

PROTECTING 'SERVICE' DRESS IN EUROPE

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ABSTRACT

Unlike US trade mark law, European law treats in principle all marks equally by applying the same criteria for assessing the inherent distinctive character of signs eligible for registration, regardless of whether the subject-matter is classified as covering conventional signs, ie verbal marks, or unconventional signs, ie product configurations, product packaging, colours, scents, sounds, etc. All marks are in general capable of being automatically registered without evidence of prior successful use amounting to acquired distinctive character. But whilst the criteria may be the same, the Court of Justice of the European Union (CJEU) has established the normative presumption that the average consumer doesn't react the same to different categories of marks such that, in the case of unconventional or three-dimensional marks which aren't independent of the appearance of the product, the consumer is unlikely to attribute any message about commercial source absent a verbal or figurative mark. For a such non-verbal marks to enable the consumer to rely on it as source-indicator, the non-verbal mark must depart significantly from the custom or the norm in the sector concerned. Many argue that the effect of this approach has led to an (almost) automatic refusal of a large number of marks constituting, in one form or another, aspects of the broader concept of trade dress as that concept exists in US law. This has engendered the heightened criticism that European law lacks consistency and *does* in fact impose stricter distinctiveness standards as regards non-verbal marks.

Yet many consider it desirable that the law should properly follow the European legislator's intention to allow for the protection of inherently distinctive trade dress to address, for instance, the increasing problem of supermarket look-alikes. However, this apparently narrow view of trade dress in Europe may be about to change. In a recent reference involving Apple Inc's application to register as a national mark a two-dimensional depiction of Apple's flagship retail store, the CJEU decided that Article 2 Trade Marks Directive (TMD) allows in principle such a registration without the need to characterise it as 'packaging' and without the need for the application to contain further, more detailed information as to the size and proportions of the proposed retail store. Oddly, this is same legal provision according to which non-visual marks are imposed more rigorous criteria for graphical representation or, even if represented graphically, are refused registration for disclosing non-specific subject-matter which represent a mere idea or concept capable of taking on a multitude of different forms and contrary to competition. Further, judging by the cursory treatment of the possibility of applying one or two of the many public interest considerations embedded in the refusal grounds under

Article 3 TMD, it is likely that the referring national court will allow the Apple application.

Introduction

In *Apple v DPUM*,¹ the Court of Justice of the European Union (CJEU) was called upon to decide whether, in principle, European law should allow the registration of a mark consisting of a drawing of Apple's flagship retail store as a form of product 'packaging' and, if so, whether such a new type of mark could only be allowed if the application contained further details about the precise scale of the premises depicted in the drawing. The reason for such additional information as to the size and proportions of the retail store related to the obligation to satisfy the statutory requirement of graphic representability, including the positive conditions for registration within the meaning Art.2 of the Trade Marks Directive (TMD). Even if all these general conditions were satisfied, the CJEU was also asked to rule on whether, having regard to the specific services for which Apple was seeking registration, European law could still refuse the registration under one or more of the exclusion grounds listed in Art. 3 TMD.

On one interpretation, the Apple reference offered the CJEU the opportunity to examine the meaning and scope of representations by 'design' as a category of signs that the European legislator specifically included in Art.2 TMD as capable of being represented graphically and of supporting a trade mark registration. On another interpretation, however, the reference confronted the CJEU with the more significant, general question of whether, and the extent to which, European law should extend trade mark registration to the 'look' or 'get-up' of the commercial premises of a business or shop that may arguably serve, on its own, as an indication of origin. In other words, the question raised was whether Europe should also protect the arrangement or 'service dress' of a business as a variety of the broader concept of trade dress which has for quite some time existed in US law. If such service dress mark could be registered, further questions necessarily arise as to the level of precision required for the defining elements of the trade dress as well as what role public interest considerations should play in restricting or refusing registration for such marks in order to avoid the potential for anti-competitive effects. Most significantly, the Apple reference also raised general questions as to the proper limits around registrability envisaged under the Directive and the Regulation.

The reference arose because in 2010 Apple Inc had persuaded the US Patent and Trade Mark Office to allow the registration of a three-dimensional trade mark consisting of the same depiction for retail services featuring computers and related

¹ C-421/13 *Apple v DPUM*, [2014]

accessories, including demonstrations of those products. Based upon this US registration, Apple Inc sought to extend its trade mark registration internationally under the Madrid Agreement 1891, as revised and amended in 1979, by pursuing the same registration in a number of European countries including Germany, the Benelux and the UK. The German Patents and Trade Marks Office (DPUM) refused the application on various grounds, one of them being the inability of consumers to perceive the layout of Apple's retail space as an indication of commercial origin whilst another ground related to the lack of sufficient distinction between the retail store depicted and retail stores of other similar providers of electronic goods. Apple Inc appealed to the German Federal Court which disagreed with the finding that the store layout depicted had no features that distinguished it from the usual layout of other retail stores in the same sector. However, the German Federal Court believed that Apple's application raised 'fundamental questions' concerning European law and decided to refer four questions to the CJEU.

Given the focus on the conditions of Art.2 TMD, it is clear that for the German Court the pictorial representation and the written description alone, as submitted, fell short of giving a specific and unambiguous idea of what the mark is when used in respect of retail store services. It is also clear that the referring court harboured serious doubts, not so much about whether the store representation could effectively act as an indication of commercial origin in relation to Apple's retail services, as to whether a drawing representing the arrangement of a retail store and the store front without more was sufficiently detailed and precise to constitute a mark in the first place. The purpose of this Article is therefore to examine closely the answers offered for each of the questions referred and then place those answers in the broader context of the CJEU's case-law on non-verbal marks. Part II will form a discussion on European interpretation and principles around subject-matter and statutory grounds for refusing registration under Art.2 and Art.3 of the Directive. Part 3 will then examine the inherent distinctiveness test for three-dimensional shape of product marks and the development of the 'departs significantly' test. Finally, Part 4 will offer an analysis and critique of the 'departs significantly' test and its impact on the protection of trade dress for services arising from Apple. Some concluding remarks will be offered at the end.

I. The *Apple* Reference

A striking feature of the Apple application in Europe is its simplicity, containing as it does a two-dimensional representation, in colour, of the layout and the front of a retail store, including a written description of the mark as 'the distinctive design and layout of a retail store.' No further details were provided, nor was there any

description of which specific elements, features or aspects, or combination thereof, sufficiently individualise the mark and confer upon it its distinctive character which is the central condition for registration. One of the questions referred to the CJEU queried whether such representation of the retail store was capable of supporting a trade mark registration at all; another whether it should be treated in the same way as the registrability of the ‘packaging’ goods and, if so conceptualised, whether the pictorial design alone could satisfy the graphical representation requirement without further indications as to the relative size and proportions of the store layout depicted. Moreover, the referring court also had doubts as to whether Apple’s retail services intended to induce consumers on the premises to purchase Apple products could constitute ‘services’ within the meaning of Art.2 TMD.

Nearly all of the question raised in the Apple reference centred on the proper interpretation and scope of Art.2 TMD, a provision that the CJEU has had occasion to examine mostly in the context of the graphical representation requirement for such unconventional marks as smells, sounds, colour *per se* and colour combinations but certainly not limited to these signs. As interpreted in the case-law, Art.2 TMD seeks ‘to define the types of signs of which a mark may consist, irrespective of the goods or services for which registration may be sought.’² To that end, the provision offers a non-exhaustive list of examples of signs capable of being represented graphically and thus, in principle, capable of constituting the subject-matter of a trade mark, namely words, personal names, designs, letters, numerals, and the shape of goods and of their packaging. Such signs are generally eligible for registration as national or Community trade marks provided that they also meet the central condition for all signs of being inherently capable of distinguishing the goods or services of the applicant. That abstract capacity to distinguish entails a determination of whether or not the sign in question is capable of conveying some *specific information*, particularly as to the origin of a product or service.³

From very the very beginning, Art. 2 TMD was accordingly interpreted as representing the legislature’s intention to incorporate the essential function of the trade mark as the central criterion upon which the Community trade mark system was founded. That essential function means that the mark must be able ‘to guarantee the identity of the origin of the marked good or service to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin.’⁴ The purpose of protecting the registered mark in European law is therefore ‘to guarantee the trade mark as an

² C-363/99 Postkantoor [80]

³ Libertel [39]

⁴ Merz & Krell [22-23]

indication of origin⁵ and, in order to determine the exact scope of this protection, including the exclusive rights conferred upon the proprietor, the essential function of the mark is the central reference point.⁶ This is the fundamental reason why the sign applied for registration must be clearly defined. Whilst EU law does not expressly exclude marks incapable of being perceived visually such as scents, sounds or taste, they do have to be precisely identified under the Sieckmann criteria of graphical representation by means of ‘images, lines or characters’.

