

## ‘TRADE MARKING THE LOOK AND FEEL OF BUSINESS ENVIRONMENTS IN EUROPE’



### ABSTRACT

After the CJEU’s recent ruling in *Apple*, registering the look and feel of business environments is now in principle possible under European law without stringent conditions or apparent limits. This article evaluates the significance of this novel development in registering service marks for business trade dress through the lens of distinctiveness –the foundational characteristic of all protectable trade marks to convey source-related information to consumers which was left unexamined in *Apple*. It uses this lack of guidance to lay down the foundations for a more appropriate evaluation that takes into account the particular nature of service marks for business environments and presumed consumer reactions as part of the settled distinctiveness criterion for any mark that coincides with the appearance of the designated goods or services. The article argues that this novel type of mark is not without problems and, whilst increasingly popular for businesses, raises significant concerns about competition and market freedom which other jurisdictions generally address through specific doctrinal tools like the functionality doctrine. *Apple* expressly removed the application of comparable limitations available in the statutory text but this article contends that European courts *do* have some important doctrinal tools and policy-levers at their disposal for this task and these are largely part of the dynamic concept of distinctiveness. However desirable the aesthetic consumer experience conveyed by the look and feel of business environments, it is argued that the link between unconventional forms of trade dress and consumer source identification must be maintained as the most fundamental reason for recognising exclusive rights.

**Keywords:** Trade Dress; Distinctiveness; Look and Feel; Registration; Store Design Marks; EU law



## INTRODUCTION

The concept of ‘trade mark’ has undergone significant transformations in response to unprecedented ways in which modern businesses seek to present and differentiate their branded products and services to consumers, attempting to inspire and retain strong brand loyalty. In the modern economy, businesses increasingly strive to connect their core brand values to their products and services through a myriad of unique design experiences, ranging from traditional presentational features of shape, colour and packaging to user interfaces, sensory shop environments, concept stores, restaurant décor, architectural design, etc. This growing realisation that consumers’ aesthetic experiences *do* matter and are key to market success has been identified as ‘the rise of look and feel as a driver of market value and subject of intellectual property claims.’<sup>1</sup> For instance, Apple has a reputation for marketing products with a cool ‘look and feel’, which is also part of the customer retail experience in the sale of its own products in its flagship stores. The ‘look and feel’ of the clothing store Abercrombie & Fitch extends well beyond conventional source-identifiers like its name or logo as entering an Abercrombie store is ‘a total sensory experience, from the scent of a distinct and familiar cologne in the air to scantily clad “models” who sell both clothes and an image.’<sup>2</sup>

These consumer aesthetic experiences are increasingly being asserted as exclusive IP rights, particularly in trade mark law which contains a capacious definition of subject-matter that may be registered as a trade mark. Indeed, protection of look and feel has been largely spurred through the ever-expanding concept of ‘trade dress’ –an American concept that refers to the ‘total image and overall appearance’ of a product’s design or its packaging. The trade dress of a product may include features such as ‘size, shape, colour or colour combinations, texture, graphics or even particular sales techniques.’<sup>3</sup> Trade dress has a broad meaning and has further expanded to include also ‘the total image of the business’<sup>4</sup> or trade dress for service marks. This category of service trade dress generally protects the visual appearance of the place in which a service is provided, such as a retail store’s layout or restaurant interior decor or external façade.<sup>5</sup> Thus the

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<sup>1</sup> Peter Lee and Madhavi Sunder, ‘The Law of Look and Feel’ (2017) 90 Southern California LR 529, 535. For a discussion on anti-competitive effects of strong brand differentiation based on IP exclusion, see Mark Lemley and Mark McKenna, ‘Is Pepsi Really a Substitute for Coke? Market Definition in Antitrust and IP’ (2012) 100 Georgetown LR 2025

<sup>2</sup> Lee and Sunder (n 1) 533-34

<sup>3</sup> *Two Pesos v Taco Cabana*, 505 US 763, 765 (1992)

<sup>4</sup> *ibid*

<sup>5</sup> *Savant Homes v W Collins*, 809 F.3d 1133, 1146 (10<sup>th</sup> Cir, 2016) (features of a building like a floorplan may constitute trade dress); *Best Cellars Inc v Wine Made Simple* (SDNY, 2003) 320 F.Supp.2d 60, 70 (interior décor of a retail establishment such as a retail wine shop constitutes interior décor trade dress.) (*Best Cellars II*); *Abercrombie & Fitch Stores v American Eagle Outfitters*, 280 F.3d 619, 633

acceptance that the overall look of a product or a business may also permit consumers to identify the goods or services as originating exclusively from a particular commercial source has led trade dress protection to be seen as operating within, and existing to further, the same purposes as trade mark law of preventing deception and protecting goodwill. More generally, business décor trade dress often acts as a service mark for franchises, precipitating significant growth in the service economy and instrumental to American's pioneering role in franchising based upon the architectural design of outlets.<sup>6</sup>

After securing US registrations of the 3D design and layout of its flagship store as a trade dress service mark in 2013,<sup>7</sup> Apple sought to extend protection by filing international registrations to several countries which are members of the Madrid System, including several EU countries such as the Benelux, Germany, Poland, Spain, Sweden and the UK. Apple's international registrations were met with mixed results. For instance, the German Patent and Trade Mark Office ('DPMA') refused the registration in Germany, prompting Apple to appeal to the Bundespatentgericht (German Patent Court, 'BPatG') which in turn referred several fundamental questions of interpretation to the Court of Justice of the EU (CJEU). In 2014, the CJEU accepted the possibility of registering the total image of Apple's flagship store as a 3D design mark for retail services, thereby following the international lead of US law to protect service trade dress and implicitly opening the potential for European traders to register the look and feel of a wide range of business environments. Crucially, whilst Apple had to evidence that it had successfully educated consumers to acknowledge its retail store trade dress as a business-identifier (secondary meaning or acquired distinctiveness) in order to secure US registrations, the CJEU's *Apple* ruling envisages the possibility of business trade dress marks being intrinsically capable of indicating source to consumers (or inherently distinctive) and automatically registrable without prior use. But the crucial question of *how* this

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(6<sup>th</sup> Cir, 2002) (features of in-store presentations associated with the sale of products is protectable trade dress.); *The Yankee Candle Co v The Bridgewater Candle Co*, 259 F.3d 25, 40 (1<sup>st</sup> Cir, 2001) (a combination trade dress claim comprises a number of features such as candle sizes and shapes, their labels and in-store display system which, taken together, are potentially indicative of source.); *Clicks Billiards v Sixshooters*, 251 F.3d 1252, 1257 (9<sup>th</sup> Cir, 2001) (restaurants and similar establishments may have a total visual appearance that constitutes protectable trade dress.); *Best Cellars Inc v Grape Finds at Dupont Inc*, 90 F.Supp.2d (SDNY, 2000) (the total overall layout of a wine shop can be inherently distinctive.) (*Best Cellars I*)

<sup>6</sup> Jerome Gilson and Anne Gilson LaLonde, 'Cinnamon Buns, Marching Ducks and Cherry-Scented Racecar Exhaust: Protecting Nontraditional Trademarks' (2005) 95 TMR 773, 813. See also, Nicholas Hohn-Hein, 'Registering Store Design As a Trademark in the United States and Germany: A Comparative Analysis' (2015) 105 TMR 1295 (highlighting franchising as a key economic driver for a wide variety of sectors.)

<sup>7</sup> Joseph Dzida, 'Apple, Inc v Deutsches Patent-Und-Markenamt: Why the Court Got It Wrong' (2016) 38 Loyola LA Int'l & Comp. LR 35 (outlining the background to Apple's registrations.)

intrinsic capacity of a new type of unconventional sign is to be evaluated on the facts was left unexamined and this article uses this absence as a basis for a broader discussion about the competing interests behind potential accommodation of look and feel claims within traditional trade mark values.

*Apple* undoubtedly confirms that European law offers ample opportunities for traders to compete not just based upon traditional metrics such as price, quality or technical features but also through ‘all-encompassing experiential landscapes that create a deep and unique bond with consumers’<sup>8</sup> to secure market advantages. However, what *Apple* does not even attempt to mention is that protecting aspects of store design or the look and feel of commercial establishments has profound implications for competition and consumer welfare, both of which crucially underpin trade mark law.

This article highlights several difficult issues in dealing with modern claims of look and feel. Some of those issues have to deal with claiming, ie the level of detail at which a store design mark must be represented or described so as to avoid giving anticompetitive control over generalised aspects or features common to a category. Claiming is under-explored in general in trade mark law. The article connects the issue of specificity both with assessments of distinctiveness (the foundational condition for trade mark protection) and potential anticompetitive effects. Using *Apple* as a starting point, I argue that expansions of European trade mark law to protect look and feel trade dress are not without problems and cannot be without limits. Store design is a particularly interesting context in which to evaluate these concerns, because store design sits in between the common, traditional categories of trade dress (product-design and product-packaging). Nevertheless, store design is neither but an undefined category (or a ‘tertium quid’ as US law calls it), which brings the distinction into doubt as a means of capturing the full universe of trade dress claims. *Apple* also has significant implications for retail service marks. It forced the CJEU to consider yet again whether everything traders do to promote the sale of their own goods (rather than those of third-parties) should properly count as protectable service and, if so, under what conditions a retail service mark can be registered. The article uses this unexamined question to highlight the conceptual difficulties associated with the category of service marks.

Other issues that this article highlights are the ever-broadening use of trade mark law to claim aspects of brand identity that may certainly contribute to the retail

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<sup>8</sup> Lee and Sunder (n 1) 529

service experience but do not, strictly speaking, fall within trade mark law's traditional domain. Upon close examination, it is not entirely clear that store design claimants are really asserting trade mark values, ie that their primary concern is source significance in the conventional sense. What emerges is that registering the visual design of business environments as trade mark risks monopolising mere retail concepts, marketing themes or business methods rather than true source-identifiers that consumers rely upon to make informed choices, thereby restricting the freedom of others to compete. Indeed, commentary on *Apple* has questionably assumed that the law now protects 'a unique concept'<sup>9</sup> which, for instance, may prevent other competitors from mimicking Apple's 'direct-to-consumer' business method and design, as some Chinese companies are reported to do.<sup>10</sup> These questionable observations fail to appreciate that 'trade dress protection exists to promote competition'<sup>11</sup> and guard against confusion of origin in the marketplace, not to enable 'monopolistic use of a commercial idea'<sup>12</sup> and prevent copying generally so as to 'shield businesses from plagiarism.'<sup>13</sup> Unsurprisingly, in the specific context of interior décor trade dress representing a novel marketing strategy, US courts have identified a tension between trade dress protection and open competition.<sup>14</sup>

I use the CJEU's limited guidance on the distinctiveness evaluation to re-examine the settled analytical framework and offer some suggestions that properly evaluate this new category of service marks for business trade dress by reference to the presentational aspects of services and normative presumptions of consumer visual habits. This framework is found in existing case-law. The CJEU itself in *Apple* flagged up the 'departs significantly' criterion as the relevant analytical framework within which to evaluate the intrinsic capacity of the store design mark to function as source-identifier for consumers of Apple's services. This is however far from a simple

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<sup>9</sup> Hohn-Hein (n 6) 1310

<sup>10</sup> Jose Tizon Mirza, 'CJEU Expands Trade Mark Law to Include the Design of a Store Layout: 'Apple, Inc v Deutsches Patent-Und-Markenamt (German Patent and Trade Mark Office)' (2014) 12 EIPR 813, 817 (referring to Chinese company Xiaomi as copying Apple's business style.). See also, Chinese authorities find 22 fake Apple stores, 12<sup>th</sup> August 2011. <http://www.bbc.co.uk/news/technology-14503724> (accessed 28th April 2017)

<sup>11</sup> *Traffix Devices, Inc v Marketing Displays, Inc*, 532 US 23, 28 (2001); *Wal-Mart Stores, Inc v Samara Brothers*, 529 US 205 (2000) (highlighting competition concerns and consumer welfare as a reason for declaring product design trade dress (but not packaging or business trade dress) non-inherently distinctive, which requires always evidence of secondary meaning.)

<sup>12</sup> *Best Cellars II* (n 5) 69 (The Lanham Act must be construed in the light of the strong federal policy in favour of vigorously competitive markets.)

<sup>13</sup> *Fair Wind Sailing, Inc v Dempster*, 764 F3d 303, 306 (3<sup>rd</sup> Cir, 2014)

<sup>14</sup> *Best Cellars I* (n 5) 434 (Defendant is prevented using the 'wall of wine' for its wine shop but may continue to use the revolutionary concept of selling wine by taste.); *Best Cellars II* (n 5) 69 (As trade dress is the total overall look of the wine shop, defendants do not infringe by appropriating the marketing concept or any particular element, unless the overall dress is sufficiently similar to cause confusion.)

application of settled principles to a new category of marks. I argue that EU courts need to develop a more rigorous standard of distinctiveness in order to apply proper protection for service trade dress. For instance, the ‘departs significantly’ criterion is critically underpinned by the normative rule that there is ordinarily no consumer habit of purchasing products on the basis of their appearance or colour, disregarding their graphic or verbal elements. Yet nowhere does *Apple* reference this normative presumption. Does this mean that, unlike product appearance, there *is* consumer predisposition to the appearance of a service? If so, store design marks (or any business get-up mark)<sup>15</sup> that are outside the adopted norms or customs of the sector are, by that fact alone, enough to entitle applicants to registration. This would, however, contravene settled principles.

Moreover, the ‘departs significantly’ criterion has become the established test for evaluating whether or not 3D signs have the necessary distinctiveness for registration but the principles have largely developed around consumer reaction to *product* get-up, not service get-up marks. More to the point, despite extensive case-law, the criterion remains a rather confusing and unexamined feature of trade mark law, partly because the CJEU has provided limited guidance other than its faithful repetition and partly because of a lack of extensive scholarship engagement with the case-law and the (unarticulated) policies behind it.

Some of those who have examined the implications of the *Apple* ruling for store design marks identify the concern that applicants such as Apple may attempt to gain monopoly rights over generalised aspects of their store designs. This prompts them to argue that European law should exclude their registration as a matter of principle, raising important competition concerns as a primary justification.<sup>16</sup> This article critically examines the cogency of these opinions and finds them wanting. Whilst acknowledging the potential for anti-competitive effects, it proposes using the general requirement of distinctiveness as the primary basis for preventing the registration of marks that are unlikely to function as source-identifiers, as well as consumer expectations and existing doctrinal devices that safeguard against the monopolisation of certain signs to protect competitors’ interests and preserve their freedoms. All categories of signs must have sufficient distinctiveness as a defining characteristic of protectable trade marks; signs cannot be registered unless there is

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<sup>15</sup> Throughout this article, the terms ‘business trade dress’, ‘business get-up’, ‘design mark’ or ‘store layout marks’ are used interchangeably, even though European courts use ‘shape mark’, ‘composite mark’ or ‘get-up mark’ rather than the American term ‘trade dress’.

<sup>16</sup> Dzida (n 7) 35

some basis for assuming target consumers are likely to acknowledge them as indicating the origin of the applicant's goods or services.

My claim is that there are several ways in which to build important policy considerations within the dynamic nature of distinctiveness. Rather than adopting a discriminatory approach to business get-up marks, I contend there are several doctrinal tools and policy limitations within trade mark law itself that reflect the wider public-interest function in preserving the availability of certain marks for all. Yet despite its centrality and foundational role in trade mark law, distinctiveness generally does a poor job at addressing important competition concerns that are implicated in extending protection to new forms of subject-matter. In jurisdictions such as the US the functionality doctrine is a significant limitation upon expansive trade dress law as this doctrine is generally understood to be the bulwark against the preservation of a competitive market.<sup>17</sup> In a similar vein, European law permanently excludes from registration a specific category of functional signs, but the CJEU treats this important safeguard as formally operating for *product* trade dress, not the configuration of services. The EU policies underlying the limits on trade dress protection for products have not been extended to trade dress for services without proper analysis. *Apple* thus removed this important obstacle without considering whether a teleological interpretation might be warranted to ensure that registration of the innovative but functional configuration of store design does not confer abnormal market advantages to a trader. The removal of the functionality limitations adds more pressure to the EU concept of distinctiveness as the sole gatekeeper, reinforcing this article's call for EU courts to develop a more rigorous distinctiveness standard. Nevertheless, my analysis reveals that utilitarian advantages of design elements *do* have an important role to play within consumer reactions and distinctiveness evaluations.

Furthermore, significant amendments to the legislative framework in 2015 have introduced important changes to the conditions for registration, particularly the removal of any representation to be 'graphic' and incorporated the *Sieckmann* identification criteria for all marks as express condition for registration. This article evaluates the significance of these legislative changes and the extent to which *Apple* continues to be good law for the conditions underpinning business get-up marks. It

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<sup>17</sup>*Abercrombie & Fitch Stores* (n 5) 640 ('Concern for realistic competition in a given industry has a place in trade dress law: the functionality doctrine.'). Furthermore, under the Trade Marks 1946 (or the Lanham Act), *all* forms of trade dress must be non-functional to be protected, see 15 U.S.C. §1125(A)(3), Pub. L. No. 79-489, 60 Stat. 427

also examines the (unexplored) question of what EU law is to gain, from a source designation perspective, in recognising store designs as trade marks? Is there a significant social gain in allowing these emerging claims of business look and feel? If so, what is the cost? The article uses an enforcement cost analysis to offer some answers. My ultimate contribution is to move the current academic debates around this novel type of mark beyond arguments for total exclusion and arguments for whole-hearted approval, and into a far more meaningful academic engagement with the elusive concept of distinctiveness as it relates to unconventional forms of signs and the core goals of trade mark law.

## I. THE CJEU RULING IN *APPLE STORE v DPUM*

In *Apple*, the CJEU was confronted with the novel question of how easily service providers should be allowed to secure exclusive rights in the presentational aspects of the establishment in which a service is provided for consumers.<sup>18</sup> That is, trade mark monopoly over business décor or ‘the total image of the business,’ as is known under US law.<sup>19</sup> The Court affirmed its liberal approach to registration, ruling that under the Trade Marks Directive (‘TMD’)<sup>20</sup> (and by extension the Community Trade Mark Regulation ‘CTMR’ or, as of 2016, the Regulation on the EU Trade Mark or ‘EUTMR’<sup>21</sup>) a simple depiction of Apple’s flagship store may, in principle, be capable of supporting a trade mark registration for retail services without additional requirements about the precise scale of the store premises depicted therein. The Directive therefore does not impose stringent requirements upon applicants to specify the relative dimensions of the store front or the precise disposition of the combination of furnishings displayed in the interior layout of the establishment supplying the services. The CJEU found support for this interpretation in the plain wording of the then Art.2 which includes ‘designs’ as ‘among the categories of signs

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<sup>18</sup> *Apple Inc v DPUM* (C-421/13) ECLI:EU:C:2014:2070, [2014] ETMR 48, 973

<sup>19</sup> *Two Pesos* (n 3) 765

<sup>20</sup> 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, OJ L 299, 8.11.2008, p. 25. This Directive has been recast by Directive 2015/2436 of 16 December 2015 to approximate the laws of the Member States (recast) OJ L 336/1. The recast Directive entered into force on January 12, 2016, and Member States have three years (until January 14<sup>th</sup>, 2019) to transpose it into national law.

<sup>21</sup> Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark, OJ L 78, 24.3.2009, p. 1., which was substantially amended by Regulation (EU) 2015/2424 of 16 December 2015, OJ L341/21. The new EUTMR came into force on 23<sup>rd</sup> March 2016 but certain provisions which require implementing legislation will enter into force on October 1<sup>st</sup>, 2017.



capable of graphic representation.’<sup>22</sup> The representation of the establishment in which a service is provided was thus characterised as a type of ‘design mark’ (fig1).



(fig1)

The Court also recalled that, under settled case-law, the definition of trade mark under Art.2 requires the subject-matter of any application for registration to satisfy three conditions irrespective of the applicant’s goods and services, namely (i) it must be a sign (ii) capable of being represented graphically and (iii) capable of distinguishing the goods or services of one trader from those of others.<sup>23</sup> These cumulative conditions perform significant public-interest objectives that were articulated in case-law concerning non-traditional signs such as scents,<sup>24</sup> colours,<sup>25</sup> sounds<sup>26</sup> and 3D representations.<sup>27</sup>

The aim of the requirement of a ‘sign’ is ‘to prevent the abuse of trade mark law in order to obtain an unfair competitive advantage.’<sup>28</sup> For instance, an unfair competitive advantage is likely to arise when the subject-matter of the application would ‘allow for numerous different [colour] combinations’<sup>29</sup> or is ‘capable of taking on a multitude of different appearances [of a transparent bin]’ without being

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<sup>22</sup>*Apple* (n 18) [18]

<sup>23</sup> In its new version, Art.3 of the recast Directive (which corresponds to Art.4 of the amended Regulation) reads as follows: ‘Signs of which a trade mark may consist: A 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, 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.’

<sup>24</sup> *Sieckmann* (C-273/00) ECLI:EU:C:2002:748

<sup>25</sup> *Libertel Groep BV v Benelux-Merkenbureau* (C-104/01) ECLI:EU:C:2003:244, [2005] 2 CMLR 45, *Heidelberger Bauchemie GmbH* (C-49/02) ECLI:EU:C:2004:384.

<sup>26</sup> *Shield Mark BV* (C-283/01) ECLI:EU:C:2003:641

<sup>27</sup> *Dyson Ltd v Registrar of Trade Marks* (C-321/03) ECLI:EU:C:2007:51

<sup>28</sup> *Heidelberger* (n 25) [24]

<sup>29</sup> *ibid* [35]

specific.<sup>30</sup> In those circumstances, the non-specific subject-matter is likely to be no more than a mere concept or a mere property of the product concerned with an indeterminate scope of protection contrary to the system of undistorted competition at heart of the Directive. Similarly, in the European system of trade mark protection which is premised upon registration for acquiring exclusive rights over signs and designations, a 'sign must always be perceived unambiguously and uniformly, so that the function of mark as an indication of origin is guaranteed.'<sup>31</sup>

In its a liberal of view registrability, the CJEU had previously interpreted the Directive as not expressly excluding non-verbal signs such as scents, colours and sounds but insisted that the sign eligible for registration must be capable of being represented on the register in a clear and precise manner for the relevant authorities and the public to determine the precise subject-matter of protection conferred upon the proprietor. Therefore, their graphic representability within the meaning of Art.2 must 'enable the sign to be represented visually, particularly by means of images, lines or characters, so that it can be precisely identified.'<sup>32</sup> That representation must also be 'clear precise, self-contained, easily accessible, intelligible, durable and objective.'<sup>33</sup> These are known as the *Sieckmann* criteria. The BPatG believed these seemingly stringent criteria extended to the visual image of a retail establishment for which Apple sought registration,<sup>34</sup> but the CJEU took a different view.

