, and confirmed the decision of the Opposition Division.

The applicant then lodged a further appeal to the General Court. The Court upheld the appeal and annulled the Board’s decision. It was held that, in accordance with case law, the therapeutic indication was the essential criterion that enabled identification of the pharmaceutical products covered by the CTM application, notwithstanding the fact that the applicant had also mentioned an inappropriate criterion (the absence of a medical prescription). This latter criterion is not valid because of the lack of uniform rules on of the obligation to sell medicines under prescription within the EU. The General Court found that the inadmissibility of the limitation as far as it concerned the non-prescription medicines only, could not lead to the conclusion that it was entirely irrelevant. The Board had to take into account the other part of the restriction which was based on the therapeutic indication. By not taking into consideration the restriction, the Board had infringed Article 43(1) CTMR<sup>11</sup>.

OHIM subsequently appealed to the Court of Justice to set aside the General Court’s judgment. OHIM’s appeal was based on two grounds:

First, OHIM argued that a restriction to the list of the goods in respect of which registration is sought cannot be taken into consideration if it is imprecise. That is the case when the restriction concerns a criterion like the absence of medical prescription

In dismissing this ground of appeal, the CJEU recalled the need for any restriction to make the nature of the goods appear clearly and to be based on a criterion that allows a sub-category to be defined with sufficient precision. The CJEU confirmed that the General Court had correctly held that the restriction requested by the applicant could not be rejected for the sole reason that it referred to the irrelevant criterion of the absence of a doctor’s prescription. That reference did not necessarily make it inadmissible<sup>12</sup> and the issue of its admissibility was in any case a question of fact. Moreover, the restriction was in all events based on the criterion of the therapeutic indication, which constitutes an essential criterion for defining a sub-category of pharmaceutical goods intended to be covered by a CTM. The CJEU added that the inclusion of the criterion of the absence of medical prescription did not necessarily affect the clarity or precision of the restriction as a whole.

Second, OHIM contended that it was bound by the terms of the restriction requested by the applicant and could not reword the list of goods for which registration was sought. Such a rewording would be necessary, in OHIM’s view, because the General Court had, in effect, found that the Board of Appeal should have accepted the restriction in part and rejected it in part.

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<sup>11</sup> [Community Trademark Regulation](#) (207/2009).

<sup>12</sup> Paras. 39 and 40 of the judgment in Case C-31/14 P.

The CJEU did not accept the argument put forward in the second ground of appeal. More specifically, the CJEU disagreed that the General Court had found that the Board of Appeal should have partially accepted the restriction and partially not taken it into consideration. The Board should simply have compared the goods, as was pointed out in the judgment of the General Court<sup>13</sup>.

Thus, the CJEU rejected the appeal.

### **Comment**

This case shows the need for clarity and precision in making restrictions. While the applicant making the restriction won through, it took years of litigation to do so. Both the GC and the CJEU seem to have been willing to overlook a blunder in the reference to prescription medicine ('vaginal suppositories against vaginal infections and dryness delivered without a doctor's prescription') on the basis that the therapeutic indication was the dominant criterion.

Since what is available on prescription or OTC differs from one Member State to another, the reference to medicine being 'delivered without a doctor's prescription', necessarily introduced an element of lack of clarity and imprecision. On the other hand, as judgments such as 'IP Translator'<sup>14</sup> have emphasised, and the Implementing Rules of the Trade mark Regulation<sup>15</sup> require, there is a need for clarity and precision in specifications of goods and services. Whether delimitation of the therapeutic indication overrides that lack of precision and clarity is open to question.

The position taken by the CJEU is certainly a practical solution and avoids the risk of legal formalism leading to a 'form over substance' decision. Moreover, specifications relating to dosage, active ingredients and the need for a doctor's prescription, are, generally regarded as inappropriate criteria for defining a subcategory of goods<sup>16</sup>, whereas the function and the intended purpose of the goods, where precisely defined, may serve to restrict to a sub-category of goods<sup>17</sup>. Given that consumers are primarily looking for a product or service which can meet their specific needs, there is considerable logic in accepting that the criterion of the purpose or intended use is of fundamental importance in the defining a sub-category of goods or services.

