

LETTER FROM EUROPE

That'll Leave a Mark

The CJEU rules on Apple interiors and the shapes of things to come.

Ever since I was old enough to appreciate them, I have enjoyed the *Peanuts* stories by the late Charles Schulz. Being young, it took me a while to realise that the cartoons, and particularly what the characters did or said, were not really aimed at children. The characters were just vehicles for Schulz's observations on life, whether it was the misfortune that seemed to dog Charlie Brown, or the frustrated Lucy who could never quite catch Schroeder's eye.

I always had an empathy with the beleaguered protagonist of *Peanuts*. Someone would make an odd comment or say something unacceptable (to him), and there he'd be, shaking his head. To this day, whenever I encounter something particularly confounding, I think of Charlie Brown.

My most recent occasion for rueful headshaking came a couple of weeks ago. Regular readers and listeners may recall that several months ago I discussed the attempt by Apple to get the interior of its store registered as a trade mark for 'retail store services' for computers, etc. At the time, I considered why I felt Apple should succeed but wondered whether what Apple was really seeking to do was trade mark a consumer's 'experience' visiting its store, and whether, in fact, the provisions relating to exclusions of shape should also apply.

Just by way of a quick recap, the Trade Marks Directive 89/104/EC (which is now codified as 2008/95/EC) provides in Article 3 that a shape cannot be registered as a trade mark if the shape:

- i. results from the nature of the goods;
- ii. of the goods is necessary to obtain a technical effect; or
- iii. gives substantial value to the goods.

Perceptive readers and listeners might be thinking, 'Hang on, shape restrictions apply only in relation to goods; services aren't mentioned'. True, but that's not stopped the European Court of Justice (ECJ – now the CJEU) before. In the *Adidas v Fitnessworld* case, it was held that Article 5(2) of the Directive, which provides for infringement in relation to identical or similar marks in respect of dissimilar goods or services, could apply equally in respect of identical or similar goods or services, even though, literally, only the word 'dissimilar' was used. So, if shapes can apply to services, then just because Article 3 refers to 'goods'... you get where I'm going.

It was probably with this in mind that the German Patent and Trade Mark Office (PTMO) in the Apple case referred to the CJEU this question: could the term 'packaging of goods' referred to in Article 2 of the Directive (the section that outlines what can constitute a trade mark) be extended to the interiors of stores, and the presentation of a service? Additionally, the German PTMO also asked whether Articles 2 and 3 meant that such a representation is capable of graphical representation and could be registered. That is paraphrasing slightly, but then the CJEU have adopted a tendency to avoid answering the questions



Paul Harris | Partner

Tower 42, Level 23
25 Old Broad Street
London, EC2N 1HQ
+44.20.7847.9517

paul.harris@pillsburylaw.com

specifically put by the referring court by using the phrase 'the referring court asks, in essence...' and transmuting those questions into ones they actually want to (and can) answer.

So now the CJEU have given their verdict in the Apple case, and yes, they have skilfully avoided answering the specific question of whether 'packaging' includes 'retail outlet'. They ruled that Apple's depiction of its store's interior, even without dimensions, was a 'design' and that 'designs' are subject to graphical representation, which in turn can distinguish one undertaking's goods or services from those of others. There was, therefore, no need to 'shoehorn' the referring tribunal's question into the wording of the Directive; designs are included as to what can constitute 'signs' capable of registration. The issue of squeezing interiors into the definition of packaging (or ignoring it altogether) clearly proved too much for this court.

At this point in reading the decision, part of me was mesmerised by the tricky footwork the CJEU displayed in adopting this strategy, yet there was more to come: a case of moving from a double toe Lutz immediately into a triple Salchow, as they would say in figure skating.

The CJEU skated around the issues of whether such ‘designs’ were devoid of distinctive character or even descriptive in some way, leaving it instead for the national tribunal to decide on the evidence before it. What the CJEU instead ruled was that there must be an assessment made by the tribunal which must be made *in concreto*. (Given we are talking about a retail store, and they’re not interested in details such as the dimensions or even the building materials, the whole thing has a hint of irony about it.)

It was, however, the sweeping dismissal of the provision relating to shapes of goods as ‘irrelevant’ that elicited a ‘Good Grief!’—my Charlie Brown moment. So, when it suits, the CJEU will ignore certain words in a Directive or Regulation (as occurred with the word ‘dissimilar’ in the Adidas case) yet pay close attention to certain other words when the question before them would otherwise prove too difficult to answer. Instead, they divert attention away and say that it is all about whether the sign is devoid of distinctive character or else descriptive. That, of course, gives far more flexibility for a tribunal to decide whether such a mark as the interior of the store should be registered.

I don’t for one moment assume my commentary in *Letter from Europe No. 4* had anything to do with the robustness of the CJEU’s dismissal of

the shape exclusions application to a retail store’s interior, even if I’d like to think so! The CJEU clearly recognised that they would be skating on thin ice particularly if they had held that Article 3 could apply equally in respect of shapes (such as a store’s interior) relating to services, even though it clearly only refers to goods. Let’s face it, there will be something odd about having a prohibition relating to shapes of goods that could be ignored in the case of services, especially given the fact that you just held that shapes can function as trade marks in respect of services. Perhaps they recognised that any acceptance that the shape criteria did apply (particularly the technical effect prohibition) would leave a subsequent tribunal to tackle the difficult issue of technical effects achieved by the shapes of store interiors. After all, isn’t a store’s interior all about the technical effect of displaying the goods (in the Apple case, computers) that the retail services are sought to be registered in relation to? But who knows what the CJEU’s thought process was?

Despite my reservations about the path taken by the CJEU to arrive at the outcome in the Apple case, I am delighted that Apple has made it this far; it is the correct result. And I do have to admit to a sneaking admiration at the neatness of the way in which the CJEU set about establishing the justification for their decision before dismissing the shape exclusions by considering first whether the layout of an interior is capable of distinguishing a trade mark owner’s services from others. First, the CJEU smiled benignly on the French Government’s and European Commission’s submissions that the capability to

distinguish will be present if the interior departs significantly from the norm or customs of the economic sector concerned: a point with which it is difficult to disagree. The CJEU then audaciously referred to two cases relating to shapes of goods or their packaging, by way of analogy: the Storck case concerning a sweet wrapper, and the Louis Vuitton case, in which Louis Vuitton sought to register the clasp of a handbag depicted in a grainy photo—both of which failed to be registered for being devoid of distinctive character, not because they were 3-D shapes. By using this analogy, the CJEU sought to establish that shapes of goods or their packaging and interiors of a store were being dealt with in precisely the same way. Not quite the point, in my view, as it does not address the question of whether interiors should also be subject to the shape exclusions, but never mind!

Having read this case, and also a number before it, I can’t help but get the feeling that when it comes to the ‘too difficult’ basket, instead of tackling the problem, the CJEU simply reformulates the question, which enables it to go back into a comfort zone in which the question is all about something being devoid of distinctive character or else descriptive.

To me, it still seems odd that something that is clearly 3-D, a shape (even if an interior), and has a functionality, can avoid the shape exclusions because a specification is in relation to services, not goods or their packaging.

In the end, I suppose I should be grateful that my work life is so much richer for CJEU decisions, but even so: Good Grief! ■