Apart from the figurative representation, Apple simply added a description of the mark as 'the distinctive design and layout of a retail store,' –something that the US Examiner had rejected as an insufficient description. However, in its analysis the CJEU ruled that the representation, by a design alone, of the interior layout of a retail store depicted by means of 'an integral collection of lines, curves and shapes', as

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<sup>30</sup>*Dyson* (n 27) [37] ('Given the exclusivity inherent in trade mark right, the holder of a trade mark relating to such a non-specific subject-matter would obtain an unfair competitive...since it would be entitled to prevent its competitors from marketing vacuum cleaners having any kind of transparent collecting bin on their external surface, irrespective of its shape.')

<sup>31</sup>*Heidelberger* (n 25) [31]

<sup>32</sup>*Libertel* (n 25) [28]

<sup>33</sup>*Sieckmann* (n 24) [55] (scent marks); *Libertel* (n 25) [29] (single colour marks); *Shield Mark* (n 26) [55] (sound marks); *Heidelberger* (n 25) [31] (colour combination marks). Under the recast Directive, the new version of Art.2 has become Art.3, which refers simply to the mark being 'represented' on the register in clear and precise terms whilst Recital 13 explicitly refers to the *Sieckmann* criteria as underlying the representation which need not be in graphic form. See, recast Directive 2015/2436 (n 20)

<sup>34</sup> Thomas Farkas, 'Trademark Protection for Store Designs. One Trademark a Day Keeps Apple's Competitors Away' (2014) 18 *Revista de la Propiedad Intelectual* 323, 341 (observing that the BPatG doubted whether Apple satisfied the *Sieckmann* criteria of clarity and precision.)

submitted in Apple's application, was sufficient to satisfy the first two general conditions of a sign and its graphic representability.<sup>35</sup>

Since *Apple*, the definition of a European Trade Mark ('EUTM') has undergone some significant changes. In 2015, Directive 2008/95 and Regulation 207/2009 were amended, resulting respectively in the new (recast) Directive 2015/2436 and (recast) Regulation 2015/2424 which, amongst other things, introduced significant changes to the European conditions for registration such as the requirement of graphic representation. These 2015 changes now permit a sign to be represented 'in any appropriate form using generally available technology, and thus not necessarily by graphic means...'<sup>36</sup> The new wording of Art.3 in the recast Directive 2015/2436 (which amends Art.2 of Directive 2008/95 under which the *Apple* reference originated) now mandates that the sign must be 'represented on 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.' Identical wording appears in Art.4 of the recast Regulation 2015/2424. In order to allow for more flexibility regarding the means of representing signs, the requirement of graphic representation has been deleted from the EUTM. However, this is under the express condition that the representation of *every* sign eligible for registration must be 'clear, precise, self-contained, easily accessible, intelligible, durable and objective.'<sup>37</sup> These changes thus explicitly incorporate into the new law the identification requirements developed in the case-law of the *Sieckmann* line of cases. This raises the question of the extent to which the 2015 changes have rendered the representation by design alone of a store layout without specifying sizes and proportions more difficult to satisfy than was the case under *Apple*.<sup>38</sup>

Furthermore, the CJEU concluded its examination of the sign's general aptness to constitute a trade mark under Art.2 by stating, without further elaboration, that it could not be ruled out that the retail store design as submitted is capable of satisfying the third condition of 'distinguishing the goods or services' of one trader. The Court thus refused to rule out the *potential* ability of the store get-up mark to act as an effective source-identifier for Apple's retail services. Consistent with settled case-law, it went on to observe that the mere fact that a sign is generally capable of constituting a trade mark is no answer to whether it satisfies the central condition of

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<sup>35</sup> *Apple* (n 18) [19]. This made it unnecessary conceptually to analyse the store design mark for retail services in the same way as the 'packaging of goods.'

<sup>36</sup> Recital 13 of Directive 2015/2436 and recital 9 of Regulation 2015/2424.

<sup>37</sup> Recital 13 of Directive 2015/2436 and recital 9 of Regulation 2015/2424.

<sup>38</sup> This is examined in Part III.

having necessary distinctiveness in relation to the products or services for which Apple sought registration.<sup>39</sup> In European law, this fundamental question must be answered by considering whether the sign representing the store layout in which a service is provided is contrary to any of the multiple grounds for refusing registration in Art.3(1) of the Directive (now Art.4(1) in the recast Directive).

When approaching these multiple grounds for refusal, the CJEU recalled settled case-law according to which competent authorities must never evaluate the concrete distinctiveness of a registrable sign in the abstract but must always conduct an assessment *in concreto* from two complementary perspectives, namely the relevant goods or services and the presumed perception of the relevant public, that is, the average consumer who is reasonably well-informed, reasonably observant and reasonably circumspect.<sup>40</sup> Regardless of the category of signs, all marks must serve as a guarantee of commercial origin according to this formula. The CJEU explicitly advised evaluating the Apple application against the statutory objection for being ‘devoid of any distinctive character’ under Art.3(1)(b) or ‘descriptive of the characteristics of the goods or services’ under Art.3(1)(c) but left this factual assessment to the national court without further guidance. The Court also adopted a literal interpretation of the statutory text by expressly removing the application of the grounds relating to functional signs under Art.3(1)(e) which apply only to such signs consisting exclusively of the shape of the *goods*, not services.<sup>41</sup> These grounds mandate a permanent bar to registering functional signs consisting exclusively of a shape (i) which results from the nature of the goods, (ii) which is necessary to obtain a technical result, or (iii) which gives substantial value to the goods.

The overriding policy objective underpinning Art.3(1)(e) is to prevent distortions of competition caused by trade mark registration in extending indefinitely the life of other rights which the legislator has specifically limited in time (such as patents) or by conferring abnormal market advantages to a single trader that limits the market freedom of other competitors.<sup>42</sup> More specifically, the public objective that this legislative exclusion pursues is the same for the three sub-paragraphs, namely ‘to prevent trade mark protection from granting its proprietor a monopoly on technical

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<sup>39</sup> *Apple* (n 18) [21]

<sup>40</sup> *ibid* [22]

<sup>41</sup> *ibid* [24]

<sup>42</sup> *Yoshida Metal Industry Cov EUIPO* (C-421/15 P) ECLI:EU:C:2017:360, at [33]; *Société des produits Nestlé SA v Cadbury UK* (C-215/14) ECLI:EU:C:2015:604, at [45]; *Hauck GmbH & Co v Stokke A/S* (C-205/13) ECLI:EU:C:2014:2233, at [19]; *Lego Juris A/S v Megabrand* (C-48/09 P) ECLI:EU:C:2010:516, at [45]. For an extensive academic analysis of the underlying purpose of this provision, see Uma Suthersanen, ‘The European Court of Justice in *Philips v Remington* – Trade Marks and Market Freedom’ (2003) 3 IPQ 257

solutions or functional characteristics of a product which a user is likely to seek in the products of competitors.<sup>43</sup> It thus enables those essential practical characteristics of the goods concerned which are reflected in the sign's shape or form to be kept in the public domain.<sup>44</sup> A shape mark falling within any of these three objections cannot be cured by demonstrating consumer recognition following market use and can never be registered.<sup>45</sup> The CJEU however declined to extend these policies underlying important limits on protection of product trade dress to service trade dress. It pre-empted potentially refusing registration of Apple's flagship store design mark on the ground that its appearance alone could be functional, even though the BPatG extensively examined the analogous application of Art.3(1)(e) to services marks and contemplated the possibility that 'technical results' could include the necessary means for rendering the services to consumers.<sup>46</sup> Indeed, the CJEU's formalistic interpretation seems counter-intuitive, particularly in the light of its own characterisation of the store layout mark as an integral collection of *shapes*.<sup>47</sup>

As with the definition of a EUTM, the 2015 changes altered also the wording of the prohibition against functional signs which now includes signs which consist exclusively of 'the shape, or another characteristic [of the goods]'.<sup>48</sup> There is no guidance as to what 'another characteristic' includes, nor are there examples in the preamble to the legislation. The new wording nevertheless continues to exclude its potential application to the essential functional characteristics reflected in the shape of a *service*, arguably leaving unchanged the CJEU's formalistic view in *Apple*. In a recent opinion, AG Szpunar observed that, in permitting marks to be represented in any appropriate form using generally available technology, the reference to 'another characteristic' of the goods 'opens the way for registration of new types of mark which may also give rise to questions as to whether they are functional in nature, such as sound marks and, potentially, olfactory or taste marks'.<sup>49</sup> He fell short of referring to design marks for visually representing the layout of an establishment providing *services*. Nevertheless, as discussed in Part IV, distinctiveness is not an isolated criterion; it overlaps with other doctrinal balancing tools and policy considerations that promote a functioning marketplace.

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<sup>43</sup> *Hauck* (n 42) [18]

<sup>44</sup> *Christian Louboutin v Van Haren Schoenen BV* (C-163/16) ECLI:EU:C:2017:495, Opinion of the AG, at [53]

<sup>45</sup> Art.3(3)TMD/Art.7(3) CTMR.

<sup>46</sup> The BPatG however excluded completely the application of Art.3(1)(e) in this particular case. See, Hohn-Hein, (n 6) 1318, fn 140; Farkas (n 34) 340

<sup>47</sup> Indeed, not everyone agrees with the categorical exclusion of Art.3(1)(e) to layout marks for retail services where consumer perceives such composite signs 'as a collection of different shapes', see *Hauck GmbH & Co v Stokke A/S* (C-205/13) ECLI:EU:C:2014:322, Opinion of the AG, at [107]

<sup>48</sup> Art.4(1)(e) of Directive 2015/2436 and Art.7(1)(e) of Regulation 2015/2424

<sup>49</sup> *Louboutin* (n 44) [62].

Given that the relevant provisions make no explicit distinction between different categories of marks, the Court in *Apple* prohibited the application of assessment criteria to store layout marks that are different from those used for other categories of signs.<sup>50</sup> Surprisingly, a related question which was not directly raised in the referral but which the CJEU considered critical in the dispute was that of the ‘protectable’ form of services, namely ‘whether services intended to induce the consumer to purchase the products of the applicant...can constitute “services” within the meaning of Article 2...for which a sign [i.e. Apple’s flagship store] may be registered as a trade mark...’<sup>51</sup> Apple submitted that its retail mark for services intended to induce the sale of its goods was comparable to the capacious concept of retail services in *Praktiker*. However, the Commission countered that *Praktiker* could not be transposed directly to the dispute at hand, in which the sole objective of these retail services is to induce the consumer to purchase Apple’s *own* products rather than third-party products as a retail service mark is intended. The BPatG also shared the Commission’s interpretation, viewing the sale of one’s own products as a mere ancillary service to the manufacturing of goods.

Following the same expansive view of ‘services’ starting in *Praktiker*, the CJEU held that the Directive does not preclude the registration of a store design mark for retail services which are connected with the goods of the applicant. Thus, a goods manufacturer may legitimately register the design and layout of his flagship stores as a trade mark not only for the goods themselves but also for services, provided that ‘those services do not form an integral part of the offer for the sale of those goods.’<sup>52</sup> Accordingly, certain (but not all) services listed in Apple’s application were not barred from being protectable services. As a qualifying example, the CJEU referred to in-store demonstrations through seminars of the products that are displayed in Apple’s flagship stores which ‘can themselves constitute remunerated services falling within the concept of “service”.’<sup>53</sup> This aspect of *Apple* highlights the conceptual difficulties associated with the category of service marks. In an economy that is increasingly focussed on the consumption of goods in purely digital form, what kinds of designations should we count? This is particularly the case with digital services such as electronic marketplaces and online streaming platforms which challenge the meaningful distinction between goods and services. It also forces courts to consider whether everything traders do in promoting their offers of sale should properly be counted as *protectable* services.

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<sup>50</sup> *Apple* (n 18) [24]

<sup>51</sup> *ibid* [25]

<sup>52</sup> *Apple* (n 18) [26]

<sup>53</sup> *ibid* [26]

Is everything intended to induce customers to purchase the branded goods of a producer a 'service'? Where do we draw the line? More importantly, to what extent may *Apple's* express qualification of activities that do not form an integral part of offering goods for sale limit the value of an applicant's service mark for the look and feel of his/her business get-up? This article first turns to this (unexplored) aspect of the ruling.

## II. THE SCOPE OF RETAIL TRADE MARKS FOR 3D STORE DESIGNS

With some exceptions, the significance of the CJEU's caveat in *Apple* that store design marks cannot be registered for services that form an integral part of retail has been largely overlooked in the commentary.<sup>54</sup> Those who have commented on this overlooked aspect have raised the possibility that, if registered, the service mark protection would be more restrictive than that for more standard retail service marks.<sup>55</sup> For instance, *Apple's* enforcement options may be limited to where no in-store demonstrations are taking place.<sup>56</sup> Others suggest that in-store demonstrations allow the store layout mark to be differentiated from the essential characteristics of a retail shop which form an integral part of retail (i.e. the offer for sale of goods) without constituting eligible services.<sup>57</sup> Indeed, some purported services by the seller of goods are simply activities which are inherent in the goods.

What is undoubtedly clear is the broader principle implicitly acknowledged in *Apple*, namely the law's recognition of the emergence of 'atmosphere shops.'

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<sup>54</sup> Dzida (n 7) 41 (Referring to the CJEU's caveat but offering no discussion.); Hohn-Hein, (n 6) 1323 (Stating without proper analysis that the list of services in *Apple's* international trade mark application were sufficiently distinct and narrow to obtain a registration.); Jeremy Blum and Amy Cullen, 'The Apple Store and Unconventional Trade Marks: How Easy Are They to Enforce?' (2014) 12 JIPLP 1008 (Analysing the potential enforceability and scope of protection of the Apple store mark without referring to the CJEU's caveat.); Mirza (n 10) (Assessing the impact of the Apple Store ruling without substantial discussion on the CJEU's caveat.). But cf, Alexander von Mühlendahl, 'European Trade Mark Law: Registrable Signs, Service Marks' (2014) 2 JIPLP 160, 163 (discussing the implications of both *Netto* and *Apple* on the question of retail marks.)

<sup>55</sup> Lee Curtis and Rebecca Field, 'Apple Retail Format –Groundbreaking or Just Another Trademark?' (December 2014/January 2015) World TM Review 65, 68

<sup>56</sup> Tristan Sherliker, 'The Registered Layout: A New Type of Trade Mark for Apple' (2014) 12 JIPLP 961, 963

<sup>57</sup> Mirza (n 10) 816. See also, Sherliker (n 56) 963 (Observing that the finding that layout marks cannot be registered for services that form an integral part of retail is close to finding that the retail environment has a technical result and gives substantial value, despite Art.3(1)(e) being found irrelevant.)

Modern retailers carefully design business environments to create a feeling for their products and a unique consumer experience by using the shop surroundings to upgrade their product offers.<sup>58</sup> Their ultimate goal is to create and reinforce visual aspects of brand identity which are associated not only with the particular design and presentation of the branded product but also the place where that product is purchased or consumed. However, to the extent that these marketing activities relate to the producer's own goods only rather than 'bringing together for the benefit of others', Grabrucker has argued that they are related to the product's image, not to the *service*.<sup>59</sup> Retail services should not be confused with purchase as such. There is thus some support in the commentary for the CJEU's limiting qualification in *Apple* though it is unclear how this is going to apply in practice.

Once considered 'an ancillary sales activity in the interests of the applicant alone' rather than for the benefit of others, retail services were historically considered services ineligible for registration as a trade mark in most Member States since they were not perceived as eligible 'services'.<sup>60</sup> While neither the Directive nor the Regulation contains a definition of 'services', the CJEU had previously ruled that the nature and content of the service eligible for registration falls within the substantive conditions for registrability. It is, as such, an autonomous concept of Community law for which a uniform interpretation must be given.<sup>61</sup> *Praktiker* expansively defined the European concept of 'services' to include also 'services provided in connection with retail trade in goods' for which a service trade mark may be registered.<sup>62</sup> The objective of retail trade of the kind provided by retail stores is the sale of goods to consumers which includes, in addition to the legal sales transaction, 'all activity carried out by the trader for the purpose of encouraging the conclusion of such a transaction.'<sup>63</sup> For example, registrable retail services may consist 'in selecting an assortment of goods offered for sale and in offering a variety of services aimed at inducing the consumer to conclude the ...transaction with the trader in question rather than a competitor.'<sup>64</sup> To identify those services, a retailer need not specify in

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<sup>58</sup> Marianne Grabrucker, 'Marks for Retail Services –An Example for Harmonising Trade Mark Law' (2003) 5 IIC 503, 516

<sup>59</sup> *ibidem*

<sup>60</sup> R-46/1998-2 *Giacommelli Sport SpA's Application* (2<sup>nd</sup> Board of Appeal, OHIM) [2000] ETMR 277, 281, at [9] (Interpreting the CMTR in the sense that retail services may be covered by an application for registration of a Community trade mark.) See also, Grabrucker (n 56)

<sup>61</sup> *Praktiker Bau- und Heimwerkermärkte AG*(C-418/02) ECLI:EU:C:2005:425, at [31-33]

<sup>62</sup> *ibid* [39]

<sup>63</sup> *ibid* [34]

<sup>64</sup> *ibidem*



detail the service(s) but may use general wording such as ‘bringing together a variety of goods, enabling customers to conveniently view and purchase those goods.’<sup>65</sup>

As stated above, the CJEU offered in-store demonstrations of Apple’s own products as a qualifying example of registrable services because they can themselves constitute ‘remunerated services.’ This qualification suggests that a protectable service must be something separate, having its own price and unrelated to, for example, the sale of a laptop. But this is arguably incompatible with the broader understanding of ‘retail services’ in *Praktiker*. In *Praktiker*, however, the CJEU referred to the definition of services in the then Art.50 EC as ‘normally provided for remuneration’ but implicitly endorsed a broader meaning of remuneration under which services need not be separately charged to individual customers when it accepted that at least certain services provided by retailers like *Praktiker* could be protectable service.<sup>66</sup> They may include, for example, having sales assistants who are available and offer consumers appropriate advice regarding suitable choices of products, all of which may become an important selling point for the retailer.<sup>67</sup>

Regarding the implications for the scope of protection that Art.2 may grant to a trade mark for retail services connected with the retailer’s own goods, the CJEU in *Apple* refused to answer this final question for being manifestly irrelevant. Earlier that same day, the Court had refused to answer a nearly identical question in *Netto*. In *Netto*, the CJEU endorsed the further expansion of registrable commercial ‘services’ to encompass retail trading in *services* (not just goods) offered by third parties that may also include services which the retailer itself provides.<sup>68</sup> Following the service economy line of reasoning in *Praktiker*, *Netto* acknowledged that a retailer’s activities can include, in addition to the sale of goods as such, ‘other activities of the retail trader, such as selecting an assortment of goods offered for sale and a variety of services aimed at inducing the consumer to purchase those goods from the trader...rather than from a competitor.’<sup>69</sup> Nothing prevents a trader

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<sup>65</sup> *ibid* [49] (This description is taken from Explanatory Note to Class 35 relating to services of the Nice Agreement.)

<sup>66</sup> *ibid* [38]

<sup>67</sup> *Praktiker Bau- und Heimwerkermärkte AG* (C-418/02) ECLI:EU:C:2005:12, Opinion of the AG, at [51-52]. In the Opinion of the AG which the CJEU closely followed, remuneration implies that the services are supplied ‘to promote the sale of goods and not on a purely disinterested basis, and their cost to the retailer is recovered in his profit margin on the sale of the goods themselves,’ at [53].

<sup>68</sup> *Netto Marken-Discount AG & Co v DPUM* (C-420/13 ) ECLI:EU:C:2014:2069, at [39] (In particular, at [40] the CJEU held that ‘the provision of services by an economic operator which consist in bringing together services so that the consumer can conveniently compare and purchase them may come within the concept of “services” referred to in Art.2..’)

<sup>69</sup> *ibid* [33]

registering his trade mark for the purposes of indicating the origin of the services he provides in competition with other retailers. *Netto* therefore confirms the view that European law permits the registration of trade marks for retail services entailing the bringing together of services and advertising those services for the purposes of encouraging shoppers to spend money in a retail environment such as those provided by shopping centre operators, notwithstanding those services are not separately invoiced.<sup>70</sup>

Contrary to the view of the referring court in *Netto*,<sup>71</sup> the CJEU considered that the provision of the services 'being brought together' can be classified, where appropriate, under Class 35 of the Nice Agreement without limiting the registration only to third party goods/services. In order to respect the conditions of clarity and precision required by the Directive,<sup>72</sup> the applicant need not specify in detail each of the activities making up the service concerned but must describe them 'with sufficient clarity and precision to enable the competent authorities and economic operators, on that basis alone, to determine the extent of the protection sought.'<sup>73</sup> If only some of the services listed in the class are intended, the requirement for sufficient clarity and precision requires the applicant to specify this in order to enable the authorities to examine whether the sign is descriptive of one or more of the services which the applicant intends to select and offer.<sup>74</sup>

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<sup>70</sup>*Land Securities Plc, Capital Shopping Centres Plc, Hammerson Plc v The Registrar of Trade Marks*, [2008] EWHC 1744 (Pat) (Remuneration can also be indirect so that the services by a shopping centre operator involved in providing a good mix of retail outlets and leisure facilities, the right ambiance, convenient opening hours, information services, loyalty schemes, car parking, crèches, etc., were undoubtedly of benefit to the retailers of the shopping centre.)

<sup>71</sup> 29 W (pat) 573/12 *Netto Marken-Discount AG* BPatG (08 May 2013, Unreported). For a brief summary of this case, see 'Annual Review EU Trademark Law,' (2014) 104 TMR 473, 475

<sup>72</sup>*Chartered Institute of Patent Attorneys v Registrar of Trade Marks*, (C-307/10) ECLI:EU:C:2012:361. The requirement that the designation of the goods or services must be sufficiently clear and precise is now part of Art.39 of recast Directive 2015/2436 and Art. 28 of recast Regulation (EU) 2015/2424 amending Council Regulation (EC) No 207/2009 on the Community trade mark and Commission Regulation (EC) No 2868/95 implementing Council Regulation (EC) No 40/94 on the Community trade mark, and repealing Commission Regulation (EC) No 2869/95 on the fees payable to the Office for Harmonization in the Internal Market (Trade Marks and Designs) OJ L341/21

<sup>73</sup>*Netto* (n 68) [44] (In *Netto*, however, the application for some of the services the retailer intended to bring together mentioned only the number of the Class headings of the Nice Agreement without specifying whether he intended to refer to all the goods or services included in the list of that class or only some of them.)

<sup>74</sup> *ibid* [47]. The requirement for sufficient clarity and precision of the description is also relevant in assessing the similarity of the goods and services in opposition proceedings. See, *OHIM v Sanco SA* (C-411-13 P) ECLI:EU:C:2014:315, at [53]

### III. PRELIMINARY CONSIDERATIONS OF BUSINESS TRADE DRESS MARKS

#### A. Protection of Business Environments Prior to *Apple*

Nearly all the questions in *Apple* were framed in terms of the general conditions for registration envisaged in Art.2. This may not be surprising given that the case-law had hitherto addressed the question of graphic representability as that requirement relates solely to the means of objectively identifying non-traditional signs, not the level of detail at which the 3D representation of a retail environment itself must be described to constitute a trade mark. Whilst *Apple* simply settles the fundamental question that the depiction itself of a sales outlet is capable of constituting a 'registrable sign' for an applicant's retail services, the ruling provides no basis for concluding that registration of such marks necessarily follows in all cases without other relevant considerations and conditions. Indeed, it provides limited guidance on the more complex analysis of whether such a store design mark can in fact, from the perspective of the average consumer, independently fulfil the essential function of identifying and distinguishing the origin of the specific services according to the settled rules and principles developed in the case-law.

