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By

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***Some issues concerning the
Functionality of Trade marks in
the EU and in Vietnam***

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Summary

This thesis is divided into 6 parts.

In the 1st part, there are some general remarks concerning the rationale for the choice of topic and the methods used for researching and delimiting it.

In the 2nd part, various systems of international and national legislation regulating trade marks are introduced. There is also a very short introduction to some general trade mark issues.

The notion of trade mark functionality is considered in the 3rd part. Here, based mainly on US statute and case law, which are considered as the origin of this notion, functionality is seen through two features: utilitarian features and competitive features. In this part, I also give some differences between the purposes of patents and trade marks to ground the reason for the role of the border between them in the functionality doctrine.

The content of the 3rd part is to be considered as background to parts 4 and 5. In the former of these, the main contents of functionality and some disputes about this topic in the EU are covered through an analysis of EU trade mark legislation, EU cases and some articles. In Vietnam, my country, this issue is quite new. So, the concern of part 5 is to see how functionality would operate within existing Vietnamese trade mark legislations in order to try and 'foresee' its future.

Part 6 is a conclusion that consists of a general summary and my views concerning the issues I have written about.

Preface

Trademark plays an important role in an undertaking, since it can be seen as undertaking's 'face' in the market. The consumers will remember the undertaking as well as its goods, mainly through its trademark. Therefore, choice of one good, original, impressive trademark is always the first requirement for each undertaking.

However, it is impossible to accept all signs that undertakings registered as trademarks. There are many reasons to refusal that are regulated in trademark legislations. And functionality of trademark is one of them.

Functionality of trademark is a very interesting topic which has been disputed not only in US but also in EU. In my country, Vietnam, this topic has not been recognized yet. In order to understand about the important issues, I chose this topic to write my thesis.

During the time of studying in Lund, I have received many warmly supports from Professors and staffs of Law Faculty of Lund University. On this occasion, I would like to express my sincere thankfulness to them. All the precious lectures that I have studied in the Master of European Affair programme are valuable foundations for the contents in my thesis. Especially, I would like to express my heartfelt gratitude to my supervisor, Professor Hans Henrik Lidgard, who suggested me on this very interesting topic and gave me many precious advices to improve my papers.

Even if I tried all my best to research, my thesis is far from complete. I am grateful for any comments and suggestions for my thesis.

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Vuong Thanh Thuy

Abbreviations

BoA	Board of Appeal
CFI	Court of First Instance
CTM	Community Trade Mark
ECJ	European Court of Justice
ECR	European Court Review
EU	European Union
Ibid.	Ibidem
No.	Number
OHIM	Office for Harmonisation in the Internal Market
OJ	Official Journal
US	United States of America
USPQ	United States Patent Quarterly
WIPO	World Intellectual Property Organisation

1 Introduction

1.1 Rationale

Nowadays, all countries in the world consider intellectual property as a precious national resource. The need for intellectual property to be regulated by strict legislation thus becomes more and more necessary.

Intellectual property law is a 'branch of law which protects some of the finer manifestations of human achievement'¹. Now, intellectual property has many different types. Each one has specific characteristics demanding different kinds of protection. As Cornish says in the book 'Intellectual property': 'Patents give temporary protection to technological inventions and design rights to the appearance of mass – produced goods; copyright gives longer – lasting rights in, for instance, literary, artistic and musical creations; trade marks are protected against imitation so long at least as they continue to be employed in trade'².

The idea of the functionality of a trade mark was 'born' from practical issues arising during the course of development of intellectual property ideas. This notion shows not only the real function of trade marks but also what sign or what mark will be protected as such.

Still, functionality of trade mark is a relatively new and interesting notion in intellectual property. It is not yet completely regulated in either international or national intellectual property legislation.

In my country, Vietnam, although intellectual property law is becoming more and more developed, the notion of trade mark functionality is not known in the intellectual property legislation system.

Based on its important role of intellectual property law, and its interesting and novel nature, I chose the topic 'Some issues concerning the Functionality of Trade marks in the EU and in Vietnam' on which to write my thesis. I want to research this issue to understand functionality and to be able to foresee the probable appearance of its regulation in my country's law in the future.

1.2 Purpose

This paper aims to analyze the notion of trade mark functionality while considering the circumstances which can be seen as giving rise to it. The

¹ Cornish, Intellectual property, p3

² Ibid. p3

establishment of functionality derives not only from legal theories but also from the judgments in many cases.

The purpose of the thesis is also to compare functionality in the EU and functionality in US law, where it originated, as well as the future of functionality as this is likely to appear in Vietnamese legislation.

With many issues, and limited time, my thesis is intended merely to introduce and provide a rather general analysis of the issues noted above.

1.3 Method

Because my thesis does not really focus on the details of legislation, I use a descriptive and synthetic method to give the main contents of the provisions of some major intellectual property legislations related to trade mark (as background to the main contents of the thesis). These methods are also used to introduce the origin of the doctrine in US law.

Analytic and comparative methods are used to write about functionality in EU and Vietnam, especially in the latter. Functionality of trade mark can be observed in both EU legislation and practice. The reason for choosing these methods was that this doctrine was not first established in the EU, while in Vietnam, this issue is not yet known.

1.4 Delimitation

As the title indicates, the thesis mainly focuses on *some issues* of trade mark functionality. I try to give the major contents of this doctrine, mainly utilitarian and competitive features of functionality. From this background, I compare this issue with the facts in the EU, and analyse how the notion could fit in the Vietnamese intellectual property law system.

I am aware that there are many other issues relating to functionality of trade marks. However, due to limited time and very limited ability, I can not research all these issues. I hope that I will later have opportunities to study the other interesting issues relating to this topic.

2 Background

2.1 Overview of trade mark history³

From earliest times, humans had used marks to designate ownership, sometimes as property owner or sometimes as manufacturers. It is considered probable that primitive humans used marks to indicate the ownership of livestock. For example, in caves in which they had lived around 5000 BC, archaeologists found some cave drawings which show bison with symbols on their flanks. They presumed these symbols to be ownership marks. Similar marks are also found on pottery.

Later, marks were used to indicate the maker of goods and their guarantee of the quality of their work. We can consider the issue through evidence from 3500 BC which shows that Mesopotamian commodities are identified with cylindrical seals while stone seals seem to have been used in Knossos on Crete. Archaeologists also found bricks, pottery, quarry stones and roof tiles from First Dynasty Egypt and 3000 BC having many marks believed to be ownership marks; consider also potters' seals near Corinth (products dating from 2000 BC) and stamped ceramics used on locally made Greek pottery (the products of 6th century to 3rd century BC).

This use of marks was at its height in the Roman Empire with documented evidence for the economic use of trade marks. For example, bricks were stamped with a mark.

There is very little documentation on how marks were used between the fall of the Roman Empire and the beginning of the Renaissance. However, the purpose of marks changed rapidly during this period. Marks were first used to identify the maker for the protection of the consumer. Their use rapidly spread to identifying a maker with a guild and to protecting the monopolies of the guilds: marks were then gradually recognized as a benefit to the maker. During a time when explicit advertising was considered unfair, a maker's reputation would be carried with his mark. Eventually the value of the marks, as property, was recognized, although the laws protecting this value were vague. From the Renaissance, trade marks have been used with their 'real' meaning as understood nowadays⁴.

³ See: <http://www.lib.utexas.edu/engin/trademark/timeline/pre/pre.html>

⁴ See also <http://www.lib.utexas.edu/engin/trademark/timeline/pre/pre.html>: in 1266, comes the earliest English law on trade marks; in the 15th and 16th centuries, the laws become more strict; in 1618, we have the first reference to infringement (Southern v. How): a clothier making inferior cloth uses the mark of a superior clothier (This case is considered a link between the "merchants' marks" of the Middle Ages and modern commercial trademarks)

From then on, trade marks become a very popular notion in the field of intellectual property; display formats for trademarks are multiform⁵ and the law concerning trade marks has also been more and more developed in line with its importance in all aspects of modern life.

2.2 Legislation regulating trade marks

2.2.1 International agreements

Trade marks have always been connected to particular geographical regions. Indeed, in some sense, the need for legal recognition of marks arose with the decline of the local economy, which meant that consumers became dissociated from the source of the good⁶.

It is therefore not surprising that further changes in the geographical aspects of trade have prompted alterations in trade mark law. These have largely taken two forms. First, growth in international trade led to the establishment of international systems of registration, thereby enabling traders to gain protection swiftly and cheaply in all relevant markets. Second, changes in international trade prompted the establishment of international minimum standards of protection⁷.

2.2.1.1 The Paris Convention⁸

The Paris Convention is the earliest international agreement regulating industrial property issues. That is why the wording of the Convention is quite broad and it is applied in the widest sense to all kinds of industrial property including patents, trade marks, industrial designs, utility models, trade names (designations under which an industrial or commercial activity is carried on) and geographical indications.

The substantive provisions of the Convention fall into three main categories: national treatment, right of priority, common rules

Traders who operate their business on more than a local level will want to protect their marks on a transnational basis. The earliest ‘tool’ for these issues is this Convention. It requires its members to apply the principle of national treatment. That means that, in all member states, foreign nationals of contracting states have to be treated similarly to the state’s own

⁵ See also <http://www.lib.utexas.edu/engin/trademark/timeline/pre/pre.html>: trademarks are no longer limited to words and flat visuals, but can be 3-D, a sound or group of sounds, a color, or a scent

⁶ B.Paster, Trade – marks: their early history (1969): the need for trademarks is a product of man’s complex commercial society

⁷ L.Bently and B.Sherman: Intellectual property law

⁸ The Paris Convention for the Protection of industrial property was signed on 20 March 1883, came into effect on 7 March 1884 and has been revised at Brussels in 1900, at Washington in 1911, at The Hague in 1925, at London in 1934, at Lisbon in 1958 and at Stockholm in 1967, and it was amended in 1979

nationals⁹. This ensures the possibility of protection for foreign trade marks, which is further facilitated by other provisions in the Convention. The Convention provides for the right of priority in the case of patents, trade marks and industrial designs. Right of priority will be given to registrants or their legal heirs; the relatively short period of priority is regulated by the Convention¹⁰. The Paris Convention also lays down a few common rules which all the contracting States must follow. With trade marks, the most important common rule is the independence of protection of the same marks in different member states. But there is no regulation of the conditions for the filing and registration of marks. These issues are determined in each contracting State by the domestic law¹¹.

The Convention is open to all States. Instruments of ratification or accession must be deposited with the Director General of WIPO.

Because the Paris Convention is the earliest international agreement regulating industrial property issues and the issues in this Convention are regulated in rather general form, the issue of the functionality of trade marks is not covered by the Convention.

2.2.1.2 Madrid Agreement and Madrid Protocol¹²

The Madrid Agreement is a special Agreement under the Paris Convention; only parties to the Paris Convention may join.

While the Paris Convention was of some assistance to transnational traders, it failed to create a mechanism for international applications for trade marks. The Madrid Agreement and the Madrid Protocol provide such a mechanism.

The Madrid Agreement provides member states with a means to obtain a multi-nation trademark registration. After a home nation registration is obtained, an international application is filed with the World Intellectual Property Organization (WIPO). Thus, the Madrid Agreement offers trademark registration in various countries via a single application. The simplification of the process of international registration has obvious advantages for owners of trade marks.

In an attempt to fix some areas considered problematic by a number of countries, and in order to establish a link with European Community Trade Mark, the World Intellectual Property Organization (WIPO) composed the "Protocol Relating to the Madrid Agreement Concerning The International Registration of Marks" (the "Madrid Protocol").

⁹ Paris Convention, Article 2

¹⁰ Ibid. Article 4

¹¹ Ibid. Article 6

¹² The Madrid Agreement for the Intellectual registration was signed on 14 April 1891, came into force 1892. The Madrid Protocol concerning the International registration of marks, was adopted in 1989, entered into force in 1995 and came into operation on April 1st 1996 and includes coverage of the four states which are members of the EEC but not of the Madrid Agreement (Denmark, UK, Ireland and Greece)

The Madrid Protocol makes the Madrid system more attractive to non members because, under the Agreement, some major countries in the trade mark field, such as UK, US or Japan were not provided for. Similar to the Madrid Agreement, the Madrid Protocol provides for trademark registration in several countries through the filing of a single application. However, the Protocol differs from the Agreement in a number of ways¹³.

So, under the two documents, the Madrid system for international registration of marks was established¹⁴. The Madrid Agreements and/or the Madrid Protocol has 75 Member States, among others Hungary¹⁵.

However, in both the Madrid Agreement and the Madrid Protocol, the issue of functionality of trade mark is again not treated.

