

## IS EUROPEAN COMMUNITY TRADEMARK LAW GETTING IN GOOD SHAPE?\*

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### I. INTRODUCTION

A good product and/or packaging design is, in many if not most instances, an important factor in the race to consumer acceptance, and an essential strategic weapon for business. A good design is of course one that appeals to the eye. A major goal of industrial design is, therefore, to make products look good by providing an attractive appearance that makes consumers want to buy and use them. However, for commercial success, a product must also be designed to be reliable, safe, easy and economical to operate and service. It should be simple to manufacture as well. Industrial design is, therefore, in essence, a blend of form and substance, elegance and convenience, art and engineering.

The designers' task in synthesizing these sometimes conflicting goals into a single design is a difficult one. The process of creation of a well-balanced design is generally expensive. These efforts, investments and results must obviously be protected. Utility and design patents have an important role to play in order to provide such legitimate protection. The same also applies to copyright law. The aim of this article is to report on the protection that trademark law currently provides in this respect in the European Union (EU).

We have now had several years' experience under the new regime introduced by the European Community Trade Marks Harmonization Directive<sup>1</sup> (the "Directive"). Over that time, the approaches adopted by the various national registries and courts and by the Office for Harmonization in the Internal Market

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1. First Directive 89/104/EEC of the Council of December 21, 1988, to Approximate the Laws of the Member States relating to Trade Marks (OJ L 40, February 11, 1989, 1). Many of the provisions of the Directive reviewed in this article also appear in Council Regulation (EC) No. 40/94 of December 20, 1993, on the Community Trade Mark (OJ L 11, January 14, 1994, 1).

(OHIM), the European Court of First Instance (CFI) and the European Court of Justice (ECJ) with respect to three-dimensional marks have not been completely consistent. However, the CFI and, more notably, the ECJ have recently issued important decisions from which we can tentatively draw useful conclusions as to the current state of the EU doctrine on the protection of three-dimensional trademarks.

The first ECJ decision of prominent importance in that respect was rendered on June 18, 2002, in the famous *Philips v. Remington* case.<sup>2</sup> It was a long-awaited decision that had to deal with certain highly debated topics such as whether a shape can be held inherently distinctive for trademark registration purposes; whether the distinctiveness of three-dimensional signs should be subject to different criteria than that of other (more traditional) signs; the interference of *de facto* monopolies of use in the assessment of secondary meaning; and the functionality exception.

More recently (April 8, 2003), the ECJ confirmed and completed its doctrine by issuing another decision on related topics, in the joined cases *Linde AG, Winward Industries Inc. and Rado Uhren AG*.<sup>3</sup>

As did previous landmark rulings on the interpretation of likelihood of confusion,<sup>4</sup> exhaustion,<sup>5</sup> identity or similarity of goods, services or signs,<sup>6</sup> trademarks of repute,<sup>7</sup> the distinctiveness<sup>8</sup> or

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2. ECJ, Case C-299/99, June 18, 2002, *Koninklijke Philips Electronics NV / Remington Consumer Products Ltd.*, [2002] ECR I-5475; [2002] ETMR 81 (“Philips”).

3. ECJ, Joined Cases C-53/01 to C-55/01, April 8, 2003, *Linde AG, Winward Industries Inc. and Rado Uhren AG* (“Linde”), not yet published. Available at <http://curia.eu.int>.

4. ECJ, Case C-251/95, November 11, 1997, *Sabel BV / Puma AG, Rudolf Dassler Sport*, [1997] ECR I-6191 (“Sabel”); ECJ, Case C-39/97, September 29, 1998, *Canon Kabushiki Kaisha / Metro-Goldwyn-Mayer Inc.*, [1998] ECR I-5507 (“Canon”); ECJ, Case C-342/97, June 22, 1999, *Lloyd Schuhfabrik Meyer & Co. GmbH / Klijsen Handel BV*, [1999] ECR I-3819 (“Lloyd”); ECJ, Case C-63/97, February 23, 1999, *Bayerische Motorenwerke AG (BMW) and BMW Nederland BV / Ronald Karel Deenik*, [1999] ECR I-905.

5. ECJ, Case C-173/98, July 1, 1999, *Sebago / GB-Unic SA*; ECJ, Case C-355/96, *Silhouette / Hartlauer*, [1998] ECR I-4799; ECJ, Joint cases C-414/99, 415/99 and 416/99, November 20, 2001, *Zino Davidoff SA / A & G Imports Ltd (C-414/99), Levi Strauss & Co. and Levi Strauss (UK) Ltd / Tesco Stores Ltd and Tesco plc (C-415/99), Levi Strauss & Co. and Levi Strauss (UK) Ltd / Costco Wholesale UK Ltd* [2001] ECR I-8691; ECJ, Case C-244/00, April 8, 2003, *Van Doren + Q. GmbH / Lifestyle Sports + sportswear, Handelsgesellschaft mbH, Michael Orth.*, not yet published. Available at <http://curia.eu.int>.

6. ECJ, Case C-291/00, March 20, 2003, *LTJ Diffusion SA / Sadas Vertbaudet SA*, not yet published. Available at <http://curia.eu.int>; ECJ, Case C-206/01, November 12, 2002, *Arsenal Football Club plc / Matthew Reed*, [2002] ECR I-10273; ECJ, Case C-425/98, June 22, 2000, *Marca Mode CV / Adidas AG, Adidas Benelux BV*, [2000] ECR I-4861.

7. ECJ, Case C-292/00, January 9, 2003, *Davidoff & Cie SA, Zino Davidoff SA / Gofkid Ltd.*, [2003] ECR I-389; ECJ, Case 375/97, September 14, 1999, *General Motors Corporation / Yplon SA*, [1999] ECR I-5421.

8. ECJ, Joint cases C-108/97 and C-109/97, May 4, 1999, *Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) / Boots- und Segelzubehör Walter Huber (C-108/97) and Franz Attenberger (C-109/97)*, [1999] ECR I-2779 (“Windsurfing Chiemsee”).

the descriptive<sup>9</sup> character of marks, these decisions have again shaped the way trademark owners and practitioners will have to deal with their three-dimensional assets in the EU.

The CFI as well as the Opposition and Cancellation Divisions of the OHIM tend to follow the ECJ's rulings. And so will most national courts when confronted with similar issues of interpretation. This article will, therefore, tentatively draw concrete conclusions as to the present state of EU doctrine with respect to the protection of three-dimensional trademarks (Part III), based on an analysis of the Philips and Linde decisions and in the context of earlier three-dimensional trademark decisions. Where appropriate, we will make some comparative reference to the state of law on the same issues in local jurisdictions. In Part II, we will first provide an introduction and present the legislative background within the EU. Part IV contains a certain number of concluding remarks and reflections on issues that remain open.

## II. LEGISLATIVE BACKGROUND

Article 2 of the Directive provides the following non-exhaustive definition of what a trademark may consist of:

A trade mark may consist of any sign 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.

The same non-exhaustive definition applies to Community Trade Marks (CTMs) under Article 4 of the CTMR.

Neither the Directive nor the CTMR provides a definition of a three-dimensional mark. The OHIM defines it as a mark consisting of a three-dimensional shape (including containers, packaging or product itself).<sup>10</sup> Like any other trademarks, three-dimensional shapes must, in order to be registrable as a trademark, satisfy the following three conditions: (a) be a sign; (b) be capable of being represented graphically; and (c) be capable of distinguishing goods or services of one undertaking from those of other undertakings.

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9. CFI, Case T-163/98, July 8, 1999, *The Procter & Gamble Company / OHIM* ("Baby Dry"), [1999] ECR II-2383; ECJ, Lloyd, *supra* note 4; ECJ, *Windsurfing Chiemsee*, *supra* note 8.

10. Notes on the application forms made available by the OHIM pursuant to Rule 83 of the Implementing Regulation (EC) No 2868/95 of December 13, 1995, implementing the CTMR ("Implementing Regulation").

### ***A. What Constitutes “A Sign”?***

While some examples of signs are given, the term is deliberately left undefined. The Explanatory Memorandum issued by the Commission when commenting on the provision in the draft CTMR, however, stated very clearly that “no type of sign is automatically excluded from registration as a Community trade mark.”

### ***B. Capable of Being Represented Graphically***

For three-dimensional shapes, graphical representation presents little problem. Any three-dimensional sign should be capable of being represented graphically.<sup>11</sup> One can envisage present or future technological options to submit applications or allow access to trademark registers containing three-dimensional signs in electronic format, not as mere two-dimensional representations of a three-dimensional shape, but rather as computer-animated or rotating video footage of the product, container or package in question. For the time being, and in accordance with the Implementing Regulation, current filing procedures consist of the submission of photographic reproductions and drawings or other graphic representations of the shape from various perspectives. The representation of the three-dimensional mark may contain up to six different perspectives.<sup>12</sup>

### ***C. Capable of Distinguishing Goods or Services of One Undertaking from Those of Other Undertakings***

Article 2 of the Directive (definition of a trademark) requires that the sign must be distinctive, i.e., capable of distinguishing goods or services of one undertaking (the one responsible for the sign) from those of other undertakings. That provision must be read in conjunction with Article 3, which expands on this requirement, setting out grounds for absolute refusal or invalidity of a trademark. Under Article 3, the following signs, among others,<sup>13</sup> are not registrable or, if registered, can be liable to be declared invalid:

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11. With respect to other non-traditional signs such as sounds and smells, for which the graphical representation requirement is more of an issue, the ECJ considered in its decision in the Sieckman case (ECJ, Case C-273/00, December 12, 2002, Ralf Sieckman, paragraph 55 (“Sieckman”), [2002] ECR I-11737, that Article 2 of the Directive must be interpreted as meaning that a trademark may consist of a sign that is not in itself capable of being perceived visually, provided that it can be represented graphically, particularly by means of images, lines or characters, and that the representation is clear, precise, self-contained, easily accessible, intelligible, durable and objective.

