



# The Functional Boundary of Trademark Rights The European Perspective

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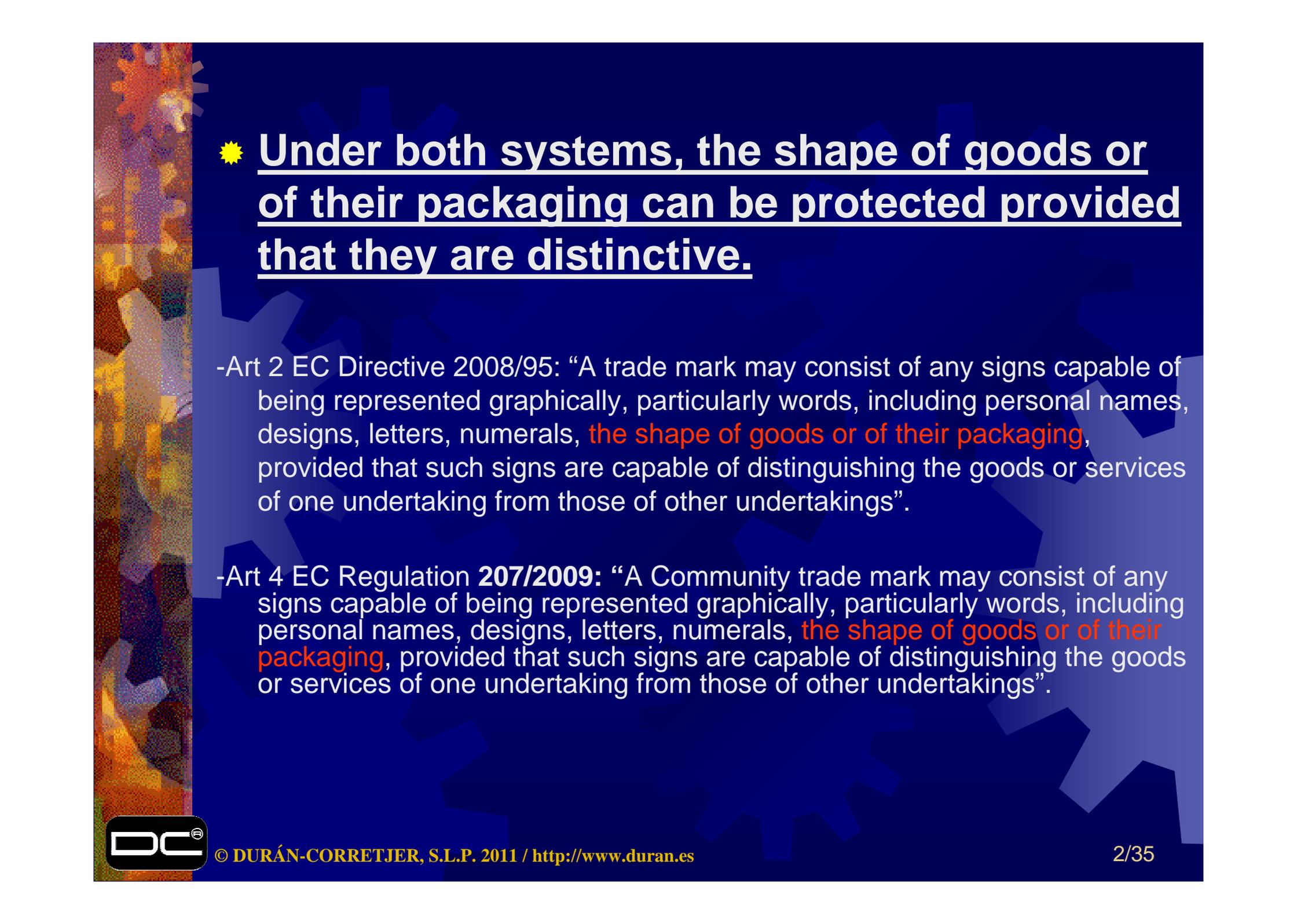


# NATIONAL AND COMMUNITY TRADEMARK PROTECTION IN THE EUROPEAN UNION

- ★ In the EU trade marks can be protected either as:

National trade marks → national protection → EU Directive

Community trade marks → EU wide protection (27 member states) → EC Regulation



★ Under both systems, the shape of goods or of their packaging can be protected provided that they are distinctive.

-Art 2 EC Directive 2008/95: “A trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, **the shape of goods or of their packaging**, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings”.

-Art 4 EC Regulation **207/2009**: “A Community trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, **the shape of goods or of their packaging**, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings”.

★ Under both systems as well, it is established in Art. 3.1 (e) of the Directive and 7.1 (e) of the Regulation, that are not registrable (absolute grounds of refusal) signs that consist exclusively of:

- (i) The shape which results from the nature of the goods themselves → those who are identical to the goods →



- (ii) The shape of goods which is necessary to obtain a technical result → the most controversial →



(iii) The shape which gives substantial value to the goods ———> shapes which exclusively realize an aesthetic function



✱ These objections cannot be overcome by relying on acquired distinctiveness (excluded from Article 3.3 of the Directive and 7.3 of the Regulation)

The Manual concerning proceedings before OHIM states that 3-D trademarks can be grouped in 3 categories:

- Shapes unrelated to the products themselves

Distinctive



- Shapes that consists of the shape of the goods themselves



- The shape of the packaging or containers



# SHAPES OF THE GOODS

Examination must be conducted in three steps:

1) Whether it applies one of the absolute grounds of refusal:

- Results from nature of the goods
- The shape is necessary to obtain a technical result
- The shape gives substantial value to the goods

2) Whether the trademark contains other elements (words, labels). Standard shapes can be registered combined with a distinctive additional element (but this will not grant protection to the standard shape alone).

3) Analysis of the distinctiveness of the shape itself:

- no stricter criteria than for other trademarks. However, it is more difficult to come to a finding of distinctiveness. They will not necessarily be perceived by the relevant public as an indication of origin in the same way as conventional marks.
- it is not a novelty test (does not matter how new or original it is)
- not confer a product monopoly.



