

Reshaping the framework

A study on the functional exclusions for shape marks under the CTMR and EUTMR

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ABSTRACT

This article examines the trade mark protection for non-traditional marks (hereafter: NTMs), with a particular focus on three-dimensional trade marks. Non-traditional trade marks are increasingly being registered at the European Union Intellectual Property Office (hereafter: EUIPO), due to the amendment of Article 4 of the Regulation (EU) 2017/1001 of the European Parliament and of the Council of 14 June 2017 on the European Union trade mark (hereafter: EUTMR). With this amendment, the criterion of the graphical representation has been abolished, resulting in the Article has become more aligned to practice.¹

However, this amendment does not take away the fact that there are still specific requirements that should be met in order to register these relatively new forms of trade marks. Apart from issues relating to the distinctiveness of such signs, another obstacle is formed by the absolute grounds for refusal laid down in Article 7(1)(e) EUTMR. The 2017 reform also included an amendment of this specific Article that, after the reform, prevents trade mark protection for signs which consist exclusively of:

- (i) the shape, or another characteristic, which results from the nature of the goods themselves;*
- (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;*
- (iii) the shape, or another characteristic, which gives substantial value to the goods.²*

Given these amendments, this article will also discuss the possible impact of the wording of the EUTMR on the eligibility of NTMs for trade mark registration. In order to establish a possible shift, a comparison will be made between the Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (hereafter: CTMR) and the EUTMR.

1. NTMS CONSISTING OF THE SHAPE OF THE GOODS

The most commonly used trade marks are words and figurative signs, yet these signs are not the only signs that are eligible for trade mark protection through registration. The scope of trade mark protection has broadened over the years, with the result that trade mark registration is in principle open to any type of sign, including three-dimensional shapes, colours, sounds. Empirical research demonstrates that trade mark applications are commonly filed for shapes. Out of the 11,041 applications already filed for NTMs between 1996 and 2016 at EUIPO, 9042 applications (81.89%) concerned three-dimensional shapes.³ Such marks thus make up the largest part of the NTM group.

Considering this development from another angle, behavioural economics show that NTMs have a perceptible impact on modern consumers, in comparison to traditional word or figurative marks.⁴ NTMs create the possibility to attract consumers' attention in a unique and language-neutral way and therefore could be more effective in terms of consumer engagement, compared with traditional trade marks.⁵ Such marks can therefore be considered as a new and important factor in marketing strategies and trade mark law, since traditional two-dimensional trade marks are losing their capacity to attract consumers.⁶ Also, when keeping the trade mark functions in mind, advertising campaigns could implicitly educate consumers to make a connection between a NTM, such as a design feature, and the origin of the goods.⁷ Thus, trade mark practice could cautiously show a movement where the traditional distinction between a sign and a product is becoming more unclear.

However, this trend is also being criticised. Traditionally, a trade mark is a sign which is attached to a product, while the product in itself cannot constitute a protectable sign under trade mark law.⁸ Given that trade mark protection could in principle last indefinitely, granting protection to three-dimensional products could impede the continuous evolution of new products on the market place.⁹ Products should be protected as inventions under patent law, as industrial designs or original works under copyright, in order to prevent this so-called cumulation of IP rights. This rationale is reflected in Article 7(1)(e) of the EUTMR and is also emerging in case law developments from the Court of Justice of the European Union (hereafter:

CJEU) over the last 15 years. Furthermore, when specifically addressing trade mark protection for signs that consist of shapes, shapes are usually not considered inherently distinctive. This prevents many of these signs from being registered as a trade mark. In order to receive protection in such cases, the applicant must prove distinctiveness acquired through use.¹⁰ This is a major obstacle that should be taken into consideration by brand owners when applying for trade mark protection for signs consisting of shapes.

Irrespective of the distinctiveness threshold and the absolute grounds for refusal, the formal requirements laid down in Article 4 of the CTMR also complicated the registration of NTMs until the latest amendments. The registration process forced applicants to register two-dimensional signs in order to get trade mark protection for three-dimensional shapes. Consequently, the representation of the sign for which registration was sought was not always in line with the sign that was actually used in trade. In order to have a register that aligns with the NTMs used in trade, the changes were considered necessary.

With the amendments, Article 4(b) of the EUTMR codifies the so-called *Sieckmann* criteria that require representations to be 'clear, precise, self-contained, easily accessible, intelligible, durable and objective'.¹¹ At the same time, it is no longer required to represent the sign in a graphical way, as appears from the 10th recital of the EUTMR: 'a sign should be permitted to be represented in any appropriate form using generally available technology, and thus not necessarily by graphical means'. The sign needs to be represented in the register in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection granted to its proprietor. This new way of representation in the register made it easier for trade brand owners to meet these formal requirements when filing NTMs. Consequently, the practical challenge for filing NTMs has been taken away by these amendments. However, there are still obstacles to registration for shape

marks in particular, which will be discussed in this article. These issues are related to policy arguments and public interest, embodied in Article 7(1)(e) EUTMR.¹²

2. THE MEANING OF THE WORD 'SHAPE' ACCORDING TO LOUBOUTIN

Before taking a closer look at the developments with regard to the new wording of Article 7(1)(e) EUTMR, it is important to determine the meaning of the term 'shape'. The EUTMR itself does not explain the meaning of this term, and the definition has thus been a matter for case law.

The *Louboutin* case is one of the cases in which the CJEU indicated how the term 'shape' should be interpreted.¹³ The case concerned the Benelux trade mark registration for the colour red (Pantone 18-1663TP) applied to the sole of Louboutin shoes. The contour of the shoe as such is not part of the trade mark, but is intended to show the position of the mark. The mark is represented as seen below in Figure 1. The CJEU gave guidance on the term 'shape' and assessed whether the Louboutin mark could be considered a shape mark.

Figure 1



¹ "An EU trade mark may consist of any signs, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods, or sounds, provided that such signs are capable of: (a) distinguishing the goods or services of one undertaking from those of other undertakings; and (b) being represented on the Register of European Union trade marks ('the Register'), in a manner which enables the competent authorities and the public to determine the clear and precise subject matter of the protection afforded to its proprietor." (my emphasis).

² Article 7(1)(e)(i)-(iii) EUTMR (my emphasis).

³ Mitchell Adams and Amanda Scordamaglia, 'Non-Traditional Trademarks An Empirical Study', in Irene Calboli and Martin Senftleben

(eds), *The Protection of Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press 2018), p. 46.

⁴ Jean-Christophe Troussel and Stefan Meuwissen, 'Because Consumers do Actually eat Trade Marks: An Assessment of Current Law Regarding Non-Conventional Trade Marks in the European Union' [2012] 13 ERA Forum, 424.

⁵ Ibid.

⁶ Ibid 425.

⁷ Irene Calboli, 'Chocolate, Fashion, Toys and Cabs: The Misunderstood Distinctiveness of Non-Traditional Trademarks' [2018] 49 IIC, 2.

⁸ Ibid.

⁹ Irene Calboli and Martin Senftleben, 'Introduction', in Irene Calboli and Martin Senftleben (eds), *The Protection of*

Non-Traditional Trademarks: Critical Perspectives (Oxford University Press 2018), p. 2.

¹⁰ Ibid 3.

¹¹ Judgment of 12 December 2002, *Sieckmann*, C-273/00, ECLI:EU:C:2002:748, para 55.

¹² Dev S. Ganjee, 'Paying the Price for Admission', in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks: Critical Perspectives* (Oxford University Press 2018), p. 62.

¹³ Judgment of 12 June 2018, *Christian Louboutin v. Van Haren Schoenen*, C-163/16, ECLI:EU:C:2018:423, para 9.

The Dutch company Van Haren had put a shoe on the market with a red sole that was similar to the signature red sole of Christian Louboutin shoes. Christian Louboutin initiated infringement proceedings against Van Haren. During these proceedings, the validity of Louboutin's trade mark registration for the red colour applied to the sole was challenged. The District Court of The Hague had to assess whether the mark was to be perceived as being two-dimensional or three-dimensional and also had to give guidance on the interpretation of the term 'shape'.

The District Court of The Hague started by noting that the red colour was inextricably linked to the sole of the Louboutin shoe. For this reason, the court was of the opinion that the mark could not be seen as merely two-dimensional. The fact that the trade mark description expressed that 'the contour of the shoe does not form part of the mark', does not undermine the assessment of the The Hague court.¹⁴ It considered that the 'description, the shape of the shoe, as illustrated in the graphical representation of the mark at issue, is not intended to reduce the sign to a two-dimensional mark, but is intended rather to show the position of that mark'.¹⁵ In addition, the District Court of The Hague cited a market survey, in which it was concluded that consumers were able to distinguish Louboutin shoes from shoes made by other undertakings. Therefore, the mark was recognised as a trade mark in relation to those goods. Moreover, shoe colour is an important factor in a consumers' decision to purchase the goods and thus the red sole adds substantial value to these shoes. In this respect, the District Court of The Hague observed that Louboutin initially used the red colouring on the soles for aesthetic reasons and 'later started regarding it as an *identifier of origin and using it as a trade mark*'.¹⁶

For this reason, the The Hague Court posed the question whether the sign was subjected to the absolute ground for refusal of Article 3(1)(e)(iii) of Directive 2008/95¹⁷: signs which consist exclusively of the shape which gives substantial value to the goods. Specifically, the court asked whether the concept of 'shape', within the meaning of that provision, is limited only to the properties of a product, such as its contours, measurements and volume, or whether that concept also covers properties that are not three-dimensional, such as colours.¹⁸

In the CJEU judgment, the Court started by explaining that the Directive does not provide a definition for 'shape'. For this reason the definition should be derived from everyday language, while also taking into account the context in which it occurs and the purposes of the rules of which it is part. In trade mark law, 'shape' is 'usually understood as a set of lines or contours that outline the product concerned'¹⁹ – therefore it does not follow that a colour which is applied to a specific part of a product constitutes a 'shape'. The Court continued by stating that 'the shape of the product or the part of the products plays a role in creating an outline for the colour'.²⁰ However, the shape cannot be part of the trade mark registration if the sign *only* seeks to protect the application of a colour and does not include the shape of the product.²¹

In the present case, the trade mark description revealed

that the trade mark was not related to a specific shape and the shape was intended to show only the precise positioning of the red colour. Furthermore, the sign could not be regarded as consisting exclusively of a shape within the meaning of Article 3(1)(e)(iii) of Directive 2008/95, since 'the main element is a specific colour designated by an internationally recognized identification code'.²² Since the sign did not meet the criteria for qualifying as a shape, the indent was found to be non-applicable in this case. Nonetheless, the CJEU provided us with a definition of the term 'shape', which it could later build on in the *Textilis* case.

