Panel Session 1: Functionality in trademarks and designs - comparison of the tests and case law updates

April 26, 09:45-11:00
Moderator
• Christopher Carani, McAndrews, Held & Malloy, Ltd.

Speakers
• Klaudia Blach-Morysinska, ZM Legal
• Prof. Tobias Cohen Jehoram, De Brauw Blackstone Westbroek
• Stephan Hanne, EUIPO
Spectrum
From Purely Artistic to Purely Functional
Spectrum
From Purely Artistic to Purely Functional

Purely Artistic

Everything In Between

Purely Functional
Appearance Is What Matters
Not any underlying functional attributes

- Any “Swivel-ability” of Stool Does Not Matter.
- Overall Appearance of Stool Does Matter.
Designs/TM Do Not Protect General Ideas or Concepts

Design Right

Accused Design
Designs/TM Do Not Protect General Ideas or Concepts

Design Right

Accused Design

Albeit Same Idea, No Infringement
Two Separate “Functionality” Issues

**Issue 1: Statutory Compliance**
Is the overall appearance eligible for protection?
Two Separate “Functionality” Issues

**Issue 1: Statutory Compliance**
Is the Overall Appearance Eligible for Protection?

**Issue 2: Scope of Protection**
Are Any Features of the Appearance To Be Disregarded?
Design & Trade Mark Functionality at the EUIPO

Stephan Hanne ICLAD, EUIPO

1. General considerations

2. Substantial application
• Article 7 EUTMR **Absolute grounds for refusal**

1. The following **shall not be registered**: (e) signs which consist exclusively of:

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

• Article 8 CDR **Designs dictated by their technical function** and designs of interconnections

1. A Community design **shall not subsist in features of appearance of a product which are solely dictated by its technical function.**
Trade Marks ↔ Patents ↔ Designs ↔ Copyright

Market Competition
Trade Marks

Market Competition
• C-48/99 – Lego: “each undertaking must [...] be able to have registered as trade marks signs enabling the consumer, without any possibility of confusion, to distinguish those goods or services from others which have another origin.”

• No perpetual exclusive rights relating to technical solutions.
• No equivalent rationale of safeguarding undistorted consumer decision.

• Recital 7 CDR: encouraging the innovation and development of new products and investment in their production.
• Subject matter of protection
• Duration of protection
Design & Trade Mark Functionality at the EUIPO

1. General considerations

2. Substantial application
Substantive test for shape marks:

1. Identification of essential characteristics
   - Simple visual analysis
   - Detailed examination (surveys/expert opinions, IP right data, etc.), including actual goods

2. All essential characteristics perform the technical function?
T-164/11 – Knife handle: “Whilst recognising that the shape of the knife handle could be regarded as resembling a fish, the Board of Appeal nevertheless held that that shape was due to characteristics having a technical function. That analysis must be upheld, since the fact that the sum of the exclusively functional elements contributes to creating an ornamental image of the trade mark of which registration is sought is of no relevance to the possibility of registering a sign such as defined in Article 7(1)(e)(ii) [EUTMR] as a [EU] trade mark.”
Substantive test for designs (C-395/16 – Doceram):
Did visual aspects play any role?
Or was technical function the only factor in the choice of features?

→ **Objective circumstances** indicative of the reasons which dictated the choice of features

‘[a]esthetic and functional designs are equally protectable. However, features necessary to achieve a technical function and which leave no freedom as regards arbitrary elements are unprotectable in order not to monopolize technical functions by way of design protection’ (underlining added)
Objective circumstances indicative of the reasons which dictated the choice of features:

- “Information on its use”:
  - Actual product
  - Marketing, Awards, Statements from industry, Market success?, etc.

- Alternative shape with the same function
- Patents
- Expert evidence
- Accounts of design process
T-90/16 - wristband: The Board of Appeal correctly took the view that the fact that the button served a functional purpose did not preclude it from being capable of being regarded as a differentiating factor in so far as that button could be placed on a wristband in different ways and could have different shapes and sizes.
Thanks for your attention!