# CRITERIA USED WHEN EXAMINING DISTINCTIVENESS OF THE SHAPE OF THE GOODS THEMSELVES

- 1) Non-distinctive it is a basic geometric shape or a combination of them R.263/99-3 Appel & Frenzel GmbH (Application refused)



- 2) Simple or banal shapes are not distinctive (Application refused)

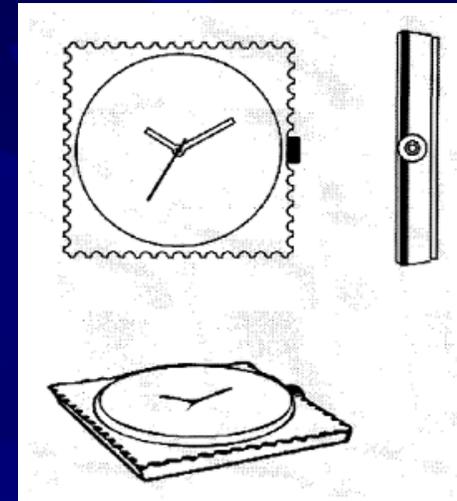


- 3) The more closely the shape resembles the shape most likely to be taken by the product, the greater the likelihood that is not distinctive. The shape must depart from the shape which is expected by the consumer.

C-136/02 MAG INSTRUMENT Inc. v OHIM  
(the application was refused and the appeal dismissed).



- 4) The shape must depart significantly from the norm or customs of the sector  
T-235/10 Timehouse GMBH



- 5) It is not enough for the shape to be just a variant of a common shape
- 6) Functional shapes or features will be perceived by the consumer in that manner and do not help to demonstrate distinctiveness
- 7) Aesthetic originality if achieved by optimization or ergonomics does not plead in favour of distinctiveness.

## THE TEST

- ✦ Whether the shape is so materially different from basic common or expected shapes that it can enable a consumer to identify the goods just for their shape and to buy the same item again if he has made positive experiences with the goods.
- ✦ Example: CTM 4396727 Referred for hand operated implements for agriculture (application rejected).



## THE SHAPE OF PACKAGINGS OR CONTAINERS

- ★ The same criteria apply as for the shape of goods:  
C-173/04 Deutsche SiSi-Werke GmbH & Co. Betriebs KG vs. OHIM



CTM nº 573154 Pouches for drinks  
Application refused.

28. “the relevant public’s perception is not necessarily the same in the case of a three-dimensional mark consisting of the appearance of the product itself as it is in the case of a word or figurative mark consisting of a sign unrelated to the appearance of the products it denotes. **Average consumers are not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark”.**



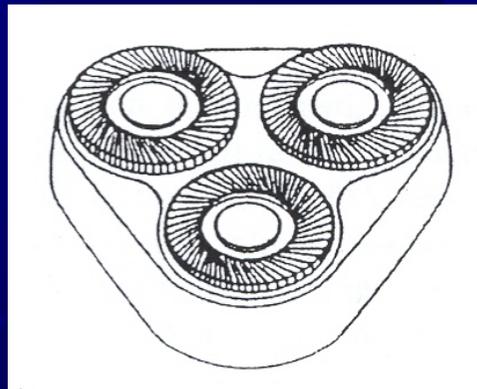
29. “With regard, in particular, to three-dimensional trade marks consisting of the packaging of goods, such as liquids, which are packaged in trade for reasons linked to the very nature of the product, the Court has held that **they must enable average consumers of the goods in question, who are reasonably well informed and reasonably observant and circumspect, to distinguish the product concerned from those of other undertakings without conducting an analytical or comparative examination and without paying particular attention**”

31. “According to established case-law, only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of Article 7(1)(b).”

# ANALYSIS OF CASE LAW CONCERNING THE FUNCTIONALITY ASPECTS OF TRADE MARKS

## 1-PHILIPS V. REMINGTON C-299/99 18/06/2002 (1)

- **Facts:** In 1966, Philips developed a new type of three-headed rotary electric shaver. In 1985, the company filed an application to register a trade mark in the U.K. consisting of a graphic representation of the shape and configuration of the head of such a shaver, comprising three circular heads with rotating blades in the shape of an equilateral triangle. That trade mark was registered on the basis of use under the Trade Marks Act 1938:



## PHILIPS V. REMINGTON C-299/99 18/06/2002 (2)

- In 1995, Remington, a competing company, began to manufacture and sell in the United Kingdom the DT 55, which is a shaver with three rotating heads forming an equilateral triangle, shaped similarly to that used by Philips. Philips accordingly sued Remington for infringement of its trade mark in the U.K. Remington counterclaimed for revocation of the Britain trade mark registered by Philips.



- The High Court of Justice of England and Wales, Chancery Division (Patents Court) (United Kingdom), allowed the counterclaim and **ordered revocation of the registration of the Philips trade mark on the ground that the sign relied on by Philips was incapable of distinguishing the goods concerned from those of other undertakings and was devoid of any distinctive character.** The High Court also held that the trade mark consisted exclusively of a sign which served in trade to designate the intended purpose of the goods and of a **shape which was necessary to obtain a technical result and which gave substantial value to the goods.**
- Philips appealed to the Court of Appeal against that decision of the High Court. **The Court of Appeal stayed its proceedings and referred the matter to the ECJ for a preliminary ruling.**

# PHILIPS V. REMINGTON C-299/99 18/06/2002 (3)

## ✦ Final Resolution:

In 2006, The English Court of Appeal Dismissed the appeal filed by Philips relating to the 3D Mark.

The 3D mark registered was declared invalid because it was deemed to fall foul of article 3.1.e (ii) of the EU Directive :

“A sign shall not be registered as a trade mark if it consists exclusively of:

ii) **the shape of goods which is necessary to obtain a technical result”**

## PHILIPS V. REMINGTON C-299/99 18/06/2002 (4)

### ★ THE KEY ARGUMENTS OF THE ECJ IN THE PRELIMINARY RULING:

- Not possible to acquire distinctiveness on functional shapes.