3. THE MEANING OF THE WORD 'SHAPE' FURTHER CLARIFIED BY TEXTILIS

The *Textilis* case, which came before the CJEU a year after the *Louboutin* case, concerned a pattern mark.²³ Joseph Frank designed a pattern called MANHATTAN for the Swedish company Svenskt Tenn, which was protected by copyright. In addition, Svenskt Tenn filed an application for a EUTM for the pattern in 2012, which was registered as represented in Figure 2.

When the company Textilis started to sell goods for interior decoration incorporating patterns similar to the figurative mark MANHATTAN, Svenskt Tenn initiated infringement proceedings before the Stockholm District Court, claiming that Textilis infringed their trade mark registration and their copyright on the pattern. Textilis counterclaimed the accusations of lack of distinctive character of the mark by stating that the mark consisted of a shape adding substantial value to the goods (the latter within the meaning of Article 7(1)(e)(iii) of the EUTMR). The Stockholm District Court ruled in favour of Svenskt Tenn,²⁴ but Textilis appealed this decision.

In appeal, Textilis held that the pattern of the fabric could not be protected under trade mark law, since it was already protected under copyright. Protection of the pattern under the trade mark law would come into conflict with the time-limited protection provided by copyright.²⁵

The Swedish Court of Appeal examined the applicability of Article 7(1)(e)(iii) EUTMR for signs consisting of two-dimensional goods, such as a pattern on a fabric. The

Figure 2



Court of Appeal questioned the impact of the amended wording ‘or another characteristic’ on the applicable ground for refusal. Specifically, the question was whether a two-dimensional mark representing two-dimensional goods could be considered as consisting exclusively of the shape which gives substantial value to the goods, where the design of the goods was in such manner that the sign covered the whole or substantial parts of the goods, or could be used as a logo.²⁶

Contrary to the opinion of the Swedish Court of Appeal, the CJEU did not consider the EUTMR applicable, due to the fact that the trade mark was registered before the EUTMR entered into force. Therefore, the case was assessed on the basis of the CTMR and the CJEU did not address the amendments.²⁷

When explaining the meaning of the term ‘shape’, the CJEU referred to *Louboutin* and held that the meaning could be deduced from everyday language, taking into account the context in which the sign occurred and the purpose of the rules of which it was part. Moreover, the court stated that the concept of ‘shape’ within trade mark law was understood as ‘a set of lines or contours that outline the product concerned’.²⁸ The sign in the current case consisted of a two-dimensional decorative motif affixed to goods such as fabric. The court therefore decided that the sign contained lines and contours.²⁹

The CJEU concluded that the sign did not consist ‘exclusively of the shape’ within the meaning of Article 7(1)(e)(iii) CTMR, even though the sign represented shapes formed by the external outline of drawings representing, in a stylized manner, parts of geographical maps.³⁰ Apart from the shapes, the sign also contained decorative elements situated inside and outside the outlines. In addition, the sign also highlighted the word MANHATTAN, in particular. Lastly, it was briefly mentioned that the copyright protection of the pattern had no bearing on the assessment of the trade mark.³¹ For these reasons, the CJEU concluded that the sign in this case did not fall within the meaning of Article 7(1)(e)(iii) CTMR.³²

Following from these two cases, the CJEU gave guidance on the interpretation of the concept ‘shape’ within trade mark law. Unfortunately, the CJEU did not have the opportunity to give its view on the amendments of the absolute grounds for refusal.

4. ABSOLUTE GROUNDS FOR REFUSAL FOR REGISTRATION OF A SHAPE OR ANOTHER CHARACTERISTIC OF GOODS

This chapter will briefly discuss the implications of the new wording of Article 7(1)(e) EUTMR. The amendments have led to the following wording of this article:

- (i) The following shall not be registered:
- (...)
- (e) signs which consist exclusively of:
 - (i) the shape, or another characteristic, which results from the nature of the goods themselves;
 - (ii) the shape, or another characteristic, of goods which is necessary to obtain a technical result;
 - (iii) the shape, or another characteristic, which gives substantial value to the goods.³³

The amendments of Article 7(1)(e) EUTMR are seen as limiting the expansion of Article 4 EUTMR. Article 4 EUTMR would make the trade mark register more suitable for NTMs and Article 7(1)(e) EUTMR would create a possible extra hurdle for shape marks being eligible for trade mark protection. Traditionally, this provision was written specifically for shape marks, but it is assumed that the application of Article 7(1)(e) EUTMR would not be limited to signs consisting of shapes only. Before the amendments, it was held in legal doctrine that the scope of the absolute grounds of refusal was considered to be too narrow, since it applied only to shapes. Other NTMs consisting of other signs such as colours, smells or sounds were not included under the old provision.³⁴ The EUIPO Guidelines³⁵, as well as a Max Planck Institute (MPI) study, indicated that it would be possible that other signs would also fall under the provision. Examples that were mentioned included the sound of a motorbike which could fall under the first indent, when the sound is the result of the technicalities of the motorbike. Another example given by the EUIPO Guidelines is an olfactory mark for the smell of a perfume.³⁶

¹⁴ Ibid para 14.

¹⁵ Ibid.

¹⁶ Ibid para 16.

¹⁷ Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks.

¹⁸ Judgment of 12 June 2018, *Christian Louboutin v. Van Haren Schoenen*, C-163/16, ECLI:EU:C:2018:423 para 18.

¹⁹ Ibid para 21.

²⁰ Ibid para 24.

²¹ Ibid.

²² Ibid para 26.

²³ Judgment of 14 March 2019, *Textilis Ltd v. Svenskt Tenn AB*, C-21/18, ECLI:EU:C:2019:199.

²⁴ Ibid paras 13–14, 17.

²⁵ Ibid para 19.

²⁶ Ibid paras 21, 24–25.

²⁷ Ibid para 30.

²⁸ Ibid para 36.

²⁹ Ibid paras 35–36 and 38.

³⁰ Ibid paras 40–42.

³¹ Ibid paras 40–41 and 45.

³² Ibid paras 43 and 47.

³³ Article 7(1)(e)(i)-(iii) EUTMR (my emphasis).

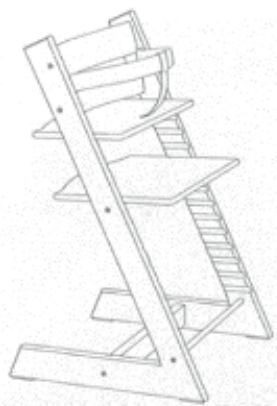
³⁴ Roland Knaak, Annette Kur and Alexander von

Mühlendahl, ‘Study on the Overall Functioning of the European Trade Mark System’ [2012] MPI Research Paper No. 14–17, 72.

³⁵ Guidelines for examination of European Union Trademarks, European Union Intellectual Property Office (EUIPO), part B, Examination, section 4, absolute grounds for refusal, chapter 6, shapes or other characteristics resulting from the nature of the goods, with an essentially technical function or substantial value, Article 7(1)(e) EUTMR, para 2.

³⁶ Ibid.

Figure 3



Before the amendments, Article 7(1)(e) CTMR covered signs that consisted of packaging and product shapes. National Courts referred a number of cases to the CJEU regarding the scope of the provision. These CJEU decisions have raised doubts with regard to the method used by the CJEU to establish whether the sign would fall under the absolute grounds of refusal. The *Lego Juris* case is an example in which the colour of the red Lego brick was not considered to be an essential feature. This resulted in the court finding the shape of the studs was only conclusive for finding functionality.³⁷ If the CJEU had identified the dominant elements in another way, the assessment of the absolute grounds for refusal of Article 7(1)(e) CTMR would have led to a different outcome.

In addition to these questions regarding the assessment of the CJEU in relation to the absolute grounds, the amendments also led to questions on the interpretation of the new provision. Advocate-General Szpunar shed light on the possible interpretation of ‘or another characteristic’ in his First Opinion connected to the *Louboutin* case. In his view, the phrase ‘another characteristic’ should be understood as ‘a part or an element of the goods in question’.³⁸ This should be clarified further, for example

it is not clear what should be understood by ‘an element of the goods’. Also, it remains uncertain whether words affixed to a product’s shape should be considered as being part of the goods. It is likely that this question would be answered in the negative. If this was not the case, the scope of the functional exclusion would be too broad otherwise. A more adequate description would be that the notion of ‘another characteristic’ would relate to a feature which does not have an independent nature/character in regard to the product itself.³⁹

Apart from ‘another characteristic’, there is also lack of clarity with respect to the words ‘or’ and ‘exclusively’. When discussing the meaning from a literal perspective, ‘or’ would imply that both the shape and another feature of the sign could fall within the functional exclusions. The question remains whether the exclusion would apply when there are more than two features combined within one sign.⁴⁰ The wording ‘exclusively’ could provide some clarification in this respect. As it appears from the *Lego Juris* case, in order to identify the dominant characteristics and decide whether they are functional or not, a sign should be assessed in its entirety.⁴¹

Nonetheless, it is not certain that the new wording will create a completely new legal framework with regard to the protection of NTMs. It is discussed that these amendments, which resulted in Article 7(1)(e) EUTMR, will not have far-reaching consequences. Under the previous regulations, characteristics of goods that were inherently connected to these goods prevented such signs from trade mark protection. The new wording cannot be interpreted in a broad way; otherwise, the definition of the word ‘shape’ would also be subject to this change. If interpreted broadly, this would mean that a shape is considered as a characteristic of a good (‘the shape or another characteristic’). As a result, the new grounds of exclusion would not be limited to shape marks only, but extend to other marks as well, such as colour marks, sound marks, figurative marks and word marks.⁴² This could undermine the rationale of these functional exclusions, namely: the need to keep free technical solutions or functional characteristics which a user is likely to seek in the products of competitors.

³⁷ Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 73.

³⁸ First opinion of AG Szpunar of 22 June 2017, *Louboutin v. Van Haren Schoenen*, C-163/16, ECLI:EU:C:2018:423, para 23.

³⁹ Lavinia Brancusi, ‘Trade Marks’ Functionality in EU law: Expected Trends after the *Louboutin* Case’ (2019) 41 EIPR, 101.

⁴⁰ *Ibid.*

⁴¹ Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, EU:C:2010:516, para 70.

⁴² Lotte Anemaet, ‘The Public Domain Is Under Pressure - Why We Should Not Rely on Empirical Data When Assessing Trademark Distinctiveness’ (2016) 47 ICC, 327.