Moreover, according to Sieckmann criteria, the means of representation must be clear, precise, self-contained, easily accessible, intelligible, durable and objective. Confronted with the question of whether certain categories of signs are intrinsically capable of distinguishing goods or services within the meaning of Art.2 TMD, the CJEU has declared sound marks but not colour *per se* as having this capacity. Although it has analysed the question of registrability over olfactory marks, the CJEU has yet to address their inherent capacity to perform the essential function of the mark. Under Art.2 TMD, European law therefore requires the subject-matter of any application to meet three preliminary and positive conditions: it must be a sign, that sign must be capable of being represented graphically and, that sign must capable of distinguishing the goods or services of the applicant from those of other traders.

Prior to the *Apple* reference, the CJEU had ruled against the registrability of marks consisting of drawings representing nothing more than the mere arrangement of a concept or an idea featured as part of the applicant’s products. In *Dyson*, the referring English court raised the question of whether the representation of a transparent bin forming part of the external appearance of a vacuum cleaner could be considered to have acquired distinctive character as a consequence of the applicant’s prior use, even if that use occurred during the time that the applicant had a *de facto* monopoly over the product. Yet in its reply, the CJEU reasoned that the *Dyson* application raised a far more fundamental question, namely that what the applicant was seeking to register was not a mark in one or more particular shape of a transparent bin but the concept of a transparent bin itself, regardless of its shape. It was therefore concluded that the subject-matter of such a representation was in fact not sufficiently precise to constitute a ‘sign’ in the first place as required by European law. Given that the effect of *Dyson*’s application would be to confer registration over all conceivable shapes of a transparent bin, rather than a particular type of bin, the public interest embodied in the sign requirement within the meaning of Art.2 TMD could be invoked to prevent ‘the abuse of trade mark law to obtain an unfair competitive advantage.’

⁵ Recital 11, TMD

⁶ AG Opinion in *Merz & Krell* at [33]

There is little doubt that the conceptual and fundamental issues raised by the Apple application are of the same order as those raised by non-visually perceptible signs for which the CJEU had several times before undertaken a thorough and extensive analysis in its guidance. Yet in a mere 30-paragraph reply and without the benefit of the Opinion of an Advocate General, the CJEU discussed and gave answers in relation to a completely new type of mark under European trade mark law: a service dress mark. As stated above, service dress marks form a variety of the broader concept of trade dress that US law has for quite some time recognised and protected under specific conditions and by reference to the functionality doctrine which is intended to address anti-competitive concerns. Such anti-competitive concerns raised by the functionality doctrine form part of the exclusions under Art.3(1)(e) TMD but, in the Apple reference, the CJEU expressly excluded the relevance of this provision in the concrete assessment of distinctive character of the service dress in question.⁷ This means that, having established that the representation of the store as submitted satisfies the positive conditions in Art.2 TMD, the CJEU stated that the service dress mark by Apple could only be excluded under one of the negative conditions under Articles 3(1)(b) and (c). The question arises therefore of the extent to which one (or two) of the aims in the public interest that each of these exclusionary grounds pursues could apply to prevent the registration.

Another important consideration in the Apple reference is how the well-established principles developed around the registrability of three-dimensional marks could operate in the context of marks representing the layout of a shop rather than the shape of the product or the product's packaging. In particular, the question arises as to how the 'depart significantly' test should be applied to this new type of service dress mark and how the normative presumption against assuming that average consumers are in the habit of making purchasing decisions on the basis of the appearance of products (or services in this case) absent a verbal or figurative mark. In its guidance, it was explicitly accepted that the depart significantly criterion extends also to the Apple application when the CJEU stated that the depiction of the Apple store could be assumed to perform the essential function of the trade mark if it is found that 'the depicted layout departs significantly from the norm or customs of the economic sector concerned.'⁸ Moreover, although the CJEU affirmed the principle that the assessment criteria for assessing the distinctive character of a mark *in concreto* and in accordance with Art.3 TMD still require the same considerations regarding the specific goods or services and the perception of the relevant public, nothing else was said about how such consumer perception was to be assessed in

⁷ Apple at [24]

⁸ Apple at [20]

the specific context of a registration consisting of a design depicting the layout of a retail store.

II. Unpacking the EU Registration Principles

The General Public Interest Pursued by Exclusion Grounds

Need to Keep Free for All

Starting in *Windsurfing*,⁹ the Court has adopted a teleological approach to the registration of marks based not only upon statutory wording of the refusal grounds but also upon the shared purpose and scheme underlying the various legal instruments of which they are part, namely the Directive and the Regulation. This teleological approach entails the application and interpretation of the multiple grounds for refusing registration listed in Art.3(1) of the Directive (and the corresponding grounds in Art.7(1) of the Regulation) ‘in the light of the public interest underlying each of them’.¹⁰ The effect of this general interest injected into the scope of each registrability obstacle is that the concrete examination that the courts and competent authorities must undertake ‘may or even must reflect different considerations according to the ground for refusal in question’.¹¹ Thus, in *Windsurfing* which concerned the registration of a geographical term, the CJEU recognised that ‘article 3(1)(c) pursues an aim which is in the public interest, namely that descriptive signs or indications relating to the categories of goods or services in respect of which registration is applied for may be freely used by all, including as collective marks or as part of a complex or graphical mark’.¹² That ‘need to keep free for all’ (whether for competitors or otherwise) inherent in descriptive marks and read into European law did not depend on there being ‘a real, current, or serious need to leave a sign or indication free’ as it is clear from the statutory wording which refers to ‘signs and indications which *may* serve...to designate’.¹³

It is therefore irrelevant to ascertain the number of competitors who have an interest, or who might have an interest, in using the descriptive term in question. Nor is it an important consideration that there are other, more usual or suitable, signs for designating the same characteristics of the goods or services.¹⁴ To the extent that the public interest in keeping signs free for all (also known as ‘the requirement of

⁹ Joined Cases C-108 and C-109/97 *Windsurfing Chiemsee Produktions* [2000] 2 WLR 205, at [25]

¹⁰ C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at [77]

¹¹ C-329/02 P SAT.1 v OHIM [2005] 1 CMLR 57, at [25]

¹² Joined Cases C-108 and C-109/97 *Windsurfing Chiemsee Produktions* [2000] 2 WLR 205, at [25]

¹³ Joined Cases C-108 and C-109/97 *Windsurfing Chiemsee Produktions* [2000] 2 WLR 205, at [35]

¹⁴ C-363/99 *Koninklijke KPN Nederland NV v BMB* [2004] (‘Postkantoor’ Case) at [57]

availability') is not limited to geographical or descriptive terms currently in use but covers situations where it is also reasonable to assume that such uses may arise in the future,¹⁵ the CJEU's teleological interpretation went wider than similar public interest aims that existed in some national laws.

