

Designs 2015

European Union
Michael Best and Udo Pfléghar
BEST Rechtsanwälte

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A Global Guide

BEST Rechtsanwälte: Industry experience in private practice

Since 1999, BEST Rechtsanwälte in Frankfurt am Main, Germany, offers highly professional, competent and practical advice in the fields of intellectual property law and unfair competition. The main areas of expertise of this IP boutique are:

- **Trademark Law**
- **Design Law**
- **Domain Law**
- **Law of Unfair Competition**
- **Copyright Law**
- **Data Protection Law**
- **Litigation**

The partners, Dr. Michael Best and Udo Pfléghar, have a strong background in this field, having both also worked as in house counsel for many years. Together with three further highly qualified attorneys and a well trained team of paralegals and assistants, they provide service of the highest quality.

The firm represents and advises numerous multinational companies from the pharmaceutical, chemical, automotive, cosmetics and fashion sectors as well as utility companies and small and medium sized enterprises.

The services of the firm relating to trademarks and designs include legal availability searches, filing and prosecution, opposition proceedings and litigation. The firm also negotiates and drafts license agreements, assignments and prior rights agreements and carries out trademark collision watches.

For domains, the firm conducts UDRP and ADR proceedings as well as litigation before the ordinary courts.

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The standardisation of consumer goods which may be considered interchangeable means that the exterior of products and packaging, their shapes, patterns, colours and combinations thereof are becoming increasingly important. They influence consumers' purchasing decisions to the extent that consumers may not even need to look at the brand to recognise and choose a particular product. The exterior of goods and their packaging have considerable goodwill and reputation attached to them. Thus, it has become increasingly important to protect both these features and the associated commercial value.

In recent years it has been difficult to achieve such protection through trademark registration. Three-dimensional (3D) trademarks were almost impossible to register, since many exterior features are not seen as distinctive *per se*. Their recognition is often considered the result of considerable advertising expenditure and marketing efforts. Prominent examples include Adidas's three-stripe mark and the shape of the Coca-Cola bottle.

Recent developments

Some recent decisions of the European courts appeared to have brought about a change in practice. In July 2014 the European Court of Justice (ECJ) issued its judgment in Case C-421/13 concerning a request for a preliminary ruling filed by the German Federal Patent Court. The German court had asked the ECJ to rule on legal issues concerning a dispute between Apple Inc and the German Patent and Trademark Office on an application to register a trademark (Figure 1).

The mark comprised a view of the layout of a store from the outside; Apple described it as "the distinctive design and layout of a retail store" and sought protection for "retail store services featuring computers, computer software, computer peripherals, mobile phones, consumer electronics and related accessories and demonstrations of products relating thereto". The German Patent and Trademark Office refused registration. On appeal, the Federal Patent Court held that the layout depicted a 3D trademark with features that distinguished it from the usual layout of retail stores in the electronics

sector. However, the court felt that there were fundamental issues to be addressed, which it referred to the ECJ.

The ECJ held that the representation by a design alone of the layout of a retail store can be registered as a trademark for services that relate to particular goods, but do not form an integral part of the offer for sale thereof. In order for this to be possible, the sign must be capable of distinguishing the services of the applicant from those of other parties' stores, and registration may not be precluded by other absolute or relative grounds. However, it is not necessary to indicate size or proportion in the graphic representation of the sign. This decision appeared to many to open the door to the registration of 3D trademarks.

In its September 2014 decision in Case C-205/13 the ECJ again issued a preliminary ruling, this time following a request from the Dutch High Court in a matter concerning a trademark application filed by Stokke A/S for "chairs, especially high chairs for children" (Figure 2).

The ECJ held that a 3D trademark can be refused not only because the mark consists exclusively of a shape which results from the nature of the goods themselves, but also if the shape has one or more essential characteristics which are inherent to the function of that product and which consumers might be looking for in this type of product. It also ruled that when deciding whether a product consists exclusively of a shape which gives it substantial value, consumers' perception of that value-enhancing function of the shape is only one of the criteria which may be used to determine

the applicability of that particular ground for refusal.

The ECJ also held that if any one of the criteria of a shape "resulting from the nature of the goods themselves", "necessary to obtain a technical result" or giving the goods "substantial value" applies, this is sufficient to refuse the mark. These grounds may not be applied in combination. Thus, the ECJ appeared to dampen the enthusiasm of potential applicants for 3D trademarks.

Although both decisions received much attention during the past year, it is doubtful that they have fundamentally changed the legal situation regarding the registration of 3D trademarks compared to registered designs.