⁴³ Article 7(1)(e)(i)-(iii) EUTMR.

⁴⁴ Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233. This section of the article will discuss the parts of the judgment that concerned the first indent, section 5.5.2 will focus on the application of the third indent.

⁴⁵ *Ibid* para 15.

⁴⁶ *Ibid* paras 18–22 and cited case law.

⁴⁷ This rationale is established in judgment of 18 June 2002, *Philips v. Remington*, C-299/99, EU:C:2002:377.

⁴⁸ *Ibid* para 23.

⁴⁹ *Ibid* para 24.

⁵⁰ *Ibid* paras 25–27.

⁵¹ Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case

Law’ (2014) MPI Research Paper No. 14–17, 14.

⁵² Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233.

⁵³ Guidelines for examination of European Union Trademarks, European Union Intellectual Property Office (EUIPO), part B, Examination, section 4, absolute grounds for refusal, chapter 6, shapes or other characteristics resulting from the nature of the goods, with an essentially technical function or substantial value, Article 7(1)(e) EUTMR, para 2.

⁵⁴ Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) MPI Research Paper No. 14–17, 14.

5. THE CJEU'S INTERPRETATION OF THE ABSOLUTE GROUNDS FOR REFUSAL BEFORE THE AMENDMENT OF THE REGULATION

In this section, a selection of case law will be discussed which concerns the interpretation of the absolute grounds for refusal before the amendments entered into force. Prior to the amendments, the absolute grounds under the CTMR and previous regulations were phrased as follows:

Article 7

- (i) The following shall not be registered
- (...)
- (e) signs which consist 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;⁴³

The first indent will be discussed in the first subsection. The second and third indents of the provision are discussed in the subsequent paragraphs.

5.1 Shapes that are 'the result of the nature of the goods themselves'

This paragraph discusses the relevant case law regarding the shapes that result from the nature of the goods, in relation to the absolute grounds of refusal. One of the pivotal cases regarding the interpretation of the 'nature of the goods' exclusion, is the *Hauck v. Stokke* case. The importance of this case also lies in the fact that the first indent has not been found applicable in many other cases.

5.1.1. Judgment by the CJEU of 18 September 2014 *Hauck v. Stokke*

The object of dispute in the *Hauck v. Stokke* case⁴⁴ was the award-winning 'Tripp Trapp' chair, designed by Mr. Opsvik. In 1998, the chair was registered as a three-dimensional trade mark by Stokke for 'chairs, especially high chairs for children', as represented below in Figure 3. The opposing party, Hauck, produced and marketed similar chairs under the names 'Alpha' and 'Beta'.

Before the proceedings in the Netherlands commenced, it was established in proceedings in Germany that the 'Tripp Trapp' chair is protected by copyright. In the Dutch proceedings, copyright and trade mark infringement was claimed by Stokke. The court upheld both the copyright and the trade mark infringement. The court of appeal confirmed this judgment and held that the shape was determined by the nature of the product and gave the product substantial value. Hauck brought an appeal in cassation before the Dutch Supreme Court, which formulated several questions regarding the interpretation of Article 3(1)(e) of Directive 89/104. The first question was whether the provision only applies to a sign which consists exclusively of the shape which is indispensable to the function of the product, or if the provision also applies to a sign which consists exclusively of a shape with one or more characteristics which are essential to the function of

the product and which consumers may be looking for in the products of competitors.⁴⁵

The CJEU addressed the assessment to establish whether the sign would fall under the first indent, namely that the assessment should be done on a case-by-case basis in which the overall impression should be taken into account.⁴⁶ It should be noted that the provision does not apply if a sign also contains a non-functional or decorative element that plays an important role.

Apart from this assessment, the CJEU focussed in its decision on the argument of public interest. This entails that the first indent should be interpreted in accordance with the aim of the other indents, which is to prevent monopolisation of and permanent protection for functional shapes.⁴⁷ Subsequently, the Court stated that the interpretation of the first indent cannot be limited to signs which exclusively consist of shapes that are indispensable to the function of the goods, since the manufacturer would not have any possibility to make a personal contribution to the shape.⁴⁸ If this were the case, this would lead to a narrow interpretation of the provision, which would then only apply to 'natural' products (which have no substitute) and 'regulated' products (the shapes of which are prescribed by legal standards). Furthermore, this would be problematic, since such shapes cannot be subjected to trade mark protection because they lack an inherent distinctive character.⁴⁹

The Court therefore proposed another interpretation, namely that the provision should be interpreted to mean that shapes that include *essential characteristics* which are inherent to the generic function or functions of the goods should be denied registration. Monopolisation of these characteristics would have a limiting effect on the creativity of competitors. They would be restricted in their choice to give their goods a certain shape that is expected for such goods and that consumers are looking for in products.⁵⁰

5.2. Discussion regarding the first indent

The absolute ground of refusal that concerns the shape, which results from the nature of the goods themselves, is seen as the purest exclusion from trade mark protection.⁵¹ According to the EUIPO Guidelines, this provision covers 'natural products' that do not have a substitute, such as the shape of a banana. As the CJEU described in *Hauck v. Stokke*, the provision also covers regulated products of which the shape is the result of legal standards.⁵² In this respect, the EUIPO Guidelines referred to the example of a rugby ball.⁵³ Apart from these two categories, there is a third category covering products where the shape is inherent to their generic function(s). Protecting these shapes under trade mark law would result in a *de facto* monopoly. For the majority of such products, certain elements can be identified as resulting from the nature of the goods, such as that a table would need to consist of a flat surface and legs. However, goods such as tables can be designed in many different ways, resulting in the provision not applying when there are alternatives available on the market.⁵⁴

In the *Hauck v. Stokke* case, the Court followed Avocate General (hereafter: AG) Szpunar’s line of argumentation and emphasised that the essential characteristics that contribute to the generic function of the product, fall under the exclusion of the absolute grounds for refusal of the first indent. Herewith, the chair could not be monopolised under trade mark law.⁵⁵ This interpretation affirms that the common purpose of the three indents of the provision would be undermined if the indents were not aligned and did not share the same common purpose.⁵⁶ The Court also stated that the first indent is applicable when one or more essential characteristics are inherent to the generic function or functions of the product.⁵⁷ The Court did not clarify in which way the *generic function or functions* should be interpreted. To a certain extent, all shapes have a generic function. The exclusion could even cover technical shapes, since such shapes may also have characteristics which could be generic. The *Hauck v. Stokke* judgment could therefore be seen as widening the scope of the exclusion of the first indent. Furthermore, it is argued that shapes which also add substantial value to the goods (and therefore normally could be subjected to the third indent of the provision) can be considered to fall under the first indent, which makes it a very broad exclusion, combining all three exclusions under one indent.⁵⁸

After this decision, there is still an ongoing debate on how the first indent relates to the other two indents of the provision. It is discussed that the first and the second indent seem to overlap to some extent, with the first indent having a broader concept of functionality than the second indent.⁵⁹ Apart from the implications of this decision, the applicability of this indent will in practice often depend on the trade mark description. When a shape mark has a narrow description of the goods and services, it is more likely that the essential characteristics can be seen as resulting from the nature of the goods.⁶⁰

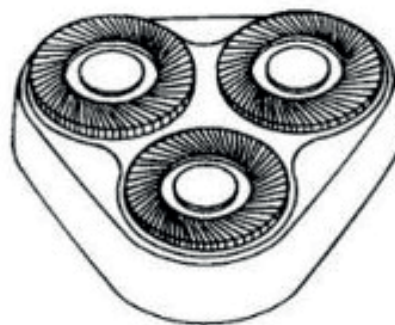
5.3. Shapes ‘necessary to obtain a technical result’

This section discusses the relevant case law with regard to shapes that are necessary to obtain a technical result, such as *Philips v. Remington*, *Lego Juris v. OHIM*, *Société des Produits Nestlé SA v. Cadbury UK Ltd* and last year’s decision in the case of *Gömböc*.

5.3.1. Judgment by the CJEU of 18 June 2002 *Philips v. Remington*

The *Philips v. Remington* case is considered as the first landmark case in relation to the absolute grounds for refusal concerning the registration of a sign that consists of a shape of goods that is necessary to obtain a technical result. The dispute between Philips and competitor Remington focused on the 1985 trade mark application filed by Philips for the graphical representation of a three-headed rotary electric shaver. The shaver comprised three circular heads with rotating blades in the shape of an equilateral triangle, as depicted in Figure 4. Remington started to sell a similar shaped shaver in the same territory as Philips in 1995. Philips initiated infringement proceedings against Remington.

Figure 4



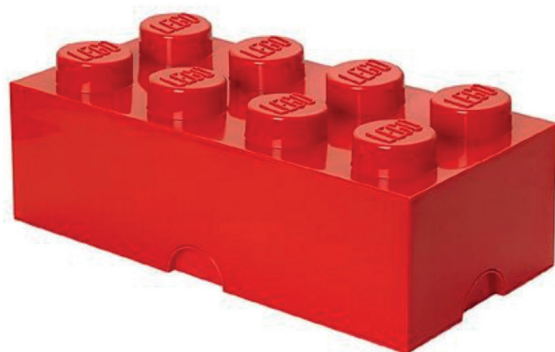
The High Court of Justice of England and Wales referred several questions to the CJEU, such as whether the availability of other shapes that are capable of achieving the same technical result can overcome the limitation of Article 3(1)(e)(ii) Directive 89/104. If this is not the case, the referring court questioned whether a shape is excluded from trade mark protection if the essential features *only* attribute to the technical result. Thirdly, if the two scenarios presented in the previous questions were not applicable, which test would be the most suitable to determine whether the limitation applied.⁶²

In its decision, the CJEU expressed that the rationale of the provision should be interpreted ‘in the light of the public interest underlying each of them’⁶³ and held that the function of a trade mark was *not* to extend trade mark rights to grant a monopoly on a technical solution or functional characteristics of a product which users are likely to seek in the products of the competitors.⁶⁴ In particular, protection should not be extended to signs that exclusively consist of the shape of the product, whose essential characteristics perform a technical function, with the result that competitors would be limited in choosing a technical solution that they want to incorporate in such a function in their product.⁶⁵ Therefore, the provision prevents an extension of the protection of trade mark rights, beyond signs that indicate the origin of the goods. It is not the objective of trade mark law to grant an individual a monopoly on technical solutions.⁶⁶ The Court also noted that the availability of other shapes that can achieve the same technical result did not preclude the applicability of this provision. It does not appear from the wording or the aim of the provision that the availability of other shapes could overcome this ground for refusal.⁶⁷

5.3.2. Judgment by the CJEU of 14 September 2010 *Lego Juris v. OHIM*

After a silent period of eight years, the CJEU had the opportunity to clarify its earlier *Philips* judgment. The dispute concerned the trade mark application for the Lego brick, as depicted in Figure 5. According to OHIM, the sign was not eligible for registration since it was devoid of distinctive character, did not acquire distinctiveness through use and consisted exclusively of the shape of goods which is necessary to obtain a technical result. After examination

Figure 5



of the evidence presented by the applicant, the sign was found to be distinctive and the registration of the shape was not precluded by the functionality of the good. This resulted in registration of the sign as a trade mark. However, Mega Brands claimed invalidity on the basis of Article 7(1)(e)(ii) of Regulation No 40/94⁶⁸.

