

The Relation of design protection and three-dimensional trade marks

by Ekkehard Stolz

1. Introduction

The topic of my lecture is the possibility of registering the shape of products as three-dimensional marks and the impact on design protection. As a matter of fact, the shape of goods is the subject of design protection (in German: Geschmacksmuster), which is the appropriate intellectual property right. Until 1995 it had been impossible in Germany to register three-dimensional forms as a trade mark. The trade mark had to be something different from the shape of the product itself branded with the trade mark. In short: a product and a sign indicating the origin of the product could not be the same. Since 1995, the trade mark register in Germany has been opened for three-dimensional trade marks. The new German Trade Mark Act, which came into force on January 1, 1995, is based on the first Council Directive 89/104 (Trade Mark Directive) to approximate the laws of the member states relating to trade marks. According to Art. 2 of this Trade Mark Directive, three-dimensional configurations including the shape or packaging of a product can be the subject of trade mark protection. This means that in all EU member states three-dimensional marks are possible. Due to this possibility, trade mark protection has become “a competitor” of design protection. Designers now have the possibility of applying for a three-dimensional trade mark either instead or additionally to a design registration. The opening of the trade mark registry for three-dimensional marks raises questions with respect to this competition and to the borderline between trade mark and design protection. This “competition” could be summarized in one question:

“Why should the designer seek design protection which – at the maximum – lasts 25 years and which is a non-examined intellectual property right, if the designer has the possibility to obtain trade mark protection, which is - different to the design protection - an examined intellectual property right and which lasts forever?”

I will refer to the absolute bars to registration, the prerequisites and the enforcement of three-dimensional marks in comparison to design protection.

2. Absolute bars to registration

a) Trade Marks

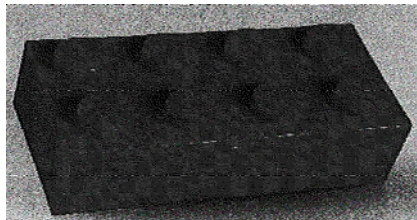
The legislator was aware that the possibility of obtaining trade mark protection for three-dimensional shapes which would then be monopolized without any time limitation brings up questions within the system of intellectual property rights. The trade mark is the only intellectual property right that can be renewed forever and the protection of a form as a three-dimensional mark means that this form is monopolized for the goods in question without any mandatory time limit. Therefore, the legislator introduced special absolute bars to registration for three-dimensional marks which only apply for these signs. According to Art. 7 (1) (e) of the Council Regulation No 40/94 (CTMR) signs which exclusively consist of

- the shape which results from the nature of the goods themselves; or
- the shape of goods which is necessary to obtain a technical result; or
- the shape which gives substantial value to the goods

cannot be protected as a trade mark. The legislator singles out certain three-dimensional marks by listing specific grounds for refusing their registration. Even if the mark had become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it, trade mark protection is not possible. In other words: These absolute grounds for refusing the registration of three-dimensional marks cannot be overcome. Trade mark monopoly on such trade marks would illegitimately restrict competitors trading in identical or similar goods which incorporate such a function. Such a monopoly would, at the very least, limit their choice to achieve a similar technical function for their own products. This provision shall make sure that forms which are necessary to obtain a technical result or which give substantial value to the goods, are free from trade mark rights for any competitor. One reason behind these absolute bars to registration is the fact that inventions with respect to a technical function are subject to patent and utility patent laws and that designs which give substantial value to the goods, could be the subject of design protection. Different to trade mark law, the other intellectual property rights are time-limited. These time limitations would be vitiated if trade mark protection were allowed to provide a back door to grant permanent protection to functional three-dimensional shapes, either when they could not be the subject of patent or design protection or when the patent or design rights had expired.

These absolute bars to registration were the subject of a quite new decision of the Grand Board of Appeal of the Office for Harmonization in

the Internal Market (OHIM) dated July 10, 2006 (Case R 856/2004-G) which dealt with the question of whether the LEGO-brick as shown below could be the subject of trade mark protection.



