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The exclusion from protection of
functional shapes under the trade
mark law of the EU

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Summary

Article 4 of the Community Trade Mark Regulation (CTMR) defines signs of which a Community trade mark may consist in a very wide manner, expressly including the shape of goods or of their packaging. However, with regard to such shapes, the Regulation in its Article 7(1)(e) introduces a, in comparison with other signs, additional ground for refusal that has to be overcome when seeking registration.

This thesis focuses, more specifically, on Article 7(1)(e)(ii) CTMR, which prohibits the registration of functional shapes. So far there has only been one judgment of the Court on the interpretation of this provision, namely the famous judgment in *Philips*, with a second case, *Lego*, currently pending on appeal. Although *Philips* clarified certain important issues, other questions were not addressed by the Court or still require clarification.

Thus, this thesis attempts to draw a comprehensive picture of the interpretation of Article 7(1)(e)(ii) CTMR and of a logically structured test that should be followed when assessing the registrability of shapes as trade marks. It is suggested that such a test consists of three steps.

As a first step the essential features of the shape seeking registration must be identified. This must be done independently from any considerations as to functionality and, therefore, the relevant point of view for this determination should be the one of the relevant consumers. After having identified the essential characteristics of the shape, the body responsible for the assessment must analyze whether these are functional. In this second step the advice of experts having the necessary technical knowledge is, in most cases, required. In the third step, which will, however, not be subject of this thesis, it is necessary to clarify whether the shape is distinctive and whether any other absolute ground for refusal applies.

This thesis concludes that the outlined test is very cautious and restrictive towards the registrability of shapes. While this is justified on grounds of the present legislation, it is submitted that it can lead to undesirable results in a situation in which a shape has become highly distinctive but is also found to be functional. Such a shape can be freely used by everyone, which means, in other words, that competitors can profit from the goodwill created by the shape. The thesis, thus, suggests that, *de lege ferenda*, an assessment of functionality under the concept of distinctiveness might be preferable.

Preface

At the beginning of my second year in the Master's program in European Business Law at Lund University I had no idea that only a few months later I would write my Master thesis in the area of intellectual property law, which, until then, I had never called my field of expertise. Professor Ulf Maunsbach's invitation to participate in a University network set up by the OHIM was, therefore, a great honor and important opportunity to broaden my knowledge. This network, consisting of 23 European universities, is intended to encourage students to acquire professional expertise on Community trade marks and designs and to deepen the relationships of the OHIM with European educational institutions and research centers. In the course of the program, the participating students had the opportunity to present our work at the OHIM in Alicante and to discuss our findings with its highly specialized staff.

I feel very grateful that Professor Maunsbach selected me to represent Lund University in the abovementioned network and offered to be my mentor throughout the process of writing this thesis, giving valuable guidance and comments regarding my work. I would, furthermore, like to thank Mr. Arnaud Folliard-Monguiral, a litigator of the OHIM before the Union Courts, who drafted the legal problem this thesis is concerned with. Notwithstanding his busy schedule, he took his time during the research conference at the OHIM to chair several sessions and provide helpful insight knowledge and new perspectives during the discussions following the presentations. I would also like to thank the OHIM for inviting me to Alicante, where I had the opportunity to present my thesis in the research conference mentioned above on the 3rd of May 2010.

Furthermore, I would like to thank Professor Xavier Groussot, the director of our Master's program, whose coaching and support in the European Law Moot Court Competition did not only lead me to the success of winning this competition as best Advocate General but also to the desire to deepen my knowledge of EU law further and to keep on working with it.

Last but not least I would like to thank my girlfriend for her love, support and understanding and my parents for supporting me throughout my studies.

Abbreviations

AG	Advocate General
CTM	Community Trade Mark
CTMD	Community Trade Mark Directive
CTMR	Community Trade Mark Regulation
E.I.P.R.	European Intellectual Property Review
I.P.Q.	Intellectual Property Quarterly
n.y.r.	not yet reported
OHIM	Office for Harmonization in the Internal Market (Trade Marks and Designs)

1 Introduction

1.1 Background

The origins of a trade mark system in its widest sense trace back to ancient China and the Roman Empire. In the Middle Ages one could mainly find propriety or possession marks, indicating ownership and not the source of production. However, sometimes production marks, indicating the source of the good's production, were made mandatory by statute, administrative order, municipal or guild regulation. In those days the main goal of such a production mark was to identify the origin of a good in order to be able to punish the craftsmen for deficit goods or to protect a guild's monopoly.¹

Over time trade marks became an important sign for consumers, making it possible for them to identify the commercial origin of a good and to establish a link between certain signs and certain goods. Therefore, trade marks became an indicator of origin and, at the same time, an indicator of quality.²

This function of a trade mark, being an indicator of quality, may be best explained by using an example: We might imagine that we live in a world without trade marks, in which only two kinds of coffee exist, namely good and bad one. As there are no trade marks, all coffee is sold in unmarked bins with each bin containing coffee from a specific manufacturer. If we assume that the production cost of good coffee is higher than for bad coffee, it follows that also the selling price for the former must be higher than for the latter. However, as all coffee is sold in unmarked bins, there is no possibility for the consumers to assess, before purchasing the good, how much it is worth to them. As the coffee might turn out to be bad coffee, it follows that consumers would never be willing to pay the price for good coffee. Manufacturers would realize the consumers' dilemma and, as the production cost of good coffee is higher than for bad one, would not market the good kind, as no one would be willing to pay its price. The (horrible) result of such a scenario would be a world with only bad coffee.³

This example very clearly shows the importance of a functioning trade mark system. It is not only important for consumers, in the way that it enables them to determine, before purchasing a good, whether they want this specific good and how much they are willing to pay for it, but also for the manufacturers, as a trade mark makes it possible for them to distinguish themselves and their goods from the rest of the market and allows them to

¹ H. Rosler, "The rationale for European trade mark protection", 29(3), *E.I.P.R.* (2007), p.100 at p. 100.

² L. Bently and B. Sherman, *Intellectual Property Law*, (2009), p. 712.

³ Example taken from M. M. Wong, "The aesthetic functionality doctrine and the law of trade dress protection", 83, *Cornell Law Review* (1998), p. 1116 at p. 1122.

charge a higher price for their products, as the sign attached to them is able to carry goodwill that consumers are willing to pay for.

It is, thus, understandable that there is an immense variety of different signs as manufacturers constantly search for new ways to distinguish themselves from competitors and to make their products unique. In this context so called non-conventional trade marks, such as a sound, a color or a shape, seem to constitute an interesting option for businesses, since such signs are less conditioned by the rules of language as compared to, for example, traditional word marks.⁴

This, in combination with the simple fact that between two products, equal in price, function and quality, the better looking will outsell the other,⁵ leads to a great need for protection of shapes, not only as designs but also as trade marks.

With regard to trade marks, the Community Trade Mark Directive⁶ and the Community Trade Mark Regulation⁷ satisfy this need, at least to some extent. Article 4 CTMR states that a trade mark may consist of signs that are capable of being represented graphically and of distinguishing the goods or services of one undertaking from those of other undertakings. It lists in a non-exhaustive way certain signs that can constitute a trade mark, expressly including the shape of goods or of their packaging.

Although the Union Courts⁸ have consistently held that there is no distinction to be drawn as between different categories of trade marks and that, thus, the criteria of assessment, especially with regard to distinctiveness, are the same for all categories of trade marks,⁹ when it comes to marks consisting of the shape of goods or of their packaging an additional obstacle, as compared to other signs, has to be overcome on the way to registration, namely Article 7(1)(e) CTMR.

This provision states that signs which consist exclusively of:

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

⁴ S. Sandri and S. Rizzo, *Non-conventional Trade Marks and Community Law*, (2003), p. 3.

⁵ A. Folliard-Monguiral and D. Rogers, "The Protection of Shapes by the Community Trade Mark", 25(4) *E.I.P.R.* (2003), p. 169 at p. 169.

⁶ Directive 2008/95/EC of the European Parliament and of the Council of 22 October 2008 to approximate the laws of the Member States relating to trade marks (OJ 2008 L 299/25). Hereinafter "CTMD".

⁷ Council Regulation (EC) No 207/2009 of 26 February 2009 on the Community trade mark (OJ 2009 L 78/1). Hereinafter "CTMR".

⁸ This thesis uses the terminology introduced by the Treaty of Lisbon. Thus, the former Court of First Instance ("CFI") is referred to as "the General Court" and the European Court of Justice ("ECJ") is referred to as "the Court".

⁹ See for example Case C-299/99 *Philips* [2002] ECR I-5475, para. 48; Joined Cases C-53/01 to C-55/01 *Linde, Winward, Rado* [2003] ECR I-3161, para. 42.

shall not be registered.

The fact that this absolute ground for refusal has not been adjudicated upon extensively so far, in combination with the observation that it is considered to be excessively difficult to interpret,¹⁰ justifies paying closer attention to it and, thus, to devote writing a thesis on it.

1.2 Purpose

The purpose of this thesis is, more specifically, to analyze Article 7(1)(e)(ii) CTMR, prohibiting the registration of purely functional shapes. In the case law until now the only guidance given by the Court on the interpretation of this absolute ground for refusal is the landmark judgment in *Philips*.¹¹ Advocate General Mengozzi interestingly even stated in his opinion in *Lego* that this case is, therefore, to a certain degree comparable to a legal rule or authority.¹² However, the Advocate General's observation that the judgment in *Philips* focused mainly on the specific facts of that case, setting out reasons why the shape at stake in this proceeding should not be registrable, but scarcely set out general guidelines as to the limitations of the ground for refusal of Article 7(1)(e)(ii) CTMR,¹³ is, in the author's view, without any doubt true.

Hence, this thesis attempts to identify a logically structured test that should be followed when assessing the registrability of (functional) shape marks. Outlining such a logically structured test is still relevant, even after the judgment in *Philips*. This is due to the fact that, on the one hand, the Court left several questions unanswered and, on the other hand, a logically structured test is not even always followed by the authorities responsible for carrying out the assessment of shapes seeking registration with regard to the issues that got clarified in the decision.

1.3 Delimitation

However, this thesis will only deal with the questions arising in the context of such an assessment connected to Article 7(1)(e) CTMR. Within this subparagraph only the second indent, prohibiting the registration of signs consisting exclusively of a shape of goods which is necessary to achieve a technical result, will be taken into account. It follows that this thesis will not be concerned with the questions connected to distinctiveness of such shapes.

¹⁰ S. Sandri and S. Rizzo, *Non-conventional Trade Marks and Community Law*, (2003), p.53.

¹¹ Case C-299/99 *Philips* [2002] ECR I-5475.

¹² AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010.

¹³ *Ibid*, para. 51.

Furthermore, the analysis will be limited to intellectual property law, or more precisely trade mark law, which means that rules on unfair competition or passing off will not be considered.

1.4 Method and Material

This thesis uses a traditional (dogmatic) method to interpret and systemize the relevant sources of law and legal doctrine. This analysis is carried out to, firstly, establish the case law as it stands today and, secondly and more importantly, to present a legal reasoning as to how Article 7(1)(e)(ii) CTMR should be interpreted and how an assessment of a shape seeking registration that might fall under that ground for refusal should be carried out.

In order to identify a logically structured test on the registrability of functional shapes, the doctrine available on this question will be analyzed in relation to the case law. Due to the fact that, as already stated above, there is so far only one judgment of the Court on the matter,¹⁴ with a second case pending on appeal,¹⁵ it is necessary to take the decisions rendered by the OHIM into account to be able to draw a full picture of the law as it stands and on the question on how it should be interpreted in the future. Although the decisions of the OHIM do not have the same legal status as judgments of the Union Courts,¹⁶ the body of case law rendered, especially by the Boards of Appeal, plays an important role in the development of the Community Trade Mark system, which is why it is appropriate to be considered in the context of analyzing the registrability of functional shapes.

The thesis will, from a structural point of view, follow the order in which the assessment of shapes seeking registration should be carried out. In relation to every step of the test the relevant case law will be analyzed and systemized. Furthermore, with regard to unresolved questions, suggestions on how those should be solved are presented. By doing so the thesis will be able to provide, as a conclusion, a comprehensive outline and complete picture of a test that should be followed. Besides that it is attempted to, shortly, show whether the law as it stand today is the best possible solution or whether, *de lege ferenda*, an alternative approach would be preferable.

For reasons of simplicity references to legislation will only be made to Articles of the CTMR, even if some of the cases used refer to the CTMD. This is due to the fact that the provisions relevant to this thesis are, in substance, identical in the CTMR and the CTMD. Hence, references to Articles of legislation are, hereinafter, to be understood as references to Articles of the CTMR, unless stated otherwise.

¹⁴ Case C-299/99 *Philips* [2002] ECR I-5475.

¹⁵ Case C-48/09 P *Lego*, appeal currently pending at the Court.

¹⁶ AG Jacobs in Case C-291/99 *LTJ Diffusion* [2003] ECR I-2799, opinion delivered on 17 January 2002, para. 24.

1.5 Outline

The thesis proceeds as follows. At the outset, it will investigate the *raison d'être* of the limitation to registration of functional shapes set out in Article 7(1)(e)(ii). This is necessary in order to identify the underlying public purpose of that provision. This purpose always has to be kept in mind when interpreting this Article.

The thesis then turns to the first step of the test that should be followed when determining the registrability of a shape, namely the question of what parts of a shape should be regarded as the essential ones. The main question investigated in this section is whether the point of view of experts or the one of the relevant consumers should be the decisive one.

The next chapter analyses the questions concerning the functionality of a shape. The thesis interprets what Article 7(1)(e)(ii) means by the term "necessary". The importance of a prior patent on the shape seeking registration is determined and the paper addresses the question of how narrow the requirement of a "technical result" should be understood. Furthermore, for establishing the causal link between the functional shape and the technical result, the thesis proposes a test that is called "random change" test. Finally, it is analyzed whether the intentions of the designer of the shape with regard to its function should really be taken into account when determining its registrability.

The thesis next addresses so called "mixed shapes" and the questions related to their registrability. This is done in a separate chapter as it seems like Advocate General Mengozzi treats them differently as compared to fully functional shapes in his opinion in *Lego*.¹⁷

The final chapter contains the general conclusions of the thesis and, comprehensively, outlines the proposed test that should be followed when assessing a shape seeking registration as a trade mark. A short idea of a, *de lege ferenda*, preferable solution to the registration of shapes as trade marks is given at the end of the thesis.

¹⁷ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010.

2 The purpose of Art 7(1)(e)(ii)

2.1 Reluctance towards shape-marks

As already mentioned above, Article 4 defines signs of which a Community trade mark may consist in a very wide manner, expressly including the shape of goods or of their packaging. This wide scope of the trade mark regime without any doubt takes account of today's realities of consumer buying habits.¹⁸ Design variations are being seen as major keys to marketing success,¹⁹ as the shape of certain goods and their packaging are being associated with particular manufacturers.²⁰

However, although Article 4 expressly states that product shapes are capable of being registered as trade marks, such shape signs are, as also already stated above, subject to an additional ground for refusal when compared to other signs, namely to Article 7(1)(e).

