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REGISTERING STORE DESIGN AS A TRADEMARK IN THE UNITED STATES AND GERMANY: A COMPARATIVE ANALYSIS

By Nicolas Hohn-Hein*

I. INTRODUCTION

Operators of franchises (e.g., McDonald’s) or iconic buildings (e.g., the Rock ’n Roll Museum) have a strong economic interest in shaping the visual appearance (interior and exterior) of their physical store or retail space (hereinafter referred to as “store design” or “business décor”). Restaurants, retail stores, hotels, pharmacies, dog care centers, fitness centers, barbershops, and other such places have all sought protection for aspects of store design. From a marketing perspective, the particular “look and feel” of a store may be crucial for a company’s success. In the case of the interior design of retail stores, it has been long established that “the philosophy of creating unified décor and tone throughout a retail environment could be an important sales tool.”9 “Buyers may choose vendors as much for their atmospheres as their goods,” to the point that “atmospheres may become the chief form of

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4. E.g., U.S. Trademark Reg. No. 3968164 (Reg. on May 24, 2011, Suppl. Reg.).
5. E.g., U.S. Trademark Reg. No. 4566177 (Reg. on July 15, 2014).
7. E.g., U.S. Trademark Reg. No. 3467850 (Reg. on July 15, 2008).
A multitude of studies demonstrate that almost every single aspect of a business décor can play an important role in influencing shopping behavior, by rendering a retail environment more appealing to consumers. Apart from its significant effect on comfort and affection for the business, once the consumer enters a store, the store design also serves another important function, namely distinguishing the store from the retail environment of its competitors. In this regard, the “look and feel” of the store operates as a source indicator that helps consumers to identify the origin of the goods and services offered at the store. Creating such an environment that is easily identifiable for consumers may require a significant amount of time, money, and effort, and non-functional proven design elements can quickly become subject to unlawful imitations by competitors. It has thus become important to expand the legal protection for the store design. Under the U.S. law, the same is protected as trade dress whether registered or unregistered—alongside design patents and copyrights—and has proven an effective vehicle to warrant exclusive rights on the use of store design.

In contrast, under European law, the registration of business décor as a three-dimensional mark for retail services had been without precedent. Recently, however, the Court of Justice of the European Union (“CJEU”) (formerly called the “European Court of Justice”) in Apple, Inc. v. Deutsches Patent- und Markenamt, after a reference by the Federal Patent Court of Germany (Bundespatentgericht, “BPatG”), affirmed for the first time the registrability of a mark that covered the interior and exterior design for retail services under the European Trade Marks Directive, ruling that:

Articles 2 and 3 of Directive 2008/95 of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks must be interpreted as meaning that the representation, by a design alone, without indicating the size or the proportions, of the layout of a retail store, may be

10. Id.
11. Id.
12. Id. See also Radiance W. Harris, Retail Value: How to Protect Your Stores Layout, 7 Intell. Prop. Mag. 11 (2013) (pointing out the high value of a unique store layout in order to establish the goodwill and the reputation of a retail store); Melanie Lee, Fake Apple Store Even Fools Staff, 176 Intell. Prop. Couns. 13 (2011) (explaining how Fake-Apple stores mimicked Apple’s iconic design so convincingly that even Apple’s own employees were not aware of the fraud).
registered as a trade mark for services consisting in services relating to those goods but which do not form an integral part of the offer for sale thereof, provided that the sign is capable of distinguishing the services of the applicant for registration from those of other undertakings; and, that registration is not precluded by any of the grounds for refusal set out in that directive.\textsuperscript{14}

In\textit{ Apple, Inc.}, above, the plaintiff Apple Inc. (“Apple”), after having registered such a trademark for the design of its retail stores (“Apple Store”) at the United States Patent and Trademark Office (USPTO) in 2013,\textsuperscript{15} filed for extension of protection of its international registration to Germany (and other member nations of the Madrid System) under the German Trademark Act (Markengesetz, “MarkenG”).\textsuperscript{16}

Apple’s International Registration No. 1 060 321\textsuperscript{17}

The German Patent and Trademark Office (Deutsches Patent- und Markenamt, “DPMA”), and a number of other national trademark offices,\textsuperscript{18} refused to grant the extension on the ground that the store design cannot be registered as a trademark.\textsuperscript{19} Consequently, Apple appealed to the BPatG, which seemed to be

\begin{itemize}
\item \textsuperscript{14} CJEU, judgment of July 10, 2014, in Case C-421/13, Apple Inc. v. DPMA [Apple]; German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932 [Apple v. DPMA]; for a general review of Case C-421/13, see “EU—CJEU—Presentation of trade premises—Is it possible to register the design and layout of a retail store as a trademark?” in\textit{ Annual Review of EU Trademark Law: 2014 in Review} (105 TMR 481 (2014)).
\item \textsuperscript{15} U.S. Trademark Reg. No. 4277914 and 4277913 (Reg. on Jan. 22, 2013).
\item \textsuperscript{16} Applications for extension of protection of international registrations fall under the same legal standards for trademark protection as national applications.
\item \textsuperscript{17} International registration based on U.S. Trademark Serial No. 85036986 (Reg. No. 4277913).
\item \textsuperscript{18} Extension of protection was granted by: Benelux, Israel, Spain, Italy, Poland. It was denied by: China, Germany, Great Britain, Sweden, Singapore, Australia, Japan, Korea, Russia, Turkey.
\item \textsuperscript{19} The BPatG’s order for reference points out briefly the DPMA’s reasons for its decision. However, the exact reasoning of the DPMA’s refusal of Apple’s extension of protection is not publicly available.
\end{itemize}
willing to hold that the business décor could be registrable as a trademark. However, it eventually referred the issue to the CJEU for further clarification under the Council Directive 89/104/EEC of 21 December 1988 to approximate the laws of the Member States relating to Trade Marks (“TMD”) without a final decision. The CJEU held that a representation that depicts the layout of a retail store can, in fact, be registered as a trademark and referred the matter back to the national court for reevaluation. The BPatG’s ultimate decision is still pending and expected to be issued in 2016. Considering BPatG’s prior comments on the issue, the court is likely to grant Apple’s extension for protection of store design, adopting the CJEU’s ruling.

Implication of Apple decision:

The legal and practical consequences of the Apple decision for German and European Union (EU) trademark law and registration practices are difficult to assess. It is likely that the number of applicants who seek the advantages of trademark protection for their business décor in the EU will increase. Therefore, it is timely to consider the issues that are likely to arise in connection with trademark registration for store design in the different legal systems. The following analysis compares:

i. The similarities and differences for filing an application for registration for store design in the United States and Germany;

20. The BPatG asked the CJEU the following questions: “(1) Is Article 2 of Directive [2008/95] 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) of Directive [2008/95] 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 of Directive [2008/95] 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 meters or of relative dimensions with indications as to proportions?

(4) Is Article 2 of Directive [2008/95] 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?”

21. German trademark law is largely influenced by and based on the EU Trademark Directive. In fact, in order to ensure community-wide harmonization, national legislator and courts are obliged to respect and uniformly construe European trademark law. The German MarkenG constitutes the transposition of the TMD to national law, adopting, with few minor differences, large portions of the provisions. In case of uncertainties regarding the correct interpretation of European provisions, national courts may request the CJEU’s assistance under Art. 267 of the Treaty on the Functioning of the European Union. In consequence, although this article mainly focuses on German trademark law, the European legal framework for the national trademark laws of the member states will be included in the discussion, when deemed necessary.
ii. Whether the registration process for store design is easier under the German jurisdiction or under U.S. law; and

iii. Whether applying for registration of store design through the Madrid System would be more practicable.

II. REGISTRABILITY OF STORE DESIGN

A. General Capacity to Constitute a Trademark

1. United States

The first requirement for the trademark protection of any kind of subject matter is that the designation is generally able to function as a source indicator. Store design in both jurisdictions has that capacity. In the United States, store design is protectable as trade dress, a subcategory of trademark protection. The distinction, however, between “trade dress” and “trademarks” has largely faded under the Lanham Act. Trade dress offers a very broad range of protection because almost anything at all that is capable of carrying meaning may be used as a “symbol” or “device” and constitute trade dress that identifies the source or origin of a product. Used in connection with services, trade dress refers to the visual appearance or image of the place in which a service is provided, such as a store's or restaurant's interior decor or external store front. As early as 1895, the Supreme Court of the United States in Weinstock, Lubin & Co. v. Marks (hereinafter referred to as Weinstock) considered the “look and feel” of a retail store to be protectable, pointing out that a particular configuration of a store front is part of a company's goodwill and may have a high recognition value, allowing customers to determine the source of goods or services they intend to buy at that particular store. In Weinstock, the owner of a large-clothing and dry-goods business in Sacramento had “at its place of business, erected a store, the front of which is of peculiar architecture, containing arches and alcoves, of which there was none other similar in the city of Sacramento.” The defendant built a widely identical store next to the plaintiff's building, offering the same goods and services, without any sign that indicated the true identity of the defendant's business.

26. See Weinstock, 109 Cal. at 540.
27. Id. at 534.
28. Id.
result, “many of plaintiff’s customers were deceived into purchasing goods in defendant’s store, believing that they were trading in plaintiff’s store.”

Case studies involving store design trade dress claims illustrate the diversity in the aspects of store design and related trade dress subject matter. In *Best Cellars, Inc. v. Grape Finds at Dupont, Inc.*, 90 F. Supp. 2d 431, 452 (S.D.N.Y. 2000), addressing aspects of store design asserted under common law trade dress, the plaintiff developed its infringement claim based on a “wall of wine” in its wine store featuring “color-coded, iconographic wall signs identifying eight taste categories above single display bottles on stainless-steel wire pedestals . . . .” In a more recent case, the plaintiff sought protection not only for the interior design of his restaurant, but also for the menu and the recipes he used for his business.

A number of registered store designs' trade dress can currently be found on the Principal Register. Apple owns two registered trademarks (a colored and an uncolored version) for its Apple Store design. Camp Bow Wow Distribution LLC successfully registered the design of its shops for dog care services and similar services. Also, the interior store design of a barbershop used in connection with “barbershop and beauty and hairdressing salon services” found its way onto the register, as did the design of “Chipotle” restaurants, a Mexican-style fast food chain. Thus, the possibilities for registrable subject matter in terms of style and design appear to be endless. One very recent registration owned by Al Johnson’s Swedish Restaurant & Butik even involves the

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29. *Id.* at 539 (holding that “The most detestable kind of fraud underlies the filching of another's good name, in connection with trafficking.' We think the principle may be broadly stated that when one tradesman resorts to the use of any artifice or contrivance for the purpose of representing his goods or his business as the goods or business of a rival tradesman, thereby deceiving the people by causing them to trade with him when they intended to and would have otherwise traded with his rival, a fraud is committed [. . .].”).


32. The Principal Register holds trademarks that are inherently distinctive or have acquired distinctiveness through use. If the USTPO refuses registration for a lack of distinctiveness, the applicant may file for registration on the Supplemental Register. However, designsations on the Supplemental Register are not to be considered enforceable trademarks, but can become “real” trademarks someday, see McCarthy, *supra* note 22, at § 19:33.


exterior design of a retail store, encompassing live goats grazing on the grassy roof of a retail store.37

2. Germany

Apple’s store design is the first business décor seeking protection under German trademark law, and German and European trademark law provide few further examples of registered store design. As such, Apple’s application for extension of protection of its international Apple Store mark to the German territory introduced an unusual kind of subject matter, and thus far just a handful of judicial decisions have dealt with the registrability of the exterior design of buildings at all.38 The CJEU approached the matter in Apple, Inc. v. DPMA by relying on existing legal principles of European trademark law.