The LEGO-brick had been accepted for registration on the basis of acquired distinctiveness pursuant to Art. 7 (3) CTMR. This means that LEGO was able to prove that the shape of the LEGO-brick had become distinctive in relation to toys as a consequence of the intensive use which had been made of it. OHIM did not apply the absolute bars to registration in accordance with Art. 7 (3) (e) CTMR, or otherwise the application would have been refused. A competitor had filed a cancellation action against this registration arguing that the shape of this brick is necessary to obtain a technical result with the consequence that it could not be registered as a trade mark, even if it had become distinctive due to Lego's intensive use. The written submissions filed in this proceeding amount to several thousand pages, and the evidence comprised expert testimonies, case law decisions of European Courts and the practice of national trade mark registries and patent documents. However, the key issue of this case was the question as to whether the LEGO-brick is necessary to obtain a technical result or whether the fact that alternatives are available is sufficient to exclude this bar to registration. The registrant pointed out that the design and the cylindrical connecting knobs are not exclusively necessary to obtain a technical result. For example, it would be possible to use connecting knobs which are not cylindrical, for example rectangular knobs. The Grand Board of Appeal, however, did not affirm this argument and came to the conclusion that the shape of the LEGO-brick is necessary to obtain a technical result with the effect that it must remain free for all competitors. The Grand Board of Appeal referred to expert opinions according to which cylindrical connecting knobs provide the best, most-consistent clutch power for interlocking bricks together. Based on these expert opinions, the Grand Board of Appeal confirmed the contested decision, that the various features of the LEGO-brick all performed particular technical functions.

This decision is very important and the absolute bars to registration excluding shapes necessary to obtain a technical function will have a higher importance in the future than they have had so far. The Grand Board of Appeal referred to the decision of the European Court of Justice (ECJ) dated June 18, 2002 dealing with the question of whether the

shape of a three-headed rotary electric shaver could be protected as three-dimensional mark (Case C-299/99). The ECJ emphasized that the exclusion from trade mark protection of shapes with technical functions is an aim in the public interest. Consequently, the existence of other shapes which could achieve the same technical result does not allow the conclusion that the shape in question does not have a mere technical function. Different to the ECJ, some leading commentaries at least in Germany had taken the view that the possibility of achieving the same technical result with another shape might be sufficient to overcome these absolute bars. However, the Board of Appeal held that, as long as the shape is necessary to obtain a technical result without any additional design portion, it must be rejected. The fact that the chosen shape improves versatility compared to other alternatives must lead to a trade mark refusal. The parameters in question may not be the only ones to achieve the desired result; nevertheless, it was sufficient that the brick has been developed with certain technical goals in mind, namely easy interlocking capability.

The LEGO-brick was the subject of several patents, for example in the UK. However, the mere fact that the shape is subject to patent or design protection does not automatically lead to an exclusion of trade mark protection. The Grand Board of Appeal expressly stated that the fact that the registered mark was once the subject of a patent – the same must apply for a design – is not by itself a bar to being registered as a Community Trade Mark. If a design has the required conditions, it may simultaneously be protected by a number of intellectual property rights as long as the prerequisites are fulfilled. However, the fact that the mark was once the subject of a patent might be an indication that it is necessary to obtain a technical result, and the fact that there was a registered design might be an indication that it gives substantial value to the goods. However, particularly, the latter bar to registration has not become very relevant, and it is questionable whether the ratio of this bar is convincing. If all designs which give substantial value to the goods are excluded, particularly attractive designs would be excluded from trade mark law. Not surprisingly, this bar has so far not become very relevant unlike the technical function provision. One of the few decisions confirming this bar to registration is the decision of the German Federal Patent Court rejecting the appeal against the refusal for trademark protection of the ring forms for jewellery shown below (BPatG, BIPMZ 2002, 228). I think a representation of the jewellery needs to go in at this point.

This form does not have any other functional purposes apart from aesthetic ones. The Court concluded that this form gives substantial value to the goods. Such jewellery designs could be subject to copyright and design protection, but they cannot be subject to trade mark protection, as their form only has an aesthetic function, which represents the major value of the goods itself.