To the extent that the Apple store design mark may be used in connection with products, the ruling breaks no new ground as the CJEU had already ruled on the registrability of designs depicting the goods themselves<sup>75</sup> or design marks applied to the surface of the goods.<sup>76</sup> However, to the extent that the interior layout and store front may be registered in connection with Apple's retail outlets, the ruling *does* represent a new development in European law. It is the first time the visual appearance of business get-up rather than product get-up has been proposed and considered in a preliminary reference. The CJEU itself recognised the potentially broader implications of its ruling, attempting to minimise them by reformulating the questions and narrowing down its scope to the specific circumstances of retail outlets

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<sup>75</sup>*Linde AG, Windward Industries Inc and Rado Uhren AG* (C-53/01 to C-55/01) ECLI:EU:C:2003:206, [2003] ETMR 963; *Lego* (n 40) (Figurative design of a the Lego building brick accepted for registration but eventually revoked for being composed exclusively of functional characteristics which are necessary to achieve a technical result.)

<sup>76</sup>*Deichmann SE v OHIM* (C-307/11 P) ECLI:EU:C:2012:254; *Glaverbel v OHIM* (C-445/02 P) ECLI:EU:C:2004:393, [2005] ETMR 70 and the subsequent Court Order on the question of acquired distinctiveness, *AEGC Flat Glass Europe SA v OHIM*, (C-513/07 P) ECLI:EU:C:2008:577; *Birkenstock Sales GmbH v EUIPO* (T-579/14) ECLI:EU:T:2016:650, at [26].

such as Apple's flagship store rather than any presentation of the business environment in which a service is provided.<sup>77</sup>

Protection for the visual arrangement of interior sales outlets and exterior design of business premises is by no means new in the case-law of some Member States. With mixed results, some traders have brought copyright and unfair competition actions<sup>78</sup> whilst others have turned to the protean common law tort of passing off.<sup>79</sup> Whilst the common law has allowed actions to prevent the imitation of the décor and get-up of commercial establishments such as restaurants consisting of the 'whole package' presented to the claimant's customers (i.e. trading name in combination with a particular ambiance and marketing style), it has recognised no principle of law to prevent defendants broadly modelling their business upon the same theme or other general marketing features.<sup>80</sup> Passing off actions have thus been unsuccessful in the UK.

On the other hand, some national courts have interpreted their harmonised trade mark legislation as permitting the registration as a trade mark of the establishment in which a service (i.e. market stalls, perfume shops or real estate office) is provided but cautiously added certain considerations and limitations.<sup>81</sup> One

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<sup>77</sup>*Apple* (n 18) [15]

<sup>78</sup> For France, see *Andre SA/Metropole Concept*, Cour d'Appel de Paris, PIBD 2006, 82, IIID-31 (31 August 2004, Unreported) (Successful copyright infringement claim based upon the arrangement of a shop.); *Cour Cassation, Chambre Civile 1*, 01-17650 (17 June 2003, unreported) (Layout-type of an optician's shop was nothing more than a general description without sufficiently precise and concrete indications and, accordingly, it isn't sufficiently original for copyright protection.). For Italy, see *Kiko srl v Wjcon srl*, Tribunale di Milano 11416/2015 (13 November 2015, unreported) (Copyright protects concept stores as original architectural works so long as it's possible to identify an act of creation.) but cf with *Kiko srl v Wjcon srl*, Tribunale di Roma (5 September 2012, unreported) (Concept store is too abstract to attract copyright protection) and *Kiko srl v Wjcon srl*, Tribunale di Milano 89902/09 (3 May 2010, unreported) (Functional similarities between the stores exclude any protection against copyright infringement and unfair competition.)

<sup>79</sup>*Charles Church Developments Plc v Cronin*, [1990] FSR 1, 6 ('Wessex House' design is non-distinctive as it has no features which would cause it to be identified in the mind of the public as the product of a particular builder and no other.); *Laraine Day Ld v Kennedy* (1952) 70 RPC 19 (Unsuccessful passing off claim by means of alleged similarities in shop-fronts and window dressings).

<sup>80</sup>*My Kinda Town Ltd v Soll*, (1983) 100 RPC 407, 416 (Reversing the grant of injunctive relief as the complaint here was pleaded only against defendant's use of the name 'Chicago Pizza' as the operative misrepresentation which the evidence failed to prove.)

<sup>81</sup> For instance German courts, see 29 W (pat) 42/11 *Markstand* (Market stall) BPatG (05 June 2013, unreported) (The three-dimensional design of a market stall commonly displayed on weekly fairs or Christmas markets is generally capable of distinguishing only certain services of the applicant, ie business management, administration and office functions, but not services for food and drink.); I ZB 1/06 *Bürogebäude* (Office building) BGH (12 August 2004, unreported) (German Federal Court agrees that the registration of a building design mark for 'real estate services' is descriptive of the characteristics of such services but not in relation to other related services, ie 'business

of the central conditions imposed by French courts is that the store design mark must be sufficiently 'precise and arbitrary to designate the specific service.'<sup>82</sup> The same condition appears in copyright cases where both French and Italian courts deny protection for mere general ideas or retail concepts.<sup>83</sup> Whilst these requirements are consistent with those of precision and certainty that the CJEU has imposed upon any subject-matter for registration, the cases do not go further than this and into the more substantive examination of the appropriate considerations for assessing whether, without prior experience, *consumers* are likely to perceive the business get-up mark as a reliable business-identifier rather than mere decoration or functional building innovations. That is, there has not been any examination into the theoretical inherent capacity of business get-up marks themselves to serve independently as a means of commercial differentiation for average consumers on the market.

Nor is the question of registrability of building shapes as a Community trade mark ('CTM') completely new. In 2004, the Office interpreted the notion of 'shape' within the definition of a CTM in Regulation 207/2009 as extending to the potential registration of a building shape.<sup>84</sup> That is, the registration of a 3D representation of the exterior design of a building. This was however under the express condition that the applicant's eye-catching 'glass tower' for the presentation of its SMART mini-cars had to function as a source-identifier for the relevant consumers.<sup>85</sup> On the facts, the Board found that there were grounds for assuming that the trade circles (including the average consumer) would perceive the SMART-Tower shape mark as something other than an indication of origin. By examining the customs of sale outlets exhibiting cars and the visual habits of car consumers, it emphasised that source significance around building shape marks will be hard to find when the functional or/and aesthetic messages conveyed by the building shape are more prominent than its source-identifying message.<sup>86</sup>

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administration, management, insurance, legal counselling and representation, and financial services.' Reversed and remanded to Federal Patent Court for that assessment.); I ZR 177/02 *Räucherhütte* (Smokehouses) BGH (16 December 2004, unreported) (Trade mark infringement claim rejected because the architectural features of buildings are, in principle, attributed to building innovations or design rather than to any guarantee of origin. Further, defendant's house design cannot be regarded as trade mark use.)

<sup>82</sup> *Cour Cassation, Chambre Commercial*, 97-19604 (11 January 2000, unreported).

<sup>83</sup> *Andre SA* (n 78) (Rather than being a mere general idea or concept, the store layout is sufficiently concrete and precise to display elements of the intellectual creation of the author.); *Cour Cassation*, 01-17650 (n 78); *Kiko Tribunale di Milano* (n 78) (The creative character of an original architectural work can be identified through the specific choices, organisation and arrangement of the elements.); *Kiko Tribunale di Roma* (n 78)

<sup>84</sup> R-1/2003-4 *der Smart GmbH* (7<sup>th</sup> July 2004, 4<sup>th</sup> Board of Appeal, OHIM) (Unreported), at [11]

<sup>85</sup> *ibid* [15]

<sup>86</sup> *ibid* [16]

Up until *Apple*, this Office decision in *Smart-Tower* was a pearl in the dessert in terms of its factual examination into the inherent distinctiveness of business outlets. Though it is consistent with *Apple*'s capacious view of registrable signs, European case-law has since 2004 been fine-tuned and further developed around this complex examination. There is therefore a pressing need to throw more light by evaluating some issues on which the limited guidance given in *Apple* appears unclear or to conflict with earlier rulings and established principles.

## B. Academic Opinions about Apple's Store Trade Dress Mark

The implications of *Apple* have not escaped academic scrutiny but the opinions so far have reached fundamentally different conclusions. I consider some problematic aspects of these opinions merely as a starting point for re-examining particular features of European law, moving the debate beyond store layout marks into the broader context of business environments in general.

For instance, Dzida has argued that *Apple* is problematic because it does not comport with the conditions of clarity and precision established in *Libertel* and the *Sieckmann* criteria. His argument is that, without specification about the sizes/proportions of the various elements and details depicted in the store layout, Apple's own description of the design mark falls short of satisfying the *Sieckmann* criteria of being 'clear, precise, self-contained, easily accessible, intelligible, durable and objective.'<sup>87</sup> According to Dzida, the analytical approach to the graphical representation of single colours and colour combinations in *Libertel* and *Heidelberger* respectively is equally applicable in *Apple*,<sup>88</sup> as it is arguable that the layout mark would not always be perceived 'unambiguously and uniformly.' Similarly, Apple's store layout mark is likely to take on 'a multitude of different appearances' that inevitably results in protection of all conceivable shapes of its store layout, contrary to the *Dyson* ruling.<sup>89</sup> Without specifying the proportions, Apple stores are likely to deviate from the registered design in the real world. In Dzida's view, just like Dyson's design mark for a transparent bin forming part of a vacuum cleaner was considered non-specific and not a 'sign', Apple's design mark for its flagship store

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<sup>87</sup> Dzida (n 7) 45 (In fact, in relying upon *Libertel*, the author wrongly cites portions of the Opinion of AG Leger which are not part of the operative judgement because the CJEU did not follow his Opinion, choosing instead to allow for the possibility of registering colour marks contrary to the advice of the Opinion.)

<sup>88</sup> Ibid 46 (In the same way that it's possible to display a wide range of shades of colour for which an international colour-code may be needed, there's a wide variety of glass storefronts, rectangular panels and tables as in the Apple store design and layout.)

<sup>89</sup> Ibid 47

lacks specificity even if a clear difference between the two cases is that Dyson actually admitted its graphic representations were merely examples of the transparent bin it wanted to register.<sup>90</sup> By contrast, others like Hohn-Hein do not raise any concerns about the degree of detail of Apple's application, implicitly agreeing with the CJEU's ruling that so long as the drawing submitted contains a correct representation of the retail outlet it is unnecessary to require further information.<sup>91</sup>

Although these academic opinions offer critical insights, several problems emerge from their examination. For instance, though the *Sieckmann* criteria are clearly relevant for the objective articulation of all signs, there is a difference in degree to which these identification criteria apply which depends on the nature and intrinsic characteristics of the mark itself. Some signs are more abstract than others, requiring more detailed information for their clear and precise identification. The need for a specific approach to the requirements of any acceptable representation clearly emerges from *Libertel* and is subsequently confirmed in *Shield Mark* and *Heidelberger*. It thus follows from *Libertel* that a mere sample of a colour (not spatially delimited) on a flat surface cannot satisfy the *Sieckmann* identification requirements but might be satisfied either by adding a verbal description of the colour *per se* mark or, in some circumstances, by the user of a colour designation from an internationally recognised identification code.<sup>92</sup>

It also follows from *Heidelberger* that a graphic representation of two or more colours, designated in the abstract and without contours, which the applicant wishes to use 'in every conceivable form' on packaging and labelling requires the qualities of precision and uniformity even if the colour combination is specified according to an identification code. The combination must therefore be 'systematically arranged by associating the colours concerned in a predetermined and uniform way.'<sup>93</sup> The aim of this additional information is to avoid numerous different combinations of those colours which would not permit the mark to serve as guarantee of origin in the sense of enabling the consumer to repeat his purchasing experience with certainty. Only when they are perceived unambiguously and uniformly can registered marks fulfil this role. Therefore, the explicit description which must accompany the subject-matter of colour registration forms an integral part of the sign's visual representation.<sup>94</sup>

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<sup>90</sup> *ibidem*

<sup>91</sup> Hohn-Hein (n 6) 1326.

<sup>92</sup> *Libertel* (n 25) [31-28]

<sup>93</sup> *Heidelberger* (n 25) [33]

<sup>94</sup> *Glaxo Wellcome UK Ltd v Sandoz Ltd*, [2017]EWCA Civ 335, at [34]

That necessary description however must not render the subject-matter unclear or ambiguous in such a way that it leaves authorities and traders in doubt about the precise scope of protection afforded to the proprietor. There are recent examples of issues concerning the interaction between the description and the pictorial representation of registered colour *per se* marks where the accompanying description was not sufficiently objective to meet the required degree of precision.<sup>95</sup> Nonetheless, the need for a detailed description of the way in which the subject-matter of the trade mark would appear on the goods or services concerned (i.e., the precise shade, the ratios and spatial arrangements) does not exist for other categories of non-traditional marks (i.e. 3D marks, sound marks or word marks) but it is justified because of the intrinsically less precise nature of colour *per se* marks and their limited intrinsic ability to convey some source-related message. There is also the issue of the limited availability of colours and the broader protection afforded by colour *per se* marks irrespective of the goods' shape or packaging, which is not the case for figurative marks.

Indeed, the European General Court ('EGC') has recently ruled that the European principles of proportionality and equal treatment between categories of marks are not breached by the additional obligation to provide details of the systematic arrangement associating the colours in colour combination marks. It reasoned that 'colour *per se* marks are not limited spatially or by shape, unlike three-dimensional marks, nor are they limited by contours, unlike figurative marks; they are manifested visually and not by a sound or by characters, like sound or word marks.'<sup>96</sup> It therefore endorsed the view that the *Sieckmann* identification criteria 'must be individually determined for each category of marks, depending on their nature and inherent characteristics.'<sup>97</sup>

Clearly the concern for the potential registration of multiple signs with different permutations, presentations and appearances which underlie the *Sieckmann* line of

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<sup>95</sup> *Red Bull GmbH v EUIPO* (Joined Cases T-101/15 and T-102/15) ECLI:EU:T:2017:852, (Colour combination mark consisting of the colours blue (on the left) and silver (on the right) with the ratio of the colours being approximately 50%-50% for energy drinks); *Glaxo* (n 92) (Colour mark consisting of the colour dark purple applied to a significant proportion of an inhaler, and the colour light purple applied to the remainder of the inhaler.); *Société des Produits Nestlé SA v Cadbury*, [2013] EWCA Civ 1174 ('Cadbury')(Colour mark consisting of the colour purple applied to the whole visible surface, or being the predominant colour applied to the whole visible surface, of the packaging of the goods.)

<sup>96</sup> *Red Bull* (n 95) [86]

<sup>97</sup> *ibid* [88]. This interpretation agrees with that of AG Colomer, see *Shield Mark BV* (C-283/01) ECLI:EU:C:2003:641, Opinion of the AG, at [30]



cases is less likely to arise for figurative or design marks consisting of a 3D representation of, for example, a sales outlet as in *Apple*. AG Colomer acknowledged in *Sieckmann* itself that ‘the description of a design presents fewer difficulties than that of a piece of music, a colour or an odour,’<sup>98</sup> notwithstanding his view that any extension of subject-matter eligible for registration must entail ‘a precise delineation of the rights which registration confers on the owner.’<sup>99</sup> This is not to say that 3D marks representing a product or business get-up may not be found to cover multiple forms and uncertain shapes contrary to the identification requirements of being self-contained, durable and objective. *Dyson* upon which Dzida relies is certainly a case in point. There is also the English decision to cancel the registration of a 3D representation of Mattel’s Tile Mark associated with the well-known game Scrabble as the subject-matter was found to be non-specific and not for a single ‘sign’ that was capable of being represented graphically, as required by the CJEU’s case-law.<sup>100</sup>

But in *Mattel* the imprecise character of the verbal description was considered an impermissible attempt to register an infinite number of signs (multiple permutations of different sizes, positions and combinations of letter and number on a tile) and a mere property of the goods. The imprecise description did not accord with the visual representation. *Mattel* and *Apple* are thus distinguishable on these facts. More importantly, excessive reliance upon *Dyson* or *Heilderberger* as a basis for Dzida’s academic criticism simply fails to give sufficient weight to a critical distinction between those cases and *Apple*, namely that in those cases the marks consisted in *admitted* variants on a single sign, which is impermissible under EU law.<sup>101</sup>

By contrast, the nature of Apple’s 3D mark was primarily conveyed by the pictorial representation itself and, unlike scents, sounds or colours, sufficiently apprehended by the senses. The absence of additional details regarding sizes/proportions of the store layout did not render the subject-matter ambiguous and

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<sup>98</sup>*Sieckmann* (C-273/00) ECLI:EU:C:2002:748, Opinion of the AG, at [41].

<sup>99</sup>*Shield Mark BV* (n 97) Opinion of the AG, [50]. A similar view is shared by the English Court of Appeal, see *Starbucks (HK) Ltd v British Sky Broadcasting Group*, [2013] EWCA Civ 1465, at [91] (Sir John Mummery).

<sup>100</sup>*JW Spear & Son v Zynga Inc*, [2013] EWCA Civ 1175 (The verbal description of the registered Tile Mark stated that the mark consists of a three-dimensional ivory-coloured tile on the top surface of which is shown a letter of the Roman alphabet and a numeral in the range 1 to 10.)

<sup>101</sup>For instance, Apple never claimed the image submitted represented ‘merely examples’ of its store design nor that its interior layout and storefront depicted therein was claimed in ‘every conceivable form.’ For a recent case about discrepancies between the visual representation of the colour per se mark and its description resulting in variants of the subject-matter, see *Glaxo* (n 94)

lacking uniformity or specificity in such a categorical manner that it is ineligible for registration as a service mark, as required by the *Sieckmann* identification conditions. Such additional information has never been a requirement for product get-up marks and there is no reason why it should be for service marks representing business get-up. Indeed, the Implementing Regulation 2017/1431 (IR) providing detailed rules for implementing certain provisions of Regulation 207/2009, as amended by Regulation 2015/2424, adopts this view in mandating that the representation of the mark must be complemented by a description in appropriate cases for *certain* types of marks, excluding figurative and 3D shape marks.<sup>102</sup> Therefore, the pictorial representation of a business layout mark enables the competent authorities and the public to determine, on that basis alone, ‘the clear and precise subject-matter of the protection afforded to its proprietor’, as EU law now requires.

There is certainly some basis for concern that, without requiring sizes/proportions of the store design and layout, Apple’s stores may well vary in the real world. Indeed, the US Examiner raised the issue that Apple’s evidence of secondary meaning or acquired source significance included photographs of Apple stores deviating from the submitted drawing. Yet the Examiner’s suggested description of the depicted retail store never included specificity in terms of sizes/proportions. Nor did the US Supreme Court in *Two Pesos* raise it as a specific issue for restaurant decor. Though applicants must provide details about the claimed elements, it does not appear as a precondition for registering store design marks under US law.<sup>103</sup> It is odd to argue that European law should adopt this requirement when settled practice of the jurisdiction where service trade dress originated does not include it. The CJEU’s approach to the level of detail at which the store design must be described corresponds to the level of detail at which the designation of the services must be specified according to *Netto* to satisfy the requirements for clarity and precision, ie applicants need not specify in detail each of the activities making up the retail services. Moreover, Community law does not impose a requirement for strict conformity between the form used in trade and the form in which the trade mark was registered. On the contrary, in the commercial exploitation of the sign, it permits

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<sup>102</sup> Recitals 4 and 5, and Art.3 (3), Commission Implementing Regulation (EU) 2017/1431 of 18 May 2017 laying down detailed rules for implementing certain provisions of Council Regulation (EC) No 207/2009 on the European Union trade mark, OJ L 205/39.

<sup>103</sup> See, for example, US Trade Mark Reg.No.2327867 (Reg.on March 14, 2000) (Texaco); US Trade Mark Reg.No.3150142 (Reg.on Sep 26, 2006, Suppl.Reg.) (Huddle House); US Trade Mark Reg.No.3453856 (Reg.on June 24, 2008) (Flight 001 Holdings); US Trade Mark Reg.No.3580542 (Reg.on Feb 24, 2009) (Pure Power Boot Camp); US Trade Mark Reg.No.4036354 (Reg.on Oct 4, 2011, Suppl.Reg.) (Microsoft); US Trade Mark Reg.No.4075479 (Reg.on Dec 20, 2011, Suppl.Reg.) (Chipotle Mexican Grill); US Trade Mark Reg.No.4277913 (Reg.on Jan 22, 2013) (Apple Store); US Trade Mark Reg.No.4277914 (Reg.on Jan 22, 2013) (Apple Store).

the proprietor 'to make variations in the sign, which, without altering its distinctive character, enable it to be better adapted to the marketing and promotions requirements of the goods or services concerned.'<sup>104</sup> Business get-up marks are likely to be adapted to the particular building or floor space housing the commercial premises.

The lack of particularity and specificity that Dzida arguably identifies in Apple's application seems to evoke the importation into EU law of the US requirement for articulation of trade dress marks. To have a protectable trade dress, the owner must always specify in detail the elements and character of the scope of the trade dress mark, regardless of whether it is registered or unregistered.<sup>105</sup> A classic example is the claimant's articulated restaurant trade dress in *Two Pesos*. Under this requirement, US courts assume that a claimant's inability to articulate exactly what aspects of its product design(s) merit protection strongly suggests that the claim is pitched at an improper level of generality, i.e. trade dress protection is being sought for an unprotectable style, theme or idea rather than a sufficiently defined trade dress mark.<sup>106</sup> The articulation requirement prevents the overextension of trade dress law to protect mere ideas, concepts or a generalised type of appearance to the detriment of competition. This common law principle is a particular feature of US law where federal statutory protection extends also to *unregistered* marks including trade dress. However, where business layout marks are concerned, there is no compelling reason for EU law to be as categorical in embracing this US requirement as Dzida seemingly advocates.

Indeed, a central feature of European law which arguably addresses some of the concerns underpinning the US articulation requirement is that, in order to assess specific distinctiveness, it is the 'overall impression' which a composite mark (i.e. a business get-up mark) produces on the average consumer that counts.<sup>107</sup> This overall impression approach, however, does not prevent the registration authority examining each of the individual presentational features of that mark, without being permissible to presume that their particular combination is non-distinctive simply because each of those features, considered separately, are commonplace and non-

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<sup>104</sup> *Specsavers International Healthcare Ltd v Asda Stores* (C-252/12) ECLI:EU:C:2013:497, at [29] (Interpreting Art. 15(1)(a) of Regulation No 207/2009 (now Art.18(1)(a) recast Regulation) which corresponds to Art.10(2)(a) of Directive 2008/95 (now Art.16(5)(a) recast Directive)).