The rationale of the provision as expressed in *Philips* was recalled by the CJEU, namely that this provision prevents undertakings to obtain an exclusive right on technical solutions or functional characteristics of a product for an unlimited period of time. The opportunity for other undertakings to use a technical solution which is incorporated in the shape of a product would be taken away by granting trade mark protection for a sign that incorporates the shape of a patented product. Technical solutions are only protected for a limited period of time within the patent system and become a part of the public domain after the expiry of the patent. The Court continued that the legislator took into account that all shapes are functional to some extent, which resulted in the ground for refusal to be limited to shapes which consist *exclusively* of functional characteristics or technical solutions. The CJEU held that minor arbitrary elements of a shape cannot prevent the applicability of Article 7(1)(e)(ii) of Regulation No 40/94.

Thus, registration cannot be refused when a shape incorporates a major non-functional element.⁶⁹

Moreover, the mere fact that the shape in question is the only shape which reaches this specific technical result does not prevent the applicability of Article 7(1)(e)(ii) of Regulation No 40/94. Registration of a sign such as the one in question would still have an effect on 'the availability to other economic operators of the technical solution which it incorporates'.⁷⁰ If the proprietor obtains a trade mark registration for this functional shape, it could prevent the use of a number of alternative technical shapes in the course of trade. This could lead to the situation wherein a proprietor chooses to register several *purely functional* shapes at the same time. If this were allowed, this might completely prevent other undertakings from manufacturing and marketing certain goods which have a particular technical function.⁷¹ The CJEU held that if a shape cannot be protected because it is necessary to obtain a technical result, the undertaking to which the shapes belong can resort to unfair competition law. The Court also opened for the opportunity to protect a shape under the rules concerning slavish imitation,⁷² but did not address this in detail in these proceedings.⁷³

The second part of the judgment was concentrated around the criteria for identifying the essential characteristics. The Court explained that the 'essential characteristics' are the most important elements of the sign and there is no hierarchy between the various types of elements of which a sign may consist of. The identification of these 'essential characteristics' is made on a case-by-case basis. Subsequently, the competent authority can base its assessment on the overall impression produced by the sign, or examine each of the components separately. This examination can consist of a visual analysis, or of a detailed examination in which the relevant assessment criteria are taken into consideration, 'such as surveys or expert opinions, or data relating to intellectual property rights conferred previously in respect of the goods concerned'. However, the perception of the average consumer is not a decisive element in determining whether the shape's essential characteristics are technical.

⁵⁵ Judgment of 18 September 2014 *Hauck v. Stokke* C-205/13, EU:C:2014:2233, paras 25–26; Opinion of AG Szpunar of 14 May 2014, *Hauck v. Stokke*, C-205/13, ECLI:C:2014:322.

⁵⁶ Opinion of AG Szpunar of 14 May 2014, *Hauck v. Stokke*, C-205/13, ECLI:EU:C:2014:322, para 52.

⁵⁷ Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 27.

⁵⁸ Antoon Quaedvlieg, 'Shapes With a Technical Function: An Ever-Expanding Exclusion?' (2016) 17 ERA Forum, 115.

⁵⁹ Annette Kur, 'Too Common, Too Splendid, or 'Just Right'? Trade Mark Protection for

Product Shapes in the Light of CJEU Case Law' (2014) MPI Research Paper No. 14–17, 16.

⁶⁰ *Ibid.*, 17.

⁶¹ Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377.

⁶² *Ibid.* para 16.

⁶³ *Ibid.* para 77.

⁶⁴ *Ibid.*, paras 77–78, see also judgment of 4 May 1999, *Windsurfing Chiemsee*, C-108/97 ECLI:EU:C:1999:230, paras 25–27.

⁶⁵ Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377, para 79.

⁶⁶ *Ibid.* para 82.

⁶⁷ *Ibid.* paras 81–84.

⁶⁸ Council Regulation [EC] No 40/94 of 20 December 1993 on the Community trade mark.

⁶⁹ Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, paras 46–52.

⁷⁰ *Ibid.* para 55.

⁷¹ *Ibid.* paras 55–57.

⁷² Slavish imitation is a legal doctrine under Dutch law that finds its basis in tort law. The doctrine creates the possibility to act against needlessly confusing items, when the product has its own position in the market.

⁷³ *Ibid.* para 61.

Lastly, the Court took a closer look at the applicability of the functionality criteria. The Court referred to the Philips judgment, in which it was concluded that alternative shapes are not relevant for determining the application of Article 7(1)(e)(ii) of Regulation No 40/94. If the presumed functional characteristics of the shape were also protected by a patent before seeking protection by a trade mark, patent documentation could indicate that the shape performs a technical function.

The Court relied heavily on the Philips judgement when answering the preliminary questions in the Lego Juris case and herewith presented consistency in the interpretation of the provision. However, the judgement did not provide a clear interpretation on the 'essential characteristics' and in which ways these characteristics influence the functionality of the shape.

5.3.3. Judgment by the CJEU of 16 September 2015 *Société des Produits Nestlé v. Cadbury UK*

Another landmark case concerned the shape of Nestlé's Kit Kat chocolate bar. The product, whose history goes back to 1935, was subjected to trade mark protection in 2010 in the United Kingdom. At the time, the sign consisted of the three-dimensional shape depicted in Figure 6. However, the actual shape of the product sold has the words 'Kit Kat' embossed on each finger and thus deviated from the sign for which trade mark protection was sought. The United Kingdom Intellectual Property Office ('UKIPO') accepted the application based on acquired distinctiveness through use. In 2011, Cadbury filed for opposition, claiming that registration should be refused due to lack of distinctive character, the shape being the result of the nature of the good and the shape being necessary to obtain a technical result. The examiner of the UKIPO found that the sign was devoid of inherent distinctiveness and did not acquire distinctiveness through use.⁷⁴

In addition, the examiner concluded that the shape consisted out of three features:

- A basic rectangular slab shape, which falls within Article 3(1)(e)(i) of Directive 2008/95;
- The presence, position and depth of the grooves running along the length of the bar, which fall within Article 3(1)(e)(ii) of Directive 2008/95;
- The number of grooves, which, together with the width of the bar, determine the number of 'fingers', which falls within Article 3(1)(e)(i) of Directive 2008/95.

Figure 6



Nestlé appealed this decision of the UKIPO, stating that the trade mark had acquired distinctiveness and that it did not exclusively consist of the shape resulting from the nature of the goods themselves, or the shape which is necessary to obtain a technical result. Cadbury cross-appealed, challenging the inherent distinctive character of the sign in respect of cakes and pastries, though agreeing with Nestlé in respect of the functional shape arguments.⁷⁵

Under these circumstances, the High Court of Justice of England & Wales referred several questions to the CJEU, *inter alia* regarding the combined application of the three indents of Article 3(1)(e) of Directive 2008/95. Another question concerned the wording of the second indent, in particular if the words 'technical result' refer to the way in which the goods are manufactured or to the way in which the goods function.

The CJEU started with addressing the second question: whether the essential features which fall under two different indents would preclude the applicability of Article 3(1)(e) of Directive 2008/09. The Court emphasised once again the relevance of the public interest and the importance of preventing a trade mark from extending indefinitely the life of other IP rights that are subjected to a time period.⁷⁷

After these remarks, the Court answered the first question by stating that the three grounds for refusal of Article 3(1)(e) of Directive 2008/95 operate independently. It is therefore relevant that one of the three indents applies *in full*. When one ground applies in part, registration of the sign cannot be denied.⁷⁸ The Court emphasised that one of the grounds of refusal should be applicable, as anything else would go against the aforementioned public interest underlying these grounds of refusal.

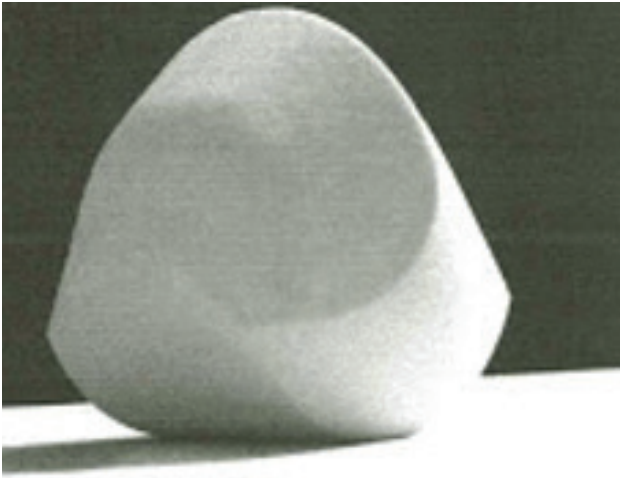
With respect to the second indent, the Court held that it does not appear from a literal interpretation of the wording of the provision that the manufacturing process is decisive when determining the technical function of the shape. The words 'technical result' of the second indent refer to the way in which the goods function and the technical result is the outcome of a manufacturing method. It also follows from the aim of the provision, namely to prevent a monopoly on a *technical solution*, that the manufacturing process falls outside its scope. Also, from a consumer perspective, it is not important how the goods are manufactured, but it is decisive how the goods function.⁷⁹ Moreover, the manufacturing method is not decisive when assessing the essential characteristics of the shape. The Court therefore concluded that the second indent only refers to the way that the goods function and does not apply to the manner in which the goods are manufactured.⁸⁰

5.3.4. Judgment by the CJEU of 23 April 2020, *Gömböc*

A more recent case ruled by the CJEU is the *Gömböc* case⁸¹, which concerned a Hungarian trade mark application for a three-dimensional shape, represented below in Figure 7. The application was subjected to the absolute grounds for refusal in the second and third indent Article 3(1) of Directive 2008/95.