Stephan Hanne ICLAD, EUIPO
Functionality in Designs

Klaudia Blach-Morysinska, ZM Legal
Functionality in Designs

Legal background

Paris Convention 5. quinquies
Industrial designs shall be protected in all the countries of the Union.

TRIPS 25 (1)
Members shall provide for the protection of independently created industrial designs that are new or original. Members may provide that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.
Functionality in Designs

Legal background

CDR Recital 10

Technological innovation should not be hampered by granting design protection to features dictated solely by a technical function. It is understood that this does not entail that a design must have an aesthetic quality. Consequently, those features of a design which are excluded from protection for those reasons should not be taken into consideration for the purpose of assessing whether other features of the design fulfil the requirements for protection.

CRD 8 (1)

A Community design shall not subsist in features of appearance of a product which are solely dictated by its technical function.
Functionality in Designs
Features dictated solely by a technical function

• Article 8(1) CDR denies protection to those features of a product’s appearance that were chosen *exclusively* for the purpose of allowing a product to perform its function;

• It is not necessary that the feature must be the only mean by which the product’s technical function can be achieved. Article 8(1) CDR applies where the need to achieve the product’s technical function was the only relevant factor when the feature was selected;

• It must be assessed objectively.

• **BEFORE DOceram** - It shall be assessed from the standpoint of a reasonable observer.

R 690/2007-3 Chaff cutters
Functionality in Designs

Features dictated solely by a technical function

- Features dictated solely by a technical function are excluded:
  - from scope of protection of design;
  - from being considered for examination of validity requirements;

- If entire product consists exclusively of features (of appearance) that are solely dictated by its function, it shall be invalid as a whole.

- If product consists, partly, of features (of appearance) that are solely dictated by technical function and, partly, of features that are not, there is a chance that it will be upheld.
Non-functionality requirement tests

• **Multiplicity of form test**

  Non-functionality requirement applies only if the technical function of the product cannot be achieved by any other configuration.

• **Aesthetic consideration test**

  An aesthetic consideration test which looks at whether there were any factors other than purely functional considerations that could have been relevant when a specific feature was chosen.

R 690/2007-3, Chuff cutter
Functionality in Designs

PepsiCo v. Grupo Promer Mon Graphic T-9/07 (18.03.2010), appeal C-281/10 (20.10.2011)
Functionality in designs

Grupo Promer Mon Graphic v. OHIM T-9/07 (18.03.2010)

• INFORMED USER
Informed user is neither a manufacturer nor a seller of the products in which the designs at issue are intended to be incorporated or to which they are intended to be applied. The informed user is particularly observant and has some awareness of the state of the prior art, that is to say the previous designs relating to the product in question that had been disclosed on the date of filing of the contested design, or, as the case may be, on the date of priority claimed. (p.62)

• DESIGNER’S DEGREE OF FREEDOM
In that connection, it must be noted that the designer’s degree of freedom in developing his design is established, inter alia, by the constraints of the features imposed by the technical function of the product or an element thereof, or by statutory requirements applicable to the product. Those constraints result in a standardization of certain features, which will thus be common to the designs applied to the product concerned. (p.67)
Functionality in Designs

Grupo Promer Mon Graphic v. OHIM T-9/07 (18.03.2010)

• The informed user could be a child in the approximate age range of 5 to 10 or a marketing manager in a company that makes goods which are promoted by giving away ‘pogs’, ‘rappers’ or ‘tazos’.

• All the ‘rappers’ or ‘tazos’ examined in the case consisted of small, flat or slightly curved discs which may be made of plastic or metal. Accordingly, the freedom enjoyed by the designer responsible for designing a product of that kind was severely restricted, because, for that type of product. The designer’s freedom was severely restricted since he had to incorporate those common features in his design for the product in question.
Functionality in Designs

Shezen Taiden Industrial Co. Ltd v. OHIM T-153/08
(22.06.10)
Functionality in Designs

Shezen Taiden Industrial Co. Ltd v. OHIM T-153/08 (22.06.10)

INFORMED USER (p.46-48)

- The status of ‘user’ implies that the person concerned uses the product in which the design is incorporated, in accordance with the purpose for which that product is intended.

