

SHAPE MARKS AND THE MISSHAPEN MONOPOLY

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INTRODUCTION

This paper gives an overview of the problems peculiar to applications to register 3-D graphic representations of 'shapes' as trade marks. It involves looking at the policy considerations behind the statutory regime for many aspects of competition and intellectual property laws, including patent and design laws, not just those relevant to trade marks.

A trade mark registration for a shape, if it can be achieved, is extremely valuable because it gives a total and perpetual monopoly (subject to renewal) in containers and articles. This was anathema under the 1938 Trade Marks Act. It had been said in 1886 that a trade mark must be something distinct from the thing being marked.¹ In *Re Coca-Cola Co.'s Application* the House of Lords decided that an attempt to register the shape of the Coca-Cola bottle was "another attempt to expand on the boundaries of intellectual property and to convert a protective law into a source of monopoly."² The Patents Act 1977 conferred on the inventor of a registered novel product the right for a period of 20 years to control the use of the invention. But the Coca-Cola bottle was not a novel product. The Copyright Acts conferred on the author of an original artistic work the right for the life of the author and now 70 years thereafter to control the reproduction of the work. But the Coca-Cola bottle was not an artistic work. The shape of the Coca-Cola bottle was accepted as a design under the Patents and Designs Act 1907, but the 15 year monopoly conferred by that Act expired in 1940. Thereafter any rival manufacturer was free to use the design of the Coca-Cola bottle.

Now it is possible to register shapes as trade marks, but it is very difficult to achieve registration. Why? Some shapes are so distinctive that they are instantly recognisable! It is difficult, for the public policy reason that registration will give the proprietor, without the need to use words or devices, and in the face of expired terms of registered patents and designs, a perpetual monopoly which will prevent other traders from using the shape for the same or similar goods or services.

To achieve registration, the proprietor will have had to overcome all of the following *absolute* grounds³ for refusal of registration and prove that his mark:

- is capable of being represented graphically
- is capable of distinguishing his goods from those of another trader
- is not devoid of any distinctive character or, if it is, has acquired a distinctive character through the use that has been made of it
- does not consist exclusively of the shape which results from the nature of the goods themselves
- does not consist exclusively of the goods which is necessary to obtain a technical result; and
- does not consist exclusively of the shape which gives substantial value to the goods

For the most part, the UK legislative scheme, the Trade Marks Act 1994 (the 1994 Act), mirrors the EC Trade Marks Directive⁴ (TM Directive) and the Community Trade Marks

¹ *Re James Trade Mark, James v Soulby* (1886) 33 Ch. D 392

² *Coca-Cola Co.'s Application* [1986] 2 All ER 274 per Lord Templeman

³ The grounds are absolute by contrast with the relative grounds, which are concerned with conflict between the trade mark applied for and individual rights held by other traders. The absolute grounds for refusal of registration operate at a more fundamental level, looking at the nature of the mark itself, its distinctiveness both inherent and acquired and tests the mark against various public policy matters.

⁴ See pages 18-20

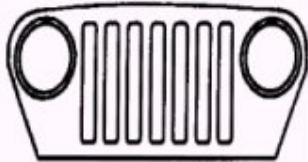
Regulation⁵ (CTM Regulation) (most importantly, section 3 1994 Act, Article 3 TM Directive and Article 7 CTM Regulation respectively).

A. SHAPES AND DISTINCTIVE CHARACTER - Section 3(1) (b)/ Article 3(1) (b)/ Article 7(1) (b)

The learned authors of the 14th edition of *Kerly's Law of Trade Marks* are clear that they believe the decisions of the CFI and the ECJ set the hurdle too low for distinctiveness⁶. A review of applications to register the shapes of bottles at OHIM provides an indication of the scale of the problem. The tip of the metaphorical iceberg comprises the CFI judgments in *Shape of a bottle (Nestle Waters France)*⁷ and *Shape of a White Transparent Bottle (Henkel)*⁸. At least the Board of Appeal rejected the Nestle Waters France plastic water bottle and the Henkel white shampoo bottle. However, many have been allowed through. In reality none of these bottles and jars has inherent distinctive character. In use, they always carry a label bearing the real trade mark for those goods. None of the applicants for these marks use or trust the shape to be an indication of origin. They can only acquire distinctive character after many years of use. Most of them can only aspire to recognition on the part of the consumer, which is not enough for distinctive character. Assessment of distinctive character is not an exact science; it requires a judgment to be based on all relevant factors. Some examples of how distinctiveness has been assessed are set out below.

Daimler Chrysler v OHIM (T-128/01), 6 March 2003, CFI

The motor car manufacturer Daimler Chrysler sought to register the shape of a vehicle grill:



The CFI accepted this application and held that grills have become an essential part of the look of land vehicles and a means of differentiating between existing models on the market. It was true that the grill served to ventilate the engine but the fact that a trade mark had both a distinguishing purpose and a functional purpose should not have any bearing on the question of distinctiveness. This was particularly the case if the former distinguishing role outweighed the latter functional role. The grill in question was adjudged to be an unusual design and was not commonplace at the date of application. It was therefore capable of possessing the necessary degree of distinctiveness to be accepted for registration.

Belgian Toblerone decision – Kraft Foods Schweiz AG v Cocachoc (unreported 14 January 2002)

This was an infringement action with a counterclaim for a declaration of invalidity. The validity and scope of protection of the three-dimensional shape of the Toblerone chocolate bar was the focus of a series of proceedings in Belgium whereby courts were called on to consider the issue of infringement by a company that offered for sale bars of chocolate similar (or not) to the triangular Toblerone shape. After having lost all preceding cases, the Brussels Court of Commerce finally seems to have put an end to this dispute in favour of the proprietors of the Toblerone shape mark.