A similar public interest aim has been recognised in the statutory interpretation of Art.3(1)(e) which excludes permanently the registration of signs consisting exclusively of (i) the shape which results from the nature of the goods themselves, (ii) the shape of goods which is necessary to obtain a technical result, and (iii) the shape which gives substantial value to the goods. These exclusions are conveniently described as relating to natural, functional and ornamental shapes.¹⁶ In *Philips*, which concerned the revocation of a figurative mark representing the shape of a three-headed rotary electric shaver, one of the questions referred to the CJEU was whether the exclusion of functional shape marks could be overcome by evidence of the existence of other shapes which can obtain the same technical result. Taking a broader view of unfettered competition, the Court described one of rationales of Art.3(1)(e) as being 'to prevent trade mark protection from granting its proprietor a monopoly over technical solutions or functional characteristics of a product which users are likely to seek in the products of competitors.'¹⁷ It then suggested a concern for the strict deliniation of the different intellectual property rights. As a matter of principle, these two concerns were the two-fold rationale underlying the functionality exclusion.¹⁸ Trade mark law could not therefore be used to restrict the freedom of competitors to incorporate those technical or functional characteristics in their products which are unrelated to the source-identifying function of marks. In that context, the CJEU interpreted the permanent exclusions in Art.3(1)(e) as pursuing an aim in the public interest in the same way as the exclusion of descriptive marks, namely 'that a shape whose essential characteristics perform a technical function and were chosen to fulfil that function may be freely used by all..'¹⁹

In the specific context of the second indent (ii) in Art.3(1)(e), the functionality exclusion was interpreted to address broader competition concerns and to reflect 'the legitimate aim in not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions.'²⁰ From this public interest aim embedded in European law, the answer followed that, where the essential functional characteristics of a product's shape are attributable solely to the

¹⁵ Joined Cases C-108 and C-109/97 *Windsurfing Chiemsee Produktions* [2000] 2 WLR 205, at [32] (emphasis added).

¹⁶ Opinion of the AG in C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at [16]

¹⁷ C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at [78]

¹⁸ Opinion of AG in C-48/09 P *Lego Juris A/S v OHIM*, [2010] at [61] (Referring to the other rationale unearthed in *Philips* as relating to an anti-monopoly criterion.)

¹⁹ C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at [80]

²⁰ C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at [82]

technical result, that sign is a mark consisting exclusively of a shape necessary to obtain a technical result and its registration is permanently excluded, even if that technical result can be achieved by other shapes.²¹ In the Opinion of the AG in *Philips* the ‘immediate aim’ of excluding functional and ornamental shape marks was to police the boundaries between trade mark law, on the one hand, and patents and design rights, on the other.²² That immediate aim was explicitly endorsed in *Lego* where the CJEU interpreted the functionality exclusion as reflecting the legislature’s desire to balance two considerations in the pursuit of a fair and healthy competition system. Firstly, by excluding product shapes which merely incorporate the technical solution developed by the manufacturer and protected by a patent, European law ‘ensures that undertakings may not use trade mark law in order to perpetuate, indefinitely, exclusive rights relating to technical solutions.’²³ Secondly, by using the terms ‘exclusively’ and ‘necessary’, the legislature was duly cognisant that any shape of goods is, to a certain extent, functional and, accordingly, made the functionality exclusion dependent upon further conditions.²⁴

The ruling in *Lego* confirmed that the permanent exclusions of functional shape marks apply even if a shape of goods has acquired distinctive character through use. It was also stressed that, for the correct application of the functionality exclusion, it was permissible to ascertain the functionality of the essential characteristics of the mark on the basis of a detailed examination that could take into account, *inter alia*, documents of previously granted industrial rights such as patents. Furthermore, the view adopted by the AG Opinion in *Lego* that the purpose of the functionality exclusion is ‘overwhelmingly to protect competition’²⁵ was unequivocally confirmed in *Pi-Design AG* where the CJEU allowed for the possibility of using reverse engineering to find out what the mark really represents by reference to the goods actually marketed in a situation where the application for registration is deliberately drafted to escape the functionality exclusion.²⁶ More recently, in giving an interpretation of the other two exclusions regarding natural and ornamental shape marks for the first time, the CJEU drew upon the principles arising from *Philips* and *Lego* and stated that the immediate aim of all the three exclusions set out in Art.3(1)(e) is the same, namely ‘to prevent the exclusive and permanent right which

²¹ C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at [83]

²² Opinion of the AG in C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at [30]

²³ C-48/09 P *Lego Juris A/S v OHIM*, [2010] at [45]

²⁴ C-48/09 P *Lego Juris A/S v OHIM*, [2010] at [48]

²⁵ Opinion of AG in C-48/09 P *Lego Juris A/S v OHIM*, [2010] at [74]

²⁶ Joined Cases C-337/2 P to C-340/12 P *Pi-Design AG v Yorshida Metal Industry*, [2014] (The CJEU reversed the General Court’s conclusion that the detailed examination for assessing whether a shape mark merely incorporates technical characteristics is limited to the mark as filed and registered. In the application for registration, the applicant classified the marks as two-dimensional marks representing of the design of knife handles with dots and provided a description with the deliberate intention of avoiding the application of the functionality exclusion. In this case, the Board of Appeal at OHIM had found that the black dots representing dents performed a technical function, ie a non-skid effect of the knife.)

the a trade mark confers from serving to extend indefinitely the life of other rights which the EU legislature has sought to make subject to limited periods.²⁷

Unlike the aims in the public interest characterised by the need to keep free or the requirement of availability applicable to descriptive and functional marks and pursued by the refusal grounds in sub-paragraphs (c) and (e), the same policy objectives are not recognised to be the yardstick against which to interpret and apply the grounds for refusing the registration of marks devoid of distinctive character and those which are customary in accordance with sub-paragraphs (b) and (d) of Art.3(1) of the Directive. It was precisely in the context of articulating the different general interest underlying each exclusion ground that the CJEU reasoned, by extension, that each ground is ‘independent of the others and requires separate examination’,²⁸ though it acknowledged there is a ‘clear overlap’ between the scope of each of them.²⁹ What this means in practice is that the fact that a mark does not fall within one of the grounds does not mean that it cannot fall within another or that they cannot apply simultaneously. According to this independence approach, courts and tribunals are not allowed to conclude that a mark is not devoid of distinctive character in relation to certain goods or services, as prohibited in Art.3(1)(b), simply on the ground that it is not descriptive of them, as prohibited in Art.3(1)(c).³⁰ In *Postkantoor*, the CJEU described the interplay between descriptiveness and distinctiveness by pointing out that a word mark which is descriptive of the goods or services is, on that account, necessarily devoid of distinctive character with regard to the same goods or services.³¹ However, the reverse is not true. Accordingly, a mark may nonetheless be devoid of distinctive character in relation to goods or services for reasons other than the fact that it may be descriptive.

The Need to Preserve Availability

Nevertheless, it soon became clear that the possibility of registering a trade mark may be limited for reasons of public interest and, in European law, this task is in fact achieved by the general interests at heart of the CJEU’s teleological approach to the registrability grounds. In the context of whether a colour *per se*, not spatially delimited, can be inherently distinctive and therefore registered as a trade mark in accordance with Art.3(1)(b), the CJEU in *Libertel* established that there is in Community law ‘a public interest in not unduly restricting the availability of colours for the other operators who offer for sale goods or services of the same type as

²⁷ C-205/13 *Hauck GmbH v Stokke A/S* [2014] at [19-20]

²⁸ C-53/01 to C-55/01 *Linde AG* [2003], at [67]; C-329/02 *P SAT.1 v OHIM* [2005] 1 CMLR 57, at [25]

²⁹ C-363/99 *Koninklijke KPN Nederland NV v BMB* [2004] (‘Postkantoor’ Case) at [65]

³⁰ C-363/99 *Koninklijke KPN Nederland NV v BMB* [2004] (‘Postkantoor’ Case) at [70]

³¹ C-363/99 *Koninklijke KPN Nederland NV v BMB* [2004] (‘Postkantoor’ Case) at [86]

those in respect of which registration is sought.³² This general interest in not unduly restricting the availability of certain signs such as colours was justified in the light of the limited number of colours available (the fear of ‘colour depletion’) and the danger of an unjustified competitive advantage arising from the exclusive registration rights afforded to a few traders to the detriment of new traders. Much like the concern for unfettered competition underpinning the general interest to keep free for all which was read into Art.3(1)(c) and (e), this interpretation of Art.3(1)(b) gave the impression that all the refusal grounds shared the same general interest and address the same anti-competition concern such that they should be all treated as aiming ‘to prevent the grant to one operator alone of exclusive rights which could hinder competition on the market for the goods or services concerned.’³³