-A sign which is referred under Article 3(1)(e) of the Directive (nature of goods, technical result, substantial value), can never acquire a distinctive character by the use made of it. *“The rationale of this provision is to prevent trade mark protection from granting a monopoly on technical solutions or functional characteristics of a product, (...) so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark.”*

- *“(...)not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions.”*

## PHILIPS V. REMINGTON C-299/99 18/06/2002 (5)

- Essentiality of the functional features attributable to technical results.

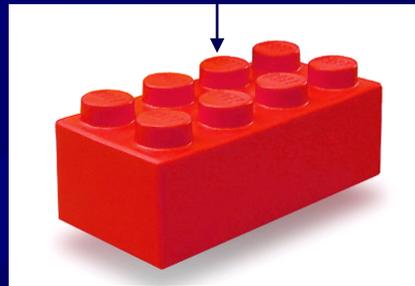
- “A sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the essential functional features of that shape are attributable only to the technical result”

- “The refusal cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained”

## 2-LEGO JURIS A/S v OHIM (CASE C-48/09) (1)

### ☀ Facts:

Lego is a very famous interlocking toy brick. Originally the toy was protected by patent but the patent expired and in 1996 an application to register a Community trade mark for the shape of the red toy brick was made. The major element of the Lego brick and consequently the shape trade mark were the two rows of studs on the upper surface of the brick.:



Mega Brands Inc, a competitor, had applied to have the CTM declared invalid by relying on art 3 (3)(e)(ii) Regulation 6/2002 on Community Designs [2002] OJ L3/1.

**Final Resolution:** The CTM was invalidated and the EC Court dismissed the appeal, therefore the 3D-Mark registration was revoked

# LEGO JURIS A/S v OHIM (CASE C-48/09) (2)

## ✦ Findings of the Court:

Trade mark law constitutes an essential element in the legal system of competition in the European Union.

A product's shape is a sign which may constitute a trade mark. In the case of the Community trade mark, that follows from Article 4 of Regulation No 40/94, which provides that a Community trade mark may consist of any signs capable of being represented graphically, such as words, designs, the shape of goods and their packaging (article 4 CTMR).

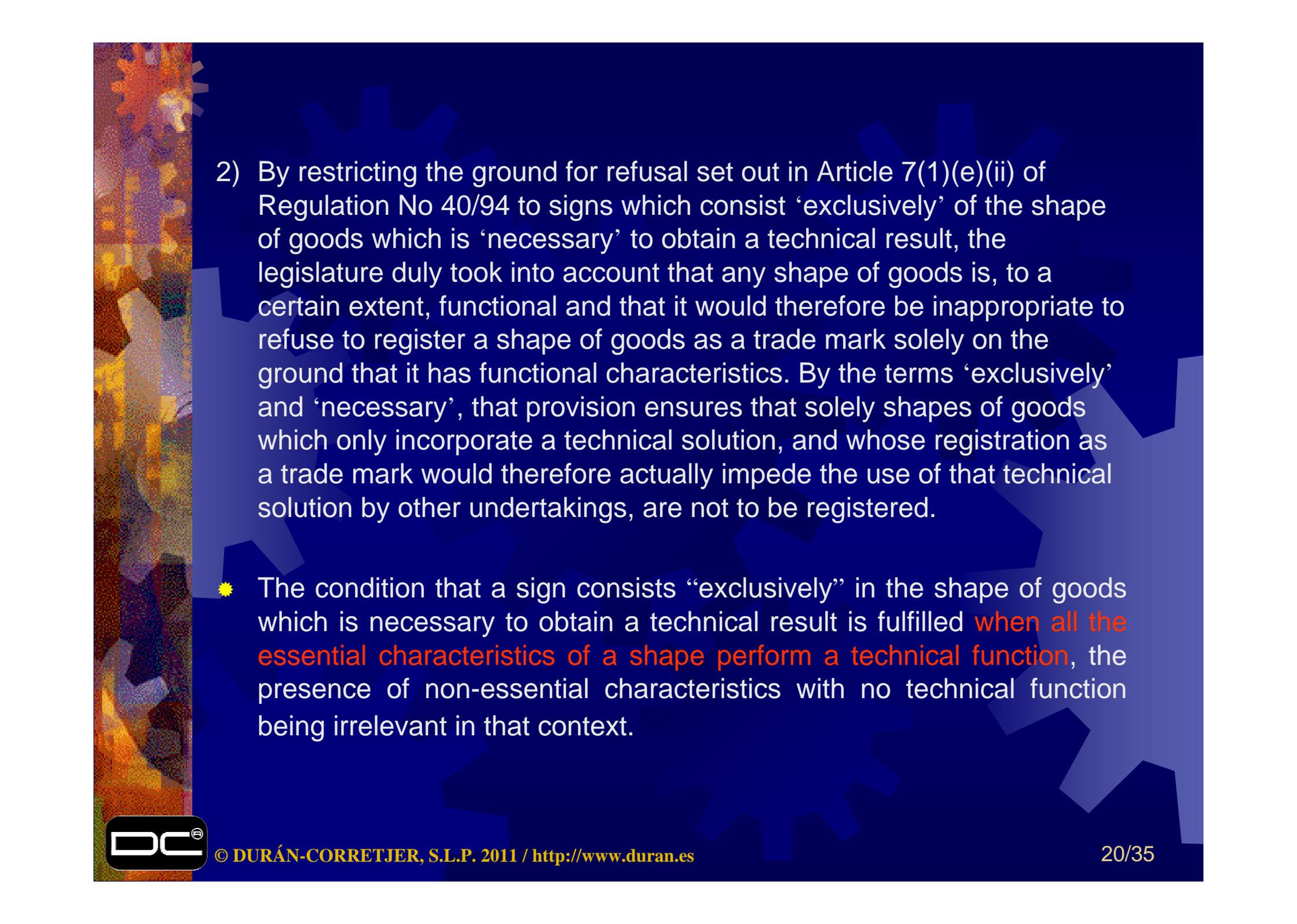
It has not been disputed that the shape of the Lego brick has become distinctive in consequence of the use which has been made of it and is therefore a sign capable of distinguishing the appellant's goods from others which have another origin. The shape of the Lego brick is, nevertheless, unsuitable for registration as a trade mark, is based on Article 7(1)(e)(ii) of CTMR, which provides that signs which consist exclusively of the shape of goods which is necessary to obtain a technical result are not to be registered.