The absolute bars to trade mark registration ensure that no one obtains trade mark protection for a three-dimensional form which must be kept free for competitors, since it results from the nature of the goods, since it is necessary to obtain a technical result or since it gives substantial value to the products. However, it is still possible that a design with technical functions is protected as patent and as trade mark, and that a design is protected both as trade mark and design.

b) Designs

There are absolute bars to protection for designs as well. According to Article 8 of the Council Regulation No. 6/2002 of December 12, 2001 on Community Designs (Design Regulation) a Community Design shall not subsist in features of appearance of a product which are solely dictated by its technical function. Again, the aim of this provision is to make sure that technical features are not monopolized by design protection. However, the wording is very narrow. Only features of appearance which are solely dictated by its technical function are excluded. Therefore, only very few designs fall under this provision. In the reasons for the 1996 draft regulation, the legislator stated that “the need was felt for a provision indicating that protection should not be available in those extremely rare cases where form necessarily follows function”. The German Federal Supreme Court has emphasized that particularly the harmony between form and function can lead to a new and unique impression (BGH GRUR 1981, 269, 272 – Haushaltsmaschine II). There is a certain difference between the bars to registration for technical functions in trade mark and design law, since the public interest underlying the provisions is different. While the bar to registration in trade mark law is already applicable if the shape is necessary to obtain a technical result, and if this concrete shape is the most versatile solution, under design aspects only such designs which are solely dictated by its technical function cannot enjoy design protection.

Additionally, the legislator excludes in Art 8 of the Design Regulation features of appearance of a product which must necessarily be reproduced in their exact form and dimensions in order to permit the product in which the design is incorporated or to which it is applied to be mechanically connected to or placed in, around or against another product so that either product may perform its function. In short, these parts are named “must-fit-parts”. Again, the LEGO-brick could be an example of a must-fit-part. However, as an exception to this bar to protection, the legislator ruled that a Community Design shall subsist in a design serving the purpose of allowing the multiple assembly or connection of mutually interchangeable products within a modular system. Therefore, the LEGO-brick is not excluded as a must-fit-part from

design protection. An example of a must-fit-part would be an exhaust pipe.

3. Prerequisites

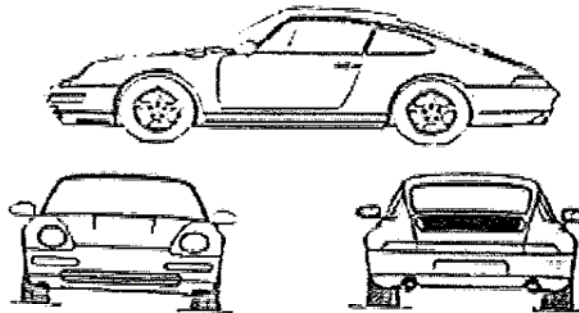
a) Trade Mark Law

The key term of trade mark law is distinctiveness. According to Art. 7 (1) (b) CTMR trade marks which are devoid of any distinctive character shall not be registered. This requirement to obtain trade mark protection is not surprisingly also the main threshold for three-dimensional marks.

According to established case law, the criteria for assessing the distinctive character of three-dimensional marks consisting of the appearance of the product itself are not different from those applicable to other categories of trade mark (European Court of First Instance, Decision dated June 22, 2006, Case C-24/05). Reading this statement, one could assume that the requirement of distinctive character is not a main threshold to obtain trade mark protection for three-dimensional marks. In light of the wording “devoid of any distinctive character” any distinctiveness, even if very low, is considered to be sufficient to overcome the bar to protection of lack of distinctiveness. Quite descriptive word combinations like “baby dry” for diapers or “rational software corporation” for software were considered inherently distinctive as word marks. However, although the Courts state that the assessment is the same, they add that nonetheless, for the purpose of applying these criteria, the relevant public’s perception is not necessarily the same in the case of a three-dimensional mark, which consists of the appearance of the product itself, as it is in the case of a word or figurative mark, which consists of a sign unrelated to the appearance of the products it denotes. In short: The criteria are the same but the relevant public’s perception is different. The ECJ expressly stated that it could be more difficult to obtain a three-dimensional mark in relation to a word or figurative mark (Cases C-456/01P and C-457/01 P). According to the ECJ’s reasoning, 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. The Patent and Trade Mark Offices appear to have a quite sceptical view of three-dimensional marks, as a monopoly without any time limit affects significantly the competitors’ freedom of using and drafting designs. Let us look how the requirement of distinctive character is assessed by the Patent and Trade Mark Offices and the Courts:

(1)

The well-known shape of the famous Porsche 911-car was subject to a three-dimensional trade mark application for cars as shown below. Three drawings of this car design were filed as shown below, namely the front view, back view and side view.