While it may now be possible in theory to register certain 3D marks which consist of elements as famous as the Apple stores, this protection is not possible for all shapes and will almost certainly not apply to new and unknown designs which are not distinctive enough to warrant immediate trademark protection. In such cases, design registrations are becoming increasingly important.

Community designs

On April 1 2003 it became possible to protect a design in the European Union based on a single right: the Community design.

Registered designs

The number of design filings has far exceeded the expectations of the Office for Harmonisation in the Internal Market (OHIM).

The legal basis for the registered Community design is laid down in the EU Community Design Regulation (6/2002).

Figure 1: APPLE mark



Figure 2: STOKKE mark





The informed user on whose impression decisions are based must be understood as a particularly observant one, either because of personal experience or due to extensive knowledge of the sector concerned

Like the Community trademark, which was introduced some seven years earlier, the Community design marked a revolution in the protection of intellectual and industrial property rights in Europe.

Community designs grant an exclusive right in the external appearance of a product or part thereof, to the extent that this results from the features of the product itself and/or its ornamentation. Such features include in particular lines, contours, colours, shapes, textures and materials. The product concerned can be any industrially manufactured or manually produced item, including packaging, graphics, symbols and typefaces.

In order to obtain protection for a Community design, the design must be novel and possess individual character. This means that no identical design can previously have been made available to the relevant public in the European Union and the overall impression created by the design on the informed user must differ from that of any design already made available to the public. However, taking into account commercial realities, the regulation allows for a one-year period from disclosure of a design (eg, in advertising, at trade fairs or through sales) during which the application for a registered Community design may still be filed without novelty being lost.

Protection is granted by OHIM. Applicants need file only one application and may then communicate in one language with one office and make payments for a single right which is valid throughout the European Union and may be renewed every five years for a maximum term of 25 years.

In addition to granting the possibility to file an application for design protection within one year of the design entering the public domain, the regulation allows for deferred publication. An application can be filed to defer publication of the registered design for up to 30 months. This gives the owner of the right the possibility to obtain protection without divulging its latest designs to the public.

Unregistered designs

In addition to the registered Community design, the regulation created the unregistered Community design, which affords protection for three years following disclosure to the public without any administrative steps. Unlike the registered Community design, for which OHIM issues a registration certificate, in the case of infringement proceedings the existence of an unregistered Community design must be established by evidence.

Enforcement

The high number of design registrations has led to increasing cases before the national Community design courts and the EU courts in recent years. In an important 2012 decision the General Court held that in cases involving designs, the informed user on whose impression decisions are based must be understood as a particularly observant one, either because of personal experience or due to extensive knowledge of the sector concerned. However, this does not mean that the informed user can automatically differentiate between elements of the

appearance of a product which are merely dictated by its technical function and those which are pure design elements (November 13 2012, Joined Cases T-83/11 and T-84/11, paragraphs 39-40). This definition has been maintained. In 2013 in Case T-337/12, on the design of a corkscrew, the General Court decided that the relevant consumer was informed in the sense that, as a connoisseur of wines, he or she would be familiar with wines and the necessary accessories without being a designer who, due to this interest and predilection, had a certain knowledge of the market for wine bottle openers. In other words, while the relevant consumer was not an expert on industrial design, he or she

would have a basic knowledge of the market and the basic characteristics of such products.

The ECJ gave further guidance on the scope of protection for unregistered Community designs in its decision of June 2014 in Case C-345/13, which concerned a fashion design. The ECJ defined what it means for a design to be considered to have 'individual character', stating that the overall impression which that design produces on the informed user must be different from that produced on such a user by one or more earlier designs taken individually and viewed as a whole, not by an amalgam of various features of earlier designs. In addition, it



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Michael Best studied law in Mainz, Germany, where he wrote his doctoral thesis on trademark and unfair competition law, and Dijon, France. In 1992 he became in-house counsel in the trademark department of chemical and pharmaceutical company Hoechst AG; he went on to become deputy head of that department in 1997. Dr Best is a founding partner of BEST Rechtsanwälte and has counselled clients worldwide in all aspects of trademark, unfair competition, copyright and domain matters for more than 20 years. He is a member of the International Trademark Association and its Design Rights Sub-committee, the European Communities Trademark Association (ECTA), the Pharmaceutical Trademarks Group, the German IP Association and other IP and legal associations.