### **GOLDEN BALLS/BALLON D'OR<sup>18</sup>**

The seven year saga involving the legal wrangling between a British, family-run company Golden Balls Ltd. and the French organisers of FIFA's Ballon d'Or or (European Footballer of the Year Award) Intra-Press, is a salutary lesson in the trial

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<sup>13</sup> Para. 52 of the judgment in Case C-31/14 P. The implication of this being that the restriction was perfectly acceptable.

<sup>14</sup> Judgment of 19 June 2012 in Case C-307/10 'IP Translator', para. 48: '...economic operators must be able to acquaint themselves, with clarity and precision, with registrations or applications for registration made by their actual or potential competitors, and thus to obtain relevant information about the rights of third parties'.

<sup>15</sup> Rule 2 CTMIR.

<sup>16</sup> See, for example, Case T-256/04, *Mundipharma AG v OHIM* paras. 29-31.

<sup>17</sup> See, for example, Case T- 126/03, *Reckitt Benckiser (España) SL v OHIM*, paras. 47-48.

<sup>18</sup> Judgment of 20 November 2014, Joined Cases C-581/13 P and C-582/13 P, *Intra-Press SAS v Office for Harmonisation in the Internal Market (Trade Marks and Designs) and Golden Balls Ltd.*

and tribulations of the multilingual EU trade mark regime. That this David and Goliath story should give rise to thought-provoking issues of doctrine of foreign equivalents and differing standards of similarity of signs when considering, on the one hand, likelihood of confusion and, on the other hand, dilution or unfair advantage, is perhaps a credit to the calibre of lawyers involved.

Golden Balls Ltd. sought to register a CTM for the word mark ‘Golden Balls’ in respect of goods and services in Classes 9, 28 and 41. This application was opposed by Intra-Press on the basis of an earlier CTM ‘Ballon d’Or’, registered for inter alia, goods and services in the same classes and relying on the grounds of Article 8(1)(b) and 8(5) CTMR<sup>19</sup>.

The Opposition Division ruled in favour of the applicant, finding that although there was a slight conceptual similarity for a section of the relevant public (English and French speakers), the signs were visually and phonetically different and that such similarity as existed was insufficient to establish likelihood of confusion and was not enough to consider the signs ‘similar’ for Art 8(5) to apply.

The decision was then appealed by the opponent. The First Board of Appeal of OHIM held that the two word marks were ‘extremely similar’<sup>20</sup>. On that basis they upheld the opposition under Article 8(1)(b), and ruled that the mark applied for should be allowed to proceed to registration only for goods and services not covered by the opposing mark. The Board did not go on to consider the Article 8(5) ground in respect of goods and services which were not similar.

On appeal by the applicant to the General Court, the Board’s decision was annulled. It was held that, although there was a slight conceptual similarity between the marks, this was not enough to counteract their visual and phonetic dissimilarities and could thus not cause confusion. Moreover, the General Court also found that the signs lacked the necessary degree of similarity for Article 8(5) to apply. It thus dismissed the opposition in its entirety.

The opponent subsequently appealed this judgment on three grounds: (i) distortion of the facts; (ii) infringement in Article 8(1)(b) of Regulation No 40/94; and (iii) infringement of Article 8(5) of Regulation No 40/94.

In dismissing the first ground, the CJEU held that it was not obvious from the documents before it that the GCEU had made a factually distorted assessment of the abilities of the French-speaking public<sup>21</sup> in regard to understanding English and recalled that it is not within its remit to rule on appraisals of fact, as appeals to the

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<sup>19</sup> Article 8(1)(b) CTMR leads to refusal of a trade mark application likelihood of confusion on the part of the relevant public because of the similarity between the two trade marks and the similarity of the goods and services covered by them. Article 8(5) CTMR results in refusal of the contested CTM application where the earlier mark is similar to the applied for mark and enjoys a reputation, which that contested mark would take unfair advantage of, or dilute or tarnish.

<sup>20</sup> See para. 15 of the decision.