2.2.1.3 TRIPS¹⁶

TRIPS is an attempt to narrow the gaps in the way the intellectual property rights are protected around the world, and to bring these rights under common international rules. It establishes minimum levels of protection that each government has to give to the intellectual property of fellow WTO members. In doing so, it strikes a balance between the long term benefits and possible short term costs to society¹⁷.

The areas of intellectual property that it covers are: copyright; trademarks (including service marks); geographical indications; industrial designs; patents; the layout-designs of integrated circuits; and undisclosed information.

The agreement covers five broad issues: ways of application of basic principles of the trading system and other international intellectual property agreements; adequate protection for intellectual property rights; adequate enforcement by member states of those rights in their own territories; settlements of disputes on intellectual property between members of the WTO; special transitional arrangements during the period when the new system is being introduced.

¹³ Madrid Protocol: Article 2, Article 5(2)(c), Article 8. For example, If the Madrid Agreement only regulates that an international application can be based on a 'home nation' trademark registration, the Madrid Protocol adds both a 'home nation' registration and application

¹⁴ The Madrid system permits simultaneous registration of trademarks and service marks in more than 60 countries using a single, standardized application. The Madrid System is administered by WIPO. On July 1, 2004, the Council for the European Union (EU) deposited its articles of accession with the World Intellectual Property Organization (WIPO), making the EU the newest member of the Madrid Protocol, an international system (Madrid System)

¹⁵ http://www.hpo.hu/English/ip_glossza/mmj.htm

¹⁶ The WTO's Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) was negotiated in the 1986-94 Uruguay Round. It entered into force on January 1st 1995

¹⁷ http://www.wto.org/english/tratop_e/trips_e/intel2_e.htm

But, there is still no regulation of the issue of functionality of trade mark in TRIPS¹⁸.

Conclusion

As we see, the international legislation which regulates the issues of intellectual property in the world includes some major documents. In these treaties, the objects of intellectual property are regulated in many ways from the time of the earliest of them (the Paris Convention). However, the issue of functionality of trade mark is not regulated in any of the documents discussed.

2.2.2 National legislation

2.2.2.1 US trade mark legislation

For the sources of trade mark law in particular, as well as of intellectual property in general in the United States, there are two basic sources: Federal law, State law.

Federal law

First of all, the US Constitution and Congressional legislation regulated the field. Congress enacted the copyright and patent laws of the United States, dealing generally with writings and inventions¹⁹. Other Congressional legislation has been enacted under the Commerce Clause of the US Constitution. ‘The Congress shall have Power to regulate Commerce with foreign Nations, and among the several States, and with the Indian Tribes’²⁰. Under the Commerce Clause, Congress enacted the US trade mark laws. There is a considerable body of state law in the field that complements federal legislation in the field of trade marks, as discussed below.

The first Trade mark laws of the US were enacted by Congress in 1870 and 1876²¹. Those statutes were declared unconstitutional in 1879 by the US Supreme Court²². The Court held that Congress had no power to regulate purely state matters such as trade mark rights.

In response to such cases, Congress passed statutes in 1881 and 1905 solely addressing interstate use of trade marks. In 1946 Congress passed the most

¹⁸ Article 15 of TRIPS - The basic rule for trade marks is that any sign, or any combination of signs, capable of distinguishing the goods and services of one undertaking from those of other undertakings, must be eligible for registration as a trademark, provided that it is visually perceptible. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, must be eligible for registration as trademarks

¹⁹ Article I, Section 8, Clause 8 of the US Constitution authorizes Congress to grant to authors and inventors for a limited time the exclusive right to their writings and discoveries

²⁰ Article I, Section 8, Clause 3

²¹ A.R.Miller and M.H.Davis: Intellectual property, p. 147

²² See case United States .v. Steffens, 100 U.S. 82, 25 L.Ed. 550 (1879)

recent substantial revision of federal trade mark legislation, the Lanham Act²³.

State law

Whereas federal law partially occupies the field of trade marks, there are also fifty states in US, each with their own body of law, legislative and judicial, civil and criminal, developed and undeveloped, sophisticated and unsophisticated that also deals with the subject of intellectual property, including trade marks. State law, cannot, however, override or interfere too significantly with Federal law.

Although the law in the field of intellectual property is not very different between the various states, subtle nuances sometimes exist and may become important if one has to settle a threshold issue of 'which state law applies' to a given controversy²⁴.

Conclusion

The US trade mark legislation system seems quite complete. As analysed in Part 3 below, a novel notion, namely, functionality of trade mark still appeared in US law and this was its first appearance.

2.2.2.2 EU trade mark legislation

EC Treaty

Because the EC Treaty is very general legislation which regulates all common issues in the EU, trade marks, as one aspect of intellectual property law are not regulated in detail in it. In the Treaty, the intellectual property field is covered by the term 'industrial and commercial property'²⁵.

Industrial and commercial property in EC Treaty is considered directly in that part of Community policies concerning free movement of goods (Article 30). According to that, there is in general a prohibition of quantitative restrictions between Member States. Over and above this, Articles 81 and 82 (formerly Articles 85 and 86) of the Treaty, might cover intellectual property but there is no direct regulation of industrial and commercial property (but they are not in themselves sufficient to deal with all the situations of this field).

²³ Lanham Act enacted on July 5. This is the trademark law in effect today. Its purpose is to eliminate unfair competition in marketing goods and services and to provide the owners of marks with protection against confusingly similar marks. It covers such areas as when owners of marks are entitled to federal protection for infringement, types of protections available, and procedures for registering marks. It allows for the registration of service marks.

²⁴ E.W.Kintner and J.L.Lahr: An intellectual property law primer

²⁵ EC Treaty Article 30 (ex Article 36): '... or the protection of industrial and commercial property...'

Article 30 must be read in conjunction with Article 295 (formerly Article 222)²⁶. According to that, it seems that all issues of industrial and commercial property belong to the national laws of Member States. However, since this field is also under Community regulation, and in order to confirm the scope of Article 30 of EC Treaty, the ECJ drew a distinction between the existence and the exercise of industrial property rights²⁷. Following that, the existence of industrial property rights remains unaffected by Community law but their exercise may well come within the prohibition of the Treaty. The mere existence of industrial property cannot infringe Articles 81 and 82.

So, the EC Treaty, as we see, is not the 'suitable' legislation for the detailed regulation of issues of intellectual property, in general and trade mark law, in particular.

Council Directive 89/104/EEC²⁸

Trademark protection, by nature, is territorial. The EU is an unit of many Member States, so, differences between the trade mark laws of Member States are likely. Because of the wide disparity in national trademark laws and their impact on the internal market in the EU, the necessity of harmonisation at the Community level was clear. Council Directive 89/104/EEC was born from this.

The Directive defines trade marks as well as the rights (and limitations) attached to trade mark ownership. The Directive also provides common grounds for refusal of registration, invalidity and loss or exhaustion of trade mark rights.

The main purpose of the Directive is to harmonise issues of the extent of the trade mark field and to ensure that the conditions for obtaining and continuing to hold a registered trade mark right are the same in all Member States of EU. However, the ECJ has commented that the Directive does not change the essential character of national trade mark law, which remains essentially territorial and independent²⁹. Directive 89/104/EEC approximates national trademark rules as regards what can and cannot be registered, the exclusivity of rights and conditions under which trademark rights can be forfeited. Under it, the existing trademark laws of the Member States are not replaced and these national laws continue to co-exist with it.

Council Regulation (EC) no. 40/94³⁰

²⁶ EC Treaty Article 295: 'This Treaty shall in no way prejudice the rules in Member States governing the system of property ownership'

²⁷ See case 78/70 Deutsche Grammophon Gesellschaft GmbH v Metro-SB-Grossmarkte GmbH & Co.KG. The ECJ considered the scope of Article 30

²⁸ First Council Directive 89/104/EEC in December 21st 1988 approximating the laws of the Member States relating to trade mark. See OJ EC No. L40/1, 11.2.1989, p1-7

²⁹ See case C 9/93 IHT Internationale Heiztechnik GmbH v Ideal – Standard GmbH

³⁰ Council Regulation (EC) No 40/94 in December 20th 1993 on the Community Trade mark, See OJ EC No. L 11/1, 14/01/1994, p1-32

In order to meet the requirement of harmonisation at Community level more effectively than was done in Directive 89/104/EEC, Council Regulation 40/94 was established. Comparing it with the Directive, one sees there are some similarities³¹ as well as some differences³² in the provisions. The most important novelty in this Regulation is the introduction of the Community Trade mark (CTM)³³.

This gives trademark protection with unitary effect. Simply by filing a single application for and registering a CTM, trademark protection is provided throughout the territory of the EU member states. Once registered, a Community Trademark is also subject to a single set of uniform rules. These rules relate, for example, to the scope of protection of the mark, to the renewal and invalidation of the registration and to all possible legal proceedings relating to it. The proprietor of the (registered) Community Trademark shall enjoy exclusive rights to the mark, implying that he can prohibit the use of his mark by third parties throughout the EU.

Conclusion

In EU trade mark legislation, there is no concrete provision regulating the notion of ‘functionality of trade mark’. However, this issue does appear in analysis of the legislation as well as in cases concerning the trade mark field³⁴.

2.2.2.3 Vietnamese trade mark legislation

Intellectual property is a quite new field in the Vietnamese legislation system. The legislation in this field can be studied over two periods: before and after the Vietnamese Civil Code.

Before the Vietnamese Civil Code

In the 1980s, many Decrees of the Vietnamese Minister Council (the Ministry now) were established in the intellectual property field³⁵. In December 14th 1982, Decree no. 197/HDBT was established to regulate trade marks. This is the first Vietnamese legislation regulating trade marks in the whole country.

From the character of this period, one of collective planning economy, the regulations of trade mark focused on protecting the trade marks of State undertakings and offices. The solutions are only administrative ones, such as

³¹ For example, Council Regulation (EC) No 40/94 Article 4, Article 12, Article 13

³² For example, Council Regulation (EC) No 40/94 Article 17, Article 22 (it is regulated with more detail); Article 5, Article 19 (it is regulated new)

³³ The Community Trademark System (CTM) became fully operation on 1st April 1996

³⁴ See detail in Part 4

³⁵ Decree no. 85/HDBT May 13th 1985 about industrial design; Decree no. 200/HDBT December 28th 1988 about utility solutions; Decree no. 201/HDBT December 28th 1988 about purchasing and selling the right of using patent, utility solution, industrial design, trade mark and technical know-how

complaining to competition offices (for example, police, customs or finance offices) or Peoples Committees. It is only in case of serious breaches that the problem can be given to Courts³⁶. That is the reason why, during the period, trade marks did not play an important role for manufacturers. No one cared about implementing trade marks, goods' designs, etc. because there was no competition in the market, all production was controlled by the State.

Since 1986, Vietnam has been transformed. The economy changed from a collective planning economy into a market economy. The role of trade marks, thanks to that, became more and more important. An Ordinance³⁷ protecting industrial property right announced February 11th 1989 was established. This Ordinance reformed all issues in this field. According to it, and for the first time, the court rather than the competition office has priority in solving all disputes in industrial property field. One of the most important principles in the Ordinance is that of equal protection of industrial property rights as between all kinds of economic elements³⁸.

Because of the Ordinance, as well as the overall renovation policy, foreign economic activities have been encouraged and protecting their industrial property rights has become one of the main requirements in the economy.

After the Vietnamese Civil Code

The Vietnamese Civil Code³⁹ makes Vietnamese law system even more complete. In Part 6th, there is a whole Chapter⁴⁰ regulating industrial property rights. Article 780 'Industrial property rights' states: '*Industrial property rights are the ownership rights of individuals and/or legal persons over inventions, utility solutions, industrial designs, trade marks; and the rights to use the appellation of origin of goods as well as ownership rights over other objects as provided for by laws*'.

In order to concretize the general provisions in the Vietnamese Civil Code, Government promulgated Decree no. 63/CP⁴¹. This Decree regulates in great detail, compared to other legislations, almost all issues in industrial property rights.

³⁶ Circular no. 1258 of State Scientific and Technical Committee guides application of Decree no. 197

³⁷ Ordinance protecting industrial property right announcing February 11th 1989 following the Order no. 13 LCT/HDNN of State Committee President

³⁸ Ordinance protecting industrial property right announcing February 11th 1989: Article 1

³⁹ Vietnamese Civil Code was approved by the Vietnamese Parliament in October 28th 1995, signed by the President in November 9th 1995, came into force in July 1st 1996

⁴⁰ Part 6 - 'Intellectual property right and transferring technology', Chapter II - 'Industrial property right'

⁴¹ Decree no 61/CP was established in October 24th 1996 of Government detailing the provisions in industrial property field in Civil Code, and was amended by Decree no 06/2001/ND-CP in February 1st 2001 of Government

The provisions on trade marks can also be found in legal documents of other State authorities, for example the Ministry of Science, Technology and Environment, Ministry of Trade.