As opposed to U.S. trade dress that roots deeply in unfair competition law, store design in Europe fully submits itself to the general standard of trademark protection provided in EU Trademark Directive Article 2 according to which a “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 raises the question, then, as to whether a store design can be a graphically representable sign. The term “sign” is not defined anywhere within the EU Trademark Directive, leaving open a non-exhaustive list of potential subject matter. It can however, be presumed that, the sign must be perceptible by human senses in order to be generally capable to fulfill its function as an indicator of origin of goods or services. As such, any visual, audible, haptic, olfactory, or gustatory mark can be a sign, setting the bar for this prerequisite fairly low.39 The CJEU made clear that this low bar for meeting the prerequisite to function as a sign also applies to store design marks. Accordingly, the CJEU considered Apple’s mark to fall under the broad concept of the statute because Apple’s store design, as a three-dimensional trademark used in connection with


38. German Federal Court decision date on August 8, 2004, GRUR 2005, 257 [Bürogebäude] (a figurative mark depicting the exterior of an office building); German Federal Patent Court decision dated on June 5, 2011, in Case 29 W (pat) 42/11 [Marktstand] (regarding the exterior design of a market stall); OHIM Boards of Appeal decision dated on July 7, 2004, in Case R 1/2003-4 [Smart Tower] (regarding exteriors design of a glass tower functioning as a presentation platform for SMART cars); OHIM, Notification of Ex Officio Provisional Total Refusal of Protection dated on March 31, 2014, for IR 1194910 [EQUINIX] (three-dimensional design of an interior wall of a convex curved cylinder).

39. E.g., CJEU, judgment of December 12, 2012, in Case C-273/00, Ralf Sieckmann v. DPMA [Sieckmann], para. 45 (holding that an olfactory designation, that is not visually perceptible, can be a trademark, if it is graphically representable on the register).
retail services, was perceptible by human senses. The Court held that a three-dimensional representation of a business décor is, like any other visual, audible, haptic, olfactory or gustatory mark, capable of indicating source. This decision follows the few precedential court and office decisions involving trademark protection for exterior building designs used in connections with services, namely the decisions of Bürogebäude, Marktstand, and Smart-Tower.

In the decision of Bürogebäude (German for: “office building”), the Federal Court of Germany (Bundesgerichtshof, “BGH”) considered a figurative mark encompassing the (relatively unadorned) exterior of an office building used in connection with real estate services and other related services capable of functioning as a trademark (but later partly declined registration because of a lack of distinctiveness). In another similar case, “Marktstand” (German for: “market stall”) involving the design of a retail market stall commonly set up on weekly markets or fairs, the BPatG ruled that such a three-dimensional mark is generally capable of distinguishing goods and services from those of competitors. Finally, in Smart-Tower, the Fourth Division of the Board of Appeal of the European Trademark Office, considered a building used for the presentation of SMART mini-cars to function as a source indicator, although the complainant’s application for a Community Trademark (CTM) got rejected because the mark lacked distinctiveness.

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40. CJEU, judgment of July 10, 2014, in Case C-421/13, Apple Inc. v. DPMA [Apple], para. 18.
41. The capability to be a “sign” must be distinguished from the question whether the mark is “graphically representable” in a registration pursuant to Article 2 of the TMD and Section 8[1] of the MarkenG. Graphical representability of a mark is required for registration on the register; CJEU, judgment of July 10, 2014, in Case C-421/13, Apple Inc. v. DPMA [Apple], para. 18 (holding that “It is absolutely plain from the wording of Article 2 of Directive 2008/95 that designs are among the categories of signs capable of graphic representation.”); see also German Federal Patent Court decision dated on June 5, 2011, in Case 29 W (pat) 42/11 [Marktstand], p. 6; German Federal Court decision date on August 8, 2004, GRUR 2005, 257 [Bürogebäude] (stating that the depiction of an office building in connection with services can function as trademark).
42. See German Federal Court decision date on August 8, 2004, GRUR 2005, 257 [Bürogebäude].
43. German Federal Patent Court decision dated on June 5, 2011 in Case 29 W (pat) 42/11 [Marktstand], p. 6 (citing decisions CJEU, judgment of June 18, 2002, in Case C-299/00, Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd [Phillips], paras. 30 et seq. and German Federal Court decision dated on Nov. 20, 2003, GRUR 2004, 507, 508 [Transformatorengehäuse]. The mark in Marktstand consisted of a rectangular market stall featuring a foldable canopy, a foldable counter, and a shelving system inside.
44. OHIM Boards of Appeal decision dated in July 7, 2004 in Case R 1/2003-4 [Smart Tower], para. 11; The Mercedes AG originally owned a German trademark registrations (39909903) as well as another mark on the register (39979906) based on an international registration (739541). However, these registrations expired without renewal. The reasons why the DPMA granted protection for the SMART-tower store design mark in 2001 are not
B. Distinctiveness

United States and German trademark law both require a mark to be *distinctive* in order to be registrable. Only a distinctive mark allows the relevant public to recognize the sign (or protectable trade dress) as a source indicator for specific goods and services. In both systems, lack of distinctiveness is a ground for refusal of trademark registration. The applicants can, however, overcome this ground for refusal by showing that the mark has gained a high reputation among the relevant public through use over a period of time, thus acquiring secondary meaning.

1. United States

U.S. trademark law distinguishes between two basic categories of distinctiveness: trademarks that are *inherently distinctive* and trademarks that have acquired distinctiveness through use (or “secondary meaning”) over time.\(^\text{45}\) In *Two Pesos*, it was established that trade dress that is inherently distinctive can be protected under trademark law.\(^\text{46}\) Subsequently, the Supreme Court in *Wal-Mart Stores, Inc. v. Samara Bros., Inc.* distinguished between product packaging and product design, ruling that product design continues to require a showing of secondary meaning in order to prove distinctiveness.\(^\text{47}\) Thus, business décor, which is considered *product packaging* or a *tertium quid* akin to product packaging, is generally capable of being registered as inherently distinctive trade dress.\(^\text{48}\)

Traditionally, the test established by *Abercrombie & Fitch Co. v. Hunting World* seeks to distinguish between marks that are *generic, descriptive, suggestive, arbitrary, or fanciful*\(^\text{49}\) in order to ascertain whether the sign can *genuinely* and *immediately* function as ascertainable at this point as the DPMA does not publish the history of proceedings for each registration.

45. McCarthy, *supra* note 22, at § 15; T.M.E.P. § 102.03(b).

46. *Two Pesos, Inc.*, Inc., 505 U.S. at 763 (holding that “[unregistered] trade dress that is inherently distinctive is protectable under § 43(a) without showing that it has acquired secondary meaning”).


48. *Wal-Mart Stores, Inc.*, Inc., 529 U.S. at 215 ("The restaurant design in Two Pesos was either product packaging—which, as we have discussed, normally is taken by the consumer to indicate origin—or else some tertium quid that is akin to product packaging . . ."); e.g., Office Action Outgoing for U.S. Trademark Application Serial No. 78530011 (Jan. 30, 2006) on interior design of a restaurant ("[Interior design of a building may be inherently distinctive and registrable on the Principal Register without a showing of acquired distinctiveness] . . . IF the combination of features of the interior design are inherently distinctive."); T.M.E.P. § 1202.02(b)(ii).

a source indicator for goods or services.\textsuperscript{50} The application of the \textit{Abercrombie} test has been adopted by most of the courts, although its method of categorizing subject matter may be subject to debate (i.e., are descriptive or generic signs “marks” at all?). However, most courts and the USPTO agree that the taxonomy in \textit{Abercrombie} has been specifically created for word marks, and is not very helpful in case of trade dress.\textsuperscript{51} Hence, in order to determine inherent distinctiveness for trade dress, the court in \textit{Seabrook} established the following factors, namely:

(1) whether the trade dress is a common, basic shape or design;

(2) whether it was not unique or unusual in a particular field;

(3) whether it was a mere refinement of a commonly adopted and well-known form of ornamentation for a particular class of goods that consumers would view as mere ornamentation; or

(4) whether it was capable of creating a commercial impression distinct from the accompanying words.\textsuperscript{52}

The burden of proof to establish a prima facie case that a trademark is not inherently distinctive is on the USPTO.\textsuperscript{53}

The USPTO appears to be very reluctant in qualifying store design as inherently distinctive and requires applicants to provide evidence of secondary meaning.\textsuperscript{54} For a mark to be inherently distinctive, the relevant public must perceive the service mark as a source indicator.\textsuperscript{55} For instance, in Apple’s application for

\textsuperscript{50} Suggestive, arbitrary or fanciful marks are always inherently distinctive, because they are perceived immediately as an indicator of source. Generic marks are never eligible to trademark protection because the sign merely refers to the class of products it is used for and cannot function as a mark. If a mark is descriptive, merely describing the goods or services, it is not inherently distinctive, but it may acquire distinctiveness over time through for instance, the length and exclusivity of use of the mark in the United States or the type, expense and amount of advertising of the mark.

\textsuperscript{51} McCarthy, supra note 22, at § 8:13; T.M.E.P. § 1202.02 (b)(ii).


\textsuperscript{53} In re Pacer Technology, 338 F.3d 1348, 1351-1352, 67 U.S.P.Q.2d 1629, 1632 (Fed. Cir. 2003); T.M.E.P. § 1202.02(b)(ii).

\textsuperscript{54} E.g., Office Action Outgoing for U.S. Trademark Application Serial No. 85194406 (Feb. 15, 2011) on interior design of a Microsoft Store (informing the applicant that “the mark is not inherently distinctive because it is comprised of a common interior layout for retail stores.”); Office Action Outgoing for U.S. Trademark Application Serial No. 78742462 (May 9, 2006) on the interior design of a barbershop (“In the case at hand, the mark sought to be registered consists of design elements that are not inherently distinctive and are unlikely to be perceived by consumers as source indicating trademarks.”); as an example of an more in-depth discussion of “inherent distinctiveness, see Office Action Outgoing for U.S. Trademark Application Serial No. 78530011 (Jan. 30, 2006) on interior design of a restaurant.

registration of its U.S. trademark, the USPTO first refused registration “because the applied-for mark consists of a non-distinctive three-dimensional configuration . . . that would not be perceived as a service mark but only as decoration or ornamentation.” This refusal compelled Apple to provide evidence of acquired distinctiveness.\textsuperscript{56} With regard to restaurant services, the USPTO compares the trade dress at hand to the colorful and uncommon “festive eating area” in \textit{Two Pesos}.\textsuperscript{57} However, highly ornamental designs are likely to be rejected as a mark. The fact that retail stores or restaurants follow a certain theme\textsuperscript{58} or the use of bright colors on the walls of hotel rooms\textsuperscript{59} can indicate a lack of distinctiveness, if it is usual in the particular industry.