The applicant claimed inherent distinctiveness and additionally claimed acquired distinctiveness through use among the trade circles concerned as a “fall back” in the event inherent distinctiveness would be denied. The German Federal Patent Court (BPatG GRUR 2005, 330) firstly examined absolute bars to registration and came to the conclusion that this special design of a car is not necessary to obtain a technical result. The Court stated that the degree of freedom of a designer in developing the design of a car is very limited and that a designer has to take into consideration several technical functions the design must have. Nevertheless, the Court stated that it cannot be confirmed that this particular design of a car is necessary to obtain a technical result. In this context, the Court referred to the lights and further details of the design which do not only have a technical function. Consequently, the absolute bars to registration according to Art. 3 (2) of the German Trade Mark Act were denied.

The Patent Court left open whether the 911-design is inherently distinctive. On the one hand, the Court referred to the fact that there are many different designs, and usually there are only slight differences between those designs available in the market and new designs due to the technical requirements. On the other hand, consumer’s focus on the design and many designs give the consumers an indication of origin. The Court expressly referred to the fact that already children are aware of the origin of a car due to its appearance. However, the Court confirmed the “necessity of keeping a trade mark free for use” in accordance with Art. 8 (1) No. 2 of the German Trade Mark Act. Based on Art. 3 (1) (c) of the Trade Mark Directive. According to this provision, signs which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin,

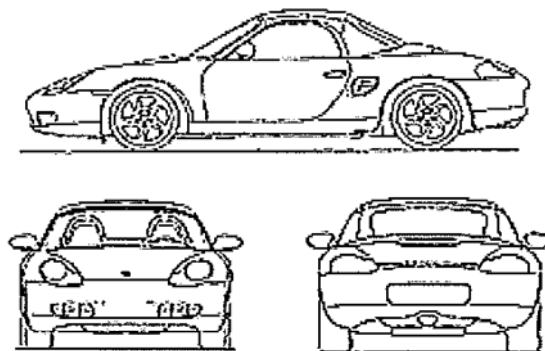
time of production of the goods or of rendering the services cannot be protected. The Patent Court took the view that forms of a car must be kept free in order to make sure that designers will have the opportunity to draft car forms in the future, to consider technical requirements and to create new designs without interfering with trade mark rights. The possibilities for designers are limited, since any car must fulfil its function. Even the combination of design elements other cars do not have cannot lead to protection. This combination of design elements cannot be seen as an indication of origin, and the Patent Court expressly stated that car designers are free to obtain design protection in order to avoid imitations.

These observations by the Court are remarkable. They clearly show that the Court is reluctant in granting three-dimensional marks. With these basic objections against the possibility of obtaining trade mark protection for car designs in principle, the Court seems to question the decision of the legislator to open the trademark registry up to three-dimensional signs.

In the end, protection was granted as the design had obtained acquired distinctiveness through use among the relevant trade circles. The applicant did not submit a survey. The Court held that the 911-design is so famous that it has become a legendary design and granted protection due to acquired distinctiveness. Since protection was granted, the German Federal Supreme Court did not deal with the observations of the Patent Court and simply stated that the applicant does not have any disadvantage by obtaining a trade mark due to acquired distinctiveness.

(2)

Different to this decision, the Patent Court denied acquired distinctiveness for the Boxster-design as shown below and again rejected the application due to the necessity of keeping this design free for use.