<sup>21</sup> Although the earlier mark was a CTM, and therefore, the relevant public was that of the EU, it is legitimate to take an area of the EU (in this case the English and French-speaking part of the EU) in order to assess whether there is any likelihood of confusion between the marks at issue in that part; if there is, this will be enough to reach an overall finding of likelihood of confusion.

CJEU are limited to points of law<sup>22</sup>.

Regarding the second ground of appeal, the CJEU was not persuaded that the General Court had only limited itself to considering part of the relevant public (French-speakers) in the conceptual comparison. In fact, the GC had stated that some of the differences between the signs at issue ‘are capable of impeding the immediate discovery of the similar hidden meaning of the signs at issue, both for the francophone and anglophone consumer with an average level of attention’<sup>23</sup>. Nor did the CJEU accept the criticism that the General Court had incorrectly evaluated conceptual similarity from the perspective of the relevant public’s capacity to engage in ‘prior translation’ when seeing the signs, since this matter too was an assessment of fact and thus not open to review.

More important was the third ground of appeal, in which the opponent argued that the GC had wrongly inferred from the lack of similarity between the signs for the purposes of Article 8(1)(b) that there was also insufficient similarity for Article 8(5) to come into play and that GC should have proceeded to apply Article 8(5) to the goods and services at issue.

The CJEU reiterated its case law, notably *Ferrero v OHMI*<sup>24</sup>, and stated that the degree of similarity required under Article 8(1)(b) and under Article 8(5) CTMR is different. While protection for non-reputed trade marks is conditional upon a finding of a degree of similarity that is sufficient to trigger a likelihood of confusion between the signs, the existence of a likelihood of confusion is not necessary for Article 8(5) to come into play. A lesser degree of similarity between the marks compared will be enough to proceed to the next stage of the assessment which is evaluating whether the relevant public ‘makes a connection between those marks’ or ‘establishes a link between them’<sup>25</sup>. Accordingly, the Court sent the case back to the Board of Appeal to evaluate whether there is such a link or connection on the part of the relevant public and thus whether all the conditions are fulfilled for Article 8(5) to prevent registration of the applicant’s mark.

## Comment

This case demonstrates how an apparently innocent choice of words in one language for encapsulation in a trade mark can have dramatic consequences where the resulting mark has a degree of similarity, in translation, with another mark in another language. Not only did the applicant use the mark applied for on manufactured articles but also licenced the name to a TV game show. Seven years of litigation is a high price to pay and the battle is not yet over. Applicants must be thorough in their searches before applying for a CTM and pay particular attention to the multilingual aspect of the regime.

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<sup>22</sup> Article 256(1) TFEU and Article 58 of the Statute of the Court of Justice of the European Union and paras. 40 of the judgment.

<sup>23</sup> Para. 51 of the CJEU’s judgment.

<sup>24</sup> C-552/09 P, paragraph 53.

<sup>25</sup> See, to this effect, *Ferrero v OHMI*, [C-552/09 P](#), *Adidas-Salomon and Adidas Benelux*, [C-408/01](#), and *Intel Corporation*, [C-252/07](#).

As has been pointed out by other commentators<sup>26</sup>, the remittal of the case for examination of Article 8(5), will require the Board of Appeal to be satisfied that the contested sign takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the earlier trade mark. The establishment of a 'link' between signs is a somewhat imprecise test, and it would in any event be necessary also for the opponent to demonstrate that the sign has free ridden on, or blurred or tarnished the good reputation of the Ballon d'Or award, or that it could do so in the future.

The judgment also underlines that – assuming the existence of reputation of the earlier mark is established - any degree of similarity between the signs (even a low conceptual one), will automatically bring about an assessment of the existence of a link or connection on the part of the relevant public between the marks and of whether the mark applied for is injurious to the earlier sign in the sense of Article 8(5). The degree of similarity necessary to trigger the potential application of Article 8(5) is thus different to that necessary to bring Article 8(1)(b) into play.