The rules laid down by the legislature reflect the balancing of two considerations, both of which are likely to help establish a healthy and fair system of competition:

- 1) The prohibition on registration as a trade mark of any sign consisting of the shape of goods which is necessary to obtain a technical result ensures that undertakings may not use trade mark law **to perpetuate, indefinitely, rights relating to technical solutions.**

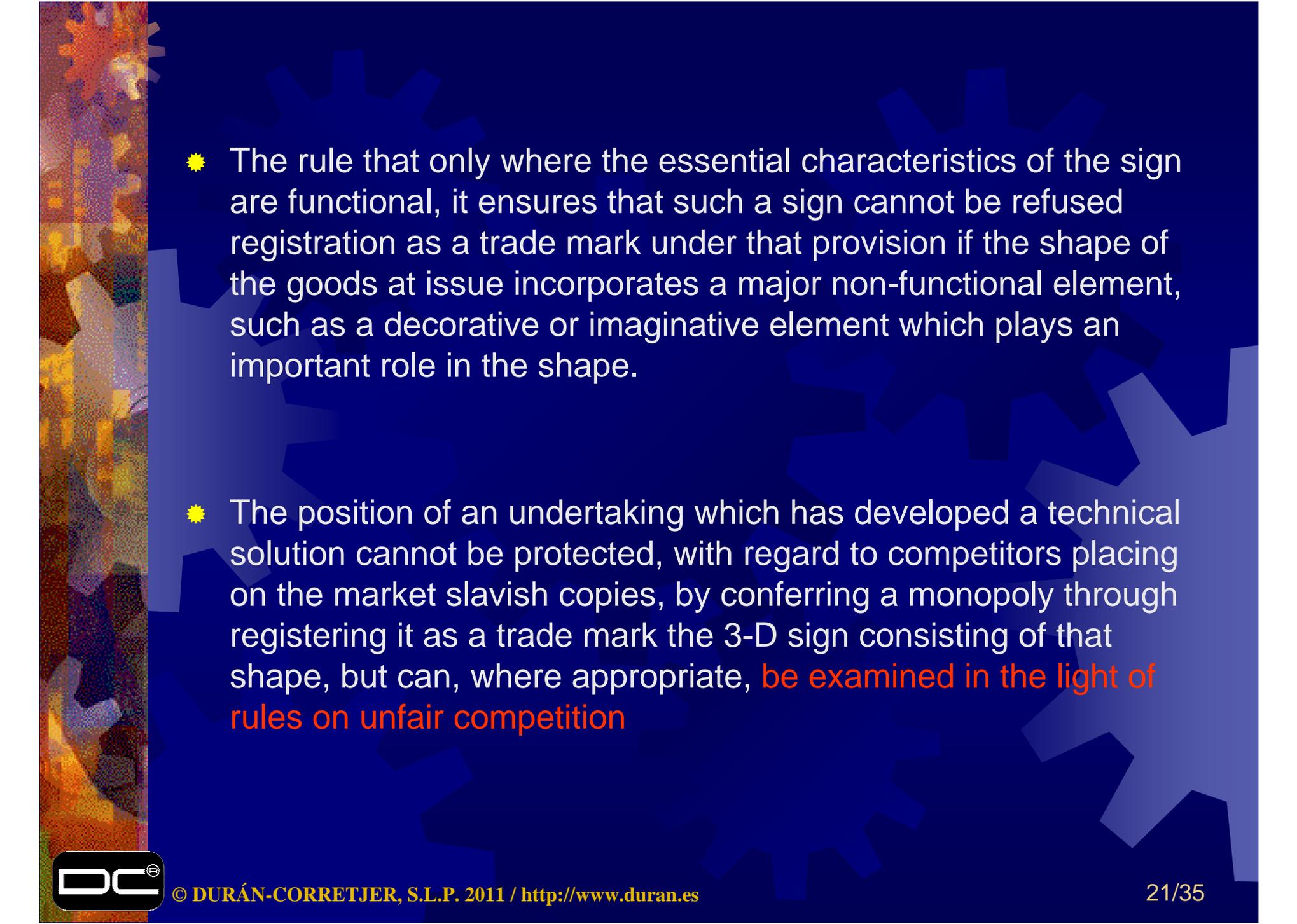
Protection of the shape of a product as a trade mark that merely incorporates the technical solution patented by the manufacturer, once the patent has expired would considerably and permanently reduce the opportunity for other undertakings to use that technical solution.

In the system of intellectual property rights developed in the EU, **technical solutions are capable of protection only for a limited period**, so that subsequently they may be freely used by all economic operators.



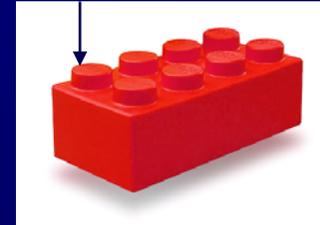
2) By restricting the ground for refusal set out in Article 7(1)(e)(ii) of Regulation No 40/94 to signs which consist ‘exclusively’ of the shape of goods which is ‘necessary’ to obtain a technical result, the legislature duly took into account that any shape of goods is, to a certain extent, functional and that it would therefore be inappropriate to refuse to register a shape of goods as a trade mark solely on the ground that it has functional characteristics. By the terms ‘exclusively’ and ‘necessary’, that provision ensures that solely shapes of goods which only incorporate a technical solution, and whose registration as a trade mark would therefore actually impede the use of that technical solution by other undertakings, are not to be registered.

- ✦ The condition that a sign consists “exclusively” in the shape of goods which is necessary to obtain a technical result is fulfilled **when all the essential characteristics of a shape perform a technical function**, the presence of non-essential characteristics with no technical function being irrelevant in that context.