The Hungarian Trade Mark Office, when assessing the eligibility of the sign in relation to goods in class 28, held

Figure 7



that the sign exclusively consisted of a shape to obtain a technical result. The Office also assessed the sign in relation to goods in the classes 14 and 21 and held that the sign exclusively consisted of a shape that gave substantial value to the goods. When assessing the applicability of the absolute grounds for refusal, the Office relied in particular on ‘the knowledge of the characteristics and the function of the shape of that product that the average consumer was able to obtain from the applicant in the main proceedings’ website and from the considerable publicity the product had enjoyed in the press.⁸²

Gömböc Kft. appealed the decision of the Hungarian Trade Mark Office, and after two unsuccessful appeals, the applicant appealed to the Supreme Court of Hungary, which in its turn stayed the proceedings and referred three preliminary questions to the CJEU.

The first question was related to the identification of the essential characteristics of a sign, in particular if the graphical representation⁸³ is the sole determinant of whether the shape is necessary to obtain the technical result or if the perception of the relevant consumer should also be taken into consideration.

When answering the question, the CJEU referred back to *Philips* and *Lego Juris* for the two-step test with regard to the essential characteristics: first, it should be established which the essential characteristics are, second, if these

perform a technical function.⁸⁴ The Court held that this determination by the competent authority should be based upon objective and reliable information and that: ‘that authority may look for such features, inter alia, in any description of the product submitted at the time of filing of the application for registration of the mark, in data relating to intellectual property rights conferred previously in respect of that product, by looking at surveys or expert opinions on the functions of the product, or in any relevant documentation, such as scientific publications, catalogues and websites, which describes the technical features of the product.’⁸⁵ With regard to the consumers’ perception, the Court held that the relevant public would not necessarily have the required expertise to identify the technical features of the product in question. Therefore, information regarding the technicalities of the product should originate from objective and reliable sources and cannot include the perception of the relevant public.⁸⁶

5.4. Discussion regarding the second indent

This section will give an insight into the rationale of the second indent, by combining the aforementioned case law with legal doctrine. The rationale of the provision will be addressed, the wording of the provision will be explained and the different approaches within case law will be discussed.

5.4.1. The rationale of the second indent

The judges in *Philips* established that the rationale of the second indent is to prevent a monopoly on technical solutions or functional characteristics of a product that a consumer is likely to seek in the products of competitors.⁸⁷ This rationale is intended to safeguard the freedom of choice of competitors by preventing the situation where the technical subject matter is preserved for one undertaking alone, even if there are other shapes available that can reach the same technical result.

This rationale was also explained in more detail in *Lego Juris* where the CJEU put more emphasis on the fact that, unlike other intellectual property rights, trade mark rights can last infinitely.⁸⁸ It is discussed that this is an incorrect position from the Court. The rationale of the provision is not about the indefinite protection of the trade mark, but preventing the technical monopoly that is created by obtaining trade mark rights for a technical invention.⁸⁹ However, it is also discussed that the indefinite

⁷⁴ Judgment of 16 September 2015, *Société des Produits Nestlé SA v. Cadbury UK Ltd*, C-215/14, ECLI:EU:C:2015:395, para 18.

⁷⁵ *Ibid* paras 21–22.

⁷⁶ *Ibid* para 26.

⁷⁷ *Ibid* paras 44–45.

⁷⁸ *Ibid* paras 46–47.

⁷⁹ *Ibid* para 55.

⁸⁰ *Ibid* paras 54–57.

⁸¹ Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296.

⁸² *Ibid* para 12.

⁸³ The applicable law with regard to this dispute was the old Directive, hence the graphical representation requirement was still applicable.

⁸⁴ Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296, para 28.

⁸⁵ *Ibid* para 34.

⁸⁶ *Ibid* paras 35–37.

⁸⁷ Judgment in *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377, para 78.

⁸⁸ Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 45.

⁸⁹ Antoon Quaedvlieg, ‘Shapes With a Technical Function: An Ever-Expanding Exclusion?’ [2016] 17 ERA Forum, 108.

protection under trade mark law is subjected to the use requirement: if there is no genuine use of the mark, the sign cannot be protected for an unlimited period of time.⁹⁰

5.4.2. The relevance of expired patent rights

Considering trade mark law as part of the system of IP rights, the existence of previous patent rights can be seen as an indication that indefinite trade mark protection should be prevented. If the invention embodied in the good has previously been subjected to patent protection, this could be the case. Granting trade mark protection would then interfere with the patent system, which has the objective to grant market exclusivity for a limited period of time. In *Lego Juris*, the CJEU held that previous patent rights could provide an indication on the functionality of the shape.⁹¹ However, it is too rigid to conclude that if a shape has been protected by a patent, it should automatically be excluded from trade mark protection.⁹² For example, if it appears from patent documentation that a shape was *not directly* an expression of the patented function, an earlier patent right should not lead to immediate exclusion.⁹³ It should be taken into consideration that the shape has been chosen with regard to the function of the good. Thus, existing patent rights might indicate the functionality of a shape, but should not be decisive in the assessment of whether or not the shape can be the subject of a trade mark.

5.4.3. From functional characteristics to all essential characteristics

Philips v Remington did not provide a clear rule for identifying the ‘functional characteristics’.⁹⁴ Many industrial designs contain several essential characteristics that can constitute a technical result, therefore more specific guidance would be desirable. The *Lego Juris* case brought some clarification with regard to this question. It was established that ‘all essential functional characteristics of the shape of a product are attributable solely to the technical result’.⁹⁵ The shape should consist *exclusively* of

functional characteristics which are necessary to obtain a technical result. The essential characteristics should be assessed on a case-by-case basis, where the overall impression combined with other components should be taken into consideration. When assessing the overall impression, it follows from *Gömböc* that this assessment should be based upon reliable and objective information. The opinion of the relevant public should not be taken into consideration, as they do not have the expertise required to identify the essential characteristics.⁹⁶

In spite of this analysis, the CJEU did not address the question of whether there should be a difference in the case of decorative elements and word marks that can be attached to a three-dimensional sign. Usually a three-dimensional sign with an attached word mark is approved for registration,⁹⁷ even if the word mark appears in a small size and does not influence the shape as such. In this case, competitors will have access to other shapes that are not identical to or do not bear the same non-functional elements as the registered shape.⁹⁸

5.4.4. Other shapes with minor variations

As described above in the *Philips* case, the availability of other shapes that can obtain the same technical result does not prevent the applicability of the provision. The next question was if minor variations of other shapes could overcome the technical exclusion, which was answered in the negative by the CJEU.⁹⁹ Otherwise, competitors would have to be very careful when putting a (copy of a) technical shape on the market.¹⁰⁰ This could have a chilling effect on competition in the market. Also, following from *Lego Juris*, the trade mark proprietor could prevent the use by competitors of identical and similar trade marks. This is the case in particular when the applicant registers various purely functional shapes and prevents others from manufacturing and marketing certain goods having a particular technical function.¹⁰¹ However, if the applicant wants to register various purely functional shapes, this essentially means that these shapes cannot be

⁹⁰ Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) MPI Research Paper No. 14–17, 2.

⁹¹ Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 46.

⁹² Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) MPI Research Paper No. 14–17, 19.

⁹³ *Ibid.* 19.

⁹⁴ J.H. Spoor in NJ 2003, 481, para 5.

⁹⁵ *Ibid.*

⁹⁶ Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296, paras 35–37.

⁹⁷ An example is the shape of the Golden Bunny with an attached word mark made by the

chocolatier Lindt.

⁹⁸ Annette Kur, ‘Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality’ (2011) Technology and Competition, 18–19.

⁹⁹ Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, ECLI:EU:C:2002:377, para 83.

¹⁰⁰ Antoon Quaedvlieg, ‘Shapes With a Technical Function: An Ever-Expanding Exclusion?’ (2016) 17 ERA Forum, 106.

¹⁰¹ Judgment of 14 September 2010, *Lego Juris v. OHIM*, C-48/09 P, ECLI:EU:C:2010:516, para 57.

¹⁰² Antoon Quaedvlieg, ‘Shapes With a Technical Function: An Ever-Expanding Exclusion?’ (2016) 17 ERA Forum, 111.

¹⁰³ *Ibid.*

¹⁰⁴ Annette Kur, ‘Too Pretty to Protect? Trade

Mark Law and the Enigma of Aesthetic Functionality’ (2011) Technology and Competition, 19.

¹⁰⁵ *Ibid.* 20.

¹⁰⁶ *Ibid.* footnote 80.

¹⁰⁷ *Ibid.* footnote 49.

¹⁰⁸ Judgment of 16 September 2015, *Société des Produits Nestlé SA v. Cadbury UK Ltd*, C-215/14, ECLI:EU:C:2015:395, paras 54–57.

¹⁰⁹ Opinion of AG Wathelet of 11 June 2015, *Société des Produits Nestlé SA v. Cadbury UK Ltd*, C-215/14, ECLI:EU:2015:395, paras 75–76.

¹¹⁰ Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, para 63 and cited case law.

¹¹¹ *Ibid.* para 65.

¹¹² *Ibid.* para 74.

¹¹³ *Ibid.* paras 72–75.

purely functional, since they must differ from each other.¹⁰² Further, if an applicant tries to monopolise one shape which obtains a technical result in all its variations, this does not mean that other undertakings cannot manufacture and market certain goods which incorporate a particular technical function.¹⁰³

This necessity requirement could also be approached from another perspective. The requirement 'should not be interpreted as resting on the proposition that alternative shapes cannot be found', simply because the wording of the provision does not address the non-availability of other shapes.¹⁰⁴ In addition, the CJEU did not address whether (and, if so, why) these monopolies of Philips and Lego should come to an end.¹⁰⁵ Instead of addressing these questions, it took a rather interesting position in *Lego Juris* by exploring the option of slavish imitation under competition law. This line of reasoning on the part of the Court received criticism, because this would 'jeopardize the principles governing the interface between intellectual property and free competition', since under competition law, measures can be taken to prevent consumers to be misled about the commercial origin of a product.¹⁰⁶ However, it could not be the intention of the CJEU to undermine the transparency and consistency of trade mark law when an applicant can obtain protection for a shape through the competition law system.¹⁰⁷

5.4.5. Non-relevance of the manufacturing process for a technical result

Neither *Philips* nor *Lego Juris* discussed that a shape can result from the application of certain techniques or manufacturing processes. This was, however, discussed in the *Kit Kat* case, where the CJEU stated that it does not appear from the wording of the provision and the aim of the provision that the manufacturing method is covered by the second indent of the Article. Referring back to *Philips*, the CJEU repeated that the manufacturing process is not important when assessing the essential characteristics of the shape. The CJEU therefore concluded that the manufacturing method is not within the scope of the indent.¹⁰⁸

Contrary to the CJEU, AG Wathelet reached a different conclusion. He stated that it is possible that the technical result can be obtained only through a specific manufacturing process. In the *Kit Kat* case, this would be the grooves necessary to obtain the technical result of the consumer breaking the wafer fingers apart. The AG also referred back to the *Philips* judgment, specifically 'that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product'.¹⁰⁹ The AG noted that the words 'or at least' imply that the provision covers two different situations. The first situation involves the product incorporating the technical function. The second situation, according to the AG, is the situation wherein the producer wants to adopt a technical solution in order to incorporate that function into their product. The AG was therefore of the opinion that the manufacturing process falls under the exclusion of the second indent of the provision.