<sup>105</sup> Hohn-Hein (n 6) 1327

<sup>106</sup> *Abercrombie & Fitch Stores* (n 5) 635; *Best Cellars II* (n 5) 69; *Yankee Candle* (n 5) 40; *Landscape Forms, Inc v Columbia Cascade Co*, (2<sup>nd</sup> Cir, 1997) 113 F3d 373, 381. See also, *Maharishi Hardy Blechman Ltd v A&F*, (2003) 292 F.Supp.2d 535, 542

<sup>107</sup> *P & G Co v OHIM* (C-468/01 P to C-472/01 P) ECLI:EU:C:2004:259, at [44] ('Tabs I'); *Henkel KGaA v OHIM* (C-144/06 P) ECLI:EU:C:2007:577, at [39] ('Tabs II'); *Chocoladefabriken Lindt & Sprüngli AG v OHIM* (C-98/11 P) ECLI:EU:C:2012:307, at [45].

distinctive.<sup>108</sup> Though a combination of commonplace elements generally means the whole representing the get-up mark is non-distinctive in relation to the goods concerned, even in revocation actions against registered get-up marks, it is still necessary to verify whether the *manner* those features are combined, as a whole, ‘amounts to more than just a mere sum of its parts.’<sup>109</sup> In such a case, the get-up mark fails to differentiate itself from ordinary combinations commonly used in trade and may be rejected for being within the norm or a mere variant of, for example, a store layout for the specific goods/ services.

Whatever description the applicant has submitted, this practice ensures that registration authorities undertake a rigorous examination of the specific distinctiveness of visual representations of any composite mark without restricting that examination to the information from the graphic representation in a way that undermines the specific public interest pursued by the distinctiveness requirement, namely to guarantee the identity of the origin of the designated product or service.<sup>110</sup>

### C. General Principles of EU Distinctiveness

As repeatedly affirmed in the case-law, the criterion of distinctiveness is, manifestly, inseparable from the essential function of a trade mark.<sup>111</sup> On this related point, Dzida offers yet another reason for refusing Apple’s application based upon the alleged inability of the layout mark to fulfil the essential function of a mark, as developed in the CJEU’s case-law, which requires the sign to enable consumers to identify the origin of goods and to distinguish them, ‘without any possibility of confusion,’ from others of different companies.<sup>112</sup> Dzida uses this ‘without possibility

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<sup>108</sup>*Timehouse GmbH v OHIM* (C-453/11 P) ECLI:EU:C:2012:291, at [40]; *Euromex SA v OHIM* (C-286/04 P) ECLI:EU:C:2005:422, at [26]. The same principle applies in assessing distinctiveness and descriptiveness of word marks. See *SAT.1 Satellitenfernsehen GmbH v OHIM* (C-329/02 P) ECLI:EU:C:2004:532, [2005] 1 CMLR 57, at [28] (‘Sat.2’); *Koninklijke KPN Nederland v Benelux-Markenbureau* (C-363/99) ECLI:EU:C:2004:86, at [99-100] (‘Postkantoor’)

<sup>109</sup>*Voss of Norway ASA v OHIM* (C-445/13 P) ECLI:EU:C:2015:303, at [128]. For applications to register, see, *Euromex* (n 108) [26].

<sup>110</sup>*Eurohypo AG v OHIM* (C-304/06 P) ECLI:EU:C:2008:261, ETMR 59, at [59]. See also, *Birkenstock Sales GmbH v EUIPO* (T-579/14) ECLI:EU:T:2016:650, at [43]. In fact, this is the approach adopted by the CJEU in promoting the specific public interest implicated in the registration of shape marks prohibited under Art.7(1)(e) CTMR (and, by analogy, the equivalent Art.3(1)(e)). See, *Simba Toys GmbH & Co v OHIM* (C-30/15 P) ECLI:EU:C:2016:849, at [46]; *Pi-Design AG v Yoshida Metal Industry Co* (C-337/12 P to C-340/12 P) ECLI:EU:C:2014:129, at [57-58]

<sup>111</sup>*Eurohypo* (n 110) [56]; *BioID AG v OHIM* (C-37/03 P) ECLI:EU:C:2005:547, at [60]; *SAT.2* (n 106) [27]

<sup>112</sup>Dzida (n 7) 52. The essential function was developed in the pre-harmonisation case-law of the CJEU as a means to determine whether exclusive trade mark rights invoked in infringement actions across borders could trump free movement of goods provisions of the then Common Market.

of confusion' element of the essential function to evaluate the capability to distinguish of the Apple flagship store mark by reference to other existing store layouts such as that of Microsoft's retail outlets.<sup>113</sup> He concludes that the Apple store mark is not capable of distinguishing the designated retail services from those of other retailers as it is not significantly different from the design that is the norm in this sector and, as a result, customers would not be able to differentiate between the two store designs side by side.<sup>114</sup>

Whilst it is certainly true that the definition of the essential function cited by Dzida has featured prominently in the case-law in several contexts including opposition<sup>115</sup> and infringement,<sup>116</sup> the CJEU has consistently ruled that in the registration context of Art.3(1)(b) TMD/Art.7(1)(b) CTMR distinctiveness specifically means 'for all trade marks, that the mark must be capable of identifying the product as originating from a particular undertaking, and thus distinguishing it from other undertakings.'<sup>117</sup> At no point has the general requirement of distinctiveness been

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See, *Hoffmann-la Roche & Co. AG v Centrafarm* (C-102/77) [1978] 3 CMLR 217, at [7] ('The essential function of a trade mark is to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user by enabling him, without any possibility of confusion, to distinguish that product from products which have another origin of a trade mark is to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user by enabling him without any possibility of confusion to distinguish that product from products which have another origin.'). S.A. *Cnl-Sucal NV v Hag GF AG* (C-10/89) [1990] 3 CMLR 571, at [14].

<sup>113</sup> The author interprets 'capacity to distinguish' in the definition of the EU trade mark under Art.2 (now Art.3 in the recast Directive) as requiring an objective comparison between the proposed mark and those of third parties. According to his interpretation, this 'objective enquiry' entails asking 'what do stores of other providers of electronic products look like?' Dzida (n 7) 49. This is not, however, the way settled case-law has interpreted and developed a sign's 'capacity to distinguish' or its potential capacity to constitute a trade mark, which is different from the sign's capacity to distinguish, on the facts, the specific goods from others of different origin. See, Study on the Overall Functioning of the European Trade Mark System, (2011) Max Plank Institute, at [2.10]. [http://ec.europa.eu/internal\\_market/indprop/docs/tm/20110308\\_allensbach-study\\_en.pdf](http://ec.europa.eu/internal_market/indprop/docs/tm/20110308_allensbach-study_en.pdf) (accessed 26 March 2017); *OHIM v Borco-Marken-Import Matthiesen GmbH & Co* (C-265/09 P) ECLI:EU:C:2010:508, at [36]; *Heidelberger* (n 25) [37]; *SAT.2* (n 108), Opinion of the AG at [16]; *OHIM v Erpo Möbelwerk GmbH* (C-64/02 P) ECLI:EU:C:2004:645, Opinion of the AG at [24]; *DKV Deutsche Krankenversicherung AG v OHIM* (C-104/100 P) ECLI:EU:C:2002:288, Opinion of the AG, at [40] fn10 (Complaining about the legislature's lack of precision whereby 'capacity to distinguish' or potential distinctiveness is considered alongside actual distinctiveness and distinctiveness as a category).

<sup>114</sup> Dzida (n 7) 50-56

<sup>115</sup> *Canon Kabushiki Kaisha v MGM* (C-39/97) ECLI:EU:C:1998:442, at [28]

<sup>116</sup> *Arsenal Football Club v Reed* (C-206/01) ECLI:EU:C:2002:651, at [48]

<sup>117</sup> *Linde* (n 75) [47]. See also, *Henkel KGaA v DPUM* (C-218/01) ECLI:EU:C:2004:88, at [48]; *Tabs I* (n 107) [32]; *Erpo* (n 113) [42]; *Tabs II* (n 107) [34]; *Mag Instrument Inc v OHIM* (C-136/02 P) ECLI:EU:C:2004:592, [2005] ETMR 46, at [29]; *Audi AG v OHIM* (C-398/08 P) ECLI:EU:C:2010:29, at [33]; *Freixenet SA v OHIM* (C-344/10 P and C-345/10 P) ECLI:EU:C:2011:680, at [42]; *LVM v OHIM* (C-97/12 P) ECLI:EU:C:2014:324, at [50]; *Voss* (n 109) [88]. The same also applies to other provisions of EU law such as acquired distinctiveness and genuine use, see *Oberbank AG, Banco*

defined by comparing the proposed mark with those currently available on the market<sup>118</sup> or on the basis of any anticipatory evidence in the range of marks covered by competitors' products.<sup>119</sup> Nor does distinctiveness entail evidence that the composite sign is commonly used in a descriptive manner by competitors to present their goods or services either.<sup>120</sup>

In connection with product get-up marks, the CJEU has ruled that a finding of non-distinctiveness may relate to 'the most obvious design' for the intended use of the product concerned<sup>121</sup> or consist of 'a combination of presentational features which naturally come to mind and which are typical of the goods in question' without the need for a factual investigation into whether in the sector other marks used for that type of product are identical or similar to the applicant's mark.<sup>122</sup> It has accordingly concluded that a 3D mark may consist of a non-inherently distinctive combination of elements (i.e. shape and colour) that consumers would not acknowledge as source-identifier but as reflecting practical or aesthetic advantages inherent in the product itself even if the product get-up is unique on the market. 'Typical' thus means that the product appearance is merely a variation of basic, conventional or standard shape for the goods concerned. A typical get-up mark represents the appearance or shape that, in the eyes of consumers, the product is most likely or expected to have *even* if that specific appearance does not yet exist.<sup>123</sup> The dishwasher tabs rulings are a case in point where the CJEU roundly rejected the applicants' attempt to equate distinctiveness with the patentability requirement of novelty.<sup>124</sup> In these rulings, the standard advocated by claimant P&G of deeming 'unusual signs distinguishable' *per se* was extensively analysed and rejected in the

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*Santander SA, Santander Consumer Bank AG v Deutscher Sparkassen-und Giroverband eV* (C-217/13 and C-218/13) ECLI:EU:C:2014:2012, at [38]; *Libertel* (n 25) [67]; *Specsavers* (n 104) [22].

<sup>118</sup> *Tabs I* (n 107) [58]; *Tabs II* (n 107) [62].

<sup>119</sup> R-768/2016-4 *Volkswagen AG* (2 June 2016, 4<sup>th</sup> Board of Appeal EUIPO) (unreported) at [18]; R-769/2016-4 *Volkswagen AG* (10 June 2016, 4<sup>th</sup> Board of Appeal EUIPO) (unreported) at [18]; R-770/2016-4 *Volkswagen AG* (14 June 2016, 4<sup>th</sup> Board of Appeal EUIPO) (unreported) at [18]; *LVM v OHIM* (T-237/10) ECLI:EU:T:2011:741, at [67] (The existence of a similarity between a product shape mark and the shapes of other examples of the same product is not the relevant criterion in assessing distinctiveness.) *aff'd* (C-97/12 P) (n 117)

<sup>120</sup> *BioID* (n 111) [41] (This evidence is relevant for the question of customariness, but not distinctiveness.)

<sup>121</sup> *Henkel KGaA v OHIM* (C-144/06 P) ECLI:EU:C:2007:577, at [43] (Representation of a red and white rectangular tablet with an oval blue centre for dishwashing.)

<sup>122</sup> *August Storck KG v OHIM* (C-24/05 P) ECLI:EU:C:2006:421, at [29] (Shape of a light-brown sweet.) ('August Storck I'); *August Storck KG v OHIM* (C-25/05 P) ECLI:EU:C:2006:422, at [32] (Shape of a gold-coloured sweet wrapper.) ('August Storck II')

<sup>123</sup> This is why the CJEU has consistently held that 'the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape being devoid of any distinctive character.' See, *Tabs I* (n 107) [37]; *Tabs II* (n 107) [39]; *Mag* (n 117) [31].

<sup>124</sup> *Tabs I* (n 107) [58]; *Tabs II* (n 107) [62].

AG's Opinion because 'what is decisive is not the number of products on the market but the way the average consumer perceives them.'<sup>125</sup> This decisive factor implies that 'the consumer's ability to distinguish the signs from the product of which they are an intrinsic part, as well as from other similar signs, only emerges, by definition, when the product is placed on the market.'<sup>126</sup>

Similarly, distinctiveness does not involve a specific level of linguistic or artistic creativity or intellectual creation of the kind required by copyright.<sup>127</sup> In the theoretical prediction of inherent distinctiveness, the ability of a store design to function alone, *ab initio* and irrespective of any use, as a source-identifier for consumers is simply not dependent upon how many similar store designs may exist on the market. Conversely, the mere fact that no other competitor uses the same visual layout and configuration cannot alone be decisive for assuming the inherent capacity of a unique business environment to distinguish the applicant's designated services from those of competitors.<sup>128</sup> Product or business get-up marks may be incapable of aiding average consumers in their transactional decisions even if no other competitor uses the same visual arrangement because the European distinctiveness criterion does not hinge upon relative originality or currency of the signs but on the yardstick of the average consumer. Indeed, as discussed below, distinctiveness turns out to be a repository of several normative commitments, not just an evaluation of empirical or practical reality. It is a blended approach of empirical and normative assessments of consumer reactions in pursuit of an outcome that the law regards as prescriptively desirable.<sup>129</sup>

Though the Office may certainly take into consideration the product shapes and configurations commonly used in trade in its predictive enquiry, that prediction does not entail finding concrete examples of other marks used for that product which are identical or similar to the proposed mark, in the way Dzida suggests.<sup>130</sup> According to settled case-law, it may legitimately base its examination simply upon

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<sup>125</sup> *Tabs I and II*, ECLI:EU:C:2003:602, Opinion of the AG, at [57]. See also, *August Storck KG v OHIM* (C-24/05 P) ECLI:EU:C:2006:203, Opinion of the AG, at [49]

<sup>126</sup> *Tabs I and II* (n 125) Opinion of the AG, at [69]

<sup>127</sup> *SAT.2* (n 108) [41]; *Erpo* (n 113) [50]

<sup>128</sup> *Margarete Steiff GmbH v OHIM*, (T- 434/12) ECLI:EU:T:2014:6, at [32] (fabric tag with metal button in the middle section of the ear of a soft toy); *Think Schuhwerk GmbH v OHIM* (T-208/12) ECLI:EU:T:2013:376, at [48] *aff'd* C-521/13 P ECLI:EU:C:2014:2222 (red aglets on shoelaces); *Evonik Industries v OHIM* (T-499/09) ECLI:EU:T:2011:367, at [30] (purple rectangle with a rounded right side); *der Smart* (n 84) [15].

<sup>129</sup> Graeme Dinwoodie and Dev Gangjee, 'The Image of the Consumer in European Trade Mark Law' in Dorota Leczykiewickz and Stephen Weatherhill (eds), *The Image of the Consumer in EU Law: Legislation, Free Movement and Competition Law* (Hart 2016) 339, 353

<sup>130</sup> *August Storck II* (n 122) [34]

well-known facts and practical experience generally acquired in the marketing of goods and services without a market study to substantiate such facts.<sup>131</sup>

Therefore, *Linde* and subsequent cases do not rely in any meaningful way upon the alleged ‘without possibility of confusion’ criterion to test consumer reactions. Rather, the foundational condition that the average consumer must not be indifferent to the shape of the product and must ‘immediately and with certainty’<sup>132</sup> distinguish the applicant’s get-up mark from those of another commercial origin is given effect by the normative rule that such consumer ‘does not make a study of the market’<sup>133</sup> and ‘only rarely has the chance to make direct comparisons between the different signs...’<sup>134</sup> As a normative legal fiction,<sup>135</sup> this average consumer inhabits the marketplace ‘without conducting an analytical or comparative examination and without paying particular attention.’<sup>136</sup> It is hopeless and contrary to settled European principles to expect consumers, as Dzida’s arguably advocates, to investigate in advance which types of store design layout are used by retailers to market specific services in the sector and then compare them side by side. Certainly, the store designs of third parties may be relevant evidence in ascertaining what the norm or customs of the sector might be within the ‘depart significantly’ test analysed below but this is subject to important caveats.

For instance, at the point of registration, the Office may legitimately assume that a store design mark is inherently incapable of serving as a business-identifier in the eyes of average consumers for failing to depart significantly from the norms or customs of the sector without exhaustively defining those adopted ‘norms’ through evidence of existing store designs. In its recent *Voss* ruling, the CJEU roundly rejected the argument that neither the Office nor the EGC could legitimately assume that the registered bottle shape failed to depart significantly from the norms of the beverages sector without precisely identifying those norms or indicating concrete examples of identical or similar bottles commonly used in this sector.<sup>137</sup> Instead, the

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<sup>131</sup> *ibid* [54]. See also, *Voss* (n 109) [86].

<sup>132</sup> *August Storck II* (n 120) [29]. See also, *August Storck KG v OHIM* (C-96/11 P) ECLI:EU:C:2012:537, at [40]

<sup>133</sup> *Deutsche Sisi-Werke GmbH & Co v OHIM* (C-173/04 P) ECLI:EU:C:2006:20, at [34]; R-236/2003-2 *Frischpack GmbH & Co* (2<sup>nd</sup> Board of Appeal, 8 September 2003, unreported) at [43], *aff’d* (T-360/03) ECLI:EU:T:2004:340.

<sup>134</sup> *Procter & Gamble v OHIM* (C-107/03 P) ECLI:EU:C:2004:554, at [44] (The average consumer must therefore place his trust in the imperfect picture of the marks that he has kept in his mind.)

<sup>135</sup> For a recent examination of the blended approach (normative and empirical) to the European concept of the average consumer, see Dinwoodie and Gangjee (n 129) 345

<sup>136</sup> *Henkel* (n 117) [53]

<sup>137</sup> *Voss* (n 109) [76-87]



Court affirmed that well-known facts and practical experience can form the basis for establishing the relevant norm.<sup>138</sup> For busy trade mark registries with large caseloads this kind of 'rough and ready approximation of empirical reality' makes sense as it leads to faster decision-making in what is essentially a predictive enquiry.<sup>139</sup> However, in infringement/invalidity proceedings before national courts, things might be different where litigants typically have extensive resources to substantiate their claims in the light of their thorough knowledge of the marketplace.<sup>140</sup>

The legal test of distinctiveness under Art.3(1) is not, therefore, whether the mark is confusingly similar with other existing marks within the meaning of the opposition ground in Art.4(1)(b) Directive (or the equivalent provision in Art.8(1)(b) Regulation) for the simple reason that these grounds pursue different aims and exist to protect different interests.<sup>141</sup> More fundamentally, though the relevant public's perception of the sign remains the same irrespective of the ground, the *angle* from which that perception is viewed varies according to whether what is being assessed is distinctiveness or likelihood of confusion. Consumers' cognitive processes are not the same in these contexts. The CJEU has thus ruled that 'in assessing descriptiveness of a sign, attention is focussed on the mental process which may lead to relationships being established between the sign or its various components and the goods/services concerned' whereas in assessing the risk of confusion 'the examination relates to the processes by means of which the sign is remembered, recognised and recalled and to associative mechanisms.'<sup>142</sup> As repeatedly confirmed by the Court, a mark which is descriptive of the characteristics of the goods/services cannot guarantee the identity of the origin to the consumer and is necessarily devoid of any distinctiveness in relation to those goods/services within the meaning of Art.3(1)(b).<sup>143</sup>

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<sup>138</sup> *ibid* [86]. See also, *Develey Holding GmbH v OHIM* (C-238/06 P) ECLI:EU:C:2007:635, at [50]; *August Storck II* (n 122) [54]; *Philip Morris v OHIM* (C-497/07 P) ECLI:EU:C:2008:372, at [26]

<sup>139</sup> *Dinwoodie and Gangjee* (n 129) 365

<sup>140</sup> See for example, *The London Taxi Co v Frazer-Nash Research*, [2017] EWCA Civ 1729, at [45] (Outlining a three-step test for deciding whether the shape of a car departs significantly from the norms and customs of the car sector.)

<sup>141</sup> *BGW Beratungs-Gesellschaft Wirtschaft mbH v Bodo Scholz* (C-20/14) ECLI:EU:C:2015:714, at [23]. See also, *Data Marketing & Secretarial v S&S Enterprises*, [2014] E.C.C. 22, [2014] EWHC 1499 (IPEC), at [16].

<sup>142</sup> *BGW* (n 141) [28]. See also, *Audi* (n 117) [57] (Provided they are not descriptive, slogan marks are capable of indicating to consumer the commercial origin of the goods or services, particularly where slogans possess 'a certain originality or resonance, requiring at least some interpretation by the relevant public, or setting off a cognitive process in the minds of that public.')

<sup>143</sup> *OHIM v Wm. Wrigley Jr. Co* (C-191/01 P) ECLI:EU:C:2003:579, at [30] ('[S]igns and indications which may serve in trade to designate the characteristics of the goods or service in respect of which registration is sought are...deemed incapable, by their very nature, of fulfilling the indication-of-origin function of the trade mark, without prejudice to the possibility of their acquiring distinctive character

Any presentational elements widely used by many competitors are relevant but only to the extent that the proposed get-up mark comprises so many commonplace elements that the average consumer will not perceive them as distinctive features of applicant's services.<sup>144</sup>

#### IV. EUROPEAN ANALYTICAL FRAMEWORK FOR DISTINCTIVENESS

##### A. Equal Treatment of Marks

In the concrete examination of whether any of the objections listed as refusal grounds prevents registration of a sign, the general principle is that it is the tribunal that must identify and consider 'the characteristics peculiar to the mark for which registration is sought, including the type of mark...'<sup>145</sup> This is in addition to the information about the mark as filed. As discussed above, the 3D nature and character of the Apple mark was primarily conveyed by its pictorial representation; the absence of additional details in the description did not render the subject-matter ambiguous or subjective and ineligible for registration. The CJEU has hitherto simply confirmed the sign's basic capacity to constitute a trade mark which is broadly understood as simply being 'capable of conveying precise information, particularly as regards the origin of a product or a service,' within the definition under Art.2.<sup>146</sup> This was, however, on the express condition that the represented store layout *does* in fact have specific distinctiveness in the sense of enabling consumers to distinguish Apple's protectable retail services from those of other retailers.

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through use...'). See also, *Agencja Wydawnicza Technopol sp. z o.o v OHIM* (C-51/10 P) ECLI:EU:C:2011:139, at [33]; *Postkantoor* (n 107) [86]; *Campina Melkunie v Benelux-Markenbureau* (C-265/10) ECLI:EU:C:2004:87, at [19]; *Nadine Trautwein Rolf Trautwein GbR v OHIM* (T-385/08) ECLI:EU:T:2010:295, at [20].

<sup>144</sup> R-2690/2014-4 *Royal Canin SAS v Hill's Pet Nutrition*, (6 July 2015, 1<sup>st</sup> Board of Appeal EUIPO) (unreported), at [20].