- The qualifier ‘informed’ suggests in addition that, without being a designer or a technical expert, the user knows the various designs which exist in the sector concerned, possesses a certain degree of knowledge with regard to the features which those designs normally include, and, as a result of his interest in the products concerned, shows a relatively high degree of attention when he uses them.

- The informed user is not able to distinguish, beyond the experience gained by using the product concerned, the aspects of the appearance of the product which are dictated by the product’s technical function from those which are arbitrary.
Functionality in Designs

Shezen Taiden Industrial Co. Ltd v. OHIM T-153/08 (22.06.10)

• Informed user might be ‘anyone who regularly attends conferences or formal meetings at which the various participants have a conference unit with a microphone on the table in front of them’.
• In order to fulfil its essential function, a conference unit must have speaker and a microphone and buttons. Additionally it may consist of features such as voting buttons, the screen and the card slot may also prove necessary from a functional point of view.
• The above does not have a significant impact on their configuration and, therefore, on the form and general appearance of the conference unit itself. In particular, it does not seem that a hinged element would be necessary in order to ensure any of the device’s functionality.
• There are conference units of varying shapes and configurations.
Functionality in Designs

Kwang Yang Motor Co. Ltd v. OHIM T-10/08 (judgment 09.09.2011)
Functionality in Designs

Kwang Yang Motor Co. Ltd v. OHIM T-10/08 (judgment 09.09.2011)

• Informed user is a person having some awareness of the existing designs in the sector concerned, without knowing which aspects of that product are dictated by technical function.

• Designer’s degree of freedom in developing his design is established, inter alia, by the constraints of the features imposed by the technical function of the product or an element thereof, or by statutory requirements applicable to the product.
Functionality in Designs

Kwang Yang Motor Co. Ltd v. OHIM T-10/08

- Informed user of a lawnmower as being someone wishing to use such a mower, who, for example, needs to purchase one and who has become informed on the subject.

- While certain components of internal combustion engines, such as the fuel tank and the vent are essential and must be present in any internal combustion engine, **their shape, configuration and their placement are not dictated by technical and functional constraints**. Therefore, the general appearance of the internal combustion engine, is not determined by technical constraints and the designer is free to choose the shape of the components of that engine and their position. Designers have a high degree of freedom in designing such engines.
Functionality in Designs
Doceram GmbH v. CeramTec GmbH  C- 359/16
(08.03.2018)
Functionality in Designs

Doceram GmbH v. CeramTec GmbH  C- 359/16
(08.03.2018)

(1) Are the features of appearance of a product solely dictated by its technical function, within the meaning of Article 8(1) of [Regulation No 6/2002] which excludes protection, also if the design effect is of no significance for the product design, but the (technical) functionality is the sole factor that dictates the design?

(2) If the Court answers Question 1 in the affirmative: From which point of view is it to be assessed whether the individual features of appearance of a product have been chosen solely on the basis of considerations of functionality? Is an “objective observer” required and, if so, how is such an observer to be defined?’
Functionality in Designs

Doceram GmbH v. CeramTec GmbH  C- 359/16 (08.03.2018)

- Article 8(1) CDR must be interpreted as meaning that in order to determine whether the features of appearance of a product are exclusively dictated by its technical function, **it must be established that the technical function is the only factor which determined those features, the existence of alternative designs not being decisive in that regard.**

- In order to determine whether the relevant features of appearance of a product are solely dictated by its technical function, within the meaning of Article 8(1) CDR, the national court must take account of **all the objective circumstances relevant to each individual case.** In that regard, there is **no need to base those findings on the perception of an ‘objective observer’.**
Thanks for your attention!

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Requirement of non-functionality: EUMTR & CDR

Trademark: article 7(1)(e)(ii) EUTMR

Exclusion of signs which consist exclusively of:

- the shape, or another characteristic, which results from the nature of the goods themselves;
- the shape, or another characteristic, of goods which is necessary to obtain a technical result;
- the shape, or another characteristic, which gives substantial value to the goods.