The case also raises interesting issues regarding the linguistic abilities of the relevant public in relation to conceptual similarity. The CJEU dismissed this matter as a factual assessment. The opponent put forward the argument that the General Court had erred in law by stating that prior translation of the word marks was needed before it could be recognised by the relevant public as conceptually similar. It added that when word marks are composed of basic words in various languages understood by the public, then there is no 'intellectual process of translation', nor does the consumer engage in 'prior translation' or 'begin by translating'.<sup>27</sup> It asserted that the meaning of those words would be immediately understood by the relevant public, whatever its mother tongue.

If the relevant consumers in this case embraced the Francophone region of the EU, then Luxembourg was necessarily covered. A large portion of Luxembourgers speak and understand four languages, including French and English. The same is true to a somewhat lesser extent of Belgians. Since, in cases where the relevant territory is the EU, a likelihood of confusion in any part of that territory may be enough to trigger the application of Article 8(1)(b), does this mean that the perspective of the average Luxembourger would be crucial in a case such as this? On the other hand, much was made in arguing this case of the need to consider the Anglophone part of the EU and the CJEU went to some lengths to try to show that the GC had done this. Does that imply that a likelihood of confusion in a very small Member State would be insufficient where the relevant public was the EU general public at large? This would be imposing a requirement of the confusion being present on the part of a sufficiently substantial portion of EU citizens. Quite how that would work, and if it is even right, is unclear. However, one cannot ignore that the unitary nature of the EU for trade mark purposes sits badly with the current linguistic zone approach and with judgments such as ONEL<sup>28</sup> that take a broader approach to the territorial scope of a trade mark.

While it is perhaps an exaggeration to claim that the EU now has a doctrine of foreign

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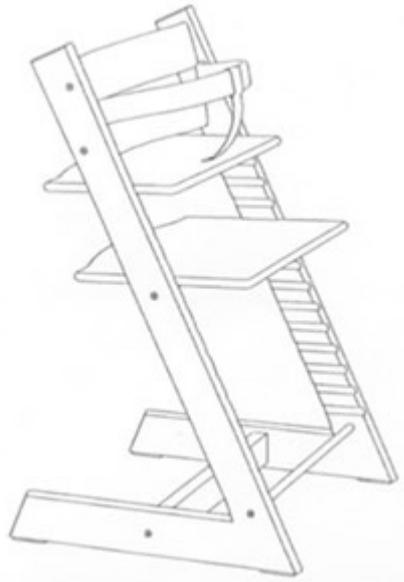
<sup>26</sup> Alberto Bellan in IPKat 20 November 2014: [www.ipkitten.blogspot.com.es](http://www.ipkitten.blogspot.com.es) .

<sup>27</sup> Para. 57 of the CJEU judgment.

<sup>28</sup> Case C-149/11, ONEL/OMEL.

equivalents<sup>29</sup>, it is a fact that parties must be very aware of the meaning of their mark in other languages and the consequent risk of collision with marks in other languages having similar meanings.

TRIPP TRAPP<sup>30</sup>



The application of the ‘shape’ objections contained in Article 3(1)(e) TMD and mirrored in Article 7(1)(e) CTMR have always been unclear. For this reason, OHIM examiners traditionally preferred to concentrate on objections based on lack of distinctive character, rather than to tread the ‘thorny path’ laid down by the above-mentioned provisions. The recent ruling in ‘Tripp Trapp’ does little to make that path any easier to tread.

Article 3(1)(e) TMD provides that a sign shall not be registered as a trade mark, or a trade mark shall be liable to be declared invalid if already registered, if it consists exclusively of:

- (i) the shape which results from the nature of the goods themselves;
- (ii) the shape of goods which is necessary to obtain a technical result;
- (iii) the shape which gives substantial value to the goods.

Stokke marketed the well known ‘Tripp Trapp’ chair in the Netherlands and obtained a Benelux three-dimensional trade mark (see image above) in the Benelux for ‘chairs, especially high chairs for children’. Hauck began selling similar chairs in that territory and was sued by Stokke for infringement of its copyright and Benelux trade mark. Hauck counterclaimed, seeking the invalidity of Stokke’s trade mark.

Stokke was successful at first instance in its copyright infringement claim but had its three dimensional mark declared invalid by the court under Article 3(1)(e) (i) and (iii), holding that ‘the attractive appearance of the chair gave it a substantial value and that

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<sup>29</sup> This is the doctrine whereby the US courts and the TTAB translate foreign words in determining whether they are registrable as trade marks.

