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Three-dimensional Trademarks
-A Comparison Between the European Community Trademark
Regulation and The American Federal Lanham Act

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1 Contents

1	CONTENTS	1
	ABBREVIATIONS	4
2	INTRODUCTION	5
2.1	Background	5
2.1.1	Trademarks	5
2.1.2	Copyright	6
2.1.3	Patent	6
2.1.4	Utility Model	7
2.1.5	Design	7
2.1.6	The Connection Between the American and the European Systems	7
2.1.7	Definitions	8
2.2	Aim	8
2.3	Limitations	9
2.4	Material and Methodology	9
2.5	Disposition	10
3	EUROPEAN TRADEMARK LAW	11
3.1	Registrable Subject Matter	12
3.2	Absolute Grounds for Refusal	13
3.3	Goods or Services	13
4	AMERICAN TRADEMARK LAW	15
4.1	Registrable Subject Matter	16
4.2	Goods or Services	17
4.3	Use in Commerce and Use as a Trademark	17
4.4	Comparison	18
5	DISTINCTIVENESS	19
5.1	Inherent Distinctiveness Within the EU	19
5.1.1	The Shape as Such and its Relation to the Product	19
5.1.2	Product Configurations or Product Packagings	20
5.1.3	In Relation to Customers Concerned	22
5.1.4	Cumulative Effect of Features	23

5.2	Inherent Distinctiveness Within the USA	23
5.2.1	Tests for Evaluating Inherent Distinctiveness	24
5.3	Acquired Distinctiveness Within the EU	26
5.3.1	Nature of the Goods/Market	27
5.3.2	The Perception of the Mark by the Public	27
5.3.3	Inherently Devoid of any Distinctive Character.	28
5.3.4	Proof of Acquired Distinctiveness	29
5.4	Acquired Distinctiveness Within the USA	30
5.4.1	Nature of the Goods/Market	30
5.4.2	The Perception of the Mark by the Public	31
5.4.3	Proof of Acquired Distinctiveness	31
5.4.3.1	Volume of Sales	31
5.4.3.2	Length and Nature of the Use	32
5.4.3.3	Nature of the Advertising	32
5.4.3.4	Intentional Copying by the Defendant	33
5.5	Comparison of Distinctiveness	33
6	“ABSOLUTE ABSOLUTE” GROUNDS	35
6.1	Art. 7(1)(e) in the Community Trademark Regulation	35
6.1.1	7(1)(e)(i) Shapes Resulting From the Nature of the Goods	35
6.1.2	CTMR 7(1)(e)(ii) Shapes Necessary to Obtain a Technical Result	37
6.1.2.1	Importance of Related Patent Rights	38
6.1.3	CTMR 7(1)(e)(iii) Shapes Adding Substantial Value to the Goods	39
6.1.3.1	Importance of Related Design Right	40
6.2	Functionality in the Lanham Act	41
6.2.1	Aesthetic Functionality	42
6.2.2	Factors Determining Functionality	43
6.2.2.1	The Existence of Alternative Designs	43
6.2.2.2	Importance of Related Utility or Design Patent	44
6.2.2.3	Importance of the Promotion of the Design	46
6.2.2.4	Combinations of Functional and Non-functional Elements	47
6.3	Comparison of “absolute absolute” Grounds	47
7	RIGHTS CONFERRED	50
7.1	Rights Provided by the Community Trademark Regulation	50
7.1.1	Infringement; Similarity of Sign and Goods or Services and Likelihood of Confusion	51
7.1.2	Dilution	53
7.1.2.1	Reputation	54
7.1.3	Use Against Which the Trademark is Protected	55
7.2	Rights Provided by the Lanham Act	57
7.2.1	Infringement: Similarity of Marks and Products or Services and Likelihood of Confusion	57
7.2.1.1	Post-sale Confusion	59
7.2.2	Bridging the Gap	59
7.2.3	Dilution	59
7.2.3.1	Famous Marks	60
7.2.4	Use Against Which the Trademark is Protected	61

8 CONCLUSIONS	64
BIBLIOGRAPHY	68
TABLE OF CASES	71

Abbreviations

ALI	The American Law Institute
CCPA	Court of Customs and Patent Appeals (succeeded by Court of Appeals for the Federal Circuit)
CIF	Court of First Instance of the European Communities.
CTMR	Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark.
CTM	Community Trademark
ECJ	European Court of Justice
FTDA	Federal Trademark Dilution Act of 1995 (15 U.S.C. § 1125.)
OHIM	Office for Harmonization in the Internal Market (Trade marks and Designs).
PTO	Patent and Trademark Office (U.S.)
TMEP	Trademark Manual of Examining Procedure (U.S.)
TMR	The Trademark Reporter
TTAB	Trademark Trials and Appeal Board (division of the PTO)
USC	United States Code
USPQ	U.S. Patent Quarterly

2 Introduction

2.1 Background

2.1.1 Trademarks

Trademarks are amongst the oldest Intellectual Property rights. Originally trademarks were used to simply identify the maker of the goods.¹ Nowadays trademarks also function as carriers of goodwill and guarantors of quality. By affixing the mark on new goods the producer can transfer the goodwill from his previous production to his new one. Consumers which bought and were pleased with the producer's earlier goods will, if the trademark is significant enough, recognise and identify the trademark as originating from the same source as the previous goods. The trademark owner's exclusive right to use the trademark also protects the consumers from imitations.

The use of advertising makes it possible to attract the consumers' interest and make them call to mind a product even before their first purchase. A consumer of today often finds himself in a situation where he has a broad variety of products to choose from. In these situations a memory of a slogan, a brand or a visual picture of a product from an advertisement, might have a decisive influence on consumer's choice of purchase.

Trademarks can consist of a broad variety of signs. The protection of three-dimensional signs is subject to the same basic conditions as other trademarks. While a word or a slogan might impair competition if it monopolises words that others also need to describe their product, the exclusive right to use a shape can obstruct the production or use of the product itself. At the same time such protection can be justified out of consumer concern and to encourage the producers' investments in building up goodwill in their products. Provided that the trademark is used and protected by its owner the right is unlimited in time. Governments are therefore more reluctant to grant protection for three-dimensional trademarks and have put up more strict rules as to what can be protected.

Shapes are also protected by means of other intellectual property rights in order to encourage inventiveness and artistic freedom. A brief description of these might be useful to have in mind while studying the possibilities of protecting a shape as a trademark.

¹ WIPO, Introduction to intellectual property-theory and practice, (Kluwer International London-The Hague-Boston, 1997). P. 183.

2.1.2 Copyright

Copyright provides protection for artistic creations, such as music, poems, books, sculptures, paintings etc.² Usually, the only condition for a work to enjoy copyright is that it is an original creation. The work does not need to be of any certain quality.

The author's rights mainly consists in deciding whether copies can be made of his work and whether the work may be altered or not, for example when a work of art is transferred from one form of art to another. A creation can steal many of the features from an earlier prototype without being a copy and an alteration can be very difficult to prove.

There are also several exceptions to the author's rights. The most important ones are the public's right to access to literature, the right to make copies for research, education etc, to a limited extent.

Protection is usually granted during a period of 50 years after the author's death. After the lapse of that time-period the work falls into the public domain.

2.1.3 Patent

Patents are used to protect inventions. Exactly what constitutes an invention is not easy to say but at the very least it is an idea which permits the practical solution of a specific problem in the field of technology.³ The protection given is motivated by the interest of the society. By giving the inventor an exclusive but time-limited right to use the invention in more or less the way he wants, governments seek to encourage inventiveness. An inventor would not think it worth while to invest time and money if anyone could use the invention without compensating the inventor. The protection afforded also leads to the disclosure of the invention. When the creator does not have to keep the invention secret the possibilities of others improving the invention increase. The disclosure also allocates resources since the inventor might not be the best producer and an effective manufacturing process is for the benefit of the society as a whole.

The protection generated by a patent is high. The extent of the field of protection varies somewhat between different jurisdictions. As a result of the extensive protection given, the threshold for patent protection is also high. The invention must be new, involve an inventive step and be industrially applicable.

² WIPO, Introduction to intellectual property-theory and practice, (Kluwer International London-The Hague-Boston, 1997). P. 151.

³ WIPO, Introduction to intellectual property-theory and practice, (Kluwer International London-The Hague-Boston, 1997). P. 123.

The term of protection in most countries is about 20 years. After that period it is considered that the inventor should have been able to profit from the invention to a justifiable extent. During this time he also had his chance to make improvements to the invention, to the extent a new invention with a new inventive step might have been developed. If not, it is justified and beneficial for the society as a whole, to let others try.

2.1.4 Utility Model

Utility model is a form of protection given to inventions that do not reach the level of inventive step in order to be patentable. Most countries provide for such a protection. The inventive step is smaller but the term of protection is also shorter. The procedure for obtaining protection by means of utility model is usually faster and cheaper than the process for patent. Utility model is often used as a protection while the application for patent is being processed.

2.1.5 Design

Design, or industrial design to be more precise, is the ornamental or aesthetic aspect of a useful article. The term “industrial design” is used to draw the line between design for which copyright is the proper protection. In order to be protected as an industrial design the article must not only appeal to the sense of sight but also be reproducible by industrial means. The shape, or the pattern or colour etc. that constitutes the design must, according to some laws, be new and according to others, be original. A design right does not cover functional elements. For these elements utility model or patent are more appropriate forms of protection.

The term of protection is usually five, ten or 15 years. The design right gives the owner of the right protection against unauthorised copying or imitation.

2.1.6 The Connection Between the American and the European Systems

Both the USA and the countries of the EU are parties to the Paris Convention of 1883.⁴ The Paris Convention is a base, stating minimum protection of intellectual property rights, from which the states have developed their own trademark laws. Several definitions of central

⁴ Annand, Ruth & Norman, Helen, *Blackstone's Guide to the Community Trademark*, (Aldine Place, London W12 8 AA, Blackstone Press Limited, 1998).P.2 and Goldstein, Paul, *Copyright, patent, trademark, and related state doctrines : cases and materials on the law of intellectual property* , Rev. 4. ed. (Foundation Press New York, 1999) University Casebook Series, ISBN: 1-56662-756-7. P.1037.

importance originate from this statute. The expressions “distinctiveness, descriptiveness, generism” and a sign being “customary in trade” as grounds for refusal of registration were all developed at the conference of revision of the convention 1911 (Washington). The wider protection afforded to “well-known” marks, enshrined in Art 6bis of the Paris Convention was adopted at the Hague conference 1925.

The system of Federal registration provided by the American Lanham Act from 1946 is very similar to the Community wide registration provided by the Community Trademark Regulation from 1993. This makes it very interesting to compare the two systems to see whether the provisions are similar and whether the courts in the respective jurisdictions have interpreted the provisions in the same way.

2.1.7 Definitions

“Three-dimensional trademark” is a wide concept. It covers any shape that can function as a trademark. In America, the most commonly discussed situations are those involving “Trade Dress”, which expression covers the total image or overall appearance of a product or service. The term covers the “get up” of a product or a service. The term “Trade Dress” encompasses, but is not limited to, the terms “Product Packaging” which means the design of packaging, labels, containers, displays, decor and colour, and the term “Product Configuration” which refers to the design of a product, a product feature, or a combination of product features.

In EU law the term “Trade Dress” is less common. Terms like “shape mark”, “three-dimensional trademark” are used and refer to, but are not limited to the terms “Product Configuration” and “Product Packaging”.

I will use the terms “Three-dimensional trademark”, “Shape” or “Trade Dress” when referring to cases or provisions that do not distinguish between Product Packaging and Product Configurations.

The symbol ® is used for registered trademarks in both jurisdictions and the symbol TM is used for unregistered trademarks in the USA.⁵

2.2 Aim

The purpose of this thesis is to evaluate the limits of three-dimensional trademarks in terms of protectable subject matter and the scope of protection granted.

⁵ Stim, Richard, *Trademark law*, (West Legal Studies/Thomson Learning, Albany, N.Y, 2000). ISBN: 0-8273-7989-7. P.110.

The scope of this thesis was decided out of curiosity concerning the non-traditional trademarks, especially three-dimensional trademarks, in the European Community Trademark Regulation.

Questions that spontaneously arose were what consequences the possibility to protect three-dimensional trademarks could have. Can trademark rights prevent the public from taking and selling pictures of the Eiffel Tower? Or to sell beverages in a bottle shaped as a Ferrari? Can trademark rights prevent me from dressing up as a Toblerone Chocolate Bar and be the bad guy in a horror movie? These examples might seem far-fetched but where, exactly, is the limit to be drawn?

A more practical question is to what extent trademarks, which gives a perpetual protection, can be used to monopolise a desirable shape. Is trademark protection of shapes an equivalent alternative to patent or design?

However, the European Community Trademark Regulation is something of a novelty and the similarities to the older American Federal Lanham Act make it interesting to compare these two systems.

2.3 Limitations

The discussion is directed towards material problems related to trademark protection of three-dimensional shapes. Procedural matters will not be discussed more than necessary for understanding the subject matter of my thesis.

Issues which are interesting but not of immediate concern when discussing three-dimensional trademarks, such as deceptive marks or marks contrary to public moral, will also be left out.

The Doctrine of Unfair Competition is a useful complement to trademark protection. This thesis seek to evaluate the possibilities of protecting three-dimensional trademarks by means of *trademark* protection and not by additional institutes that might, by their broad scope of application, also encompass trademarks.

2.4 Material and Methodology

The material used is, above all, case law concerning the European CTMR and the American Lanham act. The decisions by the OHIM, CIF and ECJ are compared with decisions made by U.S. federal courts and the U.S Supreme Court. The American material is far more detailed and vast than the European, mainly due to the difference in length of time the two systems have been in force. Literature and articles covering the topic has also been used. These sources are also more developed in American law.

A descriptive method has been used to give a picture of the provisions concerning three-dimensional trademarks. A comparative method has been used to highlight differences and similarities between the two systems. Finally an analytic method has been used throughout the thesis.

2.5 Disposition

At the outset, a description of protectable subject matter in the two systems is given. Provisions or parts of the systems that are similar will be described together to ease the comparison between the systems. Differences and similarities have been highlighted. This is followed by a description of the consequences of trademark protection for three-dimensional trademarks. Similarities and differences have been analysed in direct relation to the descriptions given. In areas where a more scrutinised analyse has been considered useful, such analysis has been made in separate sections.

3 European Trademark Law

The European Union has contributed to the development of European trademark legislation in mainly two ways. In an effort to harmonise the national trademark laws in the member states the Council has adopted a directive.⁶ The apparent advantages with a unitary system motivated the member states to create a new system governed by the Community Trademark Regulation.⁷ The new system works side by side with the national ones and provides a union-wide protection for trademarks used throughout the whole Community.

The CTMR is based on the principle “First to File” and a Community Trademark (CTM) can only be obtained through registration by the OHIM⁸. An application is first examined by the registrar. If it is not refused on absolute grounds, because the subject matter is not registrable as a trademark, or due to its similarity to an already existing trademark right, it will be published for “Opposition”. If no one make as successful opposition to registration within three months the mark will be registered.⁹

An unsatisfactory decision by the Registrar can be appealed to one of the three Boards of Appeal of the OHIM, which decision in its turn can be appealed to the CIF¹⁰ of the ECJ.¹¹ The conditions for protection of three-dimensional trademarks are evaluated in all the steps of this process.

The national CTM courts have jurisdiction over cases of infringement or dilution. In these cases the defendant can bring a counterclaim arguing that the registered trademark is invalid with reference to the absolute grounds.¹² The absolute grounds for refusal will also be examined in cancellation or invalidity claims before the OHIM.¹³

⁶ First Directive 89/104/EEC of the Council, of 21 December 1988, to Approximate the Laws of the Member States Relating to Trade Marks.

⁷ Council Regulation (EC) No 40/94 of 20 December 1993 on the Community trade mark, CTMR.

⁸ Office for Harmonization in the Internal Market (Trade Marks and Designs).

⁹ CTMR Art. 42(1) and Art. 45.

¹⁰ Court of First Instance of the European Community.

¹¹ CTMR Art. 63.

¹² Article 51 (1)A Community trade mark shall be declared invalid on application to the Office or on the basis of a counterclaim in infringement proceedings, (a) where the Community trade mark has been registered in breach of the provisions of Article 5 or of Article 7.

2. Where the Community trade mark has been registered in breach of the provisions of Article 7 (1) (b), (c) or (d), it may nevertheless not be declared invalid if, in consequence of the use which has been made of it, it has after registration acquired a distinctive character in relation to the goods or services for which it is registered.

¹³ CTMR Art 51.

Ground for refusal in one part of the Community has effect throughout the whole community.

The right conferred by a registration is unlimited in time but subject to a renewal every 10th year.¹⁴

3.1 Registrable Subject Matter

According to Art 4 CTMR, a trademark may consist of any *signs* capable of being represented graphically, including the shape of goods or their packaging, provided that such signs are *capable of distinguishing* the goods or services of one undertaking from those of other undertakings.

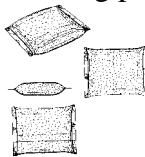
The examples given are only examples and no type of sign is automatically excluded from registration as a trademark. As long as the sign is *capable of distinguishing* it belongs to the type of signs that are “capable of performing the basic function of a trademark.”¹⁵ This requirement should not be confused with the requirement in Art 7(1)(b), which is directed to the distinctive character of the mark in the specific case. The condition laid down in Art 4 might be the legal base for the conclusion that a trademark is *inherently devoid of distinctive character*, see further down (see sec. 4.4.3)

This shape was filed as a trademark for mustard, etc.