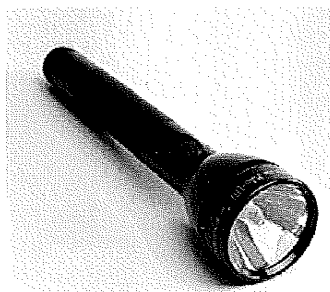
The German Federal Supreme Court, however, found that there was inherent distinctiveness, pointing out that the “Porsche-face” in the front view is characteristic with the effect that consumers can recognize the

origin. The consumers will identify cars with these characteristic design elements, particularly the “Porsche-face” in the front view, as “Porsche-cars”. However, the German Federal Supreme Court shared the view of the Patent Court that there is the necessity of keeping this design free for use in accordance with Art. 8 (2) of the German Trade Mark Act. Again, it was highlighted that the designs must be kept free to enable future designs based on the designs which are already on the market. The German Federal Supreme Court reasoned that anyone could obtain protection of three-dimensional marks and block competitors from using these forms at least during the five-years grace period of non-use with very little effort.

In the end however, the German Federal Supreme Court, unlike to the Patent Court, confirmed acquired distinctiveness. New car models of well-known car producers like Porsche obtain high attention when introduced into the market, and therefore, the Court concluded that even after a quite short time period acquired distinctiveness can be presumed. These explanations are remarkable: the Boxster-design was only about one year on the market prior to filing the trade mark application and proving acquired distinctiveness in such a short time period is usually a very difficult task. The Court affirmed the fact that consumers are educated in recognizing the car’s origin based on its appearance. Hence, the introduction of a new model which is accompanied by a huge marketing campaign can lead to acquired distinctiveness within a quite short time period. This decision represents a basic idea of case-law established by the German Federal Supreme Court: as a matter of fact consumers do not perceive the product’s shape as an indication of origin as easily as they perceive an additional element like a word or figurative mark. This means that the trademark applicant is required to educate consumers in recognizing its product’s shapes as a trade mark. According to the Federal Supreme Court, Porsche has been able to comply with this required education of the relevant trade circles and could be rewarded with a three-dimensional mark.

(3)

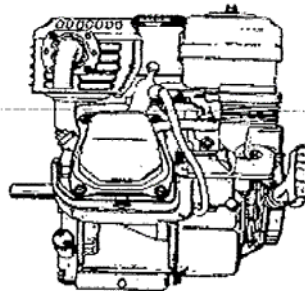
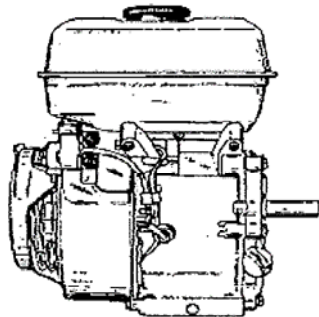
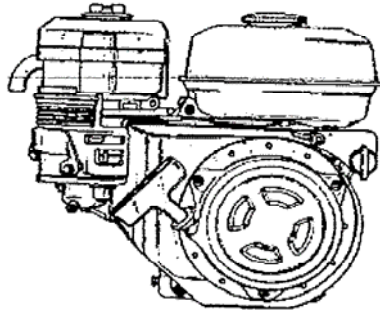
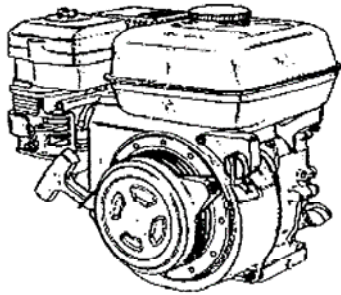
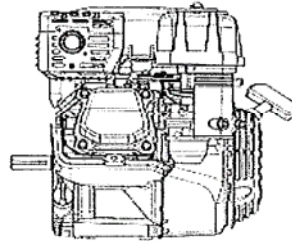
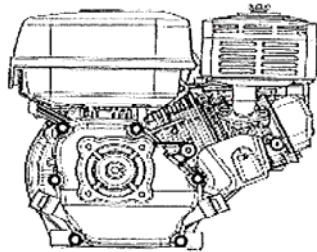
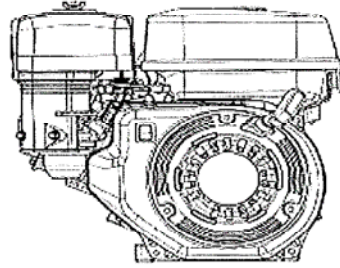
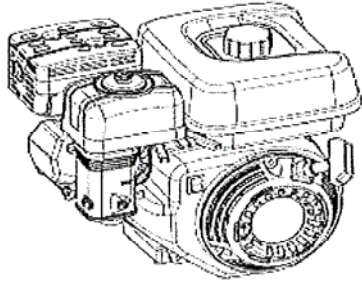
The following example from OHIM Case Law is instructive as well. The torch shown below for the goods torches was rejected for registration as a three-dimensional mark