Apart from a few applications wherein the store design was unusual, the USPTO sets a practically insurmountable bar when it comes to inherent distinctiveness in terms of store design.\textsuperscript{60} In one intent-to-use application, the applicant successfully argued inherent distinctiveness for his interior display within a retail store, consisting almost solely of design elements that were individually registered trademarks of a popular candy barbershop (“Registration has been refused because the proposed mark consists of nondistinctive trade dress that would not be perceived as a service mark.”); Office Action Outgoing for U.S. Trademark Application Serial No. 78805804 (Sept. 7, 2008) on the interior design of a bootcamp-style fitness center.

\textsuperscript{56} Office Action Outgoing for U.S. Trademark Application Serial No. 85036990 (Sept. 6, 2010).

\textsuperscript{57} Office Action Outgoing for U.S. Trademark Application Serial No. 78530011 (Jan. 30, 2006) on interior design of a restaurant (“Unlike the restaurant in the Two Pesos case, the applicant’s building interior does not have a highly unusual or uncommon design. The floor and walls are checkered and the restaurant has booths and ceiling lamps. Many restaurants have checkered floors and/or walls and even more have booths and ceiling lamps.”)

\textsuperscript{58} Office Action Outgoing for U.S. Trademark Application Serial No. 78952067 (Aug. 7, 2007) on interior design of a travel related retail store (“Retail concept stores are also growing in popularity, thus decreasing the likelihood that a consumer would recognize applicant’s trade dress as a source identifier.”); see also Office Action Outgoing for U.S. Trademark Application Serial No. 77037972 (Apr. 4, 2007) on interior design of a “butcher themed” retail store; Office Action Outgoing for U.S. Trademark Application Serial No. 77409160 (June 16, 2008) on interior design of restaurant (“Diners are accustomed to eating at themed restaurants, whether the themes are related to music, movies or some other idea.”).

\textsuperscript{59} Office Action Outgoing for U.S. Trademark Application Serial No. 78952067 (Aug. 7, 2007) on interior design of hotel rooms (“Wall and furnishing color is ubiquitous and is consistently used to make rooms look more beautiful or pleasing.”).

\textsuperscript{60} U.S. Trademark Ser. No. 86393957 (Filed on Sept. 12, 2014, Publ. for Opp. on Feb. 3, 2015) regarding to a “design and layout of a retail depot featuring renewable components, fresh produce, and integrated logistics for movement of product through kiosks”; U.S. Trademark Ser. No. 85614911 (filed on May 2, 2012, abandoned March 2014) regarding an interior display for candy products within a retail store.
manufacturer.61 Despite the USPTO’s initial approval, the applicant did not prove use in commerce and the mark was abandoned. In a September 2014 ITU application, the USPTO, without further discussion, issued a notice of publication (and later a notice of allowance), considering the “design and layout of a retail depot featuring renewable components, fresh produce, and integrated logistics for movement of product through kiosks” inherently distinctive.62 But given the highly unusual shape of this store design as compared with more common designs of restaurants or retail shops, this application might remain an isolated case and a rather extreme example of store design protection.

For those applications that lack inherent distinctiveness, the applicant has to show secondary meaning attached to that mark under the provisions of the Section 2(f) of the Lanham Act (15 U.S.C. § 1052(f)).63 For any kind of trademark, and for product packaging in particular, proving secondary meaning can be “extremely difficult, when the said trademark is not unique and is common in trade.64 Distinctiveness is said to be acquired through use when the public views the primary significance of the product packaging as identifying the source of the product rather than the product itself.65 Therefore, the determination of secondary meaning is a question of fact. Facts necessary to determine whether a mark has acquired secondary meaning may encompass evidence such as “copying, advertising expenditures, sales success, length and exclusivity of use, unsolicited media coverage, and consumer studies.”66 The burden of proving that a mark has

61. Response to Office Action dated Sept. 1, 2012, for U.S. Trademark Application Serial No. 85614911 (May 2, 2012) (“Applicant’s Trade Dress is inherently distinctive under the “Seabrook test.” First, the Trade Dress is not “a common basic shape or design.” Instead, as detailed above, the Trade Dress consists of a combination of numerous elements that the PTO has already acknowledged are inherently distinctive, together with other elements that create a distinctive commercial impression. Second, the Trade Dress is indeed “unique or unusual in the field in which it is used,” given that Applicant already owns exclusive trademark rights in many of the constituent elements of the Trade Dress, and the color yellow is a prominent element of both the Trade Dress and many of Applicant’s federally registered M&M’S marks. Third, Applicant’s Trade Dress is not simply a refinement of commonly adopted ornamentation”).


63. T.M.E.P. § 1202.02(b)(iii).

64. McCarthy, supra note 22, at § 8:11.50.

65. T.M.E.P. § 1202.02(b)(iii) (citing Wal-Mart, 529 U.S. at 211).

acquired distinctiveness is on the applicant. However, if a mark is in use for at least five years preceding the date on which the claim of distinctiveness is made, the USPTO may, but is not required to, accept such use as evidence of secondary meaning.

With regard to store design, the USPTO usually expects applicants to show exclusive and continuous use of the mark, consumer surveys, direct consumer testimony, evidence of intentional copying by the defendant, press and media recognition, the growth of the franchise network, the significant revenue of each store, and/or the uniformity of the stores’ designs throughout the United States. In consequence, applicants have to provide sufficient facts to bolster their claim. Apple, for instance, demonstrated that its Apple Store produced more revenue than any other retailer in the United States, cited the many instances where long lines of fans waited for new product releases, and submitted photographic evidence of its distinctive minimalist store design. Admissible indicators of acquired distinctiveness can include (i) the constant growth and increasing revenue of the stores themselves; (ii) traffic generated through websites featuring the services the mark is used in connection with; and (iii) the amount of advertising and the extent of press coverage for the services. In several other cases, the applicant could not prove secondary meaning and instead sought protection on the Supplemental Register, a secondary, lower-tier level of protection under U.S. law for trademarks.

2. Germany

The trademark office and the courts apply a similar test, as compared with the one applied under U.S. law, in order to determine the genuine distinctiveness of a mark under Section 8[2]

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69. See 37 C.F.R. § 2.41(a); T.M.E.P. §§ 1212.06 et seq.; see also Office Action Outgoing for U.S. Trademark Application Serial No. 85036986 (Sept. 6, 2010) (informing Apple that it must submit “examples of advertising and promotional materials that specifically promote the applied-for mark as a service mark in the United States, dollar figures for advertising devoted to such promotion, dealer and consumer statements of recognition of the applied-for mark as a service mark, and any other evidence that establishes recognition of the matter as a mark for the services.”).

70. Amendment/Response for U.S. Trademark Application Serial No. 85036990, at 5-6 (Mar. 11, 2011).


No. 1 of the MarkenG.\textsuperscript{73} In \textit{Chiemsee}, the CJEU set the legal standard for distinctiveness, holding that a mark is distinctive if “it has come to identify the product in respect of which registration is applied for as originating from a particular undertaking and thus to distinguish that product from goods of other undertakings.”\textsuperscript{74} As such, distinctiveness depends on the commercial usage and expectations of the members of the particular industry the mark is used in and/or of the consumer who is reasonably well informed and reasonably observant and circumspect.\textsuperscript{75} The relevant public perceives a mark as it appears without any further analytical considerations.\textsuperscript{76} For three-dimensional marks the threshold for distinctiveness may sometimes be more difficult to reach because the relevant public perceives these marks differently from “traditional” word marks or figurative marks.\textsuperscript{77} The mark is distinctive, only if the three-dimensional mark is a \textit{substantial deviation from the usual usage} in a particular field,\textsuperscript{78} which also applies to the new three-dimensional service marks consisting of store design.\textsuperscript{79} The burden

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\textsuperscript{73} Deutsches Patent- und Markenamt [German Patent-Trademark Office], Richtlinien für die Prüfung von Markenanmeldungen [Rules for the Examination of Trademark Applications], December 2009 [hereinafter \textit{DPMA-Rules}], § 5.7; see also Art. 2(1)(b) TMD.

\textsuperscript{74} CJEU, judgment of May 4, 1999, in Joined Cases C-08/97 and 109/97, Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) [Chiemsee], paras. 47 et seq., adopted by, \textit{e.g.}, German Federal Court decision dated January 22, 2009, GRUR 2009, 925 [DeutschlandCard].


\textsuperscript{76} CJEU, judgment of February 12, 2004, in Case C-218/01 Henkel KGaA [Henkel], para 53; German Federal Court decision dated on March 1, 2001, GRUR 2001, 1151, 1152 [marktfirsch]; German Federal Court decision dated on May 11, 2000, GRUR 2001, 162, 163 [RATIONAL SOFTWARE CORPORATION].

\textsuperscript{77} German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 935 [Apple v. DPMA] (holding that consumers are less likely to perceive a product shape or its packaging as an indicator of source for a particular product); CJEU, judgment of April 8, 2003, in Joined Cases C-53/01 Linde AG, C-54/01 Windward Industries Inc. and C-55/01 Rado Uhren AG [Linde, Winward u. Rado], paras. 48 et seq.; but see also CJEU, judgment of October 7, 2004, in Case C-136/02, Mag Instrument v. OHIM [Mag Instrument], para. 32 (“Accordingly, it is not appropriate to apply more stringent criteria or impose stricter requirements when assessing the distinctiveness of three-dimensional marks comprising the shape of the goods themselves, such as those sought in the present case, than are applied or imposed in the case of other categories of mark.”): \textit{DPMA-Rules, supra} note 73, at § 5.7.

\textsuperscript{78} Id. The similarities of this doctrine to the first and second prong in \textit{Seabrook} (“common basic shape or design”; “unique in a particular field”) are evident.

\textsuperscript{79} See German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 935 [Apple v. DPMA].
to provide evidence of acquired distinctiveness is on the applicant.80 Before Apple’s move to extend the protection of its Apple Store throughout Europe, the few court decisions dealing with service marks similar to store design in Germany and by the Office for Harmonization in the Internal Market (“OHIM”)81 generally appear to be quite skeptical of the distinctiveness of three-dimensional marks used in connection with services. For instance, a market stall, where “catering for guests” is provided, is not distinctive or unique with regard to these services and thus cannot be registered if these services are commonly provided at such market stalls.82 In case of the shape of a building exterior, the Fourth Division of the Board of Appeal of OHIM noted that the relevant public usually recognizes the affiliation of a building to a particular company through other design elements (e.g., names, logos) rather than through the design of the building itself.83 Also, building designs are commonly perceived from a distance, making any alleged connection between the building’s layout and shape and the rendered services even less obvious.84

Accordingly, the DPMA observed a lack of distinctiveness in Apple’s store design, and thus refused Apple’s extension of protection on the ground that customers do not perceive the Apple Store’s design as an indication of source.85 Rather, the physically smaller Apple Stores were distinguishable from other electronic wholesale stores only because of the wholesale stores’ larger range of products.86 Finally, since the origin of a product would commonly be indicated by a word mark or logo, the relevant public would perceive the store design more as an indication of Apple’s high quality and price category rather than as an indication of source.87 However, the BPatG seemed to be willing to reverse the DPMA’s decision and to consider the Apple Store design distinctive because it substantially deviated from the usual interior design of

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80. General Court (“GC”), judgment of February 11, 2010, in Case T-289/08, Deutsche BKK v. OHIM [Deutsche BKK], para. 27; GC, judgment of December 12, 2001, in Case T-247/01, eCopy, Inc. v OHIM [ECOPY], para. 22.
81. OHIM is located in Alicante, Spain.
82. German Federal Patent Court decision dated on June 5, 2011, in Case 29 W (pat) 42/11 [Marktstand], p. 7 et seq.
84. Id. para. 17; An interesting question OHIM did not talk about might also be whether the effect of highly artistic (and thus highly recognizable) architecture would make the public more closely associate the design elements with the famous architect or architectural firm who created the building as opposed to the company or entity housed in such structure.
85. See German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 935 [Apple v. DPMA].
86. Id.
87. Id.
retail stores as a result of its lack of commonly used storage areas and checkout areas, and the abundance of other unique features. The BPatG’s final decision, likely due in 2016, on the issue of distinctiveness will shed more light on this issue. However, future applicants should ensure that their store designs do not combine mere common design elements of their particular industry, but encompass a unique concept that stands out and provides a sufficient degree of distinctiveness among the relevant public.