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Udo Pfléghar studied and trained in Melbourne, Australia and Regensburg, Germany. He joined the Office for Harmonisation in the Internal Market (OHIM) in 1999, where he worked as a Community trademark examiner and an instructor. After being head of the Boehringer Ingelheim domain and trademark group, in 2009 he joined BEST Rechtsanwälte as a partner. He deals with questions relating to trademark, design and domain law, as well as data protection issues. Mr Pfléghar is a lecturer in law at the University of Applied Sciences in Frankfurt am Main and a panellist for 'eu' alternative dispute resolution proceedings. He is a member of the Law Committee of ECTA, MARQUES and other professional organisations.

held that for a Community design court to treat an unregistered Community design as valid, the rights holder must prove only when its design was first made available to the public and indicate the element or elements of the design which give it individual character.

This sends a clear message to the owners of registered and unregistered designs, which may rely on these rights in order to combat counterfeiters and copies.

Protection and defence measures

One of the latest tools to combat counterfeiting and piracy is the Enforcement Database of the European Observatory on Counterfeiting and Piracy, located at OHIM in Alicante. This is an IT tool which makes it possible for rights holders to enter relevant information about their products in a database. The information includes details of packaging, identifiers, logistics, prior cases and contact persons for enforcement. There is no need to upload entire portfolios, as some information will be relevant for all or many of the earlier rights and can be categorised accordingly. The examples will allow Customs and police to protect rights holders' products against counterfeiting and piracy by helping them to recognise counterfeit goods.

The observatory does not levy a charge for access to the database, which uses existing tools such as TMView and DesignView and can be used to generate pre-filled applications for action with all necessary information for Customs to take action at the border. This is ideal for holders of larger design and trademark portfolios, as it facilitates easy management of the rights and communications with authorities. Although the database is still in its initial launch phase, it promises to be a useful tool for rights holders.

DesignView

A further important step in the use of design rights as a tool to protect and defend IP rights is the development of an efficient search tool. In 2012 OHIM launched DesignView as part of the Cooperation Fund Programme, which aims to promote harmonisation, modernise EU IP offices and facilitate working methods

for users of the EU trademark and design systems. DesignView is an online platform that allows users to search the databases of participating national offices, as well as that of OHIM, for design registrations. Like the TMView database (an online trademark search tool, also maintained by OHIM), DesignView is available in all official EU languages and is updated daily. To date, it is possible to search designs registered in Bulgaria, Benelux, the Czech Republic, Cyprus, Estonia, Spain, France, Greece, Italy, Lithuania, Latvia, Malta, Portugal, Romania, Sweden, Slovenia and Slovakia, and with OHIM. However, the selection of search criteria is limited.

Search Image

OHIM has, as per the current status, given up its project of developing Search Image for designs as one of its convergence projects. Search Image aimed to make it easier to search for images in databases. It was intended to be used for both registered designs and trademarks. The complexity of the shapes and forms which designs can take made this an extremely demanding project. The Cooperation Fund Management Board therefore decided to discontinue the project, at least for the moment, due mainly to the uncertainty of obtaining viable results in the medium term. According to the latest information from OHIM, it is currently setting up the new structure following a reorganisation and will then review the situation and the next potential steps forward with the teams.

To help with the searchability of designs to some extent, Convergence Project CP6 (convergence on graphic representations of designs) within the OHIM Convergence Programme (which links OHIM with national offices and user organisations to try to reach common ground in areas where IP offices have different practices) is seeking to establish uniform practice on the representation of designs (in particular focusing on neutral background, visual disclaimers – what is protected and what not – types of view and format of views).

While the task of making designs more easily searchable may be daunting and will

take time, if successful it will make searching much easier and far more reliable. The result will be increased certainty for both holders of earlier rights and applicants.

In addition, Convergence Programme CP7 (harmonisation of product indications for designs) aims to establish, in its first phase, a harmonised product indication database, common practice on product indications and a search tool for the harmonised product indication database, as well as some further steps in a second phase.

Comment

Designs have become an increasingly important tool and the Community design system and its users can benefit from this. New tools such as the Enforcement Database and the legal interpretation of the scope of protection of design rights – whether registered or unregistered – and the efforts within the OHIM Convergence Programme show that designs are here to stay and must be taken seriously. They can be used as a low-cost, effective and powerful tool to combat piracy and counterfeiting and new challenges such as the dawn of 3D printing in production processes.

Rights holders and their legal advisers must adopt appropriate strategies for developing, protecting and enforcing design rights. Initially, care must be taken to ensure

that designs do not infringe third-party rights and are not made public too early. Later, at the time of protecting the rights, it is important to strike the right balance between different types of right and obtaining the best possible protection, while staying within available budgets. At the enforcement stage, the validity of rights must be examined and resolved before initiating action against possible infringers.

Experience has shown that Community design rights – both registered and unregistered – are here to stay and are a vital tool in the protection and defence of a company's IP portfolio. They combine comprehensive protection of design rights throughout the European Union at a reasonable cost. **WTR**

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