<sup>145</sup> *Postkantoor* (n 107) [32]; See also, *CIPA* (n 72) [47]; *Bild digital GmbH & Co and ZVS Zeitungsvertrieb Stuttgart GmbH v DPM* (C-39/08 and C-43/08) ECLI:EU:C:2009:91, at [14]; *Windsurfing Chiemsee Produktions-und Vertriebs GmbH v Boots- und Segelzubehör Walter Huber* (C-108/99 and C-109/99) ECLI:EU:C:1999:230, [2000] 2 WLR 205, at [50]. The need for the proper identification and regard for the intrinsic qualities of the mark is also relevant for the purposes of assessing genuine use with the meaning of Art.15(1)(a) of the Regulation, see *hyphen GmbH v EUIPO* (T-146/15) ECLI:EU:T:2016:469, at [29], *aff'd* by *Skylotec GmbH v EUIPO* (C-587/16 P) ECLI:EU:C:2017:143; *Toni Klement v OHIM* (T-317/14) ECLI:EU:T:2015:689, at [34]

<sup>146</sup> *Heidelberger* (n 25)[37]

Unlike the basic requirement of being capable of distinguishing which is not 'a substantial restriction of access to protection',<sup>147</sup> the distinctiveness criterion is grounded upon a complex combination of normative rules and a more specific, factual examination of the presumed expectation of the average consumer which is affected by the nature of the relevant mark and whose attention is likely to vary according to the nature of the goods/services.<sup>148</sup> That is the specific objective of Art.3(1)(b), which is not a mere repetition of the requirement that a trade mark must be, in general, 'capable of distinguishing' the goods or services of a trader.<sup>149</sup> This critical assessment was left open in *Apple* but, as stated above, the limited guidance offered appears ambiguous or contrary to settled principles.

For instance, in analysing the basic capacity of the business get-up mark to distinguish, the CJEU recalled that this could be the case 'when the depicted layout departs significantly from the norm or customs of the sector'.<sup>150</sup> This 'depart significantly' criterion however forms part of the settled analytical framework for refusing the registration of 3D marks which are 'devoid of any distinctive character' within the meaning of Art.3(1)(b), not Art.2. Such non-inherently distinctive marks do not fulfil the essential function of a trade mark in the sense of enabling the average consumer who acquired the marked goods or services to repeat the purchase if it was a positive experience, or to avoid it if it proved negative, on the occasion of a subsequent acquisition.<sup>151</sup> There is also a candid recognition in the CJEU's case-law that there are 'certain categories of signs which are less likely *prima facie* to have distinctive character initially' because of their very nature.<sup>152</sup> It is accordingly legitimate to take account of these practical difficulties in predicting *actual* distinctiveness without being permissible to assume non-distinctiveness as a matter of principle.<sup>153</sup>

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<sup>147</sup> Study (n 113) [2.10]

<sup>148</sup> *Borco* (n 113) [36] (The CJEU explained the substantial differences between these two examinations, stating that 'the requirement of an examination as to whether, on the facts, the sign is question is capable of distinguishing the goods or services designated from those other undertakings, allows for the accommodation of the ground for refusal laid down in Art.7(1)(b) of Regulation [corresponding provision to Art.3(1)(b) Directive] with the general capacity of a sign to constitute a trade mark recognised in Article 4 thereof [corresponding to Art.2 Directive].')

<sup>149</sup> *SAT.2* (n 107) Opinion of the AG at [16]; *Erpo* (n 113) [24]; *DKV* (n 113) Opinion of the AG, at [40] fn10 (Complaining about the legislature's lack of precision whereby 'capacity to distinguish' or potential distinctiveness is considered alongside actual distinctiveness and distinctiveness as a category). There is therefore no ambiguity in the case-law as Dzida seems to believe. See Dzida, (n 7) 50.

<sup>150</sup> *Apple* (n 18)[24]

<sup>151</sup> *Globo Comunicação e Participações S/A v EUIPO* (T-408/15) ECLI:EU:T:2016:468, at [38]; *Grupo Bimbo, S.A.B. de C.V v EUIPO* (T-240/15) ECLI:EU:T:2016:327, at [19]. See also, *Nichols Plc v Registrar of Trade Marks* (C-404/02) ECLI:EU:C:2004:538, [2005] RPC 12, Opinion of the AG at [43]

<sup>152</sup> *Borco* (n 113) [37], See also, *Audi* (n 117) [38]; *Erpo* (n 113) [36].

<sup>153</sup> *Linde* (n 75) [75]

It is a well-established principle of CJEU jurisprudence that the European non-distinctiveness objection in Art.3(1)(b) makes no distinction between different categories of marks; it is thus impermissible to apply stricter criteria to 3D marks consisting of the appearance of the product itself than criteria applicable to other categories of marks.<sup>154</sup> This applies equally to the examination of some verbal marks such as surnames,<sup>155</sup> slogans<sup>156</sup> and single letters.<sup>157</sup> There is therefore, in principle, no heightened distinctiveness bar for certain marks in European law.

## B. Empirical Rule about Consumer Perception

In general, the CJUE proceeds 'on the basis of a universally applicable concept of distinctive character which precludes specific criteria from being applied in the case of specific trade marks.'<sup>158</sup> It flatly rejects any assumption that certain marks are *a priori* devoid of distinctiveness (or cannot acquire such capacity through use) without a targeted assessment on the facts.<sup>159</sup> However, although the criteria and assessment method are the same for all marks, there are 'specific rules of thumb' about the perception and responses of the average consumer vis-à-vis the nature of registrable signs.<sup>160</sup> Beginning with single colours,<sup>161</sup> the Court has always emphasised that, for the purposes of applying the distinctiveness criteria, 'the perception of the average consumer is not necessarily the same in relation to a three-dimensional mark consisting of the appearance of the product itself as it is in relation to a word or figurative mark consisting of a sign which is independent of the appearance of the product it designates.'<sup>162</sup> The same rule has been repeated outside colour and get-up marks to include also particular word marks such as

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<sup>154</sup> *ibid* [42]. In connection with the equivalent Art.7(1)(b) of the Regulation, see also, *Mag* (n 115) [30]; *Henkel* (n 107) [36]; *Voss* (n 109) [90]. Nor does Art.2 Directive distinguish between different categories of marks, which makes it impermissible to require shape marks to include some capricious addition, see *Koninklijke Philips Electronics NV v Remington Consumer Products* (C-299/99) ECLI:EU:C:2002:377, [2002] 2 CMLR 52, at [48-49].

<sup>155</sup> *Nichols* (n 151) [26]

<sup>156</sup> *Erpo* (n 113) [36]

<sup>157</sup> *SAT.2* (n 107) [29]

<sup>158</sup> *Société des Produits Nestlé SA v Mars UK, Ltd* (C-353/03) ECLI:EU:C:2005:61, Opinion of the AG at [16]

<sup>159</sup> *Borco* (n 113) [39]; *Nichols* (n 151) [29]

<sup>160</sup> *Dinwoodie and Gangjee*, (n 129) 354

<sup>161</sup> *Libertel* (n 25) [65]. See also, *KWS Saat AG v OHIM* (C-447/02 P) ECLI:EU:C:2004:649, at [78]

<sup>162</sup> *Voss* (n 109) [90]

surnames and slogans.<sup>163</sup> This thus makes it difficult to accept the common criticism that inherent distinctiveness is harder to establish *only* for product shape marks.<sup>164</sup>

The only explanation for adopting this empirical rule is that in current commercial practice ‘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.’<sup>165</sup> This does not mean that consumers are, in principle, indifferent to the shape as source-indicator of the product. But the implication is that ‘it could therefore prove more difficult to establish distinctive character in relation to such a three-dimensional mark than in relation to a word or a figurative mark.’<sup>166</sup> Given the presumed absence of this consumer habit, ‘the more closely the shape for which registration is sought resembles the shape most likely to be taken by the product in question, the greater the likelihood of the shape being devoid of any distinctive character...’<sup>167</sup>

Ever since its *Henkel*<sup>168</sup> and dishwasher tabs rulings<sup>169</sup> the CJEU has repeatedly insisted that ‘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...’<sup>170</sup> This ‘departs significantly’ criterion certainly raises the threshold for securing registration but it also conceals the Court’s (implicit) commitment to preserving undistorted competition by ensuring that standard, basic, obvious or simple forms of product design (including packaging) are not too readily monopolised by the first trader. Registration of signs that are indissociable from the appearance of the goods (i.e. product shape marks) allows traders to monopolise products themselves rather than something extraneous such as words or logos.<sup>171</sup> This may limit the ability of other companies to introduce competing products onto the market. However, as with colours, there is a limited supply of product shapes and their permanent exclusivity through trade mark

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<sup>163</sup>*Nichols* (n 151) [28] (Surnames); *Erpo* (n 113) [34]-[35] (Slogans)

<sup>164</sup> Lotte Anemaet, ‘The Public Domain is Under Pressure - Why We Should Not Rely on Empirical Data When Assessing Trade Mark Distinctiveness’ (2016) 3 IIC 303, 312-113; Darren Meale and Daniel Kendziur, ‘Boring Booze Bottle Shape Trade Mark Rejected by the General Court: Even Though it Bore a Registered Word Mark’ (2014) 12 EIPR 807 (Questioning the arguable ‘level playing field’ repeated in the CJEU’s case-law)

<sup>165</sup> *Voss* (n 109) [90]

<sup>166</sup> *ibid* [90]. The same applies to questions of acquired distinctiveness through use, see *Oberbank* (n 117) [45]

<sup>167</sup> *Voss* (n 109) [91]

<sup>168</sup> *Henkel* (n 117) [49]

<sup>169</sup> *Tabs I* (n 107) [37]; *Tabs II* (n 107) [39]

<sup>170</sup> *Voss* (n 109) [91]

<sup>171</sup> *Louboutin* (n 44), Opinion of the AG, at [21]; Study (n 113) [2.26]

registration raises significant competition concerns. All competitors should be free to use basic design features or industry standards to gain market entry and compete in the relevant sector even if the combination of such features which are reflected in the product's shape are not caught by the strict wording of the functional signs exclusion. However, the functional signs exclusion is not the only tool available to address competition-related concerns given the limited availability of product shapes even if formally speaking competitors' interests do not underpin the non-distinctiveness objection.<sup>172</sup>

The policy underpinning the 'departs significantly' test focusses upon *presumed* consumer reactions as a safeguard for maintaining free access to fundamental design standards, thereby supporting product market competition. Whatever empirical studies may otherwise suggest,<sup>173</sup> the test creates a very strong presumption against consumer predisposition to product shapes as source-identifiers, masking a clear normative choice in response to the need for adequately adapting European law to market realities and existing commercial practices. This adapted method of assessment turns therefore upon the particular characteristics of 3D product shape marks<sup>174</sup> as well as 'the idiosyncrasies of consumers' habits rather than what is alleged to be a stricter approach in the assessment of distinctive character.'<sup>175</sup>

Along with the empirical rule regarding consumer habits, the 'depart significantly' test has now become the settled analytical framework for predicting not only the tangible distinctiveness of product get-up marks but of *all* signs which are indistinguishable from the appearance of the product they designate. Thus, the decisive factor for its application and the case-law developed therein, 'is not the classification of the sign as figurative, three-dimensional or other, but the fact that

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<sup>172</sup> *Deutsche Sisi-Werke* (n 133) [63] and *SAT.2* (n 108) [36]. But, as recently recognised, 'the principle of undistorted competition calls for an evaluation of trade mark issues in the light of all interests involved' and, though the CJEU's case-law acknowledges competitors' interests in predicting the distinctiveness of colour marks, 'it is difficult to see why that should be the only case where competition interests may play a role in assessing distinctiveness...' see Study (n 113) [1.47-1.48]

<sup>173</sup> Jean-Christophe Troussel and Stefaan Meuwissen, 'Because Consumers Do Actually Eat Trade Marks: An Assessment of Current Law Regarding Non-Conventional Trade Marks in the European Union' (2012) 3 ERA Forum 423 (Relying upon behavioural economics purportedly demonstrating that modern consumers are more efficiently influenced by brands whose identity is built on sensory perception and external appearance than by brand that focus on traditional marks such as words and logos.); Anemaet (n 164) 303.

<sup>174</sup> *Tabs I* (n 107) ECLI:EU:C:2004:259, Opinion of the AG, [3]-[4] (AG Colomer urges the CJEU to modify its case-law regarding three-dimensional shape of product signs which, in his Opinion, had to be treated in a particular way and differently from other registrable signs.), See also, *Tabs II* (n 107) ECLI:EU:C:2004:258, Opinion of the AG, [3]-[4]

<sup>175</sup> *Linde* (n 75) Opinion of the AG, [12]

the sign is indistinguishable from the appearance of the product [or service] designated.’<sup>176</sup>

### C. Presentational Features of Services

Whilst *Apple* references the ‘depart significantly’ criterion as the express condition for concluding that the store design mark may overcome the non-distinctiveness objection, the second part of the criterion ‘and thereby fulfils its essential function of indicating origin’ was surprisingly omitted. This is most confusing and unhelpful, and it would be too simplistic to treat it as a mere omission. National courts remain in doubt as to whether a significantly different or fanciful shape must be *necessarily* regarded as inherently source-identifying.<sup>177</sup> Moreover, nowhere did *Apple* refer to the empirical rule about consumer perception which crucially underpins this criterion and that traders must overcome when relying upon inherent distinctiveness of 3D signs. This may simply be due to the particular emphasis the referring court placed on the level of detail at which the representation of the registrable sign could meet the principle of legal certainty rather than the intrinsic capacity of the visual look of a sales outlet to serve as a business-identifier even though the CJEU was not, strictly speaking, completely bound by this procedural restriction.<sup>178</sup> However, this article argues that the CJEU’s indication that Apple’s layout mark could only be considered inherently distinctive if it departs significantly from the norm or customs of the sector is a clear invitation for national tribunals to apply also the policies and principles developed around product get-up marks in the case-law.

There are good policy reasons for adopting this invitation. The empirical rule about consumer perception must be a central consideration *even* in the case of the look of services. Just as product get-up marks comprise a number of presentational features such as their shape or packaging, the presentation of a service amounts to ‘a physical reflection of the circumstances in which [it] is provided.’<sup>179</sup> For instance,

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<sup>176</sup>*X-Technology Swiss GmbH v OHIM* (T-547/08) ECLI:EU:T:2010:235, at [26]. This interpretation, including the whole ruling, was endorsed by the CJEU on appeal, see (C-429/10 P) ECLI:EU:C:2011:307, at [37]. See also, *Birkenstock Sales GmbH v EUIPO* (T-579/14) ECLI:EU:T:2016:650, at [28] (Figurative mark consisting of a pattern of wavy, crossing line.); *Sartorius Lab Instruments GmbH & Co* (T-331/12) ECLI:EU:T:2014:87, at [15] (positional mark consisting of a yellow curve at the bottom edge of an electronic display unit.)

<sup>177</sup> *The London Taxi Co v Frazer-Nash Research*, [2016] EWHC 52 (Ch) (Arnold J), at [172] *aff’d* [2017] (n 140) [42] (Floyd LJ) (Agreeing that the issue is not *acte claire*.); *Bongrain SA’s Trade Mark Application*, [2004] EWCA Civ 1690, [2005] R.P.C. 14, 306 (Jacob LJ) at [26]

<sup>178</sup> Indeed, in other references, the CJEU has taken it upon itself to offer more guidance on issues not raised in the referred questions in order to enable the national court to resolve the dispute appropriately, see *Dyson* (n 27) [24]

<sup>179</sup> *Hauck* (n 47) Opinion of the AG, [107]

a collection of several separate objects which are employed for providing a service, i.e. the décor of a retail outlet or the layout of a petrol station, may be perceived by consumers as the circumstances and therefore the appearance of those services forming part of a collective sign like a service get-up mark.<sup>180</sup> In such a case, the composite sign is indistinguishable from the appearance of the service designated as required by the *Henkel* line of reasoning which means that, under the empirical rule, tribunals cannot assume the perception of the average consumer remains the same as with word/figurative marks. There is additional support for this view in both *Libertel* and *Heidelberger*.<sup>181</sup>

On first impression, average consumers are more likely to assume that the objects and circumstances in which a service like that of Apple's retail outlet is provided are primarily chosen for functional or aesthetic considerations (or both), not for the purpose of designating a particular commercial origin. This presumed consumer reaction coincides with that in the context of product get-up marks where, for instance, in the normal course consumers are deemed primarily to treat containers of liquids as a technical means of packaging<sup>182</sup> or locking devices as functional or ornamental devices, or perhaps as combining those two functions,<sup>183</sup> not as source-identifiers. Indeed, in *Deutsche Bahn*, the CJEU agreed that the proposed horizontal combination of the colours grey and red as a figurative mark was not inherently distinctive for the applicant's rail transport services because affixing stripes in the lower part of carriages was a customary form of decoration in the railway sector or simply served as a warning about the gap between the carriage and the platform.<sup>184</sup> At first sight, average consumers would be more likely to treat the stripy combination simply as decoration or warning, not intended as a business

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<sup>180</sup> *ibid* [107]. This interpretation coincides with that offered by the CJEU in several contexts. For instance, in the context of colour marks, the CJEU itself seems to support this view that services too have a presentation when the Court held that 'services are immaterial and their provision as well as their advertising entails the use of material means which necessarily have a colour' (my own translation), see *Deutsche Bahn AG v OHIM* (C-45/11 P) ECLI:EU:C:2011:808, at [40]. In *Apple*, it similarly described the graphic representation of the retail shop depicted in the design mark as 'an integral collection of...shapes', at [19].

<sup>181</sup> Both decisions proceeded on the basis that the distinctiveness evaluation of colour marks for services does not entail different criteria from those applicable to colour marks for goods. *Libertel* (n 25); *Heidelberger* (n 25)

<sup>182</sup> *Develey* (n 138) [92]; *Deutsche Sisi-Werke* (n 133)[30]; *Euromex SA v OHIM* (T-399/02) ECLI:EU:T:2004:120, at [24], *aff'd* (C-286/04 P) (n 108)

<sup>183</sup> *LVM* (n 117) [25]

<sup>184</sup> *Deutsche Bahn* (n 180) [60] (Each of the colours, taken individually, was also likely to be perceived by the average consumers of rail transport as selected for utilitarian aims, namely traffic red is used in traffic signs including level crossing barriers for warning whilst light grey is widely used for painting metal and steel in rail transport.)



identifier of the applicant's rail transport services.<sup>185</sup> There was thus endorsement for the EGC's focus on the material means employed in the provision of the railway services and the circumstances in which the average consumer would encounter the colour combination concerned.<sup>186</sup> Whilst cases accept that the utilitarian or/and ornamental purpose of get-up marks does not exclude the possibility that consumers may also acknowledge them as serving an additional source-identifying function, it requires an applicant (not the Office) to point to material contextual circumstances for making that assumption.

Crucially, *Deutsche Bahn* roundly rejected the applicant's argument that, since services are by nature colourless, the consumer's perception of colour marks for services was completely different from his perception of colour marks for goods with the result that the proposed colour mark was necessarily inherently distinctive for the designated rail transport services.<sup>187</sup> According to the CJEU, there is no basis in European law for a distinction between service marks and product marks as regards their distinctiveness appraisal. It cannot thus be easier to assume consumer predisposition to regarding the presentation of a business environment as having trade mark significance simply on the basis of the immaterial nature of services, whether predicting inherent distinctiveness without prior use<sup>188</sup> or verifying the acquisition of distinctiveness as a result of prior use.<sup>189</sup> Therefore, the methodology endorsed in *Deutsche Bahn* focussing on the physical means associated with providing the services and the circumstances in which consumers are confronted with the mark must be transferred, by analogy, to layout marks for business environments, including retail stores.

## V. APPLYING THE SETTLED 'DEPARTS SIGNIFICANTLY' FRAMEWORK

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<sup>185</sup> *idem* (The CJEU also agreed with the finding that a horizontal stripe on the side of a carriage gives the impression of movement and speed, which is one of the few patterns that is easily recognised even on a moving train. This functional purpose was thus unable to confer distinctiveness.)

<sup>186</sup> *ibid* [40]-[41]

<sup>187</sup> *ibid* [43]

<sup>188</sup> The EGC has thus departed from its previous decision *KWS Saat AG v OHIM* (T-173/00) ECLI:EU:T:2002:243 in which it accepted the inherent distinctiveness of a colour mark for technical and business consultancy in plant cultivation largely on the basis of the immaterial nature of services. Whilst the refusal for the registration of the colour mark for goods was upheld on appeal to the CJEU, this aspect of the case was not appealed. The EGC's ruling in *KWS Saat*, however, predates the empirical rule established in *Libertel*. See *Deutsche Bahn AG v OHIM* (T-404/09) ECLI:EU:T:2010:466, at [24] and (T-405/09) ECLI:EU:T:2010:467, at [24]. The same overruling effect would apply to other pre-*Deutsche Bahn* decisions by the EUIPO, see R-136/1991-1 *DKV Deutsche Krankenversicherung AG* (25 January 2000, 1<sup>st</sup> Board of Appeal OHIM, unreported)

<sup>189</sup> *Oberbank* (n 117) [45] (Confirming that a similar consideration for the empirical rule applies in the context of acquired distinctiveness of a contourless colour mark for banking services.)

At least one commentator has highlighted the potential anti-competitive effects of granting registration rights over store design that might prevent competitors copying not only the specific business environment but also imitating many other designs that merely resemble a type of store.<sup>190</sup> In response to these legitimate concerns, the proposal advanced is to refuse registration of store design marks such as Apple's application on policy grounds and out of principle.<sup>191</sup> European trade mark law is certainly underpinned by the principle of undistorted competition. However, this radical proposal is offered without analysing its questionable compatibility with international law according to which the EU must interpret all its legislation on trade marks and case-law according to which there are no forms of signs being precluded from protection *per se*.<sup>192</sup> Article 15(1) TRIPS mandates protection for 'any signs or any combination of sign' without distinction<sup>193</sup> and Recital 41 of the recast Directive now explicitly refers to the compatibility of EU law with that obligation.

Instead of endorsing this questionable proposal, this article proposes using trade mark law's internal safeguards such as empirical rules and normative presumptions about average consumers found in existing case-law as the most effective way of analysing these cases. Properly applied, this analytical framework as well as considerations regarding the presentational features of services discussed above should enable registrars and courts to have some rational basis for assuming that a particular business environment such as a flagship store will be taken as an indication of origin. It may indeed be possible to assume inherent distinctiveness without prior use if it is clear that in the sector concerned the visual appearance of retail outlets is ordinarily acknowledged by traders *and* consumers to have trade mark significance. Otherwise, if firms are to rely upon the alleged source-identifying significance of their business get-up marks for registration, they must prove it following market use.