Designs: article 8(1) CDR

A Community design shall not subsist in features of appearance of a product which are solely dictated by its technical function.
Requirement of non-functionality: purpose (I)

• A sign representing the shape of a product may constitute a valid trademark (*Lego Juris*, par 39)

• However, article 7(e)(ii) is intended to prevent trademark law granting an undertaking a monopoly on technical solutions or functional characteristics of a product which a user is likely to seek in the product of competitors (*Philips*, par. 43-45)

• For the protection of technical solutions parties should apply for a patent, which the EU legislator has made subject to a limited period of protection
Requirement of non-functionality: two approaches

1. Multiplicity of forms-theory

Trademark will be deemed valid in situations where there are more alternatives to the shape constituting the trademark at issue which would achieve the same technical result. In this situation, the competitor would be able to obtain the technical result by other shapes which are available to him/her. No negative impact of a monopoly on only one specific embodiment.
Requirement of non-functionality: two approaches

2. Device-oriented doctrine

• The requirement of non-functionality will not be satisfied if the shape constituting a trademark fulfils a technical function. This ground for exclusion cannot be overcome by establishing that there are other shapes that allow the same technical result.
• It's about the question whether the shape itself obtains a technical result, and;
• Not about the question whether it is necessary to choose one specific shape to obtain the desired technical result.
ASSESSMENT BY THE COURTS
CJEU 18 June 2002, Philips (C-299/99)

Rejection of the multiplicity of forms theory

As to the question whether the establishment that there are other shapes which could achieve the same technical result can overcome the ground for refusal or invalidity contained in Article 3(1)(e), second indent, there is nothing in the wording of that provision to allow such a conclusion (par. 81)

Also endorsed by the CJEU in Lego (C-48/09 P)

The existence of other shapes which could achieve the same technical result is not, for the purposes of the application of Article 7(1)(e)(ii) of Regulation No 40/94, such as to exclude the ground for refusal of registration, as the Court of Justice has moreover made clear at paragraphs 81 and 83 of Philips, in relation to the second indent of Article 3(1)(e) of Directive 89/104 (par. 83)
Purpose of the non-functionality requirement

• A sign representing the shape of a product may constitute a valid trademark

• Article 7 EUTMR is intended to prevent trademark law granting a monopoly on technical solutions of a product

• Shape of goods which only incorporate a technical solution, and "whose registration as a trade mark would therefore actually impede the use of that technical solution by other undertakings, are not to be registered"

• However, in situations where there is a large (or infinite) amount of alternative shapes the registered trademark will not impede the use of the same technical solution (See T. Cohen Jehoram, diss. Benelux Trademark Law in European Perspective (2009))
CJEU 14 September 2010, Lego (C-48/09 P)(II)

Definition of 'exclusively' and 'necessary' (article 7(1) EUTMR)

- The condition that the signs consist exclusively of the shape of the goods which is necessary to obtain a technical result is fulfilled when all the essential characteristics of the shape perform a technical function
  - The fact that the shape contains non-essential elements with no technical function is irrelevant in that context
CJEU 14 September 2010, Lego (C-48/09 P)(III)

Determine whether the essential characteristics of the sign perform a technical function

• Determination of the 'essential characteristics' of the shape
  ➢ Identification must be carried out on a case-by-case basis
  ➢ Overall impression produced by the sign or examination of each of the components of the sign
• Then necessary to assess whether all the characteristics perform a 'technical function' of the product
• The combination of different elements, which are all functional in themselves, does not render the sign registrable
• The essential characteristics of the shape necessary to obtain a technical result must be assessed in the light of the technical function of the actual goods which are represented
CJEU 8 March 2014, Pi-Design (C-340/12 P)

How to identify the 'essential characteristics' of a sign?

- Authorities cannot confine their analysis to the image filed by the applicant (e.g. filed representation)
- They must include all information available to them (e.g. samples of a product): it's about the actual product
CJEU 16 September 2015, *KitKat* (C-215/14)

Does the non-functionality requirement also refer to the manner in which goods are manufactured?