Essential Function of the Trade Mark

This misconception was soon rectified with the CJEU accepting that, whilst the availability requirement was recognised in the specific context of assessing the distinctive character of colours, this general interest protecting the interests of competitors could not extend without qualification to all situations falling within the distinctivenesss test in Art.3(1)(b), or the equivalent provision in Art.7(1)(b) of the Regulation. In the Opinion of the Advocate General which the SAT.1 decision largely followed, there was an important difference in terms of the intensity with which the aim of keeping signs free for all and the aim of not unduly restricting the availability of signs should apply.³⁴ This important difference means that the application of the former was more severe (‘for all’) than the latter (for only those ‘competitors’ of the proprietor). In the same SAT.1 case, the CJEU took the opportunity to clarify that the fact that a sign is found to be commonly used, in trade, for the presentation of the relevant goods or services was not the appropriate criterion for concluding the mark was devoid of distinctive character.³⁵ Rather, the criterion of a sign being commonly used in the industry concerned is part of the descriptiveness exclusion that militates against registration by reference to the general interest in keeping descriptive signs free for all.

More importantly, in keeping with the interpretation that each registration ground is independent of each other and requires separate examination, the CJEU in SAT.1 unearthed the general interest underpinning the European concept of

³² C-104/01 *Libertel Groep BV v BMB* [2005] 2 CMLR 45, at [55]

³³ This was expressed by the Court of First Instance (now General Court) in T-118/00 *Procter & Gamble v OHIM* [2001], at [73]. This was interpretation was not addressed by the CJEU but was rejected by the AG Opinion. See the Opinion of the AG in Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004] at [82] Joined Cases C-468/01 P to 472/01 P *Procter & Gamble v OHIM*, [2004] (Tabs Case)

³⁴ C-329/02 P SAT.1 v OHIM [2005] 1 CMLR 57, Opinion of the AG at [28]

³⁵ C-329/02 P SAT.1 v OHIM [2005] 1 CMLR 57, at [36]

distinctive character by ruling that such public interest is ‘manifestly indissociable from the essential function of the trade mark.’ With the exception of single colours, the interests of competitors in keeping certain signs available have no role to play in the question of whether a mark, without prior use, can be predicted to have distinctive character and thereby performed the essential function required for registration. Furthermore, trade mark registration is not dependent upon showing a specific level of linguistic or artistic creativity or imaginativeness; it simply suffices that ‘the trade mark should enable the relevant public to identify the origin of the goods or services protected thereby and to distinguish them from those of other undertakings.’³⁶ The essential function was thus linked to the statutory requirement of distinctiveness as the central condition for registrability that appears in general, positive terms in Art.2 (‘capacity to distinguish’) and is given effect in rather more specific, negative terms in Art.3(1)(b) (‘devoid of any distinctive character’) of the Directive. Since then, it has been an established principle of interpretation to state that, for a mark to possess distinctive character for the purposes of Art.3(1)(b), ‘it must serve to identify the product in respect of which registration is applied as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings.’³⁷ More specifically, as a guarantee of origin, a trade mark having distinctive character must enable the *consumer* (or end user) confidently to repeat a purchasing decision, if it proves satisfactory, or to avoid it, if it proves disappointing. In order fully to understand the centrality of the essential function of the trade mark to European law and its relationship to the protection of trade dress, it is important to explain how that the essential function was initially envisaged and subsequently developed.

In EU law, trade mark rights are understood to ‘constitute an essential element in the system of undistorted competition which the Treaty is intended to establish’ and, under such a system, ‘undertakings must be able to attract and retain customers by the quality of their products or services, which is made possible only by distinctive signs allowing them to be identified.’³⁸ Relying on the recitals of the legislation,³⁹ the CJEU has consistently stated that this system of undistorted competition is safeguarded only by ensuring that ‘the purpose of the protection afforded by the registered trade mark is in particular to guarantee that trade mark’s function as an indication of origin.’⁴⁰ Ever since this interpretation, the essential function of the trade mark has been a prominent feature and a well-entrenched concept of EU law appearing not only in the context of defining suitable subject-matter for registration but also in the context of delimiting the appropriate scope of

³⁶ C-329/02 P *SAT.1 v OHIM* [2005] 1 CMLR 57, at [41]

³⁷ Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004] at [40]; Joined Cases C-53/01 to C-55/01 *Linde AG* [2003] at [40]

³⁸ C-517/99 *Merz & Krell* [2001] at [21]. See also C-206/01 *Arsenal Football Club v Reed*, [2002] at [47]

³⁹ Recital 11 of the Directive; Recital 8 of the Regulation

⁴⁰ C-517/99 *Merz & Krell* [2001] at [24]

protection under the infringement provisions. It has been consistently defined as being 'to guarantee the identity of origin of the marked goods or services to the consumer or end user by enabling him, without any possibility of confusion, to distinguish the goods or services from others which have another origin.'⁴¹

That definition corresponds with the interpretation of a mark having distinctive character to avoid being excluded under Art.3(1)(b) described above. Signs which are unable to fulfil the twin purposes underlying the essential function of the trade mark⁴² do not advance the underlying purpose of EU law and are, for that sole reason, outside the protection of the Directive or the the Regulation. Furthermore, those advising the CJEU have taken the view that every provision of Community trade mark law should be interpreted by reference to the essential function, the protection of which can guarantee a real system of competition that lies at heart of the common market.⁴³ According to this widely-held view, the Community legislature rested the whole system of trade mark protection upon this principle and incorporated that essential function into the preliminary conditions for registrability set out in Art.2⁴⁴ and into the negative conditions taking the form of various obstacles to registrability set out in Art.3(1) of the Directive.⁴⁵

In tandem with the essential function of the trade mark central to Art. 3(1)(b), the exclusion of marks which consist exclusively of signs or indications which have become customary in the current language or in the trade practices in Art.3(1)(d) is understood to relate to customary signs also being incapable of fulfilling the essential function of the trade mark and are, for that reason alone, excluded in conjunction with the criterion laid down in Art.2.⁴⁶ The question of whether a mark has become customary, however, cannot be answered in the abstract and without considering the

⁴¹ C-517/99 *Merz & Krell* [2001] at [23]; C-206/01 *Arsenal Football Club v Reed*, [2002] at [48] ('For the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish and maintain, it must offer a guarantee that all the goods or services bearing it have been manufactured or supplied under the control of a single undertaking which is responsible for their quality.')

⁴² This is how the AG Opinion in Windsurfing understood the essential function, that is, as performing a distinguishing function and being a guarantee of origin. Opinion of the AG in Joined Cases C-108 and C-109/97 *Windsurfing Chiemsee Produktions* [2000] 2 WLR 205, at [27]; Also, Opinion of the AG in C-517/99 *Merz & Krell* [2001], fn 33 (Endorsing the same interpretation.)