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- ✦ The rule that only where the essential characteristics of the sign are functional, it ensures that such a sign cannot be refused registration as a trade mark under that provision if the shape of the goods at issue incorporates a major non-functional element, such as a decorative or imaginative element which plays an important role in the shape.
  - ✦ The position of an undertaking which has developed a technical solution cannot be protected, with regard to competitors placing on the market slavish copies, by conferring a monopoly through registering it as a trade mark the 3-D sign consisting of that shape, but can, where appropriate, **be examined in the light of rules on unfair competition**

## Analysis of whether a sign consists “exclusively” of the shape of goods which is “necessary” to obtain a technical result

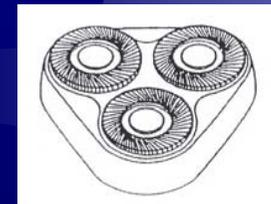
- ✦ Requires that the essential characteristics of the 3-D sign are properly identified
- ✦ The expression ‘essential characteristics’ must be understood as referring to the most important elements of the sign.  
*C-472/01 P Procter & Gamble v OHIM*  
(Application refused)
- ✦ In determining the essential characteristics the assessment can be made either:
  - On the overall impression produced by the sign, (simple visual analysis)
  - Examining first each of the components of the sign (detailed examination)



- Once the sign's essential characteristics have been identified, it is necessary to ascertain whether they all perform the technical function of the goods at issue. The prohibition of Article 7(1)(e)(ii) is not applicable where the application for registration relates to a shape of goods in which a decorative or imaginative element, plays an important role. Case C-286/04 P *Eurocermex v OHIM* (Application registered)



- The existence of other shapes which could achieve the same technical result is not a reason to exclude refusal of the application. *Philips v. Remington* C-299/99 18/06/2002



- The technical functionality of the characteristics of a shape may be assessed, inter alia, **by taking account of the documents relating to previous patents** describing the functional elements of the shape concerned.

## CASES REJECTED UNDER ART. 7.1(e) BY OHIM

(i) Shape which results from the nature of the goods themselves

There are only 5 rejections :

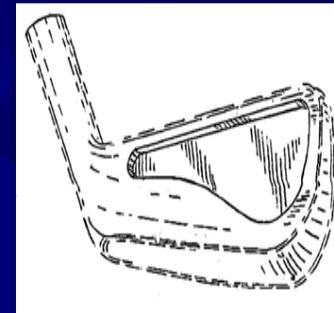
Nº 812149 CORKSCREW Class 21



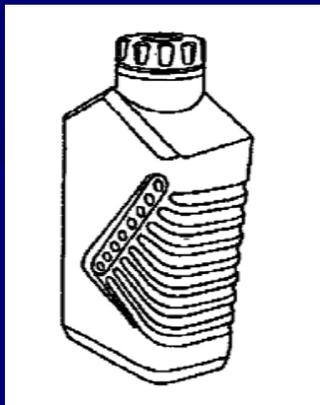
Nº 1436328 GOLF CLUBS Class 28



Nº1436351 GOLF CLUBS Class 28



Nº138586 Class 1,4



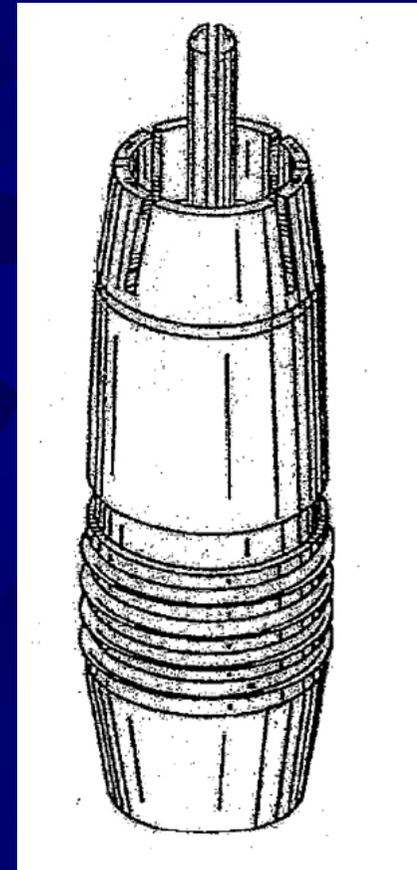
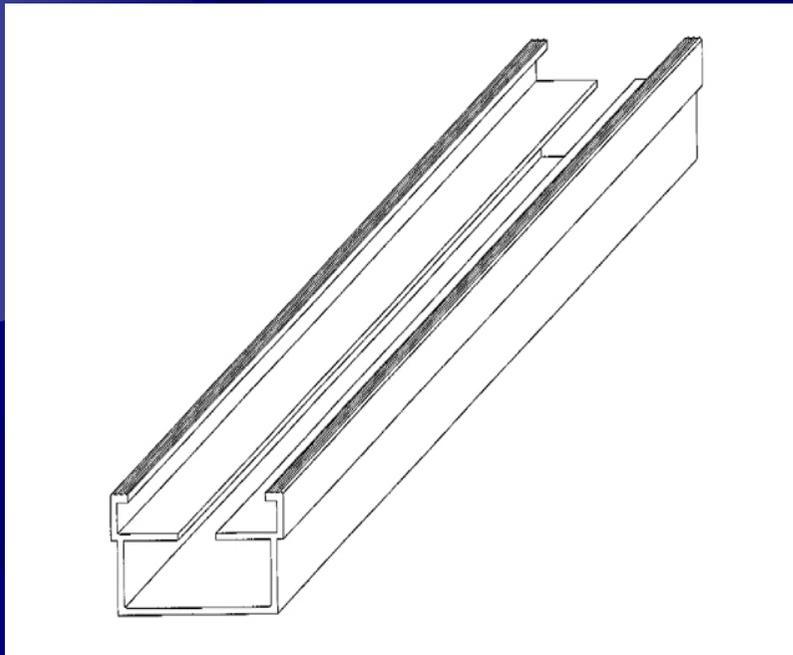
Nº1386636 Class 1,4