The main question in the dispute was: Did the shape of the single and the double chocolate bars of the defendant Cocachoc infringe the (various) Community and Benelux trade marks that Kraft owned in the three-dimensional shape of the Toblerone chocolate bar? This bar has

⁵ See pages 18-20

⁶ Para 8-069, BABY-DRI, SAT.2 and DAS PRINZIP

⁷ Case T – 305/02, 3 December 2003

⁸ Case T – 393/02, 24 November 2004

been on the market since 1908 and its shape, with the letters TOBLERONE printed on it, has been registered as an (international) trade mark since 1948. The defendant Cocachoc's bars also consisted of a succeeding number of pieces of chocolate in the shape of pyramidal triangles, with the difference that they were oblate at the top. These bars were sold under the word mark ALPIN CHOC, originally only in a double-bar version but later on also as a single bar.

The court found that Kraft's trade mark registration was valid. With regard to, first, the claim that the shape of Toblerone is determined by the nature of the goods, the court had no difficulty in concluding that the particular shape was not at all necessary for the manufacturing or the sale of chocolate products. On the basis of evidence submitted by Kraft, showing the existence of many other chocolate bars which bear no resemblance at all to the typical triangular shape of Toblerone, the court acknowledged that the Toblerone shape represents but one of many possible shapes for such a chocolate product.

Cocachoc's next argument that the shape under consideration lacked distinctive character was equally considered to be without merit. To overcome this objection, the plaintiffs had referred to the registration not only of the shape of the whole chocolate bar but also of the shape of an isolated piece thereof. The court observed that the shape of the Toblerone chocolate bar had achieved considerable public recognition through long use and further concluded that the public did perceive the shape of the Toblerone bar as an indication of origin.

The Brussels court did not directly consider the problematic question of inherent distinctiveness, but relied instead on evidence of acquired distinctiveness. Kraft seemed content to rely on the strength of its evidence of acquired distinctiveness which evidently convinced the judges of the court. However, this shape is always used in combination with a word mark, with a scheme of colours and with a typical packaging. The court could eventually have followed the suggestion of the First Board of Appeal, and ask the question whether an unwrapped Toblerone bar, no longer bearing the name of the chocolate, left in the street would still be recognised by consumers as being a Toblerone bar.

It is interesting to compare this decision with a ruling of the High Court in relation to (the validity of) the shape of the Viennetta ice cream. There the court upheld, in the framework of an opposition proceeding, the decision to refuse registration of the shape mark, considering that, in the case of marks consisting of product shapes, it was not enough to prove that the public recognises marks consisting of product shapes as the product of a particular manufacturer. It must also be shown that consumers regard the shape as a badge of trade origin in the sense that they would rely on that shape alone as an indication of trade origin. In the UK, that is more difficult to prove in the case of shape marks than in relation to word or figurative marks.

Deutsche SiSi-Werke GmbH & Co Betriebs KG v OHIM (Trade Marks and Designs) (OHIM) (T146/02) [2004] E.T.M.R. 72

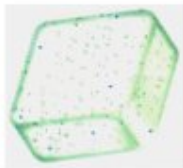
SiSi-Werke filed eight applications for Community trade marks at OHIM under the CTM Regulation. The three-dimensional shapes for which registration was sought consisted of various stand-up pouches for packaging drinks. The OHIM examiner refused the eight trade-mark applications on the ground that the marks applied for were devoid of any distinctive character. OHIM's Board of Appeal dismissed appeals, holding that consumers would not perceive the stand-up pouches as an indication of commercial origin but solely as a form of packaging. It added that, in the interests of competitors, there could be no monopoly in this type of packaging. By a further application to OHIM, SiSi-Werke confined its trade-mark applications to fruit drinks and fruit juices, in Class 32. SiSi-Werke then brought an action before the CFI claiming that it should annul the contested decisions of the Board of Appeal refusing registration.

The CFI held that a sign's distinctiveness could only be assessed, first, by reference to the goods or services for which registration is sought and, secondly, on the basis of the perception of that sign by the relevant public. The marks applied for consisted of the

appearance of the packaging for the products concerned, that is to say, of the graphic representation of various stand-up pouches designed to contain fruit drinks and fruit juices. The relevant public consisted of all end-consumers. Fruit drinks and fruit juices were intended for everyday consumption. Therefore, in any assessment of the distinctive character of the marks applied for, account had to be taken of the presumed expectations of an average consumer who was reasonably well informed and reasonably observant and circumspect. The CFI noted that the perception of the relevant public was not necessarily the same in relation to a three-dimensional mark consisting of the appearance of the product itself as it was in relation to a word mark, a figurative mark or a three-dimensional mark not consisting of that appearance, since the public was not necessarily used to recognising a three-dimensional mark as a sign identifying the product. Since a liquid product had to be packaged for sale, the average consumer would perceive the packaging first and foremost simply as a means of packaging the product for sale. A sign which fulfilled functions other than that of a trade mark was distinctive for the purposes of Art.7 (1) (b) of the CTM Regulation only if it was capable of being perceived immediately as an indication of the commercial origin of the goods or services in question, so as to enable the relevant public to distinguish, without any possibility of confusion, the goods or services of the owner of the mark from those of a different commercial origin. Therefore, the average consumer would see the form of drinks packaging as an indication of the product's commercial origin only if that form could be perceived immediately as a trade mark.