The Board of Appeal held that the mark was devoid of distinctive character. In this case the shape was considered unable to function as an indication of origin and thus it lacked distinctive character within the meaning of Art 4.¹⁶

This shape was found incapable of functioning as a trademark in relation to washing powder etc.



The Board of Appeal held that the shape was common and therefore not distinctive. The Board also held, without express reference to art 4, that even in the absence of other competitors using a similar shape the consumer would not perceive it as anything distinctive.¹⁷

¹⁴ CTMR Art. 46 and 47.

¹⁵ Annand, Ruth & Norman, Helen, *Blackstone's Guide to the Community Trademark*, (Aldine Place, London W12 8 AA, Blackstone Press Limited, 1998). P. 32.

¹⁶ R 263/1999-1.

¹⁷ Decision of the First Board of Appeal of 28 May 2001, (Case R 966/2000-1).

3.2 Absolute Grounds for Refusal

What subject matter is eligible for registration as a Community Trademark is decided according to the "absolute grounds for refusal" in Art 7 CTMR.

The parts of the provision relevant for three-dimensional trademarks state:

"Trademarks may not be registered if:

1.

...

(b) ... (they) are devoid of any distinctive character;

(c) ... (they) consist exclusively of signs or indications which may serve, in trade, to designate kind, quality, intended purpose, value, geographical origin... or other characteristics of the goods or service.

(d) (they) consist exclusively of signs or indications which have become customary in the current language or in the bona fide...

(e) (they) consist exclusively of:

(i) the shape¹⁸ which results from the nature of the goods themselves; or

(ii) the shape of goods which is necessary to obtain a technical result; or

(iii) the shape which gives substantial value to the goods.

.....

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

In short the trademark must, in order to be registered, be distinctive, either inherently or by use. It may not be exclusively functional, it may not be a result of the nature of the goods and may not add substantial value to the goods.

It is not a requirement for registration that the trademark be used or filed with the intention to use it in commerce. However, if a trademark has not been put to genuine use within five years it may be revoked.¹⁹

3.3 Goods or Services

According to Art 4 CTMR no distinction is made as to the registrability of a sign for goods or services. The only exception is retail store service marks, which are not registrable as CTMs at all.²⁰ Even though no distinction is to

¹⁸ The term "shapes" includes the shape of the packaging. Joint statements by the Council and the Commission of the European Communities entered in the minutes of the meeting, at which the Regulation on the Community Trade Mark was adopted on 20 December 1993, OHIM OJ 5/96, p. 613.

¹⁹ CTMR Art. 50 (1)(a).

²⁰ Joint statements by the Council and the Commission of the European Communities entered in the minutes of the meeting, at which the Regulation on the Community Trade Mark was adopted on 20 December 1993, OHIM OJ 5/96, p. 613.

be made between signs for goods or for services, a three-dimensional shape might, in my opinion, more easily be found distinctive in relation to a service than in relation to goods. As we shall see below, the conceptual gap between the sign and the product has a bearing on the sign's signifying character. A shape is naturally more conceptually separable from a service than a product, since a service does not consist of a shape and the consumers cannot perceive the sign as in fact constituting the product itself.

So far no three-dimensional trademark has been registered as a trademark for services.²¹

²¹ I have not found any three-dimensional trademark registered for services on the OHIM homepage.

4 American Trademark Law

The American trademark law is based on the principle “First to use”. A sign which is used as a trademark already constitutes a trademark within the state it is used.²² To make sure the sign will be protected and to get a nation-wide protection the trademark owner can apply for registration in the Principal Register under the federal Lanham Act.²³ A sign which is not yet used as a trademark but which the proprietor has a bona fide intention to use as such, can also be registered. The registration is handled by the PTO.²⁴ If trademark protection is not refused with reference to the grounds for refusal in Sec.2²⁵ or due to its similarity with an earlier right it will be published for “Opposition”.²⁶ Unless a successful opposition is made within 30 days the registration will be completed. An unsatisfactory decision can be appealed to the TTAB.²⁷ A decision by the TTAB can be appealed to the Court of Appeals for the Federal Circuit. The petitioner can also seek de novo review in a federal district court. A decision from a district court can be appealed to the competent Court of Appeals. A decision by any Court of Appeals can ultimately be appealed to the U.S. Supreme Court, which will hear the case at its discretion. The Supreme Court’s decision takes precedent and establishes the standard for all federal courts.

A registration of a trademark in the Principal Register²⁸ gives the proprietor an exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration.²⁹ The right conferred by a registration is unlimited but subject to renewal every 10th year.³⁰

A sign can also be registered in the Supplemental Register³¹. The registration does not provide an exclusive right to the trademark but merely a presumption that the mark can function as a trademark.³² The Supplemental Register offers a registration of all marks *capable of*

²² Sec. 45 of the Lanham Act, 15 U.S.C. § 1127.

²³ 15 USC 1051-1129.

²⁴ Patent and Trademark Office.

²⁵ Sec.2 (15 U.S.C. 1052).

²⁶ Goldstein, Paul, *Copyright, patent, trademark, and related state doctrines : cases and materials on the law of intellectual property*, Rev. 4. Ed., Foundation Press (New York 1999) P.294.

²⁷ Trademark Trial and Appeals Board.

²⁸ 15 USC 1052 (a)-(f).

²⁹ 15 USC 1115 (a).

³⁰ 15 US Code, § 1058 (a).

³¹ Trade Mark Act, Sec. 23 (15 US Code, § 1091).

³² Goldstein, Paul, *Copyright, patent, trademark, and related state doctrines : cases and materials on the law of intellectual property*, Rev. 4. Ed., Foundation Press (New York 1999) P.292-293. See also *In re Mogen David Wine Corp.*, 328 F.2d 925, 927, 51 C.C.P.A1260(1964).

distinguishing that cannot be registered under the “Principal Register”. The registration in the Supplemental Register will not be discussed further.

The limits of protectable subject matter will be evaluated in relation to registration but also in cases of infringement or dilution. An infringement or dilution dispute is brought in a federal court and the court hierarchy for infringement is the same as for registration matters.

4.1 Registrable Subject Matter

The conditions relevant for the registration of three-dimensional trademarks in the Principal Register are these:

“No trademark³³ by which the goods of the applicant may be *distinguished* from the goods of others shall be refused registration on the Principal Register on account of its nature unless it—

....

(c) Consists of or comprises a name, portrait, or signature identifying a particular living individual except by his written consent....

.....

(e) Consists of a mark which (1) when used on or in connection with the goods of the applicant is merely *descriptive* or *deceptively misdescriptive* of them, (2)...is primarily geographically descriptive...(3)...is primarily geographically deceptively misdescriptive...(5) comprises any matter that, as a whole, is *functional*.

(f) except as expressly excluded in subsections (a),(b),(d),(e)(3)and(e)(5) of this section, nothing herein shall prevent the registration of a mark used by the applicant which has *become distinctive* of the applicant’s goods in commerce.as prima facie evidence that the mark has become distinctive...proof of substantially exclusive and continuous use thereof as a mark...in commerce for the five years before the date on which the claim of distinctiveness is made (may be used).”

In short, a trademark must be capable of performing the function of a trademark. It must be distinctive, either inherently: meaning that the trademark may at least not be generic or descriptive, or by use, meaning that the trademark has acquired a secondary meaning. The trademark may not as a whole be functional, and it must either be used in trade or filed with the intention to use it in commerce.

The absolute grounds for refusal are somewhat overlapping and a sign can be refused on the basis of several grounds.

³³ The term is defined in 15 USC 1127, as “...symbol or device...(1) used by a person, or (2) which a person has bona fide intention to use in commerce and applies to register on the principal register... to identify and distinguish his or her goods, including a unique product, from those sold by others and to indicate the source of the goods, even if that source is unknown.”

4.2 Goods or Services

Similar to the CTMR, the Lanham Act treats service marks in the same way as trademarks.³⁴ Unlike the practice in EU, however, three-dimensional trademarks *have* been registered for services.

The shape of this building was registered as a trademark for entertainment services.³⁵



Henceforth I will use the term trademark as meaning both service marks and trademarks.

4.3 Use in Commerce and Use as a Trademark

A sign must be “used in commerce or filed with the bona fide intention to use it in commerce.” in order to be registered in the Principal Register.³⁶

The word “commerce” means practically all lawful commerce within the USA and between USA and a foreign country.³⁷ The sign must also be used to distinguish the goods or services of one producer from those sold or produced by others, to afford protection. This condition has been interpreted as requiring use *as a trademark*.³⁸ The requirement is based on the purpose of trademark protection, which is to afford justifiable protection of reputation and to avoid consumer confusion, it is not meant to enable reservation of a right in a mark.

These conditions for trademark right are important, especially in cases of infringement of unregistered trademarks. In some cases the plaintiff claims to have used his sign *as a trademark* and the defendant suggests that the use of the sign as trademark did not occur to the plaintiff before the defendant started with the activity that is suggested to be an infringement. The defendant uses this defence because the fact that the *public* perceives the sign as a trademark is not enough for the sign to be protected as a trademark. If the expression “to distinguish the goods” is interpreted as requiring trademark use, the owner of the trademark must also have the *intent* to use the sign as a trademark in order to enjoy protection. His use of the sign does not constitute trademark use unless he *intended* to use the sign that way.

³⁴ §1053. “Subject to the provisions relating to the registration of trademarks, so far as they are applicable, service marks shall be registrable, in the same manner and with the same effect as are trademarks, and when registered they shall be entitled to the protection provided herein in the case of trademarks.”

³⁵ U.S. Principal Register, Registration no 2430828. The service consists of providing observation decks in a skyscraper for purposes of sightseeing.

³⁶ Sec. 45 of the Lanham Act, 15 U.S.C. § 1127.

³⁷ Sec. 45 of the Lanham Act, 15 U.S.C. § 1127.

³⁸ Sec. 45 of the Lanham Act, 15 U.S.C. § 1127.

4.4 Comparison

The CTMR does not provide any protection for unregistered trademarks. The Lanham Act does, provided that the sign is used as a trademark.

The CTMR does not contain any requirement of use prior to registration or proof of *intention* to use the sign as a trademark in order for the mark to obtain registration. It could be that the application *as such* indicates an intention to use the sign as a trademark. In American law, such implied intention does not suffice. The requirements of use or intention to use before a mark can be registered is thus more severe than the conditions for registration in CTMR.

The area of use does to some extent correspond to the scope of protection, both in EU and USA. This relationship, along with the discussion concerning what *use as a trademark* really means, will be evaluated further in the section “scope of protection”(See sec. 6.1.4. and 6.2.4)

5 Distinctiveness

To be registered as a trademark a sign must, both in the EU and in the USA, be distinctive in relation to the goods or services for which registration is sought. This simply means that the mark must actually distinguish the owner's goods or services from those of others. If a trademark lacks distinctiveness it does not function as an indicator of source and there is no reason why use of the sign should be reserved for one producer. The additional functions of the trademark as a carrier of goodwill and a guarantee of quality, would not serve any purpose either unless the consumers are able to tell the difference between the owner's goods and the goods of his competitors. A three-dimensional trademark has a special disadvantage in this perspective, since consumers generally do not think of a shape as trademark.

A trademark which can be refused protection on the basis of other grounds often also lacks distinctiveness, but it is not always so. Even if a sign is distinctive it can be refused registration with reference to the other grounds since these are based on competition concerns. I call these "absolute absolute" grounds because, as opposed to lack of inherent distinctiveness, these obstacles to registration cannot be overcome by use.

5.1 Inherent Distinctiveness Within the EU

The applicant does not need to prove distinctiveness.³⁹ It is the registrar's task to prove that the trademark lacks distinctiveness. When examining whether a trademark is distinctive enough to function as a trademark there are several objective and subjective criteria to consider. The shape as such and its relation to the products or services, the relation to other products and the public's perception of the trademark, are all important factors to take into account.

5.1.1 The Shape as Such and its Relation to the Product

A common or basic shape is less likely to be considered distinctive.⁴⁰ If the trademark consists of a new and/or original shape this might lead to a finding of distinctiveness. There is a risk, however, that the new trademark

³⁹ WIPO, Introduction to intellectual property-theory and practice, (Kluwer International London-The Hague-Boston, 1997). P. 189.

⁴⁰ WIPO, Introduction to intellectual property-theory and practice, (Kluwer International London-The Hague-Boston, 1997). P. 191.

becomes a symbol for the whole new type of products and thus becomes generic.⁴¹

A descriptive or generic sign is not distinctive because it simply describes the goods. The difference between a generic and a descriptive sign is that a generic sign describes the whole gender (or category) to which the product belongs, for e.g. a bunch of wine leaves for wine, while a descriptive sign describes the product in question. Descriptiveness or genericism is evaluated in relation to the current language and bona fide and established practices of the trade in question.⁴²

Shape signs are less likely to be refused with reference to genericism or descriptiveness, even though some examples exist. This shape was filed as a trademark for underwear.



The examiner held that the shape could not function as a trademark since it consisted of the normal shape of a pair of underwear. In my opinion it is descriptive for the type of products concerned. The Board of Appeal did not discuss descriptiveness at all but held the Y design to be unique and “capable of establishing in the minds of the relevant public a mental association between the sign and the industrial origin of the products in the application” It was therefore held distinctive.⁴³

A sign which is descriptive of one category of goods may nevertheless be registered for another type of goods for which it is not descriptive. An apple for computers is such an example. A problem related to other proprietors right in a shape might arise here. See further under “Dilution”, (sec.6.1.2)

A trademark may not consist of a sign which has become customary in trade. This ground is highly applicable to three-dimensional trademarks. If the potential trademark owner starts using his product, in order to acquire distinctiveness, others might follow his example and thus render the shape customary in trade. According to art 7(3) this ground for refusal can be overcome by acquired distinctiveness. The customary use of a sign thus fluctuates and must be assessed according to the state by the time of application.

5.1.2 Product Configurations or Product Packagings

The OHIM is generally more reluctant to provide trademark protection for product configurations than for product packagings. While a three-dimensional shape is often considered to simply constitute the product itself

⁴¹ See e.g. Urde, Mats, Märkesorientering : utveckling av varumärken som strategiska resurser och skydd mot varumärkesdegeneration (Lund Univ. Press, Lund 1997). The trademark “Nylon”.

⁴² OHIM Guidelines, p. 8.5.

⁴³ Decision of the Third Board of Appeal of 29 May 2000, R 608/1999-3.

and not a trademark representing the product, a product packaging is viewed somewhat differently. Since the product is the content *within* the packaging, lack of distinctiveness cannot be argued on that ground.⁴⁴

The shape of packaging is naturally separate from the product it contains while the shape of a product simply constitutes the shape of a product. Although the product might be presented in different variations these variations are somewhat limited by consumer demands. A product packaging can have almost any shape as long as the nature of the product does not require a special form.

In cases where the product does not have a shape of its own, the OHIM has held that the public sees the product and its packaging as an inseparable unit. In my opinion this would lead to the conclusion that such product packagings should be considered in the same way as product configurations. The conceptual difference between a product and its packaging contributes to the public's perception of the shape as signifying a source. If the product and its packaging are seen as an inseparable unit the public might think of the packaging as, in fact, constituting the product itself.

However, the OHIM has stated liquid beverages can be stored in containers of various shapes and the design of the container is thus not dictated solely by the kind of goods it holds.⁴⁵ It is therefore likely that the consumers might think of the shape of the container as being something more than just a container and will pay attention its particularity.

This shape was filed as a trademark for alcoholic beverages (except beer), particularly liqueurs etc.



According to the examiner the shape was commonplace for this type of products and thus it was devoid of distinctive character. The Board of Appeal did not agree. It held that the mark was distinctive enough to be registered as a trademark.⁴⁶ Many different shapes are available and the Board did not consider it necessary that this particular shape should be available for others to use.

Thus, out of competition concerns there is no objection to register product packagings that are not dictated by the product it contains. The close relationship with the product may, as mentioned above, decrease the level of distinctiveness to the same level as product configurations since consumers tend to see them as an inseparable unit.

⁴⁴ Holmqvist, Lars, *Varumärkens särskiljningsförmåga*, 1:a uppl. (Norstedts juridik, Stockholm, 1999) ISBN: 91-38-50519-3. P. 533.

⁴⁵ Decision of the Third Board of Appeal of 4 April 2001, (R 321/2000-3).

⁴⁶ Décision de la Deuxième Chambre de Recours du 21 mars 2001, (R 537/1999-2).

Product configurations *have*, however, been considered inherently distinctive.

This shape was considered distinctive in relation to different types of snacks.



The shape was “sufficiently arbitrary, fanciful and unusual to endow it with the minimum degree of distinctiveness required by 7(1)(b).”⁴⁷

The “Toblerone” chocolate bar was registered without any proof of acquired distinctiveness.



The shape was admittedly basic but the use of it in relation with chocolate was unusual and therefore distinctive.⁴⁸

5.1.3 In Relation to Customers Concerned

As we have seen a trademark can be considered to lack inherent distinctiveness for many reasons, all of which are dependent on whether the trademark is perceived by the relevant part of the public as indicating a source. While it is “not sufficient for a mark to possess fanciful elements, it is necessary for those elements to strike the eye of the consumer as characteristic elements of the trademark.”⁴⁹

The relevant part of the public need not recognise the trademark as being a trademark in the legal sense. What matters is that those to which the trademark is addressed, actually or theoretically, perceive the trademark as indicating a source and thus separates it from similar products originating from other sources.