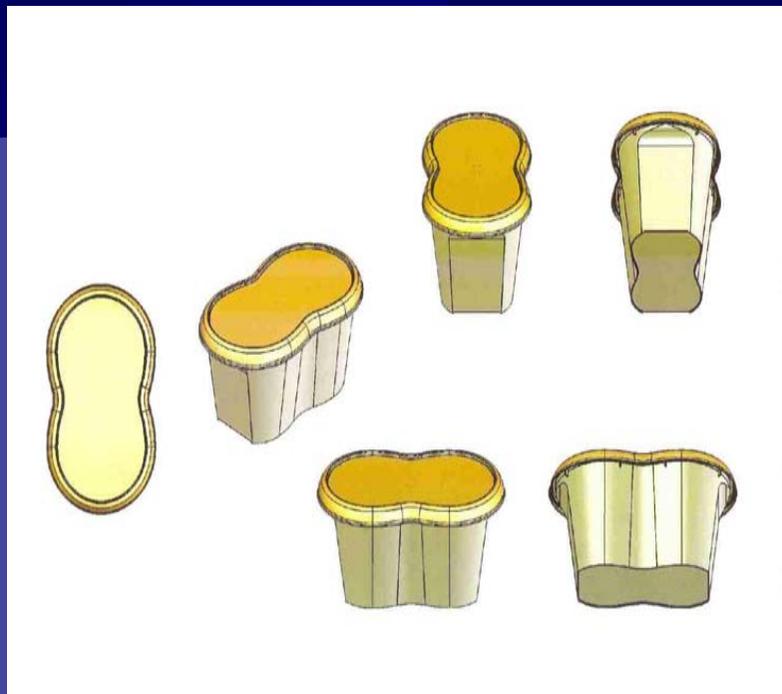
- (ii) Technical results : There are not many cases rejected by OHIM under the objection of shapes necessary to obtain a technical result. In the OHIM web site there are only 31, the last one of February 23,1998. There are a few examples:

Nº3481967 ELECTRICAL CONNECTORS Class 9

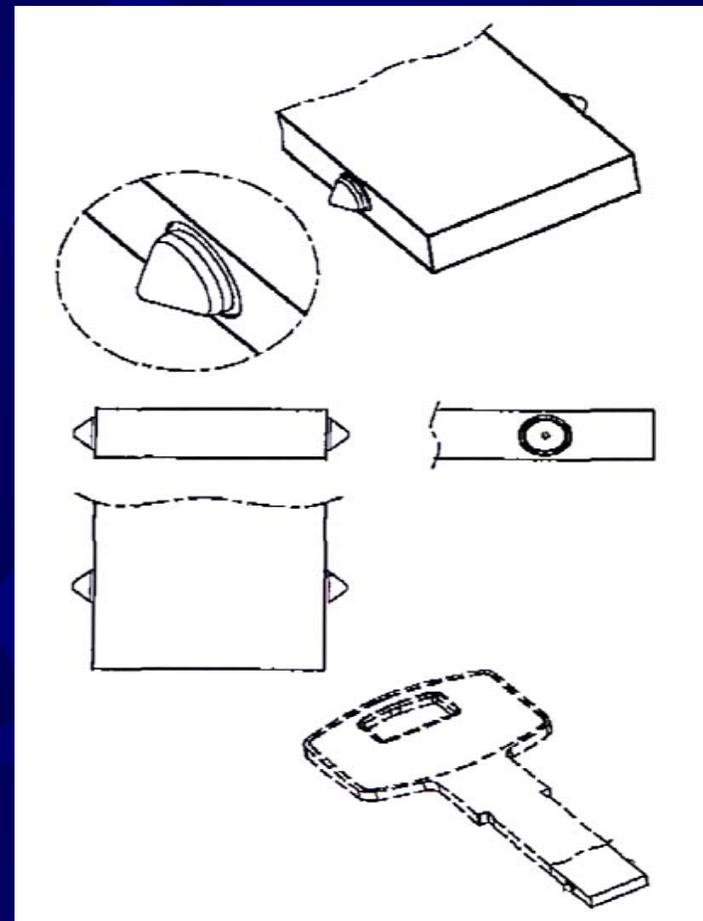
Nº 4928685 Class CARPET 27



Nº 4594909 PRINTING BLOCKS Classes 16,20,29,30



Nº3687928 LOCK KEY Classes 6,9,20

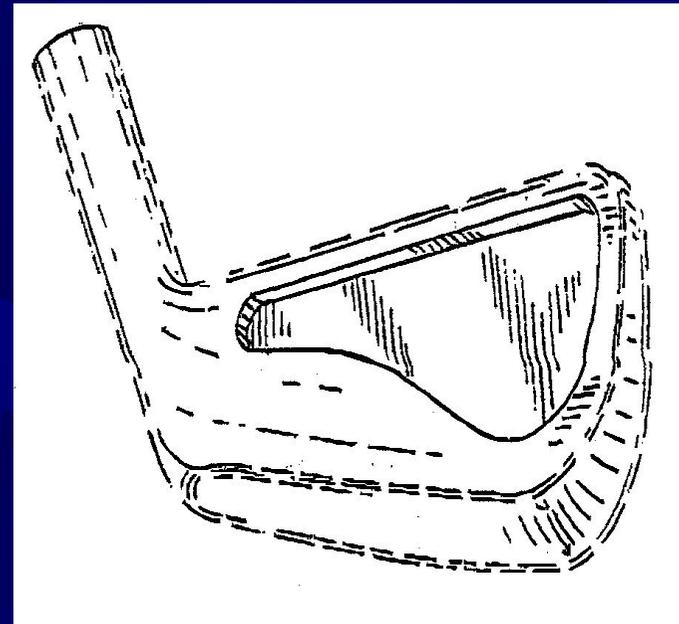


- (iii) Shape which gives substantial value to the goods  
Only two decisions have been located:

Nº6214944 BOTTLES Classes 21,32,33



Nº 1436351 GLOF CLUBS Class 28



- However, there are many 3-D marks that have been rejected on other grounds of, in particular, article 7.1 b (devoid of any distinctive character).