⁴³ Opinion of the AG in C-517/99 *Merz & Krell* [2001], at [33]; Opinion of the AG in Joined Cases C-108 and C-109/97 *Windsurfing Chiemsee Produktions* [2000] 2 WLR 205, at [27]; Opinion of the AG in C-409/12 *Backaldrin Osterrich The Kornspitz Company GmbH v Pfanhil* [2014], at [27-28]

⁴⁴ Art.2 is entitled 'signs of which a trade mark may consist' and states that '[a] trade mark may consist of any signs capable of being represented graphically, particularly words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provided that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings.' See C-517/99 *Merz & Krell* [2001] at [23]

⁴⁵ C-517/99 *Merz & Krell* [2001] at [28] (Stating that the signs referred to in Art.3(1)(d) are those incapable of distinguishing the goods or services of one undertaking from those of other undertakings.); C-329/02 P SAT.1 v OHIM [2005] 1 CMLR 57; Postkantoor

⁴⁶ C-517/99 *Merz & Krell* [2001] at [28] and [37]; C-192/03 P *Alcon Inc v OHIM* [2004] at [29]

goods or services that the mark identifies. Whilst bearing in mind the overlap between the various grounds, the CJEU has been careful to distinguish descriptiveness from genericness by pointing out that Art.3(1)(d) does not exclude signs on the basis that they describe or designate characteristics of the goods, but on the basis of their current usage in the trade sectors related to the goods for which the mark is intended for registration.⁴⁷ Thus, to the extent that the genericness exclusion is not limited solely to trade marks which describe properties or characteristics of the relevant goods, its scope is much wider than that of descriptiveness. Although it is clear that the essential function of the trade mark governs the exclusion of generic terms, the nature of the general interest that Art.3(1)(d) pursues has never been explicitly articulated in the case-law. But, in the Opinions of those advising the CJEU there appears a consensus that the rationale for the aim of keeping signs free for all which is recognised in connection with descriptive and functional marks can be easily transposed to customary or generic signs.⁴⁸

Academic Criticisms

The upshot of this analysis is that, in predicting the potential registrability of a mark in a situation where no prior use on the market can be assumed, the refusal grounds are not mutually exclusive but disjunctive in nature and the scope of their application is determined, not necessarily according to their literal wording, but by the specific public interest that each of them is intended to serve. However, the manner in which the CJEU has interpreted the grounds for refusing registration has not been without criticism from academics. For instance, Handler has argued that it makes no sense to say that, whilst there may be some overlap between them, those grounds must be treated as 'independent' of each other and therefore as pursuing different policy interests calling for separate considerations. In his view, this is a very formalistic approach simply based on the literal wording and a literal interpretation of the Directive and the Regulation.⁴⁹ Contrary to that formalistic approach, Handler's argument is that the European notion of distinctiveness was intended to be a single, indivisible concept as the legislative history of these instruments reveals that the refusal grounds based on descriptiveness (c) and genericness (d) of a mark were envisaged as mere subsets and specific examples of the more general refusal ground for being devoid of distinctiveness in (b). In other words, all three grounds are the expression of the same legislative intention to deny registrability of marks that, in relation to specific goods or services, are incapable of fulfilling the essential function

⁴⁷ C-517/99 *Merz & Krell* [2001], at [36].

⁴⁸ Opinion of AG in C-409/12 *Backaldrin Osterreich The Kornspitz Company GmbH v Pfanhil* [2014], at [75]; Opinion of AG in Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004] at [79]; Opinion of AG in C-329/02 P *SAT.1 v OHIM* [2005] 1 CMLR 57, at [25].

⁴⁹ M Handler, 'The Distinctive Problem of European Trade Mark Law' (2005) 9 EIPR 306, 308.

of the trade mark and which may, for that reason alone, be considered non-distinctive. Other academics have adopted the same view.⁵⁰

As further support for his argument and the 'omnibus role' of Art.3(1)(b), Handler points to the wording of Art.3(3) in the Directive and the comparable provision of Art.7(3) in the Regulation which respectively allow for the registration of marks that, despite initially falling foul of subsections (b), (c) and (d), have nonetheless acquired distinctive character through use and must not be refused registration. If distinctiveness was intended to be a single concept, it would then make little sense to treat these sub-sections in Art.3(1) as being motivated to perform different functions and serve different public interests. More importantly, in Handler's view, the range of situations where the interests of traders and competitors may be adversely affected is clearly not limited to those cases concerning descriptive and customary terms in subparagraphs (c) and (d) but could equally extend to cases where the mark is likely to be caught exclusively for being non-distinctive in subparagraph (b). Accordingly, there would be as strong a public interest in preserving the availability of not only colours and descriptive signs but also basic, commonplace signs such as letters, numerals, common surnames and shapes. There is thus, at least, an academic argument for a unified test of distinctiveness that takes into account a broader range of interests such as those of owners, consumers and other traders that, while still relying on the essential function of the trade mark, would recognise that *all* trade mark registrations intrude, to some extent, upon the domain of signs that other traders may legitimately need to use, whether those signs may be descriptive, generic, or non-distinctive.

More recently, there have been some developments in the case-law that could provide some answers to the academic criticism that there has been a judicial failure in articulating how the registration grounds relate to one another and the complementary purposes they serve. In *Technopol*, which concerned the refusal to register the numeral mark '1000' for periodical and newspapers on the basis of descriptiveness, the CJEU upheld the refusal and, in doing so, made more explicit the implication arising from the *Postkantoor* principle that a mark may be non-distinctive for reasons other than being descriptive, generic or even functional. In defining the scope of the descriptiveness exclusion and contrasting it with that of distinctiveness, the Court stated that the key distinction between the two concepts is that the exclusion for being devoid of distinctiveness 'covers all the circumstances in which a sign is not capable of distinguishing' the goods or services of the applicant.⁵¹ On the basis of this interpretation, the Court has similarly rejected a distinction based

⁵⁰ D Keeling, 'About Kinetic Watches, Easy Banking and Nappies That Keep a Baby Dry: A Review of Recent European Case Law on Absolute Grounds for Refusal to Register Trade Marks' (2003) IPQ 131

⁵¹ C-51/10 P *Agencja Wydawnicza Technopol sp. z o.o v OHIM*, [2011], at [47]

upon the reference to 'is' and 'may' in the provisions of sub-paragraphs (b) and (c) respectively in the sense that the distinctiveness test requires a finding of no distinctiveness in *all* cases whereas descriptiveness requires the mere finding of a potential or probable descriptive use.⁵² According to this distinction, the 'not remote possibility' of a case in which the applicant puts the mark to a distinguishing use *per se* is sufficient to satisfy the minimum level of distinctiveness. This potentiality finding has rightly been rejected as the appropriate criterion for determining the central question of inherent distinctiveness.⁵³ However, the CJEU has emphasised the importance that each ground duly continues to be applied only to the situations specifically covered by it.⁵⁴

The implication of the ruling in *Technopol* is therefore that the distinctiveness test mandated in Art.3(1)(b) does have the 'omnibus role' identified in academic writings⁵⁵ or the 'residual or sweeping-up function' that backs up the other exclusions identified in some English decisions.⁵⁶ Nevertheless, unlike the cases involving the operation of the test for descriptive, generic and functional marks, the CJEU has not read any 'protective function' in addition to a 'distinguishing function' into the operation of the distinctiveness test. According to commentators like Handler, this approach makes no sense because the exclusions, taken as a whole, are intended to serve either a *distinguishing* function alone or, in addition, a *protective* function.⁵⁷ However, whilst the CJEU has yet to adopt the proposed unified test of distinctiveness pursuing a single aim in the public interest, this Article argues that the Court *has* in fact modified the rules around this test in order to accommodate those general interests identified in Handler's critique.

III. Inherent Distinctiveness Test for Shape Marks.

Distinctiveness Test

From the very beginning, the CJEU made it clear, that in conducting the concrete examination of the refusal grounds in Art.3(1), it was necessary to have regard to the specific 'nature' of the mark in question in order to determine whether or not any of the grounds should duly apply.⁵⁸ Subsequently, it became clear that

⁵² C-307/11 P *Deichmann SE v OHIM* [2012], at [34]

⁵³ C-307/11 P *Deichmann SE v OHIM* [2012], at [48] (The applicant sought to back up his proposed interpretation by reference to a similar view adopted and established in German case-law, but the CJEU still rejected this interpretation.)