Figure 8



5.5. Shapes that 'give substantial value to the goods'

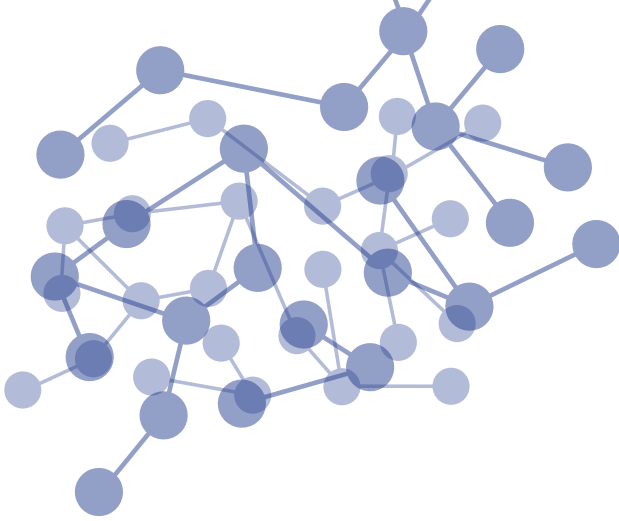
This section discusses the relevant case law regarding shapes that give substantial value to the goods, which is the functional exclusion of the third indent of the provision. In this section, the *Bang & Olufsen v. OHIM* case of the General Court (GC), the *Hauck v. Stokke* case and the *Gömböc* case of the CJEU will be discussed.

5.5.1. Judgment of the GC of 6 October 2011 in *Bang & Olufsen v. OHIM*

The *Bang & Olufsen* loudspeaker that is depicted in Figure 8 was subject to both the exclusion under the third indent and lack of distinctive character.

The GC firstly confirmed the anti-monopoly rationale that was established in *Philips*.¹¹⁰ According to the GC, there is no difference in the rationale of the second and the third indent of the provision, since the objective of both indents is to prevent granting of a monopoly on a shape for an unlimited period of time and to subject shapes to exclusive rights that last only for a limited period of time.¹¹¹

The GC continued with assessment of the applicability of the third indent. One of the factors for this assessment was the perception of the relevant public, as follows from *Lego Juris*. This can be taken into account by the relevant authorities when assessing the essential characteristics of a sign. In the case of the *Bang & Olufsen* speaker, the design of the good is an important element upon which consumers base their choice, even if the consumers also take other characteristics of the shape into consideration. The GC made the following remarks about the design: '[it] is an essential element of its branding and increases the appeal of the product at issue, so to say, its value'.¹¹² Moreover, the GC acknowledged that 'the aesthetic characteristics of that shape are emphasized first and that the shape is perceived as a kind of pure, slender, timeless sculpture for music reproduction, which makes it an important selling point'.¹¹³ Following these statements, the GC concluded that the shape gave substantial value to the goods, apart from the technical qualities which also add value to the goods at issue.



5.5.2. Judgment by the CJEU of 18 September 2014 *Hauck v. Stokke*

Another important judgment is delivered by the CJEU in the the *Hauck v. Stokke* case, wherein the third indent was presumed to be applicable¹¹⁴ – in addition to the first indent already discussed in section 5.1.1. above. With regard to the third indent, the question was whether the indent could apply if a sign consists of the shape of a product with several characteristics, each giving substantial value to the product. In connection with this, it was asked if it was necessary to take the target public's perception of the shape into account during assessment. The judgment also discussed the combined application of the indents.

The CJEU observed that the shape of the Tripp Trapp chair gave substantial value to the product, as well as other characteristics, such as safety, comfort and reliability. According to the Court, the applicability of the third indent is not precluded when a sign also performs other essential functions. It is probable that the value of a shape is the result of both its practical function and its aesthetic qualities. The applicability of the third indent can therefore not be limited to *only* artistic or ornamental value; otherwise shapes that comprise both functional and ornamental qualities could circumvent the aim of the provision and could be registered as shape marks.¹¹⁵

The second part of the question dealt with the perception of the public. The Court referred to the *Lego Juris* case and held that the perception of the average consumer is not a decisive element when determining the applicability of the third indent of the relevant provision. It is considered as a relevant criterion, much like other factors, such as the artistic value of the shape, a dissimilarity to other shapes that are common in the relevant market, a substantial price difference of the product in relation to other products and a promotion strategy which focuses on the aesthetic characteristics of the product concerned.¹¹⁶ In conclusion, the CJEU followed the opinion of the AG and held that the third indent applies when a shape of a product entails several essential characteristics, each of which may give that product substantial value.

The target public's perception is only one of the factors that should be taken into account for the identification of these characteristics.¹¹⁷

With regard to the combined application, the CJEU stated that it appears from the wording of the provision that the indents act independently of each other – and, more importantly, that registration of a sign can be denied if one of the three indents applies fully to that sign. The CJEU therefore concluded that the first and third indent cannot be applied in combination.¹¹⁸

5.5.3. Judgment by the CJEU of 23 April 2020, *Gömböc*

As described in section 4.3.4, the *Gömböc* case¹¹⁹ addressed both the second and the third indent of Article 3(1)(e) of Directive 2008/95. With regard to the third indent, the referring court wondered whether the consumer perspective or the knowledge of the relevant public could be taken into account when assessing the applicability of the third indent.

The CJEU held that, also in this case, the refusal should be based upon an objective analysis that the shape could (possibly) have an impact on the attractiveness of the product.¹²⁰ However, the presumed perception of the sign by the average consumer could still be a useful assessment criterion in identifying the essential characteristics, as determined in the *Hauck v. Stokke* case.¹²¹

In relation to the third indent, the third question discussed by the CJEU related to the cumulation of various IP rights. Since the *Gömböc* shape was already protected by a design right, it was questioned whether the shape should be excluded from trade mark protection on this basis.

The Court held in this respect that the fact that a shape is already protected under a design right does not prevent the shape from also being protected by a trade mark right. As stated in *Hauck v. Stokke*, there is no hierarchy between the various IP rights.¹²² The Court came to the conclusion that the ground of refusal in the third indent 'must not be applied systematically to a sign which consists exclusively of the shape of the product where that sign enjoys protection under the law relating to designs or where the sign consists exclusively of the shape of a decorative item'.¹²³

5.6 Discussion regarding the third indent

The exclusion of the third indent has as its objective to draw a line between copyright and design rights on the one hand and trade mark rights on the other hand.¹²⁴ The implications of the cases that have concerned the third indent will be discussed in this section.

5.6.1. The assessment of 'giving substantial value to the goods'

In the *Bang & Olufsen* judgment, the General Court relied upon the previous judgments *Philips* and *Lego Juris* when it established the rationale of the third indent, i.e., that the rationale of the third indent was also to 'prevent an exclusive and permanent trade mark right from extending the life of other rights which are limited in time'.¹²⁵ Even though this rationale is driven by competition law interests, it is questionable whether a European trade mark registration for the *Bang & Olufsen* speaker would limit

competition, since the loudspeaker has a very specific design which leaves competitors the freedom to create loudspeaker shapes, as long as they are not confusingly similar to the one of Bang & Olufsen.¹²⁶ The GC intended to treat the technical necessity under the second indent and the aesthetic functionality under the third indent in the same objective fashion. However, the third indent cannot be assessed in the same way. The factors determining consumer behaviour in buying a product involve subjective evaluations.¹²⁷ When assessing the second indent, the perception of the public can only be considered with regard to determining the essential characteristics as follows from *Lego Juris*.

In *Bang & Olufsen*, the GC established that the third indent was applicable, since the design of the loudspeaker appealed to the public. In this respect it stated that ‘the shape is perceived as a kind of pure, slender, timeless sculpture for music reproduction which makes an important selling point’.¹²⁸ Interestingly, according to the GC, this appeal followed from an intensive marketing campaign, which emphasised the shape of the speaker as an important selling point. The perception of the public is usually a criterion that should be taken into account when assessing whether the sign had acquired distinctiveness through use. When the GC emphasised the marketing efforts and the public’s perception in its assessment of the applicability of the third indent, it actually undermined the permanent character of the absolute grounds for refusal under this indent. Advertising activities are subject to changing consumer perspectives. The brand could be perceived differently in the future. Therefore, marketing efforts should not be considered when assessing the absolute grounds under the third indent, since it does not appear in the wording of the provision – doing so would lead to flawed results.¹²⁹

Another noteworthy comment from the GC is that the technical qualities of the loudspeaker could also contribute to giving value to the goods under the third indent,¹³⁰ as in the *Hauck v. Stokke* judgment. This extended the scope of the provision to ordinary shapes and outstanding designs, at the expense of transparency and legal certainty.¹³¹

5.6.2. The relation to design rights

It follows from the reasoning in the *Hauck v. Stokke* case that the objectives of all three indents of the provision are the same, namely to prevent a monopoly on shapes for an unlimited period of time.¹³² However, it is debatable whether the underlying rationale of the second and the third indent can be the same. The second ground for refusal is designed to prevent prolonging patent rights. The nature of design rights is different, and the third indent should therefore be treated differently. Design rights are available for novel designs with an individual character and the threshold for these standards is considered to be low. If trade mark registration for these shapes is denied, this would mean that only banal and non-novel shapes will be registrable under trade mark law. Furthermore, since substantive examination is lacking in the registration process of designs, it could be the case that design rights actually should not be granted at all. Therefore, it would be too simplistic to say that the shape cannot be granted a time-limited monopoly,¹³³ which is also confirmed in the *Gömböc* case. The sole fact that a shape has been protected under a design right prior to trade mark registration does not exclude the shape from trade mark protection.¹³⁴ In addition, outstanding designs, such as the award-winning Tripp Trapp chair, regularly attract copyright protection and are thus protected for a longer period of time.¹³⁵

¹¹⁴ Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 27.

¹¹⁵ *Ibid* paras 29–32.

¹¹⁶ *Ibid* paras 33 and 35.

¹¹⁷ *Ibid* para 36.