It is not so surprising, since the concept is new, that there is no provision about the functionality of trade marks in any current legislation in Vietnam. This also stems from the specific characteristic of Vietnamese legal tradition and Vietnamese culture.⁴²

2.3 Main issues concerning trade marks

2.3.1 Trade marks' functions

Trade marks are used to identify the manufacturers' goods. They guarantee the source and the quality of their goods. Satisfied customers are reassured, by the presence of trade marks, that subsequent purchases will be from the same source and to the same standard as the first.

Trade marks also serve to distinguish between the goods of many different manufacturers. They can be a powerful commercial weapon in favour of fair competition; because a trade mark provides protection to the owner of the mark by ensuring him the exclusive right to use it to identify goods or to authorize another to use it in return for payment. They can also be a powerful, legal weapon against unfair competition⁴³. The legal protection of trade marks hinders the efforts of unfair competitors, such as counterfeiters, using similar distinctive signs to market inferior or different products or services. The system enables people with skill and enterprise to produce and market goods in the fairest possible conditions, thereby facilitating international trade.

In a larger sense, trade marks promote initiative and enterprise worldwide by rewarding the owners of trade marks with recognition and profit.

So, on trade marks' functions, we can say: 'A trade mark is a means of identification. It has four primary functions. The first is to signify that all goods bearing the trade mark come from a single source. The second is to convey to the buying public a guarantee of quality. The consumer should know that, from purchase to purchase, the favourable characteristics of the goods bearing the trade mark remain the same. The third is to allow one trader to distinguish his goods from those of his competitors. The fourth is to promote the goods'⁴⁴.

⁴² See detail in part 5 'Functionality of trade marks in Vietnam' below

⁴³ http://www.jenkins-ip.com/serv/t_trad03.htm

⁴⁴ Ibid. However, in my opinion, the main function of trade mark is to indicate the origin of goods.

2.3.2 What kinds of trade marks can be registered

The possibilities are almost limitless. So, each geographical area has specific regulations about the kind of marks which can be registered. But, in general, there are only certain signs which can meet the conditions for trade marks' functions and can thus be registered as trade marks.

According to various systems of legislation, trade marks may be one or a combination of words (for example, Nike, Kodak, Birds Eye, ...), letters (for example, MTV, BP, ...), or numerals (501 (Jeans), 4711 (perfumery), ..). Trade marks also may consist of drawings or symbols (for example, Tiger, Michelin, Black Horse, ...), three-dimensional signs (for example, shape or packaging of goods), audible signs (for example, music or vocal sounds, fragrances or colours) or slogans (for example, Orange – 'The future's Bright, The Future's Orange', Coca-Cola – 'It's the Real Thing', ...).

2.3.3 Trade marks' protection

Almost all countries in the world now register and protect trade mark. Each national or regional office maintains a Register of trade marks which contains full information on all applications, registrations and renewals, facilitating examination, search and potential opposition by third parties. The effects of such a registration are limited to the country (or in the case of regional registration, areas) concerned.

To avoid the need to register separately with each national or regional office, WIPO administers a system of international registration of marks. This system is governed by two treaties, the Madrid Agreement and the Madrid Protocol. A person who has a link (through nationality, domicile or establishment) with a country which is party to one or both of these treaties may, on the basis of a registration or application with the trade mark office of that country, obtain an international registration having effect in some or all of the other countries of the Madrid system.

3 The notion of the functionality of a trade mark

The functionality doctrine appeared for the first time in US Trade mark law. Thus, we will further review this notion, basing ourselves mostly on US Trade mark legislation and cases, with a view to understanding the functionality doctrine by way of its origin.

Before October 30, 1998, there was no specific statutory reference to functionality as a ground for refusal, and functionality refusals were thus issued as failure-to-function refusal under Section 1, 2, and 45 of the Trade Mark Act⁴⁵. Effective October 30, 1998 the Technical Corrections to Trade mark Act of 1946 amended the Trade Mark Act expressly to allow the prohibition of registration of matter that is functional on either the Principal or Supplemental Register⁴⁶.

3.1 Definition of functionality

Article 1052(e)(5) of the Lanham Act now provides that: 'no trade mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it comprises any matter that, as a whole, is functional'.

Article 4 of the Trade mark Treaty Implementation Act holds that: 'functionality is a ground for challenge an incontestable trade mark registrations'.

So, in these provisions of the US Trademark legislation, functionality is a given without concrete contents, which will be expanded upon by judgments of US Courts in case law.

Functional matter cannot be protected as a trade mark. A feature is functional if it is 'essential to the use or purpose of the product or if it affects the cost or quality of the product'⁴⁷. This notion can be considered as

⁴⁵ An amendment, effective October 30, 1999, has added new subsection 2(e)(5) to the Lanham Act to provide for a refusal to register a mark if it "comprises any matter that, as a whole, is functional" and has excluded this provision from § 2(f). Exam Guide 1-99 notes this change in part II. Subsequently, the Supreme Court announced its decision in *Wal-Mart Stores Inc. v Samara Brothers Inc.*, 529 U.S. 205, 120 S.Ct. 1339, 146 L.Ed. 182, 54 USPQ2d 1065 (2000). The changes resulting from this decision are addressed in Examination Guide 2-00, included in the Appendix materials, and elsewhere in this text.

⁴⁶ See Section 2(e)5, Section 2(f), Section 23(c), Section 14(3), Section 33(b)(8) of the Act, 15U.S.C

⁴⁷ See *TraFFix Devices, Inc.v. Marketing Displays, Inc*; *Qualitex Co.v.Jacobson Product Co.,Inc*; *Inwood Laboratories, Inc.v.Ives Laboratories, Inc*

the traditional notion of the functionality of a trade mark. This is because it is a given based on a prior purpose or functionality.

The functionality doctrine is intended to encourage legitimate competition by maintaining the proper balance between trade mark law and patent law. As the Supreme Court explained in the case *Qualitex Co.v.Jacobson Products Co., Inc*: the functionality doctrine prevents trade mark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature. It is the province of patent law, not trade mark law, to encourage invention by granting inventors a monopoly over new product designs or function for a limited time, after which competitors are free to use the innovation⁴⁸.

Some courts in US had developed a definition of functionality that focused solely on 'competitive need'. According to this, only if competitors needed to copy that design in order to complete effectively, would the particular product feature be functional. In the case *TraFFix*, the Supreme Court held that this 'was incorrect as a comprehensive definition' of functionality⁴⁹. However, in aesthetic cases, this definition is suitable. These are cases where the mark sought to be registered is a colour or other matter that does not easily fit within a 'utilitarian' definition of functionality⁵⁰. From that, the notion of aesthetic functionality was born.

A feature can be considered as aesthetically functional if it is a purely aesthetic feature and, because of it, the trade mark provides real and significant competitive advantage and put competitors at a significant non-reputation-related disadvantage⁵¹.

Based on statements of the US Courts, there are often two kinds of functionality of trade mark: traditional functionality and aesthetic functionality. However, in these circumstances, in my opinion, the two 'kinds' of functional features can be better regarded as utilitarian features and competitive features.

3.2 Utilitarian features

The necessity for the regulation of utilitarian features comes from the need to draw a border line between trade marks and other objects of intellectual property law, in particular, between trade marks and patents.

⁴⁸ See *Qualitex Co.v.Jacobson Product Co.,Inc* 514 U.S. 159, 164, 34 USPQ2d 1161-63 (1995)

⁴⁹ See *TraFFix Devices, Inc.v. Marketing Displays, Inc.*, 532 U.S. at 33, 58 USPQ2d at 1006

⁵⁰ See 3.2.1 below

⁵¹ See *Qualitex Co.v.Jacobson Product Co.,Inc*; *Brunswick Corp.v.British Seagull Ltd*

In general, three requirements are usually given for something to be patented: utility, novelty and nonobviousness⁵². Utility is an obviously basic feature because it shows the value of the patent. The application of patents in the manufacturing process will give economic benefits to the owners of patents. Manufacturing is not only the driving force but also the place where scientific innovations can be applied⁵³. The fact that a producer controls an useful product feature is 'the province of patent law, not trade mark law'⁵⁴.

The border line between trade mark and patent is needed to protect the ultimate purpose of these kinds of protections.

Patents have also been justified by the fact that they provide an incentive for the production of new invention⁵⁵. 'The underlying purpose of the patent system is the encouragement of improvements and innovation. In return for making known his improvement to the public the inventor receives the benefit of a period of monopoly during which he becomes entitled to prevent others from performing his invention except by his license'⁵⁶

More specifically, it is said that as a patent provide the possibility for inventions to be exploited for a limited period, this means that inventors will be more willing to fund research and development. In this sense, patents act as a vector that links scientific and technical research with the commercial sphere.⁵⁷

In fact a patented product is often used by retailers trying to gain a competitive advantage to show the innovative nature of their products. There is also a sense in which the fact that a product has been patented suggests that the product has been publicly sanctioned in some way or other. This has proved to be an important consideration in the ethical debates about whether patents should be granted for genetically modified humans, animals and plants⁵⁸.

A patent is a limited monopoly that is granted in return for the disclosure of technical information.

All these are the reasons for patents protections as well as for the limitation of the patent protection period. Protection can be considered as

⁵² Earl W.Kintner and Jack L.Lahr, An intellectual property law primer

⁵³ Hanoi University of Law, The civil law text book (2002)

⁵⁴ See *Qualitex Co.v.Jacobson Product Co.,Inc.*, 514 U.S. 159, 164, 34 USPQ2d 1161-63 (1995)

⁵⁵ See E.Kitch, 'An Economic review of the patent system' (1977) 20 J Law & Economic 265: Kitch emphasized the way in which the grant of patents could be analogized to the grant of mineral rights, giving the grantee an incentive to invest in the exploitation of the 'prospect'

⁵⁶ *Asahi Kasei Kogyo* [1991] RPC 485, 523 (Lord Oliver) (HL)

⁵⁷ MacLeod, *Inventing the industrial revolution* (1998): the role that the patent system played in inducing the invention and implementation of new industrial practices has been widely but inconclusively debated

⁵⁸ Lionel Bently and Brad Sherman, *Intellectual property* (Oxford)(second edition)

‘encouragement’ and ‘reward’ for inventors. And limitation of the protection period is also a guarantee, but one allowing for the promotion of subsequent developments of science in the world, serving the general benefit.

In contrast with patents, a trade mark does not give exclusive control over the sale of particular goods. Rather, it merely provides control over the use of the sign in connection with goods⁵⁹.

A trade mark is used to indicate the sources of goods, to show who produces them. It cannot be said to be the goods itself. Development of trade marks in fact always relates to the development of the manufacturer’s reputation. So, if a trade mark becomes popular, and is known by a large number of consumers, it only indicates prosperity for the manufacturers. These are the reasons for such limitation as exists in trade mark protection time, tied to exploitation. Otherwise, by the renewal method, trade marks can be protected forever.

Usability is the ultimate feature requiring patent protection. If it is accepted in trade mark law as well, the border line will be vague. Thus, it would be very difficult to achieve the purposes of intellectual property law in protecting the different objects.

Functionality of trade mark in US trade mark protection, in case of utilitarian feature, is also understood in this way. The requirement of nonfunctionality is sufficient, in and of itself, to prevent a statutory conflict between the federal trade mark and (utility) patent regimes⁶⁰.

3.3 Competitive features

In my opinion, the features which ‘affect the cost or quality of product’⁶¹, or provides ‘real and significant competitive advantage and put competitors at a significant non-reputation-related disadvantage’⁶² should be considered as competitive features.

To protect a trade mark is to protect the public from deceit, to foster fair competition and to secure to the business community the advantages of reputation and goodwill by preventing their diversion from those who have created them to those who have not⁶³. If a trade mark is used as a ‘tool’ to restrict, to prevent competition, this is not its real purpose.

⁵⁹ Lionel Bently and Brad Sherman, Intellectual property law, p.697

⁶⁰ See case W.T. Rogers Co.v.Keene, 778 F.2d 334, 337 (7th Cir. 1985): ‘[P]rovided that a defense of functionality is recognized, there is no conflict with federal patent law’

⁶¹ Traffix Devices, Inc.v. Marketing Displays, Inc; Qualitex Co.v.Jacobson Product Co.,Inc; Inwood Laboratories, Inc.v.Ives Laboratories, Inc

⁶² Qualitex Co.v.Jacobson Product Co.,Inc; Brunswick Corp.v.British Seagull Ltd

⁶³ The International trademark association, Counsel of record no. 99-1571

Competitive features can be seen in cases affecting price and quality of goods and in cases concerning aesthetic marks.