Besides the fact that Article 7(1)(e) only applies to shape marks and not to other signs seeking registration, Article 7(3) states that, contrary to 7(1)(b), (c) and (d), this specific ground for refusal cannot be overcome by showing that the sign at stake has become distinctive. This clearly shows that the grounds for refusal stated in Article 7(1)(e) are not concerned with the question of distinctiveness. Shapes that fall under this provision must rather be seen as not qualifying as trade marks at all.²¹ This follows from the fact that such a sign cannot be registered, even if it fulfills the essential function of trade marks, namely to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user.²²

It is, therefore, appropriate to state that Article 7(1)(e) shows a certain reluctance of the legislator towards the registration of shape-marks. Prior to the introduction of the Trade Mark Directive the protection of shapes under the regime of trade marks was precluded under the laws of many Member States. While expressly allowing such shape marks in the Directive and the Regulation, the legislator had to take the inherent dangers of granting a potentially indefinite monopoly over certain shapes, that also competitors of the trader seeking registration might want or need to use, into account. It is said in the doctrine that the presence of these specific registration conditions, in addition to the ones that apply generally to all signs, may be seen as a result of the legislative novelty of the acceptance of shapes as

¹⁸ L. Bently and B. Sherman, *Intellectual Property Law*, (2009), p. 807.

¹⁹ W. Cornish and D. Llewelyn, *Intellectual Property: Patents Copyright, Trade Marks and Allied Rights*, (2007), p. 706, para. 18-40.

²⁰ R. Burrell et al., "Three-dimensional Trade Marks: Should the Directive Be Reshaped?" in N. Dawson and A. Firth, eds., *Trade Marks Retrospective*, (2000), p. 141.

²¹ W. Cornish and D. Llewelyn, *Intellectual Property: Patents, Copyright, Trade Marks and Allied Rights*, (2007), p. 706, para. 18-40.

²² Case 102/77 *Hoffmann-La Roche* [1978] ECR 1139, para. 7.

being potentially registrable and the need to reinforce the public interest underlying the exclusions.²³

The first question that needs to be addressed when assessing the limitations of the protection of shapes under trade mark law must be the one concerning the *raison d'être* of Article 7(1)(e). As this thesis is delimited to the questions concerning the registration of functional shapes, it will from now on only be necessary to look at Article 7(1)(e)(ii) and to analyze the purpose of this subparagraph.

2.2 A preliminary obstacle

At the outset it must be stated that, according to the Court in *Philips*, Article 7(1)(e) in general and, thus, also its second intend, concerns certain shapes which are not such as to constitute trade marks and that this Article must be regarded as a preliminary obstacle to registration.²⁴ It follows from this that functionality and distinctiveness are two separate issues.²⁵ Hence, Article 7(1)(e)(ii), being a preliminary obstacle to registration, is not concerned with distinctiveness at all. It is submitted that it is important to bear this in mind when conducting a logically structured assessment of shape marks. Under such an assessment it must first be established whether a shape seeking registration falls under the ground for refusal of Article 7(1)(e)(ii) and the question of distinctiveness only comes into play if this is not the case. If, however, it is established that a shape falls under Article 7(1)(e)(ii), it is unnecessary to investigate its distinctiveness as even highly distinctive shapes cannot be registered if they do not overcome this preliminary obstacle.

The finding that Article 7(1)(e)(ii) must be regarded as a preliminary obstacle and must, therefore, be applied independently from the question of distinctiveness is, furthermore, reinforced by Article 7(3). As already stated above, this paragraph, which, in general, helps to overcome a lack of distinctiveness if it can be shown that a certain sign has acquired distinctiveness through use, does not apply to shape marks. With regard to other marks it can be said that Article 7(3) is intended to provide for a certain balancing of interests between the market's interest in keeping certain signs free to use for competition reasons and the interest of a proprietor of a sign that has actually become a recognized designation of origin.²⁶ This weighing of interests can be seen in the fact that, while, initially, descriptive or generic terms are prevented from registration in order to avoid a distortion of competition that would follow if other traders were not allowed to use those terms, they can, nevertheless, be registered as

²³ A. Firth, "Shapes as trade marks: public policy, functionality considerations and consumer perception", 23(2), *E.I.P.R.* (2001), p. 86 at p. 88.

²⁴ Case C-299/99 *Philips* [2002] ECR I-5475, para. 76.

²⁵ J. Ch. Troussel and P. Van den Broecke, "Is European Community Trademark law getting in good shape?", 93, *The Trademark Reporter* (2003), p. 1066 at p. 1071.

²⁶ OHIM Board of Appeal, 30.4.2003, in Case R 884/2002-3 *Colgate Palmolive*, para. 29.

trade marks if they acquire distinctiveness through use. Such terms or signs are said to have gained new significance, leading to a situation in which their connotation justifies a registration.²⁷ In other words, Article 7(3) provides for a shift of an initial bias of a limitation clause away from market needs towards the needs of the trade mark proprietor.²⁸

The legislator has, thus, recognized that the balancing of interests of the market and of the proprietor of a sign must, in the exceptional circumstances of acquired distinctiveness through use, lead to a situation in which the general rule of preventing the registration of certain signs in order to protect a market in which effective competition is possible must give way to the interest of a proprietor of a sign that has in fact become distinctive.

It follows that the exclusion of shapes marks from the scope of application of Article 7(3) can be seen as a deliberate choice of the legislator to always favor the interests of competitors when it comes to shapes falling under Article 7(1)(e)(ii). Regardless of how distinctive a shape is or has become, if it falls under Article 7(1)(e)(ii) it is excluded from registration.²⁹ This clearly confirms the Court's holding that this provision must be seen as a preliminary obstacle to registration and must, as already stated above, be kept in mind when analyzing the registrability of a shape under trade mark law.

It should be noted that, although the Court clarified that Article 7(1)(e)(ii) is a preliminary obstacle to registration, this is not consistently applied by the OHIM. This can, for example, be seen in the decision in *Roxtec*, in which the Board of Appeal investigated, first, whether the shape in question fell under Article 7(1)(b) and then, holding that it did, stated that it follows that it is not necessary to consider whether Article 7(1)(e)(ii) is applicable as well.³⁰

The approach chosen by the OHIM in this case should, in the light of judicial efficiency, not be followed. This is due to the fact that, while the ground for refusal of Article 7(1)(b) is not final, since it can (later) be overcome by showing that the sign has acquired distinctiveness through use pursuant to Article 7(3), this does not, as shown above, apply to shapes falling under Article 7(1)(e)(ii). Hence, the decision of the Board of Appeal left the question unanswered whether the shape at stake might, if it can be shown that it has acquired distinctiveness, be registered in a subsequent proceeding. However, it would be more efficient to rule on that issue straight away. If the shape at stake becomes distinctive through use, the applicant might be inclined to apply to the OHIM for the registration of a

²⁷ Joined Cases C-108/97 and 109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, para. 47.

²⁸ U. Suthersanen, "The European Court of Justice in *Philips v Remington* - trade marks and market freedom", 3, *I.P.Q.* (2003), p. 257 at p. 273.

²⁹ See for criticism on this approach: D. T. Keeling, "About kinetic watches, easy banking and nappies that keep a baby dry: a review of recent European case law on absolute grounds for refusal to register trade marks", 2, *I.P.Q.* (2003), p. 131 at p. 137.

³⁰ OHIM Board of Appeal, 15.9.2006, in Case R 554/2006-2 *Roxtec*, para. 33.

CTM for a second time. Yet, if the shape is functional and falls under Article 7(1)(e)(ii), such a second proceeding and all the cost involved could have been avoided by ruling on that matter when assessing the first application and as a first step, before even considering distinctiveness.

Another example of not investigating whether a shape seeking registration falls under Article 7(1)(e)(ii) as a preliminary question can be found in the Board of Appeal's recent decision in *Planet GDZ*.³¹ Also in this case the Board of Appeal considered Article 7(1)(b) before Article 7(1)(e)(ii). However, it, at least, ruled on the question of functionality and, therefore, resolved the issue outlined above. While in such a case, in which it was found that the shape fell under Article 7(1)(e)(ii), it is unnecessary to analyze its distinctiveness and could, therefore, have been omitted, it is submitted that this decision is, nevertheless, preferable in comparison to the approach chosen in *Roxtec*, as it did address and resolve the fundamental question of functionality and, thus, avoided the risk of an unnecessary second application proceeding.

In the author's view, the Court's observation that Article 7(1)(e)(ii) is a preliminary obstacle to registration should, therefore, be taken seriously. It follows that the question whether a shape falls under that ground for refusal must always be addressed, preferably and most logically as a first step, as assessing whether the shape is distinctive is not necessary if it is held to be functional.

Having said this, it is now necessary to address the question of the purpose of Article 7(1)(e)(ii) in more detail.

2.3 Delimiting trade mark law from patent law

At first glance and most obviously, one might think that this purpose is merely to delimit trade mark law from the protection granted under patent law. This approach was taken by Advocate General Colomer in *Philips*,³² according to whom, mainly looking at both, the second and third indent of Article 7(1)(e), the main rationale of this provision must be seen as delimiting the scope of trade mark law from that of the legal regime of patents and designs. He held that the immediate purpose of refusing the registration of functional shapes or of shapes giving substantial value to the goods is to prevent the extension of exclusive rights, which the legislator has sought to make subject to a limited amount of time, namely patents and designs, possibly indefinitely by the means of trade marks.³³ He went on stating that Article 7(1)(e)(ii) is necessary in order to safeguard the balance

³¹ OHIM Board of Appeal, 15.10.2009, in Case R 201/2009-1 *Planet GDZ*.

³² AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001.

³³ *Ibid*, para. 30.

of public interests that must exist between rewarding innovations fairly, by granting exclusive rights of exploitation, and encouraging technological development, which requires to grant such exclusive rights only for a limited amount of time.³⁴ Therefore, he was of the opinion that, specifically with regard to the second indent of 7(1)(e), the legislator has sought to delimit the scope of protection of trade marks from that of patents.³⁵

The Advocate General further pointed out that such delimitation was introduced by the legislator also in Article 7(1) of the Design Directive³⁶ as well as Article 8(1) of the Community Design Regulation³⁷. Those provisions state that design rights shall not subsist in features of appearance of a product which are solely dictated by its technical function. The Advocate General observed that in order to be rejected from design protection, the shape in question must be *dictated* by its function, as compared to the situation under the trade mark regime, that precludes shapes from registration that are *necessary* to obtain a technical result. He concluded that it follows from that difference that the level of functionality must be greater under design law than under trade mark law in order to be excluded from registration. Under the former the feature must not only be *necessary*, but *essential* to achieve the technical result, which means that a functional design may be registered if it can be shown that there are different shapes that can achieve the same technical result,³⁸ while this should not apply to trade marks (see below). According to him it is logical to draw this distinction as the scope of protection is completely different under the different legal frameworks.³⁹ While trade mark protection is potentially unlimited in time and intended to protect the identity of origin of the goods and, thereby, indirectly the goodwill that they attract, the exclusive rights granted under design law are, like the protection granted by patents, limited in time and seek to protect the products themselves.⁴⁰

The Advocate General, thus, saw the rationale of Article 7(1)(e)(ii), analogous to that of Article 8(1) of the Community Design Regulation and Article 7(1) of the Design Directive in respect of designs, in providing a safeguard against extending exclusive rights over technical developments by the use of trade mark law. He seemed to limit the purpose of the Article to being merely an anti-cumulative provision, delimiting the scope of protection of different intellectual property law regimes from each other.

³⁴ AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, para. 31.

³⁵ *Ibid*, para. 32.

³⁶ Directive 98/71/EC of the European Parliament and of the Council of 13 October 1998 on the legal protection of designs (OJ 1998 L 289/28).

³⁷ Council Regulation (EC) No. 6/2002 of 12 December 2001 on Community designs (OJ 2002 L 3/1).

³⁸ AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, para. 34; see also OHIM Invalidity Division (Designs), 3.4.2007, in Case ICD 3150 *Lindner v. Lars Fransson*, para. 20.

³⁹ *Ibid*, *Philips*, para. 36.

⁴⁰ *Ibid*, paras. 37 and 38.

However, while this is without any doubt one of the purposes of this provision and, probably, the first and most important one the legislator had in mind when this provision was drafted, it is questionable why Article 7(1)(e)(ii) should be understood as being only anti-cumulative, as this seems to have no clear foundation in the CTMR.

2.4 Protection of competition

In its judgment in *Philips*⁴¹ the Court avoided any reference to patent and design law and did not appear to follow the Advocate General's view of Article 7(1)(e)(ii) as being merely a provision preventing cumulative protection. The decision seems to put more emphasis on preventing anti-competitive effects of the protection of functional shapes.

The Court had already held in *Windsurfing Chiemsee* that the grounds for refusal of Article 7(1) pursue a purpose in the public interest.⁴² According to the judgments in *Philips* and *Linde* these grounds for refusal must, therefore, be interpreted in the light of the public interest underlying each of them.⁴³ With regard to Article 7(1)(e)(ii) the Court held in *Philips* that it is intended to prevent trade mark protection from granting a proprietor a monopoly on technical solutions or functional characteristics which a user is likely to seek also in the products of competitors. Trade mark protection should not be extended beyond its function of guaranteeing the origin of a product, with the effect of becoming an obstacle preventing competitors from freely offering for sale products incorporating such technical solutions or functional characteristics.⁴⁴ The Court went on and held that shapes whose essential characteristics perform a technical function and were chosen to do so should remain free to be used by all.⁴⁵

The Court, thus, put its main emphasis on the possible constraints on competition that might follow from a monopoly on functional shapes. This approach was also followed by the General Court in, for example, *Procter & Gamble*, in which it held that the grounds for refusal set out in Article 7(1)(b) to (e) are intended to prevent the grant of exclusive rights that could hinder competition on the market.⁴⁶

The focus on the purpose of protecting a competitive market can also be seen in the decisions of the OHIM. The Boards of Appeal held, following

⁴¹ Case C-299/99 *Philips* [2002] ECR I-5475.

⁴² Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, para. 25.

⁴³ Case C-299/99 *Philips* [2002] ECR I-5475, para. 77; Joined cases C-53/01 to C-55/01 *Linde, Winward, Rado* [2003] ECR I-3161, para. 71.

⁴⁴ *Ibid*, *Philips*, para. 78.

⁴⁵ *Ibid*, para. 80.

⁴⁶ Case T-117/00 *Procter & Gamble* [2001] ECR II-2723, para. 72.

the case law of the Court,⁴⁷ that trade mark law is an essential element in the system of undistorted competition which the Treaty seeks to establish and to maintain. This aim of the Treaty is enshrined in Article 7(1) and the absolute grounds for refusal of its subparagraphs (b)-(e) are intended to prevent a single trader from obtaining an unjustified competitive advantage by usage of trade mark law.⁴⁸ The rationale of Article 7(1)(e)(ii) is, thus, to prevent the grant of a monopoly to a manufacturer over technical solutions or functional characteristics, which would introduce an obstacle hindering competitors from freely offering for sale products incorporating such solutions or characteristics,⁴⁹ in order to safeguard that they are freely available for use by everyone.⁵⁰

The Boards of Appeal, besides that, make clear, especially with regard to the possibly indefinite protection under trade mark law, that Article 7(1)(e)(ii) also serves to prevent the circumvention of patent law.⁵¹ However, they do not limit its purpose to delimiting different intellectual property regimes from each other. This can be seen in the fact that the Grand Board of Appeal clearly stated in its decision in *Lego* that entities fulfilling the required conditions may be protected simultaneously by a number of intellectual property rights.⁵²

It is, therefore, clear that Article 7(1)(e)(ii) cannot be interpreted as being only concerned with the delimitation of trade mark law from other intellectual property rights. Its purpose is rather to maintain a system of undistorted competition and to prevent the grant of a monopoly hindering the entry into the market of similar products incorporating features falling under this subparagraph.