To overcome a lack of inherent distinctiveness, applicants in Germany can show acquired distinctiveness by establishing a high degree of reputation among the relevant public through use. As such, the designation must have “mutated” to a trademark. Applicants must establish that, despite the mark’s descriptiveness, a significant proportion of the relevant public recognizes in the mark the source of the product at issue. A high degree of consumer recognition is achieved if the mark has “gained a new significance and its connotation, no longer purely descriptive.” To prove the necessary degree of market recognition, all relevant factual circumstances have to be taken into consideration and have to be provided by the applicant: “the market share held by the mark; how intensive, geographically widespread and long-standing use of the mark; the amount invested by the undertaking in promoting the mark; the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and statements from chambers of

88. See German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 935 & 936 [Apple v. DPMA]; The CJEU was not entitled to decide on the matter of distinctiveness since the BPatG’s order for reference did not include this issue.

89. § 8[3] MarkenG (“Subs. 2 Nos. 1, 2 and 3 shall not apply if, prior to the point in time of the decision on registration, the trade mark has become established in the trade circles involved as a result of its use for the goods or services for which the application was filed.”); see also Art. 3[3] TMD.

90. Ingerl/Rohnke, supra note 75, § 8 para. 690.

91. CJEU, judgment of May 4, 1999, in Joined Cases C-08/97 and 109/97, Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) [Chiemsee], para. 52; CJEU, judgment of June 18, 2002, in Case C-299/00, Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd [Phillips], para. 65; German Federal Court decision dated on October 25, 2007, GRUR 2008, 510 [Milchschnitte], paras. 22 et seq. (holding that over 50% of the interviewees associated the shape of defendant’s well known ready-to-eat cake with defendant’s business); German Federal Court decision dated on December 15, 2005, GRUR 2006 [Porsche Boxster], para. 23 (holding that the relevant public is used to associate the shape of a car model (Porsche Boxster) with the applicant (Porsche AG)); GC, judgment of June 22, 2006, in Case C-24/05, P August Storck KG v. OHIM, para. 29 (holding that the simple combination of known elements not surpassing a basic shape (of candy) is not suitable to distinguish this shape from other commonly used shape variances in the industry).

92. CJEU, judgment of May 4, 1999, in Joined Cases C-08/97 and 109/97, Windsurfing Chiemsee Produktions- und Vertriebs GmbH (WSC) [Chiemsee], para. 47.
commerce and industry or other trade and professional associations."

The available material with regard to Apple’s extension of protection and the subsequent litigation do not make it clear whether Apple did invoke acquired distinctiveness through use or whether the DPMA commented on this issue. But, hypothetically, given the Apple brand’s recognition among consumers in Germany and worldwide, it is likely that Apple could have succeeded on such a claim by providing evidence about the revenue and recognition value of its Apple Stores in Germany similar to the application proceedings for its U.S. registration and conducting surveys among customers. Apple is known to focus meticulously on a particular minimalistic design language for its stores and has received numerous architectural awards. In Germany, for instance, Apple owns fourteen Apple Stores, each featuring a very similar design (e.g., wide glass front, minimalistic rectangular desks, horizontal wall patterns). Apple and Apple’s electronic products are highly popular and enjoy a high degree of recognition among consumers of all ages.

C. The Requirement of “Use in Commerce”

Actual use of the store design is of much more importance for obtaining trademark rights in the United States under Section 1(a) of the Lanham Act (15 U.S.C. § 1051(a)) than it is under German and European law. Under German trademark law, proof of actual or intended use is not required in the first five years after the date of registration of the trademark. With the introduction of Intent-to-Use applications in Section 1(b) of the Lanham Act (15 U.S.C. § 1051(a)), in 1989, the United States has taken steps to harmonize with foreign trademark law by eliminating proof of use at filing. Nonetheless, since Section 1(b) of the Lanham Act requires the mark to be inherently distinctive, applicants of store

93. Id.

94. According to Forbes magazine, the apple brand has just become the world’s most valuable brand in 2015, see http://www.forbes.com/sites/kurttbadenhausen/2015/05/13/apple-and-microsoft-head-the-worlds-most-valuable-brands-2015/.

95. The DPMA may, but is not required to, accept acquired distinctiveness documented in the course of proceedings for its U.S.-registrations may as circumstantial evidence of distinctiveness for a registration under German jurisdiction, see German Federal Patent Court decision dated on July 18, 2002, GRUR 2003, 521, 523 [Farbige Arzneimittelkapsel].

96. See, e.g., http://www.nytimes.com/2006/05/19/technology/19apple.html.


98. E.g., § 26[5] MarkenG.
design in the United States are very unlikely to succeed on an ITU application.\(^99\)

1. United States

In the United States, to obtain common law rights or a federal registration, a business décor has to be *used in commerce* since the basic rule of trademark ownership is priority of use.\(^100\) It is not the registration, but the actual use of the sign as a mark, prior to others, that establishes rights in the trademark. Thus, to register a trademark under Section 1(b), the applicant of a business décor must prove “use in commerce” by sworn affidavit, with supporting evidence of specimens of the mark as it is allegedly used in commerce prior to the application.\(^101\)

However, if a mark has not been used in commerce yet, applicants may file an ITU application. The applicant may also submit an amendment of application during the application proceedings, informing the examining attorney that he has made (bona fide) use of the mark.\(^102\) Otherwise, if the applicant has not submitted an amendment to allege use before approval for publication, and the application is not successfully opposed, the USPTO will issue a notice of allowance.\(^103\) The applicant must then provide a verified statement that the mark is used in commerce within six to thirty-six months after the notice of allowance.\(^104\) However, the USPTO practically prevents applicants of store design trademarks to take advantage of the benefits of ITU applications. This is because store design trademark applications, as previously mentioned, usually do not succeed in establishing that the store design is inherently distinctive, making a showing of secondary meaning under Lanham Act 2(f) necessary. Since Section 2(f) requires “a mark used by the applicant” (emphasis added), applications under Section 1(b) (applicant must show intent of future use) and under Section 2(f) (applicant must show

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102. Lanham Act § 1(c), 15 U.S.C. § 1051(c); T.M.E.P. § 1104 et seq.
103. T.M.E.P. § 1102.
104. Lanham Act § 1(d)(1), 15 U.S.C. § 1051(d)(1); see also Lanham Act § 1 (d)(2), 15 U.S.C. § 1051(d)(2) (“The Director shall extend, for one additional 6-month period, the time for filing the statement of use under paragraph (1), upon written request of the applicant before the expiration of the 6-month period provided in paragraph (1). In addition to an extension under the preceding sentence, the Director may, upon a showing of good cause by the applicant, further extend the time for filing the statement of use under paragraph (1) for periods aggregating not more than 24 months, pursuant to written request of the applicant made before the expiration of the last extension granted under this paragraph. . . . “); T.M.E.P. § 1108 et seq.
acquired distinctiveness through use) are mutually exclusive, rendering the benefits of ITU applications out of reach.\textsuperscript{105}

Therefore, applicants for trademark protection for store design are more likely to succeed on an application under Lanham Act Section 1(a), providing evidence of use in commerce. For purposes of federal registration of service marks, Lanham Act Section 45 defines “commerce” as “all commerce, which may lawfully be regulated by Congress.” Further, Section 45 provides:

The term “\textit{use in commerce}” means the \textit{bona fide use of a mark in the ordinary course of trade}, and not made merely to reserve a right in a mark. For purposes of this chapter, a mark shall be deemed to be in use in commerce—

(2) on services when it is \textit{used or displayed in the sale or advertising of services and the services are rendered in commerce}, or the services are rendered in more than one State or in the United States and a foreign country and the person rendering the services is engaged in commerce in connection with the services.

(Emphasis added.)

To show \textit{bona fide use}, the owner of a store design must render the services to customers and thus have its restaurant or retail shop “up and running.” Any preparatory actions to establish a business do not comply with the use requirement.\textsuperscript{106} For instance, the use of a mark on a door sign, on letterhead, or on architectural drawings prior to the opening of a restaurant does not constitute actual use for restaurant services.\textsuperscript{107} The same must apply on business décor of soon-to-be-opened restaurants or retail store. Construction work might be finished, but as long as a restaurant or a retail store has not yet opened or provided its services to customers, it has not been used in commerce and the owner cannot claim trade dress rights at this point. Only under exceptional circumstances have pre-sales activities been recognized as sufficient to constitute prior use.\textsuperscript{108} Applicants must also show that the use of the mark has been continuous to the present and not only sporadic because “[t]he law cannot award plaintiffs property rights in a mark they have scarcely used where defendant has put the mark to good use.”\textsuperscript{109} In \textit{Planet Hollywood (Region IV), Inc. v. Hollywood Casino Corp.}, for instance, the defendant had not

\begin{itemize}
  \item \textsuperscript{105} See T.M.E.P. § 1212.09(a).
  \item \textsuperscript{107} \textit{Id.}
  \item \textsuperscript{108} McCarthy, \textit{supra} note 22, at § 16:13.
  \item \textsuperscript{109} McCarthy, \textit{supra} note 22, at § 16:9 (quoting Harod v. Sage Prods., Inc., 188 F. Supp. 2d 1369 (S.D. Ga. 2002)).
\end{itemize}
obtained (common law) trade dress rights on a Hollywood-themed restaurant design because the “short term and temporary displays [of Hollywood-themed exhibit presented in the restaurant]... were not sufficient to establish that [actual] use.”

2. Germany

Marks under German and European jurisdiction do not require a showing of use in commerce (actual or intended use) to be registered, as they fall under a five-year grace period during which the registration cannot be challenged based on non-use. Section 26[1] of the MarkenG states that actual use after the expiration of five-years after the date of registration is required, if the owner intends to invoke trademark rights or wants to defend the mark against any cancellation proceedings by third parties, unless the non-use is excused. Therefore, trademark owners should always make sure to put their registered mark to use within (or right before) the expiration of the grace period in order to avoid the loss of any trademark rights. Unlike in the United States, actual use (or “use in commerce”) is not legally defined in the MarkenG or the TDM. However, only through continuous use of the mark, the allocation of exclusive rights remains legitimate: the commercial purpose of a mark is to open up new markets or to secure existing markets for the goods and services bearing the trademark, reflecting the owner’s intent to engage in commercial activities. A finding of actual use depends on the specific type, amount, time, duration, or geographical extent of the use. Thus, courts have developed a two-pronged test that applies on all types of trademarks. First, the mark must be used as a source indicator for the goods and services as indicated in the trademark registration on the relevant market, requiring the construction of the terms used in the list of goods and services. As such, the goods and services indicated in the registration have to be compared with the


111. In case of opposition proceedings before registration, the relevant date for the beginning of the grace period is date of the termination of the opposition proceedings, § 26[5] MarkenG.