Since a trade mark is only a sign to indicate the sources of goods, it can not include anything directly affecting the quality or price of goods. Therefore, a showing that trade marks are formed by comparatively simple or inexpensive methods of manufacture will support a finding that they are functional⁶⁴.

In most cases, there is little or no evidence pertaining to this factor. Statements pertaining to the cost or ease of manufacture may sometimes also be found in information or advertising materials submitted by the applicants⁶⁵.

So, the applicants are often required to provide information showing whether or not the proposed marks makes the product simpler or less costly to manufacture because evidence on this issue can weigh strongly in favour of a finding of functionality⁶⁶. And when such evidence supports a finding that the proposed marks is functional, the opposite is not necessarily to be considered⁶⁷ and the proposed marks will not be registered as trade marks.

Traditionally, the function of a trade mark has been perceived as being a reliable indicator of the origin of goods to the consumer. However, modern national advertising methods have changed the usefulness of marks as a means of communicating to the public, and the functions of marks have grown as a result⁶⁸. As a result of that, the function of trade marks is no longer limited to the signification of origin of goods to which the marks as attached, but also to indicate the quality of the goods and promote them in the minds of consumers. Modern consumers do not only focus on the sources of goods but also consider the quality of goods which trade marks want to represent. The quality may only exist in their perception due to images sponsored by advertising, but perceived quality there must be: 'If he is interested in origin, it is normally because origin imports an expectation of some quality'⁶⁹. Moreover, 'since the user of a symbol probably guarantees by it nothing more than his hope that the buyer will come back for more, the term smacks strongly of the ad-man's desire to create the

⁶⁴ See more in <http://www.uspto.gov/web/offices/tac/tmep>

⁶⁵ For example, in case M-5 Steel Mfg.,Inc.v.O'Hagin's Inc., 61 USPQ2d 1086, 1097 (TTAB 2001): statements in promotional material that applicant's design results in reduced costs of installation found to be evidence of functionality of applicant's configuration of metal ventilating ducts and vents for tile or concrete roofs

⁶⁶ TrafFix, 532 U.S. at 23, 58 USPQ2d at 1001 (2001)

⁶⁷ For example, assertions by the applicant that its design is more expensive or more difficult to make will not establish that the configuration is not functional.

⁶⁸ Terence Prime, European Intellectual Property Law, p. 76. According to that, this was noticed as long ago as 1927 in that ultimate consumer society, the USA, by Frank Schechter in his ground-breaking article 'The rational basic of trade mark protection' published in the Harvard Law Review

⁶⁹ W.R.Cornish and J. Phillips, 'The economic function of trade marks – An analysis with special reference to developing countries', p.43

illusion of a guarantee without in fact making more than the minimum warranty of merchantable quality',⁷⁰.

However, even if it is an indication of the quality of goods, a trade mark is not the feature which affects quality of goods in itself. Realistically though, a trade mark is used to reflect quality of goods to consumers. At its best, 'the benefits of trade marks in reducing consumer search costs, require that the producer of a trade marked goods maintain a consistent quality over time and across consumers. Hence trade mark protection encourages expenditures on quality',⁷¹. Thus, if trade marks 'affect[ing] quality of product', means that, thanks to trade marks, the quality of goods actually becomes better (while the real quality of goods is not affected), such trade marks can not be protected as an object of intellectual property law⁷².

The concept of 'aesthetic functionality' has for many years been the subject of much confusion as to its precise meaning and whether it is even a viable legal principle. Aesthetic functionality is often considered in cases involving ornamentation issues in which applicant put competitors in 'non-reputation-related disadvantages',⁷³ and often appeared when the proposed mark is a colour mark.

In the case *TrafFix*, the Supreme Court considered that in *Qualitex*, 'aesthetic functionality was the central question, there having been no indication that the green-gold colour of the laundry press pad had any bearing on the use or purpose of the product or its cost or quality',⁷⁴. That means aesthetic functionality is a valid legal concept.

Although the references to aesthetic functionality in the *TrafFix* decision are *dicta*, the Court's use of this terminology appears to indicate that the concept of aesthetic functionality is still confused.

In the *Qualitex* case itself, the US Supreme Court considered whether a green-gold colour used on the pads for dry cleaning presses was barred from trade mark protection under the functionality doctrine. While the Court ultimately concluded that the colour at issue was not functional, it evaluated the proposed mark not only in light of the traditional functionality definition⁷⁵ but also in term of whether there was a competitive need for the colour in that industry, stating that the colour would be considered functional if its exclusive use 'would put competitors at a significant non-reputation-related disadvantage',⁷⁶.

⁷⁰ R.S.Brown, 'Advertising and public interest: legal protection of trade symbols', p.1181

⁷¹ R.A.Posner and W.M.Lander, 'Trade mark law: an economic perspective', p.233

⁷² These issues, in my opinion, will be more understood if they are analyzed in economic aspects. However, because of delimitation of thesis, there is no detail analyzing these issues in economic aspects in my papers.

⁷³ See *Qualitex*, 514 U.S. 165, 34 USPQ2d at 1163-65

⁷⁴ See *TrafFix*, 532 U.S. at 33, 58 USPQ2d at 1006-07

⁷⁵ *Qualitex*, 514 U.S. 165, 34 USPQ2d at 1163-65: whether the proposed mark is essential to the use or purpose of the product or affects the cost or quality of the product

⁷⁶ *Ibid.* at 1163-65

In the case Brunswick, the Board determined that the colour black for outboard motors was functional because while it had no utilitarian effect on the mechanical working of the engines, it nevertheless provided other identifiable competitive advantages (for example: ease of coordination with a variety of boat colours and reduction in the apparent size of the engines)⁷⁷.

In my opinion, a trade mark should be ‘evidence’ showing the reputation of manufacturers in the market. The advantages of trade mark need to be considered within the framework of the reputation of the mark’s owners. Thus the ‘significant non-reputation-related disadvantages’ which could be given by a trade mark will change the real ‘meaning’ of trade mark. As Cornish comments: ‘if one can show that he has the reputation for a particular area, the other will not be permitted to use the name in that area’⁷⁸.

The cases with colour marks and product features that enhance the attractiveness of the product are most popularly reviewed in terms of aesthetic functionality. Even though such a feature does not normally give the product a truly utilitarian advantage (in term of making the product actually perform better) it may still be found to be functional because it provides other real and significant competitive advantages and thus should remain in the public domain.

Facts pertaining to the availability of alternative(s) will often be given by applicants as evidence which show the proposed marks to be nonfunctional. An applicant attempting to rebut a *prima facie* case of functionality will often submit evidence of alternatives to demonstrate that there is no ‘competitive need’ in the industry at issue and that their proposed marks do not put competitors to a competitive disadvantage. In US case law, evidences of the availability of alternative(s) may be helpful where the record is unclear regarding the utilitarian functionality of the proposed marks. Accordingly, information about alternative(s) may be requested⁷⁹.

In order to be probative, the alternative evidences must pertain to the same category of goods as the applicant’s goods⁸⁰.

However, the fact of availability of alternatives is not important if functionality in its traditional sense can be clearly seen. In such

⁷⁷ Brunswick Corp.v.British Seagull Ltd., 35 F.3d 1527, 32 USPQ2d 1120 (Fed.Cir.1994)

⁷⁸ Cornish, ‘Intellectual property’, p.409

⁷⁹ In the case Gibson Guitar: the Board found that the applicant had not shown that there were alternative guitar shapes that could produce the same sound as the applicant’s configuration. The Board noted that the record contained an advertisement obtained from the website of a competitor whose guitar appeared to be identical in shape to applicant’s configuration, stating that the shape of the guitar produces a better sound

⁸⁰ See re Zippo Mfg.Co.,50USPQ2d 1852, 1854 (TTAB 1999)

circumstances, if a trade mark is functional, the concept of alternatives in the market has little meaning⁸¹.

3.4 Brief Conclusion

The functionality of a trade mark, first appeared in US Trade mark regulation and can be seen as important to consider on registering any proposed mark as a trade mark. Utilitarian features and competitive features makes a trade mark 'lose' its real functions. As a result, it is impossible to accept such marks as trade marks to be protected under intellectual property law.

This notion of functionality of trade mark, based on US experience, is considered as the ground for discussing the same topic in the EU and in Vietnam, both in their respective legislation and in practice.

⁸¹ See *Traffix*, 532 U.S. 23, 58 USPQ2d at 1001 (2001): the US Supreme Court clearly indicated that it is unnecessary to consider whether there is a competitive need for the product feature or not in case of a design is essential to the use or purpose of a product or if it affects the cost or quality of the product. Because a functional feature obviously puts competitors in an un-competitive situation

4 Functionality of trade marks in the EU

4.1 Background

4.1.1 Some provisions concerning trade marks in existing EU legislation

Before analyzing functionality of trade marks in the EU, we need to consider some basic legislative provisions on trade marks, in particular, those in Council Regulation 40/94.

Article 4 ‘Signs of which a Community trade mark may consist’ states: *‘A Community trade mark may consist of any signs capable of being represented graphically, particular words, including personal names, designs, letters, numerals, the shape of goods or of their packaging, provide that such signs are capable of distinguishing the goods or services of one undertaking from those of other undertakings’.*

The word ‘sign’ is not given any statutory definition as to what is meant and this suggests all types of signs can be registered as trade marks. However Article 4 does say that the types of signs are: words (including personal names) – designs – letters – numerals - the shape of goods or of their packaging.

However, this list is obviously not exhaustive. The use of the word ‘sign’ makes the definition of trade mark ‘flexible and open-ended’⁸², subject only to the other requirements. And ‘sign’ is ‘an expression wide enough to include a wide range of unusual marks, such as marks consisting of a single colour, a smell, a sound or a moving image’⁸³. As the Board of Appeal at the OHIM said, the notion of sign ‘is to be interpreted as a very broad, open and general term encompassing all conceivable types of marks (including, for example, sound marks and three-dimensional marks)’⁸⁴.

So, the regulations in Article 4 only show some examples which often appear as proposed marks. This provision does not mean that only these types of signs will be registered as trade marks. And in fact, there are many unusual types which do not fall within this list yet could still be registered and protected.

⁸² Kerly’s Law of Trade marks and Trade names, p.9

⁸³ Ibid. p.9

⁸⁴ Wm.Wrigley/Light green, R122/98-3 [1999] ETMR 214, p.17

Functionality of a trade mark could lead to refusal to register a trade mark. In order to examine this issue in the EU, it is necessary to consider the regulation of refusal in EU trade mark legislations. In Council Regulation 40/94, there are 2 provisions concerning refusal: Article 7 (absolute grounds for refusal) and Article 8 (relative grounds for refusal). However, as Article 8, considers issues relating proposed marks and earlier marks and this does not fall within the topic of my thesis, I will focus only on Article 7.

Article 7 ‘Absolute grounds for refusal’ in Council Regulation 40/94 states:

‘1. The following shall not be registered:

- (a) signs which do not conform to the requirements of Article 4;*
- (b) trade marks which are devoid of any distinctive character;*
- (c) trade marks which consist exclusively of signs or indications which may serve, in trade, to designate the kind, quality, quantity, intended purpose, value, geographical origin or the time of production of the goods or of rendering of the service, or other characteristics of the goods or service;*
- (d) trade marks which consist exclusively of signs or indications which have become customary in the current language or in the bona fide and established practices of the trade;*
- (e) signs which consist exclusively of:*
 - (i) the shape which results from the nature of the goods themselves; or*
 - (ii) the shape of goods which is necessary to obtain a technical result; or*
 - (iii) the shape which gives substantial value to the goods;*
- (f) trade marks which are contrary to public policy or to accepted principles of morality;*
- (g) trade marks which are of such a nature as to deceive the public, for instance as to the nature, quality or geographical origin of the goods or service;*
- (h) trade marks which have not been authorized by the competent authorities and are to be refused pursuant to Article 6ter of the Paris Convention;*
- (i) trade marks which include badges, emblems or escutcheons other than those covered by Article 6ter of the Paris Convention and which are of particular public interest, unless the consent of the appropriate authorities to their registration has been given;*
- (j) trade marks for wines which contain or consist of a geographical indication identifying wines or for spirits which contain or consist of a geographical indication identifying spirits with respect to such wines or spirits not having that origin.*

2. Paragraph 1 shall apply notwithstanding that the grounds of non-registrability obtain in only part of the Community.

3. Paragraph 1(b), (c) and (d) shall not apply if the trade mark has become distinctive in relation to the goods or services for which registration is requested in consequence of the use which has been made of it’.

Article 7(1) regulates the circumstances in which the proposed marks can not be registered as trade marks.