Hence, Article 7(1)(e)(ii) is not simply a mean to prevent cumulative protection *per se* and does not ban such overlaps of protection under different intellectual property law regimes.⁵³ Trade marks have an independent purpose and justification from other intellectual property rights such as patents,⁵⁴ which means that they cannot be seen as subordinate to patent law in a sense that whenever a shape can be protected as a patent a

⁴⁷ Case C-63/97 *BMW* [1999] ECR I-905, para. 62; Case C-104/01 *Libertel* [2003] ECR I-3793, para. 48; Case C-100/02 *Gerolsteiner Brunnen* [2004] ECR I-691, para. 16.

⁴⁸ OHIM Board of Appeal, 18.11.2004, in Case R 277/2004-2 *RheinfelsQuellen*, paras. 12 and 13; OHIM Board of Appeal, 17.12.2004, in Case R 458/2004-2 *Eschbach*, paras. 12 and 13.

⁴⁹ OHIM Board of Appeal, 27.11.2002, in Case R 215/2002-3 *Colgate-Palmolive*, para. 29; OHIM Board of Appeal, 16.6.2007, in Case R 1156/2005-1 *Klaus Becker*, para. 10; OHIM Board of Appeal, 14.2.2008, in Case R 730/2007-1 *Hawle Armaturenwerke*, para. 12.

⁵⁰ OHIM Board of Appeal, 30.4.2003, in Case R 884/2002-3 *Colgate-Palmolive*, para. 28; OHIM Board of Appeal, 26.1.2010, in Case R 808/2009-2 *2K Distribution Sarl*, para.25.

⁵¹ OHIM Board of Appeal, 5.11.2006, in Case R 747/2005-2 *George Tash*, para. 19; OHIM Board of Appeal, 26.1.2010, in Case R 808/2009-2 *2K Distribution Sarl*, para. 26.

⁵² OHIM Grand Board of Appeal, 10.7.2006, in Case R 856/2004-G *Lego*, para. 39.

⁵³ See Ch.-H. Massa and A. Strowel, "Community design: Cinderella revamped", 25(2), *E.I.P.R.* (2003), p. 68 at p. 72.

⁵⁴ See AG Jacobs in Case C-10/89 *CNL Sucal v. HAG GF ("HAG II")* [1990] ECR I-3711, opinion delivered on 13 March 1990, paras. 17-18.

protection under trade mark law must automatically be refused (with regard to the specific question of the importance of a previous patent on a specific feature of a shape for the assessment of its functionality, see below). The various intellectual property rights rather exist independently from one another without affecting each other,⁵⁵ since there is no rule of law preventing the protection of the same subject-matter by parallel intellectual property rights.⁵⁶

Thus, Article 7(1)(e)(ii) must be interpreted independently from other intellectual property rights and in the light of its underlying public interest as identified by the Court in *Philips*, which should be seen as primarily concerned with the promotion of fair and effective competition.⁵⁷ However, when saying this it is necessary to point out that, within this purpose of protecting and maintaining a competitive market, the delimiting effect of Article 7(1)(e)(ii) of preventing the registration of functional aspects of shapes that should be available to all competitors in order to avoid damaging innovation, is of uttermost importance, as will be seen below.

It is submitted that, while Article 7(1)(e)(ii) must be interpreted in the light of its underlying public interest, as outlined in this chapter, it must also, in turn, always be interpreted in the light of trade mark law and, more specifically, the exclusive rights granted to a proprietor of a trade mark and the scope of such monopoly rights. The importance of keeping this in mind will be seen in the next chapter, in which this thesis will analyze the question of how to assess the parts of a shape seeking registration that must be regarded as the essential ones, which, under the formula developed by the Court in *Philips*, must not be functional.

⁵⁵ OHIM Board of Appeal, 30.4.2003, in Case R 884/2002-3 *Colgate-Palmolive*, para. 40.

⁵⁶ D. Bainbridge, "Smell, sound, colour and shape trade marks: An unhappy flirtation?", *Journal of Business Law* (2004), p. 219 at p. 237.

⁵⁷ A. Firth, "Shapes as trade marks: public policy, functionality considerations and consumer perception", 23(2), *E.I.P.R.* (2001), p. 86 at p. 89.

3 The essential features of a shape

This chapter is, as already stated above, conducting an analysis of the question of how to determine which parts of a shape seeking registration must be regarded as its essential ones. Finding an answer to this question is necessary since, according to the Court in *Philips*, a shape falls under the absolute ground for refusal of Article 7(1)(e)(ii) and can, therefore, not be registered, if its essential characteristics perform a technical function.⁵⁸

3.1 Exclusively

At first glance recourse to what is called by the Court the essential features of a shape seems to be surprising, since Article 7(1)(e)(ii) states that signs which consist *exclusively* of the shape of a good which is necessary to obtain a technical result shall not be registered. A literal interpretation of this provision could lead to the conclusion that it is required that every aspect of the shape in question must be functional.⁵⁹ However, the Court, following the suggestions of Advocate General Colomer,⁶⁰ interpreted the term *exclusively* as meaning that only the essential features of such a shape must be functional for the ground for refusal to apply.⁶¹

In the author's view this interpretation is to be appreciated. A literal understanding of the provision would construe it too narrowly, since there are no shapes that only and exclusively consist of functional parts (or at least barely any such shapes), and, thus, such an interpretation would leave the ground for refusal without any practical applicability. Furthermore, the Court's understanding of Article 7(1)(e)(ii) rightly brings into its scope of application shapes that include minor arbitrary elements.⁶² This is necessary as traders seeking registration for functional shapes could otherwise easily circumvent Article 7(1)(e)(ii). It is interesting to mention in this regard that Advocate General Colomer in his opinion in *Philips* suggests that owners of a product have the possibility to protect their commercial assets under trade mark law by adding arbitrary features.⁶³ It is submitted that in the context of

⁵⁸ Case C-299/99 *Philips* [2002] ECR I-5475, para. 80.

⁵⁹ See the applicant's submission in Case T-270/06 *Lego* [2008] ECR II-3117, para. 27.

⁶⁰ AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, para. 28.

⁶¹ Case C-299/99 *Philips* [2002] ECR I-5475, para. 80.

⁶² But see OHIM Board of Appeal, 7.12.2001, in Case R 476/2001-3 *Eurocos Cosmetic*, para. 12, stating that the addition of even one extra element to a functional shape excludes the application of Article 7(1)(e)(ii). Note that this decision was rendered before *Philips* and is, as can be seen in OHIM Grand Board of Appeal, 10.7.2006, in Case R 856/2004-G *Lego*, para. 36, not followed.

⁶³ AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, para. 40.

his opinion this needs to be understood as meaning that the addition of arbitrary elements does not make the functional shape registrable as a whole, but that those arbitrary elements can be registered as trade marks on their own, provided that they are not functional themselves and fulfill the other requirements of registration.⁶⁴ These elements must especially fulfill the condition that they are distinctive on their own and not just in combination with the functional characteristics of the shape.⁶⁵ However, as long as the essential features of a shape are functional, the shape itself is excluded from registration and the presence of arbitrary elements does not change this.⁶⁶

Thus, a teleological interpretation of Article 7(1)(e) must, in the author's view, lead to the same conclusion that the Court came to in *Philips*, namely that shapes are excluded from protection under trade mark law if their essential features are functional.

3.2 Identifying the essential features of a shape

Having established what is meant by the term exclusively, the next step when conducting a logically structured assessment of a shape seeking registration must be to identify the essential features or parts of that shape. Only after that and as an independent and second step it has to be decided whether those features are attributable to a technical result.

The question of how to analyze a shape and how to identify which parts of it must be seen as essential remained unanswered in *Philips*. While developing the doctrine of the requirement that the essential parts of a shape must be functional in order for the ground for refusal in Article 7(1)(e)(ii) to apply introduced an element of flexibility into the assessment of shape marks and extended the scope of application of this provision in comparison with a literal interpretation, it also introduced an element of vagueness.⁶⁷ This issue still awaits clarification from the Court and got addressed in the still ongoing proceedings in *Lego*.⁶⁸

⁶⁴ J. Ch. Troussel and P. Van den Broecke, "Is European Community Trademark law getting in good shape?", 93, *The Trademark Reporter* (2003), p. 1066 at p. 1080.

⁶⁵ OHIM Board of Appeal, 11.1.2006, in Case R 1/2005-4 *Hilti*, para. 17.

⁶⁶ Case T-270/06 *Lego* [2008] ECR II-3117, para. 38; OHIM Board of Appeal, 26.1.2010, in Case R 808/2009-2 *2K Distribution Sarl*, para. 22; See also A. Folliard-Monguiral and D. Rogers, "The Protection of Shapes by the Community Trade Mark", 25(4) *E.I.P.R.* (2003), p. 169 at p. 174.

⁶⁷ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 59.

⁶⁸ Case C-48/09 P *Lego*, appeal currently pending at the Court.

3.2.1 The proceedings in *Lego*

As it will be necessary to refer to *Lego* throughout the thesis several times and due to the fact that the proceeding is still ongoing, it is appropriate to give a short overview over the case at this stage. The facts of the *Lego* case, concerning the registration of a red Lego-brick, are well known and I will, therefore, only shortly outline the different stages of the proceeding. Lego applied for a CTM at the OHIM in 1996 and the mark was registered in 1999. Only two days after the registration Lego's competitor Mega Brands applied for a declaration of invalidity of the mark on the grounds that it was, *inter alia*, contrary to Article 7(1)(e)(ii). After staying the proceeding and waiting for the delivery of the Court's judgment in *Philips*, the Cancellation Division declared the mark invalid in 2004.⁶⁹ On appeal by Lego the Grand Board of Appeal upheld this decision in 2006.⁷⁰ Lego also appealed this decision, claiming, *inter alia*, that the Grand Board of Appeal had made a mistake when identifying the essential characteristics of the shape. However, the General Court upheld the Grand Board of Appeal's decision in its judgment in 2008,⁷¹ which Lego, in turn, appealed against. This appeal is currently pending at the Court.⁷² Advocate General Mengozzi's opinion in that case was delivered in the beginning of 2010.⁷³

3.2.2 The General Court's and Advocate General's approach to identifying the essential features of a shape

For the present chapter Lego's claim concerning the alleged mistake of the Grand Board of Appeal and, subsequently, the General Court when identifying the essential characteristics of a shape is of interest.

More specifically, the issue at stake concerned the question whether the essential parts of a shape should be identified from the point of view of an expert, who also carries out the assessment as to the functionality of those features, or from the point of view of the relevant consumers. Lego argued that the latter should be the right approach, as it is logically necessary to identify the essential characteristics of a shape before examining whether they perform a technical function. This first step should be determined from the point of view of the relevant consumers and not by experts according to a purely technical analysis.⁷⁴ According to Lego, the concept of essential features is synonymous with that of dominant and distinctive elements,

⁶⁹ OHIM Cancellation Division, 30.7.2004, in Case 63 C 107029/1 *Mega Bloks v. Kirkbi*.

⁷⁰ OHIM Grand Board of Appeal, 10.7.2006, in Case R 856/2004-G *Lego*.

⁷¹ Case T-270/06 *Lego* [2008] ECR II-3117.

⁷² Case C-48/09 P *Lego*.

⁷³ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010.

⁷⁴ Case T-270/06 *Lego* [2008] ECR II-3117, para. 52.

which must be assessed from the perspective of an average consumer who is reasonably well informed, observant and circumspect.⁷⁵

As already stated above, the General Court did not follow Lego's argumentation. According to its judgment the determination of the essential features of a shape seeking registration takes place with the specific aim of examining its functionality. It argued that the target consumers may not have the required technical knowledge to carry out such an examination of functionality and that it follows that certain features of a shape may be essential from a consumer's point of view, even though they are not essential in the context of an analysis of functionality and *vice versa*. Hence, the General Court concluded that the essential characteristics of a shape must be identified objectively and in the light of the purpose of assessing their functionality, which means that the relevant point of view for carrying out that task must be the one of an expert.⁷⁶

As mentioned above, Lego appealed against the General Court's judgment. While this appeal is still pending at the Court, the Advocate General has already delivered his opinion. On the matter of whether it should be the target consumer's or an expert's point of view that needs to be taken into account when determining which parts of a shape are essential, also the Advocate General did not follow Lego's argumentation.

At the outset it should be noted that the Advocate General, while indicating that the essential features of a shape must be identified before determining whether they are functional, still saw both issues as being part of the same, namely the first, of his proposed three-stage test of assessment of shapes seeking registration.⁷⁷ He followed the findings of the General Court in this regard and held that the purpose of ascertaining the essential features of a shape is to determine the sign's necessary character in relation to the technical result.⁷⁸ In other words, in the Advocate General's view, just as in the one of the General Court, the essential features of a shape must be determined from a functionality point of view, using a technical analysis. He stated that in order to do so, each of the individual features of the get-up of the mark in question must be analyzed.⁷⁹ In the light of the purpose of determining the essential features, namely to assess the functionality of the shape, also the Advocate General concluded that the relevant point of view must be the one of an expert and not the one of the target consumer, as this

⁷⁵ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 46.

⁷⁶ Case T-270/06 *Lego* [2008] ECR II-3117, para. 70.

⁷⁷ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 62, those stages being (1) determination of the essential features and whether they are functional, (2) when faced with mixed shapes, consisting of functional and non-functional characteristics, assessment whether the grant of a trade mark will hinder competitors from using the essential functional characteristics and (3) ascertaining whether a shape that has overcome the first two stages is distinctive.

⁷⁸ *Ibid*, para. 65.

⁷⁹ *Ibid*, para. 64.

step must be seen as a preliminary one, not taking distinctiveness into account.⁸⁰

Thus, it can be seen that in the case law up until now, with the final judgment of the Court in *Lego* still being awaited, the approach chosen to identify the essential features of a shape is to assess the shape from an expert's point of view carrying out a technical analysis. This assessment sees the question of determining the essential features of a shape and their functionality as being one. Hence, the essential features are analyzed only in the light of the shape's functionality, meaning that under this approach the essential features are the ones that are essential for the shape's functionality.

3.2.3 Essential features in the light of the monopoly granted under trade mark law

3.2.3.1 The relevance of the monopoly granted under trade mark law for the present question

However, it is questionable whether this approach is the right one. In the author's view it follows from *Philips* that determining the essential features of a shape and the question whether those are functional are two separate steps in the assessment of shapes seeking registration. According to that judgment, shapes whose essential characteristics perform a technical result are excluded from registration.⁸¹ It is submitted that this should be understood as meaning that it must, first, be established what parts of the shape are the essential ones and that, at this stage, functionality is not relevant yet.

The reference of the Court to "essential functional characteristics" of a shape later on in the judgment⁸² is, admittedly, strange, but in my view it should not be put too much weight on that phrase. It should rather be treated as an unfortunate formulation by the Court (in English proceedings and doctrine it is even called an error by the Court⁸³) and be understood as meaning "essential characteristics". This is supported by the fact that, by definition, an essential non-functional feature cannot be attributable solely to a technical result.⁸⁴ Hence, in the formulation "where the essential functional characteristics of the shape of a product are attributable solely to the technical result"⁸⁵ used by the Court, "essential functional features" should be read as "essential features".

⁸⁰ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 66.

⁸¹ Case C-299/99 *Philips* [2002] ECR I-5475, paras. 79 and 80.

⁸² *Ibid*, paras. 83 and 84.

⁸³ G. Tritton, *Intellectual Property in Europe*, (2008), p. 304, para. 3-99; L. Bently and B. Sherman, *Intellectual Property Law*, (2009), p. 808.

⁸⁴ G. Tritton, *Intellectual Property in Europe*, (2008), p. 304, para. 3-99.

⁸⁵ Case C-299/99 *Philips* [2002] ECR I-5475, para. 83.