Henkel v OHIM / Procter & Gamble's Trade Mark Applications [2004] E.C.R. I-5089; [2005] E.T.M.R. 44

Henkel and Procter & Gamble applied to register the shapes of detergent tablets comprising two layers, one red and the other white as trade marks. A representation of one of the applications is set out below:



The question for the Court was whether the mark was devoid of distinctive character. The ECJ held that the criteria for assessing the distinctiveness of three-dimensional shape marks was no different from those for assessing the distinctiveness of other categories of mark such as words or slogans. However, the Court went on to state that the public's perception of product shape marks was different and, in particular, that the more closely the shape for which registration was sought resembled the shape most likely to be taken by the product in question, the greater the likelihood that the shape was devoid of distinctive character for the purposes of section 3(1) (b) 1994 Act. It commented in particular that: "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".

Mag Instrument Inc v Office for Harmonisation in the Internal Market (Trade Marks and Designs) (OHIM) (C-136/02 P) [2004] E.C.R. I-9165 [2005] E.T.M.R. 46

The applicant sought to register as a trade mark various shapes of torches as shown below:



This case followed the *Henkel / Procter & Gamble* decision in holding that the criteria for the assessment of distinctiveness is the same for all categories of marks but that the public's perception may be different. The Court may even have gone further by holding 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 distinctive character."

Where a three-dimensional mark was constituted by the shape of the product for which registration was sought, the mere fact that that shape was a "variant" of a common shape of that type of product was not sufficient to establish that the mark was not devoid of any distinctive character for the purposes of Art.7 (1) (b) of the CTM Regulation. It always had to be determined whether such a mark permitted the average consumer of that product, who was reasonably well informed and reasonably observant and circumspect, to distinguish the product concerned from those of other undertakings without conducting an analytical examination and without paying particular attention.

Finally, in its ruling the ECJ held, *inter alia*, that average consumers were not in the habit of making assumptions about the origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element, and it could therefore prove more difficult to establish distinctiveness in relation to such a three-dimensional mark than in relation to a word or figurative mark. Therefore, the ECJ reached the conclusion that the CFI was right to point out that the nature of the mark in respect of which registration was sought might influence the perception that the relevant public would have of the mark.

The ECJ 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 for the purposes of Art.7(1)(b) of the CTM Regulation. Only a mark which departs significantly from the norm or customs of the sector and thereby fulfils its essential function of indicating origin is not devoid of any distinctive character for the purposes of that provision (see, to that effect, *Henkel v OHIM*, at [39] and the case law cited there).

Surprisingly, it seems that no evidence of acquired distinctiveness was relied on even though the "Maglite" torch design is quite well known in the EU.

Nestle SA v Mars UK Limited [2004] EWCA 1008

This case concerned an application to register the well-known shape of the Polo mint. The Court of Appeal dismissed a claim by Nestle that it should be allowed to register the well-known shape of the Polo mint as a trade mark on the grounds that to amend the initial application would substantially affect the identity of the mark applied for, earning the remark from Lord Justice Mummery that the case was 'an appeal with a hole in the middle'. The case highlights the need for trade mark owners seeking to register the shape of their goods as a trade mark to think carefully about the width of their application the first time round. In applying for a mark with too wide a scope, Nestle was forced to abandon the initial application, losing the benefit of the earlier priority date. The mark applied for was to be registered in class 30 in respect of 'sugar confectionery' and was represented by a black and white photograph. The photo did not show the word 'Polo' embossed on the mint and the wording attached to it did not include any reference to either size or colour.

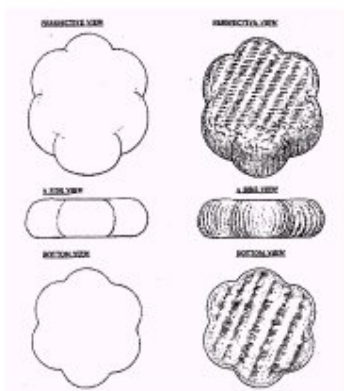
A notice of opposition was filed by Mars UK Limited which claimed that the shape of the mark could not be registered on the grounds that it was devoid of distinctive character under section 3(1) (b) of the 1994 Act. The hearing officer found that the mark had acquired distinctiveness through use, which would overcome the objection under section 3(1)(b), commenting that *'the evidence as a whole...has led me to the conclusion that the mint-buying public would see the blank sweet shape as being an indicator of origin of Nestle.'*

The Hearing Officer found, however, that the evidence of distinctiveness only extended to the sweet being white and of the standard Polo size. He then looked at sections 13(1) and 39 of the 1994 Act, which contain provisions for restricting and amending applications. It was held that the changes to the application required as a result of the hearing officers decision on the actual goods for which the shape had acquired distinctiveness went beyond those allowed under ss 13 and 29. The requirements to include colour and size restrictions in the application related to essential components of the mark that made the mark distinctive and added to the fundamental definition. The specification as to size and colour could not appropriately be described as a limitation on the rights that would have been conferred by registration. The Hearing officer had been wrong to rely on section 13 of the Act as enabling the initial application to be amended – a new application was required.