This shape was considered distinctive in relation to the photochromic lenses although the average consumer probably would not perceive it as an indicator of origin.⁵⁰



The products for which the mark was sought were addressed to specialised consumers, to whom the shape was considered to have a distinctive character.

⁴⁷ Decision of the Second Board of Appeal of 29 May 2001, (R 445/1999-2). See also Decision of the First Board of Appeal of 15 December 1999 (R 467/1999-1).

⁴⁸ OHIM application no 505461.

⁴⁹ Decision of the Third Board of Appeal of 3 May 2000, (R 272/1999-3).

⁵⁰ Decision of the Second Board of Appeal of 21 March 2001, (R 449/1999-2).

This shape was filed as a trademark for antidiabetic preparations.



Although the shape seems commonplace for products of the same kind, the Board of Appeal considered the shape to be distinctive in the eyes of diabetic patients who were the consumers concerned.⁵¹

5.1.4 Cumulative Effect of Features

Where a trademark consists of a combination of several features which on their own would be devoid of distinctive character, the trademark taken as a whole may have distinctive character.⁵²

5.2 Inherent Distinctiveness Within the USA

Like the CTMR the Lanham Act also requires an applicant to show that the consumers perceive the trade dress as a symbol identifying the source or origin of the good with which it is associated in order to obtain trademark protection.⁵³

The courts have developed numerous different tests to assess inherent distinctiveness of trade dresses. The tests are formulated differently but they all have some important aspects in common. Alongside the debate concerning the proper test for inherent distinctiveness the question has also arisen whether product configurations, as opposed to product packagings, in *any case* can be inherently distinctive.

The Supreme Court has answered the last question in the Wal-Mart Stores case.⁵⁴ According to the Court product configurations can *never* be inherently distinctive. This is mainly due to the fact that consumers, almost invariably, consider the purpose of a product configuration to be that of rendering the product more appealing and not to function as an indicator of source. The Court wanted to avoid the legal uncertainty existing about protection of product configurations. The risk of being sued for infringement had a deterrent effect of new competitors, according to the Court, and thus competition would be distorted unless it was made clear that product configurations can never be inherently distinctive.

The Court made a clear distinction between product packagings and product configurations, saying that the earlier finding of inherent distinctiveness of

⁵¹ Decision of the First Board of Appeal of 22 September 2000, (R 275/2000-1).

⁵² CTMR OHIM guidelines, p 8.3.

⁵³ See generally *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S.Ct.2753, 120 L.Ed.2d 615, 23 U.S.P.Q 2d 1081. (1992).

⁵⁴ *Wal-Mart Stores, Inc. v. Samara Bros.*, 120 S. Ct. 1339 (2000).

product packaging in *Two Pesos*⁵⁵ had no bearing in this case. This would force courts to distinguish between product configurations and product packaging, a distinction which the Court held to be easier than to decide when a product configuration is inherently distinctive. The Court did not give any guidance as to how such a distinction should be made. If the Wal-Mart decision will be final answer to the question of the inherent distinctiveness of product configurations, this distinction will be a difficult task for courts in the future. It has so far been followed by at least one later case.⁵⁶

5.2.1 Tests for Evaluating Inherent Distinctiveness

The tests used for evaluating inherent distinctiveness are not verbally consistent in case law. They were developed sometimes with only product packaging in mind and other times the test was intended for the whole concept of trade dress. Since the requirements for inherent distinctiveness for product configurations were more severe even before the Wal-Mart decision a product packaging passing the test for product configurations would also be considered inherently distinctive.

Generally, similar to the CTMR, the considerations developed in case law concern four corner stones that build the concept of distinctiveness: the characteristics of the shape as such, its relation to the product, its relation to the category of products to which the actual product belongs and the consumers' perception of the mark. These criteria are to some extent interdependent.

When evaluating the shape as such, its relation to the product and to the category of products to which the product belongs, the starting point is the "Abercrombie test". In this test distinctiveness was graded on a scale from being generic, descriptive, suggestive, arbitrary or fanciful.⁵⁷ This case has been cited and elaborated further in nearly every case concerning trademark protection of shapes.

⁵⁵ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 112 S.Ct.2753, 120 L.Ed.2d 615, 23 U.S.P.Q 2d 1081. (1992).

⁵⁶ *Diamond Direct LLC. V. Star Diamond Group Inc.*, No 99 Civ. 11586 LAK (S.D.N.Y., Oct. 20, 2000). Although it would not have been difficult to state that the product configuration in this case was not inherently distinctive, the judge made a reference to the decision in Wal-Mart and simply held that inherent distinctiveness was not possible for product configurations.

⁵⁷ See *Wal-Mart Stores, Inc. V. Samara Brothers, Inc.* Certiorari to the united states Court of Appeals for the second circuit, No.99-150. Decided March 22, 2000. Referring to Judge Friendly's test for distinctiveness in *Abercrombie & Fitch Co.v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir.1976) as "the now classic test".

At the top of the scale lie “fanciful”, “arbitrary” or “suggestive” shapes which may be presumed to serve a source-identifying function, and thus may be deemed per se distinctive of the source.⁵⁸

On the very end of the scale lie generic marks, those that refer to the genus of which the particular product is a species. Generic marks are considered unable to create a distinctive impression and they are never registrable.⁵⁹

Descriptive signs are not inherently distinctive either but they can be protected as trademarks should they acquire distinctiveness. The difference between generic and descriptive marks is the same in American law as in CTMR. A bottle containing carrot juice in the shape of a carrot is most likely to be descriptive because it describes one of the ingredients of the products within. The same container would be generic if it was used in relation to carrots.⁶⁰ A sign is descriptive if the design of the trade dress identifies a characteristic or quality of an article or service.⁶¹

Even though the “Abercrombie test” has been referred to in numerous cases the courts have added conditions and somewhat modified the test. It has been suggested that a common or basic shape or design is less likely to be inherently distinctive.⁶² If the shape is unusual and memorable it stands a better chance of being found distinctive.⁶³

The appearance of the shape in relation to other shapes in the particular field has also been considered. If the shape is unique in a particular field as opposed to being a mere refinement of a commonly adopted and well-known design this will weigh in favour of finding of distinctiveness.⁶⁴

To be distinctive, the mark must be capable of creating a distinctive impression independent of the associated goods and services.⁶⁵ Some courts

⁵⁸ *Knitwaves, Inc. v. Lollytogs Ltd.*, 71 F.3d 996, 1008-09 (2d Cir. 1995). Referring to *Paddington Corporation v. Attiki Importers & Distributors Inc.*, 996 F.2d 577-591 at 583, but distinguishing product packaging from product configurations.

⁵⁹ Goldstein, Paul, *Copyright, patent, trademark, and related state doctrines : cases and materials on the law of intellectual property*, Rev. 4. ed. Foundation Press (New York 1999) University Casebook Series. P.366 referring to *Park N' Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189,194 (1985), (citing *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir.1976).

⁶⁰ Compare the explanation in *Abercrombie*: The term “Deep Bowl” for spoons is descriptive because it describes the depth of the spoon’s “bowl” but it is not generic because spoons are the relevant products.” *Abercrombie & Fitch Co. v. Hunting World, Inc.*, 537 F.2d 4 (2d Cir.1976).

⁶¹ *Pebble Beach Co. v. Tour 18 I, Ltd.*, 936 F. Supp. 1299, (S.D. Tex. 1996), *aff'd as modified*, 155 F.3d 526 (5th Cir. 1998).

⁶² *I.P. Lund Trading ApS v. Kohler Co*, 163 F.3d 27, 29, (1st Cir. 1998).

⁶³ *Duraco Prods. Inc. V. Joy Plastic Enters.*, 40 F.3d 1431, 1450 (3d Cir. 1994).

⁶⁴ *I.P. Lund Trading ApS v. Kohler Co*, 163 F.3d 27, 29, (1st Cir. 1998), referring to, *inter alia*, *Seabrook Foods, Inc. V. Bar-Well Foods Ltd.*, 568 F.2d 1342 (C.C.P.A 1977).

⁶⁵ Jeffery M. Samuels, *Trade Dress Protection: The Issue of Distinctiveness and Potential Conflicts*, Northern Kentucky University Law Review, 2000. Discussing *Seabrook Foods, Inc. V. Bar-Well Foods, Ltd* 568 F.2d 1342, 1344 (C.C.P.A 1977).

have held that the mark must be *conceptually separable* from the product so those consumers will recognise its symbolic, signifying character.⁶⁶ This is a restrictive criterion which clearly diminished the chances of finding a product configuration inherently distinctive even before the Wal-Mart decision.⁶⁷

The total appearance of the trademark must be estimated and even if none of the features, when seen in isolation, would be deemed distinctive, the total appearance of the product could still be distinctive.⁶⁸

The test for distinctiveness is used to estimate whether the sign can function as a trademark or not. In other words the considerations made above are used to find out whether the consumer, in theory, will believe that the mark is meant to be an indicator of source.⁶⁹ This is the fourth cornerstone in the test for distinctiveness. Some courts have held that the mark must appear *primarily* as a designator of origin of the product.⁷⁰ Other courts have found that a mark which is *likely to be understood* as an indicator of the product's source is distinctive enough. Nothing in the case law has so far indicated that the consumers must be able to identify the product as being a mark indicating a *specific* source.⁷¹

5.3 Acquired Distinctiveness Within the EU

As stated in Art 7(3) a trademark which is considered to lack inherent distinctiveness may nevertheless be registered as a trademark if, by the time of application, it has become distinctive through use in relation to the goods or services for which registration has been sought. The applicant bears the burden of proof of acquired distinctiveness.⁷²

It is important to notice that the absolute grounds for refusal laid down in Art 7(1)(e) i-iii cannot be overcome by use. As mentioned above I call these grounds “absolute absolute” grounds since they constitute an absolute bar to registration. The reason behind these exceptions to registration is to prevent

⁶⁶ Jeffery M. Samuels, *Trade Dress Protection: The Issue of Distinctiveness and Potential Conflicts*, Northern Kentucky University Law Review, 2000. Discussing *Duraco Prods. Inc. V. Joy Plastic Enters.*, 40 F.3d 1431, 1432, (3d Cir. 1994).

⁶⁷ See e.g. *Brief Amicus Curiae of the International Trademark Association in support of neither party in Wal-Mart Stores, Inc. V. Samara Brothers, Inc.* The Trademark Reporter November 1999- December 1999. 89 TMR 986.

⁶⁸ *Duraco Prods. Inc. V. Joy Plastic Enters.*, 40 F.3d 1431, 1432-1433 (3d Cir.1994) See also Parker H. Bagley and Paul Reilly, *US Expands Availability of Trade Dress Rights*. IP Worldwide, May 1999-June 1999, The New York Law Publishing Company.

⁶⁹ *Brief Amicus Curiae of the International Trademark Association in support of neither party in Wal-Mart Stores, Inc. V. Samara Brothers, Inc.* The Trademark Reporter November 1999- December 1999. 89 TMR 986.

⁷⁰ *Duraco Prods. Inc. V. Joy Plastic Enters.*, 40 F.3d 1431, 1432, 1434, (3d Cir. 1994).

⁷¹ The terms defined in 15 USC 1127, “..indicate the source of the goods, even if that source is unknown,” clearly does not require the association to a specific source.

⁷² OHIM, Examination Guidelines p. 8.12.1.

monopolisation of such shapes. The problem with the *unsuitability* of the shape for registration must be kept separate from that of the *distinctive capability* of the mark.⁷³ A trademark that is considered incapable of functioning as a trademark within the meaning of Art 4 cannot acquire distinctiveness. Trademarks encompassed by the grounds in 7(1)(e)(i-iii) can become distinctive but will nevertheless be refused registration. Whether this is a legal fiction or not will be discussed further down (sec.5.4.3)

The Court of First Instance held in a recent case that the principle of the unitary character of the Community trademark provides that acquired distinctiveness through use must be in relation to the whole Community.⁷⁴

5.3.1 Nature of the Goods/Market

The nature of the goods is relevant when determining whether the shape of the goods has acquired distinctiveness. In cases concerning luxury goods, for instance, advertisement is often more important than sales figures.⁷⁵ The status often associated with luxury products also contributes to the public's recognition of the goods as originating from a specific source.

If the objection is due to the simplicity of the mark (for e.g. basic geometrical shapes), or to its complexity (as a mere decorative feature on the product), the objection to registration usually concerns the whole community, as opposed to when a word mark might be ineligible for registration due to its meaning in a certain language.⁷⁶

5.3.2 The Perception of the Mark by the Public

The trademark must have become distinctive to the part of the public to which the mark is addressed.⁷⁷ Unless the goods for which the trademark registration is sought are specialists or a limited public, the trademark is considered to be addressed to the public in general.⁷⁸

The fact that a trademark is distinctive in the eyes of specialists does not render it distinctive if the relevant part of the public is considered to be average consumers.⁷⁹

⁷³ Decision of Third Board of Appeal of 13 April 2000, (R 263/1999-3), p.19.

⁷⁴ *Ford Motor Co v. OHIM*, CFI judgement of 30 March 2000, (T-91/99).

⁷⁵ Decision of the First Board of Appeal of 14 April 2000, (R254/1999-1).

⁷⁶ OHIM, Guidelines Practice Notice. March 1999.

⁷⁷ See e.g. Decision of the First Board of Appeal of 14 April 2000, (R 179/1999-1).

⁷⁸ Decision of the third Board of Appeal of 3 May 2000 (R 272/1999-3).

⁷⁹ Decision of the First Board of Appeal of 14 April 2000. (R 179/1999-1).

5.3.3 Inherently Devoid of any Distinctive Character.

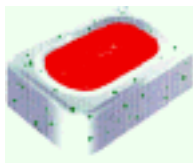
A *trademark* which is devoid of distinctive character in the specific case within the meaning of Art 7 (1)(b), might still be eligible for registration if it has acquired distinctive character. If the *sign* cannot function as a trademark within the meaning of Art 4 it can never be registered. If art 4 is interpreted as meaning signs that actually *cannot* fulfil the function of a trademark the provision would be inapplicable to signs which evidently *has* acquired distinctiveness. It would be illogical to suggest that a sign is incapable of performing the function of a trademark while at the same time it evidently does so.

If, on the other hand, the article refers to signs which *should* not be monopolised, it can function as an alternative ground for refusal. Art 4 could then be used as a legal base for refusal of a trademark which has become distinctive and cannot be refused with art 7(1)(e)(i-iii) but which, due to its negative effect on competition should not be reserved for one user.

In other European jurisdictions, as well as in the USA, such a view has been taken in relation to totally generic marks. Even if these marks are used intensively and might have acquired a secondary meaning they cannot be registered since, in view of the absolute need for the trade to be free to use them, they must not be monopolised.⁸⁰

The reasons for this discussion are some cases decided by the Board of Appeal in which the Board refused registration on the basis that the shape *as such* did not have the capacity to function as a trademark. In these cases the Board has referred to art 7 (1)(b) as the legal ground for refusal but at the same time made it clear that the distinctiveness can never be acquired due to the need of others to use the shape.

This mark, and many similar ones, was filed as a trademark for, *inter alia*, washing tablets.⁸¹



Registration was refused on the basis that the shape was too basic to be monopolised by one producer.

This mark was filed as a trademark for yoghurt, desserts etc.



The Board of Appeal considered the packaging to be commonplace and held that the consumers would not identify the mark with a particular trading source. The applicant produced evidence to show acquired distinctiveness through use. The Board held that the shape

⁸⁰ See e.g. *Bristish Sugar PLC and James Robertson and sons Ltd* (1996) RPC 281.

⁸¹ Decision of the First Board of Appeal of 20 June 2000 (R 707/1999-1).

was inherently devoid of distinctive character since it had such basic utility that the consumer would not perceive it as a signature of a particular trading origin.⁸²

If the shapes in question were considered *incapable* of performing the function of a trademark the Board of Appeal should have referred to art 4 as a legal ground for refusal. If this was not the case the Board could have referred to art 7(1)(b), like it did, and explained that no distinctiveness had been acquired. The Board could also have referred to any of the grounds in art 7(1)(e)(i-iii), if these were applicable (as will be discussed further down).

Instead of choosing any of these grounds the Board referred to art 7(1)(b) and added that the lack of distinctiveness *could* not be overcome by use. In my opinion the Board has developed its own ground for refusal. The “new” ground for refusal could be expressed like this: “The sign shall be refused registration if such registration would severely impair effective competition and such impairment is not justified out of concern for the proprietor or the risk of confusion as to the origin of a product.”

It is of course possible that the Boards of Appeal simply failed to give a clear motivation for their decisions.

5.3.4 Proof of Acquired Distinctiveness

In many cases three-dimensional trademarks, irrespectively of whether they constitute the products themselves or the packagings, are not seen as trademarks at the time of the marketing of the product. If the product becomes a success, both the producer and his competitors become aware of the products distinctive features.⁸³

The intention to use the shape as a trademark is of little relevance since the sign would have to be registered in order to convey any rights as a Community Trademark. By the time registration is sought the very fact that the applicant files an application is a proof of his intention.

In order to prove that the sign has acquired distinctiveness the applicant should show place, time, extent and nature of the use.⁸⁴ The evidence can be in form of price lists, labels, packaging, photographs and advertisements. Opinion polls may also be submitted. Large volume sales and long-time use can weigh in favour of acquired distinctiveness but sales volumes alone do not show that the consumers understand the shape as a reference to origin of the goods.⁸⁵

⁸² Decision of the First Board of Appeal of 31 January 2001 (R 556/1999-1).