¹¹⁸ *Ibid* paras 39–41.

¹¹⁹ Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296.

¹²⁰ *Ibid* paras 39–41.

¹²¹ *Ibid* para 44.

¹²² *Ibid* paras 50–55.

¹²³ *Ibid* para 62.

¹²⁴ Annette Kur, ‘Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality’ (2011) *Technology and Competition*, 22.

¹²⁵ Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, paras 65–66.

¹²⁶ Janne Glaesel and Louise Stuhr, ‘The 3D

Shape Dilemma: Refusal to Register the Three-dimensional Shape of a Loudspeaker’ (2012) 7 *JIP&P*, 764.

¹²⁷ Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) *MPI Research Paper No. 14–17*, 17–18.

¹²⁸ Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, para 75.

¹²⁹ Annette Kur, ‘Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality’ (2011) *Technology and Competition*, 17.

¹³⁰ Judgment of 6 October 2011, *Bang & Olufsen v. OHIM*, T-508/08, ECLI:EU:T:2011:575, para 77.

¹³¹ Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case

Law’ (2014) *MPI Research Paper No. 14–17*, 6.

¹³² Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 19.

¹³³ Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) *MPI Research Paper No. 14–17*, 23.

¹³⁴ Judgment of 23 April 2020, *Gömböc*, C-237/19, ECLI:EU:C:2020:296, para 62.

¹³⁵ Annette Kur, ‘Too Common, Too Splendid, or ‘Just Right’? Trade Mark Protection for Product Shapes in the Light of CJEU Case Law’ (2014) *MPI Research Paper No. 14–17*, 24.

5.6.3. The (ir)relevance of the third indent

Apart from the problem described above, the CJEU also dealt with the question of when a shape is aesthetically appealing and also has other advantages, such as in regards to safety and liability. The question posed to the Court was whether these other advantages would prevent the application of the exclusion of the third indent. This should not be the case, as shapes could then easily circumvent this ground of refusal by adding other characteristics, meaning the objective of the provision would not be fully realised.¹³⁶ The Court ruled out the possibility that the indents could be applied in combination. In addition, the Court took a different view on what should be considered as giving substantial value to the goods.

The CJEU considered that the substantial value clause was still applicable to the shape if the product also performed essential *functions* apart from its aesthetic *functions*. As seen in *Bang & Olufsen v. OHIM*, an aesthetically pleasing loudspeaker could also perform other functions. It follows that 'functional *characteristics* as such could give a substantial value to the goods'.¹³⁷ The CJEU did not use the concept *functions*, but held onto the concept of the *characteristics* of a shape. By looking at the functions instead of the characteristics of the shape of the goods, the CJEU did not interpret the third indent in a broad fashion.¹³⁸

AG Szpunar considered that the three indents should be applied separately, not in combination. However, he did not exclude the combined application of the grounds of refusal within the third indent.¹³⁹ This would mean that when the third indent allows an internal combination of the grounds of refusal, the external combination of the indents will not be applicable anymore.¹⁴⁰ The CJEU recognised in the *Hauck v. Stokke* judgment that the internal combination of the grounds was necessary, because the

ground of refusal would otherwise not apply in full. This line of argumentation was justified by the anti-monopoly rationale which applied to all the indents.¹⁴¹

Apart from the case-specific criticism, there are general concerns about the interpretation of the substantial value clause of the third indent. For example, the reason for a prohibition on trade mark protection for shapes that could be subject to the third indent is not clear. It is possible that shapes that are aesthetically appealing are also an indicator of commercial origin, since goods can be bought for the brand and not for the appeal of the goods alone.¹⁴² These subjective evaluations contribute to legal uncertainty, which could hinder creative companies in the sense that it would have a negative impact on creativity. The opposite effect is also arguable: the aesthetic value clause contributes to creativity, since shapes that are aesthetically pleasing cannot be protected under trade mark law and remain in the public domain.¹⁴³

As described above, there are contradicting opinions about the effectiveness of the aesthetic value clause, especially as it is not clear how aesthetic value should be assessed due to the *Hauck v. Stokke* and *Bang & Olufsen* cases.¹⁴⁴ On the basis of these judgments and the uncertainty about the effectiveness of the indent, the Max Planck Institute has proposed the abolishment of the substantial value clause in the third indent.¹⁴⁵

6. THE DISTINCTIVENESS OF SIGNS THAT CONSIST OF SHAPES

Apart from the absolute grounds for refusal of Article 7(1) (e) EUTMR, another hurdle for obtaining trade mark protection for signs consisting of shapes is formed by the requirement of inherent distinctiveness or acquired distinctiveness. This distinctiveness threshold is high. It is

¹³⁶ Judgment of 18 September 2014, *Hauck v. Stokke* C-205/13, ECLI:EU:C:2014:2233, para 32.

¹³⁷ Antoon Quaedvlieg, 'Shapes With a Technical Function: An Ever-Expanding Exclusion?' (2016) 17 ERA Forum, 114.

¹³⁸ *Ibid.*

¹³⁹ Opinion of AG Szpunar of 14 May 2014, *Hauck v. Stokke*, C-205/13, ECLI:EU:C:2014:2233, para 102.

¹⁴⁰ Antoon Quaedvlieg, 'Shapes With a Technical Function: An Ever-Expanding Exclusion?' (2016) 17 ERA Forum, 114.

¹⁴¹ *Ibid.*

¹⁴² Annette Kur, 'Too Pretty to Protect? Trade Mark Law and the Enigma of Aesthetic Functionality' (2011) *Technology and Competition*, 18.

¹⁴³ Irene Calboli, 'Hands Off "My" Colors, Patterns, and Shapes!', in Irene Calboli and Martin Senftleben (eds), *The Protection of*

Non-Traditional Trademarks: Critical Perspectives (Oxford University Press 2018), p. 305.

¹⁴⁴ Janne Glaesel and Louise Stuhr, 'The 3D Shape Dilemma: Refusal to Register the Three-dimensional Shape of a Loudspeaker' (2012) 7 *JIP&P*, 767.

¹⁴⁵ Roland Knaak, Annette Kur and Alexander von Mühlendahl, 'Study on the Overall Functioning of the European Trade Mark System' (2012) MPI Research Paper No. 14–17, 73.

¹⁴⁶ Jean-Christophe Troussel and Stefan Meuwissen, 'Because Consumers Do Actually Eat Trade Marks: An Assessment of Current Law Regarding Non-Conventional Trade Marks in the European Union' (2012) 13 *ERA Forum*, 429.

¹⁴⁷ Judgment of 12 December 2002, *Procter & Gamble v. OHIM*, T-63/01, EU:T:2002:317, paras 43–45.

¹⁴⁸ Anders Michael Poulsen, 'Challenges with 3D

Marks' (2014) 15 *World Trademark Review*, 59.

¹⁴⁹ See in this respect Judgment of 16 February 2000, *Procter & Gamble v. OHIM*, T-122/99, EU:T:2000:39.

¹⁵⁰ Judgment of 18 June 2002, *Philips v. Remington*, C-299/99, EU:C:2002:377, paras 81–84.

¹⁵¹ Jean-Christophe Troussel and Stefan Meuwissen, 'Because Consumers Do Actually Eat Trade Marks: An Assessment of Current Law Regarding Non-Conventional Trade Marks in the European Union' (2012) 13 *ERA Forum*, 432.

widely assumed that a shape cannot serve as an indicator of origin and therefore it is difficult for these signs to overcome the lack of distinctive character in Article 7(1)(b) EUTMR. Three-dimensional signs that an applicant would like to register as a trade mark are assessed on the same basis as the traditional trade marks, namely with regard to the relevant goods and with the consumer perspective in mind. The consumer perspective is the complicating factor in this respect, since consumers traditionally do not see shapes as an indication of origin. However, none of the CJEU cases involve empirical data that would confirm these assumptions.¹⁴⁶ Courts stick to these assumptions and prevent the incorporation of a differing view. The consequence is that shape marks are to be considered as lacking distinctive character, which makes getting trade mark protection for such signs more complicated. As discussed before in this article, consumers are nowadays more sensitive to shape marks and non-traditional trademarks with the consequence that these signs are more likely seen as an indicator of origin.

In the case law discussed above, it is described that a sign that consist of the shape of a product can be protected under trade mark law only when a shape departs greatly from the norm¹⁴⁷, which is a very restrictive interpretation. It is important to keep in mind that there is a fine line between a sign being distinctive and it falling under the third indent of Article 7(1)(e) EUTMR. When a sign that consists of a three-dimensional shape departs too much from the norm in the sector, it is possible that the shape adds substantial value to the product and therefore is subject to the functional exclusions.¹⁴⁸

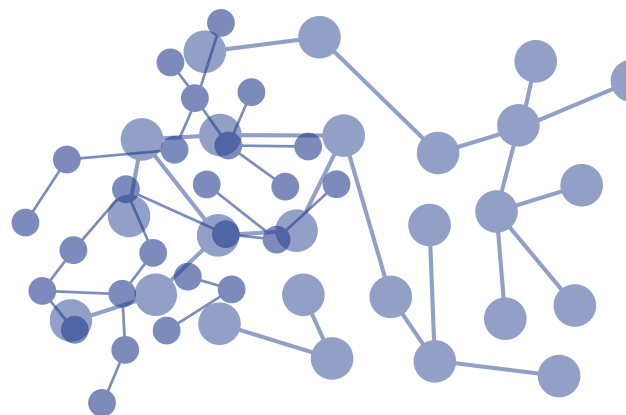
This problem also exists when a sign is not inherently distinctive. In order to overcome lack of distinctiveness, a sign could acquire distinctiveness through use of Article 7(3) EUTMR. For traditional trade marks, this could be a challenge. For a NTM, such as a sign that consists of the shape of the product, acquiring distinctiveness through use and overcoming Article 7(1)(b) EUTMR is considered to be difficult. As shown before, such signs can also be subjected to the functional exclusions of Article 7(1)(e) of the Regulation. These absolute grounds for refusal cannot be overcome by acquired distinctiveness, since it lies in their rationale to serve the public interest. A sign which falls within these grounds and lacks distinctive character cannot acquire distinctiveness through use. When a shape is the result of the nature of the goods (and falls within the first indent), this sign can never be distinctive, since there is only one shape that the product can have.¹⁴⁹ With regard to the second indent, the CJEU held in *Philips* that the exclusion cannot be overcome by the availability of other shapes.¹⁵⁰ The third indent, where shapes that give substantial value to the product are excluded, poses serious problems in combination with the high level of distinctiveness that is required for shape marks. When a shape is considered to be distinctive (since it departs significantly from the norm in the sector), the shape might be seen as contributing value to the goods, within the meaning of the third indent and therefore might be excluded from protection under the trade mark system.¹⁵¹

7. CONCLUSION

In this article, the absolute grounds for refusal of a trade mark registration under Article 7(1)(e) EUTMR and previous regulations have been examined, with particular emphasis on NTMs and shape marks. In the discussed case law, the CJEU has elaborated on the notion of 'shape' and set the framework for signs that could possibly identify as shapes within the meaning of the absolute grounds for refusal. From the *Louboutin* case follows that the word 'shape' must be interpreted as a 'set of lines or contours that outline the product concerned'. The *Textilis* case built upon this notion and with this judgment the CJEU also answered the question whether a two-dimensional mark that represents two-dimensional goods can be considered to be a shape. In this respect the Court referred back to *Louboutin* and held that the meaning of the concept of 'shape' must be deduced from everyday language.