112. See also Art. 12 TMD. Section 107 of the MarkenG stipulates that Section 26 of the MarkenG shall also be applicable on international registrations.

113. Ingerl/Rohnke, supra note 75, at § 26 para. 21.

114. In general, see CJEU, judgment of March 11, 2003, in Case C-40/10, Ansul BV v. Ajax Brandbeveiliging BV [Ansul v. Ajax], para. 36; Ingerl/Rohnke, supra note 75, at § 26 para. 5 et seq.

115. Ingerl/Rohnke, supra note 75, at § 26 para. 18.

116. Id. at § 26 para. 108.
respective individual acts of use. 117 Second, the use in total must be “genuine,”118 distinguishing actual activity from purely fictitious use (“token use”).119

In consequence, once a registration has been obtained, owners of store design trademarks should make sure that the services offered in the stores or restaurants match with the services enlisted in the registration and that the services are actually rendered to consumers. In Apple’s international registration, for instance, the mark is used in Class 35 for:

Retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories, and demonstration of products relating thereto. 120

In consequence, Apple would have to show that it actually renders the abovementioned services to customers at the Apple Stores. Since the purpose of the Apple Stores is doing exactly that (advertising and selling computer-related products and offering guidance for the use of these products), it should not be too difficult for Apple to establish that it uses the mark in accordance with its registration. Also, in respect to the element of “genuine use,” given that Apple currently runs fourteen Apple Stores in Germany, Apple would likely succeed in demonstrating that it actually and actively uses its store design mark in its ordinary course of business.

D. Non-Functionality

1. United States

If the trade dress is functional, the examining attorney will refuse the registration under the provisions of Lanham Act Section 2(e)(5). The requirement of non-functionality ensures that the owner of a trade dress does not obtain exclusive rights on functional elements. Functional elements are a particular shape or feature that serve solely utilitarian purposes. They are not capable of trademark protection because, first, in the light of free competition, only utility patent law grants exclusive rights on functional and utilitarian features and, second, competitors have to be free to copy those functional features that they need to

117. For this reason, a well crafted list of services is of utmost importance as it defines what kind of use the trademark owner needs to demonstrate in order to preserve his rights on the mark.
118. Ingerl/Rohnke, supra note 75, at § 26 para. 214, et seq.
119. general, see CJEU, judgment of Mar. 11, 2003, in Case C-40/10, Ansul BV v. Ajax Brandbeveiliging BV [Ansul v. Ajax], para. 35.
120. International Registration No. 1060321.
compete in the market.\textsuperscript{121} The examining attorney has the burden of establishing a \textit{prima facie} case that a store design is functional with the burden of proof shifting to the applicant, who then can rebut the \textit{prima facie} case by presenting “competent evidence.”\textsuperscript{122} To determine functionality, the USPTO takes into consideration one or more of the factors established by \textit{In re Morton-Norwich}:

1. the existence of a utility patent that discloses the utilitarian advantages of the design sought to be registered;
2. advertising by the applicant that touts the utilitarian advantages of the design;
3. facts pertaining to the availability of alternative designs; and
4. facts pertaining to whether the design results from a comparatively simple or inexpensive method of manufacture.\textsuperscript{123}

Functionality can pose a hurdle for the registrability of store design as many features of a business décor of a restaurant or retail store (e.g., the walls, lights, counters, and shelves) may serve purely utilitarian purposes and are a necessity.\textsuperscript{124} Applicants then have to explain why the alleged functional elements of the store design are not functional despite their purposeful uses.\textsuperscript{125} However, since the overall look of a combination of features constitutes store design, one has to “evaluate the functionality of these features taken together and not in isolation,”\textsuperscript{126} looking at the store design in its entirety. Also, functionality must be “assessed in connection with the goods or services at issue.”\textsuperscript{127}

\begin{itemize}
\item \textsuperscript{121} \textit{In re Morton-Norwich} Products, Inc., 671 F.2d 1332, 1341, 213 U.S.P.Q. 9 (C.C.P.A. 1982); in general, see McCarthy, \textit{supra} note 22, at § 7:63 et seq.; Restatement § 17, comment b); T.M.E.P. § 1202.02(a)(ii).
\item \textsuperscript{122} T.M.E.P. § 1202.02(a)(iv).
\item \textsuperscript{123} See Valu Eng’g, Inc. v. Rexnord Corp., 278 F.3d 1268, 1276 (Fed. Cir. 2002) (“once a product feature is found functional based on other considerations there is no need to consider the availability of alternative designs”); T.M.E.P. § 1202.02(a)(v).
\item \textsuperscript{124} \textit{Hogan}, \textit{supra} note 8, at p. 35; \textit{see also} Freddie Fuddruckers, Inc. v. Ridgeline, Inc., 589 F. Supp. 72, 77 (1984) (”. . . features included in Fuddruckers’ trade dress have the utilitarian function of presenting the freshness and quality of the food being served and cleanliness in its preparation. As the parties are involved in the restaurant business, it would be inapt to say that the interior design features of their establishments are not related to the function of food service.”).
\item \textsuperscript{125} Id.
\end{itemize}
Finally, “there is no prohibition against a trade dress mark both functioning to indicate source and being aesthetically pleasing.” Therefore, applicants for store design should also suggest the different alternative combinations of interior designs available and on the fact that competitors are not harmed by the registration of these specific features despite their functional nature.

2. Germany

German jurisdiction also views the functional features of a three-dimensional trademark as a potential ground for refusal pursuant to Section 3[2] of the MarkenG. Nonetheless, applicants of store design marks do not have to bother with this restriction, as the CJEU ruled that it does not apply to store design. The TMD provides that a mark cannot be registered if the sign “. . . consist[s] 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” (emphasis added). Similar to the U.S. policy reflected in In re Morton-Norwich, the EU legislator did not want competitors to obtain exclusive rights in physical features of trademarks that are inherent to specific products and that would, in fact, put other competitors out of business. Also, trademark protection should not superimpose patent law by enjoining the public from accessing technical solutions or the advantage of use after the expiration of patent rights. But the CJEU held that Article 3[1][e][i – iii] of the TMD not applicable to store design service marks because of the statute’s wording, which, according to the Court, refers only to the shape of “goods” and not to the shape or appearance of “services.” Surprisingly, the CJEU did not discuss the elements of non-

129. Response to Office Action and Request for Amendment of U.S. Trademark Application Serial No. 85036990, at 2-14 (Feb. 27, 2012) (demonstrating non-functionality of the Apple Store’s interior design by showing the “myriad alternative appearances that shelving can take in retail interiors”).
130. Art. 3[1][e][i] TMD.
132. Art. 3[1][e][i – iii] TDM; see also DPMA-Rules, supra note 73, at § 5.1
133. Ingerl/Rohnke, supra note 75, at § 3 para. 40.
134. Id.
135. CJEU, judgment of July 10, 2014, in Case C-421/13, Apple Inc. v. DPMA [Apple], para. 24 (“With the exception of Article 3(1)(e) of the directive, which exclusively covers signs for which registration is sought consisting of the shape of the goods and is thus irrelevant for the resolution of the dispute in the main proceedings, the provisions of Article 3(1), such as subparagraphs (b) and (c), make no explicit distinction between different categories of trade mark.”).
functionality in depth, despite the BPatG’s quite extensive comments on this issue. In contrast to a previous holding in 2013, the BPatG pointed out that, even though the wording of the norm might include only goods, an analogous application on service marks could be necessary to prevent any distortion of competition caused by a different treatment of marks used for goods and service marks. As such, the BPatG went on discussing the applicability of each subparagraph. Because the store design was not a direct result of the rendered services, but could have featured any other design, the BPatG did not see any grounds for the application of Art. 3(1)(e)[i] of the TMD. The Court then explored the scope and meaning of the term “technical result” in subparagraph (ii), but ruled that under any interpretation the provision was not applicable. Finally, the BPatG held that Apple’s extension of protection could also not be refused based on subparagraph (iii) because, even though store design might have an important influence on the quality of the rendered retail services, it is just one factor next to the quality of the goods and other services. The CJEU’s rejection of the application of EU Trademark Directive Article 3(1)(e) to store design marks is of particular importance for applicants, as they will not have to bother with this restriction in the future unlike their U.S. counterparts. However, it will be interesting to see whether the courts and the trademark offices in Europe will adhere to this jurisprudence if store design trademarks become more popular and sophisticated in design.

E. Store Design as Service Mark

In the United States and Europe, trademarks and trade dress function as a source indicator for goods and/or services. Applicants in both systems have to indicate in their application those goods or

136. Id.

137. German Federal Patent Court decision dated on June 5, 2011, in Case 29 W (pat) 42/11 [Marktstand], p. 6 & 7 (holding that Art. 3(1)(e) only covers goods, not services).

138. See German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 934 [Apple v. DPMA] (holding that an analogous application of Art. 3(1)(e)[i – iii] of the TMD is possible under very narrow conditions); see also CJEU, judgment of June 18, 2002, in Case C-299/00, Koninklijke Philips Electronics NV v. Remington Consumer Products Ltd [Phillips], para. 74.


140. Id. The term “technical results” has not been defined anywhere. The BPatG in Apple v. DPMA distinguishes between two possible interpretations: “technical results” are any patented subject matter and thus not protectable by trademark law, see also CJEU, judgment of September 14, 2010, in Case C-48/09 P Lego Juris AS v. OHIM [Lego], paras. 45-48 – Lego, or they are simply necessary means for rendering the services to consumers.

services for which they seek protection. Store design trademarks are likely to be service marks, encompassing a *business environment* where retail services, restaurant services, or other services are advertised and offered to consumers. As such, they are clearly distinguishable from “classic” marks (e.g., word marks, figurative marks etc.) that consist of an individual (physical) designation that can be assigned to goods or services. Accordingly, all the store design marks researched for the present analysis were service marks. Even though store design as an identifier for *goods* might be hypothetically conceivable, a deeper discussion of this issue would go beyond the purpose and the scope of this article.

1. United States

How do applicants assess whether they have a “service mark”? In the United States, “service marks” can exist as common law service marks as well as registered marks, can be registered under the same rules as trademarks, and can serve “to identify and distinguish the services of one person, including a unique service, from the services of others and to indicate the source of the services, even if that source is unknown.” Store design marks can be sufficiently distinctive—either inherently distinctive or as a result of acquired distinctiveness through use—to function as a source indicator (for services) and distinguish the services from those of competitors. But the Lanham Act does not actually specify what constitutes “services.” The general lack of a definition of “services” suggests that the legislator wanted the term to be liberally construed by allowing the inclusion of a broad variety of different services. A service must be an independent (commercial) activity (as opposed to material products) of a person or company, which does not solely serve the sale of goods itself, to the benefit of a third party. Courts in the United States define “service” as “the performance of effort for the benefit of another,” regardless of any intent of the service mark user. As such, the mark to be registered by the USPTO as a service must fulfill three cumulative criteria: (1) it is a real activity; (2) it is performed to the order of, or for the benefit of, someone other than the applicant; and (3) it is qualitatively different from anything necessarily done in connection with the sale of goods or services.
Store design trademarks generally comply with these requirements: Restaurant services as well as other services (e.g., dog care services or barber shop services) are real activities rendered to the benefit of customers, differing substantially from the sale of goods or the sale of the services themselves. However, retail sales services do not seem to fit that easily under the third element (“qualitatively different from anything necessarily done in connection with the sale of goods or services”), as they constitute commercial activities closely related to the actual sale of goods. After all, retail services consist substantially of setting up an environment where goods are advertised and sold to consumers. Thus, it might be debatable whether these retail services do not merely constitute the sale of goods itself, precluding them from trademark protection. However, since 1958, the USPTO’s common practice allows the registration of “retail grocery store services,” “retail department store services,” and the like. Today, the T.M.E.P. provides that retail services can be registered because they usually consist of “gathering various products together, making a place available for purchasers to select goods, and providing any other necessary means for consummating purchases constitutes the performance of a service.”