According to this, the provisions in Articles 7(1) (a), (b), (c), (d) are concerned with the fundamental issue of distinctiveness – the essential function of a trade mark. Their structures and wordings suggest that they set out a simple and fundamental requirement which any sign must fulfil before it can properly be registered as a trade mark. ‘The requirement is that the sign must possess a distinctive character, inherent or acquired, so that it can carry out the essential function of a trade mark which is to distinguish the goods ... of one undertaking from those of another undertaking’⁸⁵.

Distinctive requirement is one of two conditions that a sign has to fulfil to be registered as a trade mark. However, these issues too, although they are related to functionality, are not the main topic of my thesis and will not be analyzed in detail.

The provisions in Article 7(1) (f), (g) are designed to prevent registration of a mark which could cause offence to a section of the public⁸⁶. Offence may be based on matters of race, sex, religious beliefs or like others.

The provisions in Article 7(1) (h), (i) are designed to protect some important emblems. The basic reason is to preclude registered trade marks which can misrepresent and make the consumers regard the marks as being ‘official’.

The provision in Article 7(1) (j) is designed to protect consumers from misleading geographical indication of wine as a trade mark.

So, in Article 7(1) (f), (g), (h), (i), (j), there are also many interesting and important circumstances in which the proposed marks can not be registered as trade marks. However, these issues are also not relevant to my topic and will not be further analyzed.

In order to analyze the functionality of trade marks in the EU, I will focus on the provision in Article 7(1) (e). The three indents in Article 7(1) (e) consider natural, functional and ornamental features which allow for refusing any sign which contains one or more of these features.

Since the refusal based on shapes, in the first indent in Article 7(1)(e), is based on resemblance of the form of all like goods, this provision should not be analyzed in detail in this topic. The shape which results from the nature of the product is that without which the product could not exist. In other word, it is a ‘natural’ shape, the use of which is imperative for all products of the same kind. It can also be the case for shapes which do not differ from

⁸⁵ Kerly’s Law of Trade marks and Trade names, p. 148

⁸⁶ OHIM appears to be using this ground for refuse application for the names of particularly famous people. For example, applications refused under Article 7 (f) for: BILL CLINTON; JOHANNES PAUL II, ...

the common appearance of such products by significant arbitrary elements⁸⁷.

Beside judgments of EU Courts about functionality of trade marks, the two other indents in Article 7(1) (e) give important background to the analysis of issues of functionality in the EU. Through them, we can see that not only utilitarian features, but also competitive features are grounds for functionality based refusals.

Although, only Article 7(1) (e) explicitly contains features which can be considered under functionality, in my opinion, this does not mean that, in the EU, the issue can only be applied to shape⁸⁸.

4.1.2 Ground for refusal in Article 7(1)(e)

In general, the various ground for refusal regulated in Article 7 must be interpreted in the light of the public interest underlying each of them⁸⁹.

In particular, the ECJ stated in the Philips case: ‘The rationale of the grounds for refusal of registration laid down in Article 3(1)(e) of the Directive⁹⁰ is to prevent trade mark protection from granting its proprietor a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the products of competitors. Article 3(1)(e) is thus intended to prevent the protection conferred by the trade mark right from being extended, beyond signs which serve to distinguish a product or service from those offered by competitors, so as to form an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics in competition with the proprietor of the trade mark’⁹¹.

It is clear that the main purpose of the provisions focus on protection of competition in the market. Comparing with the EC Treaty, which proclaims that the highest purpose in Community is ‘establishing a common market’⁹² which belongs to the obligations that Member States shall take all appropriate measures to ensure fulfilment of⁹³, the purpose of the regulation in Article 7(1)(e) is appropriate.

However, the provision does not require that functionality be considered with respect to competitive features only. Even if ensuring competition is the main ground for refusals laid down in Article 7(1)(e), functionality can

⁸⁷ Arnaud Folliarg-Monguiral and David Rogers, ‘The protection of shapes by the Community trade mark’ [2003] EIPR issue 4, p.173

⁸⁸ Analyzing in detail below

⁸⁹ Case Windsurfing Chiemsee, p. 25 to 27

⁹⁰ The contents in Article 3(1) (e) of Directive 89/104/EEC is equivalent to the contents in Article 7(1) (e) of Council Regulation 40/94

⁹¹ Case Philip .v. Remington, C-299/99, p.79

⁹² EC Treaty, Article 2 (ex Article 2)

⁹³ EC Treaty, Article 10 (ex Article 5)

be looked at in terms of both utilitarian and competitive features, though this may not be similar to the way these issues are looked at in the US.

4.2 Functionality of trade marks in the EU

The purpose of the protection afforded by a Community trade mark is *inter alia* to ‘guarantee the trade mark as an indication of origin’⁹⁴.

Moreover, according to the case law of the ECJ, ‘the essential function of a trade mark is to guarantee the identity of the origin of the marked product to the consumer or end-user by enabling him, without any possibility of confusion, to distinguish the product or service from others which have another origin, and for the trade mark to be able to fulfil its essential role in the system of undistorted competition which the Treaty seeks to establish, it must offer a guarantee that all the goods ... bearing it have originated under the control of a single undertaking which is responsible for their quality’⁹⁵. And the essential function of trade mark ‘is also clear from the wording and the structure of the various provision of the Directive⁹⁶ concerning the grounds for refusal of registration’⁹⁷.

Basing on this clear description of the functions of trade marks, the issue of functionality will be considered in terms of both utilitarian and competitive features.

4.2.1 Utilitarian features

The second limitation on the types of shapes that result in refusal according to Article 7(1)(e) is: ‘the shape is necessary to obtain a technical result’.

In my opinion, this provision displays the utilitarian features of functionality.

4.2.1.1 The shape is necessary to obtain a technical result

The focus of this provision is not on the technical result, but on the shape in question and on its technical effect⁹⁸.

In general, a shape employing a technical result which is commonly used to show or to pack the goods belongs to the use rights of all manufacturers. Where one could design a shape different from the one in question even if it contains a technical result, it is possible for the owner to register such

⁹⁴ Preamble of Regulation 40/94

⁹⁵ Case Philip .v. Remington, C-299/99, p.30

⁹⁶ The regulations in the provisions concerning the ground for refusal of registration in Directive 89/104/EEC are equivalent to those in Regulation 40/94

⁹⁷ Case Philip .v. Remington, C-299/99, p.31

⁹⁸ Kerly’s Law of Trade marks and Trade names, p. 197

shape⁹⁹. However, ‘it is through the law of design and patent, but not trade mark’¹⁰⁰. That means technical results which give utility to users can not appear in trade marks in any case.

Under the provision, ‘technical result’ should be seen as effectively equal to involving ‘essential characteristics’ of the shapes¹⁰¹. The key issue of this provision is necessity of a shape to achieve a technical result.

Necessary characteristics can be considered in 3 ways: the role of the alternatives which can give the same technical result; the perspective from which necessity characteristics are judged and the test appropriate for determining whether the restriction applies.

In order to prove that there are no necessary elements in proposed marks, applicants often give examples of other shapes which can yield the same technical result. In *Philips .v. Remington*, Philips argued that if the owners of the shapes can show that other shapes will also ‘achieve the same technical result in shaving terms at an equivalent cost to that of its products’ their signs will not fall within the exclusion of the provision¹⁰².

However, the ECJ stated that there is ‘nothing in the wording of that provision’ to force the overcoming or invalidity of the ground for refusal merely because other shapes could achieve the same technical result¹⁰³. Thus, first of all, there is no legal ground regarding the role of alternatives in these circumstances.

The main legitimate aim in the provision is ‘not allowing individuals to use registration of a mark in order to acquire or perpetuate exclusive rights relating to technical solutions’¹⁰⁴. Therefore, if it is only shown that the essential characteristics of the shape are attributable solely to the technical result, then, following the provision, this shape can not be accepted for registration. The existence of alternatives is irrelevant.

Because the purpose of the provision is to exclude *all* shapes necessary to achieve a technical result, ‘in so far as the essential features of a shape are necessary in order to fulfil a function, trade mark protection must not be

⁹⁹ Ibid. For example, taking the technical result obtained by a corkscrew. The guts of a corkscrew can employ various designs of helical screw. All of them are necessary to achieve the technical result. A sign comprising just the shape of any one of those designs of helical screw should not be registered. However, there is a plenty of scope for the designer to make his corkscrew look different to those of other manufacturers, so a sign consisting of the shape of the whole of the corkscrew would not consist exclusively of the prohibited shape. Whether the shape of the whole of the corkscrew was seen as a badge of origin is another matter

¹⁰⁰ Ibid. p. 198

¹⁰¹ In *Philips* case, ECJ held that ‘provision is intended to preclude the registration of shapes whose essential characteristics perform a technical function’, p. 79

¹⁰² Case *Philip .v. Remington*, C-299/99, p. 67

¹⁰³ Ibid. p. 81

¹⁰⁴ Ibid. p. 82

granted *without* investigating whether that function could also be achieved by other features'¹⁰⁵.

While the issue relating to alternative shapes is stated clearly, the ECJ did not take the same clear approach with respect to the issue of the perspective from which necessary characteristics be judged.

The ECJ only looked at three circumstances to consider including: whether the shape actually achieved a technical result, whether the shape was chosen by the designers to do so, whether the shape is one of a limited number that a competitor could use to achieve the function¹⁰⁶. It seems the ECJ did also suggest that subsequent tribunals should form an overall conclusion taking account of a variety of perspectives¹⁰⁷.

The test for determining whether the restriction even applies is very important; unfortunately, the ECJ failed to answer the issues in question. In order to examine these issues in detail, future judgments will have to spell them out.

4.2.1.2 Reasons for refusal

On the issue of refusing trade mark protection on the basis of shapes, the approach in the EU is similar to the approach of the US trade mark laws.

Mr Colomer analyzed in detail the purpose of the provision as well as the importance of drawing the border line between trade mark and other objects, in particular, patent and design.

'In the case of the second indent of subparagraph (e), the interpretation of which is at issue, it is clear that the Community legislature sought to delimit the scope of protection of a trade mark from that of an industrial patent. Likewise, it distinguishes between the scope of patents and designs respectively'¹⁰⁸.

The differences between trade mark and patent and design are in the nature of the object protected. The regulation of the time of protection, therefore, need not be identical.

While a trade mark seeks to protect the identity of origin of the goods and goodwill of undertaking which the goods attract, designs and patents seek to protect the goods themselves. As a result, trade marks enjoy protection unlimited in time. But, the rights of the owners of designs or patents are for a limited time: in this case, the protection of utilitarian features can be understood as rewarding innovation fairly and encouraging industrial development. Once the time limit expires, designs or patents will be freely

¹⁰⁵ Opinion of Mr. Advocate General Colomer in case Philips v Remington; C-299/99, p. 35

¹⁰⁶ Case Philip .v. Remington, C-299/99, p.79-80

¹⁰⁷ See more in Lionel Bently and Brad Sherman, Intellectual property law, p. 796

¹⁰⁸ Opinion of Mr. Advocate General Colomer in case Philips v Remington; C-299/99, p.32

available. This shows the balance of the public interests in play¹⁰⁹. In more detail, Mr Colomer showed that, alternatives can be considered in the case of whether a design would be accepted for protection or not, but the issue is not applied similarly in case of trade mark¹¹⁰.

Indeed, if other shapes which can obtain the same technical results can be accepted as evidence, it is likely that undertakings would register as trade mark all imaginable shapes which achieved such a result.

Consequently, first, regarding a particular technical solution, undertakings would obtain a permanent monopoly; second, the trade mark courts would get more duties which would include carrying out comprehensive assessments concerning the equivalence of performance of the different technical processes¹¹¹.

4.2.2 Competitive features

Protection of the competition environment in the Community, as analyzed above, is a key purpose also served by these regulations. It is possible to say that competitive features are prominent in all the related provisions. However, the competitive features relating to functionality of trade mark, in my opinion, are shown quite clearly in the case of signs regulated under Article 7(1)(e)(iii) as well as colour marks.

4.2.2.1 The shape which give substantial value to the goods

The third limitation on types of shapes that can be conditions for refusal in Article 7(1)(e) is: ‘the shape which gives substantial value to the goods’.

Because a trade mark is related to the reputation of an undertaking, a trade mark can give substantial value to the goods. As Mr Colomer said in Philips case: ‘Good trade marks add value to goods – that is one of things they are for’¹¹². When an undertaking manages its business well and its goods are known popularly, the consumers will choose the goods for its trade mark, as the choice of a product from a credible undertaking. Thus, the substantial value to the goods added by a trade mark is related to the development of the reputation of an undertaking.