### A. Assessments Offered So Far

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<sup>190</sup> Dzida (n 7) 65

<sup>191</sup> *ibid* 60-65

<sup>192</sup> The exception being when the subject-matter is non-specific and relates merely to an abstract concept, as in *Dyson*. See Study (n 113) [2.2-2.3]

<sup>193</sup> Art.15(1) TRIPS provides in relevant part that 'any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trade mark.' As the Community is a party to the TRIPS Agreement, it is obliged to interpret trade mark legislation in the light of the wording and purpose of that Agreement, see *Heidelberger* (n 25) [20]

The examinations hitherto offered into the concrete distinctiveness of Apple's store design mark have reached rather different results. They are also so fact-specific it is difficult to draw general principles applicable to a much broader spectrum of layout marks for business environments. According to Hohn-Hein, the BPatG's finding that the interior design of Apple's flagship store is very unusual in the relevant market as it resembles a 'prayer room' or a 'library' strongly suggests 'a high degree of distinctiveness'.<sup>194</sup> Indeed, he endorses the BPatG's conclusion that inherent distinctiveness must be assumed because the store design substantially deviates from the usual interior design of retail stores in that 'it does not include basic typical elements of retail within the computer, electronics and telecommunications industry such as a recognisable cash register, shelves, storage areas for products or eye-catching colours and images'.<sup>195</sup> On the other hand, Dzida has concluded that Apple's store design is devoid of distinctiveness because it comprises many indispensable items customarily used in the business of selling electronics such as 'tables, store-fronts, shelving, lightning, screens, etc.'. <sup>196</sup> The additional fact that Apple places its corporate logo on the store-front and its staff uniform and products all bear the name and logo of the Apple company further supports his assertion that average consumers will look to these indicia for brand recognition rather than the store design itself. <sup>197</sup>

As regards the logo displayed on Apple's store-front outlets, other commentators have also noted that a retail sales outlet will invariably be used in conjunction with other more conventional marks and, without traders adopting a 'label-less' store-front, 'the ordinary consumer perceiving, much less being educated, that the store's design and layout functions as a signifier of trade origin becomes a practical impossibility'.<sup>198</sup> However, under European law, the mere fact that for practical reasons consumers never encounter 'label-less' stores is not a legitimate basis for automatically concluding that only graphic/verbal elements can be source-identifiers of retail premises. This conclusion effectively removes protection for store design marks out of principle, contrary to settled case-law. A

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<sup>194</sup> Hohn-Hein (n 6)1331

<sup>195</sup> 29 W (pat) 518/13 *Apple Store* BPatG (8<sup>th</sup> May 2013, unreported). See the brief report of the case in the 2013 Bundespatentgericht Jahresbericht (German Patent Court Annual Report), pp.96-97: [https://www.bundespatentgericht.de/cms/media/Oeffentlichkeitsarbeit/Veroeffentlichungen/Jahresberichte/jahresbericht\\_2013.pdf](https://www.bundespatentgericht.de/cms/media/Oeffentlichkeitsarbeit/Veroeffentlichungen/Jahresberichte/jahresbericht_2013.pdf) (accessed 27 March 2017); Hohn-Hein (n 6) 1309-1310 (Offering a similar translation by quoting the BPatG as stating that the layout mark substantially departs from the norm 'as a result of its lack of commonly used storage areas and checkout areas, and the abundance of other unique features.')

<sup>196</sup> Dzida (n 7) 56-57

<sup>197</sup> Ibid 57

<sup>198</sup> Ben McEniery, 'Trade Marks for the Design and Layout of Retail Premises' (2014) 24 AIPJ 1, 11 (Discussing protectability of a retail store's design and layout under Australian trade mark law.)

similar argument was roundly rejected in the context of packaging trade dress marks for the specific appearance of the surface of a bottle where sparkling wine consumers always encounter such bottles ‘dressed’ with labels and the name of the manufacturer.<sup>199</sup> It is thus implicitly accepted that average consumers are capable of perceiving multiple source-identifiers being used on the same product or service.

Furthermore, the ‘label-less’ store-front argument against a finding of inherent distinctiveness for retail store designs would be contrary to settled case-law according to which Community law does not prevent registration of 3D objects by virtue of their use on the market with other word/figurative marks.<sup>200</sup> It would indeed be against commercial reality to preclude traders from using and protecting more than one mark in connection with the same service. Apple’s application should not therefore be refused simply on the basis of the prominent use of its corporate logo on the store-front (or on staff uniforms and the merchandise therein displayed) but it *does* mean that the store layout may oftentimes have relatively small, marginal source-identifying significance.

As for Dzida’s conclusion that Apple’s store design is non-distinctive as it is simply composed of commonplace elements which are either functional or conventionally used by other retailers offering similar goods and services, this argument fails to apprehend the true nature of the proposed mark, namely a composite design mark for the presentation of business services. As stated above, the presentation of a service *necessarily* entails ‘a collection of several separate objects’ which consumers generally assume to be employed for rendering the service and as part of the practical circumstances in which a retailer lays out the establishment. Whilst a prior examination of the individual objects is allowed, the concrete assessment must be based ‘upon the overall perception of that [composite] mark by the relevant public and not on the presumption that elements that are individually devoid of distinctive character cannot, on being combined, have such a character.’<sup>201</sup> What matters then is whether the *manner* in which non-distinctive presentational elements are arranged may be found, upon concrete evidence, to

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<sup>199</sup>*Freixenet* (n 117) [50-51]. For the successful registration of ‘other’ marks representing a blade of grass inside a bottle, which are also always presented to the consumer with labels, see, R-452/1999-3 *Underberg AG* (27<sup>th</sup> June 2000, 3<sup>rd</sup> Board of Appeal OHIM, unreported) at [11], *CEDC International sp.z o.o. v OHIM* (T-235/12) ECLI:EU:T:2014:1058 (Appeal regarding absence of genuine use) and R-1248 *CEDC International sp.z o.o. v Underberg AG* (29<sup>th</sup> August 2016, 4<sup>th</sup> Board of Appeal EUIPO, unreported) (Rejecting the opposition to the registration of the CTM based upon an earlier national mark.)

<sup>200</sup>*Société des produits Nestlé SA v Mars UK, Ltd* (C-353/03) ECLI:EU:C:2005:432, at [30] and *August Storck I* (n 122) [59]. See also, *Nestlé* (n 42) [64]; *Oberbank* (n 117) [40].

<sup>201</sup>*Voss* (n 109) [124]; *Timehouse* (n 108) [40].

amount to ‘more than just a mere sum of its parts.’<sup>202</sup> The fact that one feature of the composite mark differs from customary features cannot automatically render the whole distinctive.<sup>203</sup>

In Apple’s case, the BPatG found that the layout mark has ‘features that distinguishes it from the usual layout of retail stores in that electronic sector.’<sup>204</sup> This finding arguably suggests that the combined overall effect is greater than the sum of its parts even though Apple offered no arguments or evidence on this point. Indeed, the finding that the store layout is reminiscent of a prayer room or a library suggests that the whole creates an unusual ‘identity’ (arguably greater than mere sum of the physical circumstances in which an electronics retail service is typically rendered) from the customary layout of other retail outlets. This compels Hohn-Hein to assert that the conclusion must be a high degree of distinctiveness and therefore registrable.<sup>205</sup> However, both he and the BPatG appear to make the common mistake of collapsing the whole ‘departs significantly’ criterion into a single question about the extent of the mark’s unusualness, wrongly bypassing any contextual and normative evaluations of the ‘presumed’ expectations and reactions of the average consumer which substantially underpins trade mark distinctiveness.

The practical effect of this bypass is that a 3D design mark should be registered if it meets just one condition, ie being significantly different from the usual way of configuring and presenting a service, without considering its impact upon the hypothetical average consumer in the light of the common branding practices of traders operating in the market. This is not, however, what the ‘departs significantly’ criterion entails.

## B. Applying the Depart Significantly Criterion

The ‘departs significantly’ criterion is closely linked to the question of whether any mark is capable of distinguishing the commercial origin of the applicant’s goods or services from those of other traders. Its full import is that Apple’s retail store configuration can only be assumed to be inherently distinctive if it departs significantly from the adopted norms of typical store designs offering retail services

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<sup>202</sup> Voss (n 109) [128]

<sup>203</sup> Devey (n 138) [87] (The mere presence of lateral hollows as the only unusual characteristic of the bottle was insufficient to render the whole get-up mark distinctive.)

<sup>204</sup> Apple (n 18) [13]

<sup>205</sup> Hohn-Hein (n 7) 1308

in electronic goods *and* thereby fulfils its source-indicating function for such services. There is nothing in the wording of this criterion suggesting that ‘thereby’ should be read as ‘therefore’ or as ‘consequently’.<sup>206</sup> On the contrary, CJEU’s case-law strongly suggests that being significantly different is a necessary but insufficient condition alone for assuming inherent distinctiveness or source significance without prior use.<sup>207</sup> Thus, the criterion necessarily entails two questions even if the CJEU has not explicitly elaborated on this point, ie the extent of the mark’s divergence, and the extent of its impact upon average consumers. As with all other categories of marks, business get-up marks must be treated by consumers not only as striking or unusual but also as source-identifiers.

Settled case-law proceeds upon the principle that the mere fact that a shape mark is found to be a variant or refinement of a common shape cannot automatically lead to a conclusion that the non-distinctiveness objection is inapplicable. Irrespective of the degree of divergence, the registrar must verify ‘in all cases’ whether the Apple layout mark fulfils its essential function of guaranteeing commercial origin of the retail services by reference to the perception of the average consumer. That is, there must be an additional step in the analysis in that it is crucial not only that the consumers view the shape or design mark as different from existing designs but also that they do not perceive it primarily as having a practical or aesthetic function. This crucial step gives meaning to CJEU’s verification requirement of checking if the store design permits average consumers immediately to distinguish the Apple services from those of other competitors.<sup>208</sup>

Given the technical nature of the electronic products underlying the retail services and which are intended for the general public, the average consumer is

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<sup>206</sup> *Bongrain* (n 177) [26] (In this case, Jacob LJ interpreted ‘thereby’ in the sense that ‘the [CJEU] is saying no more than that fancy shapes—those which depart significantly from the norm—may fulfil the essential function, not that they must.’). There is support for Jacob LJ’s interpretation in the other language versions in which this ‘depart significantly’ criterion is cited as these versions do not suggest that ‘thereby’ means ‘therefore’. Indeed, the full reference in the French version clearly suggests an element of potentiality in the sense that it ‘may’, not that it ‘must’: ‘Seule une marque qui, de manière significative, diverge de la norme ou des habitudes du secteur et, de ce fait, est susceptible de remplir sa fonction essentielle d’origine.’ See the French language versions of *Voss of Norway ASA v OHIM* (C-445/13 P) ECLI:EU:C:2015:303, at [91]; *LVM v OHIM* (C-97/12 P) ECLI:EU:C:2014:324, at [52]; *Develey Holding GmbH v OHIM* (C-238/06 P) ECLI:EU:C:2007:635, [81]; *Mag Instrument Inc v OHIM* (C-136/02 P) ECLI:EU:C:2004:592, at [31].

<sup>207</sup> *Voss* (n 109); *Chocoladefabriken* (n 107); *Enercon GmbH v OHIM* (C-20/08 P) ECLI:EU:C:2008:698; *Philip Morris* (n 137); *Mag* (n 117); Cf *Freixenet* (n 117). But see for example, *The London Taxi Co* (n 140) [40] (After reviewing a few cases, Floyd LJ stated that the language used by the CJEU in *Freixenet* might suggest that departure from norm or customs was enough.)

<sup>208</sup> *Voss* (n 109) [92] (consumer recognition without conducting an analytical examination and without paying particular attention.)

likely to purchase them after careful examination and his/her level of attention is likely to be relatively high.<sup>209</sup> As stated above, however, there is no presumption that the visual habits of average consumers acknowledge the overall presentation (décor and ambiance) of a retail environment as indicating the commercial origin of the services offered therein. Furthermore, Apple does not appear to have produced any concrete evidence to suggest that, in this electronic goods sector, the look and feel of a business establishment is generally used by retailers *and* consumers as a means of identification. That is, evidence concerning the existence of a practice which entails distinguishing retail services from different retailers on the basis of their appearance.<sup>210</sup> In fact, 'flagships stores' are a relatively new high street phenomenon,<sup>211</sup> which suggests that their potential trade mark *significance* has yet to become embedded in the presumed expectations of consumers.

There is no indication that, apart from the factual finding that the interior layout of the Apple store resembles a library or a prayer room, the BPAG made any reference to the specific customs in the mobile retail sector, ie whether or not this is highly creative sector where features such as striking layout, colour and decoration are routinely used as embellishment. As discussed above, identifying the 'norm' of the sector as a point of comparison does not necessarily require registrars or courts to undertake an empirical study of the market situation to find concrete examples of comparable designs of sales outlets. They may simply rely upon their own practical experience and well-known facts in ascertaining what consumers might have experienced and the common branding practices of traders to which consumers may have been exposed. Indeed, the branding practices used for marketing other products or services in related markets might influence consumer reaction to a given product in a way that the sign's appearance or shape is incapable of indicating an unmistakable commercial origin. Thus, depending on the nature of the designated goods and that of the proposed mark, the delimitation of the norm may sometimes require to widen rather than restrict the perspective beyond the specific product market.<sup>212</sup>

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<sup>209</sup> *InterVideo Inc v OHIM* (T-105/06) ECLI:EU:T:2007:309, at [31]

<sup>210</sup> At least one US scholar has proposed that 'dress distinctiveness' or the meaning of the trade dress can be determined by a single test examining the marketplace looking to industry custom of using particular product features as indicia of source and then unusualness of the trade dress as compared with features common for the product or service, see Lars Smith, 'Trade Distinctiveness: Solving Scalia's Tertium Quid Trade Dress Conundrum' (2005) Michigan SLR 243, 280

<sup>211</sup> Mark DiSomma 'Retail Brand Strategy: The Role of the Flagship Store' (Brand Streategy Insider, 21<sup>st</sup> July 2014). <https://www.brandingstrategyinsider.com/2014/07/retail-brand-strategy-role-of-the-flagship-store.html#.WRGdvPkrKUK> (accessed 26 March 2017)

<sup>212</sup> *Deutsche Sisi-Werke* (n 133) [32]. See also, *The London Taxi Co* (n 140) [49].

Modern retailers customarily configure their retail outlets in a way that promotes sales in an attractive atmosphere in an attempt to put customers into a buying mood or entice them to try their food/drinks offers. It is also possible to connect the core (intangible) concepts underlying a company's brand with the look and feel of its retail environment and communicate a company-wide ethos through its services offering the branded products. Attractive or strikingly innovative sales outlets are therefore the norm in the pursuit of market success, and it is possible for a particular 'look' pioneered by one retailer to become an industry standard.<sup>213</sup> Thus, a particular look and feel like the simple minimalist-Scandinavian design of Apple's flagship stores may simply reflect the corporate image of the company or perhaps portray the popular zeitgeist and über-cool trends in the electronics/telecom market, thereby reinforcing its brand values through a unique shopping experience for Apple customers.<sup>214</sup> These are not, however, sufficient grounds for assuming that highly attentive consumers are likely to relate these desirable characteristics to commercial identification and thus acknowledge (without education) a highly unusual store layout as a business-identifier.

Indeed, the 'atypical design' of the Mag-Lite torches,<sup>215</sup> the 'one of a kind' shape of the Voss water bottle,<sup>216</sup> the 'innovative technique' reflected in the unusual American football-shape of an Enercon wind turbine<sup>217</sup> and the 'identifying imprint' of a Georg Neumann microphone head grill<sup>218</sup> were not sufficient characteristics of the goods to confer source-identifying character upon these designs. Sophisticated consumers are most likely to see Apple's flagship store as displaying differences from other customary retail environments; after all, the law attributes consumers of hi-tech goods a high level of attention. But this is far from inferring that those consumers are likely to attribute source-identifying significance to such differences and be guided by the store layout alone as a trade mark on the market.<sup>219</sup> In most

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<sup>213</sup> Lee and Sunder (n 1) 552.

<sup>214</sup> Elements of the look and feel of Apple's Iphone were designed to be simple and easy to use, and that was emphasised in its 'product as hero' approach to advertising. See, *Apple Inc v Samsung Electronics*, 786 F3d 983, 993-994 (Fed. Cir. 2015), *rev'd* on patent design infringement grounds 137 S Ct 429 (2016)

<sup>215</sup> *Mag* (n 117) at [62]

<sup>216</sup> *Voss* (n 109) [77]

<sup>217</sup> *Enercon* (n 207) [ 17]

<sup>218</sup> *Georg Neumann GmbH v OHIM* (T-358/04) ECLI:EU:T:2007:263, at [56]

<sup>219</sup> In connection with slogan marks for electronic goods, the CJEU has ruled that the fact that the relevant consumers constitute a specialist public 'cannot have a decisive influence on the legal criteria used to assess distinctiveness'. See, *Smart Technologies ULC v OHIM* (C-311/11 P) ECLI:EU:C:2012:460, at [48] (Slogan mark 'Wir Machen Das Besondere Einfach' (We Make Special (Things) Simple')). For a similar legal point, see *Delphi Technologies Inc v OHIM* (C-448/13 P) ECLI:EU:C:2014:1746 (Slogan mark 'Innovation for the Real World'.)



cases the perceived differences may simply tend to follow new trends in design,<sup>220</sup> but this says nothing about distinctiveness in the technical sense of the law.

Moreover, aesthetic design features have such communicative value to express social and cultural meanings that this aspect should counsel against finding source-identification too readily.<sup>221</sup> Store design applicants like Apple must therefore demonstrate that material circumstances exist to enable the registrar to predict *more* than consumers are able to identify differences, namely that consumers will conclude the differences are intended to signify a particular commercial origin, not mere aesthetic aspirations or ergonomic design choices. Indeed, trade mark distinctiveness is not about being ‘unique’ or ‘creative’ in comparison with other store layouts existing on the market. Nor is its purpose to protect a general style, theme, genre or trend incorporated into the look of commercial premises.

### C. Decisions on Business Get-Up Marks Post *Apple*

In the wake of *Apple*, several traders have attempted to register layout marks not just for retail stores of the type claimed by Apple. This confirms my claim that *Apple* paves the way for trade marking a wide range of business environments both as national marks and as EUTMs. Examining some of these cases offers further insights. For instance, using the presumption about consumer visual habits as part of the ‘depart significantly’ framework that this article advocates, the Swedish Court of Appeal confirmed the refusal to register Apple’s flagship store layout in Sweden. For this national court, the Apple store’s minimalist design was found to be an industry standard among electronic goods retailers, failing to depart significantly from the adopted norms.<sup>222</sup> Similarly, using the empirical rule as an important control device, the Office (or the EUIPO) have refused to register as EUTMs signs for the

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<sup>220</sup> *TUI AG’s Trade Mark Application M2132WO00* (15<sup>th</sup> March 2016, Examination Decisions at OHIM, unreported) (Refusing registration of IR1277072 regarding a layout design mark for a travel agency for failing to depart significantly from the norms in the sector.)

<sup>221</sup> For instance, the communicative functionality of colour, that is, the use of colours to communicate social meanings (or non-source information) is one of the most complicated aspects of colours that should be free from monopolisation, see Ann Bartow, ‘The True Colours of Trademark Law: Gleenlighting a Red Tide of Anticompetition Blues’ (2009) 97 Kentucky LJ 263, 282

<sup>222</sup> Joined Cases Nos. 13-097 and 13098 (12<sup>th</sup> December 2014, Swedish Court of Appeal, unreported) (The Court also rejected the claim that the Apple store design had acquired distinctiveness through use in Sweden). See brief note, Annual Review of EU Trade Mark Law (2015) 105 TMR 522.

configuration of a petrol station shelter,<sup>223</sup> the interior layout of a cosmetics shop,<sup>224</sup> the interior decor of a mobile retail store<sup>225</sup> and different views of the interior layout of a sales outlet.<sup>226</sup> Contrary to applicants' arguments, the Office considered the principles developed in the case-law for product get-up marks relevant and transferable to service marks for business trade dress, declining to treat business-get-up marks differently from product get-up on the basis of the intangible nature of services. The 'departs significantly' criterion was therefore the relevant analytical framework.

For instance, in *Orlen* the applicant sought to register the image of a petrol station shelter in the colours light grey and red displaying a trapezium finish on the outside of the shelter and for a wide range of goods and services in several classes (fig2). It argued that there was a consumer habit of choosing petrol stations on the basis of visual elements such as the shape and colour scheme. In upholding the refusal, the Office agreed that the image submitted showed 'all the typical elements of a petrol station in a conventional layout: a shelter, store building and pumps' but nothing else to make it stand out from the standard form of a petrol station.<sup>227</sup>



(fig2)

Using its own practical experience and well-known facts, it also stated that average consumers primarily identify petrol stations using their logo or name and, even though they may associate certain colours with a specific service suppliers, this

<sup>223</sup> R-2249/2014-5 *Polski Koncern Naftowy ORLEN SA* (2<sup>nd</sup> April 2015, 5<sup>th</sup> Board of Appeal OHIM, unreported).

<sup>224</sup> R-1135/2015-1 *KIKO SpA* (29<sup>th</sup> March 2016, 1<sup>st</sup> Board of Appeal EUIPO, unreported)

<sup>225</sup> R-2160/2015-1 *Vodafone Group Plc* (4<sup>th</sup> May 2016, 1<sup>st</sup> Board of Appeal EUIPO, unreported)

<sup>226</sup> R-2224/2015-1 *Rewe Markt GmbH* (26<sup>th</sup> February 2016, 1<sup>st</sup> Board of Appeal EUIPO, unreported) and R-2225/2015-1 *Rewe Markt GmbH* (15<sup>th</sup> September 2016, 1<sup>st</sup> Board of Appeal OHIM, unreported).

<sup>227</sup> *Polski* (n 223) [22]

is only if such colours are unusual or have developed source significance following use.<sup>228</sup> However, for consumers of petrol station services, the combination of the colours red and light grey is hardly unusual and largely employed for practical considerations. Red is widely used as a warning colour and a means of catching consumer attention and incapable, in relation to a petrol station, of being perceived primarily as source-identifier.<sup>229</sup>

Similarly, the innovative but functional characteristics of the layout depicted in a design mark for a cosmetics shop were central for finding non-inherent distinctiveness. In *Kiko*, the applicant sought to register the 3D representation of the frontal interior view of Kiko's flagship stores in the colours grey and lilac for a large number of cosmetic products and retail services (fig3). The applicant claimed that its unusual store layout, as devised by an interior designer, was characterised by central islands, colours, ceiling lights, side display cases and an open entranceway without display windows, which rendered it notably different from those of other cosmetics retailers.<sup>230</sup> Kiko particularly highlighted that the goods were displayed on side shelves that create a continuous line with the wall and give the impression of surrounding the customer.<sup>231</sup>



(fig3)

In affirming the refusal, the Office classified the depicted layout as a composite mark consisting of lines, shapes and colour characteristics, proceeding to examine each of them individually and then the whole. It found none of these characteristics inherently distinctive, with the shapes being, for example, simple geometric shapes unable to convey source to consumers.<sup>232</sup> It also found that the ergonomic function of the diagonal display case with its slope simply offered a good

<sup>228</sup> *ibid* [20]

<sup>229</sup> *ibid* [24]

<sup>230</sup> *KIKO* (n 224) [3]

<sup>231</sup> *ibid* [7]

<sup>232</sup> *ibid* [22-25]

functional compromise in the sense of 'not wasting display space and allowing consumers easily to view the merchandise.'<sup>233</sup> But however innovative, female consumers would not ascribe any source significance to these functional characteristics. Nor would they attribute any source significance to the colour scheme, individually or in combination, as grey is an ordinary colour and lilac is widely used and associated with youth and femininity in the cosmetics sector.<sup>234</sup>

In the Office's conclusion, the open-entrance look of the Kiko flagship store failed to depart significantly from the adopted norms and customs of the sector as the extended rectangular shape of the shop simply 'makes it possible to house a large number of display cases seamlessly, thus making best use of the side walls.'<sup>235</sup> In reaching this conclusion, it formed its own view of the adopted norms and customs by turning to well-known facts and the common branding practices of traders in other sectors of 'creating open commercial spaces that have no formal entrance (through a door or display window) which beckon consumers to come inside the retail store.'<sup>236</sup> The same approach to defining the adopted norms and customs formed the basis for refusing Vodafone's attempt to register the new look and feel of its mobile retail store featuring its allegedly iconic 'Top Ten Table' (displaying latest best-seller products) in the middle.