Section 39, which relates to *'restricting the goods covered by the application'*, was held also to have been misapplied because the requirements of colour and size, instead of restricting the goods, restricted the mark itself. Lord Justice Mummery commented that *Nestlé's submissions incorrectly equate the shape of the mark, which distinguishes the goods, with the specification of the goods, which are distinguished by the mark'.*

Bongrain's Trade Mark Application (CA) [2005] R.P.C. 14

Here the applicant sought to register the three-dimensional shape of a cheese (in flower-like form):



The Court of Appeal in England held that the mark was devoid of distinctive character. It also held that there was a public interest in preserving certain signs for other traders to use in relation to the same or similar goods to maintain freedom of action and competition. The public's perception of the sign was of paramount importance and the public was not generally accustomed to shapes conveying trade mark significance (i.e. acting as a source of origin).

The appeal was dismissed. The shape-to-cut point might indeed be relevant to an Art.3(1)(c) objection as it might indicate the intended purpose of the goods but that did not mean that a perception of shape having a function was not also relevant to Art.3(1)(b). The various grounds of objection, although independent, could overlap. A mark which served to designate the kind of goods (and so was excluded by Art.3 (1) (c)) would, for the same reason, be devoid of distinctive character.

As a matter of principle, the mere fact that a shape was unusual for the kind of goods

concerned did not mean that the public would automatically regard it as denoting trade origin, as being the badge of the maker. The public was not used to shapes conveying trade mark significance. Whilst a shape which departed significantly from the norm *could* fulfil the essential function of a trade mark as denoting the trade origin of the goods, it did not automatically do so; what mattered was the presumed expectation of the average consumer.

The Court of Appeal found that there were real differences between creating a fancy shape to sell as such and one which would truly denote trade origin. A shape of goods could become a trade mark by acceptance as such by the public. Mere use might not be enough, but if it could be shown that, following such use, the average consumer had come to rely on the shape to get the goods from the same maker as before, and then the design of the goods would also have become a trade mark. Registration pursuant to Art.3 (3) would then be permissible because the shape would have *acquired* distinctive character in the trade mark sense.

On a warning note, the Court of Appeal held that the Registry had been over-generous in permitting the appellant a series of opportunities to improve its evidence. There was a public interest in disposing of pending applications in a suitable time frame as a pending application, even if ultimately refused, could act as a real commercial deterrent. In the event, the evidence submitted by the appellant was hopeless. The Court of Appeal said that trade mark registrations were not granted "for the correct answers to guesses"; the evidence had to show that the shape was regarded as a guarantee of origin. It was not enough for a trade witness to assert that a mark was distinctive; the evidence had to prove that the mark, if used, would be relied on as a guarantee of origin.

B SHAPE AND ACQUIRED DISTINCTIVENESS

Article 7(3) of the CTMR provides that "Paragraph 1 b), c) and d) shall not apply if the trade mark has become distinctive in relation to the goods and services for which registration is requested in consequence of the use which has been made of it". Signs lacking distinctiveness per se, descriptive signs and generic signs may be registered as a consequence of their use as long as this use has conferred on them the minimum degree of distinctiveness which they initially lacked.

The acquisition of the distinctive character is always a question of fact. In each case the question arises whether a mark which is not distinctive per se may nevertheless be perceived by consumers as an origin identifier as a consequence of the use that has been made of it. [BoA R 381/2000-01, December 20, 2000, § 18]

In order to assess whether distinctiveness has been acquired through use, the following factors and evidence may be taken into account:

- the market share held by the mark;
- how intensive, geographically widespread and long-standing the use of the mark has been;
- the amount invested by the undertaking in promoting the mark;
- the proportion of the relevant class of persons who, because of the mark, identify goods as originating from a particular undertaking; and
- statements from chambers of commerce and industry or other trade and professional associations.

[ECJ C-109/97 (Chiemsee), May 4, 1999, § 51]

The questions of the geographical extent of the use, of the public to be taken into consideration and of the methods of use have been the subject of several decisions by the Boards of Appeal.

The geographical extent of the use

Art.7 (2) of the CTMR states the following: "Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only one part of the Community." The question of the geographical area in which the acquisition of the distinctive character through use must be shown raises complex issues. Requirements vary according to the nature of the mark.

In the case of a three-dimensional mark lacking distinctiveness per se, the objection is not limited to the territory of one Member State in particular, but extends to the whole Community. Nevertheless, acquisition of distinctive character need not be proved in each of the 15 Member States one by one, as long as it is proved for the European Union as a whole. Thus, although the acquisition of a distinctive character through use in only one Member State is insufficient [BoA R 704/1999-3, June 30, 2000, § 23], use in 10 Member States (which might have 349 million inhabitants out of the total of 377 million), with a level of recognition amongst the public of 56 per cent, corresponds to a sufficiently broad geographical scale and thus makes superfluous the proof of recognition in each one of the 15 Member States [BoA R 126/2001-2, December 10, 2001, § 22, R 16/2001-2, February 7, 2002, § 22]. Similarly, use during more than 20 years in Europe and generating a very significant turnover, supported by promotional investments higher than one hundred billion Italian lire in 10 years, was considered a good indication of the acquisition of this distinctiveness. This indication was corroborated by articles attesting to the recognition of the mark, as well as by statements under oath made by competitors [BoA R 254/1999-1, April 14, 2000, § 21-24].

The public concerned

The degree of recognition of the mark is of course to be determined in the light of the relevant public, i.e. the public for whom the goods are intended. In the case of common goods, such as clothing, one question is whether evidence of recognition by the whole range of consumers of such products must be submitted, or whether it can concern only a specific segment of this public. Recognition by a significant fraction of this public, consisting of consumers with a high standard of living, has been found by the Board of Appeal to be sufficient evidence of distinctiveness [BoA R 254/1999-1, April 14, 2000, § 24].