It is necessary to point out that the provision which is considered does not fall within the issue of substantial value to the goods from its trade mark (as

¹⁰⁹ Ibid. p. 31

¹¹⁰ Opinion of Mr. Advocate General Ruiz – Jarabo Colomer: According to that, while the ground for refusal in design cases is only to recognize external features which are solely dictated by its technical function, the ground for refusal in trade mark cases is to exclude from its protection signs which consist exclusively of the shape of goods which is necessary to obtain a technical result, p. 34

¹¹¹ Ibid. p. 36 - 39

¹¹² Case Philips .v. Remington [1998] RPC 283 at 309; approved on appeal [1999] RPC 809 at 822

analyzed in the above paragraph). The problem in the third indent is quite different. This is case in which goods are given substantial value through its shape, not its trade mark.

The purpose of this provision is to exclude ‘aesthetic – type shapes’, for example, shape which have eye appeal¹¹³. That means that, thanks to the beauty of its shape, goods will be brought by consumers.

Article 7(1)(e)(iii) deals with shapes whose purely ornamental characteristics determine entirely or essentially the purchase of the good¹¹⁴. In this respect, protection under trade mark law does not consist so much in protecting an origin indication, but rather in conferring an exclusive right to certain ornamental features. The shape is therefore ‘for itself’ rather than as an origin identifier, which thus constitutes a misuse of trade mark law to the detriment of design law¹¹⁵.

The reason for the prohibition is based on the border line between trade mark and design¹¹⁶. Design seeks to protect the goods as an economic factor, ‘their substantial value’, while trade mark only seeks to protect the indication of the sources of goods¹¹⁷. Therefore, the shape in the case regulated in the third indent in Article 7(1)(e) ‘should be protected as registered designs or the like protection, not by trade mark registration’¹¹⁸.

Moreover, because of the trade mark’s function – only indicative of sources of goods - the shape in issue is not accepted as a trade mark since the shape does not perform the real function of a trade mark¹¹⁹.

The other reason for the prohibition is ensuring competition in the market. As said earlier about the role of reputation in the value of goods, goods can be attractive to consumers from the reputation and goodwill of the producing undertaking. Thus, advantages not related to reputation but still benefiting an undertaking, on account of aesthetic features are clearly anti-competitive.

Beside aesthetic features, goods can also receive substantial added value by other, economic, features.

We can see that one goods’ shape can involve: more expensive design input, better quality materials and possibly high technical application. The

¹¹³ Ibid. at 822

¹¹⁴ BoA R 272/1999-3, 3rd May 2000, p.26

¹¹⁵ BoA R 263/1999-3, 13th April 2000, p.19

¹¹⁶ See more in 4.2.2

¹¹⁷ Opinion of Mr. Advocate General Colomer in case Philips v Remington; C-299/99, p. 37

¹¹⁸ Case Philips .v. Remington [1998] RPC 283 at 309; approved on appeal [1999] RPC 809 at 822

¹¹⁹ For example, that ‘goods which are purchased primarily because of the eye appeal of the shape – such as the shape of novelty soap, or the shape of an ornament or figurine for those goods – will fall foul of this provision’. See detail in TMR Work Manual, chapter 6, section 8, 175-6

existence of some or all of these factors is likely to lead to a higher price being charged for the products, comparing with products which still do the same basic job¹²⁰. The price of goods in such cases is based on a combination of manufacturing costs. In general, the high prices of such goods are for 'fair' reasons.

In these cases, there is still an issue whether shapes will be prohibited under this provision or not. The answer is obscure.

The United Kingdom Registry stated regarding the shape of Dualit toaster that 'price was an important factor but not the sole factor to be taken into account'¹²¹. The Court of Appeal in the Philips case held that: 'the fact that the technical result of a shape is excellent and therefore the article can command a high price does not mean that it is excluded from registration'¹²².

It seems that 'the provision appears to require concentration simply on the shape in question, leaving aside value attributable to the quality of materials or matters of technical or functional design'¹²³. This issue is interesting and needs to be considered by ECJ so that one can clearly see the scope of the provision.

The methods often used to test whether or not a shape gives value to a product are comparison methods.

First, comparison between the price of the product made in the relevant shape with the price of an equivalent product which is not made in that shape. For example, comparison between the prices of COKE bottles or COKE cans; comparison between two crackers which were of equivalent taste; ...¹²⁴.

Second, it is comparison 'between the shape sought to be registered and shapes of equivalent Articles. It is only if the shape sought to be registered has, in relative terms, substantial value that it will be excluded from registration'¹²⁵. This comparison is stated to consider the degree of the substantial value which is given to the good by its shape¹²⁶.

Shapes which give substantial value to goods can not give rise to a trade mark right since the qualities of such shapes will be sought for themselves

¹²⁰ Kerly's Law of Trade marks and Trade names, p. 200

¹²¹ See Dualit Limited's (Toaster Shapes) Trade mark applications [1999] RPC 304 Regy

¹²² Case Philips .v. Remington [1998] RPC 283 at 309; approved on appeal [1999] RPC 809 at 822

¹²³ Kerly's Law of Trade marks and Trade names, p. 200

¹²⁴ See more in Lionel Bently and Brad Sherman, Intellectual property law, p. 797

¹²⁵ Case Philips .v. Remington [1998] RPC 283 at 309; approved on appeal [1999] RPC 809 at 822

¹²⁶ Lionel Bently and Brad Sherman, Intellectual property law, p. 797

and independently of the origin of the product. The aesthetic merits of the shape therefore prevail over the function of identification of origin¹²⁷.

4.2.2.2 Colour marks

In the issue of functionality of trade mark, there are always debates when colours are registered as trade marks. Generally, colour trade marks are more vulnerable to rejection on the basis of their functionality than other signs¹²⁸.

The kinds of shape regulated in the third indent of Article 7(1)(e) (which can add substantial value to the goods) can also consist of colours. The idea is that, thanks to colourful shapes, consumers will choose the goods. In these cases, one would effectively be seeking to refuse such shapes as trade marks because of functionality, and colour plays an important role in the refusal.

Colours in such cases are merely elements which appear in shapes with a view to giving substantial value to goods. And the reason is the fact that shapes give goods 'eye' appeal. Colours here are auxiliaries which belong to shapes.

However, a single colour's protection (for example, a colour per se) is still the subject of heated debate. In the EU, the approach to the issue is not very clear.

As mentioned in paragraph 4.1.1 above, 'sign' has a broad, open and general meaning, and the list in Article 4 of Regulation 40/94 is not exhaustive. So, even if not listed in Article 4, colour is still able to register as a trade mark.

Under the joint declaration made by the Council and Commission at the time the Directive 89/104/EEC, they 'consider that Article 2¹²⁹ does not exclude the possibility of registering as a trade mark a combination of colours or a single colour... provide that they are capable of distinguishing the goods or services of one undertaking from those of other undertakings'¹³⁰.

Since that declaration cannot be used to interpret a provision of secondary legislation, no reference is made to the content thereof in the wording of the provision in question and it therefore has no legal significance¹³¹. From the provisions themselves, we can see that there is no clear legal ground for registering a colour per se as a trade mark.

¹²⁷ Arnaud Folliarg-Monguiral and David Rogers, 'The protection of shapes by the Community trade mark' [2003] EIPR issue 4, p.174

¹²⁸ Jani McCutcheon, 'How many colours in the rainbow? The registration of colour per se under Australian trade mark law' [2004] EIPR issue 1, p.27

¹²⁹ Article 2 in Directive 80/104/EEC is equivalent to Article 4 in Regulation 40/94

¹³⁰ OHIM OJ No 5/96, p. 607

¹³¹ Case Antonissen C-292/89 [1997] ECR I-745, paragraph 18; case VAG Sverige C-329/95 [1997] ECR I-2675, p. 23

In this declaration, the Council and the Commission also explicitly recognised the above limitation, in the preamble to their declaration where they stated: ‘Since the following statements of the Council and the Commission are not part of the legal text they are without prejudice to the interpretation of that text by the Court of Justice of the European Communities’.

Accordingly, it is for the ECJ to determine whether or not Article 4 of the Regulation 40/94 is to be interpreted as meaning that a colour per se is capable of constituting a trade mark.

If the standard for registrability of shape has been set in Philips case, the ECJ has set the applicable standard here in the Libertel case¹³². In this case, the ECJ reviewed the nature of a colour per se which is often not accepted in case of registration of a trade mark.

‘A colour per se can not be presumed to constitute a sign. Normally a colour is a simple property of things’¹³³. Moreover, colours ‘possess little inherent capacity for communicating specific information ... because of their appeal ... without any specific message’¹³⁴.

The ECJ held that ‘While the public is accustomed to perceiving word or figurative marks instantly as signs identifying the commercial origin of the goods, the same is not necessarily true where the signs forms part of the look of the goods in respect of which registration of the sign as a trade mark is sought. 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, because as a rule a colour per se is not, in current commercial practice, used as a means of identification’¹³⁵.

Before Libertel case, the CFI also stated in KWS Saat case¹³⁶ that: ‘The sign applied for will therefore not enable the relevant public immediately and with certitude to distinguish the applicant’s goods from those of other undertakings which are coloured other shades of orange’¹³⁷ and ‘the relevant public will not perceive the colour claimed as an indication of the commercial origin of the seeds concerned’¹³⁸.

Based on the judgments of the Courts, it can be seen that the main reason for refusal of a colour per se as a trade mark is that a colour is unable to meet the requirements of the real function of a trade mark, in particular, indication of source of goods.

¹³² Case Libertel Groep BV v Benelux-Merkenbureau C-104/01

¹³³ Ibid. p. 27

¹³⁴ Ibid. p. 40

¹³⁵ Ibid. p. 65. The similar sentences can be also found in KWS Saat case, p. 29

¹³⁶ Case KWS Saat AG v Office T-173/00

¹³⁷ Ibid. p. 33

¹³⁸ Ibid. p. 35

As with earlier cases, the various grounds for refusal must be interpreted in the light of the public interest underlying each of them¹³⁹.

However, 'the factual finding would not justify the conclusion that colours per se can not be considered to be capable of distinguishing the goods ... of one undertaking from those of other undertakings. The possibility that a colour per se may in some circumstances serve as badge or origin of goods ... of an undertaking can not be ruled out'¹⁴⁰.

So, in general, a colour per se can not be accepted as indication of goods, without some exceptional circumstances. In order to consider the suitability for registration of a colour per se, it is necessary to take as a stand point that of the relevant public.

It must not be similar to other signs, which is difficult as the number of colours actually available is limited. If colours per se are accepted as trade mark, the owners of trade mark will have an exclusive right that allows them to monopolise these colours for an unlimited time. Thus, it is impossible for competitors to use these colours in their marks, even when offering the same types of goods. Such an extensive monopoly would be incompatible with the system of undistorted competition that the Community wants to reach. In particular, it could have the effect of creating an unjustified competitive advantage for a single trader¹⁴¹.

In such circumstances, the competitive features of functionality are shown clearly. The owners would have non-related-reputation advantages from using the colour in their trade marks. Disadvantages would exist for competitors by way of a limitation in the use of colours. It seems that, because of functionality, colour per se should be never registered as a trade mark.

In order to solve this difficult problem, the ECJ held that: in Community trade mark law, 'there is 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 those in respect of which registration is sought'¹⁴².

So despite all this, in the *Libertel* case, the ECJ still held that the public could perceive colour per se as an indication of commercial origin.

After *Libertel*, the ECJ had considered in the *Heidelberger* case¹⁴³ whether trade mark protection could be expanded further to cover combinations of colour. As Dr Felix Hauck, associate solicitor at Bird & Bird, said, the

¹³⁹ See 4.3.1

¹⁴⁰ C-104/01 case *Libertel Groep BV v Benelux-Merkenbureau*, p. 41

¹⁴¹ *Ibid.* p. 47-54

¹⁴² *Ibid.* p.55

¹⁴³ C-49/02 case *Heidelberger Bauchemie GmbH* [2004] ECJ I-00000

Heidelberger Bauchemie case is a significant, though ambiguous step further in the history of intellectual property protection for colours¹⁴⁴.

In this case, ECJ found that: ‘the mere juxtaposition of two or more colours without shape or contour or a reference to two or more colours in every conceivable form’ ... does not exhibit the qualities of precision and uniformity required by Article 2 of the Directive¹⁴⁵. And the Court confirmed: ‘colours or combinations of colours in the abstract, without contour ... may constitute a trade mark’¹⁴⁶.

Clearly, the approach of ECJ to registration of colours as trade marks is widened by accepting colours ‘in the abstract, without contours’.

However, such colours will only be registered if the applicants can establish that they represented a sign in the context in which they are used and that the registration included ‘a systematic arrangement associating the colours concerned in a predetermined and uniform way’¹⁴⁷.