<sup>30</sup> Judgment of 18 September 2014 in Case C-205/13, *Hauck GmbH & Co. KG v Stokke A/S et al.*

its shape was determined by the very nature of the product - a safe, comfortable, reliable children's chair'. That judgment was ultimately appealed to the Supreme Court of the Netherlands in the context of the invalidity of the three dimensional. The Supreme Court subsequently decided to refer three questions to the CJEU on the interpretation of the above-mentioned provisions of the TMD:

The first question referred to the CJEU asked whether Article 3(1)(e) (i) (excluding from registration shapes resulting from the nature of the goods themselves) means that only a sign consisting exclusively of a shape which is indispensable to the function of goods should be considered as resulting from the nature of the goods themselves, or whether the ground could also extend to the presence of one or more characteristics which are essential to the function of that product and which consumers may look for in the products of competitors.

The CJEU pointed out that all of Article 3(1)(e)(i) intends to prevent the obtaining of a trade mark 'monopoly on technical solutions or functional characteristics'<sup>31</sup> and 'prevent the exclusive and permanent right which a trade mark confers from serving to extend indefinitely the life of other rights which the EU legislature has sought to make subject to limited periods'<sup>32</sup>. The ground for refusal of registration set out in Article 3 (1)(e)(i)('nature') pursues the same objective as the grounds set out in the second indent ('technical result') and the third indent ('value') of that provision. Thus, the interpretation of the first indent of Article 3(1)(e) must be consistent with those aims and must identify the most important elements of the sign on a case-by-case basis, either looking at the individual components one by one or in an overall context.

However, the ground for refusal in Article 3(1)(e)(i) would not apply if another element of the shape of the goods, such as a decorative or imaginative element which was not inherent to the generic function of the goods, played an important or essential role. The CJEU rejected the interpretation that Article 3(1)(e)(i) would only apply to signs consisting exclusively of a shape which was indispensable to the function of the goods in question. Such a restrictive interpretation would not allow producers of goods scope to make a 'personal essential contribution' to the product and would effectively limit the provision to refusal of protection for products whose shape was prescribed by legal standards or 'natural' products, which had no substitute. Rather, 'shapes with essential characteristics which are inherent to the generic function or functions of such goods must, in principle, also be denied registration'<sup>33</sup>.

Accordingly, trade mark proprietors must not be allowed to monopolise 'a sign which consists exclusively of the shape of a product with one or more essential characteristics which are inherent to the generic function or functions of that product and which consumers may be looking for in the products of competitors'<sup>34</sup>.

In the second question, the CJEU was asked whether the objection contained in Article 3(1)(e) (iii) applies to a sign which consists exclusively of the shape of a product with several characteristics (for example, safety, comfort and reliability in the

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<sup>31</sup> Para. 18 of the judgment and *Lego Juris v OHIM*, C-48/09 P, paragraph 43.

<sup>32</sup> Para. 19 of the judgment and *Lego Juris v OHIM*, C-48/09 P, paragraph 45.

<sup>33</sup> Para. 23 – 25 of the judgment.

<sup>34</sup> Para. of the judgment.

case of high chairs for children), each of which may give that product substantial value and, if so, whether it is necessary to take the target public's perception of the shape of that product into account during that assessment.

The CJEU answered this question by first of all clarifying that the application of Article 3(1)(e)(iii) should '... not be automatically ruled out when, in addition to its aesthetic function, the product concerned also performs other essential functions'<sup>35</sup>. More especially, the Court held that '... the concept of a "shape which gives substantial value to the goods" cannot be limited purely to the shape of products having only artistic or ornamental value, as there is otherwise a risk that products which have essential functional characteristics as well as a significant aesthetic element will not be covered'<sup>36</sup>.