Further, applicants have to specify within which class of the Nice Classification system the goods or services should be registered. For store design service marks, Classes 35 (retail services) and 43 (restaurant services) are probably the most relevant. However, the classification is only for USPTO’s internal administrative purposes only: once a classification has been set in


149. See In re John Breuner Co., 136 U.S.P.Q. 94 (T.T.A.B. 1963) (“The fact that a service may be incidental to a principal service or to the sale of goods does not make it any less of a service or make a mark used in the sale of advertising of such service any less of a service mark.”); see also McCarthy, supra note 22, at § 16:47.

150. T.M.E.P. § 1301.01(a)(i).

151. Lanham Act § 30, 15 U.S.C. § 1112 (“The Commissioner may establish a classification of goods and services, for convenience of Patent and Trademark Office administration, but not to limit or extend the applicant’s or registrant’s rights. The applicant may apply to register a mark for any or all of the goods or services on or in connection with which he or she is using or has a bona fide intention to use the mark in commerce: . . .”). Since September 1, 1973, the international system of the classification of goods has applied. See 37 C.F.R. § 2.85.
2. Germany

German law does not distinguish between “trademarks” and “service marks,” nor does it define the term “services.” Rather, by “goods and services” the statute encompasses any possible commercial activity. The distinction between goods and services becomes relevant for the exhaustion of rights, which applies only to “goods” pursuant to the MarkenG (Section 34), and for a proper Nice Classification. Services are considered intangible economic assets as opposed to goods being material economic assets, have an independent economic value, and are defined as commercial activity performed for the benefit of someone in the market without being manufacture, distribution or primary production. Thus, the act of sales of goods themselves is not deemed a “service” in terms of trademark protection because it is necessary for any trading activities. Therefore, store design trademarks, like their U.S. counterparts, may cover a broad range of possible services, depending on the particular business. Furthermore, the registrability of retail services might be more problematic than other potential services as a result of their proximity to the actual sale of goods. The CJEU in Praktiker held that retail services were not limited to the intended transfer of ownership in the course of the purchase, but also encompassed “selecting an assortment of goods offered for sale and . . . offering a variety of services aimed at inducing the consumer to conclude the . . . transaction with the trader in question rather than with a competitor.” However, because the designation “retail services” is quite broad, applicants must narrow it down by indicating the

152. In re Sailer, 23 U.S.P.Q.2d 1719 (T.T.A.B. 1992) (“The classification system was established for the convenience of the [Patent and Trademark] Office rather than to indicate that goods in the same class are necessarily related or that classification in different classes indicates that they are not related [for the purpose of creating a likelihood of confusion.]”); see also Jean Patou, Inc. v. Theon, Inc., 9 F.3d 971, 29 U.S.P.Q.2d 1771, 1774 (Fed. Cir. 1993).

153. Ingerl/Rohnke, supra note 75, § 3 para. 19.


155. Id.

156. Ingerl/Rohnke, supra note 75, at § 3 para. 23 (citing CJEU, judgment of July 7, 2005, in Case C-418/02, Praktiker Bau- und Heimwerkmärkte AG [Praktiker], para. 34); see also CJEU, judgment of July 10, 2014, in Case C-421/13, Apple Inc. v. DPMA [Apple], para. 26.

157. CJEU, judgment of July 7, 2005, in Case C-418/02, Praktiker Bau- und Heimwerkmärkte AG [Praktiker], para. 34.
kind of products for which the retail services are rendered.\textsuperscript{158} In order to comply with these requirements, applicants have to instruct the Office which Nice classes should be registered.\textsuperscript{159} As opposed to the U.S. registration system, both the classification and the submitted graphical representation of the mark determine the scope of trademark protection, rather than the classification being just an internal categorization for the DPMA.\textsuperscript{160} Therefore, a concise and thorough composition of the directory of goods and services is a crucial task in order to obtain a registration that is in the best interest of the applicant. Accordingly, Apple’s list of services consisting of “Retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories, and demonstration of products relating thereto” rendered under Apple’s international mark were sufficiently distinct and narrow to obtain a registration.

\textbf{F. Graphical Representation}

The U.S. and the European trademark systems both require the applicant to submit a drawing that graphically represents the trademark filed for registration.\textsuperscript{161} In both registration systems, the submission of a drawing is a key prerequisite for registration.\textsuperscript{162} The drawing provides the public with the visual appearance of the mark. In case of marks other than “simple” word marks, it not only informs the public about those elements of the mark that are protected, but also about those that are not. Further, the requirement to submit a definitive and unambiguous depiction of the mark at the time of the application determines what mark the applicant seeks priority for, providing legal certainty.

\textbf{1. United States}

Applicants in the U.S. have to submit a “special form drawing” of the store design, unambiguously depicting all elements that are (and are not) part of the protected subject matter.\textsuperscript{163} Title 37 of the Code of Federal Regulations Section 2.52(b) provides with regard to three-dimensional designs:

\textsuperscript{158} Id. para. 50 et seq. (holding that the indication of the products the services are rendered in connection with is necessary in regards to questions of scope of protection, priority and use of the mark).
\textsuperscript{159} § 32[2] MarkenG.
\textsuperscript{160} Ingerl/Rohnke, supra note 75, at § 32 para. 11.
\textsuperscript{161} 37 C.F.R. § 2.52; § 32[2] MarkenG.
\textsuperscript{162} See McCarthy, supra note 22, at § 19:58; § 8[1] MarkenG; Art. 2 TMD.
\textsuperscript{163} “Special Form Drawing” as opposed to “Standard Character Drawing” in 37 C.F.R. § 2.52(a); see McCarthy, supra note 22, at § 19:58; see also USPTO’s set of standard characters at http://www.uspto.gov/custom-page/standard-character-set.
(b) **Special form drawing.** Applicants who seek to register a mark that includes a . . . three-dimensional design . . . must submit a special form drawing. The drawing should show the mark in black on a white background, unless the mark includes color.

(1) . . . If the mark includes color, the drawing must show the mark in color, and the applicant must name the color(s), describe where the color(s) appear on the mark, and submit a claim that the color(s) is a feature of the mark.

(2) . . . If the mark has three-dimensional features, the drawing must depict a single rendition of the mark, and the applicant must indicate that the mark is three-dimensional.

. . . (4) . . . If necessary to adequately depict the commercial impression of the mark, the applicant may be required to submit a drawing that shows the placement of the mark by surrounding the mark with a proportionately accurate broken-line representation of the particular goods, packaging, or advertising on which the mark appears. The applicant must also use broken lines to show any other matter not claimed as part of the mark. For any drawing using broken lines to indicate placement of the mark, or matter not claimed as part of the mark, the applicant must describe the mark and explain the purpose of the broken lines.

(Emphasis added.)

Thus, the drawing is a visual indicator and representation of the appearance of the protected store design, including the claimed features (e.g., counters, walls, windows, chairs, lighting). Each element that the applicant considers to be part of its trade dress has to be included in one visual depiction.\(^\text{164}\) The drawing has to be clear and easy to reproduce and must match the specimen of the design included in the application.\(^\text{165}\) In order to ensure a clear and unambiguous depiction of the store design, the drawing should be black on a white background. However, the mark may also include one or more colors if they are part of the décor.\(^\text{166}\) Otherwise, applicants may not invoke color or other features as being a

\(^\text{164}\) 37 C.F.R. § 2.52(b)(2).

\(^\text{165}\) McCarthy, supra note 22, at § 19:58; e.g., Office Action Outgoing for U.S. Trademark Application Serial No. 77500230 (Apr. 30, 2009) on interior design of a retail store (refusing registration because the specimen and the drawing did not match).

\(^\text{166}\) 37 C.F.R. § 2.52(b)(1); Office Action Outgoing for U.S. Trademark Application Serial No. 78742462 (May 9, 2006) (If color is a feature of the trade dress, the mark's depiction must be in color.).
distinctive element of the mark. An improper drawing has to be amended until it complies with the rules, which in some cases can take time. Recent store design applications show that the submission of a proper drawing of the store design can pose a serious hurdle and may prolong the application proceedings substantially in case the examining attorney requests further amendments.

In addition to the visual depiction of the elements that are claimed, the elements must be depicted within their specific context and in the way they confront the public (“commercial impression”). Thus, the “goods, packaging, or advertising” that the elements appear on but that are not part of the mark have to be visualized in broken lines. Broken lines come into play when limiting and distinguishing the décor from unprotectable functional design elements. This is of particular importance since a business décor may consist of non-functional and functional elements. For instance, “recessed lighting” in a retail store cannot be claimed as part of the store design because, as a common design feature used in retail stores, it makes the store look more spacious and is therefore functional. When reviewing Apple’s application, the USPTO considered recessed lighting as being purely functional because it was shaped in a rectangular manner “to accommodate fluorescent light bulbs, and recessed to conceal ugly light bulbs.” In consequence, applicants of store design marks should be prepared to “downgrade” their drawings in case the USPTO considers certain elements purely functional.

2. Germany

In Germany, a lack of graphical representation can be an absolute ground for refusal, Section 8[1] of the MarkenG. Thus,

167. E.g., Office Action Outgoing for U.S. Trademark Application Serial No. 78530011 (Jan. 30, 2006) on interior design of a restaurant (“Therefore, the polished chrome trim, color of the floor tile and stool seating and benches are irrelevant to this argument [to function as an indicator of source] as these are not claimed features of the mark”).

168. U.S. Trademark Application Serial No. 85669359 (applicant had to amend its original drawing six times until the examining attorney accepted the drawing); see also U.S. Trademark Application Serial No. 78742462 on interior design of a barber shop.

169. 37 C.F.R. § 2.52(b)(4).

170. Id.; see also T.M.E.P. § 1202.02(e)(i).


173. Under the TMD and opposed to German trademark law, the graphical representability of a sign a prerequisite for a sign’s capacity to function as a trademark. Since German trademark law made use of an exception in the TMD, providing trademark protection for unregistered marks under narrow circumstances (see § 4 No. 2 MarkenG), graphical representability is not required for this kind of trademark. As such, it is only
applicants of three-dimensional store design have to comply with Section 32[2] of the MarkenG and Section 9 of the German Regulation about the Execution of the German Trademark Act ("Markenverordnung" or "MarkenV"), requiring the applicant to submit two unambiguous, two-dimensional graphical representations of the mark. The mark may be depicted from up to six different angles (on one page). If color is part of the mark, it has to be included in the drawing. The applicant may choose whether he submits line drawings or photos of the mark as long as they can be easily reproduced. If the applicant decides to provide line drawings, they have to be drawn in a clear and permanent manner and may include proper shading if necessary to highlight certain features. In contrast to Title 37 of the Code of Federal Regulations, Section 2.52(b), the depiction of broken lines for elements not claimed is not explicitly required by German or European law. However, there is no general rule to what the applicant has to submit to obtain registration as the extent of the necessary graphical representation highly depends on the specific mark in a case-by-case analysis. Applicants of store design trademarks should make sure that the drawing clearly indicates why the mark is three-dimensional. If the submitted graphical representation of a three-dimensional mark is ambiguous, registration has to be refused. The aforementioned principles also apply on the extension of protection of international registrations. Apple’s international registration included the depiction of its Apple Store design as used for its U.S. application No. 85036986:

required for registration and thus has been implemented in the German Trademark Act as a ground for refusal in Section 8[1] of the MarkenG.