12. Article 1, Rule 3(4) of the Implementing Regulation.

13. Given the scope of the ECJ decisions under review, as well as of this article, we will not consider categories of trademarks that are contrary to public policy or to accepted principles of morality (Article 3(1)(f)), deceptive trademarks (Article 3(1)(g)) and trademarks

- (1) (a) signs which cannot constitute a trade mark;
- (b) trade marks which are devoid of any distinctive character;
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin, or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;
- (e) signs which consist exclusively of:
- the shape which results from the nature of the goods themselves, or
  - the shape of goods which is necessary to obtain a technical result, or
  - the shape which gives substantial value to the goods;

...

(3) A trade mark shall not be refused registration or be declared invalid in accordance with paragraph 1 (b), (c) or (d) if, before the date of application for registration and following the use which has been made of it, it has acquired a distinctive character.

Under Article 3(3) of the Directive, a mark that lacks inherent distinctiveness, but has acquired distinctiveness through use, is permitted to be registered, unless it falls into any of the categories of Article 3(1)(a) or (e), in which case acquired distinctiveness cannot save it and make it registrable. We will come back to this later in this article.

### **III. EU DOCTRINE ON THREE-DIMENSIONAL MARKS AFTER THE PHILIPS AND LINDE DECISIONS**

#### ***A. Basic Findings and Distinctions***

##### **1. Shapes Are Explicitly Listed as Eligible Signs**

The first basic finding that we believe underlies any decision as to the EU trademark registrability of a three-dimensional sign,

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that have not been authorized by the competent authorities and are to be refused or invalidated pursuant to Article 6 ter of the Paris Convention for the Protection of Industrial Property (Article 3(1)(h)).

and in the context of which we believe any such decision must be read, is that the “shape of goods or of their packaging” is explicitly listed in the Directive (Article 2) and in the CTMR (Article 4) as a sign that a trademark may validly consist of, provided it is capable of distinguishing the goods of one undertaking from those of other undertakings. This provision is quoted at the outset of both the Philips<sup>14</sup> (paragraph 5) and the Linde<sup>15</sup> (paragraph 4) decisions.

## 2. “Functionality” and “Distinctiveness” Are Separate Issues

Besides this first basic finding, the ECJ has now made it clear that, with respect to trademark registrability of three-dimensional signs, distinctiveness (Article 3(1)(a) to (c) of the Directive) and functionality (either aesthetic or technical - Article 3(1)(e) of the Directive) are two separate issues.<sup>16</sup> For three-dimensional trademarks, functionality is considered a “preliminary obstacle” to registration.<sup>17</sup> If a mark is found to be functional in the sense of Article 3(1)(e) of the Directive, it cannot be registered no matter how distinctive the mark is or has become (see Article 3(3) of the Directive). In that sense, “functionality” is a “preliminary obstacle” to registration. It is also a “preliminary obstacle” in the sense that even when it is overcome, an additional assessment as to the other grounds of refusal must follow.

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14. The facts of the Philips case are summarized under III.C.1.

15. In the joint cases Linde AG, Winward Industries Inc. and Rado Uhren AG, the referral to the European Court of Justice was triggered each time by a refusal from the German patent and trademarks office (PTO) to register a three-dimensional trademark application. In the first case (C-53/01), Linde applied to register a vehicle as a three-dimensional trademark for construction vehicles, in particular forklifts. The PTO refused registration on the basis of lack of distinctiveness, and noted that the shape of the product did not go beyond modern industrial design. The second case (C-54/01) concerned an application by Winward Industries Inc. Applicant filed for registration of a three-dimensional trademark depicting a flashlight. The German trademarks office again considered there to be an insufficient level of distinctiveness. The Appeal’s Court confirmed this dismissal and ruled that the shape of the flashlight was, although elegant, highly recognizable as a flashlight. The German application filed by Rado Uhren in the third case (C-55/01), consisted of the graphical representation of a wrist watch. The PTO refused the registration based on a finding of lack of distinctiveness and the need to keep this particular representation available to the public. All three cases were brought before the German Supreme Court, which referred several questions to the European Court of Justice on the interpretation of Article 3(1)(b), (c) and (e) of the Directive.

16. See ECJ, Linde, *supra* note 3, at paragraphs 67-68:

It is clear from Article 3(1) of the Directive that each of the grounds for refusal listed in that provision is independent of the others and calls for separate examination. It follows that if a three-dimensional shape of goods trade mark is not refused registration under Article 3(1)(e) of the Directive, it may still be refused if it falls within one or more of the categories set out in Article 3(1)(b) to (d).

17. See ECJ, Linde, *supra* note 3, at paragraph 44; See also ECJ, Philips, *supra* note 2, at paragraphs 74-76.

We believe that many difficult issues relating to the trademark registrability of three-dimensional signs can be easier to solve logically, and some misunderstandings can be avoided, when this separation between “distinctiveness” and “functionality” is kept in mind and applied systematically, although not oversimplistically. A certain number of positions discussed below will illustrate this idea.

Current case law of OHIM’s Examination Division and Boards of Appeal shows that “functionality” issues (Article 7(1)(e) of the CTMR, corresponding to Article 3(1)(e) of the Directive), when considered at all, have generally been dealt with as subsidiary grounds for rejection, and somehow to simply confirm the lack of distinctiveness of a given three-dimensional sign. We believe it is not certain that this approach can be upheld after the ECJ’s *Linde* decision under which the functionality issues are characterized as “preliminary obstacles,” which should logically be dealt with upfront, i.e., before assessing whether the three-dimensional sign is, or is not, distinctive. In accordance with this logic, we will first present our discussion of the specific grounds for exclusion provided with respect to three-dimensional signs (sections B and C), and then our discussion of the “distinctiveness” issues (sections D to F).

### ***B. Shapes Resulting From the Nature of the Goods or Giving the Product a Substantial Value***

These exclusions are provided for under the first and third indents of Article 3(1)(e) of the Directive, corresponding to Article 7(1)(e) of the CTMR. These exclusions are the following:

- the shape which results from the nature of the goods themselves, or
- ...
- the shape which gives substantial value to the goods

Very little, if any, attention has so far been given to these grounds for rejection. In this context, the only issues that are clear from the decisions of the ECJ and of the CFI thus far are the following: (i) the three grounds listed in these provisions for refusal to register signs consisting of the shape of a product are exhaustive;<sup>18</sup> (ii) these obstacles cannot be overcome through use;<sup>19</sup> and (iii) they must, like any other ground for refusing registration

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18. See ECJ, *Philips*, supra note 2, at paragraph 74, with reference to the 7th recital in the Preamble of the Directive.

19. *Id.*, at paragraph 57: “if a shape is refused registration pursuant to Article 3(1)(e) of the Directive . . . it can in no circumstances be registered by virtue of Article 3(3).” See also, paragraph 75: “a sign which is refused registration under Article 3(1)(e) of the Directive can never acquire a distinctive character for the purpose of Article 3(3) by the use made of it.”

set out in Article 3 of the Directive (and Article 7 of the CTMR), be interpreted in light of the public interest underlying each of them.<sup>20</sup>

In that respect, the ECJ in its Philips decision (paragraph 78) considered that the rationale of all these three grounds for refusal of three-dimensional signs is “to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors.”<sup>21</sup> According to the Court (paragraph 78),

Article 3(1)(e) is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark.

These exclusions are, therefore, to serve, *inter alia*, as a safeguard to prevent trademark registrations from being used to obtain potentially perpetual exclusivity for functional elements (either aesthetic or technical). Besides, the CFI has ruled, in one of its “soap bar” decisions,<sup>22</sup> that the mere fact that alternative shapes exist for the product in question is sufficient to rule out the application of Article 7(1)(e), first indent, of the CTMR, i.e., the exclusion from registration of a shape that results from the nature of the goods themselves.<sup>23</sup>

With only these decisions from the European Courts, national courts and OHIM are presently left with little guidance as to the scope of application of these exclusions. Regarding the first ground (shapes resulting from the nature of the goods), the situation can probably be explained by the fact that the kinds of shapes that are likely to fall under this exclusion are in most cases also devoid of any distinctive character. Hence, their registration is rejected on that ground and no recourse to another ground for exclusion is necessary. Nevertheless, this explanation does not account for the fact that the exclusion of shapes that result from the nature of the goods was not discussed more often in cases where the applicant argued that its sign had acquired distinctiveness through the use

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20. See ECJ, *Windsurfing Chiemsee*, *supra* note 8, at paragraphs 25 to 27; ECJ, *Philips*, *supra* note 2, at paragraph 77; ECJ, *Linde*, *supra* note 3, at paragraphs 71 and 76.