Applicant Vodafone submitted two 3D representations of a front view and a bird's-eye view of its retail store layout in the colour red and for retail telecoms services (fig4). It described the depicted sign as a unique combination of features, particularly a prominently positioned round table with a red rim, angled red fins at each front corner of the store, a red front fascia, two small and centrally placed display stands and a symmetrical overall appearance.<sup>237</sup>

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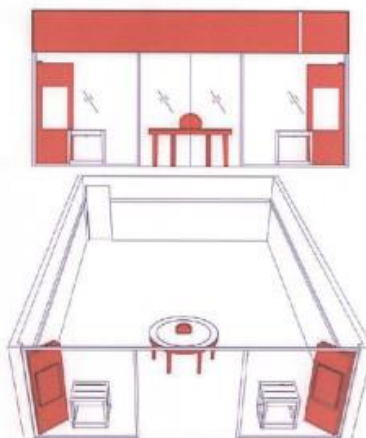
<sup>233</sup> *ibid* [26]

<sup>234</sup> *ibid* at [28]

<sup>235</sup> *Ibid* [29]

<sup>236</sup> *ibid* [30]

<sup>237</sup> *Vodafone* (n 225) [15]



(fig4)

The starting point in its distinctiveness evaluation was the Office's reference to the well-known fact that layout, colour and decoration in retail stores is subject to 'a very high level of creativity', which has resulted in consumers being accustomed to 'experiencing a very wide variety of impressions stemming from these factors in the context of various retail services as embellishments or mere decorative features.'<sup>238</sup> It was also common practice within the telecoms market to use a wide range of features such as colour schemes and decorations and to use those features consistently in close connection with more traditional trade marks. According to the Office, these findings underline the ancillary and decorative nature of the features depicted in Vodafone's store design mark.<sup>239</sup> Viewed as a whole, the Office agreed that, rather than departing significantly, the mark 'adheres stringently, by its use of colour, arrangement and symmetry, to those very norms and customs...'<sup>240</sup> It was therefore a mere combination of presentational elements typical of the retail stores concerned even if no-one else used it.

Moreover, Vodafone's insistence that, given the technical nature of the designated goods and services, sophisticated consumers will display such a high level of attention that they will automatically acknowledge the layout mark as a source-identifier was rejected. Using its own general experience, the Office held that telecoms consumers, even if they were to pay a high level of attention, would generally 'focus their attention on the particularities of the goods and services themselves..., but not the colour scheme or the arrangement of the furniture, displays, etc., of the store or the surroundings in which these are presented.'<sup>241</sup> While Vodafone's evidence demonstrated that competitors in the sector use different

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<sup>238</sup> *ibid* [16]

<sup>239</sup> *ibid* [18]

<sup>240</sup> *ibid* [22]

<sup>241</sup> *ibid* [22]

combination of colour and layout, there was no further evidence to conclude that these retail characteristics were primarily intended as a means of identification and acknowledged as such by consumers.

Two applications to register different views of a supermarket outlet were also refused for corresponding to the usual customs of the sector. Applicant Rewe Markt submitted two EUTM applications, one for the 3D representation of a sectional view (fig5) and another one for the figurative representation of the frontal interior view (fig6), comprising the layout of a sales outlet in the colours black, greyscale and light green, and for various retail services.<sup>242</sup> The simple stylised representations depicted ordinary features such as sales counters, display monitors, till areas, refrigerators and shelves in a particular perspective view.



(fig5)



(fig6)

In upholding the refusals, the Office agreed that the way all the depicted components were laid out and arranged was neither unusual nor reflective of identity.<sup>243</sup> Without any specific or arbitrary characteristics to catch consumers' attention, the overall impression of the composite mark failed to 'differ in a manner that creates identity from the customary layout of other sales outlets.'<sup>244</sup> Both store design marks failed to depart significantly from the usual arrangement of other sales outlets according to the Office's own practical experience. Each was therefore 'a form of layout for a sales outlet that is customary in the sector in question or merely a variant thereof.'<sup>245</sup>

<sup>242</sup> *Rewe I* (n 225) and *Rewe II* (n 225)

<sup>243</sup> *ibid* *Rewe I* [21] and *Rewe II* [21]

<sup>244</sup> *ibid* *Rewe I* [25] and *Rewe II* [25]

<sup>245</sup> *ibid* *Rewe I* [25] and *Rewe II* [25]

Nor could the colour concept render the typical layout source-identifying. As in *Kiko* and *Orlen*, average consumers would assume that the colour concept was based upon functional considerations and would not ascribe any source significance to it. Based upon its own general experience, the Office noted that dark colours such as black and grey are popular in many sales outlets because they are hard-wearing with respect to dirt.<sup>246</sup> Black is also associated with elegance, particularly suitable as a background colour for presenting goods or services. Similarly, the green elements and the green frieze in the upper wall region would signal to consumers a reference to the freshness of the products offered and an allusion to respectful treatment of the environment. Consumers will thus assume the green elements to signal that the services are provided 'in an environmentally friendly manner.'<sup>247</sup> The sales outlet depicted in the layout was therefore a combination of conventional elements that are typical of sales outlet.

It is striking that none of these EUIPO decisions discusses *Apple's* express qualification regarding the protectable form of retail services (ie those that do not form an integral part of offering for sale the applicant's own goods) even though *Kiko's* application for retail services was for its own-brand cosmetics.<sup>248</sup> Nonetheless, these cases offer several important insights for evaluating business trade dress marks.

Firstly, they reveal that whilst formally functionality and distinctiveness require separate conceptual analyses, the utilitarian advantages of important elements of a store layout are unlikely to be perceived by consumers as source-identifying where such functional elements are, for instance, common to the trade.<sup>249</sup> Functionality and distinctiveness clearly go hand in hand and functional considerations should not be ignored as these are most likely to arise with business get-up marks. Secondly, the Office was able to define the relevant norms and customs without providing concrete examples, concluding the layout was typical on the basis of well-known facts and its own general experience. Thirdly, that general experience as well as evidence

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<sup>246</sup> *ibid* *Rewe I* [22] and *Rewe II* [22]

<sup>247</sup> *Ibid* *Rewe I* [24] and *Rewe II* [24]

<sup>248</sup> *KIKO* (n 224) [3]

<sup>249</sup> Alison Firth, 'Signs, Surfaces, Shapes and Structures –The Protection of Product Design under Trade Mark Law' in Graeme Dinwoodie and Mark Janis (eds), *Trademark Law and Theory: A Handbook of Contemporary Research* (EE, 2008) 499, 511-512. See also, *Bongrain* (n 175) [24] (Given that the CJEU has ruled that the registration grounds overlap to some extent, this must be that a perception of shape having a function can also be relevant for non-distinctiveness under Art.3(1)(b).)

submitted by applicants themselves may also enable the Office to identify common trends and branding practices in the sector and verify if the represented business environment merely conforms with those adopted customs or is simply a variation thereof. Here, marketing choices and particular branding features may well contribute to the retail service experience but may not necessarily serve to guide consumers in their transactional decisions, falling outside trade mark law's traditional domain as in *Kiko* and *Vodafone*.

Fourthly, the lack of a detailed description regarding the represented layout mark did not prevent the Office undertaking a 'stringent and full examination in order to prevent trade marks being improperly registered', as required by the CJEU.<sup>250</sup> Fifthly, the overall configuration of a business environment can be dictated entirely by the intended purpose or essential characteristics of the services therein provided, as in *Rewe* and *Kiko*. After all, the statutory exclusion of a specific category of functional signs under Art.3(1)(e) is a clear legal recognition that any product shape has to some extent functional purposes, even if its literal wording excludes the same presumption for the configuration of a *service*. The overall store design may look the way it does to enable the most efficient and ergonomic way of providing the designated services to consumers. Without these practical features, the shop design would not be the *type* of shop for the intended goods or services.

But even if the business get-up does not serve any functional purpose and exists solely as an ornamental design, this cannot automatically confer distinctiveness for trade mark purposes.<sup>251</sup> The following section explains why this is the case.

## VI. ADDITIONAL STATUTORY OBJECTIONS: SAFEGUARDING COMPETITION IN THE MARKETPLACE

### A. Descriptive Marks and the Need to Keep Free for All

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<sup>250</sup> *Libertel* (n 25) [59]

<sup>251</sup> *Equinix Inc's Trade Mark* Application (12<sup>th</sup> March 2015, Examination Decisions at OHIM, unreported) (Refusal to register IR1194910 for 3D mark consisting of a silo-shaped convex wall for data centres.)



Even though the CJEU in *Apple* excluded the formal application of the functional signs exclusion in Art.3(1)(e) to business get-up marks, this is not the only provision within the Directive which operates to protect the marketplace by limiting the availability of registration for certain types of marks and safeguarding the present or future interests of competitors.<sup>252</sup> One relevant consideration that *Apple* left explicitly open without elaboration was the possibility to refuse the configuration of a retail environment for being descriptive of the relevant products or services. So far this has attracted little academic attention even if 'in this area it is hard to separate lack of distinctive character from descriptiveness.'<sup>253</sup>

As stated above, a purely descriptive mark is one that consists exclusively of signs or indications which traders may use to designate a characteristic of their goods or services which, like non-distinctiveness, renders it incapable of performing the essential function of a trade mark. The situations specifically covered by descriptiveness are those in which the sign is capable of designating the characteristics of the goods or services listed, whatever that characteristic may be. The legislation refers to a non-exhaustive list of characteristics.<sup>254</sup> The Court has taken an expansive view of the word 'characteristic', ruling that purely descriptive signs within the descriptiveness objection 'are merely those which serve to designate a property, easily recognisable by the relevant class of persons, of the goods or the services in respect of which registration is sought.'<sup>255</sup> There must be a reasonable inference that this consumer reaction will actually occur for registration authorities to base refusal upon descriptiveness grounds.<sup>256</sup>

It is possible for product packaging marks (like bottles and containers) to give consumers an indication of the external quality, intended purpose or one of the characteristics of the designated goods.<sup>257</sup> Pursuant to descriptiveness, the focus is

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<sup>252</sup> Suthersanen (n 42) 272

<sup>253</sup> *Tabs II* (n 107), Opinion of the AG, at [4]; *Philips Electronics NV v Remington Consumer Products*, [1998] R.P.C. 283, 301-302 (Jacob J) (Some pictures are analogous to common words and a picture of an artefact is equivalent to a description of it.) Similar views are shared by US courts, see *In Re DC Comics, Inc.*, 689 F2d 1042, 1051 (CCPA, 1982) (Nies J, concurring) ('[A] product design or a representation of a product is manifestly equivalent to words which describe its appearance and must be given the same treatment as inherently descriptive words.')

<sup>254</sup> 'The kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service', see Art.3(1)(c) Directive (now Art.4(1)(c) recast Directive) and Art.7(1)(c) Regulation.

<sup>255</sup> *Agencja* (n 143) [50]

<sup>256</sup> *ibidem*

<sup>257</sup> *Henkel* (n 117) [42] (However, '[w]hilst it might be difficult to identify such characteristics, the possibility that the packaging might describe the characteristics of the product, including its quality, cannot be ruled out.');

*Linde* (n 75) at [69]

upon the consumer's perception and, in particular, 'the relationship between the packaging and the nature of the goods for which registration of the mark is sought.'<sup>258</sup> Crucially, whilst overlapping to a great extent, descriptiveness offers the possibility of building policy considerations more broadly than non-distinctiveness insofar as this objection is understood to pursue an important general-interest objective to keep free for all the use of descriptive get-up marks (including as collective marks or as part of complex or graphic marks) without being dependent upon a present competitive need to preserve their availability.<sup>259</sup> Descriptiveness therefore seeks to safeguard the present or future interests of competitors by preserving the availability of important means of description even if they are not the usual means of designation or are not yet in current use. It is sufficient if the designation *could* be used for that purpose.

By extension, store design marks are capable of displaying obvious spatial layout characteristics or characteristics associated with the arrangement for promoting particular goods or services, in which case the interior layout depicted is likely to be considered descriptive or highly suggestive. It is thus possible for average consumers to perceive a layout mark as nothing more than the graphic description of the physical means and circumstances in which the designated services are (or may be) rendered. In that case, the business get-up mark essentially tallies with the average consumer's idea of the service, which then allows the registrar and courts to take into account factors relating to the future need to preserve the availability of the descriptive layout as an additional public-interest consideration in refusing registration on descriptiveness grounds. Indeed, the national trade mark offices in Germany<sup>260</sup> and the UK<sup>261</sup> initially rejected Apple's application on the basis that the design and shop layout was a descriptive indication of the characteristics of the goods/services being provided, which cannot be reserved for a single trader.

Applying Art.3(1)(c) is therefore considered the preferable course for evaluating the distinctiveness of get-up marks (especially if the particular configuration is not yet present on the market) where competition concerns are clearly implicated even if most courts and commentators tend to focus on non-

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<sup>258</sup> *Henkel* (n 117) [43]

<sup>259</sup> *Agencja* (n 143) [38-39]; *Windsurfing* (n 145)

<sup>260</sup> *Apple* (n 18) [11]

<sup>261</sup> IR 1060320, UK IPO, 4<sup>th</sup> January 2011 <http://www.wipo.int/romarin/mark-docs.xhtml>. The application was eventually accepted on acquired distinctiveness grounds and published on 6<sup>th</sup> March 2015.

distinctiveness as the initial hurdle.<sup>262</sup> Descriptiveness analysis could also be particularly relevant when the business get-up mark includes a colour concept. For instance, a colour combination that uses lilac as the predominant colour for a cosmetics shop as in *Kiko*<sup>263</sup> or green for a supermarket outlet as in *Rewe*<sup>264</sup> may respectively serve in trade to enable consumers to make a connection with femininity and freshness or the environment, thus referencing the characteristics of the products and services offered in those shops. Even if the colour concept is not descriptive of the services, Community law also upholds the principle of undistorted competition within the distinctiveness examination. Settled case-law around the general requirement of distinctiveness under Art.3(1)(b) Directive/Art.7(1)(b) Regulation acknowledges a further 'public interest in not unduly restricting the availability' of a limited number of colours for other traders who offer the same type of goods or services.<sup>265</sup> This 'depletion' public interest aim ensures that competition is not distorted by securing permanent registration of the limited number of desirable colours to the first trader. It is not, however, an arbitrary blocking criterion.<sup>266</sup>

## B. Customary Marks and the Need to Keep Free for All

Whilst nominally applying the distinctiveness criterion, in all the business get-up mark cases described above, the Office was arguably employing a descriptiveness analysis, perhaps reflecting the close relationship between the two concepts and the need for a combined application of the different statutory grounds relating to distinctiveness. Indeed, in *Orlen* and *Rewe* the conclusion was that the proposed marks represented no more than the 'customary layout' of the petrol station and sales outlet in question, which also raises the prospect of a customary or generic layout mark as prohibited under Art.3(d). This provision precludes the registration of marks 'which consist exclusively of signs or indications which have

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<sup>262</sup> *Tabs II* (n 107), Opinion of the AG, at [70-71] (In its ruling, however, the CJEU focussed entirely on distinctiveness rather than descriptiveness.); *Mag* (n 117) [20] (It is preferable initially to classify signs comprising the shape of goods by reference to descriptiveness objections, so that 'the Examiner considers whether the sign in respect of which registration is sought essentially conveys the idea of the goods formed by the average consumer; and if [so] he would have to refuse it registration on the basis of [descriptiveness] because it constitutes a new graphic description of the goods.')

<sup>263</sup> *KIKO* (n 224) [28]

<sup>264</sup> *Rewe I* (n 225) [24] and *Rewe II* (n 225) [24].

<sup>265</sup> *Libertel* (n 25) [31] (This depletion public interest criterion is however part of the overall evaluation of distinctiveness in Art.3(1)(b).)

<sup>266</sup> *ibid* [66] (Whilst strong competition concerns mandate that distinctiveness without any prior use is inconceivable save in exceptional circumstances, the CJEU has described such circumstances where the number of goods or services is very restricted and the relevant market very specific. Yet this does not mean that provided these two factors are present a colour mark must necessarily be registered.)

become customary in the current language or in the bona fide and established practices of the trade' as a means of designating the goods or services themselves.<sup>267</sup> A customariness refusal is justified as the mark cannot fulfil (or is no longer capable of fulfilling) its essential function of indicating source for consumers.<sup>268</sup> This is the case for common names in the trade for products and 'all graphic representations which, one way or another, have come to represent in the perception of the public the goods or services to which they refer...'<sup>269</sup> Its scope is also wider than the descriptiveness objection as it need 'not be limited solely to trade marks that describe the characteristics or properties of the goods or services covered by them.'<sup>270</sup> It merely suffices if, on the basis of current usage within the relevant trade sector, the signs or indications of which the mark is exclusively composed are commonly associated with the type or nature of goods or services applied for.<sup>271</sup>

Purely customary marks therefore constitute a special case of non-distinctiveness, assessed from the same perspectives of consumer perception and the designated goods. However, applicants may overcome the statutory objection by demonstrating that the customary mark has acquired source significance in the eyes of consumers despite its initial customary character. The focus of the customariness analysis is upon whether consumers automatically associate certain consistent characteristics with any given generic name, including representations of business get-up. If that is the case, this forms another legitimate basis for refusing store design marks. In general, the decisive factor for determining whether the mark has become the common name in the trade for the product or service remains the presumed expectations of the average consumer which may, depending on the features of the market concerned, include end-users or intermediaries.<sup>272</sup> It is not a condition for the customariness objection that there are other equivalent alternative names or descriptions for the product available to competitors.<sup>273</sup>

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<sup>267</sup> Art.3(1)(d) TMD, which corresponds to Art.7(1)(d) CTMR. See also, *Merz & Krell GmbH & Co* (C-517/99) ECLI:EU:C:2001:510, at [27]. Once registered, the registration is liable for revocation as a result of the mark becoming customary on the date at which it was registered subject to the conditions of actions or inactivity of its proprietor. See, Art.12(2)(a) Directive (or Art.20(1)(a) in the recast Directive) and Art.51(b) CTMR (or Art.58(b) in the recast Regulation).

<sup>268</sup> *Merz* (n 267) [37]. For an example of a registered mark which is no longer capable of fulfilling its essential origin function and is liable for revocation, see *Backaldrin Österreich The Kornspitz Company GmbH v Pfahnl Backmittel GmbH* (C-409/12) ECLI:EU:C:2014:130, at [19] ('Kornspitz' for bread rolls)

<sup>269</sup> *Merz*, Opinion of the AG (n 267) [51]

<sup>270</sup> *Merz* (n 267) [36]

<sup>271</sup> *ibid* [35]

<sup>272</sup> *Backaldrin* (n 268) [29]. See also, *Björnekulla Fruktindustrier AB v Procordia Food AB* (C-321/02) ECLI:EU:C:2004:275, at [24-25]

<sup>273</sup> *Backaldrin* (n 268) [39]

Like descriptiveness, the customariness objection also pursues the public-interest aim in keeping customary representations freely available for all. The advantage of relying upon Articles 3(1)(c) and (d) is that ‘they also reflect the wider function of trade mark law in ensuring that descriptive and generic terms are left in the commons not merely because they fail their origin/distinctiveness function, but also because such terms may be “freely used by all” other honest market traders that may legitimately wish to use them.’<sup>274</sup> In the context of store design, someone experimenting with new decor or layout for a cosmetic shop, a Mexican-themed restaurant or a petrol station should be able to use design elements and colour concepts that consumers acknowledge as customary or common components for such services. The public-interest objective to keep freely available enables the Office and the courts openly to consider and promote competitors interests without resort to a discriminatory treatment.

## VII. TRADE MARK POLICY

As the previous section demonstrates, there are important internal safeguards within European trade mark law itself for ensuring market competition by having a strong presumption against consumer source identification of basic design elements and by restricting the monopolisation of important means of description. The descriptiveness/customariness safeguards in particular seek to preserve the present or future availability of descriptive/generic signs taking into account competitor interests. Clearly, protecting signs that are indistinguishable from the appearance of the product they designate defies the general rule that trade mark law does not restrict competition in the goods themselves.<sup>275</sup> By extension, business get-up marks or store layout marks may also be perceived as coinciding with the appearance of the designated services, thereby creating the same potential anti-competitive risks about granting control over general or common presentational features of the services. At least one commentator has looked outside statutory language to propose refusing Apple’s application on policy grounds and as a matter of principle, based upon the need to preserve the availability of store design layout for

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<sup>274</sup> Suthersanen (n 42) 272

<sup>275</sup> *Louboutin* (n 42) Opinion of the AG, [21]; Study (n 113) [2.26]. The same concern is acknowledged in the US where trade dress law originated, see Robert Bone, ‘Enforcement Costs and Trademark Puzzles’ (2004) 90 Virginia LR 2099, 2166 (‘[I]t is important to recognise that trade-mark protection for trade dress *always* gives the seller some exclusivity in a product.’)

competitors and avoid potential anti-competitive effects.<sup>276</sup> However, my analysis thus far reveals that European law *does* have internal doctrinal devices within which to evaluate these competition concerns without discriminating against business get-up marks. More importantly, a per se exclusion of certain signs is both contrary to international law and settled European case-law, as explained above.

Nevertheless, the potential for registering a wide range of business environments after *Apple* raises the (unexplored) question of what is to be gained, from a source designation perspective, of recognising store designs as trade marks. That is, what is the social benefit of allowing service providers to use trade mark law to monopolise design and layout elements of their commercial establishments to the exclusion of competitors? Similarly, what is the social harm if particular forms of trade dress such as business get-up or store design marks are not *ab initio* protected or protected only after successful market use? The practical difficulties in predicting their inherent source-identifying capacity at the registration stage has several consequences. Firstly, they add substantially to the administrative costs in having to evaluate every case on its facts. The CJEU has prohibited a distinction between different categories of marks according to their potential for signalling source to consumers even when we can be reasonably certain some signs are by their nature significantly less likely to indicate source. Regardless of their limited source-identifying capacity, there is a prohibition to dispense with a factual evaluation *a priori*<sup>277</sup> or assuming that source significance can only be proved after market use.<sup>278</sup>

Secondly, holding out the possibility that a sign like business get-up marks (or indeed, any other form of sign) might always designate source and be in principle eligible of supporting registration without use may encourage store design applicants to file applications for the total image or specific aspects of their business environments when it is entirely unclear they are asserting trade mark values. Indeed their primary motivation may well have more to do with efforts to exclude competitors imitating their business look rather than with the law's core concern for protecting source significance and preventing deception. Thirdly, the rise in store design applications may well have the chilling effect of encouraging registration authorities simply to assume that such applications should be accepted as a matter of course and decide in favour of applicants even in marginal cases. Yet once registered, a firm can enforce its registered store design as an anticompetitive weapon and

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<sup>276</sup> Dzida (n 7) 65 (The other policy reason this author offers is an administrative argument as registration authorities must know the sign with clarity and precision to carry out their task.)