⁵⁴ C-51/10 P *Agencja Wydawnicza Technopol sp. z o.o v OHIM*, [2011], at [48]

⁵⁵ M Handler, 'The Distinctive Problem of European Trade Mark Law' (2005) 9 EIPR 306, 309

⁵⁶ *P&G Trade Mark's Application*, [1999] RPC 673, 679 (CA)

⁵⁷ M Handler, 'The Distinctive Problem of European Trade Mark Law' (2005) 9 EIPR 306, 309. Handler draws these functions from the writings of other IP scholars. See L Bently and B Sherman, *Intellectual Property Law* (4th ed OUP 2014) 933, 945

⁵⁸ Joined Cases C-108 and C-109/97 *Windsurfing Chiemsee Produktions* [2000] 2 WLR 205, at [50]; C-363/99 *Koninklijke KPN Nederland NV v BMB* [2004] ('Postkantoor' Case) at [32]

the determination of which ground may be engaged in the concrete assessment of registrability informed the determination of the public interest that could motivate the refusal. However, identifying the nature of the mark did not mean that registration could, in principle and a priori, be refused solely on the basis of the mark's 'ontological status'.⁵⁹ Nor was it permissible for registries or courts to apply more stringent conditions or impose additional requirements based upon the mere fact that a mark was a number,⁶⁰ a letter,⁶¹ a figurative mark depicting a product⁶² or a three-dimensional shape of a product mark.⁶³

It was also clear that, for those Member States where product shape marks had traditionally been denied registration on the basis that such protection amounted to a monopoly over products themselves whose sole effect would be to limit rather than promote competition, there was a tendency of national courts to demand some element of 'capricious addition' or impose 'stricter criteria' than those used for other types of marks when approaching the question of inherent distinctiveness. In preliminary references to the CJEU, both approaches were roundly rejected in *Philips* and *Linde* arising from the UK and Germany respectively. Since then it has been consistently stated that neither the wording of Art.2⁶⁴ nor the wording of Art.3(1)(b)⁶⁵ makes any distinction between different categories of marks for the purposes of assessing their distinctive character. There is therefore no basis in European law for denying inherent distinctiveness of a mark as a matter of principle, with the result that such a mark may only become distinctive through use under Art.3(3) of the Directive. Similarly, the question of inherent distinctiveness cannot be answered in an abstract manner and separately from the goods or services that a mark is intended to distinguish. This is how the CJEU declared incompatible the UK Registry's practice of rejecting surnames without prior use by reference to the number of times the surname was listed in the telephone directory⁶⁶ and, in another reference, ordered the German Registry to conduct a specific examination of whether a widely-known term of praise such as 'Bravo' was customary in the trade practices to which the specific goods referred.⁶⁷

Another aspect that has become settled in European law is the method for assessing whether or not a mark has distinctive character. In this regard, the CJEU has consistently held that, whether inherent or acquired through use, distinctive character must always be assessed, firstly, by reference to the relevant goods or

⁵⁹ *Linde*; C-51/10 P *Agencja Wydawnicza Technopol sp. z o.o v OHIM*, [2011], at [29]

⁶⁰ C-51/10 P *Agencja Wydawnicza Technopol sp. z o.o v OHIM*, [2011], at [47]

⁶¹ *Borco*

⁶² *Linde*

⁶³ *Henkel*

⁶⁴ C-299/99 *Philips v Remington*, [2002] 2 CMLR 52, at

⁶⁵ Joined Cases C-53/01 to C-55/01 *Linde AG* [2003], at [42]

⁶⁶ C-404/02 *Nichols Plc v Register of Trade Marks*, [2005] RPC 12

⁶⁷ C-517/99 *Merz & Krell* [2001]

services and, secondly, by reference to the perception of the average consumer of those goods or services who is assumed to be reasonably well-informed, reasonably observant and reasonably circumspect. The ultimate purpose of this twin-headed methodology is to ascertain whether 'the mark in question makes it possible to identify the product in respect of which registration is applied for as originating from a particular undertaking, and thus to distinguish that product from those of other undertakings.'⁶⁸ In other words, as stated above, the task of distinctiveness is to establish whether or not the sign can perform the essential function of the trade mark. In the specific context of three-dimensional shape of product marks, the CJEU has also consistently emphasised that 'the criteria for assessing the distinctive character of three dimensional marks consisting of the appearance of the product itself are no different from those applicable to other categories.'⁶⁹

But although the distinctiveness criteria are the same for all marks, the practical application of those criteria requires consideration of further, specific rules. Starting in the context of inherent distinctiveness of single colours, the CJEU in its 2003 *Libertel* reference laid down the empirical rule regarding how the average consumer may react to certain types of marks on the market, namely that 'the perception of the relevant public is not necessarily the same in the case of a sign consisting of a colour per se as it is in the case of a word or figurative mark consisting of a sign that bears no relationship to the appearance of the goods it denotes.'⁷⁰ The reason for this difference in consumer perception was that, [w]hilst the public is accustomed to perceiving word or figurative marks instantly as signs identifying commercial origin of the goods, the same is not necessarily true where the sign forms part of the look of the goods...⁷¹ From these empirical observations, the rule followed that 'consumers are not in the habit of making assumptions about the origin of goods based on their colour or the colour of their packaging, in the absence of any graphic or word element.'⁷² Arguably, the CJEU grounded its empirical rule on market realities when it explained that the reason for its approach was that 'as a rule a colour per se is not, in the current commercial practice, used as a means of identification.'⁷³

The empirical rule uncovered for single colours was extended the following year in the *Henkel* reference to all cases involving product shapes and product packaging where the CJEU repeated its reasoning in *Libertel* but went on to highlight what the empirical rule means in practice when it stated that 'average consumers are

⁶⁸ C-64/02 P *OHIM v Erpo*, [2005] ETMR 58, at [42]; C-97/12 P *Louis Vuitton Malletier v OHIM*, [2014], at [50]

⁶⁹ C-97/12 P *Louis Vuitton Malletier v OHIM*, [2014], at [51]

⁷⁰ C-104/01 *Libertel Groep BV v BMB* [2005] 2 CMLR 45, [65]

⁷¹ C-104/01 *Libertel Groep BV v BMB* [2005] 2 CMLR 45, [65]

⁷² C-104/01 *Libertel Groep BV v BMB* [2005] 2 CMLR 45, [65]

⁷³ C-104/01 *Libertel Groep BV v BMB* [2005] 2 CMLR 45, [65]

not in the habit of making assumptions about the origin of the goods based upon the shape of their packaging, in the absence of any graphic or word element, and it could therefore prove more difficult to establish distinctive character in the cases of such three-dimensional trade mark than in the case of a word or figurative mark.⁷⁴ In its 2003 *Linde* ruling, the Court had made passing reference to the fact that, in practice, it may be more difficult to establish inherent distinctiveness for a shape of a product mark than a word or figurative mark but such practical difficulties, which were permissible to take into account, did not justify a more stringent test. In the same *Linde* ruling, AG Ruiz-Jarabo Colomer was more forthcoming about the origins of these practical difficulties when he pointed out that they 'derive from the very nature of three-dimensional shapes and from the idiosyncrasies of consumers' habits rather than from what is alleged to be a stricter approach in the assessment of distinctive character.⁷⁵ According to his Opinion, there are 'public-interest reasons which militate in favour of applying different rules by reference to the types of signs which may constitute trade marks...', though he did not elaborate any further.

Given the lack of consumer pre-disposition to treating shape marks as indications of commercial origin, *Henkel* also established the test that gave expression to the need for different rules according to the type of sign which the AG referred to in *Linde*. In its reply to the question of the proper test for assessing the inherent distinctiveness of product packaging, the CJEU in *Henkel* stated that, for the purposes of Art.3(1)(b), 'a trade mark which significantly departs from the norm or customs of the sector *and* thereby fulfils its essential original function is not devoid of distinctive character.'⁷⁶ Thus, a simple departure from the norm or customs of the sector was insufficient to satisfy this 'departs significantly' test. The corollary to this test is that 'the more closely the shape for which the 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...'⁷⁷

Departs Significantly Test

Although the departs significantly test features prominently in the case-law of the CJEU and the GC as the established framework for predicting the potential capacity of a sign to serve as indication of source prior to any use, there has been little examination and analysis of the true nature and normative basis of this test. Unsurprisingly, this has led to some misunderstandings on the part of applicants, commentors and national courts alike. For a start, by virtue of the connector 'and',

⁷⁴ C-218/01 *Henkel KGaA v DPUM*, [2004] at [52]

⁷⁵ Opinion of AG in Joined Cases C-53/01 to C-55/01 *Linde AG* [2003], at [12]

⁷⁶ C-218/01 *Henkel KGaA v DPUM*, [2004] at [49]

⁷⁷ Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004], at [39]

the test appears to require and proceed in two steps rather than one, though it is unclear what the true import of the connector ‘thereby’ might be. The English Court of Appeal has rejected an interpretation of ‘thereby’ as meaning ‘therefore’, so that once the shape is found to be a fancy shape in the sense of departing significantly from the norm, it is *ipso facto* inherently distinctive.⁷⁸ For the English Court, a finding of being a fancy shape means no more than that they shape *may* fulfil the function of the trade mark, not that it *must*. It is submitted that there is support in the case-law of the CJEU for this disjunctive interpretation and this Article will accordingly proceed to analyse the test as a two-step test.