- The way in which a good functions is important, but;
- The manufacturing method is *not* important

*Moreover, it follows from the case-law that the manufacturing method is not decisive in the context of the assessment of the essential functional characteristics of the shape of goods either. The registration of a sign consisting of a shape attributable solely to the technical result must be refused even if that technical result can be achieved by other shapes, and consequently by other manufacturing methods* (par. 56)
Validity of 3D-shape of lighter

- World element 'clipper' is excluded from the essential characteristics
- The essential characteristics (e.g. lateral fin of the lighter, position of the ignition system etc.) are necessary to obtain technical result
- The (technical) function performed by particular shape is not altered by the availability of alternative shapes that perform the same function
- The argument that a monopoly on a technical solution had not been created does not constitute a valid criterion of evaluation: it's not only about the same shapes, but also about the similar shapes
CoA Amsterdam 19 December 2017  
*(Capri Sun/Riha Wesergold)* (I)

Registration of Capri Sun's 3D mark invalid

- Registration of Capri Sun's 'standing pouch' *(product packaging, not product shape)*
- Capri Sun sought injunctive relief against the alleged infringer of the 3D mark (Riha Wesergold)
- Riha Wesergold counterclaimed that Capri Sun's 3D mark is invalid

- **District court:** the existence of many different alternative shapes which would achieve the same technical result can be an indication of its validity
Existence of different potential shapes
Existence of many different shapes and not the optimal one chosen
Registration of Capri Sun's 3D mark is invalid

- District Court: however, all the essential elements of Capri Sun's standing pouch are technically dictated
- Court of Appeal upheld the court's judgement
  - The existence of alternative shapes is not of importance
  - Furthermore, the protection of the usage benefits of the shape are characteristics users are likely to seek in the products of competitors
Discussion (I)

Large amount of alternative shapes

- The existence of a large amount of alternative shapes with the same technical result strongly indicates the validity of the trademark
  - No monopoly: undertakings will be able to use many other shapes to achieve the same technical result
  - The chosen distinctive features of the sign are not solely attributable to a technical result
Discussion (II)

Product shape vs product packaging

Shape product
• Generally the primary function of a product's shape is to make a product 'usable', and;
• Not to identify the maker
• Philips (C-299/99): invalidity of the trademark consisting of the product's shape due to the fact that the shape was attributable to the technical result (see also T-580/15, Flamagas)

Shape packaging
• Product packaging can (also) perform non-functional role = delivery of distinctive massage about the product and its source
• Customers are more likely to identify the packaging with a company
• In case of shapeless goods it will be easier to argue that the packaging of a product will be available in many different shapes. Therefore there will be no risk of obtaining a monopoly on a technical result through the registration of the trademark
Thank you for your attention

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Discussion
Eligible Subject Matter?

Example 1

Example 2

Example 3
Eligible Subject Matter?
Eligible Subject Matter?

Tire Tread?
Science and Looks Both Matter
Eligible Subject Matter?
What to do with identified “functional” features? Options?

Right

Options: Scope of Protection

Exclusion?
Assign Reduced Weight?
Inclusion?
Scope of Protection
Overall Appearance as Depicted in Drawings

Applicant’s Design Choices and Selection:

- Specific Key Handle
- Specific Key Blade
Scope of Protection
Overall Appearance as Depicted in Drawings

Applicant’s Design Choices and Selection:

- Specific Key Handle
- Specific Key Blade
- Aspect Ratio
- Orientation
- Positioning

MORE
Is Key Blade Considered for Infringement?
Distinct Visual Difference Can Reside in “Functional” Portion

Design Right

Accused Product
Any Features of Overall Design 
Not Protectable?

• Rounded corners?
• Flat Screen?
• Edge-to-edge glass?
• Headphone jack?
Any Features of Overall Design Not Protectable?

- spoon?
- fork?
- knife?
- handle?
Any Features of Overall Design Not Protectable?
Thank you for your attention

Moderator
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