The ECJ confirmed the rejection. The applicant had submitted evidence that consumers recognize these torches to be Maglite-torches without claiming acquired distinctiveness pursuant to Art. 7 (3) CTMR. However, this evidence is not appropriate to prove inherent distinctiveness. The ECJ stated that Art. 7 (3) would be redundant, if evidence was taken into consideration, that the mark has become distinctive, when assessing inherent distinctiveness. In order to contribute to distinctiveness, the applicant was required to file evidence, indicating that the torch's` design immediately enables consumers to distinguish these torches from torches of other undertakings.

b) Design Law

While distinctiveness is the key term in trade mark law, the decisive prerequisite in design law is individual character. According to Art. 6 Design Regulation, a design shall be considered to have individual character, if the overall impression it produces on the informed user differs from the overall impression produced on such a user by any design which has been made available to the public. There are certain similarities, since according to case law only marks which significantly depart from the norm or customs of the sector and thereby fulfil their essential function of indicating origin are not devoid of any distinctive character. Under design aspects, again the distance to designs published before is decisive. However, different to the assessment of distinctive character, it is not required that the design departs significantly from designs published before. As the wording "any design" in Art. 6 Design Regulation shows, the design has to be compared with the published designs on the basis of a "one by one comparison". This means that the design in question has to be compared with each design which was published before. As long as this "one by one comparison" leads to a different overall impression in relation to each design published before, the design possesses individual character. The relevant perspective is the perspective of an informed user. The informed user has a certain level of knowledge and design awareness, but the similarity is not to be assessed at the level of design experts. An informative example illustrating the difference in assessing distinctive character and individual character is OHIM's decision in the case ICD 000001006 regarding an internal-combustion engine. OHIM had to examine whether the design shown below could enjoy individual character, although the internal combustion engine shown below was on the market prior to the application.



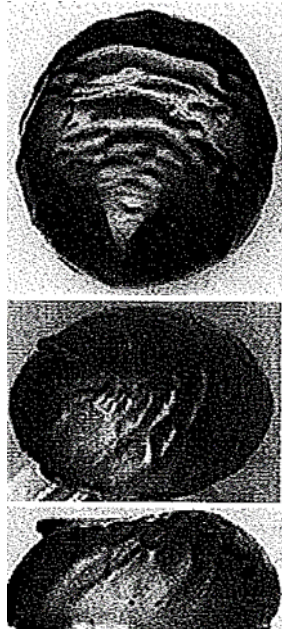
OHIM came to the conclusion that the general impression produced on the informed user by the registered design differs from the general impression produced by the prior design. An informed user will appreciate the differences that do not derive from the basic shapes dictated by the technical function and by interconnections with other products. OHIM very carefully reviewed the different parts of the engine and its differences. The Community Design produces an overall impression of a compact and modern engine where the different components are fully integrated, whereas in the previous design the constituent parts maintain their individuality after their assembly and convey the impression of a rather old-fashioned engine which suggests the idea of an old film projector.

This example shows that distinctiveness requires more distance from the designs available on the market than individual character. The registrant would have not been able to obtain trade mark protection applying the above criteria, as the design does not significantly depart from the norm or customs of engines.