Step One: A Significant Departure from the Norm or the Sector

In the two Tabs cases involving a refusal to register as Community marks three-dimensional tablets for washing machines or dishwashers, the CJEU agreed with the finding of the Court of First Instance (CFI, but now General Court) that they were devoid of distinctiveness and dismissed the appeals on the basis of the departs significantly test. The refusals for registration were upheld despite the applicants’ arguments that the shape of the tablets in combination with the arrangement of colours or the coloured layer with speckles were not, at the material time, part of the usual product get-up on the market. Both applicants also argued that, at the date of filing, dishwasher tablets were not every day consumer goods and, at that time, they were at the top end of the relevant market. For that reason, the application of the principle that the consumer’s level of attention is likely to vary according to the category of goods in question could not lead to the conclusion that, for these products, that level of attention was low and thus the consumer would pay little attention to the specific features of the product get-up. Closely related to this argument was the applicants’ final plea which was based on the CFI’s refusal to decide on the question of the relevant date for assessing distinctiveness.

These two cases have been criticised by commentators for different reasons. Writing in 2004, Pagenberg was critical of the CJEU’s failure to recognise the fact that the tablets were in fact ‘an entirely new form of product, namely the first three dimensional shapes of compressed washing powder as a ready-to-use portion of detergent.’⁷⁹ According to his criticism, it was impermissible of the CJEU not to decide the question of the relevant date for distinctiveness. On the other hand, writing in 2005, Davies relied on these Tabs Cases to argue for the need for more evidence when applying the empirical rule regarding consumer perception of product

⁷⁸ *Bongrain SA’s Trade Mark Application*, [2004] EWCA Civ 1690

⁷⁹ J Pagenber, ‘Trade Dress and The Three Dimensional Mark –The Neglected Children of Trade Mark Law? (2004) IIC 831, 835

marks.⁸⁰ According to her criticism, in cases such as the Tabs Cases, ‘the relevant authorities should be wary of making judgements without seeking further evidence.’⁸¹ With respect, both of these academic criticisms are examples of a common misconception around this ‘departs significantly’ test. The test is a two-step test, requiring more than just a significant departure, and the empirical presumption underlying the test is one that it is for the applicant to rebut by specific and substantiated evidence, not the registry.

Although it is true that there is not a great deal of analysis in the CJEU’s dismissal of the appeals in the Tabs Cases because both appeals challenged the factual appraisal rather than points of law which is not subject to review by the Court, there is in fact an extensive discussion in the Opinion of the Advocate General. In the Tabs Cases, AG Ruiz-Jarobo Colomer returned to his point made in *Linde* about the need for different rules according to the type of sign and, at the very outset of his Opinion, urged the CJEU ‘to modify its case-law in relation to three-dimensional shape of goods signs, which need to be dealt with in a particular way and differently from other registrable signs.’ In doing so, the AG stressed a point some scholars have made in connection with this category of marks, namely ‘that in this area it is hard to separate lack of distinctive character from descriptiveness.’⁸² In relation to the concrete assessment of the marks in question, the AG endorsed the CFI’s application of the ‘obvious shape’ criterion which assesses distinctiveness, not by comparing the mark with shapes already current, but by reference to ‘an ideal paradigmatic concept of the product or...to how it instinctively comes to mind, instead of by reference to products already available on the market.’⁸³ This ideal paradigmatic criterion was arguably endorsed by the CJEU when it agreed that it was not necessary to decide on the relevant date for assessing distinctiveness since that assessment is not affected ‘by how many similar tablets were already on the market.’⁸⁴

Echoing the public-interest considerations he alluded to in *Linde*, the AG in the Tabs Cases rejected the applicants’ standard of unusual signs being distinguishable as such a criterion ‘would give the more assiduous operators a disproportionate avantage, since they would be able to register in their own name shapes which are easier to manufacture or more readily marketable.’⁸⁵ Despite the principle that a no more rigorous standard of distinctiveness is to be applied to shape

⁸⁰ J Davies, ‘Locating the Average Consumer: His Judicial Origins, Intellectual Influences and Current Role in European Trade Mark Law’ (2005) IPQ 183

⁸¹ J Davies, ‘Locating the Average Consumer: His Judicial Origins, Intellectual Influences and Current Role in European Trade Mark Law’ (2005) IPQ 183, 201

⁸² Opinion of AG in Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004], at [4].

⁸³ Opinion of AG in Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004], at [83]

⁸⁴ Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004], at [62]

⁸⁵ Opinion of AG in Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004], at [69]

of product marks, in the view of the AG that fact in no way means that 'the method of assessing distinctive character cannot be adapted to the particular features of this category of registrable signs.'⁸⁶

A finding of being an obvious shape has more often than not been enough to conclude that a three-dimensional mark, usually in the form of a complex mark, is devoid of inherent distinctiveness within the meaning of Art.3(1)(b). That conclusion must be supported by analysis of the overall impression of the mark which is not incompatible with an examination of each component individually. Given that European law normally regards what is essentially product trade dress as a complex mark representing an arrangement or combination of features, most refusals to register are based upon the finding that those combinations are a mere variant of a common combination or arrangement.

Step Two: Fulfilling the Essential Function

This is the crux of the departs significantly test and what, it is submitted, separates this test from the area of design protection. Once it is established that the mark does depart significantly from the norm or customs of the sector, the applicant (not the Office) must show that mark alone will enable the average consumer immediately to rely on the mark as a indication of origin. The test is one of first impression and must be established without an analytical examination on the part of the consumer. Central to answering this question is to consider the normal marketing practice of the sector.

IV. The Impact of the Departs Significantly Test to Trade Dress

Commentators have traditionally criticised the CJEU's approach to the registrability of three-dimensional marks for failing to live up to the Court's mantra that the assessment criteria are the same for all marks and that there is nothing in the wording of the Directive or in the Regulation for imposing more stringent conditions simply on the basis of the nature or ontological status of the mark applied for. In other words, there is a level playing field for all marks. What this means in practice is that the test for determining whether the mark has inherently distinctive character –or in doctrinal language whether it is likely to be recognised by the consumer as indication of commercial source- requires the same conditions namely a consideration of the goods or services applied for and a consideration of the perception and presumed expectations of the average consumer of those goods or services. These two conditions are applied to all categories of marks, whether verbal

⁸⁶ Opinion of AG in Joined Cases C-456/01 P and C-457/01 P *Henkel KGaA v OHIM* [2004], at [69]

or non-verbal. However, for the purposes of applying the assessment criteria, the CJEU has introduced a normative presumption arguably based on marketplace realities, that is, that the average consumer reacts differently to different categories of signs. Thus, in the case of marks consisting of the appearance of the product itself such as shape of product signs, the CJEU's presumption is that in fact consumers are not in the habit of making assumptions about origin of products on the basis of their shape or the shape of their packaging in the absence of any graphic or word element.' So whilst the law treats all marks equally, the average consumer does not.

Yet rather than adopting a position whereby non-verbal marks are in principle denied inherent distinctive character and making registration available only proving acquired distinctiveness through extensive use, the CJEU has articulated a test the satisfaction of which will overcome this normative presumption as regards three-dimensional marks. According to this, '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 to be regarded as being devoid of any distinctive character within the meaning of Art.3(1)(b) TMD (or the equivalent of Art.7(1)(b) CTMR.). This 'departs significantly' test has been extended beyond shape of product signs (bottles, detergent tablets, confectionery, sausages, cheese, etc.) and packaging to cover new categories of signs such as representations of the surface and texture of products, signs consisting of lines or patterns to be applied to the surface of a product, as well as position marks. More recently, the departs significantly test was also found to apply to marks consisting of the look of a store's layout or 'services marks'.