Therefore, the practical implications of the use of colours in the registration of trade mark are far from clear. The competent authority for registering trade marks have imposed a new obligation to help them decide the nature of colours in issue. In particular, ‘to specify the arrangement of the colours and the quantity used, including details on whether the colours are used as background, foreground or script’¹⁴⁸.

This type of regulation can make it easier for interested parties to know exactly what is registered. The key is to find the correct balance. However, the issues of colours, until now, are still rather lacking in certainty.

4.3 Brief Conclusion

The functionality of trade marks, even if not governed by explicit wording in legislation, is regulated through both legal provisions and the judgments of the ECJ in related cases.

The fact that Article 7(1)(e) only regulates the shape of trade marks does not mean that the issues of functionality are only applicable to shapes.

Since the definition of trade mark in Article 4 of the Regulation 40/94 is not exhaustive, the kinds of signs that can be registered as trade marks are not limited by the list contained in this provision. Beside traditional trade marks (such as words, letters,...), there are different signs which can be accepted

¹⁴⁴ See more in <http://www.thelawyer.com/lawzone>

¹⁴⁵ C-49/02 case Heidelberger Bauchemie, p.34

¹⁴⁶ Ibid. p.42

¹⁴⁷ Ibid. p.42

¹⁴⁸ See more in <http://www.thelawyer.com/lawzone>

under CTM system (such as three-dimensional shapes, colours, sounds, ...). The ECJ confirmed in Philips case, the provision 'makes no distinction between different categories of trade marks'¹⁴⁹. So, any sign that fulfils the features of functionality, could be subject to refusal on that ground. It is clear that colours trade marks are specific examples.

Based on trade mark legislation as well as case law, we can see that functionality in the EU includes both utilitarian features and competitive features. All kinds of signs can be considered under functionality; however, because of characteristics which are related and specific, the issues of functionality are here mainly studied through shape trade marks and colours trade marks.

Although these issues are covered by both legislation and ECJ judgments, the approach of the EU to functionality is not very clear. There are still some problems should be considered.

¹⁴⁹ Case Philip .v. Remington, C-299/99, p.47

5 Functionality of trade marks in Vietnam

5.1 In legislation

5.1.1 Basic regulation of trade marks

We look at the Vietnamese Civil Code, Part VI – Intellectual property rights and technology transfer, in which Chapter II – Industrial property rights includes general provisions regulating trade marks.

Article 785 ‘Trade marks’ states: *‘Trade marks are signs which are used to distinguish the goods or services of the same kind from different production and business establishments. A trade mark may appear in the form of words and letters or images or a combination of such elements in one or many colours’*¹⁵⁰.

According to Article 785, there are 3 forms of sign that can be registered as a trade mark: words - letters – images and a combination of such elements.

However, the law makers used the word ‘may’ in Article 785 leading to many different ways of understanding. The Article can be understood as saying that *only* the signs mentioned in the Article will be registered as trade mark. Or they are understood as only *examples* of signs. That means the Article does not list all the forms of ‘sign’.

In my opinion, the second idea is more suitable. First, one of Vietnamese law’s characteristics is that Codes always play a directive role with many general provisions. Detailed provisions guiding the application of legislation are in other documents ‘under’ the Codes, such as Decrees, Circulars, Directions, even official Correspondence. Second, when making lists, the law makers know that it is impossible to cover all cases since life always changes but the law is not changed over a period of time, thus, the word ‘other’ is often used in many provisions¹⁵¹ as showing predictable abilities. Third, a specific characteristic of the Vietnamese Civil Code is to include many open-ended provisions which are considered as a method which helps people actually to apply provisions in all civil fields¹⁵².

¹⁵⁰ Article 785 ‘Trade mark’ of the Vietnamese Civil Code

¹⁵¹ For example, Vietnamese Civil Code, Article 780 ‘Industrial Property Rights’: ‘... over other objects as provided for by laws’, Trade Law, Article 8 ‘Competition in trade’, title f: ‘Conducting other illegal competitions’, Law on Foreign Investment in Vietnam, Article 22: ‘... other sums of money and assets lawfully owned’

¹⁵² For example, Article 14 of Vietnamese Civil Code ‘Principle of application of custom and analogy of law’ provides: ‘In cases where the law does not provide for and the parties do not come to an agreement, customs or analogy of law may be applied, provided that such applications are not contrary to the basic principles of this Code’. Based on this

So, in the future, one only has to add these signs in the documents which guide the application of the Civil Code and these signs can be then considered as ‘the others’ which are not listed in Article 785.

Until now, beside the Vietnamese Civil Code, there is only Decree no 63/CP¹⁵³ on applying the Civil Code to the industrial property field. Article 6 of Decree no 63/CP regulates the conditions for registering signs as trade marks.

Article 6, title 1 Decree 63/CP¹⁵⁴ regulates signs which can be considered as capable of being sufficiently distinctive; they have to meet the following conditions:

a/ be established from one or some elements which are unique, easily visible or from a combination of many elements making a sign which is unique, easily visible in general, excepting signs which are regulated in Article 6, title 2 Decree 63/CP;

b/ not be identical or so similar as to invite confusion with other trade marks which are protected in Vietnam, including trade marks which are protected under international Conventions that Vietnam ratifies;

c/ not be so identical or similar as to invite confusion with other proposed marks in trade mark registered applications applied for with an earlier priority day at State competent offices, including trade mark registered applications under international Conventions that Vietnam ratifies;

d/ not be so identical or similar as to invite confusion with other trade marks which expired or had protection suspended but where time calculated from expiry or protection suspension is not over 5 years, excepting the cases where the reason for protection suspension is that trade marks were not used following regulations in Article 28 title 2 point c of the Decree no. 63/CP;

e/ not be so identical or similar as to invite confusion with other famous trade marks (following Article 6^{bis} of the Paris Convention) or with other trade marks which be used and accepted widely;

f/ not be so identical or similar as to invite confusion with other trade names which are protecting geographical indications (including protected appellation of origin of goods);

provision, in Civil procedure law, there is no provision to regulate disputes over tombs. So, courts will apply the customs of each village to settle such disputes

¹⁵³ Decree no 63/CP were established in October 24th 1996 of Government detailing the provisions in industrial property field in Civil Code which were amended by Decree no 06/2001/ND-CP in February 1st 2001 of Government

¹⁵⁴ Article 6 title 1 of Decree no 63/CP in October 24th 1996 of Government

g/ not be identical with industry designs which are protected or applied for with an earlier priority day;

h/ not be identical with an image or character which belong to another person's copyright unless the author permits.'

Article 6 title 2 of the Decree 63/CP¹⁵⁵ regulates signs which are not permitted as trade marks:

'a/ Non distinctive signs which are such as simple images or geometric figures, numbers, letters or words which can not be pronounced as meaningful words or letters; foreign letters in alien languages unless these signs have been used and accepted widely;

b/ Signs, conventional symbols, pictures or common names of goods in any languages which are used widely, and are known by many people;

c/ Signs showing time, place, manufacture methods, categories, quantity, quality, nature, component, usage, value of description of goods and services, of origin of goods and services;

d/ Signs giving rise to misunderstandings or likely to be misleading, or intended to deceive consumers about origin, nature, usage, quality, value of goods and services;

e/ Signs identical or similar to quality signs, guarantee checking signs, ... of Vietnam, foreign countries or international organizations;

f/ Signs, names (including pictures, names, alias, pseudonyms), images, symbols which are so identical or similar that they will give rise to confusion with the images of the national flag, national emblem, national leaders, national heroes, celebrities, geographical names, organizations of Vietnam as well as of foreign countries unless competent offices or competent people permit otherwise.'

From the above regulations on trade mark requirements, we can see that a sign can be registered as a trade mark if it is distinctive and can be used to distinguish between the same kinds of goods or services deriving from different undertakings.

In order to be considered as distinctive, proposed marks have to meet two conditions: distinctive ability and not being identical or so similar as to invite confusion with other industrial property objects regulated in law.

According to Vietnamese trade mark law, the proposed mark's having distinctive ability means there are one or more specific characteristics in the proposed mark which are enough to affect consumers' awareness and to

¹⁵⁵ Article 6 title 2 of Decree no 63/CP were established in October 24th 1996 of Government

make an impression on them. Thanks to these characteristics, the consumers will choose and remember such goods. Their impression about such marks are the results of such marks' effects on their mind, which may be established on the first time or through many occasions of using the goods in question.

The proposed marks can be registered as trade marks since they must also be used to distinguish the same kinds of goods made by different undertakings. A trade mark is not the name of a product, but rather shows its manufacturer. Trade marks are answers to questions regarding who manufactures goods but not questions of what the goods are.

Up to now, in both the Vietnamese Civil Code (the general document regulating all issues in civil field) and other related legislation (guides to applying Civil Code the regulation of industrial property rights, in particular, trade marks), there is no provision concerning functionality of trade marks.

However, there are some provisions in Decree no. 63/CP which could be considered, bearing in mind the origin of the issue, when deciding whether the provisions are similar to those expressly considering functionality but are merely using different wording.

Article 6 title 2 point c covers signs which can not be registered as trade mark if such signs *'show time, place, manufacture methods, categories, quantity, quality, nature, component, usage, value of description of goods and services, of origin of goods and services'*.

Note the word 'usage' of goods being an unacceptable element. We will consider whether the regulation is effectively similar to the notion of functionality or not.

The most important word that we need to consider, in my opinion, if one wants to compare this with the functionality issue is *'show'*. Here, such signs *'show'*; the word *'are'* is not used. *'Show'* means the signs do not play the role of indicating the manufacturer of goods, such signs rather give information on ancillary issues.

For example, a bottle of Coca Cola helps the consumers feel better after using it. And the issue of registering this kind of bottle as a trade mark will in effect raise the issue of whether it falls within functionality or not. On the bottle, there is some information about usage (for example, *'diet'* means Coca Cola is used as a diet drink). This information, of course, can not be considered or registered as a trade mark. This is the real meaning of the provision in Article 6 title 2 point c.

Similarly, the use of a camera is taking pictures, usage of a pen is writing, etc. So, such information can not be used to distinguish between different manufacturers.

Article 6 title 2 point c focuses mainly on the distinctive properties of signs which can be registered as trade marks by manufacturers, and does not expressly mention functional character. So, this regulation is actually rather far from the notion of functionality of trade mark.

Article 6 title 1 point g provides that a trade mark can not be '*identical with industrial designs which are protected or applied for with an earlier priority date*'.

This regulation gives the notion of another intellectual property concept: industrial design. According to Article 784 of the Vietnamese Civil Code, an industrial design is: '*the outer appearance of a product represented by lines, form, and colours or the combination of such elements, which has novel characteristics and may serve as a model for the manufacture of industrial products or handicrafts*'

The important feature that the regulation covers is time. If such signs are already protected or if applications are received at competent offices on an earlier day as industrial designs, they can not be registered as trade marks.

Each intellectual property concept has its specific characteristic and they need to be protected by specific regulations. Moreover, each such concept has specific benefits and needs specific limitations.

Clearly, a sign can not be simultaneously protected as two distinct types of intellectual property. (And registered applications received earlier, of course, need to have priority rights over those coming later). These are principles that are easy to understand.

Generally, by this regulation, Vietnamese law makers want to show a 'suitable' separation between different intellectual property rights as well as 'guaranteeing' rights to intellectual property owners who want to register them.

However, if one considers the notion of functionality, there are still some problems even if there seems to be some 'evidence' of functionality in this regulation.

As regulated by Article 784 of the Vietnamese Civil Code, industrial design seems to be a similar notion to the notion of industrial design analyzed earlier in relation to functionality. If Article 6 title 1 point g provides merely that a condition for registering trade mark is that the proposed mark is not an industrial design, there are many further issues related to functionality in such regulation.

It is important that Article 6 title 1 point g does not cover industrial design in general, but only industrial designs which '*are protected or applied for with an earlier priority date*'. It is a question as to why the point raised was

so limited in scope. Whether or not a proposed mark can be registered as a trade mark when it could also be seen as an industrial design is another question. Unfortunately, the regulation has no more information on the point.

In my opinion, the notion of functionality is not present in this situation. The reasons are based on Vietnamese law characteristics and practise.

Last, even if one could claim there is some ‘flickering evidence’ of functionality in Vietnamese intellectual property legislations, there is no explicit regulation of the issue, so far. All that really exists is the ‘suspect’ regulation in Article 6 of Decree no. 63/CP.

5.1.2 Conclusion

Vietnamese law belongs to the civil law system. The specific characteristic of this law system in general, and of Vietnamese law system in particular, is the very important role of legislation in the legal system.