⁸³ Levin, Marianne, *Noveller i varumärkesrätt* (Juristförlaget, Juridiska fakulteten i Stockholm, 1990) ISBN: 91-7598-392-3. P.159.

⁸⁴ OHIM, Examination Guidelines, OHIM OJ 9/96 p.8.12.1.

⁸⁵ Decision of the Second Board of Appeal of 21 March 2001, (R 309/1999-2).

The market share held by the mark, investment in advertising and other promotions of the mark are also important indicators of acquired distinctiveness. The *nature* of the promotions, such as advertising focusing on the specific features for which protection is sought, are even more important.⁸⁶

The promotion of a shape mark in conjugation with other signs that might serve as indicators of origin can weigh against finding of acquired distinctiveness. At the same time the fact that cumulative signs have been used does not automatically disqualify the shape from having acquired distinctiveness. The question is whether consumers would recognise the shape as originating from a specific source even *without* the additional signs, such as labels, word marks etc.⁸⁷

5.4 Acquired Distinctiveness Within the USA

Similar to European trademark law the American law provides that, in order to enjoy protection for a trade dress which is not inherently distinctive, the applicant must show proof of acquired secondary meaning prior to the introduction of the defendant's product.⁸⁸

5.4.1 Nature of the Goods/Market

Like the situation concerning inherent distinctiveness, a new or unusual product is more likely to be noticed by the public and the possibilities of acquiring secondary meaning are good. However, a product that creates a new functional niche and temporarily holds a strong, almost monopolistic position within that niche, may tie the public closer to the concept and function of the product category in general rather than to the appearance of the particular product.⁸⁹

There is a risk that the shape becomes generic and as mentioned earlier, a generic product can never acquire distinctiveness. Neither can a matter that as a whole is functional. Functionality will be discussed further down (Sec. 6.4)

⁸⁶ See e.g. Decision of the First Board of Appeal of 14 April 2000, (R 254/1999-1).

⁸⁷ Decision of the First Board of Appeal of 20 December 2000, (R 381/2000-1).

⁸⁸ *Braun Inc. v. Dynamics Corp. of Am.*, 975 F.2d 815, 826 (Fed. Cir. 1992). See also Sec.2 15 U.S.C. §1052(f).

⁸⁹ *Sunbeam Corp. v. Equity Indus.*, 635 F. Supp. 625, 630 (E.D. Va. 1986), *aff'd*, 811 F.2d 1505 (4th Cir. 1987). See also the discussion concerning "Teflon" and "Nylon", in Mats Urde *Märkesorientering, Utveckling av varumärken som strategiska resurser och skydd mot varumärkesdegeneration*. P. 238.

5.4.2 The Perception of the Mark by the Public

Naturally, the public's perception of the goods is what can render it distinctive, even if this perception is partly dependent on the nature of the goods as such. A product has acquired secondary meaning if its primary significance to consumers is as an identifier of source rather than as an element which contributes to the inherent appeal of the product.⁹⁰ The public's perception can, to some extent, be controlled or at least affected, by advertisement and by other means through which the proprietor can display his goods.⁹¹ Proof of extent and manner of display of product is highly probative of courts' finding of secondary meaning.

Secondary meaning may also be established by direct evidence of the link between the mark and the source in form of consumer testimonies, customer surveys, and proof of actual confusion.⁹²

5.4.3 Proof of Acquired Distinctiveness

Secondary meaning can be established by evidence of the connection between the mark and source, such as, volume of sales, length of use, advertising and other promotional efforts.⁹³

Other indirect evidence of secondary meaning can include the defendant's deliberate copying of the plaintiff's configuration.

5.4.3.1 Volume of Sales

In some courts claims of secondary meaning grounded in extensive sales are successful.⁹⁴ Other courts have suggested that the sales volumes might merely be a result of desirability of the product configuration rather than the source-designating capacity of the feature or combination of features for which trademark protection is sought.⁹⁵ It seems reasonable that market success at least contributes to the public's *notion* of the sign, or at least of the product. On the other hand the public will not know if they are

⁹⁰ *Thomas & Betts Corp. V. Panduit Corp.*, 65 F.3d 654, 36 USPQ 2d 1065 (7th Circ. 1995). See Lowell Anderson, *Monopolising a Product by "Trade Dress"?*, 3 E.I.P.R (1996). See also *Oval Shape Not Protectable Trade Dress, Seventh Circuit Rules*. Mealey's Litigation Reports: Intellectual Property, October 2, 1995.

⁹¹ *Brief Amicus Curiae of the International Trademark Association in support of neither party in Wal-Mart Stores, Inc. V. Samara Brothers, Inc.* The Trademark Reporter November 1999- December 1999. 89 TMR 986.

⁹² *Ark Plas Prods., Inc. v. Value Plastics, Inc.*, 913 F. Supp. 1246, 1252 (W.D. Ark. 1996) See also TMEP Sec. 1212.06.

⁹³ TMEP Sec. 1212.06. and *Ark Plas Prods., Inc. v. Value Plastics, Inc.*, 913 F. Supp. 1246, 1252 (W.D. Ark. 1996).

⁹⁴ See, e.g., *L.A. Gear, Inc. v. Thom McAn Shoe Co.*, 988 F.2d 1117, 1130 (Fed. Cir. 1993).

⁹⁵ *Duraco Prods., Inc. v. Joy Enters., Ltd.*, 40 F.3d 1431, 1452 (3d Cir. 1994) See also *Brief Amicus Curiae of the International Trademark Association in support of neither party in Wal-Mart Stores, Inc. V. Samara Brothers, Inc.* The Trademark Reporter November 1999- December 1999. 89 TMR 986.

purchasing the product from different sources unless the sign is distinctive enough to provide such information.

5.4.3.2 Length and Nature of the Use

Particularly if that use has been exclusive, long time use of a trade dress can be probative of secondary meaning.⁹⁶ Five years of substantially exclusive and continuous use of a mark as a mark is considered to constitute prima facie evidence of acquired distinctiveness.⁹⁷

Long time use must however be assessed in the light of the facts and circumstances of the particular case.⁹⁸ If the use was not exclusive the time of use might make no difference to the distinctiveness of the sign.⁹⁹ Under certain circumstances, even *the defendant's* competing use may weigh against a finding of exclusivity.¹⁰⁰

5.4.3.3 Nature of the Advertising

So-called “look-for” advertising, in which the plaintiff expressly encourages consumers to rely on product trade dress as an indicator of origin, can be highly probative evidence of secondary meaning.¹⁰¹

The absence of advertising directed to create a secondary meaning is likely to weigh against a finding of secondary meaning, even if other types of advertising have been used to a large extent.¹⁰² The way the product has been displayed also bears significance on the finding of distinctiveness. Photographs of a product configuration in advertising or other promotional materials, in which the shape has not been stressed, may not be probative of secondary meaning.¹⁰³

Some courts have held that an emphasis on an accompanying word mark in a producer's advertising may weigh against a finding of secondary meaning.¹⁰⁴ “Where a configuration of a product is displayed with or identified by word marks, the burden to show that the configuration serves a trademark function is greater, since the usual way for consumers to identify and distinguish the source of products is by marks that can be verbalised.”¹⁰⁵

⁹⁶ See, e.g., *Stuart Hall Co. v. Ampad Corp.*, 51 F.3d 780, 789 (8th Cir. 1995).

⁹⁷ Sec.2(f) 15 U.S.C. § 1052(f).

⁹⁸ *Landscape Forms Inc. v. Columbia Cascade Co.*, 113 F.3d (2d Cir.1997).

⁹⁹ TMEP Sec. 1212.05 (b).

¹⁰⁰ See, e.g., *Ark Plas Prods., Inc. v. Value Plastics, Inc.*, 913 F. Supp. 1246, 1254 (W.D. Ark. 1996).

¹⁰¹ *Pebble Beach Co. v. Tour 18 I, Ltd.*, 936 F. Supp. 1299, 1346 (S.D. Tex. 1996), *aff'd as modified*, 155 F.3d 526, 541, (5th Cir. 1998). See also *Yankee Candle Co. v. Bridgewater Candle Co.*, 99 F. Supp. 2d 140, 154, (D. Mass. 2000).

¹⁰² TMEP Sec. 1212.06 (b). See also e.g. *Braun Inc. v. Dynamics Corp. of Am*, 975 F.2d 815, 826-27, (Fed. Cir. 1992).

¹⁰³ *Duraco Prods., Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1452-53, (3d Cir. 1994)

¹⁰⁴ *Yankee Candle Co. v. Bridgewater Candle Co.*, 99 F. Supp. 2d 140, 154-55 (D. Mass. 2000).

¹⁰⁵ *Western Chem. Pumps, Inc. v. Superior Mfg., Inc.*, 989 F. Supp. 1112, 1122 (D. Kan. 1997).

In these cases the association between the word and the mark can overshadow the association of the shape and the product.

By the same token a display of the trade dress in connection with the mark of another proprietor can preclude a finding of secondary meaning. Such combined promotion tends to create an association between the configuration and a third party.¹⁰⁶

Likewise, cooperative advertising, in which a third party's name, as well as that of the trademark owner, appears in connection with the design, may also weaken public association of the design with the source.¹⁰⁷

In some cases the association with other goods or words can be useful in the "teaching" of consumers. By getting their attention, e.g. by having the shape displayed in connection with other source identifying features and successively removing these other "reminders" the public can be taught to recognise the shape even in the absence of these additional elements.

5.4.3.4 Intentional Copying by the Defendant

Some courts have held that intentional copying by the defendant may create at least an inference of secondary meaning.¹⁰⁸ In product configuration cases this might have no or little meaning since the copier might be exploiting a particularly desirable feature rather than trying to benefit from the competitor's goodwill.¹⁰⁹

5.5 Comparison of Distinctiveness

A significant difference with regard to CTMR is that current American case law does not recognise inherent distinctiveness of product configurations. Earlier decisions show that the courts have struggled to find a proper test for inherent distinctiveness also for product configurations. There is a possibility that the praxis of OHIM is still in the first stage which will eventually end up in the finding that no test is accurate enough to define inherent distinctiveness of product configurations. The wording of Art 4 CTMR speaks against such development in that it clearly allows registration of product configurations without showing of acquired distinctiveness.

Furthermore, the European trademark law allows the registration of a generic sign that has acquired distinctiveness. This is not possible in American law. Even if such acquired distinctiveness would be difficult to

¹⁰⁶ *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 42 (1st Cir. 1998).

¹⁰⁷ *Meadowcraft, Inc. v. Compex, Inc.*, 47 U.S.P.Q.2d 1665, 1670-71 (N.D. Ga. 1998).

¹⁰⁸ See Goldstein, Paul, *Copyright, patent, trademark, and related state doctrines : cases and materials on the law of intellectual property*, Rev. 4. ed. Foundation Press (New York 1999) P.986, discussing *Ferrari S.P.A. Esercizio Fabriche Automobili E. Corse v. Roberts*, 944 F.2d 1235, 1239 (6th Cir. 1991).

¹⁰⁹ *Duraco Prods., Inc. v. Joy Plastic Enters., Ltd.*, 40 F.3d 1431, 1452-53, (3d Cir. 1994).

prove and generic marks are therefore not likely to be registered, the European trademark law holds a, theoretically, more open standpoint.

Compared to case law concerning the CTMR American case law is also far more advanced concerning evidence of secondary meaning.

This is not too surprising since the American system is older and the possibility of protection for unregistered trademarks leads to many cases where secondary meaning has to be established after a dispute has occurred.

While a five-year period of exclusive continuous use is considered *prima facie* evidence of acquired distinctiveness within the Lanham Act, no such presumption is made in the CTMR.

6 “Absolute Absolute” Grounds

The term “absolute grounds for refusal” are used as encompassing all of the grounds for refusal laid down in art 7 CTMR. This term is used to indicate that grounds for refusal in this provision are independent of a third party’s opposition to registration.¹¹⁰ As is evident from the evaluation above, lack of distinctiveness can be overcome by use, both according to CTMR and the Lanham Act. Since the two regulations also contain absolute grounds for refusal that cannot, no matter how distinctive the trademark becomes, ever be registered, I find it interesting to compare these grounds all together. I call these provisions “absolute absolute” grounds to stress the difference. These provisions are also, as opposed to other grounds for refusal, mainly directed to three-dimensional trademarks.

6.1 Art. 7(1)(e) in the Community Trademark Regulation

6.1.1 7(1)(e)(i) Shapes Resulting From the Nature of the Goods

A shape is ineligible for registration if it results *exclusively* from the nature of the goods themselves without which the said goods would not exist. Such shape is also referred to as *unavoidable shape*, thus meaning the shape of natural goods or those that have now become standardised in trade and in consumer opinion.¹¹¹

The requisite “exclusively” indicates that the provision is to be interpreted strictly. The shape of an umbrella or an egg box are typical examples of shapes resulting exclusively from the nature of the goods.¹¹²

Goods that do not *have* a natural shape or that theoretically can have *any* shape, such as chocolate or soap, can still be refused registration. According to the practice of the OHIM the *usual* shape of these goods can be considered as a shape resulting from the nature of the goods. It has also been suggested in cases where the product does not have a shape, like liquids, the *container* should be considered as a shape resulting from the nature of the goods.¹¹³ In this context the OHIM has stated that since liquids can have any

¹¹⁰ Annand, Ruth & Norman, Helen, *Blackstone’s Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA.P.36, Referring to absolute grounds as comprising public-interest subject matters which are considered to stand in the way for registration.

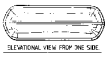
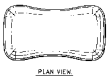
¹¹¹ Decision of the First Board of Appeal of 15 November 1999, (R 142/1999-1).

¹¹² Annand, Ruth & Norman, Helen, *Blackstone’s Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA. P.44.

¹¹³ Annand, Ruth & Norman, Helen, *Blackstone’s Guide to the Community Trademark*,

shape, a container for liquids does *not* arise from the nature of the goods themselves.¹¹⁴

I have not found any trademark that has been refused solely on the ground that the shape results exclusively from the nature of the goods. The Procter & Gamble case is the one giving most guidance on the matter. In this case the shape in the picture below was initially denied registration as a three-dimensional trademark for soap.



The registrar held that the shape resulted from the nature of the goods themselves. The CIF disagreed. The shape was bending inwards along its length and had grooves which did not come about as a result of the nature of the product itself, according to the Court.¹¹⁵ The CIF further pointed out that it was common ground that there were shapes of soap bars in the trade without those features.

Thus, the addition of arbitrary elements can easily take the shape out of the scope of this exemption. Furthermore, the existence of alternative shapes can be probative of the finding that the shape is not a result of the nature of the goods.

Shapes which are not refused on this ground, due to the strict interpretation of the provision, can often be refused on the basis of lack of distinctiveness. As opposed to Art 7(1)(b) the grounds laid down in Art 7(1)(e)(i-iii) prevent shapes with the characteristics mentioned therein from registration *even if they would in fact acquire distinctive character*. In some cases, as mentioned above, the OHIM refers to lack of distinctiveness as a ground for refusal while at the same time the shape is held unable to acquire such distinctiveness.

In view of the discussion concerning shapes (see 5.4.3) which the OHIM found to be “inherently devoid of distinctive character”, it would have strengthened legal certainty if these shapes were expressly considered to fall under the ground for refusal laid down in art 7(1)(e)(i), instead of simply being referred to as “devoid of distinctive character” within the meaning of art 7(1)(b).

Blackstone Press Limited, Aldine Place, London W12 8 AA. P.44.

¹¹⁴ OHIM Examination Guidelines, p. 8.6 (OHIM OJ 9/96).

¹¹⁵ Judgement of the Court of First Instance (second chamber) 16 February 2000. (T-122/99).

6.1.2 CTMR 7(1)(e)(ii) Shapes Necessary to Obtain a Technical Result

A shape which is necessary to obtain a particular technical or useful result, also referred to as *functional* or *useful shape* cannot be registered as a trademark.¹¹⁶

The typical example is that while the pins in an electric plug are necessary for the plug to work, the overall shape of the plug is not determined by this technical requirement.¹¹⁷

According to art 7(1)(e) (ii), a shape *exclusively necessary* to obtain a technical result may not be registered. From the wording of the provision it seems clear that it should be interpreted strictly. In the same way as an arbitrary feature can render a shape otherwise considered to be resulting from the goods themselves eligible for registration, such addition of elements should prevent refusal based on 7(1)(e)(ii). Judging from the practice of the OHIM the two provisions have been interpreted differently.

The trademark presented in this picture was refused registration as a three-dimensional trademark for oil, chemical additives for fuels etc.



The Second Board of Appeal considered the shape to contain functional or utilitarian features which should not be monopolised. Things of everyday use, such as bottles and containers for liquids should, according to the Board of Appeal, require a high degree of distinctiveness to be entitled to registration.¹¹⁸ The Board held that “the mere inclusion of arbitrary features is not, in its view, sufficient to render distinctive something which would otherwise appear primarily functional”.

Thus, even though the Board claims to apply the same principles as used when examining a shape based on art 7(1)(e)(i) the results of the examinations clearly differ.

The existence of alternative designs, alternative shapes that can be used to obtain the same technical result, could increase the possibilities for a useful shape to obtain registration. In cases where the shapes are simple, basic and in limited numbers the existence of alternative designs does not affect the OHIM’s considerations, since the monopolisation of such shapes might impede industry and trade.¹¹⁹

¹¹⁶ Decision of the Second Board of Appeal of 14 December 1998, (R 60/1998-2).