The focus of Article 7(1)(e)(ii) is not on the technical result, but on the shape in question and the technical result of it.⁸⁶ The provision is intended to prevent the grant of a monopoly on a technical shape, or in other words on a shape performing a function that competitors might want to incorporate in their own products. This means for the present question that, first, the shape in itself must be looked at and not the technical result. This must be done independently from any considerations concerning functionality. There might be features that are essential from a functional point of view or for a certain technical result, but if those characteristics are not essential parts of the shape, looked at generally, this should be irrelevant for its registration under trade mark law.

In the previous chapter the public interest underlying Article 7(1)(e)(ii) was identified. According to established case law of the Court, this provision must always be interpreted in the light of this public interest.⁸⁷ It was also already stated above that in the author's view this public interest must, in turn, be interpreted in the light of trade mark law and, specifically, in the light of the exclusive rights granted to the holder of a trade mark.

If Article 7(1)(e)(ii) is intended to prevent the grant of a monopoly on a technical shape, it is necessary, in order to identify the essential parts of the shape in question, to establish the scope of the monopoly the trade mark proprietor would obtain in the event that his or her application is successful. As only the usage by a competitor of features of a shape that are protected by such a monopoly, or, in other words, of those features that are essential from a trade mark point of view, would constitute an infringement, the question of the scope of the monopoly is highly relevant for determining the essential characteristics of a shape. In other words, all parts of a registered shape that can be used by competitors without infringing this trade mark are not covered by the monopoly. Even if those parts are functional the trade mark does not limit their free use by other traders and no danger of granting a monopoly over functional shapes arises.

Deciding the question which point of view should be the relevant one for assessing the essential features of a shape in the light of the public interest underlying Article 7(1)(e)(ii) is, therefore, closely linked to the question of the scope of the monopoly granted by a trade mark and the question of what acts constitute an infringement. It is, therefore, appropriate to take a (short) look at the scope of the monopoly granted under trade mark law, before applying these arguments to the specific question of identifying the essential characteristics of a shape.

⁸⁶ D. Kitchin et al., *Kerly's law of Trade Marks and Trade Names*, (2001), p. 197, para. 7-153.

⁸⁷ Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, para. 25; Case C-299/99 *Philips* [2002] ECR I-5475, para. 77; Joined cases C-53/01 to C-55/01 *Linde, Winward, Rado* [2003] ECR I-3161, para. 71.

3.2.3.2 The scope of the monopoly granted under trade mark law

As stated above, Article 7(1)(e)(ii) intends to prevent the grant of an exclusive right that would lead to a monopoly over a functional shape. Only the protection of shapes or parts of shapes that would limit competitors' freedom of choice when trying to implement a functionality in their product is, therefore, capable of falling under that absolute ground for refusal. In other words, if the registration of a shape mark that has functional aspects does not lead to a monopoly over those aspects, since competitors can use them without infringing the trade mark, the danger of a monopoly over a functional shape does not arise.

It is, therefore, necessary to look at what acts can constitute an infringement of a trade mark in order to assess the scope of a monopoly. This question is to be answered by looking at Article 9, which lists the rights conferred upon the proprietor of a registered mark.

At the outset it should be borne in mind that this thesis is not concerned with the question whether a specific act infringes a specific trade mark. The question of whether there has been a use as a trade mark can, therefore, be disregarded. This section only tries to establish whether there is, in general, the possibility that using a certain shape may constitute an infringement, provided that this use will be one as a trade mark in the course of trade, for the sake of delimiting the scope of the monopoly granted.

It should also be recalled that the purpose of analyzing the scope of a trade mark in this section is to establish what parts of a shape must be regarded as its essential features. It follows that it is not necessary to take a closer look at Article 9(1)(a), as this subparagraph is concerned with identical signs. An identical sign obviously uses both, essential and non-essential features of the original trade mark and, thus, this provision is not helpful when trying to establish which parts are the essential ones. However, it should shortly be noted that signs are to be regarded as identical where all elements of the original trade mark are reproduced by the infringing sign without any modification or addition.⁸⁸ According to the Court this question has to be assessed from the point of view of an average consumer who is deemed to be reasonably well informed, reasonably observant and circumspect.⁸⁹

For the present purpose, however, Article 9(1)(b) is of greater interest, stating that a proprietor is entitled to prevent any use of what could be called confusingly similar marks. It is submitted that this provision stands at the center of attention when determining the essential features of a shape. Competitors of a trade mark proprietor should not be forced to invent new shapes that can achieve a certain technical result, but they should be free to use any functional characteristic of a shape. In order to do so it is usually not necessary to copy a complete shape of a product but only the parts that

⁸⁸ Case C-291/00 *LTJ Diffusion v. Sadas* [2003] ECR I-2799, para. 51.

⁸⁹ *Ibid*, para. 52.

are actually functional. If doing so leads to the usage of a shape that is so similar to a registered trade mark that there exists a likelihood of confusion, those functional features of the shape must be regarded as essential.

Similarity under Article 9(1)(b) is assessed from the point of view of the average consumer of the type of goods or services in question, based on an overall impression given by the signs at stake, bearing in mind, in particular, their distinctive and dominant components.⁹⁰ Thus, with regard to shape marks, visual similarity from a consumer's point of view, focusing especially on the distinctive and dominant features, is the most important factor for assessing two shapes under Article 9(1)(b).⁹¹

It follows that the question of similarity of two shapes and, therefore, the question of a possible infringement (similarity of course being just one out of several factors that must be taken into account in this regard, but for the present purposes the relevant one) is decided by comparing the distinctive and dominant features of that shape from a consumer point of view.

3.2.3.3 Essential features from a consumer's point of view

As can be seen from the previous section the question of infringement of a trade mark is decided by taking the point of view of the target consumers into account and by asking, whether this consumer would regard two shapes as being confusingly similar. Hence, the consumer's view is the relevant one for delimiting the scope of protection under trade mark law.

In the author's opinion it follows from this that also for the question of identifying the essential features of a shape the point of view of the target consumer should be the relevant one. Only the usage of features that are essential for the consumer, in the sense that they are the dominant components,⁹² can be seen as an infringement. Thus, features that consumers do not find essential or dominant are not covered by the trade mark protection and can, therefore, be freely used by all even if they are part of a registered shape, as their usage will not lead to a confusingly similar overall impression. Therefore, if it is only those non-essential features (from a consumer's point of view) that are functional, the protection of the shape does not create a monopoly on the functionality.

Interestingly, Advocate General Mengozzi held in his opinion in *Lego* that, in connection with mixed shapes, some of whose essential features are functional while others are non-functional, the question arises whether the grant of a trade mark will prevent competitors from using the essential functional characteristics that the mark would protect.⁹³

⁹⁰ Case C-251/95 *Sabel v. Puma* [1997] ECR I-6191, para. 23.

⁹¹ L. Bently and B. Sherman, *Intellectual Property Law*, (2009), pp. 864 and 865.

⁹² Case C-251/95 *Sabel v. Puma* [1997] ECR I-6191, para. 23.

⁹³ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 72.

This seems to support the approach argued for in this thesis. The Advocate General is essentially asking the same question as has been outlined in this and the previous section, namely whether the grant of a trade mark on a shape that has certain functional aspects will lead to a protection of those, creating a monopoly over functional shapes which Article 7(1)(e)(ii) seeks to prevent. In other words, also for the Advocate General it needs to be ascertained, at least for assessing the registrability of a mixed shape, whether the grant of a trade mark would lead to a monopoly over its functional features. This can only be answered by looking at the scope of protection under trade mark law, for which the point of view of the target consumer is the relevant one. If this assessment leads to the result that the functional characteristics of the shape in question do not fall within the scope of protection, the shape can be registered.

Thus, also under the approach outlined by Advocate General Mangozzi, shapes whose functional features are not essential from the consumer's point of view when assessing similarity in case of a possible infringement, can be registered. Read in the light of *Philips*, stating that shapes whose essential features are functional should not be registered,⁹⁴ this can only be understood as meaning that features that are not essential for consumers when comparing two shapes are not essential characteristics of a shape. Hence, when assessing the essential features of a shape the point of view of the target consumer should be the relevant one, even though the Advocate General came to the opposite conclusion.

Furthermore, the OHIM "Manual of Trade Mark Practice" states that if a shape mark also contains elements, such as a logo, that render the mark distinctive, either alone or in combination with the shape, the shape can be registered. The Manual explains further that under this approach even the standard shape of a bottle can be registered if a distinctive word mark or label appears on it.⁹⁵

This also supports the approach that the consumers' point of view should be the relevant one for determining the essential features of a shape. In the example used by the OHIM of the standard shape of a bottle combined with a distinctive word mark or label, the essential parts of the mark under a functionality based assessment, as proposed by the General Court and the Advocate General in *Lego*,⁹⁶ would, without any doubt, include the shape of the bottle and, thus, include the functional aspects of the shape (whether such a shape is to be seen as functional in the meaning of Article 7(1)(e)(ii) will be addressed later in this thesis and is not relevant at this point). Yet, the OHIM suggests that such a shape should be registrable due to the

⁹⁴ Case C-299/99 *Philips* [2002] ECR I-5475, paras. 79 and 80.

⁹⁵ OHIM, "The manual concerning proceedings before the Office for Harmonization in the Internal Market (Trade Marks and Designs)", Part B: Examination, in the version of 16.9.2009, p. 39.

⁹⁶ Case T-270/06 *Lego* [2008] ECR II-3117; AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010.

distinctive word mark or label, without even bringing up the question of functionality. This should be understood as meaning, again read in the light of *Philips* prohibiting the registration of shapes whose essential features are functional,⁹⁷ that in the OHIM's view the essential parts of such a bottle are the added word mark or label and not the shape of the bottle itself. This conclusion can only be drawn if the approach taking the point of view of the target consumer into account is chosen.

Thus, also the OHIM's "Manual of Trade Mark Practice" seems to suggest that, as for consumers the essential parts of a shape of such a bottle are the added word mark or label, the essential features of the whole shape must also be those words or labels. Consequently, the registration of the shape of the bottle does not create a monopoly on the basic shape of it and, hence, also not on the functional aspects of the shape and is, therefore, not prohibited under Article 7(1)(e)(ii).

It is, of course, clear that the OHIM's approach with regard to the example of such a bottle is concerned with the question of what parts of the *trade mark* are the essential ones and not with the assessment of what part of the shape itself, as an added word mark cannot strictly be seen as being part of the shape of the bottle. But it is, nevertheless, argued that the same logic should be applied when identifying the essential characteristics of the shape.

In the main proceedings in *Philips*, the national court, namely the English Court of Appeal, also concluded that the question of which characteristics are essential should be assessed from the relevant consumer's point of view, looking at the impact of the mark on the eye of this consumer.⁹⁸

The Advocate General in *Lego*, when rejecting the argument that it should be the relevant consumers' point of view that should be taken into account when identifying the essential characteristics of a shape, stated that, if this argument would have been accepted, it would necessarily mean that the criterion of that consumer would also have to be applied with regard to Article 7(1)(f). According to him, this would mean that the phrases "public policy" and "accepted principles of morality" would have to be assessed from a consumers' point of view.⁹⁹ However, this conclusion seems rather strange. Identifying the essential features of a shape from a consumer's point of view does not mean that the test as to functionality is carried out by consumers. On the contrary, this is always done by experts. Thus, the consumer's view is only relevant when identifying the essential characteristics, the assessment of their functionality is, however, carried out by an expert. This would also apply to the concepts of morality or public policy, which would have to be assessed from the point of view of an "expert" (whoever that is).

⁹⁷ Case C-299/99 *Philips* [2002] ECR I-5475, paras. 79 and 80.

⁹⁸ *Philips v Remington* [2006] F.S.R. (30), 537, para. 52.

⁹⁹ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 91.

The approach suggested in this thesis, namely to determine the essential features of a shape from a consumer's point of view, might be criticized as mixing the question of functionality with the one of distinctiveness.¹⁰⁰ However, while it is true that distinctiveness plays a role in this approach, it is submitted that the actual assessment of distinctiveness is still separated from the one of functionality. The focus, when analyzing which parts of a shape the relevant consumer would consider to be essential, lies on the question which features are the dominant ones.¹⁰¹ The only connection to distinctiveness in this regard might be seen in the fact that the dominant features of a shape are, in most instances, also the distinctive ones. However, it should be borne in mind that the question of whether they are actually distinctive is irrelevant at this stage of the assessment of an application for registration, but will be addressed in a later step. Yet, it is submitted that the essential features of a shape must be determined in general, independent from considerations regarding functionality or distinctiveness. The essential or dominant characteristics of a shape are simply the most important ones when looking at the shape. They must be the same features for both stages of assessment, namely the one of functionality and for distinctiveness.

The authority confronted with the question of the registrability or the invalidity of a shape mark has to first identify those dominant features as a question of fact, taking a consumer's point of view. As a next step it has to analyze whether those features are functional and after that whether they are distinctive. Hence, the dominant features of a shape stay the same during all the stages of its assessment. If they are held to be functional, the issue whether they are distinctive never arises. However, if they are not functional, it still has to be assessed whether they are distinctive. Thus, when analyzing a shape's functionality, one has to look at the same characteristics of that shape that one later on looks at when deciding whether it is distinctive. Those are the features that are, in principle, capable of also distinguishing the shape from other shapes, without assessing yet if they are in fact distinctive.

When assessing the essential features of a shape from a consumer's point of view, bearing in mind the scope of the monopoly possibly granted, one, therefore, does not look at the distinctive characteristics of that shape, as the question of distinctiveness is not at stake yet, but at the features that could, in principle, be the distinctive ones due to the fact that they are the most dominant ones.

To illustrate this, I will use the example that Advocate General Mengozzi used in his opinion in *Lego*,¹⁰² which is the one of an USB stick. The front part of such a memory stick, namely the one that is used for connecting it with a computer or other device, is, without any doubt, not only from the

¹⁰⁰ *De lege ferenda* this might, as will be argued below, generally be preferable.

¹⁰¹ Case C-251/95 *Sabel v. Puma* [1997] ECR I-6191, para. 23.

¹⁰² AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 73.

point of view of an expert analyzing its functionality, but also from the point of view of a consumer, a dominant and, therefore, essential feature. Yet, also without any doubt, it cannot be regarded as being distinctive, as it is used by every USB stick. However, if this was not the case and there was only one memory device using this shape, it would probably not fail the test of distinctiveness (not taking any questions as to interoperability into account). This shows that the front part of an USB stick is, in theory, a part that might be distinctive, and, more generally spoken, a dominant feature that is analyzed for both, the question of functionality and distinctiveness.

Thus, it is submitted that the essential features of a shape must be identified using a consumer's point of view. It needs to be analyzed which parts of a shape are seen to be the dominant ones for the target consumers. These are the ones that, in theory, cannot be copied without infringing the shape mark. The qualification "in theory" is added due to the fact that at this stage of determining which parts of a shape are the dominant ones, also features that are dominant but not distinctive and would, therefore, not be registrable and, consequently, also not protected under the trade mark, need to be taken into account. While it is necessary to separate the questions of functionality and distinctiveness, the latter plays a role when determining what parts of a shape are essential for trade mark purposes. Only parts that are dominant and might, therefore, "in theory" be seen as distinctive are capable of being protected by a trade mark and can, thus, lead to an unwanted monopoly if they are functional. The question whether the specific shape seeking registration is distinctive as a whole, however, has to be determined later on in the assessment.

Therefore, the test which parts of a shape constitute the essential features of the same and the question whether those features are functional are two separate ones. The first should be answered from the point of view of the relevant consumer, the latter from the point of view of experts.