21. This was also confirmed in ECJ, *Linde*, *supra* note 3, at paragraph 72.

22. CFI, Case T-122/99, February 16, 2000, *Procter & Gamble / OHIM*, paragraph 50, [2001] ECR I-4319 (“*Procter & Gamble 2000*”).

23. We will see below that such a circumstance is, by contrast, no escape with respect to the ground for rejection provided for in Article 7(1)(e)(ii) of the CTMR (shape obtaining technical result).

the applicant had made of it. Indeed, in that context, Article 3(1)(e), first indent could have served to immediately close any discussion on acquired distinctiveness, as the exclusion provided by that provision cannot in any case be overcome by demonstrating acquired distinctiveness. Moreover, we have seen that, in line with the Philips and Linde decisions, a clear distinction must now be drawn between the absolute grounds for rejection provided for in Article 3(1)(e) of the Directive (Article 7(1)(e) of the CTMR) and the issues of distinctiveness. Issues related to absolute grounds including the exclusion of shapes resulting from the nature of the goods (Article 7(1)(e), first indent of the CTMR) are “preliminary obstacles” to registration that, as such, should be dealt with prior to any discussion on distinctiveness.

The scope of the third ground for rejection (shapes giving substantial value to the goods) is especially difficult to assess, as the very same ornamental features of the shape that give value to the goods will obviously very often be those the consumer will tend to recognize as an indicator of origin as well. In that respect too, in line with Philips and Linde, it is important not to confuse the issues of (aesthetic) “functionality” and distinctiveness. According to the ruling of the ECJ in Philips and Linde, the assessment of the sign under Article 3(1)(e), third indent of the Directive (Article 7(1)(e), third indent of the CTMR) must be done first, in order to verify that the mark is not excluded from trademark protection altogether, irrespective of how distinctive it is, or has become, in the eyes of the relevant public.

In other words, if the sign consists exclusively of a shape that gives substantial value to the goods, that sign cannot be granted trademark protection, even if the shape is seen by the relevant public as an indicator of origin. In that context, the exact scope of the exclusion provided for under Article 3(1)(e), third indent of the Directive (Article 7(1)(e), third indent of the CTMR) seems to be quite central, especially in a world where companies try to supply goods that are visually attractive. We, therefore, expect that preliminary questions of interpretation of that provision will be referred to the ECJ shortly in this respect as well. In our view, this is as important for “aesthetic functionality” (Article 3(1)(e), third indent, of the Directive; Article 7(1)(e), third indent of the CTMR) as it is for “technical functionality” (Article 3(1)(e), second indent of the Directive; Article 7(1)(e), second indent of the CTMR), which the ECJ dealt with in the Philips decision, and on which we will concentrate now.

### *C. Shapes Necessary to Obtain a Technical Result*

#### **1. The Positions Before the Court in the Philips Case**

This exclusion (shapes necessary to obtain a technical result) was one of the crucial issues at stake in the Philips case. During the mid-1960s, the Dutch Philips concern started marketing a particular electric shaver, consisting of three rotary heads arranged in the shape of an equilateral triangle. It filed several trademark applications in multiple jurisdictions, albeit not until 19 years after the product's initial launch. The applications included two-dimensional graphical representations of the combination of shaver heads and matured into registration in the United Kingdom and elsewhere. Remington began to manufacture and sell (including in the United Kingdom) a similar shaver as of 1995. The Remington model consists of a three-headed rotary shaver with blade heads that are also arranged in an equilateral triangle. The introduction by Remington triggered legal action by Philips in several countries. Philips claimed, among others, infringement of its three-dimensional trademark rights. In the proceedings in the United Kingdom, Remington counterclaimed for revocation of Philips' trademark.

The case was brought before the High Court of Justice, Chancery Division, Patents Court.<sup>24</sup> The High Court held that Philips' three-dimensional trademark was based on a sign capable of being represented graphically (first condition), but incapable of distinguishing the goods concerned (second condition). The Court found that the trademark was devoid of any distinctive character, because it consisted exclusively of a sign that served in the trade to designate the intended purpose of the goods and exclusively of a shape that was necessary to obtain a technical result and that gave substantial value to the goods. It also upheld Remington's counterclaim and revoked Philips' registration. In addition, the U.K. Court stated that, even if the trademark had been upheld as valid, infringement by Remington was not sufficiently proven. Philips appealed, claiming that the trademark was valid and that it had been infringed by Remington. The Court of Appeal decided to stay the proceedings and referred a total of seven questions on the interpretation of the Directive to the ECJ.<sup>25</sup>

The main question referred to the Court in this respect was in essence whether Article 3(1)(e), second indent of the Directive, must be interpreted as meaning that a sign consisting exclusively of the shape of a product is unregistrable by virtue of that provision if it can be established that the essential functional

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24. High Court of Justice, Chancery Division, Patents Court, December 22, 1997, Philips Electronics NV / Remington Consumer Products Limited, [1998] ETMR 124.

25. Court of Appeal, May 5, 1999, Philips Electronics NV / Remington Consumer Products Limited, [1999] ETMR 816.

features of the shape are attributable only to the technical result. The Court of Appeal also sought to know whether this particular ground for refusal or invalidity could be overcome by establishing that there are other shapes that can produce the same technical result.

On that second sub-question, Philips contended that the purpose of Article (3)(1)(e), second indent, was to prevent the obtaining of a monopoly on a particular technical result by means of trademark protection. If, however, the registration of a mark consisting of a shape that has a technical result imposes no unreasonable restraints on innovation because the same technical result could also be obtained by other shapes that are readily available to competitors, registration ought to be accepted. Where many alternatives to a particular shape constituting the trademark could achieve the same technical result in shaving terms (at an equivalent cost to that of the products in a shape for which registration was obtained), the conditions of Article 3(1)(e) would not be satisfied, Philips argued.<sup>26</sup>

According to Remington, Article 3(1)(e), second indent, of the Directive implies the exclusion of any shape necessary to achieve a technical result (in the sense that it performs a function in achieving that result). Remington contested Philips' argument that this provision is to be read as only including shapes that exclusively achieve that function. It argued that such an interpretation would erode the exception and render it practically useless. It would also trigger technical evaluation of alternative shapes, with the result that the Directive would no longer be able to ensure protection of the public interest.

The Advocate-General agreed with Remington, considering among other things that if the Court were to accept Philips' position, trademark courts would have to carry out comprehensive assessments concerning the equivalence of performance of different technical processes. The Advocate-General stated that Philips' position also creates a risk that trademark rights might "unduly encroach on the field of patents."<sup>27</sup>

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26. The Commission seemed to be of the opinion that the existence of other shapes possibly producing the same technical result was indeed to be taken into consideration as relevant in assessing this issue.

27. Opinion of Mr. Advocate General Ruiz-Jarabo Colomer, Case C-299/99, January 23, 2001, [2002] ECR I-5475. The Advocate-General advanced certain additional considerations to justify rejecting Philips' position; we do not find them convincing. It was, *inter alia*, concluded that if the Court were to accept Philips' position, nothing would prevent an undertaking from registering as trademarks all reasonably imaginable shapes achieving that technical result, thus obtaining a permanent monopoly on a particular technical solution. It seems to us that, as a matter of policy, it is wrong to reject an interpretation of a legal provision simply because it could potentially be abused in certain (exceptional) circumstances. At best, the interpretation must be adapted to cope with the identified risk and to exclude or minimize it, if necessary. The existence of an exceptional risk of abuse

In its previous decisions, the Board of Appeal of the OHIM had also attached considerable weight to the argument that trademark law should not be applied so as to give rise to an unlimited and permanent monopoly on a product. Granting exclusive rights for basic shapes that were inherently appealing and convenient for packaging would prevent competitors from making such particular products *per se*.

## **2. The Philips Decision on Technical Functionality**

In its decision, the ECJ ruled that

Article 3(1)(e), second indent of the Directive must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the essential functional features of that shape are attributable only to the technical result.

The Court decided that “the ground for refusal or invalidity of registration imposed by that provision cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained.” The existence of alternative shapes that fulfill the same technical function at an equivalent cost is, accordingly, no escape for Article 3(1)(e), second indent.<sup>28</sup> The Court’s position is best summarized in paragraph 83 of the decision:

Where the essential functional characteristics of the shape of a product are attributable solely to the technical result, Article 3(1)(e), second indent precludes registration of a sign consisting of that shape, even if that technical result can be achieved by other shapes.

## **3. Importance of the Public Interest Underlying the Exclusion of Functional Shapes**

In *Windsurfing Chiemsee*, the ECJ had insisted that all the provisions contained in Article 3 of the Directive were to be

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should not justify the rejection of an interpretation that would be fair and appropriate in all other circumstances.