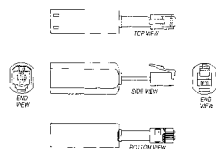
¹¹⁷ OHIM Examination Guidelines, p. 8.6 (OHIM OJ 9/96).

¹¹⁸ Decision of the Second Board of Appeal of 14 December 1998, (case R 55/1998-2).

¹¹⁹ Franzosi, Mario and authors, M.A. Baz, a.o., *European Community trade mark : commentary to the European Community regulations*, (Kluwer Law International, The Hague 1997) ISBN: 90-411-0453-4. P. 193.

A shape which is not *in fact* necessary but is likely to be *perceived* by the public as being a functional shape cannot be refused registration based on its functionality but on its lack of distinctiveness.

This shape was refused registration as a trademark for electrical connections etc.¹²⁰



The Board held that even though specialists held the shape not to be dictated by its function the public would still perceive it as such. Thus, the shape was devoid of distinctive character.

This shape was registered as a trademark for toasters.¹²¹



Apparently the design was arbitrary enough to render the shape distinctive and not exclusively functional.

6.1.2.1 Importance of Related Patent Rights

By using other forms of protection a manufacturer can gain an advantage towards his competitors. During the time of protection offered by for example a design right, he can exclude others from using the shape. By excessive advertising he can make sure the shape will be connected with his product, to the extent it might later be recognised by the public as originating from him. Trademarks that do not qualify for an alternative protection cannot be shielded from competitors equally effective during the use of the mark, in order to render it distinctive.

There is no expressed limit towards other intellectual property rights. The existence of a patent covering the product or product configuration does not automatically bar the shape from protection as a trademark.

Features that, in the patent disclaimer, are considered to serve no functional purpose are most likely to be deemed non-functional also in the trademark sense.¹²² An examination of an existing patent right covering the shape for which registration as a trademark is sought can reveal whether the features serve a functional purpose or not.

¹²⁰ Decision of the First Board of Appeal of 14 April 2000, (R 179/1999-1).

¹²¹ OHIM Application no 000048728.

¹²² Decision of the First Board of Appeal of 27 November 2000. (R 875/1999-1).

6.1.3 CTMR 7(1)(e)(iii) Shapes Adding Substantial Value to the Goods

A trademark may not consist exclusively of a shape that gives substantial value to the goods, also referred to as *decorative shape*, which have a *decisive influence* on the decision to purchase.¹²³

This is not to say that the *goodwill* the shape, or the trademark, carries may not convey additional value to the goods. Indeed, that is one of the main purposes of trademarks. The Coca-Cola bottle, for e.g., has no real value in itself, but because it contains Coca-Cola many customers are willing to purchase it for a higher price than other, *comestible* equivalent beverages. Not many customers buy a Coca-Cola bottle to put it on a shelf in the living room. The same reasoning applies to perfume bottles. It is the perfume and not the bottle that attracts the buyer. By the same token the Vienetta ice cream was held to be bought because of its comestible nature and the design of the ice cream did therefore not add substantial value to the goods.¹²⁴

The cases where the design *as such* is adding substantial value to the goods can sometimes be difficult to distinguish from the cases where the *goodwill* of the design is the decisive element.

In my opinion, it would be useful to consider whether the product is sensitive to goodwill or not. For e.g. jewellery is, in my opinion, not closely connected to brands. A diamond is a diamond independently of the company selling it. However, the value of a diamond is not dependent of its shape and the ground for refusal would most likely not be that the shape adds substantial value to the goods but that the shape is not distinctive. Would the same consideration be made concerning a pair of golden earrings? The gold is valuable but it is the design that persuades the consumer to purchase. The design can, of course, be recognised as originating from a specific source and in these cases it is difficult to evaluate whether the decisive element is the design as such or the goodwill connected with the design.

This shape was registered as a trademark for jewellery, leather goods, clothing etc.



The Board of Appeal held that the fact that the shape may be pleasing or attractive is not sufficient to exclude it from registration.¹²⁵ The word *exclusively* is used to distinguish shapes that should not be monopolised from those that merely has an *additional* decorative effect on

¹²³ Decisione della Prima Commissione di ricorso del 12 aprile 1999, (R 164/1998-1).

¹²⁴ Annand, Ruth & Norman, Helen, *Blackstone's Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA.P.45. Referring to Pres. District Ct. 's- Hertogenbosch 8 Nov.1993, IER 1994, 16.

¹²⁵ Decision of the third Board of Appeal of 3 May 2000 (R 272/1999-3).

the goods. The Board pointed out that today most industrial products are also given a decorative design.

The shape of the LEGO construction set piece was earlier considered to give substantial value to the goods, since it was bought precisely because of its shape.¹²⁶ The LEGO is now a registered three-dimensional trademark.¹²⁷

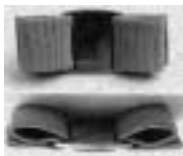
6.1.3.1 Importance of Related Design Right

If the decorative shape has a decisive influence on the choice to purchase the product it cannot be registered as a trademark since, as mentioned earlier, a refusal based on art 7(1)(e)(i-iii) cannot be overcome by use. In many cases this is not a problem since design of fashionable products usually have a short lifetime and the products do not need the everlasting protection a trademark generates.¹²⁸ The protection as design right is enough.

In some cases, however, shapes covered by an earlier design right have become means of identifying the origin of a product. In these cases protection by means of trademark can be motivated out of the concern for consumers and the company that markets the product.¹²⁹

Moreover, a valuable design generates a high price and the consumers are therefore likely to pay attention to the goods, so as to separate it from similar goods with less valuable design. In this respect a valuable design is more likely to become distinctive than a less exclusive one.

In the “Vara Bow”-case the design of a product had turned into a sign representing the company.



The bow was attached to shoes and clothes. The Board of Appeal held that the attention it had got in the fashion world had given the shape a secondary meaning as an indicator of source.¹³⁰

In some cases it is arguable that if a sign which was initially non-distinctive can be considered distinctive after its use this should also be the case when a sign initially added substantial value to the goods.¹³¹ At least when a shape is purely aesthetic such a standpoint is reasonable. An aesthetic shape does

¹²⁶ Franzosi, Mario and authors, M.A. Baz, ao, *European Community trade mark : commentary to the European Community regulations*, (Kluwer Law International, The Hague 1997) ISBN: 90-411-0453-4. P. 194.

¹²⁷ OHIM registration no 107029.

¹²⁸ Decision of the third Board of Appeal of 3 May 2000 (R 272/1999-3).

¹²⁹ Franzosi, Mario and authors, M.A. Baz, ao, *European Community trade mark : commentary to the European Community regulations*, (Kluwer Law International, The Hague 1997) ISBN: 90-411-0453-4. P. 194.

¹³⁰ Decision of the First Board of Appeal of 14 April 2000. (R 254/1999-1).

¹³¹ Franzosi, Mario and authors, M.A. Baz, ao, *European Community trade mark : commentary to the European Community regulations*, (Kluwer Law International, The Hague 1997) ISBN: 90-411-0453-4. P. 194.

not prevent the use of other aesthetic shapes as might be the case if a shape necessary to obtain a technical result, a functional one or one that simply results from the nature of the goods were to be monopolised.¹³²

6.2 Functionality in the Lanham Act

The Lanham Act does not, by its wording, contain any equivalent exceptions to 7(1)(e)(i), shape resulting from the nature of the goods or 7(1)(e)(iii) shape adding substantial value to the goods. However, to qualify for protection under either the Lanham Act or Common Law, a trade dress must be non-functional or, in other words, not *essential* to the use or purpose of the associated good or affecting its quality.¹³³ This exemption is, by its wording, equivalent to Art 7(1)(e)(ii) in CTMR. Through case law the term “functional” has been given an extensive meaning that to a large extent, if not completely, encompasses the exceptions in Art 7(1)(e)(i-iii) CTMR.

As is the case in CTMR functionality is by a legal technical solution to be seen as *incapable* of trademark significance, which cannot be overcome by use. A trademark can be *distinctive* but *functional* and therefore not registrable. It can also be *non-functional* and *lack distinctiveness* and therefore be excluded from registrability. The two criteria can also be interrelated and a trademark can lack distinctiveness due to the public’s perception of the mark as functional.

If the trademark is unregistered the owner bears the burden of proving the non-functionality of the trade dress.¹³⁴ A registered trademark, on the other hand, is presumed to be non-functional and the burden of proof of the opposite lies with the plaintiff.¹³⁵

A trademark considered to have *no* utilitarian effect is, of course, non-functional. Many product configurations or product packagings are somehow directed to the performance of a function and are considered at least *de facto* functional. For example a packaging does function as a container of goods. The question to be asked is whether the features are so utilitarian as to be considered *de jure*, by legal technicality, functional and thus prevented from registration as a trademark.¹³⁶

Trademarks that, by excluding others from using the features protected, would put competitors at a significant non-reputational disadvantage has

¹³² Franzosi, Mario and authors, M.A. Baz, ao, *European Community trade mark : commentary to the European Community regulations*, (Kluwer Law International, The Hague 1997) ISBN: 90-411-0453-4. P. 194.

¹³³ *Two Pesos, Inc. v. Taco Cabana, Inc.*, 932 F2d 114 (5th Cir.1991) *rev'd*, 505 U.S. 763, 112 S.Ct.2753, 120 L.Ed.2d 615, 23 U.S.P.Q 2d 1081. (1992).

¹³⁴ 15 U.S.C.A. § 1125(a)(3) Amended by Section 5 of the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218, 220(1999 Supp.).

¹³⁵ 15 U.S.C. § 1115 (a).

¹³⁶ §§ 1,2 and 45 of the Trademark Act, 15 USC §§1051, 1052 and 1127.

been considered to be *de jure* functional.¹³⁷ It has been suggested that this factor properly should be applied only in cases presenting claims of aesthetic functionality.¹³⁸

Since aesthetic functionality is sorted under functionality, I will discuss the evaluation of utilitarian functionality and aesthetic functionality together. Some considerations only apply to one of the two and in those cases this will be pointed out.

6.2.1 Aesthetic Functionality

The Lanham Act does not mention aesthetic or decorative features as an obstacle to registration. These characteristics are nevertheless considered to be encompassed in the functionality doctrine and a finding of a *de jure* aesthetic functionality will bar protection as a trademark.

It has been suggested that the “Aesthetic Function” Doctrine should be abandoned in favour for a refusal based on “Ornamentation”.¹³⁹ This would bring a finding of a “merely decorative shape” into the Doctrine of Distinctiveness. With reference to the severe criteria used when defining aesthetic functionality the Court in Ashley Furniture considered the “Aesthetic Function” Doctrine to be an adequate protection against competition distortion.¹⁴⁰ The discussion will henceforth be based on the assumption that the Aesthetic Functionality Doctrine still applies. The possibility that it might not be valid will be discussed separately. (See sec. 6.7)

If the particular feature is an *important ingredient* in the commercial success of the product, courts have suggested that the interest in free competition should prevail. In these cases competitors should be free to copy the design in the absence of a patent or copyright.¹⁴¹ However, *all* features that contribute to the commercial success of a product are not thereby classified as aesthetically functional.¹⁴² A feature which primarily serves as an indicator of source and is merely *incidentally* ornamental or decorative and, hence, unrelated to basic consumer demand in connection with the product, is non-functional.¹⁴³

¹³⁷ *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 115 S.Ct. 1300, 131 L.Ed.2d 248, 34 U.S.P.Q. 2d 1161. (1995).

¹³⁸ *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 121 S. Ct. 1255 (2001).

¹³⁹ See ex TMEP 1202.03(e).

¹⁴⁰ *Ashley Furniture Indus. v. Sangiacomo N.A.*, 187 F.3d 363, 376 (4th Cir. 1999).

¹⁴¹ *Pagliari v. Wallace China Co.*, 198 F.2d 339-344, (9th Cir. 1952).

¹⁴² *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 526, (5th Cir. 1998). *aff'd as modified*, 155 F.3d 526, 538-539, (5th Cir. 1998).

¹⁴³ TMEP Sec. 1202.04 (1). *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 873 (8th Cir. 1994).

Thus, if consumers purchase the product to a large extent *because* of the design as opposed to *identifying* it due to the design's source indicating significance and purchasing the product for other reasons, the shape is aesthetically functional.

When applying this theoretical test to a specific case it is important to consider the commercial impression of the sign. A small ornamental matter is more likely to pass the test than an ornamental feature covering, or constituting the product as a whole.¹⁴⁴

6.2.2 Factors Determining Functionality

In Morton-Norwich case¹⁴⁵ the court set out a number of factors which might be helpful in determining whether a product configuration is functional in the utilitarian sense or not. These factors are also either directly applicable to aesthetic design or has an equivalence that can be used when assessing aesthetic functionality.

Important factors in the case were: the existence of alternative designs, the existence and significance of a utility patent, whether the design was a result of a comparatively simple method of manufacturing and the display of functional advantages of the design via advertising.¹⁴⁶

6.2.2.1 The Existence of Alternative Designs

The Supreme Court has held that if a feature is functional in the utilitarian sense, there is no need to examine whether alternative designs are available to the defendant.¹⁴⁷ This case concerned trademark protection of features that were covered by an earlier patent and the Court's statement should probably be reserved for such cases.

According to earlier case law, which in my opinion is not overruled by the Supreme Courts decision above, the existence of alternative designs is probative of the non-functionality of a particular configuration.¹⁴⁸ By the same token, where alternative designs are not available, this factor may support a finding of functionality.¹⁴⁹

¹⁴⁴ TMEP Sec. 1202.04 (a).

¹⁴⁵ *In re Morton-Norwich Prods. Inc.* 671 F.2d 1332-1344, n.3 (C.C.P.A 1982).

¹⁴⁶ Goldstein, Paul, *Copyright, patent, trademark, and related state doctrines : cases and materials on the law of intellectual property* , Rev. 4. ed. Foundation Press (New York 1999). P. 987.

¹⁴⁷ *TraFFix Devices, Inc. v. Marketing Displays, Inc.*, 121 S. Ct. 1255 (2001).

¹⁴⁸ See e.g. *Pebble Beach Co. v. Tour 18 I, Ltd.*, 936 F. Supp. 1299, (S.D. Tex. 1996), *aff'd as modified*, 155 F.3d 539, (5th Cir. 1998).

¹⁴⁹ See *Ashley Furniture Indus. v. Sangiacomo N.A.*, 187 F.3d 363, 376 (4th Cir. 1999), referring to *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 115 S.Ct. 1300, 131 L.Ed.2d 248, 34 U.S.P.Q. 2d 1161. (1995), and *Landscape Forms Inc. v. Columbia Cascade Co.*, 113 F.3d 373, 376-377, (2d Cir. 1997).

However, a finding of *de jure* functionality does not require a total elimination of competition. It is sufficient that the design is one of a few superior designs, or that the number of alternative designs is limited.¹⁵⁰ The proposed mark must constitute a design feature which is one of many equally-feasible, efficient and competitive alternative, to be considered merely *de facto* functional.¹⁵¹ The alternative designs must work as well, and at an equivalent cost, as that of the plaintiff to support a finding of non-functionality.

Where a claimed trade dress is a direct result of an efficient manufacturing process, this factor will weigh in favour of a finding of functionality.¹⁵² On the other hand, if the alternative designs are cheaper or equally expensive to produce than the plaintiff's claimed trade dress this might lead to a finding of non-functionality.¹⁵³

A plaintiff's proffered alternative designs must indeed be alternative and distinguishable from the original.¹⁵⁴

Finally, the alternative designs must have some sort of commercial viability. Thus, a plaintiff will not be able to establish the non-functionality of his trademark's design by introducing speculative variations on the product in question that have never actually appeared in the marketplace.¹⁵⁵

6.2.2.2 Importance of Related Utility or Design Patent

If there were no bar to protection of functional matters a trademark could be used to prolong the protection provided by a patent. By the same token, a patent could be used to prevent others from using a shape and thereby increase the trademark's possibility of obtaining secondary meaning.

Like within the EU the existence of another intellectual property right covering the shape does not automatically render the sign ineligible for trademark protection. The existence of a valid functional utility patent disclosing the utilitarian advantages of the configuration in question is, nevertheless, very strong, if not conclusive, evidence of the functionality of the configuration in which trademark significance is alleged.¹⁵⁶ This, in my opinion, is why the Supreme Court in the case mentioned above (5.6.1), did not consider it necessary to elaborate the question of alternative design.

¹⁵⁰ Charles E. Buffon and Tracy A. Thomas, *Trade Dress Undress*, Intellectual Property Magazine, November 1997.

¹⁵¹ TMEP Sec. 1202.03 (a)(i)(C).

¹⁵² Richard Stim, Trademark Law, P. 49. See also *New England Butt Co. v. International Trade Comm'n*, 756 F.2d 874, 879 (Fed. Cir. 1985).

¹⁵³ *Sunbeam Prods., Inc. v. West Bend Co.*, 39 U.S.P.Q.2d 1545, 1550 (S.D. Miss. 1996), *aff'd*, 123 F.3d 246-257 (5th Cir. 1997).

¹⁵⁴ *Ark Plas Prods., Inc. v. Value Plastics, Inc.*, 913 F. Supp. 1246, 1251 (W.D. Ark. 1996).