The new formulation of the EUTMR caused discussion within academia on the interpretation of the new wording of Article 7(1)(e) EUTMR. The CJEU did not give guidance on the interpretation in the recent cases *Gömböc*, *Louboutin* and *Textiles*, since the old framework was still applying to these cases. However, the First Opinion of AG Szpunar in the *Louboutin* case gave some guidance. He held that it should be interpreted as 'a part or an element of the goods in question'. His interpretation covered many aspects, but it is still unclear whether or not a word mark attached to the product could qualify as an element of the goods.

It has been discussed that the concept of 'another characteristic' encompasses only features which do not have an independent nature with regard to the product itself. The interpretation of other terms of Article 7(1)(e) EUTMR is also unclear. By using the term 'or' (in relation to another characteristic) could suggest that the shape is also considered to be a characteristic of the product. Further, it is not clear how to assess a sign that consists of a shape and two characteristics, since the provision only speaks about 'another characteristic'. It is likely that the amendments will not have far-reaching consequences. If the shape of a product would be identifiable as being a characteristic, this would open up the possibility to including NTMs under the scope of the functional exclusions. Undoubtedly, such consequences will be discussed extensively in the future, in a similar manner as the interpretation of the provision that was in place before the amendments.



Before these amendments, the situation was considered to be clear to a certain extent. With regard to the first indent, the CJEU had established in *Hauck v. Stokke* that this exception could only apply when a shape was inherent to the generic function. However, the Court did not give guidelines on the interpretation of the term. Furthermore, it was the CJEU's interpretation that technical shapes could also be generic, with the result that the first and the second indent could overlap. The concept of technicality of the second indent is considered to be wider, since generic technical shapes can also be subject to the first indent.

The outcomes of the case law regarding the second indent are not clear-cut either. The *Philips* case made clear the anti-monopoly rationale of the provision: to safeguard the freedom of choice of competitors to include the same functional characteristics. Only when a shape consists of the essential characteristics which contribute to a technical result, the sign consisting of the shape can be refused trade mark protection. In the *Lego Juris* case, the CJEU defined essential characteristics as the most important elements of the sign, which needed to be identified on a case-by-case basis. Whether or not these elements are considered to be technical might be based upon previous patent rights, but previous patent documentation is not decisive in this respect. When the shape incorporates technical elements, but there is also a major non-technical element involved, the shape cannot be denied trade mark protection. From the *Kit Kat* case follows that the manufacturing process of the shape is not important when assessing the essential characteristics of the shape, contrary to the opinion of AG Wathelet, who stated that the manufacturing method should fall under the second indent. More recently, the *Gömböc* case gave guidance on the role of the relevant public when identifying essential characteristics.

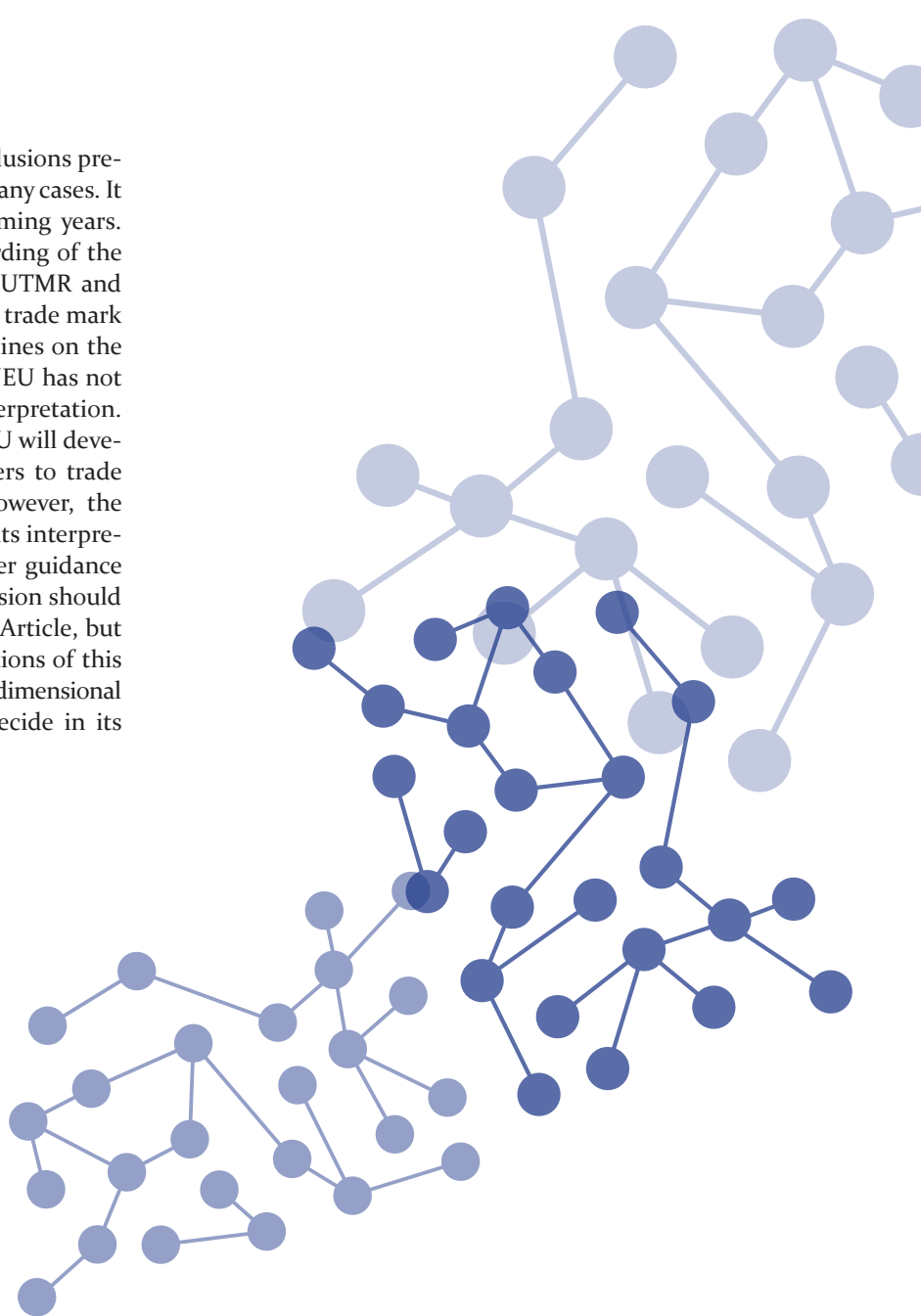
In respect of the third indent, in the *Bang & Olufsen* case, the GC held that consumer choice and the branding of a product in marketing campaigns can increase the attractiveness of the product and contribute value thereto. The outcome of marketing campaigns can differ over time, making it an interesting parameter to take into account in determining the attractiveness of a shape. Further, the GC stated that technical qualities of the shape could also contribute to the value of the goods. The GC was of the opinion that the third indent still applies when the shape

is not only adding value but also has essential characteristics that are considered to be technical. It therefore allowed an internal combination of the grounds within the third indent. Apart from these remarks, it is not clear why there should be a ban on trade mark protection for shapes that are attractive. The assessment of whether or not the shape is adding value is a subjective assessment. Within literature, it is proposed that this indent should be assessed differently than the two other indents. It has also been discussed that this indent should be abolished.

In addition to the hurdles resulting from the absolute grounds for refusal, the distinctiveness requirement also creates difficulties. The case law concerning Article 7(1)(b) EUTMR establishes that the assessment of distinctive character of NTMs is to be performed in the same way as for traditional trade marks. However, the way this assessment is described by the CJEU is problematic. The assessment of distinctiveness is based upon the goods for which the sign is to be registered. In addition, the consumer perception is another criterion that is used for assessing distinctive character. As follows from relevant case law, it is more difficult to establish distinctive character in relation to shape marks. In order to be distinctive, the shape should depart greatly from the norms within the sector to be seen as an indicator of origin. The relevance of this criterion is questionable nowadays. As described before, consumer perception is changing, and consumers are more likely to acknowledge a sign consisting of a shape as an indicator of origin. One aspect remains problematic: when a shape departs significantly from the norm, such as the *Bang & Olufsen* loudspeaker, the shape could fall within the exclusion of Article 7(1)(e)(iii) EUTMR. As stated in the *Philips* judgment: when a shape is lacking distinctive character and falls within the functional exclusions, the shape cannot acquire a distinctive character within the meaning of Article 7(3) EUTMR. Thus, the shape will be permanently denied trade mark protection, based on a rather arbitrary assessment. Distinctiveness of shape marks remains problematic within the current framework. Even though consumers are more likely to perceive a shape mark as an indicator of source, by which it functions as an indication of origin, the CJEU has not adopted this contemporary view for assessing such marks.

With the latest trade mark amendments, the legal framework has become more suitable for representation of unconventional trade marks in the register. However, the

distinctiveness barrier and the functional exclusions prevent trade mark protection for such signs in many cases. It is undecided how this will evolve in the coming years. There are still doubts regarding the new wording of the functional exclusions under Article 7(1)(e) EUTMR and its effects on the eligibility of shape marks for trade mark protection. There are no clear EUIPO Guidelines on the interpretation of the new wording and the CJEU has not yet taken the opportunity to decide on the interpretation. It is difficult to say in which direction the CJEU will develop the interpretation of the absolute barriers to trade mark protection with respect to NTMs. However, the Court will probably not take a drastic turn in its interpretation of this provision. Until there is further guidance from the CJEU, the new wording of this provision should not be considered to narrow the scope of the Article, but merely to make it more precise. The implications of this reshaped framework on the eligibility of three-dimensional shapes as trade marks is for the CJEU to decide in its coming decisions.



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