Most recent examples:

Nº 9043531 SWEET PACKAGING Class 30

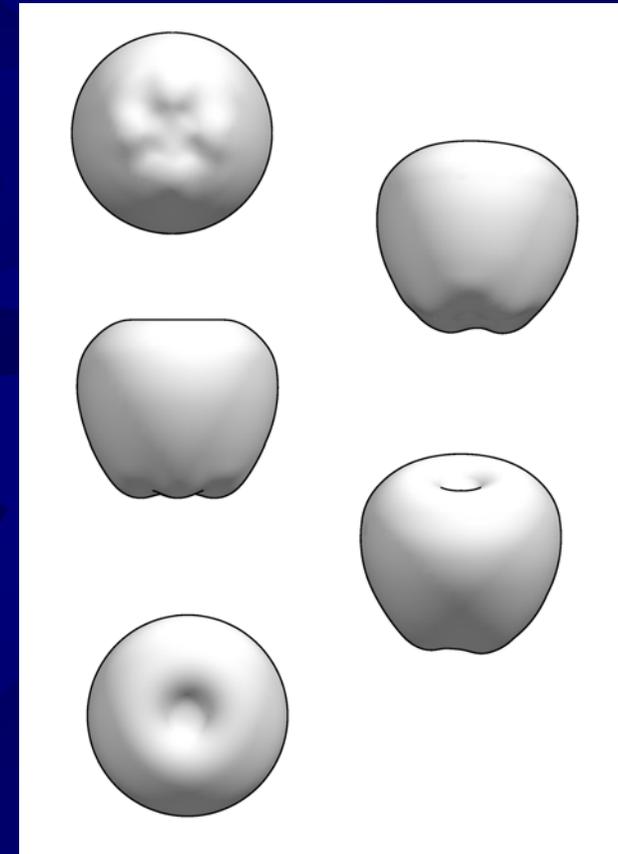
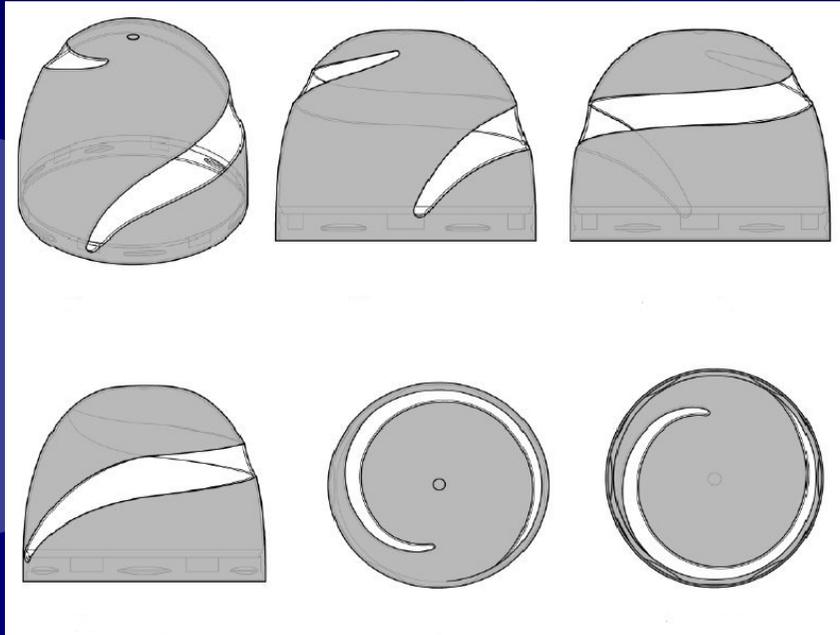