Methods of use

Acquisition of distinctiveness through use must concern each of the goods and services for which registration is requested [BoA R 381/2000, December 20, 2000, § 17]. With regard to three-dimensional marks consisting of the "naked" shape of a packaging or of a product, the question arose of the probative value of the use of this shape when accompanied by word or figurative elements. This question is of practical interest as very few products are sold without labels containing word or figurative elements.

The first Board of Appeal delivered an extremely well reasoned decision [BoA R 381/2000, December 20, 2000, § 17], which sets the following principle: the use of the three-dimensional mark in combination with additional word or figurative elements is not prima facie defective as long as these additional elements do not divert the consumers' attention from the shape of the packaging or of the product itself. In other words, such a use may be able to show distinctiveness through use where the additional elements remain secondary in the identification of the product's origin.

In this case, the figurative elements covered two thirds of the surface of the "naked" packaging and surpassed in attractiveness the shape itself. In view of the fact that the colour combination was dominant, the shape of the packaging played only a minor role, if any, in the identification of the product's origin [BoA R 381/2000, December 20, 2000, § 22]. The evidence provided by the applicant was therefore considered insufficient to establish the acquisition of distinctiveness through use.

The decision would have probably gone the other way if the Board had considered that consumers, when seeing the packaging in question covered with a different colour combination, would associate without ambiguity the origin of the product contained in the packaging to the applicant of the 3-D Community trade mark.

**C SHAPE AND THE NATURE OF GOODS/ TECHNICAL RESULT/ SUBSTANTIAL VALUE
– Section 3(2)/ Article 3(1) (e)/ Article 7(1) (e)**

Even if an applicant has been able to demonstrate that a shape mark has the necessary distinctive character either inherently or by acquisition through use that is not the end of the matter. It must still be demonstrated that the mark:

- does not consist exclusively of the shape which results from the nature of the goods themselves
- does not consist exclusively of the goods which is necessary to obtain a technical result; and
- does not consist exclusively of the shape which gives substantial value to the goods

In Philips v Remington (C-299/99) [2003] Ch 159, ECJ, the ECJ explained the rationale behind these provisions, as follows:

“77. The various grounds for refusal of registration listed in article 3 of the Directive must be interpreted in the light of the public interest underlying each of them: see, to that effect, *Windsurfing Chiemsee Produktions- und Vertriebs GmbH v Boots- und Segelzubehör Walter Huber* (Joined Cases C-108 and 109/97)[2000] Ch 523, 551-552, paras 25-27.

78. The rationale of the grounds for refusal of registration laid down in article 3(1) (e) of the Directive is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Article 3(1) (e) is thus intended to prevent the protection conferred by the trade mark right from being extended beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark.

79. As regards, in particular, signs consisting exclusively of the shape of the product necessary to obtain a technical result, listed in article 3(1)(e), second indent, of the Directive, that provision is intended to preclude the registration of shapes whose essential characteristics perform a technical function, with the result that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function, or at least limit their freedom of choice in regard to the technical solution they wish to adopt in order to incorporate such a function in their product.

80. As article 3(1) (e) of the Directive pursues an aim which is in the public interest, namely, that a shape whose essential characteristics perform a technical function and were chosen to fulfil that function may be freely used by all, that provision prevents such signs and indications from being reserved to one undertaking alone because they have been registered as trade marks: see, to that effect, *Windsurfing Chiemsee*, paragraph 25.

81. As to the question whether the establishment that there are other shapes which could achieve the same technical result can overcome the ground for refusal or invalidity contained in article 3(1) (e), second indent, there is nothing in the wording of that provision to allow such a conclusion.

82. In refusing registration of such signs, article 3(1)(e), second indent, of the Directive reflects the legitimate aim of not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions.

83. Where the essential functional characteristics of the shape of a product are

attributable solely to the technical result, article 3(1)(e), second indent, precludes registration of a sign consisting of that shape, even if that technical result can be achieved by other shapes.

84. In the light of those considerations, the answer to the fourth question must be that article 3(1) (e), second indent, of the Directive must be interpreted to mean that a sign consisting exclusively of the shape of a product is unregistrable by virtue thereof if it is established that the essential functional features of that shape are attributable only to the technical result. Moreover, the ground for refusal or invalidity of registration imposed by that provision cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained."

Policy Considerations

In *Philips* the ECJ managed to avoid any incompatibility with TRIPs by explaining that "Article 3(1) (e) is thus intended to prevent the protection conferred by the trade mark right from being extended beyond signs which serve to distinguish..." It is there in black and white that shape marks caught by section 3(2) (a)/ Art. 3(2) (e)/ Art. 7(1) (e) are unable or are deemed unable to distinguish one trader's goods from those of another. Each one serves a particular purpose. Combined, they ensure that, for certain shapes, traders may not obtain the potentially indefinite protection of trade mark registration, thereby creating obstacles to competitors. This is because, firstly, shapes which result from the nature of goods themselves (eg apples, bananas) cannot be considered distinctive, secondly, shapes which are necessary to obtain a technical result are protected by other intellectual property rights of limited duration (patents, designs) and absence of those rights, competitors should be free to use such shapes and thirdly, shapes which add substantial value to goods are protected by design right and absent those rights competitors should be free to use such shapes.

