

# Balancing the line of design

By Astrid Wilson Roldão

Case Note

– A study of two recent trade mark cases and what they can tell us about the protection of unconventional trade marks<sup>1</sup>

## 1. INTRODUCTION

In the summer of 2018, the Court of Justice of the European Union (“CJEU”) ruled in two interesting, and rather different, trade mark cases. The question of whether or not Louboutin’s iconic red sole could be the subject of trade mark protection was at least partly answered by the CJEU in a preliminary ruling on the 12<sup>th</sup> of June.<sup>2</sup> Just over a month later, on the 25<sup>th</sup> of July, the CJEU passed its ruling in the “Kit Kat”-case, bringing this chocolate bar battle to an end.<sup>3</sup>

Besides dealing with “unconventional” trade marks, the legal issues raised before the CJEU were of a completely different character. However, in addition to providing us with answers to the legal questions at issue, these cases could also demonstrate, in a broader sense, the difficulties of protecting unconventional, or three-dimensional, trade marks.



## 2 LOUBOUTIN

In the case of Louboutin’s red sole, the District Court of the Hauge (*Rechtbank Den Haag*) requested a preliminary ruling during the infringement proceedings between, on the one hand, Mr Christian Louboutin and Christian Louboutin SAS (hereinafter together “Louboutin”) and on the

other, Van Haren Schoenen BV (“Van Haren”). The case before the referring court concerned Van Haren’s sale of shoes with red soles which, according to Louboutin, infringed the trade mark that had been registered in 2010 (pictured below). The trade mark owned by Mr Christian Louboutin was registered as a Benelux trade mark and was described in the application as a mark consisting of the colour red (Pantone 18-1663TP) applied to the sole of a shoe. Moreover, it was stated that the contour of the shoe was not part of the trade mark, but was intended to show the positioning of the mark.

Van Haren responded by claiming that Louboutin’s trade mark was invalid on the basis of Article 2.1(2) of the Benelux Convention. In the main proceedings, the question thus arose whether or not the exception set out in Article 3(1)(e)(iii) of Directive 2008/95 was applicable to the mark - a mark consisting exclusively of the shape which gives substantial value to the goods shall be a ground of refusal. The referring court pointed to the fact that the trade mark in question consists of a colour applied to the sole of a shoe and that it is thus an element of the product.

Hence, the referring court decided to ask the ECJ how the notion of “shape” should be understood. Could properties such as colour (a two-dimensional aspect of a good) be considered as the shape of the product according to Article 3(1)(e)(iii)?

## 3 KITKAT

In 2006 Nestlé’s three-dimensional EU trade mark, a reproduction of the appearance of the chocolate bar sold under the name KitKat, was registered by EUIPO. The following year, Mondelez (at the time Cadbury Schweppes and later Cadbury Holdings, now Mondelez) filed an application for a declaration of invalidity of the registration, claiming that Nestlé’s trade mark lacked distinctive character.

In 2011, the Cancellation Division of EUIPO declared the trade mark invalid on the basis that it was devoid of inherent distinctive character. This decision was however annulled by the Board of Appeal who argued that Nestlé had shown that the trade mark had acquired distinctive character in accordance with Article 7(3) of Regulation No 207/2009.<sup>4</sup>

<sup>1</sup> This case commentary was written during the autumn of 2018 at Vinge Law Firm in Stockholm, after input and discussion with Jur.Dr. Richard Wessman, lawyer at Vinge.

<sup>2</sup> C-163/16.

<sup>3</sup> Joint cases C-84/17 P, C-85/17 P and C-95/17 P.

<sup>4</sup> The article is equivalent to Article 7(3) of the new Trade Mark Regulation, No 2017/1001.

<sup>5</sup> C-163/16 para. 24.

<sup>6</sup> C-163/16 para. 26.

<sup>7</sup> C-163/16 para. 27.