174. MarkenV § 9[1]; *DPMA-Rules, supra* note 73, at § 4.3.3.
175. *DPMA-Rules, supra* note 73, at § 4.3.3.
176. *Id.*
177. § 9[2] MarkenV.
179. Ingerl/Rohnke, *supra* note 75, at § 32 para. 8; see German Federal Patent Court decision dated on December 21, 2000, GRUR 2001, 521, 522 (holding that applications involving complex three-dimensional trademarks require a depiction from more than just one angle).
180. For a three-dimensional mark consisting of the shape of a chocolate flavor stick snack, see German Federal Patent Court decision dated on September 15, 2010, GRUR 2013, 283, 284 [Schokoladenstäbchen I]; CJEU, judgment of December 12, 2012, in Case C-273/00, Ralf Sieckmann v. DPMA [Sieckmann], para. 46; CJEU, judgment of May 6, 2003, in Case C-104/01, Libertel Groep BV v. Benelux-Merkenbureau [Libertel], para. 208.
181. CJEU, judgment of December 12, 2012, in Case C-273/00, Ralf Sieckmann v. DPMA [Sieckmann], para. 46.
Upon review, the CJEU held that Apple’s store design could be a graphically representable trademark because it “depicts the layout of a retail store by means of an integral collection of lines, curves and shapes . . . provided that it is capable of distinguishing the products or services of one undertaking from those of other undertakings.”\(^{182}\) The CJEU’s decision suggests that Apple’s drawing complied with the standard in MarkenV Section 9 for three-dimensional trademarks even though it did not contain “any indication as to the size and the proportion of the retail store.”\(^{183}\) The BPatG, on the other hand, had questioned the clarity of the submitted drawing, proposing that Apple should amend an additional description of exact distances between the furniture and proportions, so that the ordinary observer could understand the drawing.\(^ {184}\) As this degree of detail has been refused by the CJEU, future applicants will not be required to include any additional measurements to their drawings as long as the drawing contains a correct representation of the store (in perspective). On the other hand, applicants will not have to submit several drawings that depict the store from different angles, as suggested in MarkenG Section 9. Notwithstanding the foregoing, these prerequisites might be subject to change in cases where a more complex store design is at issue, consisting of more than just one rectangular room.

**G. Written Description**

Beside the graphical representation, the written description informs the public in writing about the different elements and features of the store design claimed as a trademark. It further specifies the trademark, allowing the examining attorney to examine the mark in more detail and ensuring even more legal

\(^{182}\) CJEU, judgment of July 10, 2014, in Case C-421/13, Apple Inc. v DPMA [Apple], para. 17.

\(^{183}\) Id. para. 19.

\(^{184}\) German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 935 [Apple v. DPMA].
certainty to the benefit of the public. The U.S. and German registration systems handle this requirement very differently.

1. United States

To have a protectable trade dress, the owner must provide a clear and concise description of the trade dress that sufficiently defines the elements and the scope of the store design sought to be protected. This common law principle is also reflected in both the statutory provisions of Title 3 of the Code of Federal Regulations, Section 2.21(b)(5), and the USPTO’s regulations regarding trademark applications and registration for three-dimensional marks. Trade dress always needs to be defined by the owner, regardless of whether it is registered or unregistered. In case of unregistered trade dress under common law, for instance, the plaintiff is responsible for explaining as precisely as possible the character and scope of the claimed trade dress. The plaintiff’s inability to provide such a detailed description can be an indication for an unprotectable subject matter as the Lanham Act does not protect a generalized retail appearance or mood. Thus, the owner has to provide the court with an exact definition of the relevant elements of the décor such as:

a festive eating atmosphere having interior dining and patio areas decorated with artifacts, bright colors, paintings and murals. The patio includes interior and exterior areas with the interior patio capable of being sealed off from the outside patio by overhead garage doors. The stepped exterior of the building

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185. McCarthy, supra note 22, at § 8:3.
186. T.M.E.P. § 1202 et seq.
187. Landscape Forms, Inc. v. Columbia Cascade Co., 113 F.3d 373 (2d Cir. 1997) (ruling that without such precise definition, “litigation will be difficult, as courts will be unable to evaluate how unique and unexpected the design elements are in the relevant market.”); see Yurman Design, Inc. v. PAJ, Inc., 262 F.3d 101, 116 (2d Cir. 2001); see Abercrombie & Fitch Stores, Inc. v. American Eagle Outfitters, Inc., 280 F.3d 619, 634 (6th Cir. 2002); KatiRoll Co. v. Kati Junction, Inc., 33 F. Supp. 3d 359, 366 (S.D.N.Y. July 16, 2014) (the owner of the trade dress “must articulate the elements . . . of design with specificity to be afforded trade dress protection”) (internal quotation marks omitted); Pure Power Boot Camp, Inc., 813 F. Supp. 2d at 537 et seq. (stating that it had some difficulty to define the trade dress at issue as the plaintiff kept re-describing it throughout the proceedings); Weiner, supra note 8 (pointing out the importance of a “clear description” of the trade dress elements “so a court can evaluate claims of infringement”).
188. See Abercrombie & Fitch Stores, Inc., at 630-31 (“The aura about a product, the cachet that ownership or display of it creates, and the kind of appeal it has to certain consumers do not dress a good in trade. Rather, those intangible ‘things’ emanate from the good, its dress, and the marketing campaign that promotes the dressed good. Trade dress is tangible or otherwise objectively observable by the senses . . .”); In re Hudson News Co., 39 U.S.P.Q.2d 1915, 1923 (T.T.A.B. 1996), aff’d per curiam, 114 F.3d 1207 (Fed. Cir. 1997) (“[f]or the ‘blue motif of a retail store to be registrable on the Principal Register without [a showing of secondary meaning], the trade dress would have to be immediately recognizable as a distinctive way of identifying the source of the store services”).
is a festive and vivid color scheme using top border paint and neon stripes. Bright awnings and umbrellas continue the theme.\textsuperscript{189}

In another case, the court meticulously discussed every single detail that rendered the Planet Hollywood restaurants unique and distinguished it from others in the entertainment industry.\textsuperscript{190} The combination of elements that shaped the “look and feel” of the restaurants encompassed the celebrity ownership, the display of Hollywood memorabilia, the use of video clip, the art deco look and many other features.\textsuperscript{191} Accordingly, the same principles apply in regards to the registration of store design as applicants are required to submit a detailed description of their mark:

“\ldots (5) Description of mark. A description of the mark \textit{must} be included.”\textsuperscript{192}

(emphasis added)

“Trade dress applications must include an accurate description of the mark. \ldots The description \textit{must} adequately \textit{describe the mark} \ldots. If applicable, the description \textit{must specify which elements in the drawing constitute the mark} and are claimed as part of the mark and which are not. The description of the mark \textit{must make it clear what any dotted or broken lines in the drawing represent} and include a statement that the matter shown in dotted or broken lines is not part of the mark.”\textsuperscript{193}

(emphasis added)

The description provided by the applicant will become part of the published application. As long as the description does not mirror the drawing, the examining attorney will request the applicant to submit an amended description (or drawing).\textsuperscript{194} General, thematic descriptions do not suffice. Where and how colors are used and the meaning of any broken lines must also be included in the description.\textsuperscript{195} Proper written descriptions may read as follows:

The color(s) red, white, brown, and sage green is/are claimed as a feature of the mark. The mark consists of three dimensional trade dress consisting of an interior design of the lobby of locations for dog day care and kennel services with a

\begin{thebibliography}{99}
\bibitem{189} Two Pesos, Inc., Inc., 505 U.S. at 765
\bibitem{190} Planet Hollywood (Region IV), Inc., 80 F. Supp. 2d at 834 et seq.
\bibitem{191} Id.
\bibitem{192} 37 C.F.R. § 2.21(b)(5).
\bibitem{193} T.M.E.P. § 1202.02(c)(ii).
\bibitem{194} Id.
\bibitem{195} 37 C.F.R. § 2.52(b)(1) & (4).
\end{thebibliography}
rustic, western inspired camping theme. The lobby features a check in desk with a brown pine wood appearance that features horizontal brown knotty pine siding and brown knotty pine trim that is framed by vertical brown pine log posts, and also check in and check out gates with brown pine wood appearance featuring vertical brown knotty pine siding. Signs for “check in” and “check out” made of brown rustic wood pieces with carved lettering are placed on the vertical brown pine log posts framing the desk. The wording “check-in” and “check-out” is in black. . . . 196

The color(s) steel gray, light brown and black is/are claimed as a feature of the mark. The mark consists of the design and layout of a retail store. The store features a clear glass storefront surrounded by a paneled, steel gray facade consisting of large, rectangular horizontal panels over the top of the glass front, and two narrower panels stacked on either side of the storefront. Within the store, rectangular recessed lighting units traverse the length of the store’s ceiling. . . . “197

Of course, the degree of detail may depend on the complexity, the number of elements and the use of colors of the store design at issue. In case of less complex designs, the descriptions may turn out relatively short such as the following registration of a building décor:

Color is not claimed as a feature of the mark. The mark consists of building décor with a roof comprised of grass and bearing several goats on the roof. The broken lines show the placement of the mark in relation to the supporting building which is not claimed as part of the mark. 198

In addition to shape and color of the business décor, applicants must also take into consideration variances in store design. 199 Otherwise, they can impede registration as they might interfere with the written description. 200 Apple’s U.S. proceedings suggest that slight variances in a design are permissible as long as the applicant show that those store designs that match the trade dress indicated in the description enjoy the necessary degree of consumer recognition. 201 However, Apple tried to argue that the stated variances were just minor. 202

199. Hogan, supra note 8, at p. 33.
200. Id.
201. Id.
202. Id.
2. Germany

As opposed to the process for filing trademark applications under the U.S. system, applicants in Germany are not required, but may elect, to submit a detailed description of their business décor. MarkenV Section 9(5) states that “The application may include a description of the mark.” (Emphasis added.) Thus, the merely optional submission of such a description has the function to aid the applicant and the trademark office to narrow down the scope of the trademark in order to determine whether the sign, as depicted in the submitted drawing, may function as an indicator of source for the goods and services. Therefore, unlike in the United States, it is not required that the written description, if submitted, has to meticulously mirror the protected elements of the drawing that are or are not part of the trademark. Instead, the register remains vague, providing only a general characterization of the mark, and appears to focus more on the submitted drawing rather than on a detailed description. In Apple’s international registration, for instance, the categories “Description of the Mark” and “Colors Claimed” merely indicate: “The mark consists of distinctive design and layout of a retail store” and “Steel gray and light brown.”