¹⁵⁵ See e.g., *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1008-09 (9th Cir. 1998).

¹⁵⁶ *Marketing Displays, Inc. v. Traffix Devices, Inc.*, 971 F. Supp. 262, 272 (E.D. Mich. 1997), *rev'd*, 200 F.3d 929 (6th Cir. 1999), *rev'd*, 121 S. Ct. 1255 (2001).

A patent usually discloses features which are not protected along with those who are. The inquiry into whether such features are functional by reason of their inclusion in the claims of an expired utility patent can be decided by going beyond the claims and examining the patent to see if the feature in question is shown as a useful part of the invention.¹⁵⁷

If the features are disclosed in the utility patent but do not serve a purpose within the terms of utility patent, since they are ornamental or arbitrary, they can be considered non-functional.¹⁵⁸ The features encompassed in the disclosure of the patent but not protected by it are free for others to copy. Likewise, it is possible for a third party to get trademark protection for features disclosed in an earlier patent provided that he is the first to use them as a trademark. The ownership of a patent is irrelevant to the finding of functionality.¹⁵⁹

Judging from current case law and doctrine the proper weight to be accorded a *design* patent has received far less attention than the significance of a utility patent to trade dress functionality. This is not surprising, considering the severe effect an extension of patent right by means of trademark would have on competition.

Because of the presumption of non-functionality adhering to a design patent, some courts have suggested that a design patent covering a configuration is dispositive evidence of non-functionality in the trade dress case.¹⁶⁰

In later cases, however, courts have suggested that issuance of a design patent does not necessarily render the covered configuration non-functional for trade dress purposes.¹⁶¹ Aesthetic functionality is a bar to trademark registration but not to design protection.

One can go further and suggest that a design protection presupposes the design to be of a certain value and the same features eligible for design protection cannot be registered as a trademark. This suggestion has been

¹⁵⁷ *Marketing Displays, Inc. v. Traffix Devices, Inc.*, 971 F. Supp. 262, 272 (E.D. Mich.1997), *rev'd*, 200 F.3d 929 (6th Cir. 1999), *rev'd*, 121 S. Ct. 1255 (2001). See also “*Cable Tie Infringement Suit To Go to Trial*”, Intellectual Property Litigation Reporter, March 25, 1998, discussing *Thomas & Betts Corp. V. Panduit Corp.*, Nos. 96-3914 and 97-2108 (7th Circ., March 4, 1998), The shape had not been a part of the claims of the patent and was therefore not excluded from protectability.

¹⁵⁸ *Marketing Displays, Inc. v. Traffix Devices, Inc.*, 971 F. Supp. 262, 272 (E.D. Mich. 1997), *rev'd*, 200 F.3d 929 (6th Cir. 1999), *rev'd*, 121 S. Ct. 1255 (2001). See also *Kohler Co. V. Moen Inc.*, 12 F3d 632, 633, (7th Circ. 1993) Discussing Judge Posner in *W.T Rogers Co. V. Keene*, 778 F 2d 334 (7th Circ. 1985) “Provided that a defense of functionality is recognised there is no conflict with Federal Patent Law..”

¹⁵⁹ *In re Virshup*, 42 U.S.P.Q.2d 1403, 1405 (T.T.A.B. 1997).

¹⁶⁰ Charles E. Buffon and Tracy A. Thomas, *Trade Dress Undress*, Intellectual Property Magazine, November 1997. See also *e.g. In re Morton-Norwich Products. Inc.*, 671 F.2d 1332, 1342 n.3 (C.C.P.A. 1982).

¹⁶¹ See *In re R.M. Smith*, 734 F.2d 1482, 1485 (Fed. Cir. 1984); see also *Lamps Plus Inc. v. Home Depot USA Inc.*, 57 U.S.P.Q.2d 1311, 1313 (C.D. Cal. 1999).

fought back by the courts with reference to the fact that the different rights seek to protect different aims.¹⁶²

Thus, the existence of a utility patent will bar protected features from trademark protection. Features falling out of the scope of utility patent will have to be examined in the same way as other unprotected shapes.

The existence of a design patent will most likely exclude finding of functionality in the utilitarian sense. Since design and trademark are aimed at protecting different aspects of shapes, a design right does not exclude trademark protection.

The question remains, therefore, whether a trademark protection will be granted for shapes protected by a design patent or features disclosed in but not covered by utility patent, even though the patent most likely had a shielding effect also on these features.¹⁶³ This will be discussed further down. (Sec. 6.7)

6.2.2.3 Importance of the Promotion of the Design

A producer's apparent lack of interest in cultivating brand status for its configuration may support a finding of functionality.¹⁶⁴ Such interest can be shown by an examination of the advertising history. If the advertising has stressed the functional advantages of the design this will weigh against finding of non-functionality.¹⁶⁵

These considerations are closely connected to the earlier mentioned requirement of use of the sign *as a trademark*.

In my opinion this is somewhat confusing. Since the functionality bar is motivated by competition concerns it should not matter what the proprietor's intentions are. What should matter is whether the trademark right would actually impair competition due to its functionality.

¹⁶² See Charles E. Buffon and Tracy A. Thomas, *Trade Dress Undress*, Intellectual Property Magazine, November 1997, discussing *Krueger Int'l Inc. V. Nightingale Inc.*, 915 F.Supp. 595. See also *Rolls-Royce Motors, Ltd. V. A&A Fiberglass, Inc.*, 428 F.Supp. 689, 692-93 (N.D.Ga. 1976) Stim, Richard, *Trademark law*, (West Legal Studies/Thomson Learning, Albany, N.Y, 2000). ISBN: 0-8273-7989-7. P.987.

¹⁶³ Charles E. Buffon and Tracy A. Thomas, *Trade Dress Undress*, Intellectual Property Magazine, November 1997. See also *Zip Dee, Inc. v. Dometic Corp.* 931 F. Supp. 602, 615 (N.D. Ill. 1996).

¹⁶⁴ *Brief Amicus Curiae of the International Trademark Association in support of neither party in Wal-Mart Stores, Inc. V. Samara Brothers, Inc.* The Trademark Reporter November 1999- December 1999. 89 TMR 986.

¹⁶⁵ Phillip H. Smith and Wendy M. McDonald, *Proving non-functionality of product shapes: Honeywell wins "Round II" on thermostat shape.* The TM Reporter January 1989-February 1989. Discussing *In Re Honeywell, Inc.*, 8 U.S.P.Q. 2d 1600(TTAB) p (B)(2). See also *Disc Golf Ass'n v. Champion Discs, Inc.*, 158 F.3d 1002, 1009 (9th Cir. 1998).

6.2.2.4 Combinations of Functional and Non-functional Elements

According to some courts a protectable trade dress may be found in an overall product configuration even if the product itself is functional or includes certain functional features.¹⁶⁶ Emphasis should be on the overall design of the product or container. The appropriate inquiry is not whether each individual feature of the trade dress is functional but whether the whole collection of features, taken together, is functional.¹⁶⁷

Other courts have suggested that the presence of a single functional element will defeat a claim of trade dress protection to an entire product configuration: “Before an overall product configuration can be recognized as a trademark, the *entire* design must be arbitrary or non *de jure* functional.”¹⁶⁸

It has also been suggested that functionality “should be considered along a continuum. On one end, unique arrangements of purely functional features constitute a functional design. On the other end, distinctive and arbitrary arrangements or predominantly ornamental features...are non-functional and hence eligible for protection.”¹⁶⁹

It seems unlikely, even if it is still not definitely decided, that trademark protection could be afforded to a trade dress consisting of a combination of functional features. One court has held that if the combination itself is not functional protection could be granted.¹⁷⁰

In my opinion, it is not possible to make an evaluation of functionality of product configurations partly protected by a patent without examining each feature separately. An overall assessment will, in these cases, have to be done after having established absence or existence of functionality in every feature for which trademark protection is sought.

6.3 Comparison of “absolute absolute” Grounds

Although the CTMR and the Lanham Act seem to be drafted differently there are many similarities. The American case law has extended the scope of the Functionality Doctrine substantially. A comparison is somewhat complicated to make, mainly due to the deficiently motivated decisions of the Boards of Appeal of the OHIM.

¹⁶⁶ *Pebble Beach Co. v. Tour 18 I Ltd.*, 155 F.3d 538 (5th Cir. 1998). *aff’d as modified*, 155 F.3d 526 (5th Cir. 1998).

¹⁶⁷ TMEP Se. 1202.03. Referring to *In re Teledyne Industries Inc.*, 696 F.2d 968,217 U.S.P.Q 9 (Fed.Cir.1982).

¹⁶⁸ *Textron, Inc. v. United States Int’l Trade Comm’n*, 753 F.2d 1019, 1025 (Fed. Cir. 1985).

¹⁶⁹ *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 203 (2d Cir. 1979).

¹⁷⁰ *Sunbeam Prods., Inc. v. West Bend Co.*, 39 U.S.P.Q.2d 1545, 1550 (S.D. Miss. 1996), *aff’d*, 123 F.3d 246, 256, (5th Cir. 1997).

The American doctrine of “Functionality” clearly encompasses what is considered to be “exclusively necessary to obtain a technical result” according to CTMR 7(1)(e)(ii). I have not found any contradictions between the two provisions but many similarities. The consideration of alternative design has clearly rendered more attention in American Law but the cases decided by the OHIM has been consistent with the American ones. Both jurisdictions have considered the features not covered by a patent claim to be excluded from presumption of functionality.

The mere inclusion of arbitrary features in an otherwise functional product design has also, in both jurisdictions, been considered insufficient to exclude functionality.

The doctrine of “Aesthetic Function” developed by American case law has its equivalence in the CTMR’s provision of “shapes adding substantial value to the goods” in 7(1)(e)(iii). The crucial conditions in American Law are whether the design is an “important ingredient to the commercial success of the product” or if it is “unrelated to basic consumer demand in connection with the product”. These considerations are very similar to the requisite whether the design has a “decisive influence on the consumer’s decision to purchase” as developed by the OHIM.

However, if, as has been suggested, the “Aesthetic Functionality” Doctrine should be considered obsolete, in favour of refusal on the basis of “Ornamentation” there is a difference towards CTMR. As mentioned earlier (sec.6.5) this would bring the evaluation of aesthetic appearance of a product under the “Doctrine of Distinctiveness”.¹⁷¹ As previously stated, lack of distinctiveness can be overcome by use while a finding of “absolute absolute” grounds cannot be cured.

“Aesthetic Functionality” and “Substantial Value to the Goods” are very difficult to assess. The existence of a design right does not prevent trademark protection since the two rights have different aims. Furthermore, a shape which has a decisive influence on the decision to purchase might be recognised because of its beauty and thus gain a repute or at least become connected with its source. On the other hand, if it cannot be recognised as originating from a source the shape will be considered not distinctive and refused on this ground.

In my opinion, it would be very difficult to find a shape which is bought irrespectively of its goodwill while it is still distinctive enough to function as a trademark. If the purpose of the provisions is to keep certain shapes free for others to copy unless the shape is connected with goodwill and bought for this reason, the requirement of distinctiveness is enough.

¹⁷¹ See TMEP sec.1202.04. “Subject matter which is merely a decorative feature or part of the “dress” of the goods does not identify and distinguish the applicant’s goods and, thus, does not function as a trademark.”

The Lanham Act does not contain any expressed equivalence to the CTMR's provision in art 7(1)(e)(i), "shapes resulting exclusively from the nature of the goods". This ground for refusal has so far not been frequently used by the OHIM. The shapes that would fall under this provision are usually also devoid of distinctive character and refused registration with reference to art 7(1)(b). So far there is no substantial difference towards American Law.

However, if a shape resulting from the nature of the goods would *acquire* distinctiveness the sign would still be ineligible for registration according to the CTMR. If the provision has no equivalence in American Law such shape would be eligible for registration in the Principle Register. The Procter & Gamble's trademark consisting of the shape of a bar of soap (mentioned in sec 5.1) has been registered as a three-dimensional trademark also in the USA.¹⁷²

¹⁷² U.S. Principal Register. Registration no 2404933.

7 Rights Conferred

The proprietor of a senior¹⁷³ trademark right is entitled to defend his right in different ways. He can oppose a registration of a junior trademark that would infringe his rights and he can take legal action against those using a sign that could influence the registered trademark in a certain way. An alleged violator can also claim invalidity of a senior mark as a defence to the said infringement. In these cases the limits of the rights conferred are dependent on the strength of the marks and the context in which they play their role.

Apart from opposition to registration of a junior mark there are three legal grounds available for a senior user to defend a trademark: by claiming infringement, dilution or unfair competition. The considerations concerning similarity of the two marks are essentially the same in opposition- and infringement situations. A sign which is confusingly similar to a senior sign will not be registered and if such sign is used without registration the owner of the registered sign can take action for infringement. Dilution is a wider scope as will be discussed below. Unfair Competition Doctrine can be used in relation to trademarks but lies beyond the scope of this thesis because the Doctrine is not particularly directed to trademarks. A discussion about unfair competition would not give us guidance concerning the limits of trademarks but concerning unfair behaviour in general. I will therefore only touch upon the subject when necessary.

7.1 Rights Provided by the Community Trademark Regulation

According to Art 9 CTMR the proprietor of a registered trademark can prevent others from using, *in the course of trade*, an identical sign in relation to identical goods.¹⁷⁴ He can also prevent the use of a similar sign in relation to similar goods if there exist a likelihood of confusion on the part of the public.¹⁷⁵ Even the use of a similar sign in relation to different goods can be prevented, if the trademark has a reputation within the market and the use of a similar sign would take unfair advantage of, or be detrimental to, the

¹⁷³ The first business to use or register a mark is known as the “senior user”. A “junior user” is a business that uses a trademark similar to that of the senior user.

¹⁷⁴ Art 9(1) (a) any sign which is *identical* with the Community trade mark in relation to goods or services which are *identical* with those for which the Community trade mark is registered.

¹⁷⁵ Art (9)(1) (b) any sign where, because of its identity with or *similarity* to the Community trade mark and the identity or *similarity* of the goods or services covered by the Community trade mark and the sign, there exists a *likelihood of confusion* on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark.

distinctive character of the trademark or its repute.¹⁷⁶ The first situation concerns strict counterfeit and involves no special problems in relation to three-dimensional trademarks. The other two situations: infringement and dilution, requires far more delicate considerations.

7.1.1 Infringement; Similarity of Sign and Goods or Services and Likelihood of Confusion

There can be no infringement unless the alleged violator uses a similar sign for similar or identical goods so as to cause likelihood of confusion on the part of the public. These criteria are somewhat interrelated.¹⁷⁷ The consumers are not likely to get confused unless the signs and the goods or services are similar.

When assessing similarities between signs it is more important to compare similarities than differences. The elements that give the mark its distinctiveness have to be copied for the sign to be similar.¹⁷⁸ The comparison must encompass the nature of the goods, the end users, the method of use and whether the businesses using the signs are in competition with each other.¹⁷⁹

There is no bar between different kind of trademarks and a two-dimensional trademark can for example infringe a three-dimensional one. The visual and conceptual characteristics of the two trademarks are compared.¹⁸⁰ A figurative mark displaying one or more features of a three-dimensional mark can, due to the weakness of the marks and the conceptual differences, be considered dissimilar.

The similarity between signs and the goods or services for which the signs are used must be such as to cause a *likelihood of confusion* for it to be an infringement. The typical example of confusion is when the consumer purchases a product from the source using the allegedly similar mark believing it comes from the source represented by the registered mark.¹⁸¹ There can be no likelihood of confusion where it does not appear that the

¹⁷⁶ (c) any sign which is identical with or *similar* to the Community trade mark in relation to goods or services which are *not similar* to those for which the Community trade mark is registered, where the latter has a *reputation in the Community* and where use of that sign without due cause takes *unfair advantage* of, or is *detrimental* to, the *distinctive* character or the *repute* of the Community trade mark.

¹⁷⁷ Recital 7 CTMR.

¹⁷⁸ Franzosi, Mario and authors, M.A. Baz, ao, *European Community trade mark : commentary to the European Community regulations*, (Kluwer Law International, The Hague 1997) ISBN: 90-411-0453-4. P.303.

¹⁷⁹ *Cannon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, (ECJ C-39/97) Interpretation of the Directive but the same criterion is used there.

¹⁸⁰ OHIM Opposition Decision No 2567/2000 of 31/10/2000, (opposition No 106726).

¹⁸¹ Annand, Ruth & Norman, Helen, *Blackstone's Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA. P. 163.

public could believe that the goods or services come from the same undertaking or at least from economically-linked undertakings.¹⁸²

Confusion must be assessed globally, taking into account all factors relevant to the circumstances of the case.¹⁸³

Apart from the similarity discussed above the strength of the mark, as demonstrated by its *recognition* on the market and the *association*, which can be made with the registered sign, are important factors to consider.¹⁸⁴

These factors are encompassed in the earlier discussed test for distinctiveness of a mark. Thus, the same factors determining registrability of the mark also decide the strength of the mark and the range of protection. A strong mark enjoys a wider scope of protection since a mark similar to a strong mark is more likely to cause confusion. A strong mark is protected from even substantial variants of it, even if the essential identity is intact.¹⁸⁵

The comparison of weak marks can lead to the conclusion that they are not confusing because their distinctiveness is so weak that the public might see them as descriptive and will thus not be confused even if the marks are quite similar. Since the public did not pay attention to the information of origin conveyed by the senior trademark they will not be confused by a similar mark which also indicates source in a way they do not notice.¹⁸⁶

This is the main disadvantage for three-dimensional trademarks since one of the major difficulties when applying for registration is to show that the mark is distinctive. The same problem occurs when defending the mark, even if the mark can have become more distinctive from the date of registration. Likelihood of confusion is determined at the time the claim of infringement is done.¹⁸⁷

The public do not *actually* have to be confused. A *likelihood* of confusion is enough. According to art 9 (1)(b) the likelihood of confusion includes the likelihood of association. Association occurs when a consumer subconsciously calls to mind the registered mark when seeing the alleged

¹⁸² *Cannon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, (ECJ C-39/97) Interpretation of the Directive but the same criterion is used there.