4 Functionality

After having identified which parts of a shape seeking registration are to be regarded as the essential characteristics, it is, as a next step when conducting a logically structured test, necessary to assess whether those features are functional.

It should be recalled at this point that, according to Article 7(1)(e)(ii), signs that exist exclusively of the shape of goods which is necessary to obtain a technical result shall not be registered. The previous section was concerned with the interpretation of the term "exclusively", as used in this provision, and for the purposes of analyzing the functionality of a shape, this chapter will, in its first section, focus on the term "necessary".

4.1 "Necessary" to obtain a technical result

The interpretation of the term "necessary" in the phrase "necessary to obtain a technical result" has always been at the center of discussion when determining the registrability of functional shapes. Before the judgment in *Philips*,¹⁰³ there has been significant uncertainty as to how to interpret "necessary" and even after the decision of the Court not all questions are answered.

The main issue, that, however, did get resolved in *Philips*,¹⁰⁴ concerned the question whether "necessary" should be understood as meaning that the shape seeking registration must be the only one that is capable of achieving a certain technical result. In other words, the importance of alternative shapes was unclear. The question arose whether a manufacturer seeking registration for a three dimensional sign as a trade mark could overcome the absolute ground for refusal in Article 7(1)(e)(ii) by showing that there are alternative shapes that can perform the function or achieve the technical result equally well.

Prior to the judgment in *Philips*,¹⁰⁵ the view that alternative shapes should matter was widely spread. It was said that in order for a shape to fall under Article 7(1)(e)(ii), it must be the only one that is capable to obtain the technical result.¹⁰⁶

¹⁰³ Case C-299/99 *Philips* [2002] ECR I-5475.

¹⁰⁴ *Ibid.*

¹⁰⁵ *Ibid.*

¹⁰⁶ See for example: R. Annand and H. Norman, *Guide to the Community Trade Mark* (1998), p. 44; v. Mühlendahl et al, *Die Gemeinschaftsmarke* (1998), p. 32, para. 35; I. M. Davies, ed., *Sweet & Maxwell's European Trade Mark litigation handbook* (1998), p. 39, para. 2-08; T. Helbling, "Shapes as trade marks? The struggle to register three-dimensional

Also the Boards of Appeal of the OHIM used to take the question of alternative shapes into account and ruled that a shape could not fall under Article 7(1)(e)(ii) if the same technical result could also be achieved by a product having a significantly different appearance.¹⁰⁷

In Swedish court proceedings, concerning the registration as a trade mark of the same three headed rotary shaver produced by Philips as in the respective legal dispute in front of English courts, the term "necessary" was interpreted in a similar way to the one chosen by the OHIM. The District Court of Stockholm stated that it must consider what other possible ways there are, if there are any, to reach the technical result and that considerable regard should be taken as to what is known regarding those possibilities of reaching it with alternative methods.¹⁰⁸ The court came to the conclusion that the technical result of shaving with rotating cutters can be achieved equally well by alternative means and that the shape registered as a trade mark by Philips was, thus, not necessary to obtain this result and did not fall under the absolute ground for refusal prohibiting the registration of functional shapes.¹⁰⁹

German courts also construed the ground for refusal in a very narrow way, restricting its application to situations where only one particular shape is feasible for technical or other reasons, leaving hardly any room for maneuver to competitors. It was seen to be preferable to deal with such shapes on the ground of lack of distinctiveness. If a shape is held to fall under Article 7(1)(e)(ii), the decision is final and cannot be overcome, even if the shape becomes highly distinctive over time. However, if it is refused registration due to lack of distinctiveness, trade mark protection would remain available if the shape acquires distinctiveness by use, just as it is with regard to pictures of three dimensional shapes, which were treated by German courts as two dimensional signs.¹¹⁰

This strict understanding of the term "necessary", meaning that a shape is only necessary to obtain a technical result if there are no other shapes that can achieve this result equally well, leads to a very narrow scope of application of Article 7(1)(e)(ii). However, signs overcoming this ground for refusal must, nevertheless, still fulfill the other requirements for registration as a trade mark, most importantly the one of distinctiveness.

signs: A comparative study of United Kingdom and Swiss law", 4, *I.P.Q.* (1997), p. 413 at p. 427.

¹⁰⁷ See for example: OHIM Board of Appeal, 21.12.1999, in Case R 82/1999-1 *Warman International*, para. 15; OHIM Board of Appeal, 22.12.1999, in Case R 202/1999-1 *Drum Workshop*, para. 11.

¹⁰⁸ Stockholm District Court, 25.4.1997, in Case T7-1316-94 *Ide Line v Philips Electronics*, (1997) *E.T.M.R.*, p. 377 at p. 386.

¹⁰⁹ *Ibid.*, p. 390.

¹¹⁰ J. Bornkamm, "Harmonizing trade mark law in Europe: The Stewart memorial lecture", 3, *I.P.Q.* (1999), p. 283 at p. 290; see also A. Firth, "Shapes as trade marks: public policy, functionality considerations and consumer perception", 23(2), *E.I.P.R.* (2001), p. 86 at p. 91.

Representatives of a strict and narrow interpretation of "necessary" justify their understanding of this term by arguing that overcoming the ground for refusal of Article 7(1)(b) is very hard for a (functional) shape mark,¹¹¹ as such a sign requires a very high degree of distinctiveness,¹¹² and, therefore, there is no danger of unwanted monopolies arising. It is even argued that deciding the question of registrability of functional shapes should be preferably done by only taking their distinctiveness into account and that Article 7(1)(e) should be deleted entirely.¹¹³

To summarize, representatives of this narrow interpretation argue that there is no danger of a functional shape circumventing Article 7(1)(e)(ii), as such a shape will fall under Article 7(1)(b), meaning it will be refused registration on grounds of lack of distinctiveness, as it will not be perceived by consumers as indicating origin but only as fulfilling a function. The choice of which ground for refusal to apply, namely Article 7(1)(b) or Article 7(1)(e), does matter, since, as already mentioned above, a decision based on Article 7(1)(1)(ii) is final and cannot be overcome, even if a certain shape becomes highly distinctive.¹¹⁴

These arguments are convincing to some extent. As the essential function of trade mark law is to guarantee the identity of the origin of the trade-marked product to the consumer or ultimate user,¹¹⁵ the idea of assessing the registrability of functional shapes from the point of view of distinctiveness is tempting. It is true that a functional shape can, arguably, be seen as lacking distinctiveness as it will be perceived as fulfilling that function and not as an indication of origin. Furthermore, focusing the analysis of shapes seeking registration on the issue of distinctiveness and including the question as to functionality in this step could lead to a simplification of the registration process, as it would lead to less separate levels of assessment and to a greater flexibility, leaving the door open to a future registration if the sign becomes distinctive. It would be desirable in a situation where a (partly) functional shape has actually become distinctive (which will hardly ever happen) to have a possibility to take this into account, as it is, admittedly, hard to justify on competition grounds why competitors under such circumstances should be allowed to use the shape and to profit from the goodwill created by the undertaking producing the original shape.¹¹⁶ *De*

¹¹¹ D. Kitchin et al., *Kerly's law of Trade Marks and Trade Names*, (2001), p. 192, para. 7-136.

¹¹² OHIM Board of Appeal, 14.12.1998, in Case R 55/1998-2 *British Petroleum Company*, para. 21.

¹¹³ D. T. Keeling, "About kinetic watches, easy banking and nappies that keep a baby dry: a review of recent European case law on absolute grounds for refusal to register trade marks", 2, *I.P.Q.* (2003), p. 131 at p. 137.

¹¹⁴ J. Bornkamm, "Harmonizing trade mark law in Europe: The Stewart memorial lecture", 3, *I.P.Q.* (1999), p. 283 at p. 290.

¹¹⁵ Case 102/77 *Hoffmann-La Roche* [1978] ECR 1139, para. 7.

¹¹⁶ See U. Suthersanen, "The European Court of Justice in *Philips v Remington* - trade marks and market freedom", 3, *I.P.Q.* (2003), p. 257 at p. 267.

lege ferenda, following D. Keeling's argument and to delete Article 7(1)(e) would, thus, possibly lead to better results.¹¹⁷

However, the law as it stands today clearly requires shapes seeking registration to overcome the preliminary and, thus, additional obstacle of Article 7(1)(e)(ii). This thesis must, therefore, proceed to analyze this provision and to try to identify an appropriate interpretation.

The Court in its judgment in *Philips* clearly favored, contrary to the arguments described above, the second possible interpretation of "necessary", namely a broad one.¹¹⁸ The Court, following Advocate General Colomer's opinion in the case,¹¹⁹ held that there is nothing in the wording of the legislation that would indicate that the ground for refusal of Article 7(1)(e)(ii) could be overcome by showing that there are alternative shapes that can achieve the technical result equally well.¹²⁰ The Advocate General further argued that if the existence of alternative shapes would prevent the application of Article 7(1)(e)(ii), nothing could stop an undertaking from registering all imaginable shapes which achieve a technical result and by doing so obtaining an unlimited monopoly over a technical solution.¹²¹ Besides that, under such an interpretation of the ground for refusal at stake, courts would have to carry out extensive assessments as to the equivalence of the performance of different shapes.¹²²

Thus, according to the Court, the existence of alternative shapes that are able to achieve a technical result equally well as the shape seeking registration is irrelevant. This interpretation is in line with the underlying purpose of Article 7(1)(e), namely that a shape performing a technical function may be freely used by all,¹²³ and is, subsequently, also followed by the OHIM.¹²⁴

However, as already stated above, the public interest underlying this ground for refusal is, *inter alia*, intended to prevent the obstruction of effective competition and it has been criticized whether the approach taken by the Court is justifiable on competitions grounds. If a particular shape is genuinely perceived by the relevant consumers as emanating from a specific

¹¹⁷ D. T. Keeling, "About kinetic watches, easy banking and nappies that keep a baby dry: a review of recent European case law on absolute grounds for refusal to register trade marks", 2, *I.P.Q.* (2003), p. 131 at p. 137.

¹¹⁸ Case C-299/99 *Philips* [2002] ECR I-5475, paras. 81 et seqq.

¹¹⁹ AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, para. 28.

¹²⁰ Case C-299/99 *Philips* [2002] ECR I-5475, paras. 81.

¹²¹ AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, para. 39.

¹²² *Ibid.*

¹²³ See for example Case C-299/99 *Philips* [2002] ECR I-5475, paras. 80; Case T-323/00 *SatellitenFernsehen GmbH v OHIM* ("SAT.2") [2002] ECR II-2839, para. 36; Case C-408/08 *Lancôme v. OHIM* [2010] n.y.r., para. Para. 43.

¹²⁴ See for example: OHIM Board of Appeal, 23.9.2003, in Case R 772/2001-1 *Automobili Lamborghini*, para. 28; OHIM Board of Appeal, 17.9.2009, in Case R 177/2008-1 *Schlüter-Systems*, paras. 26 et seqq.

undertaking, it seems, as mentioned above, questionable whether the protection of that shape under trade mark law should be prohibited, on competition grounds, leading to a situation where other undertakings are free to use the same shape, carrying the goodwill of the original producer and, thus, confusing consumers as to its commercial origin.¹²⁵

Furthermore, as the Commission argued in *Philips*,¹²⁶ Article 7(1)(e)(ii), as being an exception to the general rules concerning the registrability of signs, needs to be construed narrowly.¹²⁷ Another argument in favor of a strict interpretation of this provision can be found in its problematic relationship with the TRIPS agreement and the Paris Convention. Under both, the TRIPS and the Paris Convention, the touchstone regarding registrability is distinctiveness and signatory parties are required to register signs that are distinctive. Furthermore, Article 15(4) of TRIPS states that the nature of the goods or services to which a trade mark is to be applied shall in no case form an obstacle to registration of the trade mark. In the case of the assessment of a shape mark under Article 7(1)(e)(ii), the good or service is the trade mark. It can, thus, be argued that Article 7(1)(e)(ii) raises an obstacle to registration based on the nature of the good or service at stake, as it introduces requirements going beyond distinctiveness that only have to be overcome by marks consisting of the shape of goods or of their packaging but not by other signs. This would mean that this provision is illegal under TRIPS. As the Union is party to the TRIPS agreement, its legislation on trade marks must, as far as possible, be interpreted in the light of the wording and the purpose of that agreement.¹²⁸ It can be argued that Article 7(1)(e) must, thus, at least, be interpreted strictly.¹²⁹

However, while an extensive assessment of the legality of Article 7(1)(e)(ii) in the light of the TRIPS agreement and the Paris convention goes beyond the scope and purpose of this thesis, it should be recalled that the rule that exceptions to a general provision need to be interpreted strictly does not mean that they should be construed in such a way as to deprive them of their intended effect.¹³⁰

¹²⁵ D. T. Keeling, "About kinetic watches, easy banking and nappies that keep a baby dry: a review of recent European case law on absolute grounds for refusal to register trade marks", 2, *I.P.Q.* (2003), p. 131 at p. 137.

¹²⁶ Case C-299/99 *Philips* [2002] ECR I-5475, para. 72.

¹²⁷ Concerning the need to interpret exceptions to a general rule narrowly, see for example in the area of indirect taxation: Case C-453/93 *Bulthuis-Griffioen* [1995] ECR I-2341, para. 19; Case C-216/97 *Gregg* [1999] ECR I-4947, para. 12; Case C-284/03 *Temco Europe* [2004] ECR I-11237, para. 17; Case C-434/05 *Horizon College* [2007] ECR I-4793, para. 16; Case C-253/07 *Canterbury Hockey* [2008] ECR I-7821, para. 17; Case C-357/07 *TNT Post UK* [2009] n.y.r., para. 31.

¹²⁸ Case C-53/96 *Hermès International v. FHT Marketing Choice* [1998] ECR I-3603, para. 28; Case C-49/02 *Heidelberger Bauchemie* [2004] ECR I-6129, para. 20; see also AG Léger in Case C-321/03 *Dyson* [2007] ECR I-687, opinion delivered on 14 September 2006, para. 94.

¹²⁹ G. Tritton, *Intellectual Property in Europe*, (2008), p. 301, para. 3-96.

¹³⁰ See for example Case C-284/03 *Temco Europe* [2004] ECR I-11237, para. 17; Case C-434/05 *Horizon College* [2007] ECR I-4793, para. 16; Case C-253/07 *Canterbury Hockey* [2008] ECR I-7821, para. 17; Case C-357/07 *TNT Post UK* [2009] n.y.r., para. 31.

Although it is true that a literal interpretation of Article 7(1)(e)(ii) can lead to the conclusion that a shape should only be excluded from registration on that ground if there are no other shapes that are capable of achieving the technical result, a teleological interpretation must, in the author's opinion, reaffirm the Court's view that such alternative shapes are irrelevant under the law as it stands today. The underlying purpose of Article 7(1)(e)(ii), as identified by the Court and analyzed above, clearly requires that any shape whose essential features are functional should be free to be used by all. The focus of the provision and its purpose lies not on the technical result but on the shape in question and its technical effect.¹³¹ Thus, if a shape is functional it should not be registrable, even if there is a large number of other shapes that can achieve the same function, as all of them fall under the ground for refusal and should, therefore, not be registered.