Nº 9345372 PREPARATIONS FOR THE CARE OF THE HAIR Class 3



Nº 9230731 APPARATUS OF AIRE FRESHENING Classes 3,5,11

Nº 9084609 Apple Class 5



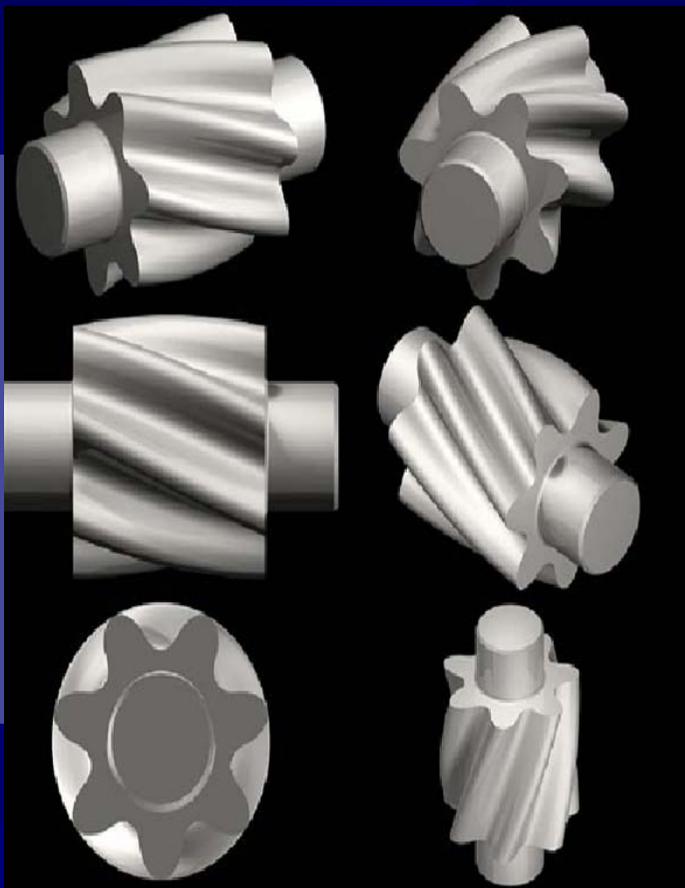
Nº 8429979 PILLARS Class 19



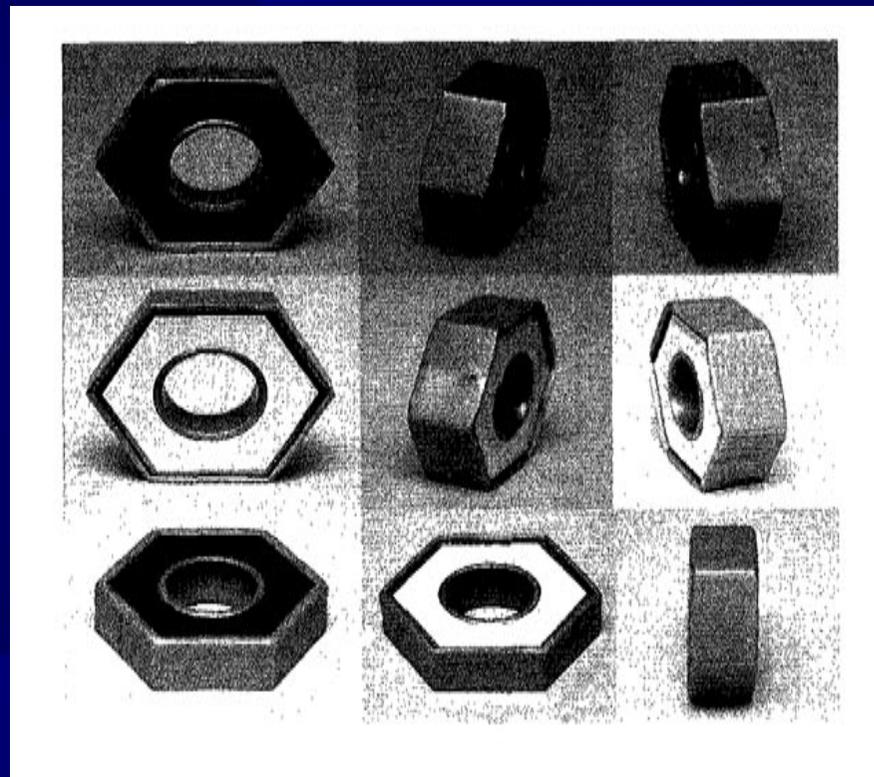
Nº8483885 PEN Class 16



Nº 9265158 Class 7 Machinery tool



Nº 9273591 INDUSTRIAL ADHESIVES Classes 1,16,17



# Statistics of Community Trade Marks Applications 2011



## SSC009 - Statistics of Community Trade Marks 2011

Hasta / Bis / Until / Jusqu'à / Fino : 30/06/2011

Executed at  
04/07/2011 by  
ent\_RICHTMA

DESGLOSE POR TIPO DE MARCA  
AUFSCHLÜSSELUNG NACH ART DER MARKE  
BREAKDOWN BY TYPE OF MARK  
VENTILATION PAR TYPE DE MARQUE  
RIPARTIZIONE DOMANDE PER TIPO DI MARCHIO

Tipo de marca Art der Marke Type of mark Type de marque Tipo de marchio	1996 - 2010 Solicitudes Anmeldungen Applications Demandes Domande	% Mundo Welt World Monde Mondo	2011 Solicitudes Anmeldungen Applications Demandes Domande	% Mundo Welt World Monde Mondo	Total Ingesamt Total Totale	% Mundo Welt World Monde Mondo
Word Mark	566,223	61.26	30,219	57.34	596,442	61.05
Figurative	350,095	37.88	22,114	41.96	372,209	38.10
3D	6,188	0.67	276	0.52	6,464	0.66
Other	808	0.09	58	0.11	866	0.09
Colour	813	0.09	27	0.05	840	0.09
Sound	148	0.02	8	0.02	156	0.02
	33	0.00			33	0.00
Hologram	9	0.00			9	0.00
Olfactory	7	0.00			7	0.00
<b>Total Ingesamt Total Totale</b>	<b>924,324</b>	<b>100.00</b>	<b>52,702</b>	<b>100.00</b>	<b>977,026</b>	<b>100.00</b>

# Statistics of Registered Community Trade Marks 2011



## SSC009 - Statistics of Community Trade Marks 2011

Hasta / Bis / Until / Jusqu'à / Fino : 30/06/2011

Executed at  
04/07/2011 by  
ent\_RICHTMA

DESGLOSE POR TIPO DE MARCA

AUFSCHLÜSSELUNG NACH ART DER MARKE

BREAKDOWN BY TYPE OF MARK

VENTILATION PAR TYPE DE MARQUE

RIPARTIZIONE DOMANDE PER TIPO DI MARCHIO

Tipo de marca Art der Marke Type of mark Type de marque Tipo de marchio	1997 - 2010 Marcas Registradas Eingetragene Gemeinschaftsmarken Registered Trade Marks Marques Enregistrées Marchi Registrati	% Mundo Welt World Mondo	2011 Marcas Registradas Eingetragene Gemeinschaftsmarken Registered Trade Marks Marques Enregistrées Marchi Registrati	% Mundo Welt World Mondo	Total Ingesamt Total Total Totale	% Mundo Welt World Mondo
Word Mark	423,245	60.57	26,198	56.54	449,443	60.32
Figurative	271,474	38.85	19,861	42.87	291,335	39.10
3D	3,304	0.47	205	0.44	3,509	0.47
Other	361	0.05	45	0.10	406	0.05
Colour	248	0.04	15	0.03	263	0.04
Sound	112	0.02	9	0.02	121	0.02
Hologram	3	0.00			3	0.00
Olfactory	1	0.00			1	0.00
<b>Total Ingesamt Total Total Totale</b>	<b>698,748</b>	<b>100.00</b>	<b>46,333</b>	<b>100.00</b>	<b>745,081</b>	<b>100.00</b>

# Statistics of Registered Community Trade Marks 2011

3D CTM :

Applied for : 6.188

Rejected : 3.304

53% Community Trade Marks 2011 have been refused



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