That means that, in order to settle any case before a court, judges will strictly apply the provisions and regulations in relevant legislation. Judges only apply legislation which is established under the State formal law making procedure. Unlike the case with the common law, in the civil law system, judgments may not be used as sources of law. It is not possible to apply judgments as if they too were legislative provisions.

In Vietnam, until now, for the regulation of issues in the trade mark field, there are only 2 main documents: Vietnamese Civil Code and Decree no.63/CP. As analyzed above, in both legislations, there is no provision about functionality of trade marks. This shows that, in Vietnamese law, functionality is not regulated.

We can see that functionality is a new notion, even in developed countries, since the notion was first considered in October 30, 1998 only¹⁵⁶. The US and European countries are developed countries in which trade marks had been developed earlier than in other areas in the world¹⁵⁷. Because of the nature of such modern societies, as well as the development of technology in such countries, intellectual property in general, (and trade marks in particular) are not only national resources in each country but are also protected by more and more complete legislation. Functionality is one of the results of such a development process. It is based on very detailed legislation covering intellectual property. The characteristics of each type of intellectual property are analyzed strictly, based on a lengthy history of many fact situations having been treated in many cases and judgments.

¹⁵⁶ See footnote 35th

¹⁵⁷ See detail in <http://www.lib.utexas.edu/engin/trademark/timeline/tj/jef.html>

Vietnam has a specific history of many years of war. After April 30th 1975, the whole country was reunited and since then, the process of reconstruction as well as the process of establishing of law system was started.

With seriously destroyed infrastructure, throughout the country, there was much which had to be completed first. The important role of intellectual property field was only seen in recent years. And the intellectual property legislation system, because of this reason, was of a very general nature.

The specific character of Vietnamese intellectual property legislation is also based on the very specific nature of Vietnamese legal culture.

Vietnamese history in the longer term is also the history of a country defending itself. In the past, Vietnam was occupied by China. To protect Vietnamese cultural characteristics, and avoid Chinese acculturation, the role of the village was always respected. State laws (at that time, these laws were Chinese laws which tried to regulate Vietnamese society) were not respected in society in contrast to the customs of Vietnamese villages. State officials were less respected than old people in the villages. The people, it seems could do everything by themselves in their villages. And State law 'stopped' outside the villages' gates.

The advantages were that Vietnamese cultural characteristics were preserved, Vietnamese people were not assimilated to Chinese culture. But the disadvantage of this is the continuing popular trait of being afraid to appear in any case before the courts¹⁵⁸. And as a result of the importance given to the village communities, issues of private property are not very important, especially property in the intellectual property field. Because all ideas, solutions, etc are considered as belonging to a whole village, property is also the collective's. That is why the custom of respecting intellectual property rights in Vietnamese society has not been established in Vietnamese society.

The custom of respecting private issues is characteristic, and even a defining feature of developed countries, including US and European countries. The role of each private individual is also always very important. Thus, respecting intellectual property is, in my opinion, a feature of the identity of the people of such countries.

As a result, the reason why functionality is not so far regulated in Vietnam, is not difficult to understand.

¹⁵⁸ In Vietnamese, there is a popular idiom that: 'It is very unlucky for some one to bring a case to the court '

5.2 In practice

The development of the economy as well as the open economic policy of the current Vietnamese Government entails the developments of the intellectual property field.

The number of trade mark registrations is increasing. In 1996, there were no trade marks accepted for registration. In 1997, there were 1001 trade marks registered. And in 2000, this number was 2822¹⁵⁹.

Because there is no provision regarding functionality of trade marks, reasons for refusal of registration are those in the provisions of Decree no.63/CP. Based on that, there is only one issue which should bear on this topic. It is the case of examining whether the proposed marks are descriptive of the goods for which it is used. For example, a circle shape which is similar to tyres' shape in nature will not be registered as a trade mark for tyres. However, in my opinion, this is quite similar to the provision in Article 7(1)(e)(i) of the EU Regulation 40/94, that concerns 'the shapes which results from the nature of goods themselves' which is not considered as an issue of functionality of trade mark.

It is thus possible to say that the issue of functionality of trade mark as a reason for registration refusal has not yet appeared in practice in the Vietnamese intellectual property field.

¹⁵⁹ According to the statistic report of National Office of Intellectual Property

6 Conclusion

6.1 The issue of functionality in the EU

The issue of functionality in the EU is presented in Part 4 of the thesis. The Community resolves issues in the light of the general aims set out in the EC Treaty: establishing an internal market, with a system ensuring that competition in the internal market is not distorted. Therefore, considerations of trade mark functionality in the EU include specific characteristics based on characteristics of the Community.

6.1.1 Some differences from the approach in the US

In order to research issues about functionality of trade marks in both the EU and Vietnam, the definition of functionality was given in Part 3 of this thesis. The key here is the US legislative system which is considered as the origin of the topic. The original character of the concept should not be understood as setting a standard for theory.

The issues of functionality in the EU, with the specific characteristics of the Community in mind, are recognised by trade mark legislation as well as by judgments of the ECJ. That is the reasons why in solving the same topic – functionality - the approaches in US and EU legislative systems are not totally similar.

The main difference between the two approaches concerns regulations. As analyzed above, the purpose of regulations in EU is clearly shown to be based on the need for ensuring competition in the Community. Thus, in the case of both utilitarian and competitive features, the competition guarantee requirements can be clearly recognized. On the other hand, the reasoning in the US differs quite clearly as between utilitarian and competitive features. Functionality of trade mark, though, is still considered as an obvious ground for challenging an incontestable trade mark registration. Being based on different grounds, it is thus understandable for different results to emerge in fact.

In the case of utilitarian features, as a result of the need to ensure competition, the EU regulations are stricter than the ones in the US. If the records in the US are often unclear, the fact is that alternatives can be considered as evidence of non functionality. Thus, the marks still can be registered as trade marks. In the EU, as the ECJ stated in the Philips case, alternatives are never significant where functionality is in issue..

In contrast, in the case of aesthetic functionality, the EU approach seems less strict than the one in US. The US Court stated that: colour marks are *never* inherently distinctive, and can not be registered without a showing of

acquired distinctiveness¹⁶⁰. A colour can function as a mark, however, if it is used in the manner of a trade mark and if it is perceived by the purchasing public to identify and distinguish the goods or in connection with which it is used and to indicate their source¹⁶¹. Therefore, in general, the approach of the US Courts to colour marks is strict. While the ECJ does not absolutely preclude colour marks in trade mark registration, if the owner meets the conditions given in its judgments, colours could be registered as trade marks.

On the issue of affecting the cost of goods, it seems the ECJ did not really concentrate on it. While the US Courts showed clearly that a trade mark which can affect cost of goods has to be considered as functional, the ECJ did not have any concrete direction to guide such issues.

Given the differences between the approaches to the same topic in the US and the EU, I do not intend to either argue or agree with the approaches in the US or the EU nor will I analyse in detail the advantages or disadvantages of either one.

I only want to indicate that there is no particular standard for any one legislative issue, thus, it is impossible to require common regulations on functionality of trade mark in all countries in the world. The development of intellectual property laws and the character of societies will decide the nature and character of this topic.

6.1.2 Proposed issues

The issues related to functionality of trade mark have been established in the EU by judgments of the EU Courts. Discussion of these issues is far from exhausted. There are, of course, many aspects which need to be regulated. However, from my research in the topic, I can see some issues that ECJ should clearly resolve in the future. They are: requirement of determining functionality in case of features affecting cost of goods; requirement of explaining more clearly how functionality operates in case of utilitarian features as well as aesthetic features, particularly in colour mark cases.

Trade marks including a feature which affects the cost of goods seems not to have been paid much attention in the EU, so far. I think this feature is quite important if one needs to examine the functionality of trade marks. The non-acceptance of alternatives can be accepted, of course, as a reason for the omission since the refusal will be applied to all trade marks including related 'essential characteristics'. However, if the price of goods is in fact

¹⁶⁰ See *Wal-Mart Stores, I c.v. Samara Brothers, Inc.*, 529 U.S.205, 211-212, 54USPQ2d 1065, 1068 (2000)

¹⁶¹ See detail in <http://www.uspto.gov/web/offices/tac/mep>

affected by a trade mark which required extra cost for its production, one should surely also consider this¹⁶².

In my opinion, for whatever reason, a trade mark should not affect the cost of production of goods. Therefore, in such a case, a cost involving shape should always be considered as functionality and refused, since the function of trade marks in the EU is only to indicate the origin of goods to consumers and such an indication can not affect the price of goods. Thanks to a trade mark, consumers will choose goods bearing it, but the reasons, however, are not due to the trade mark as such but to the reputation of its undertaking.

Moreover, if the ornamental features in a trade mark which attract the attentions of consumers and are considered as given substantial value to the goods are prohibited, features affecting cost should be prohibited, too. In my opinion, the protection of ornamental features should be via design laws, while the utilitarian function should be considered under patent laws. Cost features should be governed by competitive aspects alone.

The precise scope of 'signs' and whether the term even includes utilitarian features and/or aesthetic features under Article 7(1)(e) is still unclear. This even though the ECJ stated in the Philips case that shapes including 'essential characteristics' needed to obtain a technical result can not be registered. Further, the question of what are considered as such real 'essential characteristics' is still not covered. Together with the requirement for a more black and white answer in the colours cases, the ECJ should hope for a case in which it can resolve the issues in the case of utilitarian features.

Beside all these issues, however, it might be necessary to regulate the issue of functionality by provisions in EU trade mark legislation; at the very least, the word 'functionality' should appear in the provisions in order to avoid misunderstandings as to whether the term is even meaningful in the EU.

6.2 The issues of functionality in Vietnam

6.2.1 In future

The drafting of the Intellectual Property Code is currently being undertaken in Vietnam. On 10th January 2005, the project of establishing this Code was introduced by the Government Office with a view to collecting ideas from Ministries and businesses. The first version of the Draft was submitted to the Government to consider on 7th February 2005. The Draft is now being discussed in the Vietnamese Parliament. It is expected that the Intellectual

¹⁶² The shape trade mark can be produced from more expensive materials (or less expensive materials). The price of goods, thus, will be raised (in contrary, the price will be reduced). In such circumstances, whether or not the shape in issue will be considered as functionality? There is no clear judgment of ECJ to show a detail answer to this question.

Property Code will be ratified in the 7th Session of the Vietnamese Parliament at the end of October 2005.

The Draft of the Vietnamese Intellectual Property Code which includes 14 Chapters with 479 Articles regulates all objects in the intellectual property field. In Part 3 'Industrial Property Rights', together with the other objects, trade marks are regulated.

Because of the specificity of this Code, the provisions in the Draft are more concrete than the ones in the Vietnamese Civil Code. However, there is not much new law. It seems to be rather a codification of current legislation. Further, even the provisions in the Intellectual Property Code are only general directions which are to be guided in detail by further documents to be issued 'under' this Code, so any overall development in the approach to the intellectual property field is unclear. And the issue of the functionality of trade marks, as a result, is still not the subject of any attention from the law makers.

The appearance of the Intellectual Property Code will be the most important event in the Vietnamese intellectual property field. The Code does mark one new period in this field: when it appears, intellectual property rights will be regulated by a high legal value document – the Code. It shows the development of this field in society. Although no great breakthrough is manifest, the appearance of the Intellectual Property Code will lay the foundation for developments in the future which will cover all aspects of the Vietnamese intellectual property law.

6.2.2 Proposed issues

Because of the fact that, so far, both in practice and in legislation, the functionality of trade marks has not been raised, all issues that might now be considered should be very general. It is impossible to suggest any concrete idea regarding the functionality of trade mark at a time when even the most basic ground is not yet established.

However, the requirement of establishing some regulation of functionality is indispensable, since the issue plays an important role in the intellectual property field as well as in the economy in general.

Based on the character of the Vietnamese legislative system, the way forward must be to add provisions to the Intellectual Property Code. So, in my opinion, the key issues relate to strengthening the contents of legislative documents.

First of all, the definition of trade mark needs to be presented more clearly. As well as traditional trade marks, others should be accepted such as colours per se, sounds, etc. Accepting these kinds of trade marks will reflect the development of the intellectual property field in general.

If this is done, the regulations will satisfy all the requirements for legislating on the functionality of trade marks. The more open the acceptance of all types of trade mark, the more strict will become the examination of the trade mark's functions.

After that, functionality should be governed by express provisions. In contrast to the US or the EU where judgments from the Courts will give guidance on details, it is necessary for Vietnam to regulate more concretely by giving the groundwork definitions in or 'under' the Code.

All the other issues relating to functionality of trade marks in Vietnam should be based on the specific characteristics of Vietnamese society in which these intellectual property concepts are to operate.

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