It is also appropriate at this point to recall the distinction drawn by Advocate General Colomer as between the requirements with regard to the ground for refusal of functional shapes under design and trade mark law.¹³² As he rightly observed, functional shapes are excluded from protection under design law if they are solely *dictated* by their function, while under trade mark law it is only required that the shape is *necessary* to obtain a technical result.¹³³ It can, therefore, be concluded that the legislator would have chosen the same formulation in trade mark law as in design law, under which the establishment that there are other shapes capable of achieving the technical result leads to the registrability of the shape in question,¹³⁴ if it would have intended to lay down a ground for refusal with a scope of application as narrow. Every shape that can lead to a certain technical result is "necessary", while a shape is only "dictated" by its function if there is no other option or appearance that can fulfill this function. The justification of these stricter requirements for the registrability of shapes under trade mark law can be found in the possibly indefinite protection as compared to limitations with regard to time under design law.

Thus, the argument that a shape cannot be seen to be "necessary" to obtain a technical result if it can be shown that other shapes fulfill this function equally well should be rejected. However, there are still several unresolved issues related to functionality, even after the Court's judgment in *Philips*.¹³⁵ These problems are going to be addressed in the following sections of this thesis.

¹³¹ D. Kitchin et al., *Kerly's law of Trade Marks and Trade Names*, (2001), p. 197, para. 7-153.

¹³² AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, paras. 32 et seqq.

¹³³ *Ibid.*, para. 34.

¹³⁴ *Ibid.*

¹³⁵ Case C-299/99 *Philips* [2002] ECR I-5475.

4.2 The importance of prior patents for establishing functionality

One of these issues concerns the importance of prior patents. In the context of assessing functionality, the question arises what importance should be given to the fact that a shape for which protection under trade mark law is applied for might have been or still is protected as a patent.

It has already previously been pointed out in this thesis that Article 7(1)(e) is not merely concerned with delimiting trade mark law from other intellectual property rights, although this is of course an important part of its purpose. Thus, if an entity possesses the required conditions, it may be simultaneously protected by several different intellectual property rights.¹³⁶

However, having recalled that, the more specific question remains as to the importance of a previous patent for the assessment of a shape under Article 7(1)(e)(ii). The simple observation that simultaneous protection under different intellectual property regimes is permitted in general does not necessarily mean that this also holds true for the question of functionality and the relationship and delimitation of trade mark and patent law.

In line with its findings that an entity may be protected simultaneously by several intellectual property regimes, the Grand Board of Appeal of the OHIM stated in its decision in *Lego* that it is common ground that the fact that a registered mark was once the subject of a patent is not, in itself, a bar to registration under trade mark law.¹³⁷ However, by bringing this general observation into the context of the Court's case law on the protection of functional shapes, the Grand Board of Appeal concluded that a prior patent is practically irrefutable evidence that the features therein disclosed or claimed are functional.¹³⁸ When doing so the Board referred to the judgment of the US Supreme Court in *TrafFix*, holding that a prior utility patent is strong evidence that the features therein claimed are functional and that this puts great weight on the, under US law, statutory presumption that features are deemed functional until proved otherwise by the party seeking trade dress protection.¹³⁹

This approach is followed in other decisions of the Boards of Appeal. In *George Tash*, referring to *Lego*, the Board of Appeal held that a prior patent is practically irrefutable evidence of functionality and that also similar shapes fall under that presumption, as it is highly unlikely that very similar shapes do not have the same essential technical function as the patent.¹⁴⁰ Also in the very recent decision in *2K Distribution Sarl* the Board of Appeal

¹³⁶ OHIM Grand Board of Appeal, 10.7.2006, in Case R 856/2004-G *Lego*, para. 39.

¹³⁷ *Ibid.*

¹³⁸ *Ibid.*, para. 40.

¹³⁹ Supreme Court of the United States, 20 March 2001, in Case *TrafFix Devices v. Marketing Displays*, 532 U.S. 23(2001).

¹⁴⁰ OHIM Board of Appeal, 5.11.2006, in Case R 747/2005-2 *George Tash*, para. 20.

held that, contrary to the claim of the trade mark proprietor, previous patents are not irrelevant and, subsequently, examined the shape thoroughly in the light of the patent claims, which led to the conclusion that the shape was functional.¹⁴¹ In its decision in *Schlüter-Systems* the Board of Appeal even concluded, although in that case the patent application was rejected, that the claims made in this application are a strong evidence for the functionality of the shape seeking registration.¹⁴²

In his opinion in *Lego*, Advocate General Mengozzi clearly followed that approach taken by the OHIM, by holding that the explanations included with the certificates of registration of a patent constitute a simple, yet very powerful, presumption that the essential characteristics of the shape perform a function.¹⁴³ He interestingly further stated that only beyond those cases, meaning in cases where the shape seeking registration was not previously protected by a patent, experts may always have to be used in order to assess a shape's functionality.¹⁴⁴

From these decisions rendered by the Boards of Appeal of the OHIM and, especially, from the Advocate General's opinion in *Lego* as referred to in the previous paragraph, it seems appropriate to conclude that under the present case law a prior patent may always be seen as proof of functionality. As the Advocate General pointed out, only in cases where there has not been a previous patent services of experts should be used to answer the question of functionality. This clearly means that in a situation in which the shape has previously been protected as a patent it will automatically be seen as functional. This follows from the fact that judges or examiners, who, in the Advocate General's view, should in these cases rule on this issue without reference to an expert, do not, on their own, have the technical knowledge required to examine the functionality.

Only if a shape is not identical but merely similar to one previously protected as a patent, just as ruled upon in the Board of Appeal's decision in *George Tash*,¹⁴⁵ the body responsible for examining it will have to assess the degree of similarity and whether it is likely that the previous patent and the shape seeking registration as a trade mark do not have the same functionality. It is submitted that in such a situation the analysis of an expert is always required.

In the author's view this case law seems convincing. It is, without a doubt, true that, for the purpose of assessing the functionality of a shape, a prior patent on that shape is very strong evidence that it is actually fulfilling a function. It is submitted that this assumption must, however, be limited to

¹⁴¹ OHIM Board of Appeal, 26.2.2010, in Case R 808/2009-2 *2K Distribution Sarl*, paras. 27 et seqq.

¹⁴² OHIM Board of Appeal, 17.9.2009, in Case R 177/2008-1 *Schlüter-Systems*, para. 31.

¹⁴³ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 67.

¹⁴⁴ *Ibid.*

¹⁴⁵ OHIM Board of Appeal, 5.11.2006, in Case R 747/2005-2 *George Tash*.

shapes whose essential features, identified from the point of view of the relevant consumers, are identical to the features protected by such a prior patent. For determining this, the patent must be interpreted strictly and it must be ascertained that it were exactly those essential features of the shape seeking trade mark protection that were included in the patent claim. If these strict conditions are not fulfilled, the shape must be regarded as being only similar to the previously protected patented one and an analysis of its functionality must be carried out by an expert.

4.3 The technical result

Another issue that deserves closer attention is the question of what exactly is meant by the phrase "a technical result" in Article 7(1)(e)(ii). More specifically, it is necessary to establish how narrowly or how extensively this phrase should be understood. Finding a proper interpretation of "technical result" is highly significant, as not only the Court left this unanswered in *Philips*,¹⁴⁶ but also the Advocate General in *Lego*,¹⁴⁷ although it has a tremendous impact on the scope of application of Article 7(1)(e)(ii). This is due to the fact that this ground for refusal not only requires that a shape needs to be functional in order to fall within its scope, but also that this function obtains a technical result. The question of how wide or narrow the term technical result is interpreted, thus, has a direct impact on how far reaching the ground for refusal is.

One possibility is to construct it narrowly so as to resemble its meaning under patent law, which would also be in line with one of this ground for refusal's purpose, namely the delimitation of trade mark law to other intellectual property regimes in general and patent law in particular. However, it can equally well be argued that it should be understood in a wide sense, so that it would include any advantage over other shapes, such as visual attractiveness or lower production cost. This wider interpretation would be more concerned with the protection of competition, or more specifically, of competitors, as it would leave any advantageous shape in the public sphere for everybody to use freely.

The literal meaning of the word technical is rather wide, which means that it would definitely be possible to include manufacturing, financial or even visual effects under it.¹⁴⁸ One might even be tempted to draw a comparison to the US doctrine of "aesthetic functionality". This theory focuses on the problem whether ornamental features that have the potential to influence consumer behavior, but are neither essential nor helpful for the primary function of the product, could still, due to their attractiveness, be regarded as

¹⁴⁶ Case C-299/99 *Philips* [2002] ECR I-5475.

¹⁴⁷ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010.

¹⁴⁸ See U. Suthersanen, "The European Court of Justice in *Philips v Remington* - trade marks and market freedom", 3, *I.P.Q.* (2003), p. 257 at p. 267.

being functional and, thus, excluded from trade mark protection.¹⁴⁹ This is based on the premise that the appearance of products that are bought mainly for their aesthetic value can be functional, as it is this appearance that motivates customers to buy, irrespective of the origin of the product.¹⁵⁰

However, while under US law a product feature is regarded as being functional and, therefore, precluded from trade mark protection, if it is essential to the use or purpose of the article or if it affects the cost or quality of the article,¹⁵¹ the CTM system also requires that the functionality is necessary to achieve a technical result. Hence, the concept of functionality is narrower in the CTM system than under the US functionality doctrine.¹⁵² From the requirement of the achievement of a technical result it should be concluded that there is no room for an "aesthetic functionality" under Article 7(1)(e)(ii). Yet, it is submitted that such deliberations are relevant for an assessment of a shape under Article 7(1)(e)(iii), which is, however, outside the scope of this thesis.

In the author's view, an assessment under Article 7(1)(e)(ii) should, therefore, not be influenced by considerations concerning the aesthetic value of a shape and its possible influences on consumer behavior, as argued by the "aesthetic functionality" doctrine. Nevertheless, it must still be established, whether "technical result" should be understood in a narrow sense, or if it should include advantages such as lower production cost or general advantages in the course of the use of the product that are not essential to its functionality in a strict sense. Such an advantage could, for example, be seen in a shape that benefits the storage of the goods.

As to this last point the Board of Appeal's decision in *BEGO Bremer* indicates that it could be relevant under Article 7(1)(e)(ii) if the shape seeking registration could be proven to be better stackable than those used by competitors, although this was not fulfilled in the case at stake.¹⁵³ However, in *Heinrich Kühlmann* the Board of Appeal clearly stated that the fact that the shape of a container might make it better stackable and leads to a better use of space when transporting a large number of those containers is irrelevant for the applicability of Article 7(1)(e)(ii).¹⁵⁴

A more general guidance as to the interpretation of "technical result" was given by the Cancellation Division of the OHIM in its decision in *Lego*, which stated that the term technical must be interpreted in the same way as in patent law and that it does not matter whether the shape seeking

¹⁴⁹ M. M. Wong, "The aesthetic functionality doctrine and the law of trade dress protection", 83, *Cornell Law Review* (1998), p. 1116 at p. 1153.

¹⁵⁰ A. Firth, "Shapes as trade marks: public policy, functionality considerations and consumer perception", 23(2), *E.I.P.R.* (2001), p. 86 at p. 97.

¹⁵¹ See Supreme Court of the United States, 20 March 2001, in Case *Traffix Devices v. Marketing Displays*, 532 U.S. 23(2001).

¹⁵² See OHIM Board of Appeal, 11.1.2006, in Case R 1/2005-4 *Hilti*, para. 22.

¹⁵³ OHIM Board of Appeal, 12.6.2006, in Case R 618/2005-4 *BEGO Bremer*, para. 21.

¹⁵⁴ OHIM Board of Appeal, 18.12.2006, in Case R 884/2006-4 *Heinrich Kühlmann*, para. 19.

registration is easier or less costly to produce as compared to alternative shapes.¹⁵⁵ Furthermore, a more specific explanation was given by the Board of Appeal in *Hilti*, holding that technical is to be understood, just as in patent law, as the use of controllable natural force for the attainment of a causally connected result. It, thus, concluded that in order to fall under Article 7(1)(e)(ii) there must be (i) a certain shape, (ii) that this shape has a certain effect, (iii) that the attainment of this effect is dependent on the specific shape and (iv) that this effect is technical and not, as an example, aesthetic.¹⁵⁶

In the author's view it should, thus, be concluded that the phrase "technical result" needs to be interpreted in a narrow sense. While it is true, as already stated above, that Article 7(1)(e)(ii) is not merely intended to delimit different intellectual property regimes from each other, but also to protect a competitive market, it is, nevertheless, an exception to the general rules concerning registration and must, thus, be interpreted strictly.¹⁵⁷ The provision expressly states that not all functional shapes should be excluded from registration, which could include aesthetic functionality, but only such functional shapes obtaining a technical result. This last requirement should be interpreted in the light of the decision in *Hilti*.¹⁵⁸ Hence, not every advantage given by a shape but only those which can be seen as the use of controllable natural force for the attainment of a causally connected result should be seen as technical. This narrow interpretation is still in line with the underlying purpose of Article 7(1)(e)(ii), as the monopolization of technical functionality is the biggest threat to competition and must, therefore, be prevented. It follows that, for example, shapes that are better stackable than others can fall under the ground for refusal, if that advantage falls under the definition of a technical result given above. However, lower production costs will probably not be included, as these will most likely not be a technical result causally linked to the specific shape in question.

4.4 The "random change" test

As already stated above, according to the Court, it is irrelevant for the assessment of a shape under Article 7(1)(e)(ii) whether there are alternative shapes that can achieve the technical result equally well. However, there must be a causal link between the shape and the technical result in order for the shape to be regarded as being functional. This brings up the question whether a shape, that might be, at least to some degree, functional, can, nevertheless, fall outside the scope of Article 7(1)(e)(ii), if it can be shown that changing the shape does not change the technical result of the product.

¹⁵⁵ OHIM Cancellation Division, 30.7.2004, in Case 63 C 107029/1 *Mega Bloks v. Kirkbi*, paras. 54 and 57.

¹⁵⁶ OHIM Board of Appeal, 11.1.2006, in Case R 1/2005-4 *Hilti*, para. 18.

¹⁵⁷ See OHIM, "The manual concerning proceedings before the Office for Harmonization in the Internal Market (Trade Marks and Designs)", Part B: Examination, in the version of 16.9.2009, p. 39.

¹⁵⁸ OHIM Board of Appeal, 11.1.2006, in Case R 1/2005-4 *Hilti*, para. 18.

It is interesting to analyze this issue further, since it seems, at least at first glance, to give relevance to the question of alternative shapes again. This is because the argument that there are alternative shapes that can achieve a technical result equally well and the argument that a shape is not functional if changing it does not affect the result (*i.e.* since after the change the new, alternative shape achieves the result equally well) seem to be substantially the same. This is of course only true with regard to shapes that do have, at least partly, a function, since otherwise it is a perfectly clear argument to say that a shape is not functional if changing it does not influence the functionality of the product. To clarify this, one could think, as an example, of the shape of a suitcase. Such a suitcase is of course functional, as its shape makes it possible to store and transport clothes or other items in it. However, it is possible to change the shape of a suitcase without influencing its capacity of fulfilling its function, namely to carry items in it. Thus, the question arises whether such a shape, that can be changed without affecting the result, should be regarded as being functional in the meaning of Article 7(1)(e)(ii). Denying this would, at least at first glance, be very similar to arguing that a certain shape of a suitcase is not functional as there are alternative possible appearances that can achieve the result of carrying items in it equally well.

The question of the registrability of the example used above, namely the shape of a suitcase, was at stake in the decision of the Board of Appeal in *Hilti*.¹⁵⁹ It held that the possibility of transporting items in a container, such as a suitcase, does not depend on the shape of this container, but on the question whether it can be closed and whether it has the right size for the items that should be transported in it.¹⁶⁰ The Board concluded that the suitcase at stake did not obtain any effect only due to its shape.¹⁶¹ This result must have been reached by taking the point of view that the specific shape of a container does not affect the result, since this result would also be obtained if the shape would be altered.