28. In 2000, the CFI had ruled in one of the “soap bar” cases that the existence of alternative shapes permits the avoidance of Article 7(1)(e), first indent of the CTMR (Article 3(1)(e), first indent of the Directive), i.e., with respect to the exclusion of shapes that result from the nature of the product (CFI, *Procter & Gamble* 2000, *supra* note 22, at paragraph 50). It remains to be seen whether this is still good law after *Philips*. Although the two decisions relate to different provisions within Article 3(1)(e) of the Directive (Article 7(1)(e) of the CTMR), we believe that the ECJ’s considerations in *Philips* on the rationale behind the three exclusions provided in Article 3(1)(e) of the Directive (Article 7(1)(e) of the CTMR), together with the decision in *Philips* that the exclusions in that provision are to be kept separate from the issue of distinctiveness, may in addition compel, or at least make possible, another solution concerning Article 3(1)(e), first indent of the Directive (Article 7(1)(e), first indent of the CTMR) as well.

interpreted in light of the respective public interest underlying them.<sup>29</sup> To reach its decision in *Philips*, the ECJ followed the same line, relying heavily on the (public policy) rationale it considered to underlie Article 3(1)(e) of the Directive in general (see above), and of the second indent of that provision in particular, i.e.,

[T]o preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product (paragraph 79).

According to the Court (paragraph 80), this provision (second indent) “pursues an aim which is in the public interest, namely that a shape whose essential characteristics perform a technical function and were chosen to fulfill that function may be freely used by all.”

#### 4. Conclusions Drawn From *Philips* and Open Issues

Under *Philips*, a three-dimensional sign is excluded from registration per se (irrespective of its distinctive character) if (a) it consists exclusively of the shape of a product; and (b) the essential functional features of the shape are attributable only to the technical result (i.e., the essential characteristics of the shape perform a technical function and were chosen to fulfill that function).

There will probably be further debate as to exactly what the Court means by “functional features” and “essential.” Let us first consider “functional features.” Given the rationale considered by the Court to be behind the exclusions of three-dimensional shapes provided for in Article 3(1)(e), second indent of the Directive (see *Philips*, paragraphs 78 and 79), we believe that “functional features” means any and all features or characteristics of the shape that perform a technical function and that the user is likely to seek in the products of competitors. In order to be excluded, it suffices for these features or characteristics to be essential and to perform a technical function such that, should the trademark registration of the shape under review be granted or held to be valid, “the exclusivity inherent in the trade mark right would . . . limit their freedom of choice in regard to the technical solution they wish to adopt.”

In our opinion, the Court’s rulings in *Philips* and *Linde* imply that even if, in addition to such a technical function, the features

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29. ECJ, *Windsurfing Chiemsee*, supra note 8, at paragraph 25.

or characteristics concurrently serve as a visually appealing indicator of source for the product, this will not save the shape from being excluded from trademark registration under Article 3(1)(e), second indent of the Directive (Article 7(1)(e), second indent of the CTMR). We believe this conclusion necessarily follows from the ECJ's finding that the functionality exclusion is a "preliminary obstacle" to registration and that if a mark is refused registration on the basis that it is functional, it cannot be registered, no matter how distinctive the sign is or has become.

According to the Philips decision, a shape consisting essentially of functional features could in our view only be held valid if the registrant or trademark holder could demonstrate that (i) the essential features at stake, although performing a function, were not chosen for the purpose of performing that function and (ii) this is perceived accordingly by consumers.

The famous case of the motor grille of a car may be taken as an example in this respect: the shape of a grille, which would be registered as a trademark, obviously does fulfill the function of ventilating the vehicle's engine, but it may be that (i) the specific shape was not chosen to perform that function, and (ii) consumers do not perceive that particular shape as performing that function.<sup>30</sup> In our view, however, these situations will remain exceptional under current EU law as it is clear that (i) the intent of the trademark owner itself (shape chosen to fulfill a function or to serve as an indicator of origin) cannot be relevant in determining whether or not a given shape is functional or registrable and (ii) it follows from Philips that the existence of alternative shapes is also irrelevant in this context.

With respect to the determination of whether or not certain given functional features are "essential" to the shape for which registration is sought, it will be for the national courts and OHIM to make that assessment as a question of fact, based on all the circumstances of the case. Having said that, we believe that when the ECJ decides that a shape cannot be registered as a trademark

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30. In its excellent Daimler decision (CFI, Case T-128/01, March 6, 2003, DaimlerChrysler Corporation / OHIM, see paragraph 43, not yet published, available at <http://curia.eu.int>), the Court of First Instance decided that if a certain shape (e.g., of a motor grille) is found to be distinctive, the fact that the shape also has other functions (e.g., to ventilate the vehicle's engine) does not invalidate the finding of distinctiveness: "The fact that a sign serves several purposes at once has no bearing on its distinctiveness particularly if the distinguishing function outweighs the other functions." We tend to agree with that statement. The fact remains, however, that under Philips and Linde (the latter having been issued after the Daimler decision), functionality must be examined as a "preliminary obstacle" to registration and that, with respect to functionality, the reverse reasoning seems to apply, i.e., where the essential features of a shape for which registration as a trademark is sought are found to be "functional," the fact that they may also serve as an indicator of source is no escape. These two (apparently) contradictory principles in fact remain compatible, at least as far as motor grilles are concerned, as motor grilles are not "essential functional features" of a car in any case.

where the “essential functional features” of that shape are attributable only to the technical result, then, as a matter of law, as long as the “essential” functional features of a given shape are indeed attributable only to a technical result, the presence or addition of other (non-functional and fanciful) features will not render the shape registrable as a trademark. In certain circumstances, these additional (non-functional and fanciful) features, if they are distinctive enough, will themselves be material for a valid trademark registration on their own, but that will not permit the whole shape to circumvent the functionality exclusion. In other words, the presence or addition of mere non-essential features that are not of a technical nature, cannot render a three-dimensional sign registrable, where the shape in its essential characteristics would exclusively serve to obtain a technical result.

Putting a product on the market and promoting its sale very often require that its functional advantages be advertised and emphasized. In light of the Philips decision of the ECJ, IP owners should now more than ever be careful to ensure that the functional benefits emphasized in their advertising and other commercial communications concerning the products are not those that derive from the features or characteristics of the shape of the product that might themselves be or become the subject of a three-dimensional trademark application.

***D. Distinctiveness—No Category of Signs  
Is Held to be Non-Distinctive as a Matter of Law***

Article 3(1)(a) of the Directive states that certain signs cannot constitute a trademark and accordingly are not registrable. From the text of the Directive, however, it is unclear whether this provision has a meaning on its own, or whether it should be read in conjunction with the other subsections of Article 3.

In Philips, a question was referred to the ECJ as to whether, in essence, beyond the exclusion of certain three-dimensional shapes explicitly provided in Article 3(1)(e) of the Directive in relation to the “functionality” issue (either aesthetic or technical) and not the separate “distinctiveness” issue (see supra III.A.2), signs exist that, even though they can be represented graphically and can be considered distinctive as a matter of fact (inherently or as a result of use), nevertheless cannot constitute a trademark because they cannot distinguish goods or services of one company from those of another, thus rendering them incapable of distinguishing as a matter of law. The question was not purely theoretical, as signs (e.g., certain categories of three-dimensional signs) that would be held unregistrable under Article 3(1)(a) could not be saved by demonstrating acquired distinctiveness through use (Article 3(3) of the Directive).

In *Philips*, the ECJ responded (paragraph 5) that no class of trademarks having a distinctive character by their nature or by the use made of them is, as a matter of law, considered as not being capable of distinguishing goods or services. In other words, as far as distinctiveness is concerned, there is no category of signs that is excluded per se from registrability as a matter of law under Article 3(1)(a) of the Directive. The de jure exclusions are given in the other provisions of Article 3.

The finding of the Court is very clear. Under the Directive, there is no public interest rationale that would de jure exclude any category of signs, except those exhaustively listed in the Directive. Article 3(1)(a) of the Directive cannot serve to create new exclusions. The position taken by the ECJ on this issue is logical<sup>31</sup> and best serves the need for certainty that the market is looking for.<sup>32</sup>

### *E. Distinctiveness of a Three-Dimensional Sign*

#### **1. Same Criteria of Distinctiveness for All Categories of Signs**

The fact that a category of signs (e.g., three-dimensional shapes of goods) is, in general (and beyond the specific functionality exclusions), capable of constituting a trademark does not mean that signs belonging to that category necessarily have distinctive character for the purposes of Article 3(1)(b) of the Directive (Article 7(1)(b) of the CTMR) in relation to a specific product or service.<sup>33</sup> This assessment must be made on a case-by-case basis.

One of the questions referred to the ECJ in the *Philips* case was in essence whether, when it comes to assessing the distinctive character of a trademark consisting of a three-dimensional shape, specific criteria should apply, namely whether the shape of an article should be held capable of distinguishing for the purposes of Article 2 only if it contains some capricious addition, such as an embellishment that has no functional purpose.

In response, the Court confirmed that the criteria for assessing the distinctive character of three-dimensional trademarks are no different from those to be applied to other categories of marks:<sup>34</sup> a

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31. See also the Explanatory Memorandum issued by the Commission explaining Article 4 of the draft CTMR: "No type of sign is automatically excluded from registration as a Community trade mark."

32. As did the CFI, by reaffirming this finding in CFI, *Daimler*, supra note 30, at paragraph 35.

33. CFI, Case T-118/00, September 19, 2001, *Procter & Gamble / OHIM*, paragraph 51, [2000] ECR II-2731 ("Procter & Gamble 2001").