<sup>8</sup> Joint cases C-84/17 P, C-85/17 P and C-95/17 P, para. 75.

<sup>9</sup> Joint cases C-84/17 P, C-85/17 P and C-95/17 P, para. 78.

<sup>10</sup> Joint cases C-84/17 P, C-85/17 P and C-95/17 P, para. 80.

<sup>11</sup> Joint cases C-84/17 P, C-85/17 P and C-95/17 P, para. 83.

After Mondelez requested annulment of the decision, the General Court found that the Board of Appeal had failed to properly assess whether the trade mark had acquired distinctive character through use. In particular, it had not adjudicated on the perception of the relevant public in all member states of the EU, and had not appraised the evidence put forward by Nestlé in this respect. The General Court thus annulled the decision of the Board of Appeal in its entirety. Both Nestlé and Mondelez, as well as EUIPO, appealed against the judgment.

The CJEU decided to adjudicate the question of acquisition of distinctive character, concerning the interpretation of Article 7(3) in relation to what evidence is required.



#### 4 BALANCING TWO DIFFERENT SETS OF RULES WITHIN THE TRADEMARK FRAMEWORK

In the Louboutin case, the CJEU noted that, while the shape of the product “plays a role in creating an outline for the colour”, a sign is not a shape when registration is not sought for the shape itself but, rather, for the protection of the colour of a specific part of the product.<sup>5</sup> The CJEU further explained that when the main element of a sign is a specific colour, the sign “cannot be regarded as consisting ‘exclusively’ of a shape”.<sup>6</sup> Following this, the CJEU answered the question posed by the referring court by concluding that “Article 3(1)(e)(iii) of Directive 2008/95 must be interpreted as meaning that a sign consisting of a colour applied to the sole of a high-heeled shoe, such as that at issue in the main proceedings, does not consist exclusively of a ‘shape’, within the meaning of that provision.”<sup>7</sup>

In the KitKat case, the CJEU came to the conclusion that evidence must be provided that the trade mark has acquired distinctive character through use in the part of the EU where it lacked inherent distinctiveness.<sup>8</sup> It is thus not sufficient to show that the trade mark has acquired distinctive character in a significant part of the EU.<sup>9</sup> However, the CJEU also stated that “it is not inconceivable that the evidence provided to establish that a particular sign has acquired distinctive character through use is relevant with regard to several Member States, or even to the whole of the European Union.”<sup>10</sup> Hence, it is not necessary to submit evidence in respect of each member state if the evidence submitted is “capable of establishing such acquisition throughout the Member States of the European Union.”<sup>11</sup>

The remaining question now is: can these two cases together provide any additional conclusions regarding the protection of unconventional trade marks?

Both the Louboutin case and the KitKat case prove that the limits for what could possibly be registered as a trade mark are being tested. The legal questions are, however, grounded in two different areas of the trade mark system, one relating to the distinctive character of trade marks, the other relating to whether or not a sign consists of the shape of a product. When it comes to protecting trade marks related to the appearance of a product, the trade mark owner must be aware of the relationship between these two areas. Together, the Louboutin and KitKat cases thus illustrate, in a broader sense, how a trade mark owner needs to strike a balance between these two areas. For the trade mark owner, the risk is either crossing over into the realm of design protection, or bringing too little design to the trade mark with the risk of losing protection due to lack of distinctive character. In this sense, the two cases relate to trade marks at risk of crossing the line to two different areas of law.

For the trade mark owner, the trick seems to be passing the design test. If it does so successfully, there is a considerable chance that the trade mark will also be considered distinctive. The risk is, however, that the mark has too much of a design element, and therefore falls outside the scope of trade mark protection. On the other hand, trying to protect the appearance of a product lacking design elements might result in the conclusion that the mark is devoid of distinctive character.

In other words, besides answering the legal questions at issue, these two cases can also demonstrate that protecting the appearance of a product as a trade mark can be a tricky, but rewarding, balancing act when performed with precision.



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