Shape which results from the nature of the goods

This ground requires consideration of what is meant by "the nature of the goods themselves" and "the shape which results" therefrom. The nature of the goods refers to their essential qualities or innate characteristics--this is what Aldous L.J. was referring to in *Philips v Remington* (No.1) when he said it is difficult to envisage such shapes, except those that are produced in nature, such as bananas [1999] R.P.C. 809 at 820. An OHIM Board of Appeal held that a three-dimensional mark of a bar of soap with longitudinal curved indents in the sides was a shape which resulted from the nature of the goods themselves. This was obviously wrong, as was accepted on appeal to the Court of First Instance: Case T-122/99 "Soap (device)", Court of First Instance, February 16, 2000, [2000] E.C.R. II-265; [2000] E.T.M.R. 580.] Thus, a sign consisting of the shape of a banana for bananas would be a shape which results from the nature of the goods themselves. So too, would a sign consisting of a bunch of bananas for bananas, the shape of an American football for American footballs or the shape of a lemon for lemons. However, if the goods were lemon juice, then it is suggested that a picture of a lemon should not fall foul of this provision, although other objections would be likely under s.3 (1) (b) and (c), subject to proof of distinctive character under the proviso. In the Court of Appeal, Aldous L.J. said that "the goods" refer to any of the goods in respect of which the mark is registered or sought to be registered. This particular provision may be summarised as "You cannot register the natural shape of the goods" because the natural shape of goods is descriptive of them. These are shapes which *others* may legitimately want to use.

S.3 (2) (b) – Shape of goods which is necessary to obtain a technical result

Philips v Remington (C-299/99) [2003] Ch 159, ECJ (*Philips* No. 1)

There was speculation, following the "BABY-DRY" decision, as to whether the Court's approach in that case would logically require that "any perceptible difference" between the shape and the technical result would enable registration of the mark.

In June 2002, the Court of Justice put paid to such speculation in its judgment in *Philips v*

Remington. Philips was the owner of a UK trade mark consisting of a two-dimensional picture of the top portion of a three-headed rotary electric shaver:



Philips commenced proceedings in 1998 against Remington for infringement of the mark and Remington counterclaimed that the mark was invalid on, among other grounds, section 3(2) (b). The UK Court referred a question on the interpretation of this section to the ECJ. The Court, stressing the public interest test set out in *Windsurfing Chiemsee*, and without mention of "BABY-DRY", held that the various grounds for refusal of registration listed in Art.3 of the Directive must be interpreted in the light of the public interest underlying each of them. The rationale behind those grounds was to prevent trademark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user was likely to seek in the products of competitors.

As regards signs consisting exclusively of the shape of the product necessary to obtain a technical result, the Court held that Art.3(1)(e) was intended to preclude the registration of shapes whose essential characteristics performed a technical function, with the result that the exclusivity inherent in the trade mark right would limit the possibility of competitors supplying a product incorporating such a function or at least limit their freedom of choice with regard to the technical solution they wished to adopt in order to incorporate such a function in their product.

The Court concluded that Art.3(1)(e) prevented a sign consisting exclusively of the shape of a product from being registered if it was established that the essential functional features of that shape were attributable only to the technical result, even where it was established that there were other shapes which allowed the same technical result to be obtained. On this interpretation of the law, the English Court held the mark invalid.

Philips v Remington [2005] FSR 17 (Philips No. 2)

Philips argued (placing particular emphasis on the ECJ's use of "solely" or "only") that if the shape included any feature which is non-functional – some form of embellishment – then the prohibition has no effect. Philips argued that the clover leaf design of the faceplate was not introduced for any technical reason and performed no technical function at all. Rimer J found that the clover leaf did perform an essential function – of stretching the skin and raising the hairs. Plainly the analysis of the precise technical function of minute elements of the mark was inappropriate. The word "exclusively" requires a purposive, common sense approach.

Molkerei Alois Muller GmbH & Co's Trade Mark Application No 2000653, June 2004

Molkerei Alois Muller GmbH & Co ("Muller") applied to register the shape of their "twin pot" yoghurt pot on 31 October 1994 for "yoghurts; desserts and puddings" in Class 29 and "desserts; rice desserts" in Class 30. The twin pot shape is shown below:



The UK Registrar raised two objections to registration on the grounds that the trade mark was devoid of distinctive character and, further, that it consisted exclusively of the shape of the goods which is necessary to achieve a technical result.

In order to overcome the first objection, Muller filed evidence to support their claim that the trade mark had acquired distinctiveness through use, along with a market survey which, they claimed, amply demonstrated the public's recognition of the trade mark.

In determining whether the twin pot shape had in fact acquired distinctiveness through use, the Hearing Officer considered whether the mark had come to identify the product as originating from the applicant. The test laid out in *Windsurfing Chiemsee* (1999) was applied.

The Hearing Officer was critical of the survey evidence filed by Muller, suggesting that they should have designed the survey to "simultaneously test respondents' reactions to a different shaped product of the same type". However, despite the shortcomings of the survey evidence, the Hearing Officer acknowledged that a significant proportion of the relevant public recognised the container shape as originating from Muller. In addition, Muller filed an independent magazine article which indicated that the applicant had 73% market share by value in twin-pot yoghurts.

However, the Hearing Officer still felt that this was not enough; he said that it is necessary for the trade mark owner to use the shape mark in ways that were likely to distinguish the commercial origin of goods of an undertaking. He did not think the Muller container shape was visible enough in the "course of trade" at the point of selection to indicate the applicant's goods.

The Hearing Officer thus concluded that the Muller twin pot had not acquired distinctive character, but would have suspended the application pending the ECJ decision in the case of *Dyson v. Registrar of Trade Marks*, which was recently referred for guidelines on assessing this type of evidence of distinctiveness. However, due to his further conclusion that the sign consisted exclusively of the shape of the goods necessary to achieve a technical result, he simply refused the application.