34. The CFI had already issued decisions in that respect: See CFI, *Procter & Gamble* 2001, supra note 33, at paragraph 54) and the cases referred to in footnote 54. It was

trademark has distinctive character if it serves to distinguish, according to its origin, the goods or services for which it has been registered. There is one standard of required distinctiveness and it is the same for all categories of trademarks.<sup>35</sup> Indeed, Article 2 of the Directive makes no distinction between the different categories of trademarks.

It follows logically from this first finding that the Directive in no way requires that, in order to be held distinctive, the shape of the article in respect of which the sign is registered must include a certain capricious addition. The shape must merely be capable of distinguishing the product of the proprietor and fulfill its essential purpose of guaranteeing its origin (see Philips, paragraph 49).

The ECJ reached the same conclusion with respect to the distinctiveness of a three-dimensional shape of goods trademark for the purposes of Article 3(1)(b) of the Directive. In the joint Linde cases, the ECJ reaffirmed that no stricter test is to be applied than that used for other types of trademarks.<sup>36</sup>

## 2. In Practice: Distinctiveness of Shape Marks

Although, in theory, it is confirmed that the same criteria of distinctiveness apply to all categories of signs and that no capricious addition is required for a finding of distinctiveness of the shape of a product, the ECJ (See Linde, paragraph 48) recognizes that “it may in practice be more difficult to establish distinctiveness in relation to a shape of goods mark than for a word or figurative trade mark.”

The factual reason traditionally given by the CFI to justify that conclusion is that (i) the distinctive nature of a sign must be assessed in light of the presumed expectations of an average consumer of the category of goods or services in question, being reasonably well-informed and reasonably observant and

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reaffirmed in CFI, Daimler, supra note 30, at paragraph 38 and in CFI, Case T-324/01 and T-110/02, April 30, 2003, Axion SA and Christian Belce / OHIM, paragraph 32 (“Axion”), not yet published. Available at <http://curia.eu.int>.

35. Regarding the standard applied for a finding of distinctiveness, the case law of the CFI makes clear that “a minimum degree of distinctive character is sufficient to render inapplicable the ground for refusal of Article 7(1)(b) of the Regulation” (a mark devoid of any distinctive character) (see CFI, Daimler, supra note 30, at paragraph 33 and CFI, Case T-88/00, February 7, 2002, Mag Instrument Inc. / OHIM, paragraph 34 (“Maglite”), [2002] ECR II-467.

36. ECJ, Linde, supra note 3. The three cases involved three-dimensional representations of a vehicle, a torch and a wristwatch respectively. See also the judgment by the CFI, Procter & Gamble 2001, supra note 33. The same wording was used in a number of other decisions of September 19, 2001 involving Procter & Gamble or Henkel KGaA (case T-118/00, T-119/00, T-120/00, T-121/00, T-128/00, T-129/00, T-337/99 and T-30/00) and in CFI, Case T-194/01, Unilever NV / OHIM, March 5, 2003, paragraph 44 (“Unilever”), [2001] ECR II-2663.

circumspect<sup>37</sup> and that (ii) whilst the public is accustomed to recognizing word marks or figurative marks instantly as signs identifying the (origin of the) product, this is not necessarily so where the sign is indistinguishable from the get-up of the product itself.<sup>38</sup>

The CFI recognizes, however, that there are sectors where the relevant public now does indeed instantly perceive the shape of a product as a source identifier. In the car sector, the CFI considered that motor grilles have become an essential part of the look of the vehicles and a means of differentiating between existing models made by the various manufacturers. They are therefore, the CFI held, one of the features that are inherently helpful in visually identifying a model or range or even all vehicles made by the same vehicle manufacturer, as compared to other models.<sup>39</sup> We believe that the fact that the motor grille is only a secondary element of a complex product it serves to identify also contributed to that finding.<sup>40</sup>

Having said that, while reviewing the case law of OHIM's Board of Appeals and of the CFI, one must conclude that, although in theory the test for distinctiveness is the same for all categories of marks (in other words, in order to be held distinctive, the shape of a product should not be perceived as the shape of any product of that kind, but as the shape of an individual product, coming from a single source<sup>41</sup>), in practice specific requirements are frequently imposed on shape marks before they can be considered to have met this standard.

First, it seems that it is usually only when the shape itself is "sufficiently different" from the shape used in the marketplace for such goods that no "capricious addition" is required for a finding of distinctiveness.<sup>42</sup> Indeed, if, without such capricious addition, the shape of a three-dimensional mark is merely consistent with

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37. ECJ, Case C-210/96, July 16, 1998, Gut Springenheide GmbH and Rudolf Tusky / Oberkreisdirektor des Kreises Steinfurt - Amt für Lebensmittelüberwachung and Oberbundesanwalt beim Bundesverwaltungsgericht, [1998] ECR I-4657, paragraph 31; ECJ, Lloyd, footnote 4, paragraph 26; CFI, Case T-359-99, June 7, 2001, Deutsche Krankenversicherung AG (DKV) / OHIM, [2001] ECR, II-1645, paragraph 27.

38. See CFI, Case T-63/01, December 12, 2002, Procter & Gamble Company / OHIM, paragraph 40 ("Procter & Gamble 2002"), [2002] ECR II-5255; CFI, Unilever, supra note 36, at paragraph 45.

39. See CFI, Daimler, supra note 30, at paragraph 42.

40. *Id.*, at paragraph 40.

41. Arnaud Folliard-Monguiral, *La protection des formes par la marque communautaire, Propriété Industrielle (France)*, no. 2, February 3, 2003, 9.

42. See, as an illustration, CFI, Axion, supra note 34, at paragraph 34: "the shape and colour of the mark claimed are not sufficiently different from the shape and colour of other chocolate and pastry products on the market for it to be possible to consider that, in the absence of any elements, for example verbal or graphic, that mark possesses the minimum degree of distinctiveness."

consumer's general expectations with regard to the shape of a product or its packaging, the public will not consider that shape as an indication that the product originates from a particular undertaking, but merely as a representation of the (nature of the) product.

Second, OHIM and the CFI are likely to construe quite strictly the requirement of "originality" they impose on shape marks (i.e., the shape must be "sufficiently different" from the other shapes of the same products present in the marketplace), and "sufficiently different" will therefore in many instances mean in practice "quite different," as they generally take the view that the average consumer does not subject the shape and color of the products concerned to close analysis, but accords them only fleeting attention.<sup>43</sup> When confronted with everyday consumer goods, like washing tablets, the level of attention given by the average consumer to the product's shape and color was considered not to be high.<sup>44</sup>

We can best illustrate this requirement with a few examples from the case law of OHIM and the CFI:

- The CFI has already decided in previous cases that a shape that is a variation of existing shapes will not be held to be distinctive.<sup>45</sup>
- Similarly, according to the case law of the CFI, the difference cannot merely be in details but must be "perceptible" and "significantly affect the outward appearance" of the product.<sup>46</sup>
- OHIM had previously held that a shape must show a certain arbitrary or fanciful element, in order for it to have distinctive character.<sup>47</sup> Where a sign only consists of a basic geometrical shape, obvious or merely dictated by practical considerations, it is not likely to be perceived by

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43. *Id.*, at paragraph 35.

44. CFI, Procter & Gamble 2001, *supra* note 33, at paragraph 57. The way in which the average consumer perceives a trademark is influenced by his/her level of attention, which is likely to vary according to the category of goods or services in question (see also CFI, Unilever, *supra* note 36, at paragraph 42; ECJ, Lloyd, *supra* note 4, at paragraph 26).

45. See CFI, Unilever, *supra* note 36, at paragraph 57.

46. See CFI, Procter & Gamble 2002, *supra* note 38, at paragraph 45.

47. Whether certain visual features were "unusual, arbitrary or imaginative" was investigated and taken into consideration, *inter alia*, in Second Board of Appeal, Cases R 1070/2000-2 and R 1091/2000-2, October 31, 2001 ("knives"), Second Board of Appeal, Cases R 448/1999-2 and 449/1999-2, March 21, 2001 ("photochromic lenses"), First Board of Appeal, Case R 739/1999-1, February 13, 2001 ("jar with complex shape"), First Board of Appeal, Case R 694/1999-1, June 3, 2002 ("clicker or protection cap of a pen"). All decisions of the OHIM Boards of Appeal are available at <http://oami.eu.int>.

the average consumer as distinctive.<sup>48</sup> The Third Board of Appeal considered that three-dimensional shapes must therefore display “an adequately idiosyncratic and easily remembered form, i.e., have a degree of originality clearly distinguishing it from the container or packaging shape which is the practical or aesthetic norm or form the shape typically used.”<sup>49</sup> The Second Board qualified this by adding that the mere inclusion of arbitrary features is not in itself sufficient to render distinctive something that would otherwise appear primarily functional. What is required, indeed, is the addition of something “conspicuously different from the shape distinguishing it from other similar shapes and resulting in it being regarded by consumers as serving primarily as an indicator of origin.”<sup>50</sup>

- Potential purchasers must perceive the shape as an indication of the origin of the goods and not as a representation of the goods or the nature of the products themselves.<sup>51</sup> On this basis, particular shapes of bottles have been considered sufficiently distinctive provided that memorable, curious or original details on the bottles could confer on them the ability to indicate origin.<sup>52</sup> In relation

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48. Distinctiveness was not accepted because the shapes were “commonplace, banal or ordinary” in Third Board of Appeal, Cases R 476/2001-3, August 7, 2001 (“perfume bottle”), First Board of Appeal, Case R 1198/2000-1, May 28, 2001, (“washing tablet in shape of a hat”), First Board of Appeal, Case R 966/2000-1, May 28, 2001 (“washing tablet in shape of flat sachet”), First Board of Appeal, Case R 527/2000-1, April 4, 2001 (“colored washing tablet”), Third Board of Appeal, Case R 406/2000-3, March 28, 2001, (“toothbrush head”), First Board of Appeal, Case R842/1999-1, February 22, 2001, (“net bags for wash tablets”), Second Board of Appeal, Case R 927/2001-2, December 12, 2002 (“vertical twisted strands as foodstuff for animals”), Second Board of Appeal, Case R 452/2001-2, December 5, 2002 (“coffee maker”), Second Board of Appeal, Case R 1048/2000-2, November 21, 2002 (“inhalation device”) and Second Board of Appeal, Case R 417/2000-2, May 6, 2002 (“mudguard”). All decisions of the OHIM Boards of Appeal are available at <http://oami.eu.int>.