As to the role of the target public, the CJEU considered that the '... presumed perception of the sign by the average consumer is not a decisive element when applying the ground for refusal set out in the third indent of the latter provision, but may, at most, be a relevant criterion of assessment for the competent authority in identifying the essential characteristics of that sign'<sup>37</sup>

Accordingly, the answer to the second question was that 'the third indent of Article 3 (1) (e) of the trade marks directive must be interpreted as meaning that the ground for refusal of registration set out in that provision may apply to a sign which consists exclusively of the shape of a product with several characteristics each of which may give that product substantial value. The target public's perception of the shape of that product is only one of the assessment criteria which may be used to determine whether that ground for refusal is applicable.

The third question basically asked whether Article 3 (1)(e) TMD allows the first and third indents to be applied in combination.

The CJEU opined that such a combination would be incompatible with the purpose of the provision which, being set out in succession and using the word 'exclusive', require all the elements of one of the grounds to be fulfilled before refusing to register a mark. Thus, it was held that 'Article 3 (1)(e) of the trade marks directive must be interpreted as meaning that the grounds for refusal of registration set out in the first and third indents of that provision may not be applied in combination'<sup>38</sup>.

## Comments

While the CJEU leaves the onus on the national trade mark authorities to decide how and when an 'essential characteristic inherent to the generic function of a product' will apply in an Article 3(1)(e)(i) context, the precise meaning of that phrase remains unclear. Much will depend on the individual facts of the case. In the present case it would seem that the Dutch court's findings that the Tripp Trapp chair's essential characteristics are inherent to its functions as 'a safe, comfortable and reliable children's chair' is likely to secure its invalidation<sup>39</sup>.

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<sup>35</sup> Para. 31 of the judgment.

<sup>36</sup> Paragraph 32 of the judgment.

<sup>37</sup> Paragraph 34 of the judgment.

<sup>38</sup> Paragraph 43 of the judgment.

<sup>39</sup> See <http://jiplp.blogspot.com>.

It does seem that the CJEU made an error when stating that, on the basis of its conclusions in the *Lego*<sup>40</sup> judgment, to identify the essential characteristics, one can assess ‘either... the overall impression produced by the sign or [by] examination of each of the components of that sign in turn’. In fact, *Lego* requires that an overall assessment will always be necessary in this context<sup>41</sup>.

The case also shows that even if a shape mark does not fall foul of the first indent of Article 3(1)(e) TDM, because a decorative or imaginative element plays an essential role in the sign, it may still be held invalid where non-aesthetic considerations of the shape give the shape value (e.g. the safety, comfort and reliability of a chair shape). In other words, merely because the value of a product derives from characteristics other than its shape would not necessarily mean that a trade mark for that shape would be immune from Article 3, and therefore potentially be registrable. In the context of the *Tripp Trapp* case, the chair's shape gave it significant aesthetic value, but at the same time it had other characteristics (such as safety, comfort and reliability) which gave it essential functional value. Similarly, the focus on how consumers regard the essential characteristics of the shape and whether competitors need to use those characteristics to compete effectively in goods of that kind, highlights the delicate balance between consumers’ interest in effective competition and trade mark rights<sup>42</sup>.

It is clear that registering shape marks remains a difficult task. The CJEU is reluctant to permit an accumulation of IP rights (particularly designs and trade marks or patents and trade marks), even if this is, theoretically a possibility. The situation in regard to co-protection by means of trade marks and copyright remains less problematic.

On the other hand, it is now clear in the light of the Court’s answer to the third question that trade mark authorities and courts cannot combine the objections contained in Article 3(1)(e) TMD. Although all indents have the same underlying public interests and must be interpreted in such a way as to complement one another, they remain separate and individual objections and must be applied in that way.

Gordon Humphreys<sup>43</sup>  
Alicante, 15 March 2015.

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<sup>40</sup> See *supra*.

<sup>41</sup> Paragraph 70 of the *Lego* judgment states that ‘in determining the essential characteristics of a sign, the competent authority may either base its assessment directly on the overall impression produced by the sign, or first examine in turn each of the components of the sign concerned’.

<sup>42</sup> See *PLC Magazine*, November 2014 edition.

<sup>43</sup> Chairperson of the Fifth Board of Appeal, OHIM. The opinions expressed in this paper are those of the author personally and are not necessarily shared by OHIM.