<sup>277</sup> *Borco* (n 113).

<sup>278</sup> *Linde* (n 75)

litigation costs are likely to deter defendants challenging the validity of the registration as they will carry the heavy burden of proving non-distinctiveness.

Courts in other jurisdictions have adopted a different view. Confronted with interpreting the Lanham Act which makes no distinguish between categories of marks, the US Supreme Court has nonetheless instructed the lower courts to treat product-design differently from product-packaging and protect the latter upon predicting inherent distinctiveness but always to require evidence of secondary meaning or acquired source significance for the former.<sup>279</sup> *Samara* thus established that product-design can never be inherently distinctive notwithstanding the statutory language. It did so partly because of its (unverified) belief that consumer predisposition to equate product-design with source identification is simply less likely to exist and partly because of anti-competitive strike suits seeking to exclude new entrants which harms consumer welfare in product competition.<sup>280</sup> Though it affirmed the legal principle that trade dress *can* be inherently distinctive under *Two Pesos*, it classified restaurant decor trade dress (and, by extension, store design) as being neither product-design nor packaging but sitting in between these two traditional categories or some ‘tertium quid’ more akin to packaging.<sup>281</sup> Furthermore, the Supreme Court expanded the functionality doctrine which bars protection for source-identifying trade dress that contributes to the performance of the product, thus making it much easier to refuse protection on functionality grounds even absent a competitive necessity for the feature.<sup>282</sup> *TrafFix* thus simplifies litigation, turning a highly factual determination of available alternatives into a significantly less complicated factual enquiry. Some contend these doctrinal choices respond to high enforcement costs produced by an expansive trade dress law, relying mainly on what is essentially an error cost analysis.<sup>283</sup>

For instance, Robert Bone has examined the role enforcement costs play in trade mark doctrine, focussing on the way they shape substantive trade mark

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<sup>279</sup> *Samara* (n 11)

<sup>280</sup> *ibid* 213-14. Unlike the EU system which is based upon registration, US law protects both registered and unregistered marks including trade dress under s.43(a) of the Lanham Act. This means that firms can sue for trade dress infringement even if they have not obtained registration.

<sup>281</sup> *ibid* 215

<sup>282</sup> *Traffix* (n 11) (Criticising the Appeal Court for giving insufficient importance to the expired utility patents which constitute strong evidence of functionality. Moreover, the dual-spring design claimed as trade dress may also be functional under the ‘traditional rule’ if it is essential to the use or purpose of the product or it affects its cost or quality without the need for an enquiry into alternatives.)

<sup>283</sup> Bone, ‘Enforcement Costs...’ (n 275) 2160 (Explaining *Samara* and *TrafFix* as judicial attempts to reduce error costs associated with protecting product design trade dress.) For his enforcement costs analysis of the competition policy that allegedly supports the existence of functionality rules, see Robert Bone, ‘Trade Mark Functionality Re-Examined’ (2015) 7 Journal of Legal Analysis 183

rules.<sup>284</sup> Under his analysis, enforcement costs mean the costs of judicially enforcing legal rights. Enforcement costs include, on one hand, the administrative costs of a registration system and the process costs of litigation, and error costs, on the other.<sup>285</sup> The former include the private and public costs of registration before the Office and litigation before the courts whereas the latter are the cost generated by erroneous outcomes in trade mark cases. There are moreover two different types of errors that merit separate consideration, namely false positives and false negatives. The Office or courts commit a false-positive error when they register (or protect) trade dress that should not be registered and they commit a false-negative error when they fail to register (or protect) trade dress that should be registered.<sup>286</sup> In turn, the *expected* cost of each type of error depends upon the frequency of the error and the social cost by that type of error. Rules may reduce the frequency of one type of error only to increase the frequency of the other.

There is furthermore an important interaction between the various enforcement costs, ie a rule that reduces administrative costs usually increases at least one type of error cost, and vice versa.<sup>287</sup> Bone uses this enforcement cost analysis to explain some of the most controversial expansions of US law such as product-design trade dress. For instance, the rule that conclusively presumes the source identification or inherent distinctiveness of certain word marks without hard evidence is justified because it minimises the sum of error and administrative costs of having to establish source significance on a case-by-case basis.<sup>288</sup> The rule also increases the frequency of false positives by protecting some marks which consumers do not actually use as source-identifiers and should not be protected. These mistaken decisions, however, generate small social costs because an inherently distinctive mark offers no informational advantage to its proprietor and its exclusivity does not deplete the supply of equally effective alternatives for competitors.<sup>289</sup>

By contrast, forcing firms to prove secondary meaning following use rather than conclusively presume inherent distinctiveness for product-design marks, as *Samara* mandates, is likely to produce a high false-negative error risk but those mistaken denials of protection are likely to produce relatively small social costs. Similarly, by substantially altering the effect-on-competition test, *TrafFix* eliminated

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<sup>284</sup> Bone, 'Enforcement Costs...' (n 275) 2160.

<sup>285</sup> *ibid* 2123

<sup>286</sup> *ibid* 2023-26. See also Bone, 'Functionality' (n 283) 231

<sup>287</sup> Bone, 'Enforcement Costs...' (n 275) 2124

<sup>288</sup> *ibid* 2130

<sup>289</sup> *ibid* 2133



a factual evaluation of alternatives for trade dress features that are ‘the reason the device works’ or ‘essential to the use or purpose of the article’ or ‘affect[] [its] cost or quality...’<sup>290</sup> These product features are *always* legally functional and automatically denied protection regardless of accumulated goodwill or consumer source identification. For all other trade dress which includes ‘arbitrary, incidental [and] ornamental’ product features as well as those with aesthetic value, the competitive necessity test with its focus on the number of equally effective alternatives available to competitors continues to apply. *Samara* and *TrafFix* are not without criticisms for spawning a confusing and muddled body of case-law. But for *Bone*, the impact of both cases is similar and can be explained in terms of reducing errors costs associated with anticompetitive strike suits, namely ‘each holding makes it harder for plaintiffs to obtain preliminary injunctions and easier for defendants to obtain summary judgment in weak and frivolous trade dress suits involving features of the product itself.’<sup>291</sup>

When trade dress protection or registration is barred absent market use, the expected social cost is associated with consumer harm or confusion. Confusion-related costs are likely to arise if others are free to copy a design until secondary meaning can be proved. But this undesirable situation is mitigated by the incentive effects that a *Samara* rule creates. Faced with a strong presumptive bar against consumer predisposition to product-design, firms can respond by focussing upon developing consumer acceptance or may choose to invest in more conventional signs, such as catchy words or logos, and encourage consumers to rely upon these rather than product appearance to identify source. If these producer efforts are successful, consumer behaviour is also likely to change. Consumers will respond and switch to conventional source-identifiers, thereby substantially reducing the likelihood of consumer confusion in the long run and the adverse effect of false-negative errors.

*Bone* contends the same incentive effects could arise if all trade dress protection was eliminated given that judicial evaluations of market harms (consumer-harms and competitor-harms) in any functionality determination are complicated and costly.<sup>292</sup> He has recently highlighted similar consequences and incentive effects arising from an enforcement cost examination of a *per se* functionality bar, such as

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<sup>290</sup> *Traffix* (n 11) 32-34; *Bone*, ‘Enforcement Costs...’ (n 275) 2162-63. *TrafFix* also created a strong presumption of functionality in cases involving expired utility patents, rejecting reliance upon reasonable alternatives, see *Bone*, ‘Functionality’ (n 283) 212.

<sup>291</sup> *Bone*, ‘Enforcement Costs...’ (n 275) 2164.

<sup>292</sup> *ibid* 2180-85

*TrafFix*'s traditional rule, rather a competitive necessity test.<sup>293</sup> Instead of altering the functionality doctrine, this leads Bone to confirm his more radical proposal of 'abolish[ing] all trade dress protection for trade dress regardless of functionality, or at least for trade dress consisting of product configuration rather than packaging.'<sup>294</sup> This would reduce monopoly costs of trade dress exclusivity and eliminate the administrative costs of registration and litigation, thus increasing certainty and predictability.

Of course, in adopting a literal interpretation of the statutory language the CJEU removed any functionality obstacle for store design marks even though US trade dress law *does* apply this important competition-orientated requirement for the overall image of commercial establishments.<sup>295</sup> Nevertheless, the enforcement cost analysis does provide important insights for EU law. Under the legal system designed by the CJEU, the potential for legal errors in accepting and/or refusing applications are likely to be rather high. It would appear however that the CJEU has intuitively promoted substantive trade mark law policies within enforcement cost constraints. By conclusively presuming that consumer visual habits are different regarding all signs that are not independent from the look of the goods or services, CJEU case-law arguably achieves comparable incentive effects to the *Samara* rule.<sup>296</sup> It encourages potential applicants of unconventional signs such as store

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<sup>293</sup> Bone, 'Functionality' (n 283) 235-237 (Outlining the social costs of barring trade dress protection against the social costs and analysing the functionality doctrine under a *per se* bar (*TrafFix*'s traditional rule) and the competitive necessity test using enforcement costs.)

<sup>294</sup> *ibid* 241

<sup>295</sup> *Clicks* (n 5) (In the restaurant trade dress context, the competitive necessity test applies in the sense that it is sufficient if protecting the trade dress threatens to eliminate a substantial swath of competitive alternatives in the relevant market.) For Post-*TrafFix* decisions, see *TWTB v Bruce J Rampic*, 2016 WL 236313 (ED Louisiana, 2016) (Applying competitive necessity test of functionality to a surfer bar trade dress.); *Happy's Pizza Franchise Inc v Papa's Pizza Inc*, 108 U.S.P.Q.2d 1239 (ED Michigan, 2013) (Recognising the two-step functionality tests but applying only aesthetic functionality focussing on alternatives to a pizza restaurant.); *Pure Power Boot Camp Inc v Warrior Fitness Bootcamp LLC*, 813 F.Supp.2d 489, 540 (SDNY, 2011) (Applying *TrafFix*'s two-step functionality test to a fitness centre.); *Goddard Inc v Henry's Foods Inc*, 291 F.Supp.2d 1021, 1049-50 (D Minnesota, 2005) (Applying effect-on-competition test of functionality to a deli-style food service.); *Racetrack Petroleum v JJ's Fast Stop Inc*, 2003 WL 251318 (ND Texas, 2003) (Finding functionality under the two-step test of functionality (traditional and aesthetic) outlined in *TrafFix* to the configuration of a petrol station.); *Best Cellars II* (n 5) 71 (Functionality applies also to the interior design of a retail wine shop.)

<sup>296</sup> Study (n 113) [2.28] (Given that the practical application of the departs significantly test has resulted in a rather high threshold for product get-up marks to prove inherent distinctiveness, The Study suggested either lowering the threshold or stipulating that acquired distinctiveness is a precondition for registration. Though this bars the possibility of registration without use, the Study stated that this approach 'would not result in a massive change of present practice....')

design owners to focus on developing source significance by educating consumers or instead invest in traditional symbols as source-identifiers.<sup>297</sup>

Even though the CJEU still requires the Office to evaluate each application on its facts which arguably imposes costs on the system and increases the risk of false-positive errors, the Court makes heavy use of presumptions and specific rules of thumb as regards the likelihood that consumers will treat certain categories of signs as marks.<sup>298</sup> For commentators, this contributes to fast decision-making but it also takes account of enforcement costs as ‘consumer reaction might be deduced using heuristic devices designed to short-circuit the factually intensive and messy enquiry into how real world consumers actually perceive signs.’<sup>299</sup> Thus, this greatly facilitates the Office’s (and the courts’) predictive enquiry when applying the multiple registration grounds as it allows it simply to offer reasoned arguments for any refusal without having to prove the facts upon which it relies.<sup>300</sup> The burden of proving positively inherent or acquired capacity to distinguish falls squarely upon applicants, not the Office or the courts. Indeed, as discussed above, the Office may simply base its refusals upon facts arising from general experience in the same way it defines the norm or customs of the sector within the departs significantly test and what guides consumers in the marketplace.<sup>301</sup> The overall effect of this is to reduce significantly enforcement costs even though the risk of false-negative errors increases somewhat.

Any adverse effects of false-negative errors at the registration stage is greatly mitigated by the possibility that inherently non-distinctive store designs may still acquire source significance and be registered following use. Unlike US law, the

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<sup>297</sup> For a contrary academic view that the CJEU’s empirical rule actually creates ‘dysfunctional incentives’, see Anemaet (n 164) 320 (Arguing that the possibility of acquiring distinctiveness through use may be stimulating traders to invest heavily in non-traditional signs notwithstanding the CJEU’s assumption that the distinctiveness bar is high enough to act as a deterrent.); Martin Sentfleben, ‘Public Domain Preservation in EU Trademark Law –A Model for Other Regions?’ (2013) 103 TMR 775, 802 (The empirical rule about consumer habits may be encouraging merchants to develop marketing strategies to educate consumers.). See also, Martin Sentfleben, ‘Free Signs and Free Use –How to Offer Room for Freedom of Expression within the Trade Mark System’ in Christopher Geiger (ed), *Research Handbook on Human Rights and IP* (EE, 2015) 354, 369-370 (Observing that the reliance on the prevention of consumer confusion as a criterion for trade mark protection rests on circular reasoning in the sense that, without the possibility of acquiring trade mark significance through use, there would less incentive for investment and the instances of confusion less likely to arise.)

<sup>298</sup> Dinwoodie and Gangjee (n 129) 353-354 (outlining these rules of thumbs.)

<sup>299</sup> *ibid* 339

<sup>300</sup> *Develey* (n 138) [50] (interpreting Article 74(1) of Regulation No 40/94, which requires the Office to state reasons for its decisions.)

<sup>301</sup> *ibid* [50]; *August Storck II* (n 122) [54]. See also, *Voss* (n 109) [86].

permanent exclusion of functional signs under Art.3(1)(e) is inapplicable. But even here there are sufficient safeguards to avoid potential anti-competitive effects of registering product or business get-up marks too readily. The actual distinctiveness of an inherently non-distinctive mark can be empirically tested and the CJEU has identified the types of evidence and circumstances to prove it.<sup>302</sup> Similarly, source significance can only be acquired through the 'use of the mark as a trade mark', that is, for the purposes of identification by consumers of the designated goods/services as originating from a particular firm.<sup>303</sup> Whether the store design mark is used independently or in association with another mark (which is generally the case as we saw above), it is sufficient that, in consequences of that use, the relevant consumers perceive the goods or services, designated exclusively by the proposed mark, as originating from one producer and no other. Though consumer surveys are allowed where there is particular difficulty in the acquired source significance assessment, the results of the survey must be considered along with other relevant factors.<sup>304</sup>

The CJEU has stressed that the presumptive rule of consumer visual habits remains an important control device in establishing also acquired source significance which cannot be subject simply to general, abstract data such as predetermined percentages or sales figures.<sup>305</sup> It has further refined this normative consumer perception by establishing that, in the case of 3D marks such as product shapes which are frequently used with other marks, the evidence must go further than simply demonstrate that, at the relevant date, consumers recognised the shape and associated it with a particular company. In circumstances where the non-distinctive mark is commonly used in conjunction with other source-identifying marks, evidence must show conclusively that relevant consumers 'perceive the goods or services designated exclusively by the mark applied for, as opposed to any other mark which might also be present, as originating from a particular company.'<sup>306</sup> Although there is no requirement that the use should be of the mark on its own, evidence of the overall use must show that, if used separately, the mark must be 'capable of fulfilling the function of identifying the origin of the goods by itself.'<sup>307</sup> Applicants must therefore prove that the sign alone, as opposed to any other source-identifying mark

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<sup>302</sup> *Windsurfing* (n 145) [51] (the evidence includes a range of circumstantial evidence, ie market share/sales, extent of geographical use, length of use, advertising spend, and statements from chambers of commerce and industry or other trade and professional associations.)

<sup>303</sup> *Nestlé* (n 42) [63], citing *Société des produits Nestlé SA v Mars UK, Ltd* (C-353/03) ECLI:EU:C:2005:432, at [29].

<sup>304</sup> *Oberbank* (n 117)[43-44]

<sup>305</sup> *ibid* [45]

<sup>306</sup> *Nestlé* (n 42) [67];

<sup>307</sup> *Société des produits Nestlé SA v Cadbury UK* (C-215/14) ECLI:EU:C:2015:395, Opinion of the AG, at [48]

that may also be present, enables consumers to identify the particular company from which the goods originate.

English courts have interpreted the CJEU guidance as focussing empirical evidence upon *how* the mark has been presented to consumers and its visibility in the marketplace. In particular, ‘perception by consumers that the goods or services designated by the mark originate from a particular undertaking means they can rely upon the mark in making or confirming their transactional decisions.’<sup>308</sup> The need to demonstrate that the mark has played any part in consumers’ transactional decisions, particularly by showing they would rely upon it if it was used alone, prevents the ‘sleight of hand’ concern that senior UK judges have expressed in the registration of 3D shape marks.<sup>309</sup> As Kitchen LJ recently observed, distinguishing between mere consumer recognition/association and consumer reliance upon the sign to identify source may appear rather elusive to non-experts and difficult to establish but its significance lies in the considerable value of a registered 3D shape mark to its proprietor.<sup>310</sup> One must add that its significance *also* lies in the monopoly costs of product market exclusivity without commensurate social gains.<sup>311</sup>

These finely-grained assessments of consumer perceptions may entail high enforcement costs and reduce predictability, particularly the litigation costs of challenging questionable registrations, but that is an inevitable consequence of the fact that product shapes (including store design and business get-up signs) are nearly always secondary, or even tertiary, source-identifiers. It is also inevitable in a registration-based system such as the EU system, which is limited to trade marks

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<sup>308</sup> *Société des produits Nestlé SA v Cadbury UK*, [2017] EWCA Civ 358, at [82] (Kitchen LJ) (‘Kit-Kat Chocolate Bar’). Cf *Mondelez UK Holdings & Services Ltd (formerly Cadbury) v EUIPO, Société des Produits Nestlé S.A. intervening* (T-112/13) ECLI:EU:T:2016:735, [2017] ETMR 13, at [99], appeal pending before the CJEU (C-84/17 P).

<sup>309</sup> *Kit-Kat Chocolate Bar* (n 308) [81] (Kitchen LJ); *Bongrain* (n 177) [32] (Jacob LJ). The ‘sleight of hand’ trick works like this. Assume that a chocolate bar manufacturer sells and advertises his product widely and under a well-known trade mark (ie Kit-Kat), which is inherently source-identifying. Assume too that the shape has in that way become very well-known. He then claims the shape alone will serve as a trade mark, even though he himself never relied upon the appearance alone to designate origin and would not dare to do so. He then gets registration of the shape alone as a 3D product shape mark. But consumers might simply regard the shape as a characteristic of products of that kind or they might find it brings to mind the product and brand name, but will not necessarily perceive the shape alone as a badge of origin. Now he is able to stop others, using their own word marks, selling the product even though no-one is deceived or misled.

<sup>310</sup> *Kit-Kat Chocolate Bar* (n 308) [79]

<sup>311</sup> *Cadbury* (n 95) [13] (In agreeing with the trial judge’s opinion that unconventional or exotic marks, such as colours, sounds and smells, raise important conceptual problems which do not arise with more conventional names and logos, Sir John Mummery candidly acknowledged that, as registration creates ‘a potentially perpetual monopoly in the mark and exclud[es] everybody else from use in various ways,’ the conditions under which they may be protected has some public importance.)

acquired by *registration* without prior use. This possibility means that distinctiveness evaluations must sometimes be anticipatory and hypothetical in nature.<sup>312</sup> Though analysis of acquired source significance might implicate far more empirical assessments into consumer habits, there is a normative construction of the consumer through whose eyes doctrinal questions are answered, with normative preferences and assumptions that proactively seek to facilitate the core goals of EU trade mark law, ie undistorted competition and free movement of goods/services.<sup>313</sup> These normative preferences leave open the possibility of empirical modification, thereby reflecting a blend that is part-empirical and part-normative rather a binary choice between one or the other.<sup>314</sup>

Bone's academic proposal of abolishing all trade dress protection is simply not feasible, however. As he rightly acknowledges it, trade dress protection is well-entrenched and is here to stay on both sides of the Atlantic. Indeed, in the recent revision of the European system, the EU Parliament considered but declined to adopt any of the Study's proposals to remove the need for a 'significant' divergence within the 'departs significantly' test so as to lower the threshold for protection or introduce acquired distinctiveness as a precondition for registration. Instead, Parliament not only clarified the two traditional categories of trade dress (product-design and product-packaging) but it also expressly added colours and sounds as means of capturing the full universe of trade dress claims. At the same time, it extended the types of functional signs that may be permanently bar from protection and must remain free for all traders to include not only the shape alone but also 'another characteristic' of the goods.

## VIII. CONCLUSION

Trade mark law faces significant challenges in absorbing new categories of business-identifiers. Competition concerns and market freedom are clearly implicated every time the law expands into uncharted territory. Fortunately, there are several ways in which the law can contain and mitigate these undesirable effects. The first one is by setting an appropriate threshold of distinctiveness; another one is by completely excluding certain forms of marks because of their potential to distort

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<sup>312</sup> Dinwoodie and Gangjee (n 129) 339

<sup>313</sup> *Simba Toys* (n 110) [36]; *Lego* (n 42) [38]; *Arsenal* (n 116) [47]; *Merz* (n 267) [21] and ECLI:EU:C:2001:40, the Opinion of the AG, at [33] ('Every provision of Community trade mark law should be interpreted by reference to [the undistorted competition] objective...')

<sup>314</sup> Dinwoodie and Gangjee (n 129) 364

competition. This article disagreed with the academic arguments for total exclusion but has instead focussed on distinctiveness, offering several considerations that should be part of the settled analytical framework for predicting whether average consumers are likely to treat business trade dress as a source-indicating mark, however striking or unusual the look and feel. Whilst acknowledging that trade marks may come in different forms, the proposed approach ensures that the link between unconventional forms of trade dress and consumer source identification is maintained as the basic reason for recognising exclusive rights.

Though *Apple* may reflect a legitimate desire to adapt registrability to increasingly popular forms of branding that enhance consumer aesthetic experiences, European courts must also resist calls for expanding the categories of marks without appropriate limits. The courts do have some doctrinal tools for this task, ie presumed expectations of consumers, vigorous application of several provisions concerned with distinctiveness and policy-levers to preserve the availability of the communicative descriptive value of marks. It is nevertheless acknowledged that European law may need to develop important functionality-based limitations around trade dress for services which, like the shape limitations for 'goods', may confer abnormal advantages notwithstanding consumer source identification.