In other decisions the Board of Appeal was more specific. In *BEGO Bremer* it held that, while the shape of the container at stake was chosen to make it possible that several ones can be stacked on each other, it was still not functional in the meaning of Article 7(1)(e)(ii), since this was true for every container having a horizontal surface.¹⁶² In *Heinrich Kühlmann* the Board of Appeal stated that the effect of a container, if it can be regarded as being technical, is still completely independent from its specific shape (e.g. round or square).¹⁶³

¹⁵⁹ OHIM Board of Appeal, 11.1.2006, in Case R 1/2005-4 *Hilti*.

¹⁶⁰ *Ibid*, para. 20.

¹⁶¹ *Ibid*, para. 21.

¹⁶² OHIM Board of Appeal, 12.6.2006, in Case R 618/2005-4 *BEGO Bremer*, para. 21.

¹⁶³ OHIM Board of Appeal, 18.12.2006, in Case R 884/2006-4 *Heinrich Kühlmann*, para. 19.

The Cancellation Division concluded in *Weetabix* that Article 7(1)(e)(ii) must be interpreted narrowly and only covers shapes whose modification would change the technical result itself and not those which are merely functional.¹⁶⁴ In *Lego* the Cancellation Division held that when testing whether a certain element of a shape is functional, in the sense that it is necessary to obtain a technical result, it must be ascertained whether the technical result would not be obtained if the element in question was absent and whether this result would be altered substantially if the element was altered substantially.¹⁶⁵

As already stated above, these decisions seem to, arguably, take account of alternative shapes with regard to the assessment of functionality under Article 7(1)(e)(ii), as showing that the technical result does not change if the shape is changed is nothing else than showing that there are equivalent alternative shapes. This would be rather strange, as all of them were rendered after the Court's decision in *Philips*, stating that functional shapes fall under that ground for refusal even if there are alternative shapes that can achieve the technical result equally well.¹⁶⁶

However, in order to establish that a shape is functional it is, of course, necessary to show that there is a causal link between the specific shape and the specific technical result. As the Cancellation Division held in *Lego*, the specific shape or element of a shape at stake must be a *conditio sine qua non* for achieving the technical result.¹⁶⁷

According to *Hilti*, mere functionality is not enough to fall under Article 7(1)(e)(ii), but it must be shown that a certain technical result is obtained by the use of a certain shape. To elaborate on what it meant by mere functionality, the Board of Appeal in this decision used the example of washing tablets for dishwashers. It held that their shape is certainly influenced by considerations as to functionality (no sharp edges, shape that fits the container reserved for washing powder in dishwashers), but that the technical result of washing detergent is not affected by the shape of the tablet.¹⁶⁸

The Cancellation Division made the same distinction between whether the shape was functional as compared to whether the function of the product at stake is actually performed by that shape in its decision in *Lego*. It used a similar example as the Board of Appeal, namely that of washing tablets for laundry machines and held that those do not have sharp edges, as those could deteriorate the laundry in the washing process, but that the result obtained through the use of washing tablets is to clean the laundry and that

¹⁶⁴ OHIM Cancellation Division, 22.12.2006, in Case C 482 *Weetabix*, para. 27.

¹⁶⁵ OHIM Cancellation Division, 30.7.2004, in Case 63 C 107029/1 *Mega Bloks v. Kirkbi*, para. 47.

¹⁶⁶ Case C-299/99 *Philips* [2002] ECR I-5475, paras. 81 and 83.

¹⁶⁷ OHIM Cancellation Division, 30.7.2004, in Case 63 C 107029/1 *Mega Bloks v. Kirkbi*, para. 47.

¹⁶⁸ OHIM Board of Appeal, 11.1.2006, in Case R 1/2005-4 *Hilti*, paras. 22 and 23.

this function is not affected by the shape of the tablets but could equally well be achieved by washing powder.¹⁶⁹

It can be seen by these examples as well as by other examples such as a suitcase or a bottle that the shape of these items does not have an influence on the intended functionality of the good. While it is possible to randomly change the shape of a bottle without affecting its capacity to contain liquid, it is not possible to do the same with the lid of such a bottle. One could, thus, say that the shape of a *specific* bottle is not a *conditio sine qua non* to the fulfillment of the desired technical result and that such a shape should, therefore, not fall under Article 7(1)(e)(ii). It must be stated that it is, of course, necessary that the shape still remains the shape of a bottle (which is the shape of the good or packaging as referred to in Article 7(1)(e)(ii)) in the way that it is capable of carrying liquids. As long as the product is a bottle, its specific shape is not a *conditio sine qua non* for the attainment of its intended effect.

In the author's view the problem with such a conclusion could be that it seems to be very much in line with both Philip's and Lego's arguments in their respective proceedings, claiming that neither the shape of the shaver, nor the shape of the Lego brick is functional, as it is possible to change them while still achieving the technical result, *i.e.* that there are alternative shapes. However, the distinguishing element might be the one, as I would like to call it, of *random* changes. It is submitted that neither random changes to Philip's shaver, nor to Lego's toy brick would leave the result unaffected, but only specific changes. Taking Philips's shaver as an example to elaborate on this, it is clear that a random change to the way the three rotary heads are arranged, as an example in a line or any other random way, can and will definitely change the effectiveness of the shaver and, thus, the technical result. In order to avoid negative effects on the technical result it is necessary to make specific changes. These specific changes are the ones that lead to a specific alternative shape, which is capable of obtaining the technical result equally well as the original one. Yet, this is different to being able to completely randomly change the shape of a suitcase or bottle, without affecting the technical result of containing goods, provided that it still remains the shape of the good in question, *i.e.* a suitcase or a bottle. This last requirement should not be used as an argument stating that it is not possible to change those shapes randomly. This is because it is simply part of the shape of a suitcase or bottle to be closable and Article 7(1)(e)(ii) applies only to the shape of goods or packaging.

Nevertheless, the distinction drawn by the Board of Appeal in *Hilti*¹⁷⁰ and the Cancellation Division in *Lego*¹⁷¹ between mere functionality of a shape and the question of whether the function of the product is actually

¹⁶⁹ OHIM Cancellation Division, 30.7.2004, in Case 63 C 107029/1 *Mega Bloks v. Kirkbi*, para. 52.

¹⁷⁰ OHIM Board of Appeal, 11.1.2006, in Case R 1/2005-4 *Hilti*, paras. 22 and 23.

¹⁷¹ OHIM Cancellation Division, 30.7.2004, in Case 63 C 107029/1 *Mega Bloks v. Kirkbi*, para. 52.

performed by the shape is problematic. In the example used in the latter of those two decisions, namely the shape of a washing tablet for a laundry machine, it is obvious that the function of beveled edges is to avoid damaging laundry. However, this is just as much a technical result as cleaning laundry.¹⁷² The distinction between mere functionality and functionality of the item seems to distinguish between a main functionality and others. This does not have any base in the Court's case law on the matter and does not seem convincing to me. According to *Philips*, a shape whose essential characteristics perform a technical function is precluded from registration.¹⁷³ Under this formula it does not matter whether the essential features perform the main function of the item or any other function. This is also in line with the underlying public purpose, which is to prevent the monopolization of functionality under trade mark law, which should, in the author's view, be understood as any functionality that achieves a technical result, as interpreted above.

It seems to me that the registration of for example bottles, containers or alike shapes is, from the point of view of Article 7(1)(e)(ii), unproblematic. This follows from the fact that the specifics of these shapes are not a *conditio sine qua non* for achieving the result of containing goods, as they can be changed completely randomly without losing their functionality as long as they can be closed (which makes them a bottle or container and, thus, the shape of the good itself). However, this last condition of closing the bottle is, in the form of a lid, functional and, thus, the shape of such a lid cannot be registered. Hence, the shape of a bottle, as an example, is not functional in the meaning of Article 7(1)(e)(ii) and can, therefore, be registered.

Yet, when it comes to "mere functionality", the distinction drawn by the Board of Appeal and the Cancellation Division should not be accepted. If it is established that a shape is functional in the meaning of Article 7(1)(e)(ii), because its essential features perform a technical result, it must be precluded from registration, regardless of whether this function is the main function of the item or "merely" another function. Yet, the essential features and the technical result and the causal link between them must be interpreted in the way outlined in this thesis.

At this point it might be interesting to mention the General Court's judgment in *DaimlerChrysler*, concerning the registration as a trade mark of the front grille of a car. In this judgment the General Court held that the shape of front grilles no longer have a purely technical function but have become an essential part of the look of vehicles and a means of differentiating existing models in the market. It, therefore, concluded that the shape was distinctive and held that the fact that the sign serves several other purposes, such as ventilating the engine, does not have any effect on the finding that it is distinctive and, thus, on its registrability.¹⁷⁴

¹⁷² G. Tritton, *Intellectual Property in Europe*, (2008), p. 304, para. 3-99.

¹⁷³ Case C-299/99 *Philips* [2002] ECR I-5475, para. 83.

¹⁷⁴ Case T-128/01 *DaimlerChrysler* [2003] ECR II-701, paras. 41 to 43.

In the light of the Court's judgment in *Philips*, stating that Article 7(1)(e)(ii) is a preliminary obstacle,¹⁷⁵ this way of arguing cannot be upheld. If the preliminary obstacle of functionality is not overcome by a shape seeking registration, the question of distinctiveness should not even be addressed, and can, in any event, not have any effect on the registrability of that shape.¹⁷⁶ However, it seems that the result of registering the front grille of a car can, nevertheless, be reached following the argumentation outlined above as to the causal link between functionality and the technical result.

As a first step it must be determined whether the front grille, or more specifically the openings that allow the ventilation of the engine, are an essential part of the sign that sought registration. The sign at stake in this case did not consist of a representation of a whole car, but only of the front part of a car having an irregular shape with seven wide vertical openings in the centre (the grille) and a circle representing the headlights of the vehicle on each side at the top.¹⁷⁷ The grille, without any doubt, was the dominant and essential part of that sign. Such a grill definitely fulfills a technical function, namely the ventilation of the engine, as was also stated by the General Court.¹⁷⁸ However, when assessing the causal link between the specific shape seeking registration and this technical result, it seems to me that it can be argued that this *specific* shape is not a *conditio sine qua non* to the attainment of that result. It can be changed randomly and as long as it remains the shape of a front grille, in the way that it has openings that allow the ventilation of the engine, it will also fulfill its function. Therefore, a front grill is not functional in the meaning of Article 7(1)(e)(ii). It follows that the result of the judgment in *DaimlerChrysler* is to be upheld, although the argumentation chosen by the General Court has to be rejected.

To conclude, it needs to be stated that if the essential features of a shape, identified from the point of view of the relevant consumer, fulfill a technical result, interpreted strictly as the use of controllable natural force for the attainment of a causally connected result, and this causal connection is also established strictly, using the "random change" test outlined above, the shape in question falls under Article 7(1)(e)(ii) and is not registrable, regardless of whether this function is the "main" function of the product in question.

¹⁷⁵ Case C-299/99 *Philips* [2002] ECR I-5475, para. 76.

¹⁷⁶ See J. Ch. Troussel and P. Van den Broecke, "Is European Community Trademark law getting in good shape?", 93, *The Trademark Reporter* (2003), footnote 30.

¹⁷⁷ Case T-128/01 *DaimlerChrysler* [2003] ECR II-701, para. 46.

¹⁷⁸ *Ibid.*, para. 43.

4.5 Necessary that the shape is intended to fulfill the function?

In its judgment in *Philips* the Court held that a shape whose essential characteristics perform a technical function and were chosen to fulfill that function may be freely used by all and can thus not be registered as a trade mark.¹⁷⁹ In this context the question arises whether it is really necessary that the functionality was intentionally chosen by the person designing the shape, or whether it is sufficient that the shape is functional in fact in order to fall under Article 7(1)(e)(ii).

In the light of the provision's purpose of preventing the grant of a possibly indefinite monopoly over functional characteristics that consumers are likely to also seek in the products of competitors, it seems to me that there should not be a subjective requirement concerning the intentions of the trade mark proprietor. This seems to be supported by the decision of the Board of Appeal in *Gottlieb Binder*, stating that the applicability of Article 7(1)(e)(ii) is not dependant on whether a trade mark proprietor also intended to use the function in the described operative range.¹⁸⁰ The question of functionality should, therefore, be assessed solely on objective and factual grounds and a shape should be excluded from registration if its essential features fulfill a technical result.

Furthermore, in putting importance on the intentions of the designer of a shape, the courts would face the difficult practical problem of assessing and proving those intentions. This would also lead to a significant degree of legal uncertainty not only for companies seeking registration but also for competitors, who would have to ask themselves before claiming invalidity of a trade mark whether the functionality was intentional.

It is, however, submitted that this issue does not have great practical relevance as "incidentally functional" shapes will not occur very often (if ever). Nevertheless, it is important to address it for the sake of producing a complete picture of the scope of application of Article 7(1)(e)(ii).

It should be concluded that the intentions of the designer of a shape should be irrelevant for its assessment under Article 7(1)(e)(ii), which should be carried out solely on an objective basis, meaning that shapes are excluded from registration if their essential features obtain a technical result in fact.

¹⁷⁹ Case C-299/99 *Philips* [2002] ECR I-5475, para. 80.

¹⁸⁰ OHIM Board of Appeal, 22.4.2009, in Case R 1360/2008-1 *Gottlieb Binder*, para. 20.

5 Mixed Shapes

The concept of mixed shapes has already been shortly mentioned above, in connection to Advocate General Mengozzi's opinion in *Lego*.¹⁸¹ Mixed shapes should be understood as shapes only some of whose essential features are functional while others are not.

According to *Philips*, a shape falls within the scope of application of Article 7(1)(e)(ii) and is, thus, not registrable, if it is established that the essential features of that shape are attributable only to the technical result.¹⁸² In this context the question arises whether mixed shapes can fall under this ground for refusal, or whether *Philips* should be interpreted in a strict sense, meaning that only shapes all of whose essential features are functional should be excluded from registration.

It is submitted that, as Advocate General Mengozzi rightly pointed out in his opinion in *Lego*,¹⁸³ a strict reading of *Philips*, excluding mixed shapes from the scope of application of Article 7(1)(e)(ii), is too narrow. In the light of the underlying public purpose of this provision it must also apply to mixed shapes. As to the question of how to exactly apply this provision to such shapes, the Advocate General proposed two alternatives: The first solution would be to use disclaimers to exclude the functional features from the scope of protection. As a second alternative the Advocate General suggested to compare the other compatible (alternative) market options in order to assess whether the grant of a trade mark would lead to a significant non-reputation related disadvantage for competitors vis-à-vis their own signs.¹⁸⁴

5.1 Disclaimer

The first alternative, using disclaimers, seems to be a good and functioning solution that would provide legal certainty while respecting both, the market's interest of being able to use functional characteristics and the trade mark proprietor's interest of being able to protect a shape that has become distinctive.

The Board of Appeal appears to have, in principle, accepted the use of a disclaimer in this context in its decision in *A+W Antriebsselemente*.¹⁸⁵ It held that by using a disclaimer it is established in a legally binding form that the features disclaimed are not distinctive and are, thus, excluded from both, the

¹⁸¹ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 72.

¹⁸² Case C-299/99 *Philips* [2002] ECR I-5475, para. 84.

¹⁸³ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 69.

¹⁸⁴ *Ibid*, paras. 72 to 74.