49. Third Board of Appeal, Case R 321/2000-3, April 4, 2001. Available at <http://oami.eu.int>.

50. Second Board of Appeal, Case R 55/1998-2, December 14, 1998. Available at <http://oami.eu.int>.

51. CFI, *Maglite*, supra note 35. It must be shown that the trademark for which registration is sought is perceived by the public as a means to distinguish the product from identical or similar products of other undertakings (Third Board of Appeal, Case R 5/1999-3, July 20, 1999). The issue is whether a substantial number of consumers in the Community as a whole have been exposed to the mark and have, as a result of the exposure, come to recognize the mark in such a way that they consider products displaying the sign as emanating from a specific commercial source (First Board of Appeal, Case R 381/2000-1, December 20, 2000, paragraph 18). All decisions of the OHIM Boards of Appeal are available at <http://oami.eu.int>.

52. See the cases involving the “flexible feeding bottle” (First Board of Appeal, Case R 337/2000-1, December 19, 2000), the “bottle with striations” (Third Board of Appeal, Case R 321/2000-3, April 4, 2001) and the “bottle with bubbles” (Third Board of Appeal, Case R

to the well-known HEINZ Ketchup bottle, however, the Second Board of Appeal considered that it was not satisfied from the evidence that the shape had acquired distinctiveness through use. In particular, there was not sufficient evidence that the shape had been used alone without the keystone label.<sup>53</sup>

- The CFI had previously followed the Boards' approach, and pointed out that signs that were mere variants of basic geometric shapes could not meet the necessary conditions of registrability. The same applied to allegedly capricious add-ons that merely consisted, in the CFI's view, of obvious variations of the product's basic shapes.<sup>54</sup> This was demonstrated, *inter alia*, in a case involving five cylindrical shapes for torches.<sup>55</sup> The CFI observed that such basic geometrical shapes were commonly used for torches, and that the alleged distinctive features (aesthetic qualities and unusually original design) were mere variants of a common shape rather than elements capable of differentiating goods while indicating, on their own, a given commercial origin.

### **3. Concluding Remarks on Distinctiveness of Shape Marks**

The current test for assessing distinctiveness of shape marks is best summarized by the CFI in the motor grille case:<sup>56</sup> is the shape sought to be registered the image that "naturally comes to mind as the typical representation of the given product," or must the sign in question be considered to be capable of "leaving an impression on the memory of the target public as an indication of commercial origin and thus of distinguishing and setting apart motor vehicles bearing that grille from those of other undertakings."

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476/2001-3, August 7, 2001), as cited by A. Carboni, J. Flynn and Jane Cornwell, *Shapes, colors, sounds and smells as trademarks in the European Union; A sensible approach to sensory perception*, November 2002, Seminar paper, copy held by authors. Other examples of "bottle" cases considered by the OHIM Board of Appeals are listed in Third Board of Appeal, Case R 321/2000-3, April 4, 2001, paragraphs 26 and 27. All decisions of the OHIM Boards of Appeal are available at <http://oami.eu.int>.

53. Second Board of Appeal, Case R 488/1999-2, August 3, 2000. Available at <http://oami.eu.int>.

54. See among others CFI, *Maglite*, *supra* note 35; CFI, Case T-30/00 and T-335/99, September 19, 2001, *Henkel KGaA / OHIM*, [2001] ECR II-2581; CFI, *Procter & Gamble* 2001, *supra* note 33.

55. See CFI, *Maglite*, *supra* note 35, at paragraphs 36 and 37.

56. See CFI, *Daimler*, *supra* note 30, at paragraphs 47-48.

For the shape to be registrable, it must, like any other sign, be perceived as an indicator of origin for these goods.<sup>57</sup> For shape of goods marks, this will very often imply that, in order to be registrable, the shape must be different from those available for the same goods in the marketplace. We believe that this test makes a lot of sense. For a shape to be registered as a trademark, being different from what “naturally comes to mind as the typical representation of the given product,” which includes being different from standard shapes available in the marketplace, is probably necessary, as a matter of law (otherwise the shape should be held to be merely descriptive) but especially as a matter of fact (in cases where the shape is commonplace on the market, the relevant public is not likely to perceive the shape as an indication of trade origin). But being different is not enough. An affirmative finding concerning perception of the shape as an indicator of origin is also required, as for any other sign.

Having said that, “originality” is not a condition to trademark registrability and may not become one, even indirectly, with respect to shape marks. Therefore, the requirement that the shape, in order to be distinctive and therefore registrable, must be different from the shapes generally used in the marketplace for that kind of product, may not become a separate requirement as a matter of law. In our view, this is simply one of the elements for the registries and the courts to take into consideration in evaluating whether a given shape qualifies as being not merely descriptive of the product and is (likely to be) perceived by the relevant public as an indicator of source.

The burden of proof is on the applicant, at least for everyday consumer goods that are usually sold in packaging bearing the product’s name and on which there are often word marks or figurative marks or other figurative features, which may include a depiction of the product.<sup>58</sup> Poll surveys can be used in that respect,<sup>59</sup> but they must be submitted to the OHIM Board of Appeal. They are inadmissible if they are submitted for the first time before the CFI.<sup>60</sup>

Finally, because the function of any three-dimensional mark is to serve as a source identifier, common practices like private labeling might cause some concern.<sup>61</sup> Confronted with a number of

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57. See, as an illustration of this two-prong test, CFI, *Procter & Gamble 2002*, supra note 38, at paragraph 46: “Furthermore, even on the assumption that concave profiles did hold the consumer’s attention, he would not immediately perceive them as an indication of trade origin.”

58. See CFI, *Unilever*, supra note 36, at paragraph 48.

59. See ECJ, *Windsurfing Chiemsee*, supra note 8, at paragraphs 49 and 51.

60. See CFI, *Daimler*, supra note 30, at paragraph 18.

61. For an application under U.S. law, see *J.R. Clark Co. v. Murray Metal Products*, 219 F.2d 313, 104 U.S.P.Q. 224 (5th Cir. 1955).

different entities applying the same get-up of the product, only differing from another by using other (additional) trademarks (words, logos, colors), consumers might indeed no longer associate the bare shape with (only) one particular undertaking.

### *F. Distinctiveness Acquired by Use of the Shape*

The question referred to the ECJ in Philips in this respect arose in the context of the specific factual background to the dispute.<sup>62</sup> Prior to Remington's market entry in 1995, Philips had indeed been the only company marketing the three-headed shaver. After a de facto monopoly for decades, the Philips' shaver enjoyed wide repute. Philips' monopoly during all these years did not derive from a patent or other exclusive rights on the three-headed rotary shaver. The question was, in substance, whether the fact that a company had for years been the only supplier of particular goods to the market could be considered sufficient for allowing the sign to acquire distinctiveness in the sense of Article 3(3) if, as a consequence of this extensive use, a substantial proportion of the relevant public associated the shape with that company exclusively.

According to Philips, that was indeed the case. The criteria in Article 3(3) of the Directive were in its opinion to be considered satisfied where, because of extensive use of a particular shape, the relevant public would believe that goods of that shape came from that particular undertaking. Philips claimed that, because of the absence of competitors, the average consumer had become accustomed to recognizing its goods by reference to their shape alone.<sup>63</sup> It added that a longstanding de facto monopoly on products with the relevant shape is important evidence supporting the acquisition of distinctiveness. Philips concluded that, if a trader wishes to base a trademark application on acquired distinctiveness, a de facto monopoly is almost even a prerequisite for such registration.

Remington submitted that when a shape is made up of functional features, stronger evidence is required of the fact that the shape itself has been used as an indication of origin so as to confer on that shape a sufficient secondary meaning.<sup>64</sup> It claimed

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62. See also under III.C.1.

63. The CFI had previously held that this alone could not render the absolute ground for refusal in Article 7(1)(b) CTMR (Article 3(1)(b) of the Directive) inapplicable (CFI, *Maglite*, supra note 35, at paragraph 39).