In the second part of his decision, the Registry Hearing Officer referred to the ECJ's decision in *Philips v. Remington*, where the court concluded that a sign consisting exclusively of the shape of a product is unregistrable if it is established that the essential functional features of that shape are attributable only to the technical result. Moreover, this objection cannot be overcome by establishing that there are other shapes which allow the same technical result to be obtained.

Muller argued that not all features of their mark could be said to be functional, particularly its square shape and its diagonal split. However, the Hearing Officer felt that there was a functional requirement to tip the contents of the smaller container into the larger one, without spillage. Accordingly, the diagonal split was necessary to achieve this; moreover, the overall square shape was largely due to design restrictions for the diagonal split. Therefore, he found both these features functional and attributable to obtaining a technical result.

This is another decision where despite good evidence of public recognition of a shape's trade mark significance, the Registry has taken a harsh line on functionality under s3(2) of the UK Act, making it increasingly difficult to secure trade mark protection for such shape marks.

Shapes of goods resulting in some technical advantage are excluded because of conflict with the patent system. The exclusion seeks to prevent monopolisation through trade mark law of non-patentable products. Because of the 'necessity' requirement, however, not all shapes resulting in a technical advantage are excluded. The technical result has to be crucial for the functioning of the product for the necessity requirement to be satisfied.

New Zealand Case – Fredco Trading Limited v Miller (unreported 16 December 2004) Venning J.

This case is currently pending before the NZ Court of Appeal. It concerns the registration as a trade mark of the shape of a plastic tie used in kiwifruit orchards. The case came about from an application to remove a trade mark registration dated July 2002 for the shape of a vine tie.



The trade mark is represented by a picture of a commercially available kiwi fruit vine tie – a simple rod shape with hooked ends – sold by Klipon Associates, a business owned by Robert Miller. Miller was a co-owner of a patent for the vine tie which expired in 1999 after remaining in force for its full term of 20 years. Miller had filed the trade mark application after the patent monopoly expired, when he became aware that Fredco Trading Limited had entered the market selling vine ties virtually identical in shape to the ex-patented product. The application to remove the trade mark was made by Fredco who, along with any other traders that wanted to market lengths of flexible material with hooked ends for tying fruit vines, faced an action for trade mark infringement so long as Miller's shape mark remained registered.

Miller could rely on extensive use to prove that customers were able to recognise his vine tie – after all he had sold a billion vine ties during the 20 year patent monopoly when every other competitor was excluded from the market. There was evidence that 'Klipon' ties were readily identifiable on the vine because of their distinctive shape and the fact that the colour of the ties changed every year. The Judge placed heavy reliance on customer evidence that they chose and recognised vine ties but without analysing what feature distinguished Miller's Klipon product from other vine ties having the same functional shape. He concluded that because customers recognised the Klipon vine tie, it had acquired distinctive character through use. The Court's finding means that the trade mark registration effectively extends Miller's expired patent monopoly rights perpetually, prohibiting other traders from manufacturing and selling this functional item. In those circumstances, the mark will of course be distinctive of Mr Miller's product. There is no equivalent of section 3(2) / Art. 3(1) (e)/ Art. 7(1)(e) in the NZ statute and this mark would almost certainly have failed under section 3(2)(b).

S.3(2)(c) – Shape which gives substantial value to the goods

This is the most difficult and obscure of the 3 provisions. The ECJ in *Philips* did not address 'substantial value' at all other than in terms of technical solution or functional characteristics. This provision is dealing with something different – the contribution of the shape to the value of the goods. The policy consideration is that traders should not be able to obtain the potentially indefinite protection of a trade mark registration and thereby create obstacles to competitors because shapes which add substantial value are protected by the limited duration design right registration and absent those rights competitors should be free to use those shapes. This has been held to exclude "aesthetic type shapes" ie shapes which have eye appeal⁹. The decision whether the value is substantial requires:

"a comparison... between the shape sought to be registered and shapes of equivalent articles. It is only if the shape has, in relative terms, substantial value, that it will be excluded from registration."

It remains to be seen whether substantial value should be restricted to aesthetic shapes. Technical or functional features seem to be covered already, but it is difficult to see why, if

⁹ *Philips* [1999] RPC 809 at 822

technical features do add substantial value to the goods, they should be left out of an analysis under this provision.

Dualit Limited's (Toaster Shapes) Trade Mark Applications [1999] RPC 304, TMR

This case shows that in practice, the application of section 3(2)(c) is very difficult. The applicant was a manufacturer of a range of toasters, which were sold for prices higher than most other toasters. This was due to their sturdiness, reliability, better performance and aesthetic appeal. In particular, the toasters had a "retro" styling, which was hailed as a "design classic". The applicant applied for registration of a series of six marks each constituting the shape of one of the applicant's toasters in three dimensions. Registration of the marks was opposed on the following grounds:

- (a) The marks consisted of at least two different shapes which did not form part of a series of trade marks within the meaning of section 41(2) of the 1994 Act.
- (b) The marks were not capable of distinguishing the goods of one undertaking from those of other undertakings and were therefore excluded from registration by section 1(1) of the 1994 Act.
- (c) The marks were devoid of distinctive character and registration would therefore be contrary to section 3(1)(b) of the 1994 Act.
- (d) The marks consisted exclusively of shapes which resulted from the nature of the goods themselves and were therefore excluded from registration by section 3(2)(a) of the 1994 Act.
- (e) The marks consisted exclusively of shapes which gave substantial value to the goods and were therefore excluded from registration by section 3(2)(c) of the 1994 Act.
- (f) The marks consisted exclusively of signs or indications which may serve, in trade, to designate characteristics of the goods and were therefore excluded from registration by section 3(1)(c) of the Act.