¹⁸³ *SABEL v Puma* (ECJ C-251/95). See also Mario Franzosi ; authors, M.A. Baz, mm *European Community trade mark : commentary to the European Community regulations* , The Hague : Kluwer Law International (1997) ISBN: 90-411-0453-4. P. 302.

¹⁸⁴ Recital 7 CTMR

¹⁸⁵ Mario Franzosi ; authors, M.A. Baz, mm *European Community trade mark : commentary to the European Community regulations*, The Hague : Kluwer Law International (1997) ISBN: 90-411-0453-4. P. 304-305.

¹⁸⁶ OHIM Opposition Decision No 2567/2000 of 31/10/2000, (opposition No 106726).

¹⁸⁷ Mario Franzosi ; authors, M.A. Baz, mm *European Community trade mark : commentary to the European Community regulations* , The Hague : Kluwer Law International (1997) ISBN: 90-411-0453-4. P. 317.

infringing sign.¹⁸⁸ There has been an extensive debate concerning the interpretation of likelihood of association in the context of likelihood of confusion. It has been suggested that a likelihood of association could be enough to constitute infringement, a standpoint that was fiercely fought back in by the ECJ in the SABEL-Puma case.¹⁸⁹ However, the most probable interpretation is that likelihood of association is a subspecies of likelihood of confusion and not a separate ground for action.¹⁹⁰

I would like to suggest that likelihood of association could simply mean the likelihood of confusion as to the infringing *product's* association with the registered trademark. The provision would in this case not be intended to describe the case when the public subconsciously call to mind the mark when seeing the sign but when they are *confused* as to the association between the sign and the mark. A confusion would be at hand when the public think that the source of the junior sign is somehow associated, connected, approved, authorised or sponsored by the plaintiff.

Such an interpretation would be in line with the ECJ's interpretation of the same requisite in the Directive¹⁹¹, that confusion concerning the existence of an "economic link" could be enough.¹⁹² It would also be more similar to the American definition of infringement, (see sec. 7.2.1).

7.1.2 Dilution

According to Art 9 (1)(c) a similar sign, as the senior trademark, may in some cases not be used even for dissimilar goods. This prohibition only applies to trademarks that have a reputation in the Community and the use of the sign would, without due cause, take unfair advantage of or be detrimental to, the distinctive character or the repute of the mark. This form of trademark protection is known as the Doctrine of Dilution.

There is no requirement of confusion for an action of dilution. The doctrine of Dilution is more directed to the protection of the mark than to the consumers. However, if there exists a likelihood of confusion, there is also dilution.

¹⁸⁸ Annand, Ruth & Norman, Helen, *Blackstone's Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA. P.171.

¹⁸⁹ SABEL v. Puma (ECJ C-251/95).

¹⁹⁰ Annand, Ruth & Norman, Helen, *Blackstone's Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA. P.172.

¹⁹¹ First Directive 89/104/EEC of the Council, of 21 December 1988, to approximate the Laws of the Member States Relating to Trade Marks.

¹⁹² *Cannon Kabushiki Kaisha v. Metro-Goldwyn-Mayer Inc.*, (ECJ C-39/97).

“Taking unfair advantage of” is to be interpreted as image transfer. The goodwill of the trademark is exploited by another party.¹⁹³ This requirement seems to belong within the doctrine of Unfair Competition, seeking to establish “fair play” within the trade. The provision prevents others from exploiting the trademark regardless of whether this affects the trademark or not. The transfer of goodwill *can*, of course, also have an effect on the trademark itself, but this is not a requisite. Moreover, in my opinion, such an effect is covered by the other two examples of dilution.

A use is “detrimental to trade marks repute” when its positive image is impaired due to the awakening of a negative association with a so-called “incompatible secondary use”. This is also referred to as “tarnishment” of a mark’s reputation by using it in a disparaging or embarrassing context.¹⁹⁴

A third party’s use can be “detrimental to a marks distinctive character” when the sign is very similar to the prior mark and the ability to distinguish the origin of the goods or services of the prior mark is impaired or diluted. This is also called “blurring” of a mark’s distinctiveness into non-distinctiveness.¹⁹⁵

7.1.2.1 Reputation

In order to use Art 9(1)(c) as a legal base for action the plaintiff must prove that the mark has a *reputation* in the Community. This requirement is less severe than the American criteria that the mark must be “famous”, (see Sec. 7.2.4).¹⁹⁶ Reputation is assessed by qualitative and quantitative criteria. The mark must be genuinely used in a normal commercial way.¹⁹⁷ The reputation must be of a certain quantity. Repute established among 30-50 per cent of the consumers in “trade circles concerned”¹⁹⁸ is usually sufficient.¹⁹⁹

¹⁹³ Mario Franzosi ; authors, M.A. Baz, a.o. *European Community trade mark : commentary to the European Community regulations* , The Hague : Kluwer Law International (1997) ISBN: 90-411-0453-4. P. 219.

¹⁹⁴ Annand, Ruth & Norman, Helen, *Blackstone’s Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA. P. 176.

¹⁹⁵ Annand, Ruth & Norman, Helen, *Blackstone’s Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA. P. 176.

¹⁹⁶ At least if the American term is to be interpreted in the same way as the term “famous” in some European jurisdictions. The wider term “reputation” was most likely adopted to extend the scope of protection. See Mario Franzosi ; authors, M.A. Baz, *European Community trade mark : commentary to the European Community regulations* , The Hague : Kluwer Law International (1997) ISBN: 90-411-0453-4. P. 212. (W.von Meibom and F.Rödiger).

¹⁹⁷ “*The Benelux Trademark Act: A guide to trademark Law in Europe*”, Charles Gielen and Benoit Strowel, *The Trade Mark Reporter*, September-October 1996 (The International Trademark association).

¹⁹⁸ The consumers who fall within a specific product/service consumer group.

¹⁹⁹ “*The Benelux Trademark Act: A guide to trademark Law in Europe*”, Charles Gielen and Benoit Strowel, *The Trademark Reporter*, September-October 1996 (The International Trademark Association).

Other factors to consider are the trademark's image or goodwill. These criteria will be measured by the quality, exclusivity and price level of the products for which the mark is used.²⁰⁰

The reputation might also be dependent on the mark's commercial realisability. The reputation of the mark is so outstanding that its economically reasonable exploitation is also possible for other goods and services. In these cases proof of imitation of the mark indicates its reputation.²⁰¹

7.1.3 Use Against Which the Trademark is Protected

The non-exhaustive list of usage that is not allowed in Art 9(2) contains, *inter alia*, affixing the sign on goods, selling, importing, exporting, goods bearing the sign, advertisement etc. Whether these acts must be in relation to the infringer's *own* goods or services is not clear.²⁰² These examples are clearly use of a trademark in a trademark sense. The list is, as mentioned, non-exhaustive and it is not difficult to imagine other situations against which the trademark owner would want to take legal action. The limit between lawful and unlawful behaviour is difficult to draw.

There is no expressed requirement in art 9 that the infringing sign must be used *as a trademark* to constitute infringement. The criterion used is that the act must be "use in the course of trade". This criterion most likely means use in commerce.²⁰³ Thus, non-commercialised use of the trademark would be lawful.

In art 9(1)(A)(a) regarding counterfeit and in 9(1)(A)(c), regarding dilution there is also the criterion that the use must be "in relation to goods or services" and this most likely to be interpreted as meaning use *as a trademark*. A similar condition in Benelux law has been interpreted as meaning that the only unlawful use is the one in which the trademark is used as an indicator of origin.²⁰⁴ This interpretation is supported by the 7th recital in which the origin function of a trademark particularly should be guaranteed. Art 9(1)(A)(b), infringement, does not require use "in relation to goods or services". The provision used: "goods covered by the sign/mark" most likely has the same meaning.

²⁰⁰ Mario Franzosi ; authors, M.A. Baz, a.o. *European Community trade mark : commentary to the European Community regulations* , The Hague : Kluwer Law International (1997) ISBN: 90-411-0453-4. P. 217.

²⁰¹ Mario Franzosi ; authors, M.A. Baz, a.o. *European Community trade mark : commentary to the European Community regulations* , The Hague : Kluwer Law International (1997) ISBN: 90-411-0453-4. P. 294.

²⁰² However, the Benelux law has been interpreted this way. See Decision of February 2, 1983, *Nederlandse Jurisprudentie* 450 (1983).

²⁰³ Annand, Ruth & Norman, Helen, *Blackstone's Guide to the Community Trademark*, Blackstone Press Limited, Aldine Place, London W12 8 AA. P.163.

²⁰⁴ Decision of February 2, 1983, *Nederlandse Jurisprudentie* 450 (1983).

It is difficult to imagine a commercial situation where an identical or similar sign can be used in relation to *identical or similar* goods without being used as a trademark. There are, however, many situations where a similar or identical sign can be used in relation to *dissimilar* goods and cause dilution without being used *as a trademark*. The selling of a painting or a poster representing the trademark could be such use.

If the criterion “in relation to goods or services” is to be interpreted as also requiring *use as a trademark* for the use to be unlawful in the first place, then the exception to dilution, “fair use” in art 9(c) must be interpreted as excluding certain *trademark use*. This would mean that a use of a sign *as a trademark* can sometimes be *use with due cause*. I find such an interpretation very hard to accept. It would eliminate the fundamental function of trademark protection, which is said to primarily guarantee the origin function of a trademark.²⁰⁵

If the scope of protection is limited to use as a trademark it would have to be decided what constitutes such use. A way of doing this could be to say that if the junior sign could, hypothetically, be registered as a trademark, then it is also used as one and can be attacked by the owner of the senior mark. Judging from the apparent difficulties in evaluating whether a sign actually functions as a trademark in applications for registration, it will be difficult to prove that the junior sign is used as a trademark.

Such an interpretation would also lead to difficult considerations, especially when none of the signs in question are inherently distinctive. In such a case it would have to be predicted whether, in the absence of the senior mark, the junior mark could possibly be registered upon showing of acquired distinctiveness.

A prediction of this kind would still not cover all situations where the use of a similar sign could be detrimental to a trademark’s repute. The very fact that a trademark is used in a non-trademark sense can be diluting to the distinctiveness of a trademark. This is particularly so in cases of three-dimensional trademarks since these are objects that can appear in pictures, movies, etc and be recognised without being referred to by name or letters.

There is a possibility that the phrase “in relation to goods or services” was used instead of “as a trademark” to provide a scope of protection which is wider than the range of trademarks eligible for registration. This seems more reasonable since trademarks, especially famous ones, fulfil many other important functions, apart from source significance, particularly as a carrier of goodwill.

²⁰⁵ CTMR Recital 7.

Furthermore the protection against “tarnishment” of a trademark’s reputation must be aimed at defending the trademark’s additional function as a carrier of goodwill. The use of a sign in a way that could tarnish the reputation of a senior trademark does not necessarily constitute *use as a trademark*. A wide scope of protection would also explain why there is a need for exemption in cases of “due cause” for using the mark.

There are also many acts that could be prohibited because they would “take unfair advantage of” the trademark’s distinctiveness or repute. The unfair behaviour is enshrined throughout the trademark regulation but exactly what can constitute unfair behaviour will have to be decided after a consideration of all relevant facts in each separate case.

7.2 Rights Provided by the Lanham Act

Unlike the CTMR the Lanham Act provides protection both for registered and unregistered trademarks. The owner of a registered mark can take action against someone using, *in commerce* any reproduction, counterfeit, copy or colorable imitation of a registered mark, if the use is *likely to cause confusion* or to *cause mistake* or to *deceive*.²⁰⁶ A similar protection is available for the owner of an unregistered mark under the federal unfair competition section of the act.²⁰⁷ The wording is slightly different but both provisions are directed against infringement in substantially the same way.²⁰⁸ The owner of an unregistered mark has the disadvantage that he has to prove that he has a valid trademark right, while the registration functions as a *prima facie* evidence of such right.²⁰⁹

The owner of a registered or unregistered *famous* trademark can also take action against a third party’s use of a sign in commerce that *causes dilution of the distinctive quality* of the famous mark.²¹⁰ There need not be any confusion involved but if there is confusion there is also dilution.²¹¹

7.2.1 Infringement: Similarity of Marks and Products or Services and Likelihood of Confusion

The owner of a senior trademark needs to show that the alleged violator is using a “reproduction, counterfeit, copy or colourable imitation” of the

²⁰⁶ 15 U.S.C. §1114 (1) (a-b).

²⁰⁷ 15 U.S.C. § 1125 (a)(1)(a-b) Also referred to as the “Federal Trademark Dilution Act of 1995 (FDTA).

²⁰⁸ The provision concerning unregistered right is more detailed. This is most likely due to the fact that an unregistered mark will have to be defined as a mark in relation to the infringement while a registered mark does not have the same need for helpful definitions in the infringement provision.

²⁰⁹ 15 U.S.C. §1115 (a).

²¹⁰ 15 U.S.C §1125.

²¹¹ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 214 (2d Cir. 1999).

senior mark in a way which creates a likelihood of confusion, mistake and/or deception with the consuming public.

At the surface the words “reproduction, counterfeit, copy or colourable imitation” seems to have a more narrow scope than the criteria “similar” as used in CTMR. A strict interpretation would suggest that it almost requires identical marks. However, according to the case law the interpretation is not that strict.

The similarity in the overall impression of the two marks must be compared.²¹² They are not to be compared side by side. The test is whether someone with a not very definite or clear recollection as to the real trademark is likely to become confused or misled.²¹³

The confusion created can be that the consumers are lead to believe that the products represented by the junior sign are the same or that the junior user is somehow associated, affiliated, connected, approved, authorised or sponsored by the senior user.²¹⁴ As opposed to CTMR there is no requirement that the products or services must be identical or similar. The similarity between products or services, as well as through which channels of trade, and to which group of end users they are sold, are nevertheless important factors to consider when assessing confusion.

The likelihood of confusion is afflicted by the strength of the mark. As is the case in EU the same criteria that are used when determining distinctiveness also determines the strength of the mark. The relationship between strength and distinctiveness has been far more developed in American case law than in the practise of CIF or OHIM, at least in relation to product configurations and product packaging.

The weakness of trademarks consisting of product configurations and product packagings is due to the fact that consumers have grown accustomed to relying on more traditional types of trademarks as trustworthy indicators of the source of the product.²¹⁵ Consumers therefore have less need, and are much less likely, to rely on a product configuration as an indicator of the product’s source. Accordingly, they are much less likely to be confused as to the sources of two products with substantially similar

²¹² *I.P. Lund Trading ApS v. Kohler* Co163 F 3d 27-53, 30-31, (1st Cir. 1998).

²¹³ Goldstein, Paul, *Copyright, patent, trademark, and related state doctrines : cases and materials on the law of intellectual property* , Rev. 4. ed. Foundation Press (New York1999) P. 342. Referring to *Pikle-Rite Co. V. Chicago Pickle Co.* 171 F.Supp. 671,121 (U.S.P.Q. 128).

²¹⁴ Sec 43 (a), 15 U.S.C §1125 (a)(1)(A) and §1114 (1)(a).

²¹⁵ Glenn Mitchell and Rose Auslander, *Trade Dress Protection: Will a statutorily unified standard result in a functionally superior solution?*, TMR Sept. 1998-Oct. 1998, discussing *Duraco Prods., Inc. v. Joy Enters., Ltd.*, 40 F.3d 1431, 1452 (3d Cir. 1994).

configurations.²¹⁶ This might change as consumers become aware that the product configurations also can represent origin.

It is not essential to produce evidence of actual confusion but such evidence can weigh in favour of the trademark owner. Defendant's intent in adopting its mark is also important.²¹⁷

All of these factors are interrelated and a strong similarity in one field can cure a weak connection in another area.

7.2.1.1 Post-sale Confusion

The mark might cause confusion in the minds of non-purchasers even if the purchaser is not confused. The viewers might be less impressed by the product and the connection they make between the product and the senior mark might cause dilution to that mark.²¹⁸ Factors such as price, marketing channels and packaging means less, if anything, in cases of post-sale confusion.²¹⁹

7.2.2 Bridging the Gap

An important factor to consider, especially in cases concerning strong or famous marks, is the senior user's possible expansion of the product line using the same trademark.²²⁰ Virgin, for example, was originally used as a trademark for air transports but later expanded to encompass business selling records etc. Courts will have to consider whether the public would reasonably expect the new product to originate from the source of the senior mark. For example the shape of a Ferrari could be used for sweets. If the public would reasonably believe that the sweets originate from the same company as the car dilution or infringement might be at hand.

7.2.3 Dilution

Under the Federal Trademark Dilution Act of 1995 (FDTA)²²¹ a *famous* mark is protected against a third party's use of a sign in commerce that *causes dilution of the distinctive quality* of the mark. The regulation applies

²¹⁶ *Versa Prods. Co. v. Bifold Co. (Mfg.) Ltd.*, 50 F.3d 189, 202-03 (3d Cir. 1995).