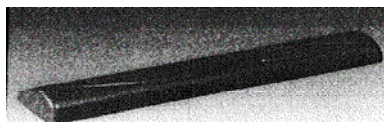
4. Enforcement

a) Trade Mark Law

While there is already a high threshold to obtain a three-dimensional mark, there are also obstacles in enforcing it against the identical or similar mark for identical or similar products. It is settled case law of the ECJ that trade mark rights can only be enforced in cases in which a third party's use of the sign affects or is liable to affect the functions of the trade mark, in particular its essential function of guaranteeing to consumers the origin of the goods (Case C-206/01). The proprietor may not prohibit the use of a sign identical to the trade mark for goods identical to those for which the mark is registered if that use cannot affect his own interests as proprietor of the mark, having regard to its functions. The main function is to indicate the origin of the branded goods and services from a certain entity. Thus certain uses for purely descriptive purposes are excluded from the scope of protection and as long as the use does not adversely affect the function to indicate the origin of goods, the trade mark owner may not be entitled to enforce its trade mark rights. For three-dimensional marks this requirement plays a significant role. Similar to the assessment of distinctive character of three-dimensional marks, the courts very carefully review whether the use of the contested shape affects the function of the registered mark to indicate the origin of goods which means that consumers must perceive the use of the challenged shape as an indication of origin. The German Federal Supreme Court denied a trade mark infringement with respect to the below-shown meringues, although these meringues were protected as a three-dimensional mark.



This decision is particularly remarkable, as the Court is bound to the fact of registration which means that the court could not take the view that the design which is subject to trade mark protection should have been rejected due to missing distinctiveness or the necessity to keep it free for use in the trade. However, the Court stated that consumers will not conclude from the shape of the contested cookies the origin of the products. In other words: Consumers will recognize these cookies as cookies without establishing a link from the shape to the origin from a certain entity. The fact that the court is bound to the decision of the patent office with respect to the protectability does not mean that the judge must confirm a trade mark infringement. The Court is free to deny relevant use under trademark aspects which means - with respect to three-dimensional marks – that consumers will not perceive the shape as an indication for the origin. Based on this decision, it is difficult to enforce a three-dimensional mark as the defendant will have the opportunity to argue lack of use in a trade mark manner. As long as the form which is subject of the mark is not renowned, this objection could be a severe obstacle in proceeding against identical or similar forms based on trade mark law. An example for such a renowned form which could be enforced against a similar form is the DUPLO-design as shown below.



Advertised as longest praline of the world, it has become famous among consumers and is the subject of a three-dimensional registration. DUPLO had submitted a survey according to which a high number of consumers assumed an origin from the plaintiff, although only the form of the contested chocolate candy was shown to them. Based on the enhanced distinctiveness of the DUPLO shape, the Court of Appeal in Cologne confirmed a trade mark infringement. This legal evaluation regarding likelihood of confusion was supported by the results of the survey according to which nearly 2/3 of the consumers assumed a common origin. The plaintiff had been able to educate consumers in recognizing the shape as an indication of origin.

b) Design law

According to Art. 10 of the Design Regulation, the scope of the protection conferred by a Community Design shall include any design which does not produce on the informed user a different overall impression. In assessing the scope of protection, the degree of freedom of the designer in developing his design shall be taken into consideration.

Different to trade mark law, any design which does not produce on the informed user a different overall impression is included in the scope of protection. Again, on the enforcement side, there is a major difference: Even if a three-dimensional form is registered as trade mark and even if the identical or similar form is used for identical or similar goods, it is possible that the trade mark protection cannot be enforced due to missing use of the contested shape as a trade mark. The infringer is able to reject the demands arguing that the shape of his goods is not perceived as an indication of origin. If the design is registered and if the infringer cannot destroy novelty and/or individual character, no objection remains, if the contested design does not produce a different overall impression.

5. Results

With the possibility of registering three-dimensional forms as trade marks, design law has received a competitor and – at a first glance – this competitor appears to offer more attractive conditions. Applicants receive with a three-dimensional trademark registration an examined intellectual property right which is not time-limited. However, according to the case law, particularly the assessment of distinctive character of three-dimensional forms and the possible objection of missing use in a trade mark manner of a defendant, make it difficult to obtain and to enforce three-dimensional trade marks. Due to the design regulation, a design registration will therefore keep and may improve its attractiveness as the appropriate intellectual property right for designs. Three-dimensional marks are particularly valuable, if the trade mark owner has been able to educate consumers in recognizing the shape as an indication of origin.

Usually, such an education requires a huge marketing campaign, while design protection is granted and enforceable under the provision that the design is new and has individual character.

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