At the hearing, the applicant argued that it should be able to divide its application under rule 19(1) of the 1994 Rules.

In the UK Trade Marks Registry, the hearing officer decided that the eye appeal of the signs did give substantial value to the goods. He was heavily influenced by the fact that the Dualit toaster was a design classic but also on the evidence of pricing. The price of the Dualit toaster was about seven times the price of most domestic toasters. Dualit said its toaster was of catering quality and the price was comparable with other catering toasters of similar quality. Apparently the competitors in this new niche market created by Dualit priced their toasters midway between Dualit and ordinary domestic toasters. The robustness and longevity of Dualit toasters contributed to their high costs and some value had to be attributed to the DUALIT trade mark which appeared on the toasters. The hearing officer decided that price was an important factor but not the sole factor to be taken into account.

This case is a good example of the customer's preparedness to pay extra for good design, more expensive design input and better quality materials effectively scuppering any chance of success of registration of the sign as a trade mark. The actual value attributable to the quality of the materials or matters of technical or functional design are supposed to be left aside leaving aspects of design of shape. Is it the shape that gives the value, when the shape is compared with shapes of equivalent articles? If the designer has an established reputation, then it is very likely that substantial value will be found, but even if the designer is an unknown, "good design" may well be taken to have added substantial value to the goods.

Conclusions

The same test for registrability applies to shape as for all marks – but shapes have two distinct disadvantages:

- i) Consumers are not accustomed to distinguishing product origin from product/packaging shape;
- ii) There is a public policy in having shapes available for all in the market to use

(1) The nature of the mark is the first variable factor. The distinctiveness of the three-dimensional mark consisting of the shape of the product itself will be rigorously assessed:

"account must be taken of the fact that the perception of the relevant section of the public is not necessarily the same in relation to a three-dimensional mark consisting of the shape and the colours of the product itself as it is in relation to a word mark, a figurative mark or a three-dimensional mark not consisting of the shape of the product. Whilst the public is used to recognising the latter marks instantly as signs identifying the product, this is not necessarily so where the sign is indistinguishable from the appearance of the product itself. [CFI T-129/00 (Proctor & Gamble), September 19, 2001, § 51, CFI T-88/00 (Maglite), February 7, 2002, § 33]

When buying product of daily use, a consumer's attention tends to focus on the labels displayed on the products rather than on the shape of the products themselves. The 3-D mark consisting of the shape of the product itself must show very striking features in order to be remembered by the public. The underlying policy behind this position is that as the variety of shapes is finite, the monopoly conferred by registration of the trade mark must not be used to create monopolies on shapes, the use of which should remain available to all competitors.

(2) A second factor is the structure of the market for the relevant products. The level of distinctiveness required is higher where a wide range of products characterised by a variety of shapes are marketed within a particular sector. It is often the wide variety of shapes that enables consumers to distinguish between them, which calls in turn for a higher level of differentiation.

(3) Consumers' habits influence the degree care that the average consumer in a particular sector is likely to take. However, the perception of the mark by the public is likely to vary according to the type of goods to which the mark is applied. The degree of care and attentiveness of the average consumer in relation to goods of daily use such as detergents or toothbrushes is much less than with regard to expensive or long-lasting products. To achieve registration, the mark must be all the more unusual and striking for it to have an impact on the consumer. Consumers take more care with regard to the detail of packaging or of the article itself where expensive products or products of specific use are involved.

What can be done to ensure a shape mark has the best chance of being registered?

It is cautionary to note that most of the decisions to reject applications to register product shapes as trade marks have occurred where the owners have not filed evidence of use to support a claim to distinctiveness and secondary meaning. Solid evidence of distinctiveness can make all the difference.

It is important to make it clear in advertising and other promotions that the shape of the product is as important as the brand name, get-up, etc. A link must be encouraged between the product and the shape in the eye of the relevant consumer, to the extent that whenever the consumer sees the product in that particular shape, they know that the product emanates from your client's company.

The shape of any product which is everyday, cheap or wrapped in some way, would appear exceedingly difficult to register. The registration of the shape of packaging appears to have more success, but either an established practice must have developed in the market in question whereby the relevant sector of the public have learnt to distinguish by the shape of packaging (Nestle Water France) or the shape in question differs to such an extent to the established norm that the mark 'stands out' (Mag Instruments).

Those that develop novel shapes for their products should also heed the Dualit decision. They should try to ensure, through their marketing and promotion campaigns, as well as by imaginative use of their labelling, that the exclusive association of the shape (and only the shape) with just one manufacturer is brought to the attention of both the trade and the purchasing public. Having done this, they must then make every effort to maintain their monopoly, by legal action if necessary.

Ensure that the shape of the product is visible at point of sale, so that consumers make the link between the product and its shape (and any supplementary trade marks, brand names, etc) at the point of purchase.

To help overcome objections of a lack of distinctiveness keep records of market share and sales figures for the product throughout its product life and copies of advertising and promotional materials. Consumer familiarity with a product's shape can be agreed to be inferred if such figures show a sufficient level of consumer exposure to the shape.

File for national or Community registered designs if the shape of the product is sufficiently new.

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