Although the departs significantly test features prominently in the case-law of the CJEU and the GC as the established framework for predicting the potential capacity of a sign to serve as indication of source prior to any use, there has been little examination and analysis of the true nature and normative basis of this test. Unsurprisingly, this has led to some misunderstandings on the part of applicants, commentors and national courts alike. For a start, by virtue of the connector 'and', the test appears to require and proceed in two steps rather than one, though it is unclear what the true import of 'thereby' might be. The CJEU has never been explicit about any of these questions.

Firstly, the sign must not only be different from other signs generally found in the relevant trade circles, but it must also differ significantly. A mere variant will simply not be enough. In order to determine this, the test requires to establish 'the ordinary use of trade marks as a badge of origin in the sectors concerned.' (Libertel at 62) This necessarily entails some empirical investigation which the CJEU has said can sometimes be established on the basis of the general experience of the competent authority or of well-known facts. But given the emphasis on departing significantly from the appearance or configuration of what a paradigmatic product

would look like has led applicants to argue that their marks satisfy the test by having a striking configuration or a unique appearance not to be found in any other product in the market or even being one of a kind.

Secondly, apart from proving that the mark is not a trivial but a significant departure vis-à-vis what is expected to be the norm and customs of the goods or services in question, the ‘departs significantly’ test also requires that, in those circumstances, the mark itself must enable the targeted public to distinguish the commercial origin of the goods. It must ‘thereby fulfil its essential function of indicating origin’ to the targeted public. Thus the point of reference here is the marketplace perception and presumed expectations of those consumers who might be interested in the products or services identified by the mark. This should not represent an abstract assessment but must necessarily be empirically grounded through a close examination of marketplace realities, though the CJEU has never explicitly articulated what this part of the test actually entails. Although this empirical rule is widely used in respect of three-dimensional shape marks (including two-dimensional representations) and has been extended to cover applications where the sign forms part of the look of the goods in respect of which registration is sought, this rule was actually laid down in the context of the registrability of single colours. In *Libertel*, the CJEU referred to the fact that ‘in the current commercial practice’, consumers are not in the habit of making assumptions about the origin of goods based on their colour or the colour of their packaging, in the absence of any graphic or word element.

Instead, what the Court *has* done is to lay down a ‘normative presumption’ for all marks which consist of the appearance of the product itself, including the product packaging, or of the shape of part of the product or, more generally, marks which do not consist of a sign independent of or unrelated to the product appearance they cover. That normative presumption determines how the consumer should be assumed to behave and react to non-verbal marks in the market by establishing that, as a matter of fact, consumers are simply not in the habit of choosing products the basis of their appearance absent any graphic or verbal element. According to the CJEU, the implication of this legal rule is that ‘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.’

Some commentators have been very critical of this normative presumption, arguing that the effect of it is in fact to discriminate against three-dimensional marks and remove any level playing field. Yet others have taken a different view, highlighting instead the advantages of using heuristic devices such as the ‘departs significantly’ test to deduce consumer reaction. For Dinwoodie and Gangee, such normative tests ‘lead to faster decision-making, and are as a result especially attractive to trade mark registries with large caseloads and indeed potentially to

courts concerned with the use of judicial resources or keeping a lid on the costs of litigants...'(page 24) Indeed, in addition to expediting the examination process carried out by competent authorities, the departs significantly test places the burden squarely on the applicant seeking registration to submit arguments and evidence to enable those authorities to conclude that the mark does possess inherent distinctiveness and is thus not caught by the relevant absolute ground for refusal.

However, from a close examination of the case-law, it is possible to gain some valuable insights into this crucial part of the test. The empirical investigation into the relevant market sector carried out in the first step should also include a determination of whether there is an established 'branding practice' amongst the relevant consumers of choosing products on the basis of their appearance or configuration, or at the very least this is likely to be the case. Moreover, by insisting on an examination of the prevailing market practices relating to the goods or services and of the habits and expectations of the targeted consumers, the departs significantly test might in fact be seen as advancing the normative goals of European trade mark law in promoting the internal market. Properly conceived, the test addresses the interests of competitors operating in the same market as the applicant in their freedom to use and offer products incorporating certain conventional features or elements and the interests of consumer in their freedom to have as many product choices as possible.

The CJEU's reliance on a specific framework to assess the inherent capacity of non-verbal marks to be treated as true indications of origin is shared by courts in other jurisdictions such as the US. Furthermore, there is (oblique) support for the departs significantly test of the CJEU in the very terms of the Directive. For instance, Art.3(1)(d) specifically directs the tribunal to examine the relevant trade to determine whether the mark in question is used by other traders.

American Influence

The US Supreme Court's decision in *Two Pesos* is widely seen as adopting a liberal approach to trade dress by extending trade mark protection to the image and presentation of a restaurant. Yet the value of *Two Pesos* for European law is not as significant as some commentators might argue. Firstly, the appeal to the US Supreme Court in *Two Pesos* was on a very narrow question, namely whether trade dress that is *inherently* distinctive can be protected without secondary meaning. The question of how such inherent distinctive character should be tested and proved in the first place wasn't before the Supreme Court. Nor did the Court have to decide the question of whether the trade dress offended the functionality doctrine or, indeed, the question of the relationship between the distinctiveness for verbal marks and non-verbal marks such as the service dress of a business. Secondly, the inherent

distinctive character in Two Pesos was established following an approach that is conceptually and doctrinally very different from European law. The Fifth Circuit Court accepted the jury's findings that, although the trade dress of the Taco Cabana restaurant had not acquired distinctive character through use, it was not merely descriptive which, following the traditional Abercrombie distinctiveness test, necessarily meant the trade dress was either fanciful, arbitrary or suggestive. The mere finding of non-descriptiveness in relation to Mexican restaurant services was sufficient for the Fifth Circuit Court to conclude that Taco Cabana's trade dress possessed the minimum level of inherent distinctive character under s.43(a) of the Lanham Act and this alone entitled the claimant to protection, without having to determine which of the three categories on the Abercrombie scale properly characterised the trade dress.

However, the approach to inherent distinctiveness adopted in Two Pesos has never been adopted in European law. On the contrary, the principle that a non-descriptive mark is automatically endowed with inherent distinctive character however minimal or weak has been explicitly rejected. (T-345/99 Trustedlink at [31]). In interpreting the absolute grounds for refusal in the Directive and the Regulation, the CJEU has established the principle that a mark each of these grounds is 'independent of the others and calls for a separate examination,' though there is a clear overlap between them. This means that 'the fact that a mark does not fall within one of those grounds does not mean that it cannot fall within another.' (Postkantoor). In outlining the interplay between the descriptiveness ground and the ground based on lack of any distinctive character, the CJEU has ruled that 'it is not open to the competent authority to conclude that a mark is not devoid of any distinctive character in relation to certain goods or services simply on the ground that is not descriptive of them.' (Postkantoor at 70). In European law, therefore, the exclusionary ground of registration for being devoid of any distinctive character does have an autonomous sphere of application.

Conclusion

Whilst the Apple reference opened the door for the registration of trade dress for services, the ruling is hard to reconcile with the established principles and the departs significantly test. The departs significantly test is a two-step test which seeks to ascertain not only whether the shape mark is significantly different from the norm but also that its significance is different from the consumer. This second part of the test clearly establishes that being a unique or striking appearance doesn't automatically render the mark distinctive as regards consumer perception. The reliance on the perception of the average consumer serves a public interest in ensuring that shape marks truly communicate commercial origin rather than a descriptive message of what the product does or will be used for.

In *Apple*, the CJEU had a number of devices at its disposal to ensure that proper limits could be established: reliance on consumer habits as mandated by the departs significantly test, taking a much broader and teleological approach to functionality doctrine or recalling the need for the subject-matter to be more specific. It's highly likely that more questions will shortly be referred to consider again the possibility of registering trade dress.