64. This is particularly crucial when a three-dimensional shape is used in combination with other trademark materials. The First Board of Appeal acknowledged that the fact that a shape has been used in conjunction with words or other features (e.g., figurative elements or colors), does not necessarily mean that it cannot itself have acquired distinctiveness through use. The Board considered that the real issue is whether the consumers, upon seeing the bare shape of the relevant product or packaging, without other word or device marks attached and regardless of the color(s), would recognize it and associate it with a

that the conditions of Article 3(3) are not satisfied if identification by the public cannot be attributed to the shape as such, but merely results from the de facto monopoly in trade.

In its response, the Court referred first to its ruling in *Windsurfing Chiemsee*, especially to the non-exhaustive list of factors it had devised in that decision and that could be taken into account when assessing the distinctive nature of a mark given its extensive use. The list includes the following factors: (a) the market share held by the trademark; (b) how intensive, geographically widespread and longstanding was the use made of the mark;<sup>65</sup> (c) the amount invested by the undertaking in promoting the mark; (d) the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and (e) statements from chambers of commerce and industry or other trade and professional associations.<sup>66</sup> In the *Windsurfing Chiemsee* decision, the Court had ruled that general, abstract data, such as predetermined percentages, will in itself not suffice to show that the requirements under Article 3(3) of the Directive are satisfied.<sup>67</sup>

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specific commercial source. See also Second Board of Appeal, Case R 488/1999-2, August 3, 2000 (Shape of the HEINZ Ketchup bottle). Available at <http://oami.eu.int>.

65. See in relation to this requirement: First Board of Appeal, Case R 556/1999-1, January 31, 2001 (“split-pot package”). The Board decided, on the basis of market data supplied by the applicant, that the latter had failed to adequately demonstrate that within the EU (although acquired distinctiveness was upheld for Germany and the United Kingdom separately), the three-dimensional shape in question, at the date of its filing, had become, through use, capable of acting as a distinguishing sign. In Case R 1025/2000-2 of the Second Board of Appeal of December 17, 2002 (“pyramid shape for chocolate”), the Board held that “since the mark is inherently non-distinctive in all Member States, it would not be sufficient that acquired distinctiveness were to be proven in only four markets.” All decisions of the OHIM Boards of Appeal are available at <http://oami.eu.int>.

66. Evidence of acquired distinctiveness was also at stake in an earlier decision of the First Board of Appeal, in which the Board proposed the following test for establishing distinctiveness on the basis of use: (a) a substantial proportion of consumers in the Community as a whole must have come to recognize the mark, although it is not necessary to require proof of use in every Member State; (b) the mark must have been used in relation to every product in respect of which trademark protection is claimed; (c) the mark must be distinctive on its own and not in combination with other trademark material; and (d) as a result of use, the consumer must have become educated to recognize the mark as a sign that the product on which it appears emanates from the applicant (First Board of Appeal, Case R 381/2000-1, December 20, 2000). The Third Board ruled that a claim of acquired distinctiveness made under Article 7(3) of the CTMR (Article 3(3) of the Directive) must satisfy the following conditions: (a) the trademark must be used in the Community as a whole or, at least, in a substantial part thereof, in such a way that (b) a sufficiently large part of the relevant class of persons recognizes the sign as a distinctive trademark at the time the application is filed. It added that both of the conditions must be fulfilled for an exception to be granted under Article 3(3), and for a sign to be converted into a true trademark. That Article must moreover be construed restrictively and prudently (Third Board of Appeal, Case R 5/1999-3, July 20, 1999). All decisions of the OHIM Boards of Appeal are available at <http://oami.eu.int>.

67. See ECJ, *Windsurfing Chiemsee*, supra note 8, at paragraph 52.

As a matter of law, the ECJ held in *Philips* that if a company has been the only supplier of given goods to the market, extensive use of a sign that consists of the shape of those goods might be sufficient to give the sign a distinctive character for the purpose of Article 3(3) of the Directive. The particular use must however be accompanied by circumstances where, as a result of that use, a substantial proportion of the relevant class of persons associates that shape with that trader and no other undertaking or believes that goods of that shape come from that trader.<sup>68</sup> That finding must be based on specific and reliable data. Moreover, the identification, by the relevant class of persons, of the product as originating from a given undertaking (or at least from a single source<sup>69</sup>) must be as a result of the use of the mark as a trademark.<sup>70</sup> Having said that, it must be remembered that the intentions of the applicant as to the sign's purpose and use are irrelevant in the assessment of the distinctive character; only the possible public perception matters.<sup>71</sup>

Consequently, acquiring distinctiveness through *de facto* monopoly is not impossible, but it is up to the national courts to evaluate whether the relevant public, or at least a substantial proportion of it, considers the goods as originating from a particular undertaking on the basis of the use of the sign as a trademark.

By concluding that a *de facto* monopoly is no impediment for acquiring distinctiveness through use, as well as by holding that the absence of competition is in itself not sufficient to uphold distinctiveness, the Court has in our opinion adequately balanced the parties' opposing interests. Clearly, a positive identification of the fact that the public has come to consider the shape of a product as an indication of its origin will not be easily accepted.<sup>72</sup> Mere use

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68. The Third Board of Appeal considered that "the intentions of the applicant as to the sign's purpose and use are without relevance in the assessment of its distinctive nature" (Third Board of Appeal, Case R 704/1999-3, June 30, 2000, paragraph 20). Available at <http://oami.eu.int>.

69. There is indeed no requirement for a mark to convey exact information about the identity of the manufacturer of the product or the supplier of the service. Differentiating origins is enough (See ECJ, *Canon*, *supra* note 4, at paragraph 28).

70. See ECJ, *Philips*, *supra* note 2, at paragraph 64.

71. Third Board of Appeal, Case R-704/1999-3, June 30, 2000, paragraph 20. Available at <http://oami.eu.int>.

72. In order to overcome a high level of descriptiveness, substantial evidence is required (Second Board of Appeal, Case R 475/1999-2 of October 30, 2000, paragraph 17; Second Board of Appeal, Case R 539/1999-2 of July 19, 2000, paragraph 18). The more descriptive the mark, the heavier the burden on the proprietor to prove that it has acquired the necessary degree of distinctiveness (Second Board of Appeal, Case R 672/1999-2 of May 31, 2000, paragraph 13). Documentation supporting distinctiveness acquired through use must be relevant and reliable (Second Board of Appeal, Case R 426/1999-2, September 21, 2000, paragraph 18) and attested by or originate from an independent source (Third Board of Appeal, Case R 5/1999-3, July 20, 1999, paragraph 22). All decisions of the OHIM Boards of Appeal are available at <http://oami.eu.int>.

and even extensive use as such will not necessarily imply a sufficient degree of acquired distinctiveness as provided by Article (3)3.<sup>73</sup>

Trademark owners should keep all records of sales and promotional spending. They could also make statements in their product literature or advertising, identifying the uniqueness of the get-up of the product as being the subject of trademark protection. Such communications could at least direct the customer to particular source-identifying features protected as a trademark. The product could also carry particular notices. Although the intentions of the proprietor have been held as “without relevance” when considering the (inherent or acquired) distinctiveness of a trademark,<sup>74</sup> it may in our opinion nevertheless serve to educate customers that the owner considers and advertises its product as an identifier of origin and, as such, a shape qualifying for protection under the trademark laws.

If the shape is systematically used together with other (prominent) distinctive features (word marks, colors, etc.), it may be that such use will be of little help, if any, in establishing acquired distinctiveness of the bare shape in and of itself. Therefore, if ultimately protection of the bare shape through acquired distinctiveness is targeted, its use should be planned accordingly.

The use of surveys, conducted frequently to provide evidence of use and/or acquired distinctiveness, should be considered carefully. In a case concerning the shape of the YAKULT yogurt bottle,<sup>75</sup> the applicant produced the results of an allegedly successful survey, only to receive criticism by the court.<sup>76</sup>

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73. The evidence of use is to be assessed in order to judge whether that use has produced a situation where a mark which would otherwise have to be refused on one or several grounds listed in Article [3](1)(b), (c) and (d) has become distinctive. It is “not simply whether and to what extent there has been use” (Community Trade Mark Handbook (Release 0) [2001], Institute of Trade Mark Agents, No. 8-011).

74. See *supra* note 68.

75. *Kabushiki Kaisha Yakult Honsha v. (UK) Registrar of Trade Marks*, [2001] All ER (D) 80, 8 March 2001, as cited in A. Carboni, et al.

76. In the survey, the public was shown a COCA-COLA soft drink bottle with the word mark removed and asked whether they recognized the product. They were then shown the YAKULT yogurt bottle with the YAKULT word mark removed. A substantial proportion of the respondents identified the product. The applicant was criticized in that the use of the COCA-COLA soft drink bottle inevitably led respondents to realize that a three-dimensional mark was of significance in the survey. See a similar scrutiny of survey results by the Opposition Division of the OHIM in its Decision No 2567/2000 of October 31, 2000 (Ferrero AG GmbH / Stefania S.p.A.). Available at <http://oami.eu.int>.