¹⁸⁵ OHIM Board of Appeal, 6.7.2006, in Case R 1198/05-4 *R+W Antriebsselemente*.

scope of protection and the test of distinctiveness.¹⁸⁶ In this case the registration of the shape of a clutch for cars, that had some colorful decoration, was at stake and the applicant disclaimed the technical features.¹⁸⁷ The Board of Appeal concluded that the applicant must retain the right to establish acquired distinctiveness through use for the colorful decoration, independent from the fact that the shape of the clutch as such is not registrable.¹⁸⁸

In the author's view, while, as already stated above, the use of a disclaimer seems to be a well functioning solution, the Board of Appeal's reasoning in the decision in *A+W Antriebsselemente* clearly shows the problems that arise with regard to disclaiming functional features of a shape. This is due to the fact that, according to Article 37(2), disclaimers might be used where a trade mark contains elements that are not *distinctive*. It is submitted that this might be a deliberate choice of the legislator to only open up the possibility of using a disclaimer with regard to distinctiveness but not with regard to functionality. This would be in line with the difference in treatment in the CTM system as between distinctiveness, a lack of which can be overcome by Article 7(3), and functionality, a hurdle on the way to registration that can never be overcome. As shown above, the CTMR does not foresee the balancing of interest provided for by Article 7(3), between the interest of competitors to keep certain signs available and the one of manufacturers, whose signs have become or are distinctive, in connection to shapes. With regard to shapes such a balancing of interest is not to be carried out but the interest of competitors must always prevail, regardless of how distinctive a shape has become.

Furthermore, it is interesting to mention that the Advocate General, when suggesting to disclaim the functional features of a mixed shape, seems to, contrary to his findings with regard to other shapes, assess the registrability of a functional shape from the point of view of its distinctiveness. This is because, as the Board of Appeal held in *A+W Antriebsselemente*, a disclaimer is a way of establishing, in a legally binding form, that a certain feature is not *distinctive*.¹⁸⁹ Thus, by suggesting to disclaim functional characteristics of a shape seeking registration, the Advocate General implies that those features can be regarded as falling into the category of non-distinctive characteristics.

It should be recalled at this point that it has been argued above that addressing the issue of functionality from the point of view of distinctiveness could be, *de lege ferenda*, preferable in comparison to the present situation, requiring shapes to overcome the preliminary obstacle of Article 7(1)(e)(ii). This is especially true in the light of the purpose of this ground for refusal, which is, in the words of Advocate General Mengozzi,

¹⁸⁶ OHIM Board of Appeal, 6.7.2006, in Case R 1198/05-4 *R+W Antriebsselemente*, paras. 15 and 16.

¹⁸⁷ *Ibid*, para. 9.

¹⁸⁸ *Ibid*, para. 33.

¹⁸⁹ *Ibid*, para. 15.

overwhelmingly to protect competition,¹⁹⁰ as it is hard to argue, on competition grounds, that a shape that might be highly distinctive should still be freely available for everyone to use, which opens up the possibility for competitors to benefit from the goodwill created by the shape.

However, an assessment of the registrability of functional shapes in the light of distinctiveness has been consistently rejected by the OHIM and the Courts, which must be, as long as Article 7(1)(e)(ii) is in force, regarded as the right interpretation of the present legislation. It is questionable to me whether the clear wording of Article 37(2) can be ignored, especially in the context of the generally reluctant and cautious approach of the legislator towards shape marks. Interpreting the provision strictly, leading to the result that only features that lack distinctiveness can be disclaimed, is much more in line with the overall system of the CTMR, being restrictive with regard to the registrability of shapes and treating functionality less favorably than lack of distinctiveness.

Yet, it could be argued that the functional parts of a shape are not distinctive and can, thus, be disclaimed. However, such an approach would have to be followed consistently and not only with regard to mixed shapes, as there is, in my opinion, in the light of the underlying purpose of Article 7(1)(e)(ii), no justification for treating mixed shapes differently as compared to other shapes, all of whose features are functional (see below).

Hence, while the use of a disclaimer, excluding essential features of a shape that are functional, would be, *de lege ferenda*, desirable, it seems to me that the wording of Article 37(2) and the overall system of the CTMR prohibits such a solution. As long as the wording of Article 37(2) is not changed, only non-distinctive features of a shape can be disclaimed. The requirement of interpreting the legislation in a consistent manner precludes treating functional characteristics as non-distinctive only in the context of mixed shapes, while rejecting such treatment in other contexts.

5.2 Alternative market options

The second solution suggested by the Advocate General in *Lego* concerning the application of Article 7(1)(e)(ii) to mixed shapes is, as stated above, that such shapes should only be registered if their registration does not lead to a significant non-reputation related disadvantage for competitors vis-à-vis their own signs. In order to establish whether that requirement is fulfilled he states that it would be necessary to compare the other compatible market options or, in other words, alternative shapes. According to the Advocate

¹⁹⁰ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 74.

General those alternative shapes would have to be analyzed taking into account interoperability and the requirement of availability.¹⁹¹

In the author's view this argument is nothing else than the argument that the existence of alternative shapes should be relevant for the assessment of functionality. The body responsible for assessing the registrability of a shape would, suddenly, have to take into account whether there are alternative shapes that are capable of attaining the technical result equally well and would have to declare that a shape is registrable if there are such alternative shapes. This argument has been used, as stated above, by both, Philips and Lego in their respective proceedings, to show that the shape they sought registration for was not functional.¹⁹²

It is rather surprising to me that the Advocate General, also in his second solution to the question of how to apply Article 7(1)(e)(ii) in this context, seems to treat mixed shapes differently than other shapes by applying a different standard of assessment to them. However, as already stated with regard to the first of Advocate General Mengozzi's suggested solutions, there is, in my view, absolutely no justification for such a difference in treatment of mixed shapes as compared to fully functional shapes. Article 7(1)(e)(ii) intends to prevent the grant of a monopoly on a functional feature of a shape that competitors might want to incorporate in their products and that consumers might also seek to find in those products. This purpose stays the same with regard to mixed shapes and fully functional shapes and must, thus, be equally applicable regardless of whether only a few of the essential features of a shape are functional or all of them. Even if only one of them is functional granting trade mark protection would lead to a monopoly over that functional feature, which, in the light of *Philips*, needs to be prevented.

Thus, this solution would lead to a monopoly over certain functional shapes. If the argument that there are alternative shapes and that the negative impact on competition should be assessed taking those into account is rejected with regard to fully functional shapes, it must also be rejected with regard to mixed shapes. Granting a trade mark for a shape that has essential features that are functional always has the same effect for competitors, namely that this functionality cannot be used without infringing the exclusive rights of the trade mark proprietor. There is no objective difference between mixed shapes and fully functional shapes in this regard.

Furthermore, such a solution, introducing a different standard of assessment for mixed shapes as compared to fully functional shapes, would lead to a significant degree of legal uncertainty as regards the registrability of shapes. Besides that, as the Advocate General suggests that a sign seeking registration must be analyzed taking interoperability and the requirement of availability into account, the uncertainty would even increase, since, in

¹⁹¹ AG Mengozzi in Case C-48/09 P *Lego*, n.y.r., opinion delivered on 26 January 2010, para. 74.

¹⁹² Case C-299/99 *Philips* [2002] ECR I-5475; Case T-270/06 *Lego* [2008] ECR II-3117.

analogy to *Windsurfing Chiemsee*, not only a real, current or serious need to leave a sign or indication free would have to be considered.¹⁹³

Hence, taking alternative market options into account only with regard to mixed shapes must be rejected as it draws an unjustified distinction between such mixed shapes and fully functional shapes.

5.3 The same standard of review for mixed shapes and fully functional shapes

It follows that both solutions suggested by Advocate General Mengozzi in his opinion in *Lego* cannot be upheld, as they treat mixed shapes differently from fully functional shapes. As has been shown above, the underlying purpose of Article 7(1)(e)(ii) is equally applicable to both categories of shapes, which must, thus, constitute comparable situations. Furthermore, it has also already been stated that there is no objective justification for treating those two categories of shapes differently. However, according to the general principle of equality, comparable situations must be treated in the same way, while different situations must be treated differently, unless objectively justified.¹⁹⁴

In the author's view mixed shapes must, thus, be treated in the same way as fully functional shapes. It seems more convincing than the approach taken by the Advocate General to exclude every functional feature of a shape from registration, which means that a shape falls under Article 7(1)(e)(ii) whenever at least one of its essential features is functional.¹⁹⁵ This is the only consistent way of assessing shapes and the only approach that safeguards the attainment of the ground for refusal's purpose, namely to prevent a monopoly over functional shapes. As already mentioned on numerous occasions throughout this thesis, this very strict approach towards the registrability of functional shapes might, *de lege ferenda*, not be the most desirable one, as it excludes shapes that incorporate some functionality from registration regardless of how distinctive they have become. However, it is the only approach that is consistent with the case law of the Court on the interpretation and underlying public purpose of Article 7(1)(e)(ii). As long as the legislator does not change the CTMR, this interpretation will have to be followed.

¹⁹³ Joined Cases C-108/97 and C-109/97 *Windsurfing Chiemsee* [1999] ECR I-2779, para. 35.

¹⁹⁴ For example Case C-292/97 *Karlsson and Others* [2000] ECR I-2737, para. 39; Case C-27/00 *Omega Air* [2002] ECR I-2569, para. 79 and and Case C-101/08 *Audiolux* [2009] n.y.r., para. 54.

¹⁹⁵ See AG Colomer in Case C-299/99 *Philips* [2002] ECR I-5475, opinion delivered on 23 January 2001, para. 40, stating that, if a test as to the functionality of a shape carries the slightest risk of harming the public interest underlying Article 7(1)(e)(ii), such a risk should not be tolerated.

6 Concluding remarks

6.1 Purpose of Article 7(1)(e)(ii)

It has been argued at the outset of this thesis that the purpose of Article 7(1)(e) in general and, thus, the purpose of its second indent is not merely the delimitation of trade mark law from other intellectual property regimes and that, therefore, cumulative protection must be possible.

However, the analysis with regard to functional shapes and, more specifically, Article 7(1)(e)(ii) has shown that the purpose of delimiting trade mark law from patent law plays a tremendously important role in this context. All traders must be free to use any functional characteristic of a shape in order to be able to compete effectively. As has been mentioned above, the existence of a patent protecting a feature of a shape is very strong evidence of its functionality. Thus, if such a feature is an essential characteristic of the shape seeking registration, the shape falls under Article 7(1)(e)(ii).

Yet, due to the requirement that shapes are only excluded from registration if their essential features are functional, but not whenever any, non-essential part, is functional, it can be seen that cumulative protection is still possible.

6.2 The assessment of (functional) shapes under the present law

The importance of preventing manufacturers from obtaining exclusive rights on functional features is clearly seen in the analysis of the test that should be carried out with regard to shapes seeking registration.

This test should be carried out in three steps, only the first two of which are discussed in this thesis.

6.2.1 First step

As a first and independent step, the essential features of a shape seeking registration must be identified. This step must be carried out without any considerations as to the question of functionality. It merely intends to identify the most important or dominant features of a shape. Those features are subsequently, in the next steps of the assessment, being analyzed as to their functionality and to their distinctiveness. It has been shown that this first step of the test must be carried out from the point of view of the relevant consumers and not from the point of view of experts.

6.2.2 Second step

After having identified which parts of a shape must be regarded as being the essential ones, it is necessary, as the second step in the assessment, to determine whether those features are functional. This has to be carried out taking the point of view of experts. As the focus of Article 7(1)(e)(ii) lies on the shape and the question whether it is functional and not on the technical result,¹⁹⁶ the fact that there might be alternative shapes that can achieve this technical result is, under the present law, irrelevant.

When assessing functionality the fact that a certain feature is or has been protected under a patent is very strong evidence for its functionality. However, it is argued that this assumption of functionality can only be applied when the features are identical, if they are only similar the analysis of an expert is necessary.

As the CTMR requires a shape not only to be functional in order to fall under the ground for refusal provided for in Article 7(1)(e)(ii), but also that this functionality obtains a technical result, considerations as to an aesthetic functionality, in comparison to US law, must be rejected. The term technical result must be interpreted strictly as the use of controllable natural force for the attainment of a causally connected result. The causal link between the functional feature and the technical result should be assessed using the "random change" test. If this assessment leads to the result that the essential features of a shape are functional and obtain a technical result, the shape cannot be registered, regardless of whether there it is "merely" functional or whether it actually fulfills the "main" function of the product. All these steps of establishing functionality must be carried out objectively and not subjectively, which is why the intentions of the designer of the shape are irrelevant but a shape is excluded whenever it is functional in fact.

It is submitted that a shape falls under Article 7(1)(e)(ii) and is, therefore, excluded from registration, regardless of whether all its essential features are functional or only some or even one. There is no justification for treating fully functional and mixed shapes differently in this regard, as the underlying purpose of preventing the registration of functional aspects of a shape in order to establish and maintain a competitive market needs to be safeguarded with regard to both of those categories of shapes.

6.2.3 Third step

In the third step of the test, it needs to be established whether the shape in question is distinctive (or whether any other ground for refusal applies). However, as stated above in the delimitation, this thesis is not concerned with these issues and they are, thus, not included in the present analysis.

¹⁹⁶ D. Kitchin et al., *Kerly's law of Trade Marks and Trade Names*, (2001), p. 197, para. 7-153.

6.3 De lege ferenda

This test of functionality outlines a very restrictive approach towards the registrability of shapes. It has been argued above that, *de lege ferenda*, it would be preferable to assess functionality under the concept of distinctiveness.¹⁹⁷ This would be helpful to avoid the discrepancy of not allowing the registration of a shape that has become highly distinctive and letting competitors free ride on the goodwill created by the producer of that shape. The fact remains that it is difficult to uphold this argument on competition grounds and that it, furthermore, will, in certain cases in which a shape has become highly distinctive, lead to a significant degree of confusion for consumers as to the origin of the products in question, a situation that trade mark law intends to prevent. As the requirement of distinctiveness is very hard to fulfill for shape marks and, arguable, even harder for functional shapes, as these will generally be seen as fulfilling this function and not as an indication of origin, such an alternative approach would not lead to a flood of registered shapes that would lead to a distortion of competition. It is rather argued that registration would only be possible in the clearest of cases, where a shape has become highly distinctive and letting the goodwill created be appropriated by all would be unacceptable.¹⁹⁸ In this regard allowing the use of disclaimers not only in connection with lack of distinctiveness but also with functional aspects of a shape would lead to legal certainty and would effectively prevent the grant of monopolies over functional characteristics.

However, under the present law, with Article 7(1)(e)(ii) in force, it seems to me that the Court's interpretation delivered in *Philips* is in line with the legislator's intention. The CTMR distinguishes between the issue of functionality and distinctiveness and clearly approaches the registrability of shapes in a cautious manner. Whereas this treatment of shapes seeking registration is, indeed, rather restrictive, it, nevertheless, fulfills the aim of preventing the registration of functional features that competitors might need or want to incorporate into their products very effectively, without leaving any risk of circumvention or loopholes. While this must be appreciated, as the prevention of granting monopolies over functional characteristics is undeniably tremendously important, it is, unfortunately, rather inflexible and effectively excludes the registration of a shape even if its registration, such as in the situation described above in which a shape has become highly distinctive, would be desirable on competition grounds.

¹⁹⁷ D. T. Keeling, "About kinetic watches, easy banking and nappies that keep a baby dry: a review of recent European case law on absolute grounds for refusal to register trade marks", 2, *I.P.Q.* (2003), p. 131 at p. 137.

¹⁹⁸ U. Suthersanen, "The European Court of Justice in *Philips v Remington* - trade marks and market freedom", 3, *I.P.Q.* (2003), p. 257 at p. 267.

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