This is because an applicant of international registrations may decide whether the original description shall be included in the international registration. Given MarkenG Section 9(5), such a short description might be sufficient for registrations in Germany and the EU. Remarkably, Apple provided a detailed description of its Apple Store design—very similar to the description common in U.S. applications—in the course of the appellate proceedings before the BPatG, suggesting a general need for further clarification of the scope of the mark. However, since the statutory provisions with regard to the submission of a description are clear, applicants will not be burdened with the production of an elaborate description in the same way applicants in the United States are burdened. A short specification of the mark, if any, is sufficient.

III. STORE DESIGN TRADEMARKS IN EUROPE—WHY SO LATE?

Given the long history, the significant number and the undeniable value of (unregistered and registered) store design trademarks in the United States, it is surprising that German and
European trademark law did not consider such potential trademarks until recently, even though the necessary legal framework for such protection seems to be well in place and open to store design trademarks as demonstrated by the CJEU in *Apple, Inc. v. DPMA*. The reasons for this are difficult to determine. A simple explanation might be that Apple simply was the first to try to file an application for the protection of an interior design of a retail store—based on the model of protection of business décor in the United States—under the provision of the Madrid Agreement on International Trademarks. In this sense, other owners of store design might have resorted to established, more familiar ways of legal protection such as copyright or design patents, rather than filing an application for trademark registration with uncertain outcome as a result of the lack of precedents in this field.

Furthermore, the few German and European cases dealing with building décor suggest that the bar for proving inherent distinctiveness or even acquired distinctiveness under European trademark law is set relatively high. Has this changed after the BPatG’s and CJEU’s decision? The BPatG considered the Apple Stores’ interior design to be very unusual in the relevant market and even compared it to a “prayer room,” suggesting the finding of a high degree of distinctiveness in Apple’s particular case. The CJEU did not comment on distinctiveness, as it was not relevant for answering the BPatG’s questions. Does this indicate that applicants must be “Apple-like,” showing that their store design is very different from what the rest of the applicable industry does? The BPatG final decision and future store design applications, if any, will tell us more about the degree of distinctiveness necessary to acquire trademark registration.

Finally, the relative success of store design as a trademark in the United States could be a result of the genuinely wide scope of trade dress protection under U.S. law and the ubiquity of national franchising of advertising. In the United States, trade dress can be “the ‘total image’ of a product, which may include features such as size, shape, color or color combination, texture, graphics, sales techniques, and lay-out of a floor plan.” As early as 1895, the United States Supreme Court considered the imitation of a store front by a third party to meet the standards of law for Unfair Competition, deceiving customers about the true origin of the purchased goods. These principles, today known as trade dress, subsequently became part of the trademark world. In contrast, the statutory definitions in Section 3 of the MarkenG and Article 2 of

205. German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 936 [*Apple v. DPMA*].
the TMD seem to include easily three-dimensional trademarks used in connection with services: a mark consisting of a three-dimensional store design that, at the same time, embodies the offered retail services does not fit well in the conventional concept of (three-dimensional) trademarks in Section 3[1] of the MarkenG as the BPatG pointed out in its decision.\textsuperscript{208} Although the CJEU eventually considered store design service marks protectable and registrable subject matter somehow compatible with the statute’s wording, U.S. trade dress seems to offer a more convenient way to seek protection for all kinds of business décor as a result of its broader approach.

IV. EXTENDING THE PROTECTION OF INTERNATIONAL REGISTRATION OF STORE DESIGN TO U.S. TERRITORY?

The foregoing analysis finally leads to the question whether the Madrid System might help applicants of store design trademarks acquire trademark rights in the United States and then obtain a registration in Germany or, conversely, get a registration in Germany and then file for registration based on the German mark.

The Madrid System allows obtaining an international registration (formally called “Extension of Protection”) at the International Bureau of the World Intellectual Property Organization based on a national trademark.\textsuperscript{209} The international registration is the key to extend the protection to other member nations of the Madrid Protocol, receiving the same rights and remedies as national trademark “registrations” and enjoying a favorable date of priority.\textsuperscript{210} The trademark must abide national trademark law in each nation in order to acquire the extension. The Madrid Protocol has been implemented into national trademark law by all member nations including the United States, Germany, and the EU.\textsuperscript{211}

Accordingly, Apple used its international registration to file for the extension of protection of its Apple Store mark to nineteen member nations.\textsuperscript{212} But most of the national trademark offices refused the extension of protection to their respective territories.\textsuperscript{213} The offices and courts of EU member states are likely to adopt the CJEU’s ruling with regard to Apple’s store design, eventually

\textsuperscript{208} German Federal Patent Court decision dated on May 8, 2013, GRUR 2013, 932, 933 [Apple v. DPMA].
\textsuperscript{209} McCarthy, \textit{supra} note 22, at 19:31:20.
\textsuperscript{210} \textit{Id}.
\textsuperscript{211} Lanham Act §§ 60 to 74; §§ 110 MarkenG et seq.
\textsuperscript{212} International Registration No. 1060321.
\textsuperscript{213} \textit{See} note 18.
allowing an extension of protection as a national trademark. However, since the CJEU did not comment on distinctiveness, it remains to be seen whether the Apple Store will be held distinctive enough. Also, Apple could seek an extension of protection to the territory of the EU, obtaining trademark rights that equal the scope of protection of Community Marks.

In the other direction, an extension of protection of the international registration to U.S. territory based on a foreign trademark might be a way to overcome the indispensable requirement of actual use and the hurdles of secondary meaning in the United States. An application for a U.S. registration of store design, in practice, requires actual use of the mark prior to the registration and proof thereof. But Section 68 of the Lanham Act, 15 U.S.C. § 1141, provides that extension of protection cannot be refused on the ground that the mark has not been used in the United States. Owners merely have to include a declaration that they have a bona fide intention to use the mark in commerce that can be controlled by the United States Congress. In consequence, owners of store design could think about obtaining a trademark registration under German or European law, where actual or intended use is not a prerequisite for a registration, and then extend the protection of the international registration based on the aforementioned mark to the U.S. territory. If successful in so extending, the owner of the mark would then need to state by affidavit, between the fifth and sixth year after the USPTO initially issued the extension of protection, that the mark is used in commerce in the United States, unless the protection is challenged by a third party.

However, the USPTO examines the extension under the same standards as a “regular” application. Subchapter IV of the Lanham Act (the Madrid Protocol, 15 U.S.C. § 1141h(a)(4)) provides that the extension of protection must be refused if the mark cannot be registered on the Principle Register. In consequence, if the USPTO follows its current practice with regard to store design, it will usually require a showing of secondary meaning in the United States, which, if the mark for which extension is sought has not yet been used in the United States, is impossible for the applicant to establish. Thus, even if an applicant successfully registers a store design not used in commerce yet as a trademark under German law and then seeks an extension of protection to the United States, the USPTO will likely refuse the

214. McCarthy, supra note 22, at § 19:31:60; T.M.E.P. § 1904.01(d).
215. T.M.E.P. § 1904.01(c).
217. T.M.E.P. § 1904.02(a).
218. 15 U.S.C. § 1141h(a)(4); T.M.E.P. § 1904.02(f).
extension for the reasons stated above. Consequently, an international store design registration (based on a German trademark or CTM) will not eliminate the USPTO’s high standards toward the distinctiveness of store design. Moreover, trademark owners will not be able to extend the protection of their international registration of store design to the United States at all because a showing of secondary meaning always requires “use in commerce” in the United States.

V. CONCLUSION

In conclusion, despite the fact that U.S. trademark law has acknowledged for a long time the protectability and registrability of store design, trademark law in Germany, under the provisional framework of European trademark law, appears to be more favorable to applicants who want to register such a trademark. However, the Madrid System does not provide the means for applicants to benefit from that lower standard via the extension of protection of an international registration, as the USPTO will consider most of the foreign extensions of protections not inherently distinctive.

The applicable standards with regard to the services that can be subject to protection and the graphical representation of the mark to be submitted are similar. Although there might be differences, as trade dress consists of a combination of individual elements whereas German and European trademark law emphasizes the general function of store design as a “sign,” the subject matter can equally be registered as three-dimensional business décor used in connection with services (also “retail services”) in both systems. However, with regard to a number of prerequisites for registration, applicants of store design in Germany might obtain a registration more easily than their U.S. counterparts. First, the USPTO in most cases requires a showing of secondary meaning, whereas applicants in Germany have a chance to argue that their store design is genuinely distinctive. Just a few store design trademark applications succeeded in proving acquired distinctiveness under Section 2(f) of the Lanham Act, obtaining registration on the Principal Register. Others were registered on the Supplemental Register or were entirely abandoned. Future store design applications in Europe will show what degree of distinctiveness is required, since the particular design of the Apple Store is known to be iconic, enjoying a high degree of international market recognition. It remains to be seen what the DPMA, the BPatG and the CJEU (or presumably other trademark offices and national courts) will decide in case a less renowned company tries to file an application for its store design. At this point, the European system could turn out to be more applicant-friendly with regard to the distinctiveness requirement.
in store design applications than the U.S. system since the U.S. law, unlike the BPatG, usually refuses to consider store design inherently distinctive.

Second, applicants in Europe do not have to worry about functional elements of the mark. The CJEU held that Article 3[1][e][i – iii] of the TDM, which corresponds to the policy reflected in *In re Morton-Norwich*, applies only on three-dimensional marks used in connection with goods, but not on service marks. Given the hurdles associated with the showing of non-functionality of store design marks in the United States, the CJEU’s decision implies another great advantage for applicants.

Third, applicants in Europe do not have to prove actual use of the mark at the time of the filing, favoring owners of store design who have not yet put the business décor to use or are still about to establish a business. The USPTO, in contrast, usually requires the showing of secondary meaning, rendering the benefits of an ITU-application out of reach. Thus, as a consequence of the decision of the CJEU regarding the trademark protection of Apple’s store design and given the advantages compared to the U.S. system, it seems likely that the DPMA and other trademark offices in Europe are going to see a growth of trademark applications of store design trademarks in the future.

Fourth, while applicants in the United States must work meticulously on the correct wording of the written description until it matches with the graphical representation of the mark (and vice-versa), a short and more general description in the international registration, and probably in any national registration as well, sufficed for the extension of protection in Germany. As a result, applicants in Europe do not have to deal with the uncertainties and the required expertise that can come with the drafting of a written description that properly reflects the scope of protection of the mark. In this context, since there is no such interdependency among the graphical representation, the written description, and the submitted specimen in Germany, the applicable standards for the submission of a drawing seems to be lower than in the United States. Therefore, proceedings in Germany and Europe might be less time-consuming and expensive since the trademark offices are less likely to require subsequent amendments to the drawing until it matches with the written description.

Despite these differences and the seemingly better accessibility of a registration in Europe, the Madrid System does not offer a remedy to the high bar set for the registration of store design in the United States by benefitting from the—with regards to store design—applicant-friendly European trademark system. An extension of protection of an international registration based on a German trademark, for instance, to the U.S. territory will
likely fail because of a lack of inherent distinctiveness and eventually a lack of use, in the context of the secondary meaning analysis. The latter is particularly striking as the Madrid System is supposed to harmonize the differences between the use-based U.S. system and the registration based trademark system in the EU. Conversely, the CJEU’s decision demonstrates that store design registered in the United States is also likely to be registered under European trademark law.