#### IV. CONCLUSIONS AND REFLECTIONS ON OPEN ISSUES

In recent decisions, the European courts have provided useful guidance to applicants, OHIM<sup>77</sup> and national courts in defining the extent to which trademark law can be used with a view to securing the protection of the design of products and of their packaging. In a nutshell, these decisions have confirmed that trademark registration is available and can play a critical role in the owner's overall brand protection strategy, although fundamental principles of trademark laws (e.g., the requirement that the sign be distinctive) and public policy rationale underlying the exclusion of certain shape marks (e.g., shapes that result from the nature of the goods, shapes that are necessary to obtain a technical result and shapes that give substantial value to the goods) impose significant limits. Not every shape can be registered and protected as a trademark.

##### *A. Functionality*

Functionality (whether aesthetic or technical) constitutes a "preliminary obstacle" to such registration. That holding (Linde, paragraphs 67-68) implies in our opinion a shift in the practice of many registries and courts, including OHIM: for shape marks, the determination as to distinctiveness (either inherent or acquired) should only come after a finding of absence of functionality.

Concerning functionality, the ECJ decision in Philips makes it clear that, if a shape is found to be functional, the fact that the same function can be achieved (even at the same cost) by using alternative shapes will not prevent the shape from being excluded from trademark registrability.

Having said that, in our view, the CFI decision in the Daimler case makes it equally clear that the shape of certain parts (here, a motor grille) of complex goods (here, a car) can function perfectly well as a trademark and be registered as such with respect to such complex goods (i.e., for cars, not for motor grilles), even though it is beyond doubt that the part itself (albeit not its specific shape) fulfils a technical function (i.e., ventilating the motor). We believe there is nothing in the Daimler decision that is inconsistent with the ECJ holdings in Philips and Linde.

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77. Currently pending before the Cancellation Division of OHIM are the invalidation proceedings against the three-dimensional trademark consisting of the LEGO brick, registered as a Community Trade Mark. The LEGO brick was the first three-dimensional mark consisting of the product itself to be accepted by the OHIM on the basis of distinctiveness acquired through use. Registrability of the building block had been denied on the basis of inherent distinctiveness (See Ad Hoc Information from OHIM, published online on November 27, 1998, at <http://oami.eu.int>).

### *B. Distinctiveness*

As to distinctiveness, three-dimensional trademarks are not to be assessed differently from any other types of trademarks. This implies, *inter alia*, that it would be wrong (and in violation of the Directive) to require, as a matter of law, that certain “capricious additions” be included in a given shape before that shape can be held to be distinctive. As a matter of law, a shape may be distinctive even though it does not include such features. This does not mean that the presence of such feature(s) may not, in certain cases, help towards a finding of distinctiveness as a matter of fact, but their presence cannot be considered as a legal requirement for such a finding.

Having said that, the ECJ has recognized (and this is very noticeable from the case law of OHIM’s Boards of Appeal) that it may in practice be more difficult to establish distinctiveness in relation to a shape of goods mark than a word or figurative trademark (Linde, paragraph 48). There is indeed a fine line between, on the one hand, recognizing this higher degree of difficulty as a matter of fact—which may be justified—and, on the other hand, requiring shape marks to exhibit a higher degree of distinctiveness or imposing even an additional requirement (e.g., that the sign be different from those present on the same goods in the marketplace, which is very much akin to a requirement that the sign be “original”), as a matter of law. The latter would conflict with the ECJ decision that shapes are not subject to a standard of distinctiveness different from that for any other sign. Originality is not a separate requirement for a sign to be registered as a trademark. It can only be one of the elements that the registries and the courts can take into consideration in determining whether a given shape is, or is not, merely descriptive and is, or is not, (likely to be) perceived as an indicator of source.

We believe that in order to define this fine line, and to comply with it, it is helpful to recognize that three-dimensional trademarks in fact cover subjects that are essentially different (namely (i) packaging, e.g., a bottle;<sup>78</sup> (ii) a secondary part of a complex product, e.g., a car grille;<sup>79</sup> or (iii) the product itself, e.g., a bar of soap<sup>80</sup> or a torch<sup>81</sup>). As they are essentially different, they should not necessarily be treated the same way.

It seems fair to consider that most shapes that consist of the product itself (the last category above), are to be considered as inherently descriptive of the nature of the product depicted by that

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78. See, e.g., Second Board of Appeal, Case R 488/1999-2, August 3, 2000. Available at <http://oami.eu.int>.

79. See, e.g., CFI, Daimler, *supra* note 30.

80. See, e.g., CFI, Procter & Gamble 2001, *supra* note 33.

81. See, e.g., CFI, Maglite, *supra* note 35.

shape. Where registration as a trademark is sought for that kind of shape, the requirement that the shape is proven to be “sufficiently different” from the shapes that naturally come to mind for this type of product (i.e., the shape that the average consumer would expect the product to look like) does indeed seem logical and in line with the ECJ decision. For that kind of mark, this requirement is not an additional one, but simply the requirement that is needed to overcome a finding of “inherent descriptiveness.”

This is not the case, in our opinion, for most shapes of secondary parts of a complex product (a car grille, whatever its form, is not inherently descriptive of a car) nor for many forms of packaging (packaging is not necessarily descriptive of the product). For these types of signs, a systematic requirement of “originality,” as sometimes raised by the OHIM Boards of Appeal, would no longer be in line, we believe, with the ECJ decisions in Philips and Linde. We are of the opinion that imposing such requirements would only be permitted after a finding, as a matter of fact, that the shape of the packaging or the shape of the part for which registration is sought is, in the circumstances of the case, inherently descriptive of the good(s) it is intended to distinguish.

### *C. Acquired Distinctiveness*

The ECJ, in Philips, only had to rule on the influence of a de facto monopoly on the acquired distinctiveness of a shape. The issue of the influence of a de jure monopoly (e.g., one deriving from a patent) was not before the Court and therefore has not yet been decided upon, either with respect to “functionality” or with respect to “acquired distinctiveness.” In our opinion, it is clear that the existence of an earlier patent is a very central issue to consider carefully with respect to functionality and one that will obviously at least put the onus on the applicant to demonstrate, by means of conclusive evidence, that the patent has a subject other than the shape for which registration is sought and that nothing in the patent indicates that the shape is functional in the sense of Article 3(1)(e), second indent of the Directive.

By contrast, the existence of a patent should, in our view, not have an influence on the determination of the acquired distinctiveness of the shape. For acquired distinctiveness, what counts is the public perception at the time of the filing of the trademark application. The means that have permitted that perception to come about, be it a de facto monopoly, a de jure monopoly or any other means, are not relevant to the discussion. It is true, however, that a shape that is purely technical and that has been the subject of a patent will probably not easily be perceived by the public as an indicator of source. But if the applicant has invested effort and resources that have led to the creation of such

perception in the eyes of the public, and hence to the creation of acquired secondary meaning, the circumstance that a patent on that shape existed and that the exclusive rights the applicant has derived from the patent over the years have helped him in creating the link between the shape and the undertaking in the eyes of the public should, in our opinion, have no influence and should not deprive the applicant of the consequences of such acquired distinctiveness. Again, we must emphasize that this assessment (distinctiveness) comes only after the determination that the shape in question is not “functional”—which, in the presence of a patent claiming, describing or somehow including that shape, is likely to be highly exceptional.

In relation to acquired distinctiveness, issues of evidence will remain decisive. Many applicants or proprietors are ultimately denied trademark protection on the basis of lack of demonstration of acquired distinctiveness throughout the EU, or because they could not prove that their particular three-dimensional sign was used as a mark.<sup>82</sup> The more descriptive the mark, or the weaker it is, the heavier the burden on the proprietor to prove that it reaches the necessary degree of (acquired) distinctiveness. In presenting its case to OHIM, the CFI<sup>83</sup> or, for that matter, the national court, factual circumstances like specific consumer perception, investments made or particular use of the shape will continue to play a critical role.

#### *D. Closing Remarks*

Trademark owners are warned that, regarding three-dimensional shapes, the interpretation by the European courts places a heavy burden of proof on their shoulders. In this context, packaging and secondary parts of complex products are better placed than products themselves, and this seems logical indeed. But there is enough room, we believe, for many non-functional shapes, even of products, to find appropriate protection under trademark laws in the EU. Applicants, however, should not try to register the obvious or the commonplace (unless they succeeded in giving it secondary meaning and are able to prove it) and should not forget that it is the public’s perception, and not their own, that is conclusive. Protection of design through trademark registrations is something that must be part of a global protection strategy, and must be carefully prepared in advance.

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82. In CFI, Unilever, supra note 36, at paragraph 51, the Court held that the applicant did not produce sufficient evidence before the Board of Appeal to establish that shape and colors of washing tablets play an important role when consumers make a choice between products.

83. The ECJ cannot, as a matter of law, take specific factual details of a case into consideration. In trademark matters, in contrast with the functioning of the CFI, it can only address legal questions referred to it by the national courts.

National Registries and courts should prepare themselves for even more intensive use, and a wave of applications for registration of three-dimensional marks. They should closely watch how European arbitrators address them, and should adapt their ways of deciding on these issues in line with the ECJ holdings.

In order to tackle all the issues in the field of three-dimensional trademark law in the EU, players would be well advised to start practicing sooner rather than later in order to be in good shape.

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