²¹⁷ *I.P. Lund ApS v. Kohler Co.*, 163 F.3d 27, 30 p.35, (1st Cir. 1998).

²¹⁸ *Rolex Watch*, 645 F.Supp. 484 , 492-495, (S.D. Florida 1986).

²¹⁹ *Gucci Timepieces America, Inc., v. Yidah Watch Co and Yacov Jacob Yida*, 1998 U.S. Dist. Lexi 15972;47 U.S.P.Q 2D (BNA)1938. See also *Rolex Watch*, 645 F.Supp. 484 , 492-495, (S.D. Florida 1986).

²²⁰ Richard Stim, *Trademark law*, Albany, N.Y. : West Legal Studies/Thomson Learning 2000). ISBN: 0-8273-7989-7, P. 129. See also *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 214 (2d Cir. 1999).

²²¹ 15 U.S.C §1125 of the Lanham Act.

to both registered and unregistered marks, provided that they fulfil the requirements for registration in the Principal Register.

Although the issue has not been the subject of many reported cases, some courts have assumed that federal antidilution legislation applies to product configuration trade dresses.²²²

The FDTA does not require any similarity between the products and the provision is almost exclusively used in cases concerning dissimilar products. It has even been suggested that the federal dilution statute ordinarily will not apply in cases involving competing products.²²³ Ultimately, however, the Court concluded that even if competing products were not initially intended to enjoy protection under the FTDA, the language of the Act did not permit the exclusion of such protection categorically.

The term "dilution" means lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of competition between the owner of the famous mark and other parties or likelihood of confusion, mistake or deception.²²⁴

Dilution can occur as a result of either "blurring" or "tarnishment". "Blurring" typically refers to the "whittling away" of distinctiveness caused by the unauthorised use of a mark. "Tarnishment" involves an unauthorised use of a mark which links it to products that are of poor quality or which is portrayed in an unwholesome or unsavory way.²²⁵

Unlike the CTMR the provision does not contain any protection against a third party taking unfair advantage of the senior trademark. Those situations are governed by the Doctrine of Unfair Competition.²²⁶

7.2.3.1 Famous Marks

The factors to take into account when estimating fame are the same as the ones used to assess distinctiveness in an application for registration.²²⁷ In fact, in many cases the assessment of distinctiveness are done only in relation to a claim of dilution. The strength of the mark i.e. the level of distinctiveness also decides its level of fame. While the standards for fame is often said to be high or even rigorous there is no clear answer to what constitutes a famous mark. Consumer surveys could be used as evidence to

²²² See, e.g., *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 214 (2d Cir. 1999), *Pebble Beach Co. v. Tour 18 I, Ltd.*, 936 F. Supp. 1299, (S.D. Tex. 1996), *aff'd as modified*, 155 F.3d 526 (5th Cir. 1998), *Sunbeam Prods., Inc. v. West Bend Co.*, 39 U.S.P.Q.2d 1545, 1555 (S.D. Miss. 1996).

²²³ The court in dictum, *I.P. Lund ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998).

²²⁴ 15 USC § 1127, Construction and definitions.

²²⁵ Richard Stim, *Trademark law*, Albany, N.Y. : West Legal Studies/Thomson Learning 2000). ISBN: 0-8273-7989-7. P. 145.

²²⁶ ALI Restatement (Third) of the Law of Unfair Competition.

²²⁷ Sec. 43(a), 15 U.S.C. 1125 (a)(3)(c).

show fame.²²⁸ The level is higher than the requirement “reputed” as used in CTMR.

7.2.4 Use Against Which the Trademark is Protected

While the intention of the trademark owner to use a sign as a trademark is implied in the CTMR and in cases of registered marks in the Principal Register of the Lanham Act, the presence or absence of intent is important when protection is claimed for unregistered marks. The trademark owner must, as mentioned above (sec 4.3), have *intended* the sign to function as a trademark in order to be entitled to protection.

To constitute an infringement, dilution or false designation the junior sign must be *used in commerce* according to the FTDA. Whether this require use *as a trademark* is not yet settled.²²⁹ Some courts have held that both the senior and the junior sign must have been used *as a trademark* for any infringement or dilution to be at hand.²³⁰

“Fair use” is for e.g. comparative advertising, non-commercial use, such as parody, satire and editorial commentary, and all forms of news reporting. Such use is not considered to be infringement. Neither is the use of a sign which is descriptive of, and used only to describe the goods or services of the third party.²³¹ This can cause problems when the senior trademark is distinctive and famous in one area of commerce but descriptive in the junior’s area. For e.g. the shape of a fish might be fanciful as a cracker but descriptive or generic in relation to business involving real fish. The stronger the adjectival association between the junior use and the junior area of commerce the less likelihood of confusion or dilution on the part of the consumers.²³²

Dilution can, as mentioned above, be at hand even if there exists no likelihood confusion and the exceptions to dilution therefore requires more detailed analyse of the use of the junior sign.

Cases in which a third party uses the senior trademark *as a trademark* and thereby causes dilution are without any doubt considered prohibited by the FTDA. A shape similar to the Coca-cola bottle shape was e.g. used as a plastic container for bubble gum and the use thus constituted dilution.²³³ The Pepperidge Farm “Goldfish”-shaped cheese cracker trade dress was diluted

²²⁸ *I.P. Lund ApS v. Kohler Co.*, 163 F.3d 27, 42, (1st Cir. 1998).

²²⁹ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 214 (2nd Cir. 1999).

²³⁰ *Holiday Inns, Inc. V. 800 Reservation. Inc.*, 86 F.3d 619, 39 U.S.P.Q 2d 1181, (6th Cir. 1996).

²³¹ 15 U.S.C. § 1115 (b) (4).

²³² *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 214 (2nd Cir. 1999).

²³³ *Coca-cola Co. V. Alma-Leo U.S.A., Inc.*, 719 F.Supp.725 (N.D.I11.1989).

by the sale of a cheese-flavoured pet food snack mix that included a fish-shaped cracker.²³⁴

Whether a third party's commercial use of a famous mark in a non-trademark sense can constitute dilution is, as mentioned above, not yet settled. The creator of a sculpture claimed that use of the sculpture in a movie constituted dilution.²³⁵ This case was weak since the sculpture was not considered to be a trademark. A similar case involving the use of a registered trademark in a movie in a way that would be detrimental to its reputation would probably not be considered "use as a trademark" at all but could still give cause for action against the user. If the senior trademark was diluted by the use made of it, the trademark owner should be entitled to protection. If the description of the mark was accurate it would probably never give cause to action since such description of a mark it does not tarnish it.²³⁶

The extensive consequences of protection against dilution of three-dimensional trademarks have given rise to First Amendment concerns.²³⁷ In cases concerning possible dilution of a trademark by means of artistic works the public interest in avoiding consumer confusion must be weighed against the public interest in free expression. It has also been suggested that the owner's investment in a shape mark should only be protected upon a showing of likely confusion. The concurring judge in the case held that the protection against dilution was not justified out of consumer concern and since other means of protection, such as design or patent, was available for product configurations there was no justifiable need for protection against trademark dilution.²³⁸

Another difficult case is when a trademark is used in *commercialised* works of art e.g. the photograph of a Coca-Cola bottle sold as a poster. This example was used in the somewhat bothersome judgement involving the "Rock and Roll Hall of Fame".²³⁹ A photographer was accused of infringement and dilution of the Hall of Fame's trademark consisting of the museum's building. The photographer was selling a picture of the building as a poster. The building design had been filed for but not obtained

²³⁴ *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 214 (2nd Cir. 1999).

²³⁵ The use of Frederick E. Hart's sculpture "Ex Nihilo" was used in the movie "The Devil's Advocate", See Lawrence J. Siskind, *Intellectual Property Magazine* April 1998.

²³⁶ *Mattel, Inc. V. MCA Records, Inc.*, 28 F. Supp.2d 1120 (C.D. Cal.1998) In this case the Danish pop group "Aqua" was sued for dilution of the trademark "Barbie". Their song contained description of the Barbie doll which were not flattering but considered accurate and therefore not diluting.

²³⁷ See *I.P. Lund ApS v. Kohler Co.*, 163 F.3d 27, 50, (1st Cir. 1998) in which case the First Circuit questioned in dictum whether dilution protection of product designs might be subject to "constitutional constraints."

²³⁸ *I.P. Lund ApS v. Kohler Co.*, 163 F.3d 27 (1st Cir. 1998), 53 (Boudin, J., concurring opinion).

²³⁹ *Rock & Roll v. Gentile Productions*, 134 F.3d 749, 756, 45 U.S.P.Q.2d, U.S. (6th Cir. 1998).

registration as a trademark in the Principal Register. The court did not consider the building to be a trademark because the museum had not used it as such and it was not perceived by the public as a trademark. Further, even if the museum would be considered to be a trademark this would not protect it against all pictures of the building.

This case involved many interesting questions which were left unanswered by the court. No useful guide was given as to how a picture or a painting etc. of a trademark should be treated. It is clear that if the trademark cannot be recognised on the picture the use cannot affect the distinctiveness or repute and would therefore be lawful. If the public recognises the mark and is likely to believe that the party selling the picture is somehow connected with the source of the trademark there might be a case of infringement. This could also be the case if the mark is famous and the picture tarnishes or blurs the repute or distinctiveness. The question then arises whether the picture etc. should be considered "fair use".

To draw a strict line between copyright and trademark is not satisfactory since many works of art eligible for copyright protection are also likely to cause confusion or dilution. One way to solve the question could be to ask whether the item was purchased due to the cachet of the mark or due to its artistic value.²⁴⁰ If the use of the trademark does not constitute any risk of harm on the behalf of the trademark it cannot be protected by the infringement or dilution institutes. The only cause for action in such a case would be that a competitor is making money by using the trademark, either in a way that did not occur to the trademark owner, or in competition with him. Such considerations should not be made under trademark law but under the Doctrine of Unfair Competition.

²⁴⁰ Lee B. Burgunder, *Commercial photographs of famous buildings: the sixth Circuit fails to make the Hall of Fame*, TMR Sept. 1999-Oct. 1999.

8 Conclusions

The overall appearance of the two systems is similar. The registration gives a union- respectively a nation-wide protection. The PTO, all federal courts and U.S. Supreme Court interpret the Lanham Act. In a similar way, the OHIM, the CIF, the ECJ and all national community trademark courts interpret the CTMR.

A difference between the systems is that the Lanham Act also gives protection for unregistered trademarks. This situation has led to a more detailed body of case law in the USA. The interpretation made by the European and American laws is to a large extent compatible, which makes the more “advanced” American case law a useful tool when trying to predict the future development of the OHIM’s practise.

The protection of three-dimensional trademarks is limited in many ways. The trademark must be distinctive, in order for it to function as a trademark and it must not encompass any of the features that have been considered essential to maintain free for all to use for the benefit of competition.

The owner of a trademark which is granted protection, either by registration, or as is possible in the American system, by case law, can prevent others from using a sign which is likely to affect his rights.

The scope of protection will to a large extent depend on the strength of the trademark. A strong, distinctive trademark will be granted protection against counterfeit and confusingly similar trademarks. A trademark which reaches a higher level of strength, referred to as “fame” in the American system and “repute” in the European, will be protected also against dilution.

The strength of a mark is dictated by its distinctiveness. Three-dimensional trademarks have, some more than others, a disadvantage in this perspective. The decisive factor in determining distinctiveness is the public’s perception of the mark as a sign identifying the product’s source of origin. Since consumers generally do not think of a shape as a trademark they will in many cases have to be educated through costly advertising.

In other cases the three-dimensional trademarks will be recognised as source indicators without having to acquire secondary meaning. Generally, the more fanciful and arbitrary a product’s features and the stronger impression they have of being separate from the goods, the more distinctive they are. The American Supreme Court has clearly stated that product configurations can never be inherently distinctive while the OHIM has only made suggestions that such trademarks are less likely to be inherently distinctive. The OHIM has also, in my opinion, taken more account to the *type* of product or packaging.

The statement made by the Supreme Court will force the federal courts to distinguish between product configurations and product packagings. How the distinction will be made is to this day not decided. A possible solution could be to appreciate the packaging's distinctive impression as separate from the goods. It is, in my opinion, inevitable that the courts will be faced with cases balancing on the edge between product configuration and product packaging.

If the conceptual gape between the product and the packaging or shapemark is considered crucial in these cases, the Supreme Court has accomplished nothing by excluding product configurations from the range of trademarks possibly possessing inherent distinctiveness. The considerations formally used to appreciate inherent distinctiveness will then be used to distinguish between product configurations and product packagings. Moreover, two assessments will have to be made since *not all* product packagings are considered to be inherently distinctive.

Both product configurations and product packagings can acquire distinctiveness through use and thereby obtain protection. The features that have been considered not protectable as trademarks due to society's interest in effective competition have been defined somewhat differently in the Lanham Act and the CTMR. A closer evaluation of these "absolute absolute" grounds for refusal shows that by means of interpretation in American case law the types of shapes excluded are to a large extent the same in the two jurisdictions.

Features covered by a utility patent will be deemed functional and thereby excluded from protection in both systems. Features disclosed in the patent claim but excluded from patent protection due to its non-functional character will generally be considered non-functional also in the trademark sense. The importance of an existing design right is less clear. In the European system the design right might be considered being a shape that adds substantial value to the goods. In American law such design right might lead to the finding of aesthetic functionality. In both jurisdictions the design's effect on the product's value must be assessed.

It is still unclear whether the Aesthetic Functionality Doctrine will be abandoned in favour for the Ornamentation Doctrine. Such a change would make it possible for merely ornamental features to acquire distinctiveness and thereby obtain protection as trademarks. In light of the criticism directed towards aesthetic appearance as an "absolute absolute" ground for refusal a more open standpoint might be welcomed.

None of the systems have clearly stated whether the existence of a lapsed patent or design right would be a bar to protection. In my opinion the same evaluation must be made as when the other rights were still in force. While the existence of another intellectual property right indicates that the shape

might be functional or aesthetic this cannot automatically lead to refusal of registration or protection. It merely lightens the burden for the registrar since some other intellectual property authority has already evaluated the advantages of the shape for which trademark protection is sought.

Features that were protected by the other rights might be refused registration because those rights show that the features are functional or aesthetic but the features not covered by the patent or the design right have been free for all to copy even during the existence of the earlier rights. At the same time the existence of those rights might deter others from using the shapes and thus be a helpful tool in acquiring distinctiveness. This might seem unfair but in my opinion it is no more unfair than the design or patent right deterring others from using similar features as those covered, but not protected by, these rights for other purposes.

Moreover, as far as design rights are concerned, it would be unfair if a shape, which might initially have attracted purchasers due to its appealing look but later has become distinctive for the source selling the product, should be unprotected. The value of design is usually limited in time and sensitive to fashion fluctuations. If a shape still attracts buyers after the lapse of the design right this is often due to the fact that the value of the design has been replaced by the value of the goodwill developed.

A freedom to copy design is also less vital to competition than a functional shape. While the possible variations to design can be unlimited, a shape dictated by function is limited to the alternatives achieving the same result.

Trademarks can, by means of trademark laws, only be protected against use of an identical or similar mark. This is natural since otherwise there would be no demarcation line between different marks and the whole idea of trademarks would be lost. It is not an easy task to appreciate similarity between trademarks. It is clear that none of the systems has drawn any line between similarities crossing the border between two- and three-dimensional trademarks. There is further more no limit to size or colour of the marks. The crucial question is whether the marks are similar in the eyes of the relevant group of purchasers. A picture of a trademark used on the packaging of a third party's product can constitute use of a similar sign if the purchasers perceive it as being similar. The stronger the mark the more substantial variants of it will be considered as being a similar mark. American courts have also taken into account whether the public might reasonably believe that the trademark is likely to expand into other areas of trade.

Marks which are distinctive, but not reputed or famous, are only protected against the use of a similar mark in connection with similar goods and only in cases where the similarity between the signs is likely to cause confusion on the part of the public.

Under the Doctrine of Dilution a trademark which is distinctive and famous, respectively reputed, enjoys a wider range of protection. The use of a similar sign in relation to different goods can be prevented, provided that the use has a certain negative influence on the senior trademark.

What use can be made of another party's three-dimensional trademark is only limited by lack of imagination. Certain kinds of use are allowed, such as comparative advertising, use to describe one's goods, news reporting etc. In my opinion these forms of use would not be considered as constituting dilution, even in the absence of the exemption, since they usually do not cause the harm necessary to constitute dilution.

If protection against dilution is not limited in respect to any use, as long as the use causes the harm required to be actionable, the Doctrine of Dilution can have far reaching effects on competition and trade. In American law the lack of definition concerning forbidden use has given rise to First Amendment concerns. The work of art would have to be used in commerce for the problem to occur. The trading of a work of art depicting a three-dimensional trademark can cause problems. A possible solution would be to evaluate the value of the art in relation to the goodwill of the trademark. If the work of art is bought due to the cachet of the mark and not due to its artistic value the right of the trademark owner will prevail. The problem has not yet arisen in CTMR but it is possible that guidance will be sought in the American case law.

So, even if the starting point is that any shape can be protected as a trademark, be it a building, a car or sweets, the provisions in the CTMR and the Lanham Act effectively diminish the scope of protectable subject matter.

Ultimately it will be necessary to strike a balance between the interest of consumers, competitors and trademark owners, in a way similar to unfair competition.

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